

# State capture in South Africa: A critical analysis of its nature, cost and subsequent reforms

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## Abstract

This article presents a critical and comprehensive analysis of state capture in South Africa, delving into its historical evolution, structural mechanisms, and long-term repercussions. It also examines the extensive financial and social costs associated with state capture, particularly its role in exacerbating economic inequality and fostering systemic governance failures. State capture, characterised by the deliberate co-optation of public institutions by private interests, has significantly altered the operational integrity of the South African government. By systematically manipulating state resources, elected officials and public sector actors have entrenched corruption, thereby undermining public trust and weakening institutional frameworks.

The research adopts a qualitative methodology, employing a rigorous desktop analysis of secondary data, including governmental reports, academic literature, and investigative findings from commissions such as the Zondo Commission. The findings indicate that, beyond direct financial misappropriation, state capture has also eroded South Africa's ability to attract foreign investment, diminished economic competitiveness, and perpetuated sociopolitical instability. Unlike previous research that primarily focused on financial losses, this study expands the discourse to include a critical examination of the sociopolitical and developmental dimensions of state capture. By doing so, it highlights the urgent need for comprehensive governance reforms, stringent accountability mechanisms, and the reinforcement of democratic institutions to mitigate the long-term consequences of state capture in South Africa.

# 1. Introduction: The systematic nature of state capture

State capture is a pervasive governance pathology that extends beyond conventional corruption to the systematic reconfiguration of state institutions for private gain. While corruption involves individual acts of bribery and embezzlement, state capture is more insidious as it entails deliberately restructuring legislative, executive, and regulatory frameworks to serve elite interests. South Africa's encounter with state capture has been particularly profound, reaching its peak during the presidency of Jacob Zuma (2009–2018). The intricate network of corrupt practices that emerged during this period resulted in the exploitation of state-owned enterprises, the politicisation of public appointments, and the obstruction of judicial processes to protect key actors involved in illicit activities.

Furthermore, Meirotti and Masterson (2018) indicated that the second element of state capture during Zuma's presidency was the establishment of a shadow state inside the African National Congress (ANC). For instance, one of Zuma's close allies, Arthur Fraser, hid behind these secrecy laws to set up a parallel and unaccountable intelligence structure, the Principal Agent Network (PAN), which allegedly splurged up to R1.5 billion in public funds in three years on various covert projects (Thamm, 2017). This means that certain practices that, while not explicitly illegal, were used to enable individuals or groups to exploit legal systems, loopholes, or institutions for personal or political gain, often at the expense of public interest. Such practices undermine the rule of law by allowing individuals to operate above legal accountability, weakening institutional integrity and eroding public trust. When secrecy laws are exploited to bypass oversight, it creates a parallel system where power is exercised without transparency or consequences, contradicting the principle that all are equal before the law.

In addition, during Zuma's tenure, several different forms of corruption such as nepotism and cronyism were employed. Smith (2014) reported on the nepotism that took place under Zuma's tenure, after his daughter was appointed to a senior position in a government ministry at the age of 25. In terms of cronyism, Lee (2017), Cornish (2022), and Schrieber (2024) have all reported on such cases during Zuma's years with the appointment of individuals such as Dudu Myeni as South African Airway's CEO, and the reappointment of Tina Joemat-Pettersson as a cabinet member despite damning reports by various investigations.

Despite the ANC being in power since April 1994, and winning six consecutive general elections, in recent years, the number of voters who have stopped voting for the ANC continues to grow (Fransman, 2021). Table 1 provides a summary of the ANC electoral performance since 1994. Furthermore, considering the most recent general elections (Independent Electoral Commission 2009; 2015; 2019), it could be argued that the country's dominant political party is increasingly losing popular support. The decline in the ANC's electoral performance could be attributed to many reasons, one of which is corruption. A study conducted by Patel et al. (2024), before the 2024 elections, indicated that individuals who believed that the government is corrupt and is not doing enough to root out corruption were more likely to vote for an opposition party than the ANC.

In addition, a report by Corruption Watch (2024) showed that the trend of declining national voter participation was clearly linked to an increase in fraud and corruption cases. This means that corruption perception is an important component of government performance, which people use to judge political institutions.

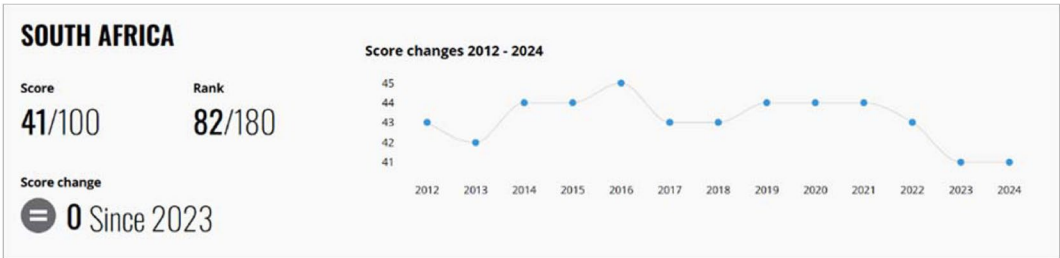
Engel (2021) argues that corruption in South Africa reached unprecedented proportions under former President Zuma, whose ANC associates and corporate networks nearly perfected the regime’s project of state capture from 2009 to 2018. Similarly, Odubajo and Onuoha (2021) assert that the Zuma presidency was the most dramatic since the birth of liberal democracy in South Africa. However, one could argue that Engel (2021) is right in his assessment by looking at the figures from Transparency International from 1994 to 2024. These figures provide an accurate recording of corruption and related activities in South Africa. According to data obtained from Transparency International (2025), South Africa declined from an average score of 56 (1999) to 41 (2024). This is not to say that South Africa was performing well before the Zuma years. However, the decline was greatly accelerated during Zuma’s presidency. In fact, the obtained data shows that South Africa was in the process of decline. Nevertheless, state capture exacerbated the process. Table 1 provides a detailed score of South Africa’s voting performance.

**Table 1: South Africa’s vote outcomes from 1994 to 2024**

Year(s)	Vote %	Description(s)
1994	62.65%	First democratic election; ANC forms Government of National Unity.
1999	66.35%	Increased majority; just short of two-thirds needed to unilaterally amend the constitution.
2004	69.69%	Achieved over two-thirds majority, enabling constitutional amendments.
2009	65.90%	Majority reduced; COPE, a breakaway from the ANC, enters parliament.
2014	62.15%	Further decline; Economic Freedom Fighters (EFF) make their debut.
2019	57.50%	Continued decline; ANC loses its two-thirds majority.
2024	40.18%	First time losing parliamentary majority; necessitates coalition government.

Source: Independent Electoral Commission (2024)

Figure 1 demonstrates that South Africa has persistently achieved scores ranging from 41 to 45 out of 100 from 2012 to 2022, indicating a need for improvement in the fight against corruption (Imiera, 2020). These rankings endure despite the South African government’s recurrent declarations of progress in anti-corruption initiatives; the data clearly refute the government’s claims (Mlambo, 2023).



**Figure 1: Corruption Perceptions Index, 2012–2024**  
(Transparency International, 2025)

The close association between former President Zuma and the Gupta family (a wealthy Indian family made up of three brothers: Atul, Ajay, and Rajesh Gupta) has, in particular, aroused widespread concern about state control. Many observers, however, argue that state capture has long been a component of the ruling ANC but has been obscured by the fact that the South African state has not been recognised as a failed or failing state. This is mainly owed to the ANC government's ability to retain complete administrative control, maintain some degree of peace, and provide regular public services to its population (Martin & Solomon, 2016). The primary issue in combatting state capture is that it is a covert component of administrative corruption that resists simple remedies (Dassah, 2018). When moral responsibility is degraded via an unlawful connection controlled by external actors, the critical function of the public sector as supplier and overseer of the country's funds might be significantly jeopardised. State capture is one of the key components of a weak state that gradually withers away and eventually collapses into a dysfunctional state. Corrupt elected politicians in a weak nation continue to dominate resource distribution and maintain a monopoly on power (Labuschagne, 2017).

The scale of state capture in South Africa necessitates a multi-dimensional approach to understand its full implications. This article explores the extent to which state capture has eroded democratic governance, destabilised economic structures, and compromised public service delivery. It also investigates the efficacy of post-capture reforms, particularly the role of the Judicial Commission of Inquiry into Allegations of State Capture, Corruption and Fraud in the Public Sector including Organs of State (commonly referred to as the Zondo Commission) in identifying and addressing systemic governance failures. By critically assessing these factors, the article seeks to contribute to the broader discourse on corruption risk governance and institutional resilience in emerging democracies.

Given the urgent need for sustainable governance reforms in South Africa, this article aims to bridge the gap between theory and practice by critically evaluating the lessons learned from the Zondo Commission and other anti-corruption initiatives. By highlighting the ethical dilemmas, policy failures, and accountability deficits associated with state capture, the necessity of robust institutional frameworks to uphold public integrity and prevent the recurrence of large-scale corruption in the public sector is emphasised. Therefore, this study analyses the systemic vulnerabilities in South Africa's public sector that permitted state capture, focusing on the roles of political patronage, elite networks, and regulatory loopholes in facilitating institutional subversion. It also examines the concealed and enduring economic consequences of state capture, encompassing not only financial mismanagement but also diminished institutional trust, governance instability, and policy distortions that hinder sustainable growth. Lastly, this article gauges the efficacy of post-state capture accountability procedures, including the Zondo Commission and associated governance reforms, in averting recurrence and promoting a culture of ethical leadership within public administration.

## 2. Research methodology

This study employs a qualitative research design, utilising an extensive review of secondary data to provide a comprehensive analysis of state capture. Governmental reports, legislative records, investigative findings, and academic literature were systematically examined to assess the multifaceted impacts of state capture. The study also draws on empirical data from institutions such as the Zondo Commission and Transparency International to contextualise the long-term consequences of governance failures.

To further examine and identify any important previous research and gaps regarding the scope and location of this investigation, a comprehensive literature review was carried out. The Google and Google Scholar databases provide most of the data used in this study. These databases were chosen by the authors for their extensive data coverage and solid reputation in a variety of scientific fields. Based on inclusion and exclusion criteria, a digital search was carried out to find the most pertinent information sources. First, the chosen search terms and phrases were used to find pertinent sources. The applicability of the discovered sources' titles, abstracts, and introductions was then assessed. After that, the most relevant sources were examined and added to the literature review. Several web databases were searched using keywords to find the original list of sources. Titles, abstracts, keywords, and full texts were all included in the search, which was not restricted to any one year of publication. Google, Google Scholar, ResearchGate, Brill, University of California Press, Routledge, and government websites were among the internet databases used in this study. The authors searched key terms such as 'state capture', 'South African public sector', 'State Owned Entities', 'State capture in South Africa', 'Jacob Zuma presidency', 'Gupta brothers', and 'Zondo commission'. Table 2 outlines the sources of data consulted to address the purpose of the study.

**Table 2: Data sources**

Database	Type(s) of source	No. of relevant search results	No. of sources used in the study
Google	All (journal articles, institutional and periodic reports, online news reports)	70	25
Google Scholar	Journal articles; institutional and periodic reports	27	11
EbscoHost	Scholarly books and articles	43	4
PAIS index	Scholarly books	15	5
Brill	Journal articles	3	0
Routledge	Scholarly books	12	2
SAGE	Journal articles	3	1
Cambridge University Press	Scholarly books and journal articles	1	1
Wiley Online Library	Journal articles and scholarly books	3	1
ResearchGate	Journal articles	21	8
Government website(s)	Institutional reports, research outputs and protocols	8	4
<b>Total</b>		<b>206</b>	<b>62</b>

According to Dawadi (2020:62), thematic analysis is a qualitative research method that researchers use to systematically organise and analyse complex data sets. Therefore, a thematic analysis was conducted to categorise the data into key domains, including institutional erosion, financial mismanagement, policy manipulation, and social ramifications. This approach ensures a nuanced understanding of how state capture has permeated multiple sectors of governance and society. The authors used thematic analysis to identify themes through careful reading and re-reading of the data and literature. The authors also used thematic analysis to systematically organise and analyse complex data sets. It was appropriate to use thematic analysis due to the large amounts of text-based information collected throughout the research process.

### 3. Re-evaluating state capture

In post-apartheid South Africa, where private interests have systematically manipulated state institutions to fulfil limited economic and political goals, state capture has become a crucial governance concern. It is therefore necessary to re-examine important academic discussions on state capture and look at how it affects institutional integrity, regulatory frameworks, legislative procedures, and economic stability. The assessment, which draws from the body of current literature, emphasises how political meddling, weakened governance frameworks, and degraded law enforcement have exacerbated corruption and hampered accountability. The proposed measures to restore institutional legitimacy and stop state capture in the future are also discussed.

#### 3.1 State capture unveiled: From theory to global reality

The concept of state capture was first introduced by Hellman et al. (2000) in the context of post-Soviet economies, where private actors exerted undue influence over state institutions to shape policy and regulatory outcomes in their favour. This framework has since been adapted to analyse governance failures in various political contexts, including South Africa. Dassah (2018) posits that state capture represents the most extreme form of corruption, wherein private entities effectively hijack the state apparatus to legitimise their illicit activities. In South Africa, state capture gained national prominence following the release of the Public Protector's 2016 *State of Capture* report (Madonsela, 2016). The report documented the Gupta family's deep entrenchment in state affairs, revealing how they manipulated government appointments and procurement processes to secure lucrative contracts (Desai, 2018). Subsequent investigations, including those led by the Zondo Commission, further uncovered extensive collusion between political elites and private businesses, culminating in widespread institutional degradation.

One of the first definitions of 'state capture' referred to it as "efforts by companies to influence the laws, rules, and regulations of the state for their benefit by offering unlawful private benefits to public officials" (Hellman & Kaufmann, 2001:31). Hellman et al. (2000:4), however, provide a much more comprehensive definition, referring to state capture as "the propensity of firms to shape the underlying rules of the game by 'purchasing' decrees, legislation, and influence" or "efforts by firms to shape and



influence the underlying rules of the game (i.e., legislation, laws, rules, and decrees) by making private payments to public officials”. These definitions emphasise corporations but ignore a vital agent or captor actor (individuals acting in a private or official position) and a required capture method (funding of political activities).

‘Capture’ is a military metaphor with connotations of force employed by people or businesses to extort the state; however, the irregular capture process is informal, subtle, covert, or surreptitious, not overt or violent (Adams et al., 2007). While the term ‘capture’ may conjure up thoughts of physical capture, the process is more about capturing “hearts, minds, and emotions” (Adams et al., 2007:1). Individuals and businesses attempt to influence the process of developing laws, rules, and regulations, not the application of existing laws. State capture thus includes the betrayal of the public interest. In instances of state capture, the nature of the connection between the commercial firm and the state is illegitimate, implying that laws and regulations enacted, or actions performed, are the results of corrupt activities or transactions. So, legality becomes dependent on criminality.

While private sector people or businesses often ‘capture’ state institutions irregularly and undemocratically, governmental authorities can also do the same. Vladimir Montesinos Lenin, who led Peru’s intelligence agencies under President Alberto Fujimori, is one example (1990–2000). First, he grabbed the media and critical institutions, such as the military and courts (Kupferschmidt, 2009). Afterwards, he utilised the military to promote the trafficking of weaponry and drugs and the tax authorities to fund illegal enterprises and coerce hesitant people to comply. State capture is motivated by the pursuit of private wealth at the cost of the public by people or businesses; in reality, the undermining of the democratic public interest is its fundamental objective. Any authoritarian government that diverts state resources into private hands and pockets can therefore be regarded as capturing the state for its benefit. These manifestations of irregular, undemocratic state capture and corruption are worldwide challenges to democracy that may affect economies differently. The effect of state capture and corruption on a country’s economy is primarily dependent on the extent of corruption and the country’s economic strength.

In fact, state capture in South Africa does not exist in isolation; it has far-reaching implications for global politics. According to Dávid-Barrett (2023), major world powers leverage economic and geopolitical interests to influence domestic governance in foreign nations. Zuma’s strategic alignment with China, particularly in the nuclear energy sector, reflects broader shifts in global power dynamics. The term ‘open state custodians of African nationalism’ has emerged in discussions on state capture, referring to leaders who balance nationalistic policies with transparency and accountability (Dávid-Barrett, 2023). However, the dominance of private interests in state affairs risks subordinating national sovereignty to foreign economic pressures. Table 3 categorises the susceptibility and manifestations of state capture across three economic groupings: developed, emerging, and resource-rich economies, highlighting how institutional maturity, governance strength, and economic structure shape the nature and impact of corruption and state capture.

South Africa, as an emerging economy and a resource-rich country, is uniquely positioned at the intersection of the two most vulnerable categories. This dual vulnerability helps explain the depth and systemic entrenchment of state capture in the country, as exposed by the Zondo Commission. Similar to other emerging economies, South Africa’s relatively weak institutional checks and politicised bureaucracy allowed for elite collusion and rent-seeking. Furthermore, its abundant mineral wealth and control over strategic state-owned enterprises (such as Eskom and Transnet) mirror the patterns in resource-rich states, where natural resources become leverage for corrupt elites to consolidate power and divert public wealth.

The reference to cases like the Asian financial crisis and Middle Eastern rent-seeking economies shows that state capture in South Africa is not an isolated anomaly, but a symptom of broader structural governance issues common to countries with fragile institutions and high-value public assets. This framing justifies the article’s critical stance on the nature of South Africa’s state capture as deeply systemic and economically costly, reinforcing the urgency of implementing robust institutional reforms to restore democratic accountability and fiscal integrity. By drawing from Fiebelkorn (2019), Table 3 also strengthens the comparative analysis in the article, positioning South Africa’s experience within a global spectrum of state capture, while emphasising the need for tailored, context-sensitive reforms that address the country’s hybrid vulnerabilities.

**Table 3: State capture in different economies**

Economy/ies	State capture experience(s)
Developed economies	<ul style="list-style-type: none"> <li>▪ Due to their well-established institutional frameworks, the rule of law, and robust democratic institutions, developed countries are often less susceptible to state takeover and corruption.</li> <li>▪ Nonetheless, corruption may still exist at many levels of government, and in certain instances, it can have catastrophic repercussions.</li> <li>▪ For instance, the Enron crisis in the United States, which entailed financial statement manipulation and accounting fraud, resulted in the company’s bankruptcy and caused enormous economic harm.</li> </ul>
Emerging economies	<ul style="list-style-type: none"> <li>▪ Due to their weaker institutional frameworks and less evolved legal systems, emerging economies like Latin America, Africa, and Asia are more susceptible to state takeover and corruption.</li> <li>▪ Corruption may lead to efficient resource allocation, adequate public services, and a dearth of foreign investment.</li> <li>▪ As seen by the Asian financial crisis of the late 1990s, in which corruption played a significant part in aggravating the crisis, corruption may sometimes lead to economic instability.</li> </ul>
Resource-rich economies	<ul style="list-style-type: none"> <li>▪ Due to the enormous value of their natural resources, resource-rich economies, such as those in the Middle East and Africa, are also susceptible to state takeover and corruption.</li> <li>▪ The high value of natural resources may facilitate rent-seeking behaviour, in which people or organisations use their position to take income from a country’s resources.</li> <li>▪ This may lead to a lack of economic diversity, political instability, and the underdevelopment of other economic sectors.</li> </ul>

Source: Fiebelkorn (2019)



State capture and corruption may have enormous repercussions on economies at various stages of development. Often, the extent to which state capture and corruption affect a particular economy is linked to the presence and effectiveness of democratic institutional structures, independent judicial systems, and a dedication to the rule of law.

### 3.2 The sociopolitical and economic consequences of state capture

State capture has inflicted severe damage on South Africa's governance landscape. One of the most immediate consequences has been the systematic erosion of institutional autonomy, as oversight bodies such as the National Prosecuting Authority (NPA) and the South African Revenue Service (SARS) were deliberately weakened to protect politically-connected individuals (Hoffman & Stiftung, 2021). Furthermore, state-owned enterprises such as Eskom, Transnet, and the Passenger Rail Agency of South Africa (PRASA) have suffered unprecedented financial losses due to corrupt procurement practices and mismanagement (De Klerk & Solomon, 2019).

Beyond economic losses, state capture has also exacerbated sociopolitical instability. The misallocation of public funds has disproportionately affected essential services such as healthcare, education, and infrastructure, deepening socio-economic inequalities (Merten, 2019). Moreover, the erosion of public trust in democratic institutions has led to increased voter apathy, weakened political participation, and heightened social unrest. Transparency International (2025) reports that South Africa's Corruption Perceptions Index steadily declined between 2009 and 2018, reflecting the growing disillusionment with governance structures.

The phenomenon of state capture in South Africa represents a seismic shift in governance, transforming public institutions into conduits for private enrichment at the expense of the nation's economic and social wellbeing. The extensive financial losses arising out of state capture expose not only the scale of the damage but also the intricate web of illicit transactions that have deepened inequality, undermined investor confidence, and crippled essential public services. To fully grasp the magnitude of this crisis, one must critically assess the layers of economic sabotage, institutional decay, and the lingering effects that continue to shape South Africa's governance landscape (Bonga, 2021; Zondo, 2018; Haffajee, 2022).

#### 3.2.1 The economic fallout of state capture: Market shocks, investor exodus, and the Eskom crisis

The numbers tell a chilling story – R1.5 trillion (approximately \$81.8 billion) siphoned away in just four years. This staggering figure is not merely an abstract sum but a tangible representation of lost opportunities for national development. The budget shortfall of R252.5 billion (\$13.7 billion) highlights direct financial losses, while the ballooning debt servicing costs of R67 billion (\$3.6 billion) illuminates the compounding effects of corruption on fiscal sustainability (Merten, 2019). When tax revenue shrinks by R90 billion (\$4.9 billion), the government's ability to fund social services is eroded,

leaving millions of vulnerable citizens to suffer the consequences. The financial market ramifications of state capture in South Africa were immediate and severe. The 2017 midnight Cabinet reshuffle, orchestrated to facilitate further corruption, wiped out R506 billion (\$27.6 billion) from the value of South African bonds and listed companies (Merten, 2019). The dismissal of Finance Minister Pravin Gordhan was part of this reorganisation, which was seen as an effort to weaken Treasury monitoring and condone unethical behaviour. This demonstrates how a nation's financial and economic stability may be significantly impacted by political unrest and perceived corruption. This was not just a temporary fluctuation but a profound destabilisation of market confidence, further compounded by the Johannesburg Stock Exchange (JSE) devaluation of R378 billion (\$20.6 billion) (Merten, 2019). These losses signified a crisis of credibility, where institutional mismanagement and corruption created an environment too volatile for sustainable investment.

The case of Eskom serves as a glaring example of how state capture hollowed out critical infrastructure. The R200 billion (\$10.9 billion) overspend on Medupi and Kusile power plants highlights the scale of mismanagement and misplaced priorities. These projects, marred by delays and cost overruns, symbolise how corruption turned public infrastructure into lucrative opportunities for a privileged few while leaving the public in darkness – literally and figuratively (BusinessTech, 2022). Moreover, Eskom's irregular contracts, worth R14.7 billion (\$802.3 million), further cemented its status as a financial black hole, draining resources that could have revitalised the country's ailing energy sector (Cohen and Burkhardt, 2022).

### **3.2.2 Systematic looting by the Gupta empire and Zuma-led administration**

The intricate financial engineering behind state capture is epitomised by direct corrupt expenditures. The R1 billion (\$54.5 million) consultancy fee paid to McKinsey, the R659 million (\$35.9 million) Eskom prepayment to Gupta-owned Tegeta, and the R5.3 billion (\$289.2 million) finder's fee in the Transnet locomotive contract reveal a pattern of systemic looting (Cohen & Burkhardt, 2022). These transactions were not isolated incidents but part of a carefully orchestrated scheme to funnel public wealth into private hands, with devastating effects on national development.

State capture was not merely about financial misappropriation; it was an assault on the very institutions meant to safeguard democracy and accountability. During the Zuma administration, the political will to enforce compliance was virtually non-existent. Regulatory bodies were deliberately weakened, key oversight mechanisms were dismantled, and public servants were either complicit or powerless in the face of rampant corruption. The enduring effects of this institutional decay are still evident today, with weak enforcement of procurement laws and ongoing inefficiencies in public financial management (Omarjee, 2021).

### **3.2.3 Beyond Zuma: The enduring legacy of state capture**

A critical dimension often overlooked is the continuity of state capture beyond Zuma's presidency. While his tenure saw the apex of corruption, the structural weaknesses that

enabled it to have not been eradicated. Scholars such as Madonsela (2019), Bracking (2018), and Martin and Solomon (2016) have argued that state capture existed before Zuma and has persisted in different forms post his administration. Inaction and passive governance, characterised by an unwillingness to hold perpetrators accountable, have allowed corruption to morph into more insidious forms. Bond (2020) highlights how the state remains ensnared in improper private interests, demonstrating that the problem is far from resolved.

It is important to recognise that the consequences of state capture extend beyond economic loss; they touch on the ethical integrity of governance and the broader social contract between the state and its citizens. Public trust in institutions has been severely eroded, making governance reforms an urgent necessity. Strengthening transparency, enforcing accountability, and restoring the independence of oversight bodies are critical steps towards repairing the damage. Without decisive action, South Africa risks perpetuating a cycle of corruption that will continue to drain resources and stifle development.

### 3.3 A constitution undermined by state capture

South Africa's constitutional democracy was designed to prevent the authoritarian capture of government by a powerful elite (Graham, 2015). Additionally, constitutional safeguards were put in place to protect underrepresented groups and uphold fundamental freedoms under the South African Bill of Rights (Klug, 2018). However, decades after the Constitution's proclamation in 1996, its intended protections have been systematically eroded by rampant corruption, poor service delivery, and the collapse of governance at national, provincial, and local levels. State institutions, including Eskom, Transnet, and the Land Bank, have been plunged into crises, while socio-economic challenges such as poverty, unemployment, and crime have escalated.

Despite its strength on paper, the Constitution has been weaponised by political elites who manipulate its provisions to serve their own interests. The ANC's factional battles – particularly between supporters of former President Zuma and President Ramaphosa – have led to political instability that undermines judicial independence and the rule of law (Oxford Analytica, 2021). The ANC's cadre deployment strategy has further weakened institutional integrity by prioritising party loyalty over merit, leading to a deterioration of accountability and transparency (Petersen, 2020; Mlambo et al., 2022). As a result, governance failures have become pervasive, with pliable cadres holding key positions in government and state-owned enterprises.

#### 3.3.1 The shadow state: The rise of an informal authoritarian order

The formal South African democratic constitutional state has been superseded by an informal 'shadow state', characterised by elite corruption, political patronage, and the systematic looting of state resources (Bhorat et al., 2017). This parallel system of governance operates beyond democratic accountability, serving the interests of an entrenched political elite rather than the broader South African populace. The decline of governance effectiveness has given rise to a permanent constitutional crisis, driven

by political infighting, misconduct, and the deliberate erosion of institutional oversight (Klug, 2018).

One of the most glaring examples of constitutional subversion was former President Zuma's resistance to the Zondo Commission, which he only established after prolonged pressure. The Constitutional Court's ruling that he violated the Constitution by failing to reimburse public funds spent on his Nkandla residence epitomises the extent of executive overreach (Hlase, 2021). Furthermore, the capture of state institutions by private interests, notably the Gupta family, has profoundly destabilised South Africa's economic and political environment (Dassah, 2018).

### **3.3.2 Accountability, restitution, and future reforms to address state capture**

Mbaku (2018) describes state capture as a sophisticated form of corruption that necessitates a multifaceted accountability strategy. Considering the aforementioned, meaningful restitution and sanctions against perpetrators of state capture remain key to restoring trust in governance. In this regard, Khaas (2024) has emphasised that the NPA must not limit itself to financial recovery but should aggressively pursue criminal charges against individuals involved in state capture. The Zondo Commission's revelations about President Ramaphosa's lack of decisive action against implicated individuals highlight a critical gap in accountability (Haffajee, 2022). Ramaphosa's administration continues to accommodate enablers of state capture within government structures, undermining reform efforts and public trust in democratic institutions.

Of particular concern is the absence of a centralised system for tracking and enforcing recommendations from oversight committees, which has led to stagnation in anti-corruption efforts. Doyle et al. (2022) argue that parliamentary oversight must transition into a structured, results-driven process with legally enforceable timetables to ensure compliance. Furthermore, the culture of 'false accountability', where reports are generated but action is absent, has been identified as a core issue in governance failures (Gwarube, 2023). Strengthening the Auditor General's authority and ensuring that parliamentary legacy reports are acted upon can mitigate this challenge.

While some corporations, such as SAP, McKinsey & Company, and Asea Brown Boveri (ABB), have paid billions in restitution, these measures continue to remain insufficient given the broader economic devastation caused by state capture (Pillay, 2024). These companies were implicated in facilitating or benefiting from corrupt contracts and unethical dealings during South Africa's state capture era, prompting them to pay restitution for their roles in enabling large-scale public sector looting and governance failures. The NPA's agreements with corporate entities must be complemented by aggressive legal actions against executives responsible for orchestrating corrupt deals. The establishment of a State Capture Recovery Fund, independent of political control, could be a viable mechanism to ensure that recovered funds directly benefit affected communities. This would enhance transparency and prevent the funds from being reallocated through compromised government structures.

Commissions of inquiry play a critical role in exposing corruption and reinforcing democratic oversight. As Probert and Heyns (2020) note, these commissions are tasked with investigating matters of public concern and providing policy recommendations. The 2016 *State of Capture* report by former Public Protector Thuli Madonsela led to the formation of the Zondo Commission, which revealed extensive evidence of corruption in public procurement, ministerial appointments, and state contracts (Madonsela, 2016). The Commission’s findings highlight the need for robust enforcement mechanisms to prevent the recurrence of state capture and to uphold constitutional democracy.

In an effort to provide a comprehensive elaboration, Figure 2 presents a conceptual framework illustrating how state capture manifests and evolves in the South African public sector context. At the core of the figure is the deliberate manipulation of institutional governance structures by private or political elites to advance narrow interests. The framework shows that capture typically begins with the erosion of key accountability institutions, such as procurement systems, oversight bodies, and law enforcement agencies, followed by the politicisation of public appointments and regulatory decisions. This enables systemic corruption, resulting in inflated costs to the public purse, deteriorating service delivery, and widespread socio-economic inequality. The figure further reflects how such capture thrives in contexts of weak enforcement, poor transparency, and elite collusion, ultimately leading to a crisis of legitimacy and trust in democratic governance. This framing provides an analytical lens through which to assess the entrenched nature, scale, and implications of state capture in South Africa and serves as a foundation for evaluating post-capture reform efforts.

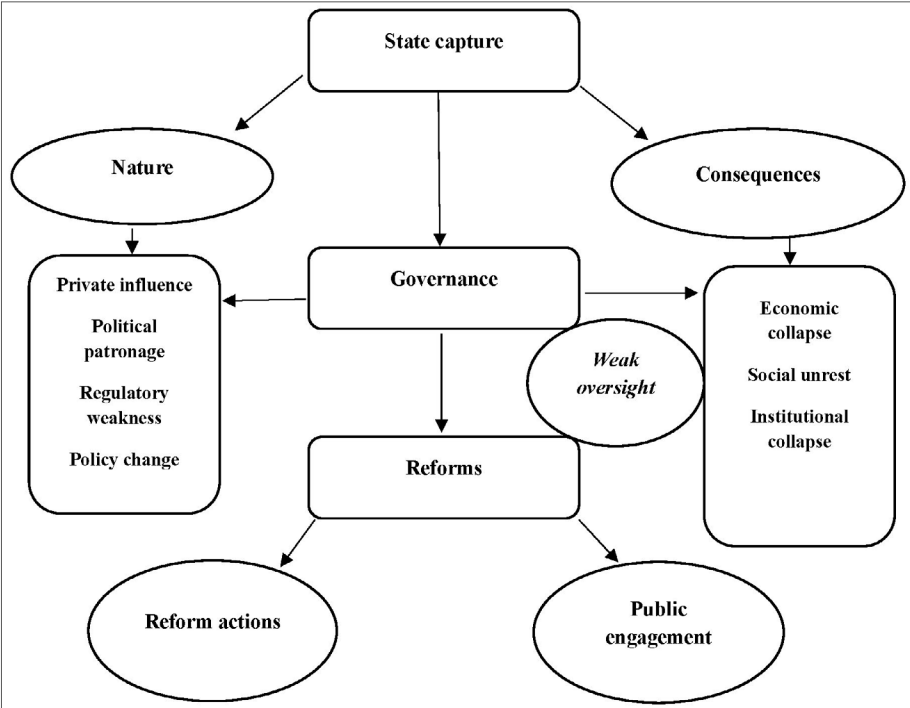


Figure 2: State capture conceptual framing in the South African public sector context

## 4. Conclusion

State capture in South Africa has precipitated a crisis of governance, significantly impairing the country's democratic and economic stability. The manipulation of legislative processes and regulatory agencies has allowed private actors to dictate policy outcomes, thereby weakening the state's capacity to function effectively. Law enforcement agencies and the judiciary have been systematically obstructed, as evidenced by the political interference in prosecutorial decisions (Meirotti & Masterson, 2018). One of the main characteristics of state capture has been the capacity of private actors to sway legislative and policy decisions in favour of their own agendas, frequently through cooperation with political elites. Informal networks of patronage, in which laws and regulations are drafted or changed to favour politically connected elites and business entities at the expense of general welfare, have made this manipulation easier. For instance, significant government tenders and contracts have been crafted to frequently provide preference to companies by compromising procurement control procedures.

The capacity of state institutions to carry out their fundamental duties has declined because of cadre deployment, poor management, and corrupt appointments. Due to the misappropriation of funds and the placement of unfit people in important roles, the public sector – which oversees the provision of services in crucial areas such as infrastructure, healthcare, and education – has suffered severe setbacks. The most disadvantaged members of society have been disproportionately impacted by the inefficiencies, financial leaks, and deteriorating service delivery. Furthermore, corruption and poor management have largely gone unnoticed due to the deterioration of monitoring organisations, including the South African Parliament and Chapter 9 institutions, such as the Office of the Public Protector.

Economically, state capture has led to the depletion of public resources, escalating government debt and diminishing investor confidence. Reports from Transparency International indicate that foreign direct investment inflows to South Africa declined significantly between 2010 and 2018 due to heightened policy uncertainty and governance risks (Engel, 2021). Additionally, the financial losses incurred by state-owned enterprises have severely constrained the government's ability to fund developmental projects, exacerbating poverty and unemployment (Mkhize, 2023). State capture has had a disastrous effect on the economy, causing capital flight, a decline in investor confidence, and fiscal instability. State-owned organisations, including Eskom, Transnet, and South African Airways, have experienced widespread corruption, which has resulted in financial mismanagement, mounting debt, and the degradation of vital infrastructure. South Africa's socio-economic problems have been made worse by the diversion of public monies intended for economic growth and development into private hands, which has increased unemployment and inequality. Additionally, the misappropriation of resources has affected infrastructure investment, social grants, and public sector wages – all of which are essential for sustainable growth.

The governance reforms introduced following the Zondo Commission have been met with mixed success. While some prosecutions have been initiated, the slow pace of judicial



proceedings and the continued presence of politically connected individuals in key government positions raise concerns about the sustainability of these reforms (Pillay, 2022). Thus, it needs to be emphasised that more robust legislative and institutional safeguards to prevent future episodes of state capture should be implemented. A multifaceted strategy that prioritises institutional changes, judicial independence, and more openness is needed to address the crisis of governance brought on by state control. A roadmap for restoring the integrity of state institutions is provided by the Zondo Commission's findings on state capture, which have included suggestions for depoliticising important state bodies, bolstering anti-corruption organisations, and changing public procurement procedures. Restoring public confidence and discouraging future cases of state capture also depend on holding people accountable through criminal prosecutions and asset recovery procedures. South Africa's democratic institutions, economic opportunities, and governance capacities have all been seriously weakened by state capture. Even while measures are being taken to mitigate its effects, maintaining political will and involving civil society is essential to guaranteeing that public institutions are recovered for the public good and that democratic accountability is restored.

This article has, thus, contributed to the discourse on governance and corruption by highlighting the broader implications of state capture beyond financial losses. Future research should explore comparative governance models to identify best practices for strengthening institutional resilience against state capture. Furthermore, policymakers must adopt a more aggressive stance on anti-corruption measures, ensuring that governance structures are insulated from undue political and private sector influence.

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