KwaZulu Natal's Institutional Environment: Its Impact On Development Imperatives

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Declaration

This dissertation represents original work by the author and has not been submitted in any other form to another university. Where use has been made of the work of others it has been duly acknowledged and referenced in the text.

The research for this dissertation was performed in the School of Development Studies at the University of Natal, Durban. Research was undertaken under the supervision of Professor Michael Morris during the period July 1995 to January 1996.

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There is an ancient tale of two men talking, one from Heaven and one from Hell. The man from Hell lamented, "It is indeed a wretched place, we are hungry all the time." "You mean there is no food in Hell?" the man from Heaven inquired. "Oh there's food - we sit at banqueting tables with the most sumptuous food your eyes could behold spread out before us. But we are made to eat with knives and forks a metre long. No matter how hard we try, it is impossible to put food into our mouths." "In Heaven," the other man began, "we too sit at banqueting tables and we too are made to eat with knives and forks. But ours are two metres long." It cannot be," said the first man, in disbelief. "If we cannot feed ourselves with knives and forks a metre long how in Heaven's name do you feed yourselves with knives and forks that are twice that length?" Ah, but that's the point, my friend," the man from Heaven replied, "we do not feed ourselves, we feed each other."
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Preface

The study of development in the 1960s and early 1970s was characterised by major struggles between competing ideological positions. Writings were dominated by attempts at getting the ideologies right, hence the proliferation of Neo-Marxist and Neo-Classical discourses. The vociferous debates between development theorists such as Andre Gunder Frank (1966), Paul Baran (1962), W.W. Rostow (1963) and their followers\(^1\) were indicative of this period. A fundamental shift occurred in the late 1970s, however, when the focus of development studies shifted to the more technical issue of how to get prices right. World Bank and International Monetary Fund intervention in state affairs were a characteristic of this fundamental shift, with the now notorious Structural Adjustment Programmes (SAPs) of the 1980s being a direct result of this movement.

The whole terrain of development studies has once again, however, undergone reconstruction, with the emergence of an entirely new strain of development-oriented thought in the 1990s. The key development problem being identified by social scientists at present is the institutional context in which development takes place. It has finally emerged that this issue surpasses those debates concerning ideology and monetary issues. Development protagonists now acknowledge that they can no longer look at development without considering the institutional environment in which it is to take place. Irrespective of ideology and price factors, then, it has finally been realised that development is highly contingent upon the establishment of a sound development-oriented institutional environment.

Although the international development arena has experienced this fundamental shift, very little research has been done, thus far, on the dynamics of KwaZulu Natal's institutional environment. As such very little is known about its efficacy in supporting or initiating development programmes in the province. If one considers the enormity of the development task in KwaZulu Natal this is an extremely unsatisfactory situation. KwaZulu Natal undoubtedly needs a sound institutional environment that

\(^1\) Some of the other development theorists involved in the fierce ideological debates of the 1960s and 1970s include Immanuel Wallerstein (1983, 1984) and Gabriel Palma (1978) who followed a broad "dependency" line (although often in strikingly revisionist forms), as well as Bruce Warren (1980), Arthur Lewis (1954, 1955), and Ragnar Nurkse (1955) who tended to follow a Neo-Classical, or rather modernist, line of argument.
supports development, thus making a study of how the province's institutional environment impacts on development imperatives an extremely important endeavour.

It is hoped that this dissertation helps in some small way to fill the research void that is clearly apparent in KwaZulu Natal. It needs to be iterated right at the outset, however, that this dissertation is not meant to be an extensive, all encompassing critique of KwaZulu Natal's institutional environment. It is rather an exploration of those important issues pertaining to its institutional environment that impact so dramatically on development imperatives in the province.
Chapter One:
Introduction And Research Methodology

1.1. Introduction

The two recent studies that have been undertaken of KwaZulu Natal's institutional environment (Forsyth, 1995; Harrison, 1993) restricted themselves by focusing almost exclusively on the various organisations operative in the province (e.g. measuring their size, budget, financing, functions, etc.). Whilst these two endeavours did have merit in their own right, and did highlight a particular dimension of the province's institutional environment, their usefulness in terms of explaining development processes in the province from an institutional perspective, has remained severely limited. The underlying reason for this stems from their limited focus on the dynamics of the province's institutional environment.

These two descriptive accounts of the public and private sectors, Non-Government Organisations (NGOs), parastatals and forums operative in KwaZulu Natal, whilst being useful starting points, do not provide us with an adequate understanding of the province's institutional environment and how it pertains to development. Equally important questions, that need to be dealt with, relate to how the various development-oriented organisations involved in the province are associated with one another. How

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1 Whilst Forsyth (1995) does consider some of KwaZulu Natal's institutional dynamics in the brief introduction to his study, he goes on to analyse the province's institutional environment in an extremely restricted and uni-dimensional manner that fails to consider adequately the manner in which the province's development needs are being impacted on by the province's institutional dynamics. Harrison's (1993) study is not as limited as Forsyth's and does include a theoretical discussion dealing with the important issue of institutional dynamics. Harrison's primary problem, however, is that he restricts his theoretical discussion to the issue of government involvement in development initiatives. Harrison (1993) consequently fails to highlight the complexity of the province's institutional environment.

2 Forsyth (1995) and Harrison (1993) are not the only two authors who have written on KwaZulu Natal's institutional environment. The Land and Agriculture Policy Centre, for example, wrote a "rural poverty and institutions" paper recently (October 1994), whilst most of KwaZulu Natal policy papers now also include a section on the province's institutional environment (although usually in a very limited manner). Forsyth (1995) and Harrison (1993) are, however, unique in the sense that their studies focused exclusively on the province's institutional environment, and did not consider it as an appendage to a broader question, as is becoming increasingly popular.
are development relationships co-ordinated? What policy parameters exist? Where do overlaps and resource waste occur? What role is the government playing? These are just some of the fundamental dynamics that need to be considered when ascertaining the success of any institutional environment, and as such form an integral part of this dissertation.

For the purposes of analysing KwaZulu Natal's institutional environment it is imperative, then, that the following definition (derived from Fowler; 1992) be borne in mind, as it highlights the two dynamic dimensions of institutional environments.

- Institutions are patterns of behaviour, recognised and valued by society, as well as embedded in social relations, whilst
- Organisations are purposeful, structured, role-bound social units (Fowler; 1992: 14).

Douglas North (1981), in his book Structure and Change in Economic History, highlights this distinction between institutions and organisations by noting that whilst institutions are systems of legitimate and enforceable rules, organisations are actual systems of co-operation where people get together in order to carry out a designated function.

The definition is, however, a simplified version of a much more complex reality. As pointed out by Fowler:

"Confusion in our understanding occurs because institutions and organisations overlap. First, because although differing in scope and permanency, both institutions and organisations shape and direct social behaviour. Second, day to day institutionalised social behaviour is largely expressed by the work of, and interaction between, people in organisations" (1992: 14-15).

If one follows Fowler's (1992) understanding of institutional environments, it becomes clear, then, that the multitude of development-oriented organisations, as well as the dynamics of the institutional environment operative in KwaZulu Natal, need to be understood in order to gain any degree of insight into the province's present institutional environment and how it impacts on development imperatives. By adopting this approach it becomes necessary, therefore, to consider KwaZulu Natal's institutional environment within a broad dual-dimensional framework.
In order to consider KwaZulu Natal's institutional environment within this dual-dimensional framework, it has been necessary to divide this dissertation into a number of chapters, each of which deals with a particular aspect of the study undertaken. This chapter (Chapter One) concludes with a consideration of the research methodology employed for the gathering of primary and secondary information utilised in this study, whilst Chapter Two provides the theoretical backbone to the dissertation. The chapter, itself, is divided into three sections. The first section outlines how the study of institutional environments came to be an important discipline within the field of development studies, whilst the second section provides a conceptual understanding of institutional environments. In the third section of chapter two, the link between development imperatives and institutional environments is elaborated upon. Chapter Three considers KwaZulu Natal's institutional history from the inception of the Act Of Union in 1910 to its present context.

The actual analysis of KwaZulu Natal's present institutional environment only begins in Chapter Four of this dissertation, when those development-oriented organisations presently operative in the province are considered in some detail. The reasons underpinning KwaZulu Natal's present institutional complexity are considered in Chapter Five, whilst ideas pertaining to developing a a far more viable institutional environment in the province are put forward in Chapter Six. A brief Conclusion that highlights some of the major issues explored in the dissertation is then presented.

1.2. Research Methodology

It was necessary to employ both primary and secondary research methods in order to undertake this study of KwaZulu Natal's institutional environment. Both research methods consequently need to be given due consideration.

1.2.1. Primary Research Undertaken

A number of primary research techniques were utilised for the gathering of data, although the most extensive method utilised was the informal interview. Numerous key informants3, who had extensive knowledge of KwaZulu Natal's institutional environment, were interviewed. The interviews were conducted on a qualitative rather

3 For a list of the key informants interviewed see Appendix 1.
than quantitative basis, with the questions posed being highly contingent on the area of expertise of the person being interviewed. The informal interviews were therefore conducted in a very similar fashion to Mann's (1976: 95) definition of what constitutes an informal interview:

"...that one where the interviewer, having once started the interview off on the theme in which he is interested allows the informant to dictate the subsequent situation...Since [the] interview is essentially a stimulus-response situation this means that there is very little standardisation of either the stimuli or the recording of the responses."

Informal interviews were used for two important reasons: (1) because of the complexity of the issues being dealt with; and (2) because they allow one to gain an insight into a variety of personal perspectives. The subject being explored in this dissertation required an in-depth understanding of KwaZulu Natal's institutional environment, an understanding which only emerged from widespread consultation with those people who had extensive and relevant knowledge of the issues at hand.

Due to the sensitive nature of the information provided by the key informants, they have not been personally referenced in this dissertation. Where information emanating from key informant interviews is utilised, the referencing procedure highlights the fact that the information was received during the course of a specific key informant interview (and not the actual key informant)⁴. Many of the key informants interviewed only agreed to provide information if confidentiality of their views was assured, and as such this is the most appropriate referencing technique that could be utilised. As is clearly obvious from Appendix One, many of the key informants interviewed hold important positions in KwaZulu Natal and would not agree to interviews if their subjective (and often scathing) opinions of the province's institutional environment were to be traced back to them.

Other primary research methods utilised, included the reading of various working documents, national and provincial legislation, as well as annual reports. No quantitative data sources were, however, used, as it was felt that a quantitative type analysis would not be appropriate for a study of KwaZulu Natal's institutional environment and its impact on development imperatives.

⁴ Key Informants are, therefore, labelled A, B, C, D, E, F, G, H, and I when referenced. The labels, moreover, do not correspond with the order of the key informants in Appendix 1, thereby ensuring total confidentiality.
1.2.2. Secondary Research Undertaken

The reading of secondary resource material also formed an integral part of the study, especially with regards to the formulation of an appropriate theoretical framework from which to work. An extensive literature review of books and journal articles pertaining to both management and institutional theory, as well as international institutional experience and South African institutional history was consequently carried out.

In order to ensure a sound understanding of relevant research methodology, data analysis and institutional theory it was therefore necessary to approach the study of KwaZulu Natal's institutional environment from the following three-dimensional perspective:

![Figure 1. The Inter-relationship Between Research Methodology, Data Gathering and Theory](image)
Chapter 2. Theoretical Framework

In order to fully comprehend why the study of institutional environments is so important within the field of development studies, three tasks need to be carried out. Firstly, its emergence as a meaningful sub-discipline within the field of development studies needs to be outlined. Secondly, a conceptual understanding of institutional environments needs to be presented. And then thirdly, it needs to be explained how institutional environments actually impact on development imperatives within a given domain.

2.1. The Study Of Development: 1950s To Present

As highlighted by Roger Backhouse (1988) and Albert Hirschman (1981) the study of development is a relatively recent phenomenon. It was only in the 1950s that development economics emerged as a separate branch of mainstream economics, with its emergence being primarily due to the dire situation of many countries in Africa, Asia and Latin America.

Whilst the post World War Two period had ushered in thoughts pertaining to reconstruction and development, particularly in war-ravaged Western Europe, it was the acquiring of independence by many previously colonised countries that provided direct stimulus to the study of development (Hirschman; 1981). Statistics in the 1950s showed the huge gap that existed between the rich established countries and those poor countries who had recently won their independence, and also highlighted the fact that rich countries appeared to be growing rapidly whilst poor countries were experiencing stagnation (Backhouse; 1988).

A number of economists therefore attempted to comprehend why poor countries and regions tended to remain poor, whilst rich countries continued to flourish. As a consequence of this newly emergent interest in development economics, various theories pertaining to the lack of development in underdeveloped countries were put forward. The theories put forward were, however, enormously influenced by their ideological backgrounds and as such fell within two broad schools of thought: (1) The Neo-Marxist, and (2) The Neo-Classical.
The Battle Over Ideology

Neo-Classical theorists such as Ragnar Nurkse (1955), Paul Rosenstein-Rodan (1984) and Arthur Lewis (1954, 1955) and more specifically, modernisation theorists, such as W.W. Rostow (1963), asserted that the lack of development occurring in underdeveloped countries was a direct result of the lack of appropriate capitalist structures in their economies. Arthur Lewis (1954, 1955), for example, argued that if insufficient savings were mobilised to increase the size of the industrial sector in underdeveloped countries, the process of economic growth and development would not get started.

Neo-Marxist (or dependency) theorists such as Paul Baran (1962), Andre Gunder Frank (1966, 1969, 1975, 1978), and Immanuel Wallerstein (1983, 1984) argued, on the other hand, that the lack of development in underdeveloped countries was not a direct result of the lack of capitalist structures in their economies, but rather due to the strength of the capitalist structures dominating them. Frank (1966, 1969, 1975, 1978), for example, asserted that the success of the developed capitalist countries was highly contingent upon the underdevelopment of the rest of the world. In the words of Frank:

"Historical research demonstrates that contemporary underdevelopment is in large part the historical product of past and continuing economic and other relations between the satellite underdeveloped and the now-developed metropolitan countries. Furthermore, these relations are an essential part of the structure and development of the capitalist system on a world scale as a whole" (1966: 5).

"...underdevelopment as we know it today, and economic development as well, are the simultaneous and related products of the development on a world-wide scale and over a history of more than four centuries at least of a single integrated economic system: capitalism" (1975: 43).

The obvious result of such divergent thought was the emergence of a fierce ideological battle throughout the 1960s and early 1970s. Dependency theorists such as Frank, Baran and Wallerstein argued that underdeveloped countries needed to break from the capitalist world if they intended to develop, whilst the Neo-Classical and

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1 The author does realise that there is a difference between neo-classicism and modernisation discourses. For the sake of this brief analysis, and because modernisation discourses are so deeply influenced by neo-classical economic theories, they are, however, grouped together.
modernisation theorists argued the exact opposite. W.W. Rostow, for example, developed his "stages of growth" model that claimed to outline exactly how underdeveloped countries were to achieve sustained development within the capitalist world.

The leaders of many underdeveloped countries desperate for development were greatly influenced by the ideological battle raging at the time. As such many newly independent countries broke from their colonial past and established ties with the communist world. Other underdeveloped countries, however, established even closer ties with the rich capitalist states during this period.

With the exception of only a very few cases (for example, the East Asian "tigers"), and irrespective of ideology followed, or political alignment taken up, the countries of Asia, Latin America and Africa failed in their development endeavours. From the late 1960s onwards many of the world's underdeveloped countries actually experienced negative economic growth rates (in real terms), as well as continued human deprivation.

When the world economic crisis of the mid-1970s struck\(^2\), the majority of the world's underdeveloped countries were unfortunately unable to cope with the increased pressure placed on their already debilitated economies. As such many underdeveloped countries borrowed extensively throughout this period in order to finance large industrial projects that were intended to boost economic performance. The overwhelming failure of such projects, as well as the increased debt burden being experienced by most underdeveloped countries led to the emergence of a debt crisis in the late 1970s (Abbot, 1993; Corbridge, 1993). Many underdeveloped countries were no longer able to pay back their loans to the organisations they had borrowed from (for example, the World Bank and the International Monetary Fund [IMF]) and as such had to request the rescheduling of their loans. As highlighted by Corbridge:

"...between 1979 and 1983 twenty third world countries renegotiated their debt to bilateral [and other] official creditors..." (1993: 40).

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Getting Prices Right

The World Bank and IMF, the world's two most important multilateral lending organisations, who are firmly entrenched in the world capitalist market, were therefore forced to reschedule the loan repayments of many underdeveloped countries. They did not do so, however, before imposing severe restrictions on how governments in underdeveloped countries were allowed to act (Abbot, 1993; Streeten, 1993). World Bank and IMF officials blamed the development failure of underdeveloped countries on excessive government intervention in their markets and contended that intervention led to price distortions that undermined sustainable economic development. Thomas Biersteker (1992) referred to these restrictions as the triumph of Neo-Classical economics over its Neo-Marxist counterpart:

"... neoclassical economic ideas have most certainly been around for a long time, but they clearly gained new force, visibility, and legitimacy, in the late 1970s and early 1980s..." (Biersteker; 1992: 119).

The re-emergence of neo-classical hegemony in economic and development thought resulted in the widespread government intervention that had taken place in underdeveloped countries' markets being withdrawn (Streeten, 1993; Commander and Killik, 1988).

World Bank led Structural Adjustment Programmes (SAPs), and International Monetary Fund Stabilisation Programmes3, imposed on underdeveloped countries were therefore characterised by devaluations in currency, financial reform, fiscal policy reform, decreased government subsidies, decreased government price controls, and state minimisation (Biersteker, 1992; Streeten; 1993; Commander and Killik, 1988; Helleiner, 1990). The primary emphasis of SAPs was undoubtedly focused on "getting prices right". It was contended that excessive government intervention in developing markets had distorted them to such a degree that the market was unable to expand, resulting in economic stagnation, and hence underdevelopment. The World Bank, by implementing SAPs, thought that the removal of these distortions created by excessive government intervention in developing markets (i.e. getting the prices right) would lead to an equilibrium in the developing markets, resulting inevitably in sustained economic growth and concomitantly development (Helleiner; 1990).

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3 The World Bank and International Monetary Fund are grouped together as the IMF plays a crucial role in determining whether donor recipients are legible for World Bank debt rescheduling. Less Developed Countries have to acquiesce to both IMF and World Bank conditionalities in order to borrow from the World Bank.
Following the Classical position held by Adam Smith it was contended that if market prices were right, then economic growth would naturally ensue. Once capitalist markets in underdeveloped countries were allowed to operate independently of government intervention the hidden hand of the market would ensure long-term economic growth. As pointed out by Thomas Biersteker:

"In the most general terms, structural adjustment entails a reduction and redirection of state economic intervention in the economy, in combination with an increased reliance on the market for the allocation of scarce resources and commodities. Specific policy measures common to most structural adjustment programmes include an effort to institutionalise nominal devaluations of the currency in order to generate and sustain real exchange rate adjustment. Each of these measures entails an institutionalisation of exchange rate adjustment in an effort to 'get the prices right' (i.e. market determined) externally" (1992: 108-109).

The experiences of underdeveloped countries throughout the 1980s and into the 1990s have not, however, borne out World Bank and IMF expectations. Although SAPs were in most instances rigidly adhered to (Abbot; 1993), most underdeveloped countries experienced continued poor economic performance throughout the 1980s. Table 1 below clearly highlights the poor economic performance of Less Developed Countries in the first half of the 1980s, not only in relation to previous growth performance indices, but also in relation to developed market economies.

| Table 1: Real GDP Growth Rates In The World's Regions |
|---------------------------------|-----------------|-----------------|-----------------|
| Developed Market Economies     | 5.1%            | 3.1%            | 3.1%            |
| Less Developed Countries       |                 |                 |                 |
| Major Oil Exporters            | 7.1%            | 6.3%            | -1.3%           |
| All Others                      | 5%              | 5.3%            | 2.6%            |

The direct result of this unfortunate situation has been the emergence of widespread disillusionment with both ideological approaches to looking at development, as well as the more recent emphasis on getting prices right.

**Getting Institutions Right**

The crucial question consequently needs to be posed: If development could not get off the ground, irrespective of the ideology followed in underdeveloped countries in the 1960s and 1970s, nor through the implementation of rigid Structural Adjustment Programmes in the 1980s, what then does get development off the ground? This is the context in which institutional understandings of development have arisen\(^5\). Many development theorists (such as A.E. Brett, 1988a, 1988b, 1995; Goetz, 1995; Goetz and O'Brien, 1995; White, 1995; Prendergast and Singer, 1991; and Ostrom, Schroeder and Wynne, 1993) now contend that the most crucial dynamic impacting on the creation of a sustainable development-oriented environment in a country is the creation of a sustainable development-oriented institutional environment. The central contention now being held by these development theorists is that development will not occur unless the right organisations are placed in the right place at the right time.

Whilst previous hegemonic discourses are still intrinsic elements of development debates (for example, SAPs are still being implemented by the World Bank, and ideological issues are still being widely debated\(^6\), the fundamental difference between new development thinking and old development discourses is that institutional questions are now at the forefront of development debates. They are no longer footnotes to broader issues, they are the most important issues!

Arguments pushing for the minimisation of the state in the 1980s are, for example, no longer deemed valid by the majority of development theorists. As highlighted by Prendergast and Singer (1991), the crucial question in contemporary development theory no longer revolves around the issue of whether to involve or exclude the state in economic activity. The crucial question rather is how do we optimise the relationship between the state, non-government organisations and private sector, in

\(^5\) Whilst institutional issues were evident in previous decades they tended to be absorbed within the broader ideological and monetary issues hegemonic in the 1950s, 1960s, 1970s and 1980s. Institutional questions were not at the forefront of development thinking, a situation which is only changing now.

\(^6\) The debate between Frank (1978) and Wallerstein (1983, 1984) on the one side, and Warren (1980) and Harris (1986) on the other, are indicative of the fact that ideological questions are still presently being debated in development circles. Such debates are, however, no longer pre-eminent in development theory.
order to push for development imperatives? E.A. Brett (1988a: 1) supports this contention by noting that:

"...administrative competence in the modern state is just as important for economic performance as getting the prices right. Economic inefficiency can stem from excessive state intervention based upon rigid and non-accountable bureaucratic structures, but, like it or not, no privatisation programme can ever remove the main responsibility for economic [and development] management from the state and its administrative apparatuses.""

What type of institutional environment, then, does optimise development? What type of relationship should exist between the public and private sectors in Less Developed Countries? How does one go about constructing an institutional environment that is supportive of development? Is there one type of institutional environment that effectively supports development? These are just some of the crucial issues being grappled with by the development theorists already mentioned; and it is as such the issue to which I now turn.

2.2. A Conceptual Understanding Of Institutional Environments?

There are traditionally two ways of approaching a study of institutional environments. The first approach considers it from an organisational perspective, whilst the second entails studying institutional environments from an institutionalist point of view. Although neither of the approaches offers us a complete picture of institutional environments, both do have a certain amount of validity and as such need to be considered in some detail. A more enlightening conceptual understanding of institutional environments that encompasses both approaches will then be presented.

7 Much of the information in this chapter is derived from Organisational Management texts. Conceptual understandings of institutional environments are often not made explicit enough in development texts (although there are exceptions, for example Goetz [1995] and Ostrom, Schroeder and Wynne [1993]), and as such could not be used in this section. Organisational Management texts more than suffice, however, and provide enormous amounts of information on institutional environments, which can then be revised in order to take into account development imperatives.
2.2.1. The Organisational Approach

Theorists following the organisational approach (for example, Meyer and Zucker, 1989; Neuijen, 1992) assert that institutional environments can only be understood in terms of the organisations operative within their domain, with the institutional environment itself having only limited power or influence over the organisational structures evident. It is asserted, for example, that any institutional environment is only able to operate within the parameters set by the large organisations that dominate it, and create its "organisational culture" (Neuijen, 1992).

Meyer and Scott\(^8\) (1992: 2-3) highlight this aspect of the organisational approach by noting that social scientists following this tradition are inclined to take very seriously the powers and pressures built into state organisations through their legal and administrative systems. Organisational theorists are therefore inclined to believe that the state organisation (which is usually the largest organisation within an institutional environment) has a profound influence over what can and cannot happen within an institutional environment. In certain instances where private sector organisations appear to be even more powerful than the state, an analogous argument asserting private sector organisational hegemony would hold.

If one were to use this approach then whichever organisation was considered dominant in KwaZulu Natal, for example, would be expected to have enormous influence over how the province's institutional environment operates. The research ramification of holding an organisational understanding of institutional environments is that the organisations and organisational relationships evident should be at the centre of any analysis of institutional environments.

\(^8\) Meyer and Zucker (1989) follow the Organisational approach far more closely than Neuijen (1992), who does, nevertheless, follow an Organisational line in his interpretation of organisational cultures.

\(^9\) Meyer and Scott (1992) do not follow the organisational approach. Their comments are included in this section, however, as they give an excellent descriptive account of the organisational approach in their book *Institutional Environments*. 

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2.2.2. The Institutionalist Approach

The institutionalist approach\(^{10}\) contends that although organisations are an important element of the overall institutional environment, it is the institutional environment itself that determines organisational activity, and not the other way round. It is argued, for example, that the state organisation so dominant in some environments, is not dominant in others because of an institutional environment that prescribes the level of state involvement in civil and other affairs. It is not that the state organisation is being held in check by other large organisations that are hegemonic, but rather that the institutional environment is composed of a distinct cultural-rational system that defines and legitimates organisational structures and their activities.

If one were to follow this approach one would not view the large state apparatus in KwaZulu Natal, for example, as being a hegemonic organisation determining what is or what is not applicable in the province’s institutional environment. It would be the province’s institutional environment that allows scope for large-scale government activity. As asserted by Meyer and Scott (1992: 2-3) the political structure of a rationalised society is found as often in the wider and more diffuse public or civil society as in the state organisations that are more narrowly conceived.

"Modern social systems are likely to give rise to elaborate relational networks that stretch from the core to the periphery of the society. Linked to both nation-building and state-formation processes, these networks provide 'nooks and crannies' as well as lattices and supports for a rich collection of organisations" (Meyer and Scott; 1992: 14).

It is clearly apparent then that theorists supporting the institutionalist approach view institutional environments as far more than mere organisational agglomerations. The research implication of following this understanding of institutional environments, is that the institutional environment, itself, moves to the centre of any analysis, rather than the organisations operative within its domain. As so poignantly pointed out by Meyer and Scott (1992) are the best example of theorists adhering to the institutionalist approach. Whilst they are not the only theorists to reveal institutionalist tendencies (for example, Brett, 1995; Mills and Murgatroyd, 1991 and Sadler, 1991, all recognise the importance of the institutionalist approach) they are the only theorists I encountered who contended that institutional questions were far more important than organisational ones.
Meyer and Scott (1992), professionals and state bureaucrats are as much the creatures as the creators of the ideologies they enact!

2.2.3. A Holistic Understanding Of Institutional Environments

Whilst both the institutionalist and organisational approaches hold a certain amount of validity, it must be felt that neither provides an adequate understanding of institutional environments. As was mentioned in the introduction to this dissertation both organisations and institutions have an important bearing on one another. One cannot simply understand institutional environments from the organisations operative within its domain as such an understanding would fail to consider adequately how the cultural-rational system evident in society impacts on organisational formation and activity.

Considering an institutional environment from only an institutionalist perspective would also prove insufficient, moreover, as it would fail to highlight how organisations impact on the formation of institutions and the cultural-rational system evident in society. As indicated by Fowler (1992), Mills and Murgatroyd (1991), Sadler (1991), Brett (1995) and Goetz (1995) any institutional environment both shapes and is shaped by organisations operative within its domain. Institutions shape organisations by providing the belief systems operative within organisations, whilst organisations shape institutions by acquiring social value and stability. Over a period of time it is quite possible, therefore, for the values and operations of organisations to become institutionalised elements of a given environment. Anne Marie Goetz (1995), for example, comments that:

"Organisations are formed within the environmental constraint represented by institutions, but over time, they can have an impact on the institutional arena, changing underlying rules systems and incentive structures" (1995: 1).

Organisations do therefore have the propensity to change institutional structures for their own benefit, although such a process is necessarily a long term one, and not necessarily successful. As pointed out by Mills and Murgatroyd (1991: 1-2):

"It makes sense to us that organisations can appear to be given, self-contained entities that set them apart from other organisations. It also makes sense to us that organisations cannot be fully understood apart from the broader social
relations within which they are part. It does not make sense to us to approach an understanding of organisations as if only one or the other statement were true”.

The ramification of adopting this theoretical position is that emphasis needs to be given to both an institutional environment’s organisations as well as its institutional dynamics for the completion of any study:

If one were to consider a hypothetical institutional environment, as represented in Figure 2 (above), for example, one would not be able to comprehend it adequately unless consideration was given to (1) the internal dynamics of Organisations A, B, C and D, (2) their respective relationships, as well as (3) the broader institutional forces impacting on them and the setting up of their respective relationships.

The direct implication of adopting this theoretical position for a study of KwaZulu Natal’s institutional environment and how it impacts on development imperatives in the province, is six-fold:

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11 All of these issues are dealt with, either implicitly or explicitly, when analysing KwaZulu Natal's institutional environment in Chapters Four and Five of this dissertation.
1. The manner in which development organisations in the province are constrained (or supported) by the institutional environment in which they find themselves is highlighted.

2. The manner in which organisations are constituted internally is made clear.

3. The facilitative and constraining relationships between the various levels of government, as well as private and non-government organisations are revealed.

4. The various interest groups embedded in the province's institutional environment are exposed.

5. An overall assessment of KwaZulu Natal's institutional environment and how it impacts on development imperatives is made possible, rather than simply an ad hoc appreciation of individual organisations.

6. It becomes possible to put forward policy proposals that could alter and improve the province's institutional environment.

2.3. The Link Between Institutional Environments And Development

Whether one considers institutional environments from an institutionalist, organisational or more holistic perspective, does not change the crucial fact that institutional environments are important determinants of societal activity. Peoples' actions and ability to perform tasks are largely determined by the institutional environment in which they find themselves. This is why institutional environments are so important with regards to the implementation of development imperatives. Unless the appropriate organisations are situated in the correct place at the right time, and operative within a stable and development-oriented institutional environment, development will not take place. Alan Fowler explains the vital link between development and institutional environments in the following extract:

"Increasingly evaluations [of development] showed that the performance of government development projects and programmes was indeed critically dependent on the functioning of institutions, but not only those of the state...Evaluation findings also indicated that the focus on organisations as the unit of intervention was misplaced. Improving organisational performance had to take a wider set of factors into account: of the policies, for example, that regulated the relations between development actors, including the private sector. Today emphasis is being given to the creation of an 'enabling..."
When one considers institutional environments from a development perspective, two crucial questions therefore need to be posed:

1. What constitutes a successful, development-oriented institutional environment?
2. How is such an institutional environment created?

Answering the first question is not an overly complex endeavour given the fact that it is a rather idealistic question. The same cannot, however, be said for question two, as it is a question which has to deal with the realities of existing institutional environments as well as the socio-economic environment and balance of social forces constituting that society. Both questions are, however, vitally important and as such both need to be given due consideration.

2.3.1. The Dimensions Of A Successful Development-Oriented Institutional Environment

Ostrom, Schroeder and Wynne (1993) in their book *Institutional Incentives and Sustainable Development* provide what is probably the best outline of what constitutes a successful development-oriented institutional environment. Their central contention is that institutions need to be assessed in terms of (a) efficiency, (b) equity, (c) accountability, and (d) adaptability criteria. As realised by Ostrom, Schroeder and Wynne (1993), however, not all successful development-oriented institutional environments need necessarily encompass all four criteria. In some instances trade-offs may be necessary, although the encompassing of all four criteria is still considered to be ideal.

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12 Ostrom, Schroeder and Wynne (1993) restrict their analysis of institutional environments to that of rural infrastructure provision. I have therefore only loosely followed Ostrom, Schroeder and Wynne's (1993) understanding of the four criteria. Much of the analysis of the four criteria in this section is consequently my own.
Efficiency
Institutional environments need to be efficient for the simple reason that efficiency normally equates to cost-effectiveness. In a province such as KwaZulu Natal where resources are severely limited, it is essential that development initiatives be put in place as quickly as possible in order to ensure the maximum utilisation of available resources. Efficient institutional environments do, however, also need to be effective, as it is quite possible to carry out an inappropriate programme efficiently. The old adage that one should 'make haste and not waste' is therefore extremely apt in an institutional context. Institutional environments need to be enabling environments where appropriate development programmes can be implemented efficiently.

Equity
Development is of course far more than merely economic growth. As has been pointed out by a multitude of development theorists (Meier, 1984; Streeten, 1994; Greeley, 1994), development encompasses both economic growth imperatives, as well as the meeting of basic human needs. It is consequently vital that development-oriented institutional environments focus on marginalised and impoverished groups in society. It is these groups that need to benefit the most from development initiatives, and as such it is imperative that institutional environments be oriented in their direction.

Accountability
If an institutional environment is characterised by a distinct lack of accountability, there is every possibility that efficiency and equity issues will be sidelined. E. A. Brett (1995, 1988b), for example, highlights a lack of accountability as one of the fundamental reasons underpinning the failure of past institutional environments in the Third World.

"Bureaucrats will inevitably fail without effective political surveillance. And this means open access to public information, an expert and autonomous system of investigative research and reporting, developed pressure groups able to maintain a continuous and expert watch over the activities of their counterparts in the state machine, and a competitive political process which will get rid of governments which fail to do their job" (Brett; 1988b: 10).

If the major role-players within an institutional environment are not held accountable for their actions, there is every possibility that corruption and development stasis will occur. An institutional environment characterised by high levels of accountability will
not necessarily be effective in terms of implementing development endeavours, but at least development failures would be recognised within such an arrangement, thereby offering hope that future development initiatives will have far more chance of success.

Adaptability

Developmental needs change enormously over time, particularly in the context of a constantly changing world market. What is deemed developmentally appropriate this year may not necessarily be deemed appropriate next year: a reality which is often only accepted with difficulty in many institutional environments. Formal rules and processes, which are a necessary feature of any stable institutional environment, cannot be so rigidly enforced that changes cannot occur when necessary. Some degree of adaptability to both exogenous and endogenous forces is consequently needed.

For far too long debates concerning the issue of how to create a successful development-oriented institutional environment have been centred on whether the state should recede from involvement in development issues and leave it to the non-government sector, or whether the state should actively be involved. Such debates have unfortunately served no purpose whatsoever, other than to confuse the real issues that need careful consideration. It makes absolutely no difference whether the state recedes from the development environment or becomes actively involved. What does make a fundamental difference is whether the four criteria outlined above are evident in an institutional environment.

If a state apparatus is efficient, effective, considerate of equity issues, accountable for its actions, and highly adaptable to change, then there is every reason for holding the view that the state should be actively involved in development initiatives. The same argument applies for the non-government sector. This is the crucial point made by Adrian Leftwich (1995) in his paper on Developmental States. One should not become immersed in Marxist or Capitalist rhetoric as development is all about actually doing something to alleviate the problems being experienced within a given domain. If the state, non-government sector, or both, can initiate development programmes effectively then so be it. To borrow a colloquial expression: "If the shoe fits, wear it!"

The central contention being presented here is not that the state should be the chief development protagonist within an institutional environment, but rather that the success of an institutional environment cannot be determined simply by who or what institution is involved in the process. A successful development-oriented institutional
environment should be determined rather by its efficiency, effectiveness, equity, accountability, and adaptability.

Having outlined what constitutes a successful development-oriented institutional environment, it is now necessary to consider the second crucial question posed.

2.3.2. Creating A Successful Development-Oriented Institutional Environment

Creating a successful development-oriented institutional environment is an extremely difficult endeavour for a number of reasons. Firstly, and perhaps most importantly, human capacity capable of transforming inappropriate institutional environments needs to be evident. People with the foresight to appreciate the present dynamics of the institutional environment in which they find themselves, as well as the vision to push for changes, need to be in influential positions in order to push for necessary changes. The emergence of such a scenario is extremely difficult to envisage, however, as it would entail the upheaval of hegemonic institutional relations which tend to be "embedded as routines in the general stock of knowledge" (Berger and Luckman, 1984, in Mills and Murgatroyd; 1991: 97).

Meyer and Rowan (1992: 25-7) highlight this important aspect of institutional environments when they note that the elements of rationalised formal structure in modern societies are deeply ingrained in widespread understandings of social reality, which tend to function as highly rationalised myths which are binding on particular organisations. One then cannot simply create a new institutional environment when the old one stops working effectively. Doing so would be impossible given the history and widespread acceptance of the institutional environment by power groupings (as well as the general populace) in society. As asserted by Mills and Murgatroyd (1991: 97):

"Just as sure as change is a regular feature of organisation, so too is institutionalisation; you cannot have one without the other."

13 These four criteria could never, however, exist independently of ideological constraints, as all four are in essence ideological constructs (for example, equity and accountability are concepts of the left, whilst efficiency and effectiveness are often stressed by Neo-Classical marketers). The importance of the four criteria is in no ways undermined by this reality, however.
The challenge, when attempting to create a successful institutional environment based on the four criteria outlined in the previous section of this chapter, then, is to take what is useful and capable of change from the old, and over a process of time, to amalgamate it with new organisational structures that enhance institutional capacity. The problem, however, is that this is not a rational utilitarian process (like making a machine), as there are powerful social forces involved both within and outside of organisations. Any institutional environment encompasses the social forces evident in the society in which it is constituted; which is why organisations are often opaque, contradictory and resistant to change.

South Africa is an excellent example of this. The challenge of the transition has not been one of fundamental transformation, or the overthrow of the existing institutional environment (despite what the rhetoric of the liberation struggle seems to suggest). The old institutional environment and old social forces clearly remain. The primary challenge of the transition, then, is an institutional one. The challenge revolves around the issue of incorporating old social forces into existing, or envisaged, institutional structures, whilst concomitantly extending the ambit and functions of the old institutional structures so as to ensure the inclusion of new emergent power groupings.

Whilst it is possible to alter those "rationalised myths" alluded to by Meyer and Rowan (1992), the process is necessarily slow, and not necessarily successful. Archaic organisations, for example, can be removed from an institutional environment, although it is vital that appropriate structures be put in place to overcome those gaps that may emerge in the new institutional environment. Because of their complexity there is unfortunately no easy-fix to ineffective institutional environments, although they can be changed over a period of time, and with much effort.

When one contemplates the transformation of KwaZulu Natal's present institutional environment, it is imperative to realise, then, that the movement towards an ideal type institutional environment (as painted by Ostrom, Schroeder and Wynne; 1993) is a necessarily slow process, particularly given the complexities associated with the province's institutional history, the present transition in South Africa, and international examples which highlight the difficulties associated with institutional transformations\(^4\).

\(^4\) Although writing in a completely different context, for a brilliant expose on the difficulties associated with removing entrenched and institutionalised power groupings from an institutional environment (in the context of post-colonial Africa) one should refer to the literature of Ngugi Wa Thiong'o (for example, his novel *Devil On The Cross* [1980]).
Gordon White (1988), in his article on administrative reform in post-Mao China, outlines the institutional complexities associated with present-day reform in that country, for example, whilst Cook and Minogue (1993) outline the existence of similar (although apparently more severe) institutional problems in Myanmar (i.e. Burma), where market reform initiatives are being initiated in the context of an extremely static and militaristic institutional environment. A Special Supplement of the *Economic Policy* journal, titled *Lessons For Reform* (December 1994), also highlights some of the institutional problems being experienced during the process of economic and political reform in the East European countries of The Ukraine, Poland, Russia and the Czech Republic. It is clearly apparent from the contributions to the Special Supplement (for example, from De Menil and Woo, Balcerowicz, Vaciliev, Dlohvhy and Mladek, and Canoviy) that important institutional questions lie at the root of many of the problems being experienced during Eastern Europe's transition.

Having outlined some of the difficulties associated with institutional transformation, and having given brief mention to some of the institutional problems being experienced internationally, it is now appropriate to outline the specific dimensions of KwaZulu Natal's institutional environment. Before going on to analyse the difficulties associated with KwaZulu Natal's present institutional environment, it is necessary, however, to first outline KwaZulu Natal's institutional history in some detail.

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15 I am not contending, however, that institutional issues are the only problems besetting Eastern Europe's present difficult transition, as this is clearly not the case. What is being suggested is that the area's problems are being compounded by deep institutional difficulties associated with some of the points that have been explored in this chapter.
Chapter 3.
KwaZulu Natal's Institutional History

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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| 1910 | Act of Union (creation of the Union of South Africa)  
Creation of Provincial Administrations and the Department of Native Affairs |
| 1948 | National Party comes to power |
| 1959 | Bantu Investment Corporation established to encourage development of the "homelands" |
| 1972 | KwaZulu set up as self-governing territory |
| 1977 | Urban Foundation set up |
| 1978 | Formation of the KwaZulu Finance and Investment Corporation |
| 1981 | Establishment of the Small Business Development Corporation |
| 1982 | Creation of black local authorities |
| 1983 | Establishment of the Development Bank of Southern Africa  
Establishment of a multi-tiered advisory structure (NRDAC, RDAC, RDAs)  
Creation of tri-cameral parliamentary system with "own affairs" administrations |
| 1987 | Restructuring of provincial administrations |
| 1990 | Inclusive multi-party negotiations accepted by National Party government  
Kagiso Trust established  
Joint Services Boards established |
| 1991 | Establishment of the Independent Development Trust |
| 1993 | Regional Economic Forum established  
Dismantling of "own affairs" departments |
| 1994 | Formation of Government of National Unity  
New Constitution: Formation of province of KwaZulu Natal |

Figure 3. Major Milestones In The Creation Of KwaZulu Natal's Present Institutional Environment (Harrison; 1993: 12-13).
Apartheid-based legislation in South Africa has left KwaZulu Natal with an extremely complex and inefficient institutional environment. As highlighted by Harrison (1993) and Forsyth (1995), KwaZulu Natal's fragmented institutional structure needs to be understood in terms of the historical development of the present system (as outlined in Figure 3).

The dimensions of KwaZulu Natal's present institutional environment can be traced back to the 1910 Act Of Union when the area that is now KwaZulu Natal was constituted as a province (Natal), and a separate black homeland (KwaZulu) within the Union of South Africa. Although the province of Natal had some degree of autonomy from the central South African government, the black area of KwaZulu fell under the jurisdiction of a central government department - The Department Of Native Affairs (Harrison; 1993).

The National Party set about reconstituting the geography of South Africa, however, after coming into power in 1948. The National Party's attempt at making black homelands "independent" of South Africa proper, for example, resulted in the creation of the self-governing territory of KwaZulu in 1972 (Harrison, 1993; Forsyth, 1995). The province of Natal (considered to be part of the Republic Of South Africa proper) and the self-governing territory of KwaZulu, existed alongside each other until the formation of the Government of National Unity in 1994. In terms of the interim constitution decided on during the transition both KwaZulu and Natal were united; giving rise to the province of KwaZulu Natal.

Whilst the province of Natal was well served by an adequately funded and staffed provincial administration during the period 1972 to 1994, the same cannot be said for the self-governing territory of KwaZulu. Although it was served by an autonomous legislature which had broad powers theoretically, the KwaZulu government had little institutional capacity (Key Informant D) and as such lacked the means by which to be truly independent of the South African state.

The National Party, in an attempt at resolving the extensive problems being experienced due to Apartheid-created territorial segregation, set up a number of multilateral and co-ordinatory structures (for example, the Development Bank Of Southern Africa, Regional Development Advisory Committees, Regional Service Councils, etc.) in the 1980s and early 1990s (Harrison, 1993; Forsyth, 1995). For the province of Natal and the self-governing territory of KwaZulu further initiatives included the establishment of a Joint Executive Authority (JEA) for the two areas in
1987, as well as Joint Services Boards (JSBs) that transcended Apartheid-created boundaries in 1990 (Forsyth; 1995).

These attempts at transcending Apartheid boundaries by implementing common unitary development programmes in the 1980s and early 1990s were, however, undermined by constitutional changes which served to further fragment the country's institutional environment, and, even more importantly, South African society. The introduction of the tri-cameral constitution in 1983, with its three "own-affairs" administrations, as well as the creation of separate local authorities, all added confusion to an already complex and highly inefficient institutional environment.

The direct implication of having such a confused and complex institutional environment operative in the province was the undermining of development initiatives. Although the 1980s and early 1990s did see the proliferation of development organisations in KwaZulu and Natal the manner in which they were constituted, and the institutional environment in which they found themselves, ensured their failure as viable development mechanisms (Key Informant D).

Some of the underlying reasons for institutional environment failure in KwaZulu Natal are listed below.

- The multifarious number of organisation operative in Natal and KwaZulu led to an overlapping of activity. The Natal Provincial Administration (NPA), for example, was involved in Local Government affairs in those black townships that fell under its jurisdiction, thereby complicating the functions of the different tiers of government enormously. National and provincial parastatals such as the Industrial Development Corporation (IDC) and the KwaZulu Finance and Investment Corporation (KFC), moreover, often lent money into the same market (for example, the development of industrial sites), thereby duplicating parastatal activities in the province1.

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1 It is important to note that different investment corporations, and tiers of government, are responsible to different types of institutional arrangements. When activity parameters are not clearly defined the unfortunate result is a complex and confusing institutional environment.
• The rigid control which central government kept over the development environment meant that project funding was often only available from that government level. This resulted in the formation of an extensive bureaucracy, permeating from the local level all the way up to central government. Such rigid control stifled the quick influx of funds into development programmes thereby undermining many imperatives (Key Informant I). Flexibility in funding, which is often needed in order to deal with adverse local conditions was also not forthcoming within such an arrangement.

• The non-legitimacy of the Apartheid state in the past also contributed to institutional failure in KwaZulu and Natal. The creation of development organisations by the Apartheid state was often seen in an extremely negative light by the majority of the population in the two areas.

Meyer and Zucker (1989) argue that many organisations operating over an extensive period of time with a low degree of efficiency and effectiveness (what they call "permanently failing organisations") exist for the simple reason that the primary objective of the institutional environment in which they find themselves is not to maximise efficiency or even "deliver the goods", but rather to maintain existing organisational patterns. This argument could easily be used to explain the history of KwaZulu Natal's institutional environment, where the maintenance of Apartheid structures were prioritised above that of development. The development initiatives and organisations established in the 1980s and early 1990s were more concerned about pushing forward development that enhanced apartheid-created territorial segregation, than they were about development per se. Whilst the structures put in place did attempt to transcend the boundaries created by Apartheid, they were never meant to knock them down! The problems associated with an overly complex and largely irrational institutional environment were unfortunately, therefore, never overcome.

Organisations are usually populated by people who benefit from, and serve others who benefit from, existing institutional arrangements. Changing an organisation's structure, in order to take into account the fundamentals that determine the efficacy of an institutional environment is, therefore, an extremely difficult task (as was highlighted in Chapter 2).

Whilst the organisations of this period may have espoused one ideology, they actually operated to reinforce another (i.e., the maintenance of apartheid structures). The organisations may have highlighted the fact that they were transcending apartheid created boundaries, but given the balance of forces operative in South Africa, they actually reinforced existing institutional patterns.
This contention supports the theoretical position held in this dissertation. If individual organisations wish to survive within an institutional environment it is imperative that they conform to its rules and requirements, irrespective of the environment's irrationality and inefficiency. To put it simply, the Apartheid institutional environment was the problem. Creating new organisations within the confines of the Apartheid institutional environment did not make the system workable, hence the failure of the Apartheid state and the emergence of the present transition period.

Harrison (1993) contends that despite the shortcomings evident within the province's institutional environment, the transition period does offer the province a crucial respite. He contends that a "window of opportunity" has emerged, in which there is a possibility to take what is good from the old, and to create whatever else is needed, in order to ensure that a new, far more efficient, institutional environment is created for KwaZulu Natal.

In the context of the present institutional environment in the province, it is disconcerting to note, however, that this "window of opportunity" has not as yet been fully utilised. As will hopefully be noted in the next chapter of this dissertation, many of the major development organisations in the province are still experiencing the same problems they experienced during the Apartheid era.

One would have expected that most of the problems associated with segregationist Apartheid policies would have been overcome with the creation of the province of KwaZulu Natal. The eighteen months that have now passed since the inception of the Government Of National Unity have not, however, realised a more efficient institutional environment in the province. The key role-players presently operative in KwaZulu Natal are still experiencing many of the problems associated with past Apartheid policies.

Before considering the actual problems presently being experienced in KwaZulu Natal's institutional environment it is necessary to first consider the major development-oriented organisations in the province, as it is these organisations that both contribute to, and are affected by, present conditions.
Chapter Four.
The Major Development Role-Players In KwaZulu Natal

The major development role-players presently operative in KwaZulu Natal can be summarised as falling within one of the following six categories:

- Central Government Departments
- Provincial Government Departments
- Third Tier Government Structures
- Financing and Development Agencies
- Non-Government Organisations, and
- Forums/Advisory Bodies

Within each one of these categories exist numerous organisations that could be said to have an important bearing on KwaZulu Natal's institutional environment. Many of these organisations, however, (1) do not involve themselves with development issues, or (2) do not have the capacity to be significant development role-players in the province. As such, only those organisations which are deemed to impact significantly on the development environment in KwaZulu Natal are discussed in this chapter.

4.1. Central Government Departments

A detailed outline of all the Central government departments operative in South Africa is largely unnecessary for an analysis of KwaZulu Natal's institutional environment. This is because the line functions of RDP implementation, Education, Agriculture, and Local Government and Housing, etc. have all been declared provincial competencies, and as such fall under the ambit of the KwaZulu Natal Provincial Government. The significance of Central government departments performing these line functions lies strictly in the realm of policy creation and funding allocation. They do not play a direct role in KwaZulu Natal's development arena and consequently do not need to be given due attention.

Outlining the exact links between Central Government departments and their Provincial counterparts is, moreover, an extremely complex endeavour. As
highlighted by Paul Forsyth (1995: 49), it is extremely difficult ascertaining the exact amount of money allocated to the KwaZulu Natal Provincial administration from the respective Central Government departments. The changes that have taken place at the Central and Provincial government levels during the transition (for example, Agriculture and Education are now provincial competencies) are unfortunately not as yet reflected in official documentation (such as reports and budgets).

A similar vagueness also exists around Central government department policy creation. Not only does Central government policy-making tend to be vague for those line functions considered to be provincial competencies, it also tends to be so broad that provincial administrations are able to ignore the majority of its provisions, whilst still claiming allegiance to its basic tenets.

Central government departments performing line functions considered to be national competencies do, however, play a far more interventionist role in the province, as their areas of jurisdiction encompass the whole of South Africa. The departments of Welfare, Finance, Law and Order, and Trade and Industry, for example, all carry out tasks classified as national competencies. Funding allocations to these Central government departments operative in KwaZulu Natal are also difficult to ascertain, however, although strict adherence to national policy guidelines is more prevalent amongst these departments.

Central government departments, then, do have an important bearing on KwaZulu Natal's development environment. Their importance, though, is often only evident in an indirect manner, such as through funding provision or policy creation.

4.2. Provincial Government Departments

KwaZulu Natal now has one provincial administration, comprising ten departments, each with its own minister. The province also has its own cabinet and legislature, headed by the premier of the province, Dr Frank Mdlalose (Forsyth, 1995; Key Informant G). The functions of KwaZulu Natal's legislature are defined in terms of Schedule Six of the interim constitution. The ten departments (as well as their ministers) are listed below:
The amalgamation of the NPA and KwaZulu government has unfortunately left the province with a huge provincial administration (Forsyth, 1995). As was highlighted during the course of numerous interviews with key informants, provincial government departments appear to have been simply "glued together" (Key Informant B; Key Informant E, Key Informant H). True integration of the two administrations has evidently not taken place. Forsyth (1995) offers us a number of sound reasons for the lack of integration between the two departments:

"The difference in bureaucratic style and institutional arrangement will ensure that amalgamation...[between]...departments will not be a simple process. Not only is the culture different, the structure and functioning of the two bureaucracies do not generate synergy (Forsyth; 1990: 40)."

An important point that Forsyth (1995) fails to highlight with regards to the amalgamation of the two governments, and one which needs to be given careful consideration, is the extent to which power groupings within the two organisations are being assimilated into the new provincial structure. Integration did not take place between two neutral governments. It took place between two diametrically opposed bodies, one with strong ties to the Apartheid structure dominated by the National Party, and one controlled almost exclusively by the Zulu traditionalist Inkatha Freedom Party. Bearing in mind the different constituencies, and sectoral interests, of the two power groupings, it is unsurprising that the "functioning of the two bureaucracies do not generate synergy"!
It is furthermore imperative that provincial government departments be created around those functions that need to be carried out at that particular level of government. One does not simply hand over functions to a particular tier of government in order to justify its existence. A Provincial government department (and for that matter any government department) needs to be created in order to carry out those functions that are best performed at that particular tier of government, and by that particular department. Functions that need to be performed cannot be divided up between departments simply because they are already in existence. Such a process leads to massive inefficiency.

This, unfortunately, happened with the amalgamation of the NPA and KwaZulu Government. Those functions that were made Provincial competencies in terms of Schedule Six of the interim constitution were simply divided up between newly-created KwaZulu Natal Provincial Government departments. As highlighted by Key Informant E:

"The departmentalisation of the new KwaZulu Natal Provincial government was done along functional lines in order to accommodate existing NPA and KwaZulu government structures. A fundamental restructuring of the provincial government has therefore not taken place (Key Informant E)."

With regards to KwaZulu Natal's development priorities, the most important provincial government departments are the Departments of Economic Affairs and Tourism, Local Government and Housing, Education, and Conservation and Traditional Affairs. The Department Of Economic Affairs and Tourism is a crucial provincial government department as it has been designated the task of co-ordinating the implementation of the Reconstruction and Development Programme (RDP) in KwaZulu Natal; a task which it may be incapable of doing given its limited human capacity and insufficient fiscal resources (Key Informant E). The Department of Local Government and Housing also has an extremely important development role to play given the severe shortage of houses in the province. Whether the department does perform this vital role adequately or not depends, however, on the establishment of sound policy parameters from the Central government department, which thus far has not been forthcoming (Key Informant A). The recently released National Housing White Paper has far too many loopholes evident for it to provide the basis for a sound
housing policy in South Africa, and as such the Provincial Department of Local Government and Housing may yet experience further problems associated with an inadequate policy environment. The importance of the Provincial Education Department lies primarily in its ability to increase human capacity in the province.

The most contentious provincial department in KwaZulu Natal is undoubtedly the Department Of Conservation and Traditional Affairs, which many of the key informants interviewed believed was antithetical to the establishment of a sound development-oriented institutional environment in KwaZulu Natal. Although it is only one of ten provincial departments, the Department Of Conservation and Traditional Affairs operates independently of other provincial departments, and has complete jurisdiction over all those areas previously classified as "tribal" under the old apartheid structure. The areas under the jurisdiction of the department are amongst the most impoverished in the province, and comprise 258 tribal authorities, eight community authorities, and 24 regional authorities (Forsyth; 1995: 36). Due to its lack of synergy with other provincial departments, implementing development projects and programmes in tribal areas is an extremely difficult endeavour. Not only does the Department of Conservation and Traditional Affairs lack the resources to independently implement development programmes and projects in its area of jurisdiction, it does not appear to be a development-oriented department. As pointed out Key Informant E:

"The Department of Traditional Affairs' main aim is a political, rather than developmental one (Key Informant E)."

The primary aim of the department is apparently, then, to establish political hegemony over tribal areas in KwaZulu Natal, rather than to initiate development. Such a situation does not bode well for development in the province as it is the province's tribal areas that are ironically in the most need of development; and yet it seems as if they could be sidelined as veritable backwaters of traditional monopoly in the future.

It is imperative therefore that the Department of Conservation and Traditional Affairs be assimilated into the provinces administrative structure. Some kind of synergy needs to be created between itself and the province's other provincial departments. Until the

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2 Key Informants C, E and H.
Department is assimilated into the new KwaZulu Natal government, true integration of the NPA and KwaZulu government will continue to be frustrated. This has very negative implications for KwaZulu Natal, as its development potential will not be seen as a whole by the provincial government until this occurs.

Dissolving, or undermining the department is not, however, an option As indicated by McIntosh, Vaughan, Sabanda and Xaba:

"...there is a range of evidence to suggest a fair degree of legitimacy for the traditional authority system" (1995: 4).

The Department of Conservation and Traditional Affairs is, therefore, an important role-player in KwaZulu Natal's institutional environment, and should not be dismissed as an unimportant remnant of KwaZulu Natal's tribal history. The crucial endeavour, then, is to re-orient the department towards focusing on developmental, rather than political, imperatives. Whether such an endeavour is possible or not remains to be seen. It is crucial, though, that such an endeavour is attempted, as any shift towards development-oriented thinking on the part of the department will most certainly aid development initiatives in the province.

4.3. Third Tier Government Structures

With regard to the implementation of local government functions, the previously constituted Joint Services Boards (JSBs) are in the process of being restructured into Regional Councils, which will operate as an interface between local and provincial government in the province (Key Informant B; Key Informant G). The proposed structure for KwaZulu Natal is that below provincial government will come metropolitan government, then its sub-structures, and then individual urban units within the sub-structures. The reconstituted JSBs, or Regional Councils, will exist at the same level as metropolitan government. It has not been finalised as yet, but it is envisaged that there will be between six and eight Regional Councils in the province (Key Informant G). These Regional Councils will be comprised of Transitional Local Councils, District Councils and Traditional Authorities (these are all still in the process of being demarcated). As asserted by Key Informant G:

"The intention is to have every square inch of the province governed by some form of local authority (Key Informant G)."
The envisaged Third Tier Government structure for KwaZulu Natal is outlined below:

![Figure 4. KwaZulu Natal's Third Tier Government Structure](image)

Whilst the local government level will still be of great importance in KwaZulu Natal, particularly in urban areas, the most important third tier government level in most rural areas will probably be the Regional Councils. The majority of the province's more impoverished areas will lack the capacity to implement local government functions independently, and as such will rely on Regional Councils to perform those functions that they are incapable of performing (for example, services provision). The Regional Councils will, furthermore, also be able to take over those Provincial government duties that are only being performed at present because of limited local government capacity (for example, the administration of some of the province's townships).

The Regional Service Councils could also play a vital role in providing stability to KwaZulu Natal's development environment by taking on co-ordination functions in their areas of jurisdiction (Key Informant I). The Regional Service Councils could, for example, ensure that the duplication of development initiatives does not take place in their areas of jurisdiction, as well as highlight to potential public and private sector developers what their greatest development needs really are.

Whilst the Regional Council system does appear to be a necessity in the context of KwaZulu Natal's present institutional and development needs, it is proving to be a problematic system to set up because of the province's traditional authority system. The National constitution stipulates that all South Africans over the age of 18 have the right to vote and elect representatives to all three tiers of government: central,
provincial and local (Rutsch; 1995: 12). Traditional authorities, on the other hand, are not elected into power (irrespective of their "grassroots" legitimacy) and according to the constitution should not therefore form part of KwaZulu Natal’s government structure.

If one considers Figure 4, however, one immediately notices that the province’s Regional Councils will have Traditional Authority representation. Whilst the exact magnitude of Traditional Authority representation in the new system is still to be finalised, it is felt that any Traditional Authority incorporation into the province's political system will prove to be a huge mistake. As pointed out by Rutsch (1995: 12):

“If the traditional authorities are brought directly into the political arena, as would be the case if they were to become local government bodies, their traditional role would be destroyed as inevitably all positions would be contested by the political players. That is already happening now. KwaZulu Natal and South Africa would be the poorer for that. Rather, by removing traditional authorities from direct integration into the political arena, and placing emphasis on the unifying and stabilising role they should play, they would be the positive force that tribal adherents would want.”

The incorporation of Tribal authorities into local government bodies, however, raises far more than merely political questions. It highlights a crucial development issue as well. KwaZulu Natal’s tribal authorities do not have the expertise, institutional know-how, or resources to implement development programmes or projects in the province. Having the Traditional authority system as the lowest tier of government in many of the province’s rural areas would, therefore, most certainly undermine development initiatives in such areas.

4.4. Financing And Development Agencies

The major financing and development agencies operative within KwaZulu Natal are The Development Bank Of Southern Africa (DBSA), Independent Development Trust (IDT), Kagiso Trust (KT), Industrial Development Corporation (IDC), Small Business Development Corporation (SBDC), KwaZulu Finance and Investment Corporation (KFC), and parastatal agencies such as Eskom and the Umgeni Water Board (Forsyth, 1995; Harrison, 1993). With the exception of the KFC and the Umgeni Water Board, these are all nationally based organisations with strong national agendas.
Whilst many of the above-mentioned organisations have played a crucial role in implementing development projects in KwaZulu Natal in the past (for example, the IDT's very successful housing scheme in the early 1990s), their continued role in the province needs to be reconstituted. The fact that so many financing and development agencies have been involved in the province in the past clearly outlines the complexity of the province's previous institutional arrangement; an arrangement that needs to be completely restructured within the parameters of the present dispensation.

It is imperative that national development agencies restrict their activities to becoming wholesale lenders of finance to provincially-based development agencies (for example the KFC in this province). Little is to be gained from a relationship where a nationally based development agency such as the IDC lends money directly to industrial development initiatives in KwaZulu Natal, when it could make such finance available to the KFC, which would then lend the money to initiatives they deemed appropriate for the development of KwaZulu Natal (Key Informant I). The duplication of lending activities creates numerous problems, not least of all the massive wastage of funds, and the creation of an unwieldy bureaucracy. As was vociferously argued by Key Informant I:

"It is imperative that one avoids duplication between national and provincial parastatals. This necessitates the setting up of parameters that defines the roles of national and provincial parastatals. If the IDC, for example, wanted to carry out activities in the province as successfully as the KFC, it would have to set up provincial offices, which would inevitably lead to duplication. A national parastatal could alternatively absorb a provincial parastatal and take over its functions, thereby avoiding duplication. Such a situation would not, however, be desirable due to the fact that it would result in the parastatal management structure becoming far too distant from the projects level. In such an arrangement there would also be a tendency for national programmes to be created that would not take sufficient cognisance of local or provincial peculiarities" (Key Informant I).

Institutional environments operate best when a clear unambiguous policy framework exists (Meyer and Scott, 1992; Ostrom, Schroeder and Wynne, 1993). The establishment of a single development agency in KwaZulu Natal is consequently imperative for the creation of a sound development-oriented institutional environment.
in the province. Many development programmes and projects involve a variety of
development portfolios, and as such there is often a need in such initiatives to have
one development agency overlooking the initiative from a homogeneous perspective;
thereby ensuring the maximum utilisation of available resources.

In this regard KwaZulu Natal is extremely fortunate in that it possesses the KFC,
which could quite easily and efficiently take on such a responsibility. The KFC,
established in 1978, is a statutory body that was previously responsible to the
KwaZulu Legislative Assembly. In terms of the present dispensation, however, its
jurisdiction encompasses the whole of KwaZulu Natal (Forsyth; 1995). The KFC has
an excellent track record in terms of initiating development projects, and has both the
human and technological capacity to act as the official development agency in
KwaZulu Natal. The objectives of the KFC are outlined in its Annual Report (1994:
22), and highlight the crucial role that could be played by this organisation in
KwaZulu Natal:

"The main objective of the KFC is to: Promote the economic development of
KwaZulu/Natal through the financing and investment in potentially sound
productive enterprises that will improve the quality of life of the people by
providing the means for mainly economic empowerment."

3 The establishment of a single development agency in KwaZulu Natal raises the
-crucial issue of monopolies, or power groupings in society, coming to dominate it.
The establishment of a single development agency dominated by one power grouping
would obviously be antithetical to the establishment of a sound development
environment in the province. There is, however, no reason for believing that a single
development agency is in greater danger of being monopolised than a multitude of
development agencies. One merely has to look at the multitude of apartheid structures
that were dominated by the National Party to realise that monopolisation is a danger to
any institutional environment, and not only to a development-oriented institutional
environment dominated by only a few organisations.

4 Whilst my view that the KFC does possess the capacity to take on a major
development role in KwaZulu Natal is supported by Key Informants I and E, Key
Informants A and H contended the exact opposite, stating that the KFC is in much
need of widespread restructuring. One does consequently need to be aware of the fact
that some structural problems may be evident within the KFC.
4.5. Non-Government Organisations

Non-Government Organisations (NGOs) in KwaZulu Natal have been adversely affected by the re-allocation of key funding from the aid arms of Western countries such as the United States of America and Germany, who now directly finance the South African government. NGOs in South Africa used to benefit from the South African government's pariah status in world affairs, and were able to receive extensive funding directly from Western aid agencies. This situation, however, no longer applies.

When one refers to NGOs it is, however, extremely important to differentiate between Development Oriented Service Organisations (DSOs) and Community Based Organisations (CBOs). As Fowler (1992: 8) makes clear:

1. DSOs can be defined as "...intermediary NGOs not set up, or controlled by the beneficiary groups. Commonly these are legally registered organisations with paid staff, providing development services such as credit, information, technology transfer, health care, water supplies, improved natural resource protection and so on."
2. CBOs on the other hand are "created by people for their own benefit."

The old funding system in South Africa involved the DSOs receiving extensive funding from international donors, with the DSOs then utilising these resources to support CBOs, thereby helping them build capacity (Key Informant C). The new funding system, however, involves the government (as the new recipient of funding via bilateral financing agreements) by-passing DSOs and directly supporting CBOs with large amounts of capital that they do not have the capacity to deal with (Key Informant C). The RDP, especially, has blocked financing to DSOs. As was pointed out by Key Informant C, the South African government promised R125 million to DSOs in South Africa, with the DSOs to receive this funding from the National Development Association (NDA). When the NDA was set up, however, only R5 million was made available to it! This has unfortunately left many DSOs in KwaZulu Natal severely short of resources.

Important DSOs still operating in the province include the Built Environment Support Group (BESG), the Association for Rural Advancement (AFRA), and the Institute of Natural Resources (INR) (Harrison; 1993). The continued survival of these DSOs is contingent upon the fact that they are largely self-resourcing, as well as beneficiaries
of some private-sector support. Whilst the magnitude of the role played by these organisations is limited in scope at present, they are still important pressure groups, and in certain instances command a high degree of "grassroots" legitimacy.

Due to the limited scope and scale of CBOs they are not significantly important regional role-players, except of course in the cumulative sense (Key Informant C). Some Trusts (or Section 21 Companies) are of course far larger than others. The Valley Trust, for example, is a relatively large organisation, although its influence also tends to be locally specific.

Other important non-government development role-players in KwaZulu Natal include political parties, the corporate sector and organised labour (Harrison; 1993).

4.6. Forums/Advisory Bodies

Many of the forums that emerged in KwaZulu Natal during the early 1990s were constructs of the transition period, and as such many have fallen away since the inception of the GNU in 1994 (Key Informant D, Key Informant E). Some of the more important forums that emerged during this period included the National Housing Forum, the Regional Economic Forum (REF), the Durban Metropolitan Forum, the Pietermaritzburg Negotiating Forum, the National Peace Accord, the Regional Consultative Forum and the National Education Forum (Harrison; 1993). Of the numerous forums that emerged during this period, perhaps the most important was the REF which served as a structure within which organised labour, the business sector, government and community representatives were able to engage each other around issues relating to economic policy (Key Informant D; Key Informant E, Key Informant H, Key Informant I).

The REF had its origins in negotiations between the corporate sector and organised labour, but the initiative has since been extended to incorporate government politics, as well as community interests. Although the REF has recently gone through a stage of "limbo", it has been reconstituted and now falls under the aegis of the Department Of Economic Affairs and Tourism as an advisory body. The formal recognition of the REF by the provincial government has re-established its status, and it is presently in the process of being restructured in order to play a more dynamic consultative role in the province (Key Informant D).
Some other important advisory bodies that have recently emerged in KwaZulu Natal include the KwaZulu Natal Marketing Initiative (KMI), and the Greater Durban Marketing Authority (GDMA). Both of these bodies have the backing of a large number of interest groups and support the implementation of development initiatives in KwaZulu Natal by attempting to attract foreign (as well as South African) investment into the province.
Chapter Five
Reasons Underpinning KwaZulu Natal's Institutional Complexity

Simply outlining the important role-players in KwaZulu Natal's development environment does not highlight all of the crucial institutional problems evident within the environment. Whilst certain institutional problems were explored, during the course of outlining the important development-oriented organisations operative in the province, it is imperative that the institutional reasons underpinning KwaZulu Natal's present institutional complexity be made explicit and explored in more detail. A mere analysis of the organisations operative in KwaZulu Natal would leave us with only an Organisationalist perspective of the province's institutional environment.

In this chapter a more institutionalist approach\(^1\) is, consequently, adopted when exploring the institutional arrangements that are undermining the province's development capacity. As was iterated in Chapter 2 of this dissertation, it is necessary to explore institutional environments within a dual-dimensional framework in order to gain a comprehensive and holistic understanding of problems being experienced. Whilst development-oriented organisations do have a certain amount of autonomy, their activities are severely circumscribed by the institutional environment in which they find themselves. KwaZulu Natal's main institutional problems are identified in this chapter as being\(^2\):

\[^1\] This is an approach which focuses on the institutional dynamics of institutional environments. Although some consideration is still given to the internal dynamics of organisations, the primary focus of this chapter is, therefore, on those exogenous dynamics that are undermining institutional and organisational efficiency (as it pertains to development imperatives) in the province.

\[^2\] The primary sources of information that allowed me to identify the province's main institutional problems were the key informant interviews. Background readings (e.g. Ostrom, Schroeder and Wynne [1993], Fowler [1992], Meyer and Scott [1992], Meyer and Zucker [1989]) that were carried out did help me in the sense that they allowed me to highlight the province's major institutional problems once they were brought up in the course of discussion.
A lack of clear policy parameters
The failure to hold local government elections
Inappropriately created provincial government
The Excessive bureaucracy associated with the implementation of the RDP
Government undermining of NGOs
Poorly defined community participation
Violence in the province

Whilst the above list is not completely extensive, it does encompass most of the major institutional problems\(^3\) that are presently undermining KwaZulu Natal's institutional environment. An exploration of the province's seven major institutional problems is therefore an extremely worthwhile endeavour.

5.1. The Lack Of Clear Policy Parameters

Whilst the emergence of the new democratic dispensation in South Africa has obviously benefited the country enormously, its emergence has precipitated a number of institutional problems. New political arrangements within the new dispensation have not been finalised as yet - for example, local government elections in KwaZulu Natal are still forthcoming, and there are still fierce debates raging over what line functions should be designated as national and provincial competencies (Key Informant E, Key Informant G, Key Informant H, Key Informant I). Policy formulation and implementation has, as a result, remained extremely vague.

Having a vast number of development-oriented organisations operative in KwaZulu Natal will not suffice in giving the province a sound development environment. A far more substantive indication of the province's institutional strength relates to the manner in which the development-oriented organisations in the province are

\(^3\)It is imperative that readers of this text do not get confused at this point by the use of the term "institutional problems" in conjunction with the term "institutional environment". "Institutional problems" does not refer to the breadth and depth of problems impacting on institutional environments, but rather to those institutional problems impacting on institutional environments exogenously of the organisations operative in the province. I do realise the confusion that can arise because of the similarity of the two terms, but hope that the above-mentioned distinction is kept clearly in mind.
positioned in relation to one another, as well as how efficiently and effectively development priorities are dealt with.

Which organisations in KwaZulu Natal will have the responsibility of fulfilling specific functions has not as yet been made clear. Many of the organisations in the province are therefore waiting to see what roles they are to be designated before taking any pro-active steps themselves. The inevitable result of adopting such a "wait-and-see" attitude is unfortunately development stasis. Provincial government departments, parastatals and NGOs are unlikely to invest their resources into development projects and programmes until they are certain it is an element of their development responsibilities. The following two statements from Key Informant's I and E highlight this dilemma:

"*Because of the transition the present government is in chaos, with many departments not knowing what their function is, or how they fit in with development imperatives*" (Key Informant I).

"*Certain functions within [provincial government] departments are also not properly placed, for example there is no certainty over who has the role of strategic planning in the government*" (Key Informant E).

An organisation such as the KwaZulu Finance and Investment Corporation (KFC), with its vast array of resources and human expertise, in particular, needs to have its role made clear in order for it to become a chief development protagonist in the province. The roles that are to be played by the Provincial government departments of Economic Affairs and Tourism, Local Government and Housing, and Conservation and Traditional Affairs also need to be clarified via the drawing up of appropriate policy parameters.

A lack of clear policy parameters in any institutional environment results in development inactivity (Ostrom, Schroeder and Wynne, 1993; Fowler, 1992; Brett, 1995) - not only because development organisations are unsure of what they are supposed to do, but also because organisations do not need to take responsibility for their actions in such an arrangement.
5.2. Local Government Elections

Until local government elections are carried out in the province, and appropriate third tier government structures put in place, there is very little chance for substantial development initiatives to get off the ground in KwaZulu Natal. Local government is a vital component of any institutional environment, and until it is put in place there is every likelihood of continued institutional and development stagnation in KwaZulu Natal. Local government is the tier of government closest to people, and as such often plays a direct role in aiding or guiding development initiatives within its given domain. The fact that local government has received such low priority treatment in political circles in KwaZulu Natal has resulted in the undermining of such guidance.

The Cato Manor Development Association (CMDA) is, for example, experiencing numerous problems with regards to development and housing provision in the historically important area of Cato Manor because of the lack of clear policy parameters emanating from local government in the Durban area (Key Informant A). What is or what is not allowed within the jurisdiction of a third tier government structure can only be clarified once it is formally established.

"The KwaZulu Natal institutional environment is presently characterised by enormous role confusion, especially at the local government level. Their role in terms of policy formulation and in development initiatives is extremely vague" (Key Informant A).

It is therefore strikingly obvious that development will continue being undermined until local government elections are held in KwaZulu Natal (hopefully in early 1996).

"Up to the point when local governments are put in place, there is going to be very little chance for development to get off the ground" (Key Informant E).

The establishment of a viable third tier government structure in KwaZulu Natal is, of course, highly contingent upon the resolution of the debate over the role of Traditional Authorities within local government structures (Rutsch, 1995; Key Informant E; Key Informant H). KwaZulu Natal's institutional environment will only be enhanced if viable, competent, and development-oriented local government structures are put in place. Giving local government powers to Traditional Authorities might simplify the power arrangements in the province but it will most certainly not enhance institutional
capacity, or the ability of the province's institutional environment to implement development initiatives.

5.3. Inappropriately Created Provincial Government

As has already been highlighted, the departmentalisation of the new KwaZulu Natal government was done along purely functional lines in order to accommodate existing NPA and KwaZulu government departments. A fundamental restructuring of provincial government in KwaZulu Natal did not take place! When the restructuring of provincial government did take place in KwaZulu Natal, the crucial questions posed should have been:

- What are KwaZulu Natal's development priorities?
- What does the provincial government need to do in order to ensure the effective implementation of the RDP in KwaZulu Natal?

KwaZulu Natal's provincial government restructuring should have been based on some of the answers to these crucial questions, and not on pacifying contending political positions and aspirations. International literature is replete with examples of successful development-oriented governments being constructed in terms of development priorities (see, for example, Leftwhich's [1995] article on South Korea's development). There is, however, no evidence of governments proving to be developmentally successful by simply amalgamating two huge and unwieldy bureaucracies within a new dispensation.

Not only is the new KwaZulu Natal provincial government unwieldy, it is also poorly constructed in terms of co-ordination and design functions (Key Informant E, Key Informant F, Key Informant I). The fact that specific line functions were designated to certain departments, irrespective of their ability or inclination to perform such tasks, has undermined the institutional capacity of the KwaZulu Natal government, whilst the present lack of co-ordination between development-oriented departments has incapacitated the government still further. Not only are the functions of the ten provincial government departments not co-ordinated (Key Informant E), the different departments appear fiercely antagonistic of any outside influences. Synergy between departments is therefore not possible at present, thereby undermining departmental effectiveness, as well as their efficient utilisation of available resources. The Department of Conservation and Traditional Affairs, in particular, acts independently
of the rest of the Provincial government (Key Informant E, Key Informant H, Key Informant I).

The chances of a stable development-oriented institutional environment existing within the confines of the present Provincial government arrangement, is, consequently, difficult to imagine. The present poorly constructed provincial government domain therefore needs to be restructured in order for a stable development-oriented institutional environment to be established in KwaZulu Natal.

5.4. The Bureaucracy Associated With The RDP

Whilst the implementation of the RDP's five basic initiatives (meeting basic needs, developing our human resources, improving the economy, democratising the state and society, and implementing the RDP) is obviously a crucial development imperative in KwaZulu Natal, it has unfortunately greatly complicated development processes in the province (Key Informant C; Key Informant I). As was highlighted by a Key Informant:

"The RDP has created over-elaborated bureaucratic procedures to deal with development. Accessing RDP funds is a nightmare!" (Key Informant I).

These difficulties associated with the RDP are being experienced, then, in spite of its stated objective of simplifying the country's institutional environment:

"The processes of planning and development in South Africa have been structurally distorted by the objectives of apartheid, and both by design and default, have failed to meet the needs of the majority. In recent years all parts of South Africa's excessively complex state system have been incapable of implementing their stated goals...To implement the RDP a thoroughgoing reform will be necessary..." (ANC; 1994: 136).

The complicating of what should be routine funding procedures by the RDP has, of course, undermined both development initiatives and organisational efficiency in KwaZulu Natal. Whilst the RDP is the official policy of the Government of National Unity, development-oriented organisations in the province will have little choice but to concede to its policy parameters, irrespective of evident inefficiencies. The net
result of having an over-bureaucratised RDP as the dominant development paradigm in KwaZulu Natal is unfortunately, however, an inefficient institutional environment.

5.5. Poorly Defined Community Participation

Related to the problem of unclear policy parameters existing within KwaZulu Natal's institutional environment, is the problem of excessive debate taking place with the intended beneficiaries of development projects. Until clear policy parameters are put into place project beneficiaries will not be aware of the limited options available to them and will tend to hold out for a perceived better deal that may not actually be forthcoming (Key Informant A; Key Informant I). In order for community participation (which is such an important aspect of South Africa's democratisation process) to operate efficiently within a development-oriented institutional environment, it is imperative that communities be made aware of the parameters within which they are able to act. The most crucial aspect of any development project is that the policy environment remain fixed. The greater the fluidity of policy parameters, the more difficult it becomes to implement development on the ground.

As was highlighted by a Key Informant:

"Whilst everything is changing and up for grabs, communities are likely to push as hard as they can to get benefits that are completely illogical, thereby undermining development initiatives...The irony is that the more things change with regards to policy, the harder it becomes to change things on the ground, especially if one is adhering to a bottom-up community oriented approach" (Key Informant I).

Housing policy in KwaZulu Natal has, in particular, experienced a serious popular challenge due to the lack of clear policy parameters emanating from national government. The Cato Manor Development Association (CMDA) has battled at the community level precisely because of this serious problem. To circumnavigate the problem the CMDA now uses "Project Wide Compacts" when making decisions (Key Informant I). This process involves the CMDA spelling out to communities what the national, provincial and local government housing policy parameters are, as well as where policy gaps presently exist. The CMDA then attempts to generate consensus at the regional Cato Manor level, rather than with specific communities.
Such a process is not ideal. And yet it is necessary precisely because of the poorly defined community participation that has emerged in the context of unclear policy parameters emanating from KwaZulu Natal's institutional environment.

5.6. The Undermining Of NGOs

The undermining of NGOs by a pro-active development state is not necessarily a negative phenomenon. As asserted by Key Informant C and Leftwhich (1995), in his excellent article on developmental states, many governments have experienced resounding development success by taking over the whole institutional environment within their jurisdiction. Leftwhich (1995), for example, notes that many development-oriented governments (such as South Korea) successfully flushed out international, as well as local NGOs, and established their own development organisations to coordinate and effectively implement programmes and projects.

Whilst the RDP repeatedly reiterates the importance of forging broad social coalitions in achieving its objectives (ANC, 1994), its practical endeavours have thus far suggested that the South African government is actually attempting to take up the stance of a developmental state. Development Service Organisations (DSOs), or Intermediary NGOs, in KwaZulu Natal have consequently felt the financial pinch of having government funding made unavailable to them.

DSOs, which play such an important development role in the province, are therefore becoming increasingly impoverished and incapable of carrying out their crucial development roles. The problem with the RDP in this regard is that whilst it does suggest a central role for government in development implementation - thereby restricting funding to DSOs - it has actually done very little to fill the development void being left by decreased DSO activity in the province (Key Informant C). Such a situation has increased the instability of the province's institutional environment. If the

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4 I am not suggesting here that South Africa should take on the characteristics of a developmental state as there would be problems with such an arrangement in the context of the new South Africa, where the institutional environment is supposed to espouse the virtues of democracy, transparency and inclusiveness. What I am trying to highlight, however, is the fact that there is more than one development route that KwaZulu Natal could potentially follow, and that appropriate government involvement in development initiatives is still necessary.

5 The manner in which DSO's had their funding slashed by the present government is explained in Chapter Four.
South African government is to take on the personae of a developmental state, it needs to carry out all the required development functions within its jurisdiction. Pretending to be a developmental state does not suffice! The net result of the government’s present position has been the creation of development voids in certain areas of KwaZulu Natal. Furthermore, despite the extensive use of rhetoric by government officials, there are, thus far, no indications that these development voids are in the process of being filled (Key Informant C).

As highlighted by Leftwhich (1995), the reason for the success of certain developmental states around the world has rested on the fact that NGOs were forced out by a more efficient development-oriented state apparatus. If the state is, however, incapable of exercising complete control over its development environment, then space needs to be created for other development role-players within the country’s institutional environment. The Ugandan government’s retreat from attempting to control development within its borders has, for example, allowed enormous scope for the revival of international, as well as local, DSOs in that country6.

The lesson learnt from Uganda is simple: If an over-bureaucratised state apparatus is incapable of initiating development independently, then it should not attempt to do so. NGOs are quite capable of playing extremely important development roles in appropriately created institutional environments!

5.7. Violence in The Province

Another vitally important issue that needs to be given adequate consideration is the extent to which violence in KwaZulu Natal is undermining its institutional capacity. Although many of the key informants interviewed in the course of this study (Key Informant B; Key Informant D; Key Informant E) remarked that violence had had little impact on the formulation of present institutional arrangements in the province, it was conceded that violence played a crucial role in undermining the province’s institutional environment at the “grassroots” level.

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6 When the Ugandan government all but collapsed in the late 1980s it recognised the futility of attempting to instigate government led development programmes and instead opened up the country’s development environment to foreign based NGOs. The move resulted in an influx of foreign NGOs who set up a multiplicity of programmes in the country, thereby initiating widespread development in a relatively short period of time (Key Informant C; Brett, 1995).
Violence has a particularly divisive impact on both programme and project implementation, thereby adding to the province’s institutional complexity, as well as undermining its long-term development objectives. As highlighted by Hindson and Morris (1994):

"...the potential for conflict exists almost in all cases where...reconstruction has to be initiated. This reality will remain but will take on heightened significance in the post election period when the power shifts induced at local and regional level by the elections raise heightened expectations and fears over competing claims to land, housing and other resources at [the] local level."

Overcoming criminal and political violence in KwaZulu Natal is thus crucial for the stability and success of the province’s institutional environment. Well-articulated development decisions made in boardrooms will not eventuate into ground-level implementation until the level of violence in KwaZulu Natal drops substantially.

5.8. KwaZulu Natal’s Institutional Problems: A Theoretical Link

As has hopefully been revealed during the course of this, as well as the last chapter, KwaZulu Natal’s institutional environment is being undermined by a multitude of serious problems. Irrespective of whether one approaches the study of KwaZulu Natal’s institutional environment from an institutionalist (Chapter Five) or organisational (Chapter Four) perspective, it is strikingly apparent that it is presently inefficient, poorly structured, and incapable of initiating the development that is so desperately needed in the province.

Whilst there is some degree of organisational capacity in the province, and hence a certain degree of hope for the future, the province’s institutional environment is

7 In this regard it is important to note the difference between political and criminal violence in the province. As Morris, Patel and Byerley (1995) assert, whilst both types of violence impact on the sustainability of KwaZulu Natal’s institutional environment, they do so in different ways. Political violence, for example, tends to scare away potential investment in the province (which equates to an undermining of the province’s institutional capacity), whilst criminal violence impacts on the delivery of infrastructure and other “grassroots” development initiatives. Morris, Patel and Byerley (1995) highlight this problem by noting that the fostering of Small, Medium and Micro Enterprises (SMMEs) in KwaZulu Natal is being undermined by the high level of criminal activity being levelled at small black businesses.
evidently in drastic need of a radical overall. As was highlighted in the theoretical section of this dissertation, it is now widely acknowledged in development circles that appropriate institutional arrangements are of paramount importance for the implementation of development imperatives. In a province such as KwaZulu Natal where development is such a crucial priority, the creation of an appropriate institutional environment is thus of vital importance.

If one goes back to Ostrom, Schroeder and Wynne's (1993) assessment of what constitutes a sound institutional environment for the implementation of development imperatives, one is immediately struck by how far the province's institutional environment diverts from the ideal-type scenario outlined in their book *Institutional Incentives And Sustainable Development*.

Using my interpretation of Ostrom, Schroeder and Wynne's (1993) assertion that institutional environments should be judged according to the four basic criteria of efficiency, equity, accountability and adaptability, clearly highlights the serious problems presently undermining the province's institutional environment. KwaZulu Natal's institutional environment needs to be made more efficient, equitable, accountable and adaptable, and yet in the light of the information presented in this chapter, it does not appear to be in any position to undergo such radical changes.

**Efficiency**

If one considers the province's inappropriately created provincial government, extremely vague policy framework, poorly defined community participation, RDP bureaucracy, non-existent local government elections, endemic (both political and criminal) violence, and deteriorating NGO sector, one immediately becomes aware that KwaZulu Natal's institutional environment is incapable of meeting Ostrom, Schroeder and Wynne's (1993) efficiency criteria. Not only is the organisational structure of KwaZulu Natal's institutional environment overly-complex, so is the institutional framework in which the various development-oriented organisations find themselves.

**Equity**

The equity of KwaZulu Natal's institutional environment remains a very contentious issue - not because of uncertainty regarding the province's institutional environment, but rather because of widespread dispute over the meaning of equity. If one understands equity in an institutional context as meaning equal access to, and benefits
from, an institutional environment, then KwaZulu Natal does not have an equitable institutional environment. The government's undermining of the province's NGO sector suggests that the balance of power in the environment is extremely skewed and that access to it is inhibited by secular interests. The NGOs in KwaZulu Natal have, furthermore, tended to provide support to the poorest of the poor in the province, a large group which the government, thus far, has not given too much consideration. The development-oriented organisations in the province are also not particularly interested in giving up their power bases for the sake of equity and associated development imperatives (for example, human capacity building amongst marginalised groups such as women). The fact that the Department of Conservation and Traditional Affairs in provincial government refuses to cede any power over to other departments that are in a far better position to implement development attests to the limited equity of the province's institutional environment.

**Accountability**

The creation of a massive public sector bureaucracy in KwaZulu Natal (throughout all the different tiers of government, as well as the parastatals) has ensured that there is very little accountability in the province's institutional environment. If an organisation does not have a clearly defined role to perform there is very little chance of holding it accountable for its actions. One could, for example, criticise both the Provincial and National government extensively for failing to create adequate policy parameters for the implementation of development imperatives, and yet one could not specifically point out which tier of government is to blame, or even which government department. The specific role of each provincial government department in KwaZulu Natal is so ill-defined, for example, that they cannot be held accountable for failing to perform duties that fall under their jurisdiction.

**Adaptability**

Any institutional arrangement needs to be able to adapt to the constantly changing environment in which it finds itself. South Africa's dramatic political and social transformation should, therefore, have pre-empted positive shifts in KwaZulu Natal's institutional environment. The merging of the NPA and KwaZulu Government, as well as the establishment of the RDP, should have benefited the province's institutional environment enormously, and yet neither has made much of an impact in terms of building institutional capacity or enhancing development in the province. Much of KwaZulu Natal's archaic institutional environment has apparently survived the transition, albeit in a somewhat revised form, which is extremely problematic given the contextual changes that have taken place in the province. Whilst the
province's institutional environment has revealed strong survival tendencies, it has not adapted to the demands that are presently required of a development-oriented institutional environment. The conspicuous failure of the RDP in the province, as well as the inept performance of the provincial government, highlight this fact. KwaZulu Natal's institutional environment, then, most definitely does not meet Ostrom, Schroeder and Wynne's (1993) adaptability criteria.

Creating a more appropriate institutional environment in KwaZulu Natal is obviously not going to prove an easy task. As has already been pointed out, institutional environments are notoriously adverse to change (hence the proliferation of what Meyer and Zucker [1989] refer to as "permanently failing organisations"). This does not mean, however, that change is not possible. Harrison's (1993) assertion that the transition period offers the province's institutional environment a "window of opportunity" for change, may yet prove to be more than merely idealistic thinking, although radical changes do need to be initiated if KwaZulu Natal's institutional environment is to take on the characteristics of what constitutes a successful development-oriented institutional environment. Some of these changes that need to take place in KwaZulu Natal's institutional environment are discussed in the following chapter.
Chapter Six
Creating An Institutional Environment That Supports Development Imperatives In KwaZulu Natal

It should be clearly obvious at this stage of my argument that creating an institutional environment that supports development imperatives in KwaZulu Natal is going to prove an extremely difficult endeavour. As was highlighted in Chapters Four and Five, this province has enormous institutional problems that are clearly apparent irrespective of the theoretical glasses an observer utilises to study its various dimensions. Factors both endogenous and exogenous to the multitude of development organisations operative in the province ensure the failure of KwaZulu Natal's present institutional environment.

If the various problems impacting on KwaZulu Natal's institutional environment are to be overcome, and if the environment is to ever approach meeting the four basic criteria for a successful development-oriented institutional environment (as highlighted in Chapter Two), then, a number of initiatives need to be taken in order to rectify present anomalies. The steps that need to be taken in order to establish a sound institutional environment in KwaZulu Natal are, therefore, outlined in this chapter.

6.1. The Creation Of Clear Policy Parameters

It is imperative that the relationship between (and within) central, provincial and local government departments be confirmed, and that parastatals, NGOs and other development organisations in the province be made aware of their exact role within the new dispensation. Clear Policy parameters that simplify, and clearly outline the role of different organisations, need to be drawn up and adhered to. Whilst the different power groupings in the province continue to fight for increased leverage and dominance in its institutional environment there is very little chance of this happening, however. It is, therefore, imperative that the key role players in the province begin to realise the fact that development is KwaZulu Natal's most important priority, and that sectoral issues need to be removed from the province's development agenda.
Until the province's development environment moves out of its present state of flux very little development is going to take place, thereby necessitating the establishment of a clear, unambiguous policy environment that clearly outlines the specific role of every organisation within the province's institutional environment. Organisations that are made acutely aware of their exact role within an institutional environment operate far more efficiently than those that can claim a degree of ignorance to their role within a specific environment (Meyer and Zucker; 1989). Three policy issues, consequently, need to be given close attention in this regard:

- The relationship between central, provincial and local government needs to be finalised.
- The role to be played by the different financing and development organisations in the province needs to be clarified (The KFC, in particular, needs to be made aware of its development function).
- The exact functions to be carried out by different organisations needs to be elucidated upon. Functions that need to be performed within large organisations (for example, strategic planning in provincial government) also need clarification.

6.2. The Restructuring Of Provincial Government

The KwaZulu Natal provincial government is in desperate need of a radical make-over, not only in terms of clarifying the functions between its ten departments, but also in terms of its general structure. Certain departments in the provincial government appear to serve little purpose other than to pacify sectoral interests (e.g. The Department Of Conservation and Traditional Affairs), whilst others appear incapable of dealing with the enormous amount of responsibility placed on their overburdened shoulders (e.g. The Department Of Economic Affairs and Tourism).

1 This statement may be a little too strong, but it does highlight the anomalies within the province's provincial government. As was indicated in Chapter Four, the Department of Conservation and Traditional Affairs (which appears oblivious to its developmental role) has complete jurisdiction over tribal areas in desperate need of development; whilst the Department of Economic Affairs and Tourism, a small and relatively insignificant department in the old KwaZulu government, is burdened with the task of co-ordinating the initiation of the majority of KwaZulu Natal's development endeavours.
Provincial government consequently needs to be restructured in accordance with the line functions that need to be performed by this tier of government. Having certain departments that are constituted in terms of line functions (e.g. the departments of Local Government and Housing, and Education), and others that are constituted in terms of spatial jurisdictions (e.g. the departments of Conservation and Traditional Affairs, and Agriculture and Rural Development) complicates provincial government enormously and undermines attempts at clarifying the specific developmental roles of provincial government departments. The following steps, therefore, need to be taken in order to create a provincial government that supports development initiatives in KwaZulu Natal:

- Provincial government needs to be re-structured in accordance with the line functions that need to be carried out at the provincial government level.2
- Specific government departments need to made fully aware (and made accountable) of their development responsibilities.
- The establishment of a co-ordinatory body (preferably outside of provincial government) that monitors the development role being played by the various provincial government departments, could also be of enormous benefit to the province, particularly if some degree of power (perhaps with regards to influencing the provision of funding to provincial government departments) is given to the structure.

6.3. The Initiation Of Local Government Elections

Local government elections need to take place as soon as possible, as their continued delay has resulted in an undermining of the province's institutional environment. If clear policy parameters are to be established in the province it is essential that all the different tiers of government operative in the province be formally established and structured in relation to one another. The delay in local government elections in this province consequently undermines attempts at creating clear policy parameters in the province. Much of the delay revolves around the issue of the role of traditional leaders in democratic local elections, and it is imperative therefore that this issue be resolved.

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2 I am fully aware of the difficulties associated with convincing sectoral interests to agree to such changes. I am, however, even more aware of the necessity for radical change in KwaZulu Natal's provincial government. By-passing an issue simply because of its noted complexity does not unfortunately solve development problems.
Necessary steps that need to be taken in order stabilise this tier of government in KwaZulu Natal include:

- Local government (including Regional Council) elections need to take place in early 1996 (at the latest).
- The role of Traditional authority in local government affairs needs to be clarified. It is important that they do not become an integral part of local government, nor a parallel structure with considerable political power. Whilst the importance of the traditional authority system in KwaZulu Natal cannot be denied (McIntosh, Vaughan and Xaba; 1995), it is imperative that the role-players deciding on this issue take heed of Rutsch's (1995) argument (see Chapter Four) and restrict the power of traditional authorities to traditional affairs only.

6.4. The Reformulation Of The RDP

Whilst the RDP is the official development programme of the Government of National Unity, NGOs and development and government agencies will have little choice but to concede to its bureaucratic and highly inefficient funding procedures when attempting to access funds for development programmes and projects. Whilst its stated intentions are extremely noble, the RDP has, thus far, proved to be a dismal failure and as such needs to be reformulated. Some issues that need to be explored with regards to the reformulation of the RDP include:

- Decentralising (and de-bureaucratising) the RDP's funding procedures, in order to make funding available for quick dispersal.
- Decentralising the management of the RDP by moving middle-management closer to the implementation level of the programme. An awareness of local peculiarities would be more evident within such an arrangement, thereby making the resolution of hitches in the programme easier to resolve.

6.5. Increased Government Support Of NGOs

The South African government generally, and the KwaZulu Natal government specifically, is in no position to take on the role of a "development state" and initiate development exclusively through the means of the state apparatus. RDP programmes,
thus far, however, tend to suggest that this is the road the South African government is taking.

International donor lending to South African DSOs has been severely circumscribed by the re-routing of funding to the new democratic government. Only very small amounts of funding is, consequently, finding its way to DSOs in the province. If the state apparatus in KwaZulu Natal was meeting all of the province's development requirements adequately then this phenomenon would not be too great a problem. In terms of the government's present failure, this curtailment of funding to DSOs is, however, a major development obstacle.

DSOs play a vital development role in KwaZulu Natal, particularly with regards to helping the province's least impoverished communities. It is imperative therefore that the following policy recommendations be taken seriously:

- The National Development Association (NDA), the government organisation through which DSOs access their funds, needs to have its funding allocation increased enormously. The government's initial promise of making R125 million available to the NDA needs to be upheld. The present figure of R5 million is completely inadequate for the maintenance of a viable NGO sector in South Africa.
- Steps need to be taken to ensure that the implementation of the RDP be carried out in conjunction with support from DSOs and CBOs. RDP rhetoric espouses the virtues of non-government development activity, and as such needs to start building coalitions with NGOs in the province.

6.6. Overcoming Violence In The Province

Resolving violence in KwaZulu Natal is undoubtedly an institutional priority. As was highlighted in Chapter Five both criminal and political violence is severely undermining the province's institutional capacity, not only in terms of undermining organisational capacity (because of limited investment) but also because of the widespread undermining of development implementation at the ground level. Policy issues that, consequently, need to be given due consideration when dealing with this major problem include:
• Healing the rift between the African National Congress and the Inkatha Freedom Party.
• Increasing the police and/or military presence in areas undergoing development.
• Improving relations between development organisations and communities in order to foster community involvement in projects and programmes. Increasing the level of community policing of development projects and programmes that are primarily geared towards uplifting their lives would increase ground-level institutional stability enormously.

6.7. The Development Of More Viable Forms Of Community Participation

In line with the last point made in the previous section of this chapter, it is important to generate viable forms of community participation in development projects and programmes. Community participation should strengthen development, not undermine it, as is presently occurring. Community involvement in development projects is antagonising development agencies at present because of ignorance pertaining to policy parameters that only vaguely exist. It is imperative therefore that the following steps be taken to rectify the present impasse in relations between the beneficiaries of development and the developers themselves:

• The clear policy parameters (when they are finally established) within which communities can operate needs to be highlighted to them, so that widespread understanding of the alternatives available to them is made clear. As was asserted by Key Informant A, policy parameters need to be fixed and explained to communities, otherwise largely irrational demands will be made, thereby undermining development initiatives.
• In relation to this proposal it is imperative that communities be educated on the dynamics of the development process. Communities are quite capable of playing a central role in development if they are given the chance to play a more constructive development role.
Conclusion

This dissertation has attempted to consider KwaZulu Natal's development imperatives from an institutional perspective. As was highlighted in Chapter Two, many development theorists\(^1\) presently contend that the most important dynamic impacting on the creation of a sustainable development-oriented environment in a given domain is the creation of an efficient and sustainable institutional environment.

Due to the multifarious number of theoretical perspectives employed to comprehend institutional issues, it was necessary to conceptualise an holistic understanding of institutional environments that could be used for a study of KwaZulu Natal's development environment. A dual-dimensional framework considering institutional environments from both an organisational and institutionalist perspective was consequently devised. The strong link between institutional and development issues was also highlighted in Chapter Two.

In Chapter Three an attempt was made to briefly outline the historical context of KwaZulu Natal's present institutional complexity. This was done in order to "set the scene" for the analysis of KwaZulu Natal's institutional environment.

Chapters Four and Five outlined the actual dynamics of KwaZulu Natal's institutional environment. Chapter Four considered the province's institutional environment from an organisational perspective, whilst Chapter Five considered, rather, the dynamics of the environment from an institutionalist perspective. The major problems impacting on KwaZulu Natal's dysfunctional institutional environment were made clear in these two chapters. In Chapter Six a number of brief policy recommendations, aimed at improving KwaZulu Natal's institutional environment, were put forward.

Whilst the primary aim in this dissertation was to explain KwaZulu Natal's present development problems from an institutional perspective, its central contention (and this is hopefully unambiguously clear) is that unless a viable institutional environment\(^2\) is created for the province, the resolution of present development

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2 According to the four criteria that were devised from the work of Ostrom, Schroeder and Wynne (1993).
problems will not occur. As was highlighted throughout this dissertation, KwaZulu Natal's development imperatives are being constantly undermined by the province's chaotic and highly inefficient institutional environment.

Harrison's (1993) contention that the transition period offers KwaZulu Natal a "window of opportunity" for institutional restructuring will only be validated if the seven major problems undermining KwaZulu Natal's institutional environment are adequately dealt with. The policy recommendations put forward in Chapter Six consequently need to be given due consideration in this regard, particularly if one takes cognisance of the following extract from the **KwaZulu-Natal Development Plan Proposal**, prepared for the Department of Economic Affairs and Tourism and the Regional Economic Forum by Data Research Africa and Seneque Maughan-Brown SWK (1995: 35):

"To achieve any form of successful development strategy provincial and local government will have to ensure that their institutions are useful, have the appropriate capacity, are development orientated and are free of corruption. This will require programmes aimed at the promotion of good government, and ensuring that the right decisions can be undertaken at the appropriate levels within government. Moreover, new areas of responsibility in which the provincial and local governments currently do not have sufficient capacity will have to be identified, and concrete steps will have to be taken to resolve these constraints...Certainly it would seem that a Development Strategy for KwaZulu Natal is more likely to achieve a successful outcome if the responsibility for, and commitment to, the strategy is shared by its stakeholders. This will require that there are institutions at all levels which foster co-operation, partnership and joint decision."
Appendix 1
Key Informants Interviewed


Coleman, G. KwaZulu Natal Regional Economic Forum, 17/10/95

Moore, D. KwaZulu Finance And Investment Corporation, 04/10/1995

Smit, D. Cato Manor Development Association, 13/09/95

Subban, J. Centre For Community and Labour Studies, 19/09/95

Thaw, D. OLIVE, 28/09/1995

Van Coller, J. Business Representative: KwaZulu Natal Regional Economic Forum, 12/09/1995

Van De Vegte, J. Metroplan, Pietermaritzburg. 26/09/1995
References


**Seminars**
