Abstract (*academic paper*)

A tale of missed opportunity

In 2009, Masilonyana Local Municipality facilitated the registration of over 20 cooperatives as a deliberate strategy to promote small business within its jurisdiction. It was hoped that the success of the cooperatives would bring relief to the area which has high levels of poverty and unemployment. The municipality achieved this feat working closely with Small Enterprise Development Agency (SEDA) and mining houses operating within its area, who funded feasibility studies, business proposals and training of members of registered cooperatives. This move was lauded throughout the Free State province, and the municipality became the revered reference of a developmental local municipality.

Few years after what was a promising start, these cooperatives are not functional as the municipality has failed to create conducive environment which would have allowed access to economic opportunities. The brick making cooperative, which enjoyed the financial injection of mining houses, has also closed business due to lack of economic activity. The partnership between the municipality and mining stakeholders required the municipality to develop and implement the policies which would be deliberately biased towards local small businesses. In addition, the municipality had to leverage on the existing intergovernmental relations to open markets for its cooperatives.

The failure by the municipality to keep its part of the bargain frustrated other network actors, resulting in withdrawal of committed resources as they felt that the municipality failed to demonstrate commitment to the developmental network. The site for the brickmaking project is now a white elephant, attracting some members of the community to the destruction and theft of the equipment and material left on unattended site.

Inspired by network theory, the paper looked at the background behind the formation of the localised developmental pact between the municipality, SEDA and mining houses in Masilonyana Local Municipality. It also highlights factors which led to the municipality, as the leader of the pact, failing to live up to its commitments to the network, especially in relation to the brickmaking project which had the potential to be a great success. Other challenges experienced by the network, which range from lack of institutionalisation of commitment to cumbersome rules governing processes are highlighted. Key lessons drawn from the case study are presented in conclusion in order for policymakers to learn and seek to avoid them in similar policy networks.

1. Introduction

Three broad points can be made from the review of literature of public policy, particularly since the so-called joined up governance gained popularity. The first point is about the acceptability of inevitability of the state in economic development and growth. This is because “a society’s level of economic development will impose limits on what government can do in providing public goods and services to its citizens” (Anderson, 1991:56). The second point relates to the increasing recognition of strategic role of local governments as fulcrum of socio-economic development. It is also appreciated that local government is the basis for shaping citizenship and promoting good governance. To this end, the African Union has adopted the African Charter on the values and principles of decentralisation. Decentralisation entails a process of apportioning some power to the lower sphere of government in order to ensure responsiveness through efficient service delivery (Eduon, 2012:96). One of the aims of the Charter is to promote resource mobilisation and local economic development with the view of eradicating poverty within nation states.

The third and last point is about the power and capacity of policy networks to provide effective solutions to complex problems through resource integration and sharing. Networks get formed and interact at various levels of government. It is now widely accepted that intergovernmental relations is a vertical form of policy network. The common features of this network are that the central government creates enabling conditions for efficacy of local government through the determination of legislation and fiscal allocation. Networks can also be at horizontal level where the specific sphere of government mobilises the participation of the private sector and civil society within its jurisdiction to pursue a common good. Governments engage and collaborate with other policy actors deliberately because the infinite needs of citizens far outweigh the financial and human capacities of the state. Although not devoid of weaknesses, networks are believed to be promoting better social capital for the needed resolution of wicked problems of governance, particularly at local government level (Steiner: 2010).

This paper examines the processes leading to, the impact as well as subsequent collapse of a partnership formed between Masilonyana Local Municipality (MLM) and mining houses on the one hand, and the Small Enterprise Development Agency (SEDA) on the other hand. The partnership or network resulted in the registration of over 20 cooperatives within the MLM, with the primary objective of reducing poverty through the stimulation of the second economy. It argues that the network had the massive potential for great success. However, all efforts were reduced to a spectacular failure and disappointment because the municipality lacked in areas of leadership, coordination capacity, commitment and institutional cohesiveness. The paper succinctly argues that while policy networks are welcome as the needed mechanism for improved policy performance, lack of clarity on the rules of engagement, institutional flippancy and inadequate training of beneficiaries are among the leading factors which undermine the worth of collaboration. The arguments and findings in this paper are based on combination of literature review with personal experience as the author was involved in the project. The author recently visited the project and had short interviews with two individuals who were involved in the project from affected mining houses.

Admittedly, the paper has the limitation of potential bias. That is the case with all qualitative studies. Be that as it may, the shortcoming of personal involvement does not deny the reader an opportunity to be exposed to the detailed background of how the project came about. To compensate for the potential bias, I present an example of the results of the interaction of one company with two different municipalities within the same region from another province. Differences are attributable to the quality of leadership in each different municipality. The extent to which partners are connect to each other in network have influence on the functioning of a network (de Leon & Varda, 2009:67). According to Gains (2003:72) the level of dependency and degree on integration of network partners affect the "problem definition and prioritisation" (Sandstrom & Carlsson, 2008:503) when it comes to decision-making. Although this paper is based on single case study, salient lessons from multiple network properties are largely applicable on the characteristics of the network discussed here and how those characteristics affected the network performance and outcomes.

2. Network theory as a mental guide

While it is an obvious fact that states are a central preoccupation of development politics and politics of development, governments have increasingly fallen short of meeting popular expectations. This shortfall is often a combination of endogenous and exogenous factors. Endogenous factors are internal institutional matters which may include, amongst others, organisational intra-harmony and attendant coordination capacity, the quality leadership, competencies and motivation of administrative staff and appropriateness of policies.

Exogenous factors mainly relate to the political climate and socio-economic realities. The combination of these factors impose constraints on what the state and its institutions can do.

What then becomes the recourse for the state if it fails to meet its obligations? The direct cost of continued underperformance is trust deficit, which may easily lead to the state losing legitimacy. Governance reforms under the rubric of the New Public Management (NPM) have coincided with the rise of collaborative strategies to deliver services to the people. While forms and sizes of network vary from a context to another, the fundamental logic is the principle of integration of resources, which include knowledge and information sharing. Private actors in the public policy network are often credited for the value of information they bring as governments capacity to "retrieve and process information and produce effective policy" have consistently reduced (Pierre, 2009:5). It is also important to point out that public-private partnership has been pointed out as the logic and main attribute of wondrous economic performances of quintessential East Asian developmental states (Onis: 1991).

Reference is made deliberately to the notion of a developmental state precisely to underscore the significance of a network in pursuit of public policy. The paper presumes that state capacity is indivisible and applies to the entirety of government. The same attributes which are used to analyse performance of national government can be used similarly for local government (Steiner: 2010). For this reason, lessons can be drawn from experiences of the private-public interface in East Asia in order to make sense of dynamics of interactions of stakeholders within a municipal setting. The White Paper on Local Government (1998) sets out a vision of a developmental local government and sees such realisation to rest on learning, leading and coordination among other attributes. It is therefore not far-fetched to conclude that the developmental character of a municipality hinges directly on the quality of networks it develops together with stakeholders within its jurisdiction.

A developmental municipality is therefore an outcome of conscious developmental pacts, coalitions, partnerships, compacts and/or networks involving the public and private actors, the political leadership and labour, the domestic and the foreign capital, and the urban and the rural citizens. A developmental municipality is the one that combines internal institutional cohesiveness with effective, purpose-driven management of external relations with all influential movers and shakers. Although the development literature tends to emphasise the structural cohesion of the bureaucracy, it is equally important to understand the context of national factors. Amsden (2001:11) attributes "a dense network" of all actors to be behind the systematised allocation of subsidies in all late industrialising countries – with the exception of Argentina – based on the principle of reciprocity. Reciprocity allows all policy actors to collaborate in pursuit of common purpose of economic growth, with an understanding that shared resources will generate equitable dividends among all actors. In this set up, private interests are relegated into the background while public interests are elevated to the centre. At this level, policy actors share risks, responsibilities and rewards as they have high levels of trust (O'Flynn, 2009:115).

This kind of collaboration constitutes "a transaction domain", which refers to "a mutually agreed-upon definition of a situation according to which a particular logic of interaction, exchange or decision-making is considered socially acceptable" (Frodin, 2011: 188). Transaction domain takes place at a small scale, which may involve politicians and bureaucrats on the one hand and the business and labour on the other hand. A set of transaction domains within a network constitutes "domain consensus", which refers to a "set of expectations both for members of an organisation and for others with whom they interact, about what that organisation will and will not do" (Frodin, 2011:189). For instance, if the control mechanism of reciprocity is accepted by the municipality and private business, there will be clarity on the tasks and responsibilities to be implemented by each in pursuit of a commonly defined public good. This kind of interaction enjoys some degree of institutionalisation (reward and discipline system) and is based on pursuit of a common task or goal (Hulst, Montfort & Haveri, 2009: 265).

Using this framework, it can be argued that the municipalities which perform better than their counterparts are as a result of existence of both better transaction and domain consensuses. In their study of four networks within the higher education sector, Sandstrom & Carlsson (2008) confirmed the hypothesis that there is a relationship between structural features of policy networks, their organising capacities and their performance. Based on their findings, an understanding of varied performance of developmental states can be explained by social network analysis. This approach posits that "structures are the relevant analytical units to consider in the search for explanations to the success and failure of policymaking" (Sandsrom & Carlsson, 2008:498-495). Evans (1995:30) similarly observes that "differences in the structure of the state apparatus should predict differences in developmental efficacy". Policy networks that generate higher social capital tend to perform better. Such networks are able to agree on the problem definition and prioritisation. It is thus safe to suggest that East Asian countries succeeded in building coherent and dense developmental state networks that could not even suffer from pervasive corruption. On the other hand, other developmental networks outside Asia suffered from fluid and weakly institutionalised corporate coherence, 'personalism', polarisation and clientelistic norms (Evans:1995; Herring: 1999; Schneider: 1999).

Similarly, South African Pulp and Paper Industries Limited (SAPPI)[1] shared its experiences in 2014 with local government stakeholders and contrasted the benefits of what it described as a "partnership relationship" with Mandeni Local Municipality with "indifferent relationship" from Kwadukuza Local Municipality. According to SAPPI, the relationship it had with Mandeni Local Municipality is deliberate and mutually beneficial. The company participates in local economic development activities of the municipality and has access to political leadership of the municipality. It does not enjoy the same relationship with Kwadukuza Local Municipality. In the former, the relationship with the municipality is reduced to crisis management precipitated by litigations.

3. The worth of local economic development and township economy

Local economic development is among the objectives of the envisioned developmental local government. For Schoburgh (2014:5), developmental local government is a sub-national government which is development-oriented and is "mandated to design and implement policies aimed at increasing local economic growth resulting in positive social transformation of the lives of residents in a sustainable way". Developmental local government recognises the importance of partnering with the private sector in order to facilitate employment through investment. It realises the need to improve local environment through provision of basic infrastructure as a requirement for investment attraction. Local economic development is thus linked to and dependent on the availability and quality of basic infrastructure within a locality.

The failure of macro-economic liberal policies to trickle down has necessitated a shift in policy-making to enthusiastically and consciously search for effective approaches and models for local economic development. For instance, Klink (2013:635) points out that economic gains in Brazil leaked out to national and international centres of command and control, leaving urban and regional spaces in intense socio-economic disparities, proliferation of slums and unemployment as well as environmental degradation. Similarly, there is an extant literature in South Africa which points to the failure of the preferred macro-economic policies

[1] SAPPI made this presentation to the Presidential Local Government Summit held in 2014.

since 1994. It is against this backdrop that two controversial concepts emerged in the discourse of economic policy-making in South Africa, namely, jobless growth and the two economies. It is further against the existence of these two concepts that local economic development is seen to have value, in order to mitigate against the increasing exclusion of the poor. Local economic development is people-centred and is characterised by the deliberate convergence of partners within a defined local area coming together to harness local resources for sustainable growth through economic growth and employment generation.

One of the legacies of apartheid is the production of the first and second economies that exists side by side within the same geographic space. Left ideologues will obviously dismiss this characterisation of dichotomy as an attempt by capitalism sympathisers to conceal its true nature of elite aggrandisement and rapacity at the expense of imposing the brunt of exclusion on the majority. Former South African President Thabo Mbeki characterised this scenario as the First Economy and the Second Economy, with the former being dominant and at the cutting edge as well as globally connected while the latter is marginalised, existing at the edges and consisting of a large number of the unemployed and unemployable, particularly young people. [2] The distinction between these two economies is seen as a short hand for socio-economic dualism within the same territory.

The second economy, according to Turok (2008:184) is a metaphor for the peripheral parts of the national economy, located mainly in the urban townships and rural areas in the underdevelopment created by apartheid. Second economy largely refers to the activities outside the mainstream economy. These activities are mostly informal in that they elude certain government requirements like registration, tax, social obligations and health and safety rules (Devey, Skinner & Valodia, 2006: 227). In their surveys of informal economy conducted in Johannesburg and Durban as part of a suite of local economic development, Devey, Skinner & Valodia (2006:237) found that eThekwini Metro recognised informal economy “as an integrated component of the economy, and support for economic activity in the informal economy is based on a coherent and overarching policy”. This is a good practice which could be learnt by other municipalities in pursuance of the aspect of economic growth in this first characteristic. Of course, this transfer has to be context-sensitive. However, Free State province is found wanting in its management of local economic development activities.

[2] Then South African President Mbeki used the concepts of the First and Second Economy in his 2005 State of the Nation Address to distinguish between the developed and under-developed economies within the same South African borders.

> “The formation of partnerships in the Free State towns is sadly lacking in most centres, and government and local government need to learn from the positive experiences and successes of Kwazulu Natal, Western Cape, Eastern Cape and Gauteng. The effective collapse in dialogue between stakeholders in some of the Free State towns does not bode well for the future. In the smaller centres, there are only a limited number of stakeholders, all of whom need to be involved in the process. Failure to do this would seem to be causing accelerated economic and infrastructural decline and rising poverty” (Cohen, 2010: 26).

4. Masilonyana Local Municipality case study

Masilonyana Local Municipality (MLM) was formed in 2000 as part of the newly created wall-to-wall, ward-based local government system. It has 10 wards and forms part of the Lejweleputswa District Municipality (LDM) in the Free State Province. It is situated in the Southern part of the district, sharing borders with Mangaung Metro (formerly Motheo District Municipality) and Thabo-Mofutsanyana District Municipality. According to the Free State Growth and Development Strategy Review (2007) the MLM was part of the top 8 municipalities in unemployment figures in 2004, sitting at position 8 at 37.6% unemployment. Unemployment rate for the province and the district sat at 39.1% and 38.8% respectively in the same period. Despite it being the second highest in unemployment figures within the district, it outperformed its adjoining municipalities of Tswelopele and Tokologo Local Municipalities on poverty incidence, which stood at 79.6% respectively in 2004, making them the most poverty-stricken municipalities in the Free State. Unemployment rate in MLM had increased to 38.8% in 2011, with its youth unemployment sitting at 49.8% in the same period. These figures were the highest within the Lejweleputswa region.

There were other notable features in a 10-year period from 2001-2011. The number of population decreased from 64409 in 2001 to 63 334 in 2011. Unemployment rate in 2001 stood at 42.1% while the youth unemployment was 54.4%. The dependency ratio grew from 54.2% in 2001 to 55.3% in 2011. The growth rate of the municipality stood at -0.17% over the 10-year period (Stats SA). According to the FSGDS Review published in 2007, the Gross Domestic Product (GDP) contribution of the municipality stood at 2.25% in 2004, making it the eighth of all 20 local municipalities in the Free State. This was largely influenced by the mining of gold and diamond, which have since declined throughout region whose economic mainstay was mining in the 1980s.

In its 2009 state of local government report, the department of Cooperative Governance and Traditional Affairs (Cogta) classified the municipality to be among the second most highly performing municipalities in the country albeit vulnerable from financial point of view. In December of the same year, The MLM was placed under administration due to the collapse of administration, the inability to spend the Municipal Infrastructure Grant (MIG) and the failure to pay creditors. One of the issues that the administrator had to look into was the programs and performance of local economic development in the municipality.

4.1. '*Kasi is Nca*' model

The municipality developed the concept "*Kasi is Nca*" as the vehicle which would be used to implement the economic strategy in order to develop its (second) economy and create jobs. One of the pillars of the strategy was the cooperation with the private sector through mobilising support for cooperatives and establishment of the business fora. Related to this pillar was mobilisation of other state institutions to participate in the sharing of resources. This initiative was highly welcome within and outside the shores of the municipality as it was consistent with characteristics of leading, coordinating and mobilising the involvement of communities in local economic activities.

The regional office of SEDA was engaged and it came on board. The municipality signed the Memorandum of Understanding (MOU) with the three mining houses operating within its jurisdiction in order to pursue the noble goals of the '*Kasi is Nca*' strategy. One of the immediate successes was the registration of over 20 Cooperatives throughout the jurisdiction of the municipality. One of the Cooperatives was in brickmaking and had the potential to become the stickler for success had it been managed successfully. Pursuant to the goals of activation of the township economy, the municipality managed to establish a forum with mining houses for the purpose of implementation of brickmaking project.

5. Role differentiation

5.1. Municipality

The municipality established and led the forum that consisted of the representatives of the three mining houses, the SEDA representative (or its appointed service provider), the Pricewater Coopers and Project Managers. The municipality had to identify and provide the site as well as essential services. In addition, it had to lobby for product support from the provincial government, particularly Departments of Housing and Public Works. The two departments are the largest consumers and spenders in public infrastructure projects. It further had to take care of all auxiliary needs that had a bearing on the success of the project, including being the foremost leader in the responsibility of monitoring and evaluation of the implementation of project management activities.

5.2. Mining houses

Mining houses were responsible for financing the project and procuring the product on a limited scale for their internal projects, which included maintenance of roads. The amount of R8 million rand was committed to the project solely from the mining houses. The first 50% was transferred to the project. From this transfer, R800 000 was used to purchase the brick-making machine.

5.3. SEDA

SEDA was responsible for business support development. It appointed the service provider who did the feasibility study and the project business plan. It carried all the costs, which included training of members of the Cooperative on business aspects such as governance, financial management, human resources and marketing.

5.4. Project Managers

The municipality appointed Project Managers to bring in professional project management skill to the project.

5.5. Pricewater Coopers

Although initially not considered a potential partner, Pricewater Coopers (PWC) came on board at the insistence of the mining houses to refuse to transfer the money into the municipal primary account. PWC then created and managed the bank account, whose transactions had to be preceded by the submission co-signed by the municipality and at least two mining houses.

6. Problems experienced

6.1. Commitment of the municipality

The municipality was expected to act as the leader of the network responsible for the project. The precondition for this ability is the quality of leadership and the institutional competency of administrative staff. Political leadership must not only be shrewd; it also has to earn legitimacy from stakeholders from a competency point of view. The quality of leadership and administrative staff combined must allow council to be more strategic, visionary and influential (Nkuna, 2011:634). This is because as policymakers, municipality need to demonstrate capacity in thinking and innovation. Because it is a state institution, a municipality has to have capacity to resolve conflicting interests between various network members. That capacity is dependent on both the institutional arrangements, human and other required capacities such as finances and machinery.

The municipality did not have either the department or designated official to deal with LED. The official who was delegated to participate in the project was actually the Manager in the Office of the Mayor. On many occasions, he attended the meetings without the mandate empowering him to commit the municipality with regard to distribution of tasks and responsibilities among within the network. Although he was in the office of the political head of the institution, both the mayor and the municipal manager did not necessarily demonstrate commitment to this and other projects initiated by the municipality. The deployment of a junior official to the project network created unnecessary delays on the tasks which had to be done by the municipality, thus frustrating other members in the network. These included land availability and perking of services on site in order to enable the project to kick-start and run smoothly.

The responsible official left the municipality in 2011 and the municipality did not replace him. This marked the beginning of the collapse of the project. The senior leadership of the municipality had also failed to lobby for support and additional funding of the project from government departments in order to secure the sustainability of the project. In terms of its budgeting processes, it failed to allocate anything towards the project. The municipality also failed to procure anything from the project. It had committed that it would procure paving bricks from the project in line with its infrastructure maintenance and expansion plans.

6.2. Selection method of members of cooperative

The municipality was technically responsible for the selection of members of the brick-making Cooperative. Members did not form a Cooperative on their on their volition informed by business essentials. This became the first major risk as all members in the project did not see themselves as business owners. They saw themselves as employees. The project was located in Masilo Township. **Figure 1** and **Figure 2** below depicts the abandoned and vandalised buildings of what was supposed to have been the Business Development Centre and the Brick-Making Plant. Masilo Township has 4 demarcated wards. Driven by imperatives of political expediency, municipal leadership talked to the branches of the

African National Congress (ANC) in the area to identify their members who would constitute the Cooperative. Those in the leadership of branches used their power to randomly select members without due regard to technical ability, motivation and other required essentials for managing a successful enterprise. The Cooperative ended up with 45 members as a result of the political expediency. This was quite a big number for a project of this nature at infant stage.

Figure 1: Vandalised and Deserted Business Development Centre

Figure 2: Abandoned Brickmaking Plant

Problems of members did not end there. Factional differences existing within ANC structures were transferred to the municipality and the project. Those who were appointed to supervisory responsibilities were challenged on the basis of local politics. Allocation of tasks among members was made difficult by perceptions of trust or lack thereof. While projects of this nature would ordinarily have sequencing of tasks, and therefore the number of people would attend site and get paid, this was not possible at this project. Members demanded payment at every month-end regardless of the schedule of activities and consequent performance. Local (ANC) politics took precedence ahead of business imperatives.

6.3. Varied commitment from different mining houses

There were three mining houses which signed the MOU and committed themselves to the project. The first mining house never participated at all despite this commitment. There were no consequences. The second mining house participated in meetings enthusiastically but only made a partial fraction of their committed amount. The third mining house participated enthusiastically in meetings, contributed innovative ideas and transcended their initial commitment in the interest of the success of the project. Of the R8m that was transferred to the project account, R6.5m came from this mining house. From the two mining houses which participated in the project, participation was limited to middle managers. The manager from the third mining house was empowered to take decisions on behalf of the company and enjoyed the support and trust of his immediate supervisor. The representative of the second mining house did not enjoy similar support. In 2011, the representative from the second mining house left the employ and the institution replaced him with someone who did not show the similar enthusiasm like her predecessor.

6.4. Delays in processing of payments

The agreement reached by all stakeholders was that the representatives of the municipality and the two mining houses must sign the requisition for all transactions. There were challenges. The representative from the municipality was the municipal manager. Ordinarily, her accessibility became a hurdle. When she was available, one of the two signatories from the mining houses would not be readily available.

6.5. Unwritten expectations from the project managers

The administrator who was appointed by the provincial government to oversee the running of affairs of the municipality brought project managers to the project. The terms and conditions of their appointment was not clear from the administrator. However, the mining houses made it clear that their participation was only welcome provided that they expected no financial benefit. Project managers helped the project to start-off the ground. With the assistance of SEDA, they provided training to members of the Cooperative on various business aspects. They facilitated the process of the acquisition of the South African Bureau of Standards (SABS)-approved machine. The purchase deal included the mandatory training that the selling company would give to users on site.

Project Managers incurred costs of travel from Bloemfontein to Theunissen (100km X 2) on a weekly basis, sometimes twice. Over time, they demanded compensation for their efforts and costs incurred. They could not claim compensation from the project fund and they pulled out.

6.6. Lack of institutionalisation

It has been pointed out already that the representatives of the municipality and the second mining house left their institutions in 2011. Later in the same year, the official who was representing the PWC in the project steering committee also left the company. His replacement did not see the value of his or his company's participation in the project. Within few months, he missed successive meetings and disappeared.

7. Lessons and conclusions

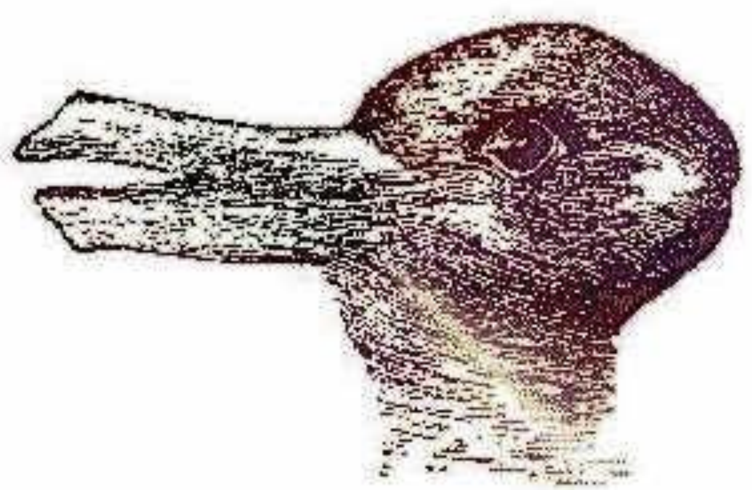
The public-private partnership is ideal methodology in which public institutions like municipalities can deliver services to communities much more efficiently. Networks therefore have potential to solve societal most complex and perennial problems like poverty and unemployment. However, the success of policy networks is not a given. Actors in a network need to be conscious and aware of the fact that the need each other for a network to succeed. Diversity has to be embraced. Once this condition is in place, various essentials of the state institutions such as capacity and legitimacy are crucial in order to set the direction and influence others to support such vision. The commitment of leadership of state institutions has to be beyond reproach. Amongst other things, the challenge is for leadership to master the art of straddling both politics and policy. Politics should be used positively to advance public policy as a vehicle of community development. In this case, it is evident that politics subsumed and superseded policy. Politics of morality should be encouraged as it is inseparable from politics of development.

It is clear that many municipalities do not take the mandatory obligation of local economic development seriously. This is reflected in the absence of established departments and appointment of competent individuals to execute this constitutional mandate. Further, it is an indictment on the municipality that two buildings and machinery are left idling, left to the vagaries of delinquent residents, instead of being used productively to avail information, train small enterprises and produce bricks at the plant. Reliance on ad hoc measures and improvisation become the only option, which obviously does not send a good signal to potential investors. Social partners need to be convinced that municipal officials have a sense of what they are doing. Appointment of competent officials to pursue the local economic development goals can also guarantee the inherent leadership position which all public institutions need to occupy by virtue of the accepted role of state in society.

From this case study, the clash between institutionalisation and personalism is marked. Almost all network actors seem to have participated in the project solely for compliance purpose. This explains why the project collapsed once the founding participating individuals left their employment although institutions remained intact. Secondly, it is important that the rules that networks establish to manage their interactions need not only to eschew possible abuse of resources. Rules should be designed in such a way that they enhance network and project efficiencies. Lastly, network partners need to delegate empowered officials to meetings which require decision-making. Delegation of junior officials renders a network ineffective and demoralise actors who are genuinely committed to the realisation of network and project goals.

How can networks improve functionality?

Figure 3: Illustrative picture showing subjective perceptions of humans



Some readers of this article will see a duck. Others will see a rabbit. This is because perceptions are subjective owing to unique histories, experiences, socialisation and world outlooks. Things are not as always clear as they are imagined. Individual perceptions influence organisational cultures and inform official decisions in terms of policy and rules of engagement. The truism that rules can be regarded as institutions has passed its zenith. Much as networks may develop rules in order to manage behaviour, Klijn & Koppenjan (2006:156) posit that detailed rules are likely to provide a room for actors to interpret them in their own way, thereby creating the distance between formal rules and rules-in-use. Varied interpretations of the same phenomenon, as is the case in the picture above, are a function of subjectivity which may negatively affect the network structure and consequential performance.

Since individuals influence and affect organisations, the following model, learnt from the workshops of the Institute of Investment in Excellence, is adapted to motivate for conditions of a functional, responsive network. This model is called CHIVE[3] and descriptive of behavioural characteristics which individuals and organisations in a network need to possess.

- Network members need to act **consistently** in pursuance of commitments that they make to a joined project. Individuals and their respective organisations need to have **courage** to raise issues of concern, while demonstrating **confidence** in their resource capability and the viability of the project being pursued.
- Network simply means collaboration. Organisations and their representatives therefore need to be **humble** enough to accommodate the views and feelings of other partners in a network.
- By going into a network, members have effectively admitted that they are inadequate acting alone. They therefore need to be aware and conscious of the necessity for **interdependence**. **Interdependence** is a precondition for a dense network.
- In order to value and embrace resource integration, parties in a network need to appreciate their **vulnerability** were they to execute the project alone.
- The presence of the above conditions will most certainly contribute to **excellent** relations within a network and **excellent**, desired results.

[3] The author is the participant of the Black Management Forum Young Professionals Development Programme. He got exposed to this model of leadership during workshops which he attended in that capacity.

8. References

Amsden, A. 2001. *The rise of the "the rest": Challenges to the West from late-industrialising economies*. Oxford University Press: New York

Anderson, J.E. 1991. Policy-makers and their environment. *Public policymaking* 47-90

Cohen, D. 2010. Key issues in local economic development in South Africa and a potential role for SALGA. *SALGA LED Position Paper*

De Leon, P. & Varda, D.M. 2009. Toward a theory of collaborative policy networks: identifying structural tendencies. *The Policy Studies Journal*, 37 (1) 59-74

Department of Local Government and Housing, 1998. *White Paper on Local Government*. DPLG: Pretoria

Devey, R.; Skinner, C. & Valodia, I. 2006. The state of informal economy. In Buhlungu, S; Daniel, J.; Southall, R. & Lutchman J. (Eds) *State of the nation: South Africa 2005-2006*. Human Sciences Research Council: Cape Town

Edoun, E. I. 2012. Decentralisation and local economic development: Effective tools for Africa's renewal. *International Journal of African Renaissance Studies*, 7 (1) 94-108

Evans, P. 1995. *Embedded autonomy: states and industrial transformation*. New Jersey: Princeton University Press

Frodin*, O. 2011. Generalised and particularistic thinking in policy analysis and practice: the case of governance reform in South Africa. *Development Policy Review*, 29 (s1) 179-198

Gains, F. 2003. Executive agencies in government: the impact of bureaucratic networks. *Journal of Public Policy*, 23 (1) 55-79

Herring, R. J. 1999. Embedded Particularism: India's Failed Developmental State. In Woo-Cumings, M. (ed.). *The developmental state*, pp. 306-334, Ithaca: Cornell University Press

Hulst, R., van Monfort, A., Haveri, A., Airaksinen, J. & Kelly, J. 2009. Institutional shifts in inter-municipal service delivery: an analysis of developments in eight Western European countries. *Public Organiz Review*, 9, 263-285

Klijn, E.H & Koppenjan, J.F.M. 2006. Institutional design: Changing institutional features of networks. *Public Management Review, 8 (1),* 141-160

Klink, J. 2013. The hollowing out of Brazilian metropolitan governance as we know it: Restructuring and rescaling the developmental state in metropolitan space. *Antipode Foundation Ltd*, 46 (3), 629-649

Nkuna, N. 2011. Realising developmental local government in a developmental state. *Journal of Public Administration,* 46 (1) 622-641

O'Flynn, J. 2009. Controversy/commentary: The cult of collaboration in public policy. *The Australian Journal of Public Administration* (68) 1, 112-116

Onis, Z. 1991. The logic of developmental state. *Comparative Politics*, *24 (1)* 109-126

Pierre, J. 2009. *New governance, new democracy*? QoG working paper series. The quality of government institute. Department of Political Science: University of Gothenburg

Sandstrom, A. & Carlsson, L. 2008. The performance of policy networks: the relation between network structure and network performance. *The Policy Studies Journal*, 36 (4) 497-524

Schneider, B.R. 1999. The *Desarrollista* state in Brazil and Mexico. In Woo-Cumings, M. (Ed.). *The developmental state*, pp. 276-305, Ithaca: Cornell University Press

Schoburg, E.D. 2014. Does local government have capacity for enabling local economic development? Lessons from Jamaica. *Commonwealth Journal of Local Governance*, 14, June, 3-22

Steiner, S. 2010. How important is the capacity of local governments for improvements in welfare? Evidence from decentralised Uganda. *Journal of Development Studies*, 46 (4) 644-661

Turok, B. 2008. *From the Freedom Charter to Polokwane: The evolution of ANC economic policy*. New Agenda: Cape Town