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Funded Projects in Job Creation and Poverty Eradication in Alfred Nzo
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DECLARATION

In accordance with Rule G4.6.3, I hereby declare that the above mentioned dissertation is my own work and that it has not previously been submitted for assessment to another University or for another qualification.

Signature

Date

DEDICATION

This research project is dedicated to My Father, My Hero and My Mentor Xolilizwe Cannus “Magxuma” Walaza who was called to a higher service on the 13th September 2012 while I was doing field work for this study. His departure was sudden and painful, but through God’s grace we have been sustained thus far. May his soul rest in peace.

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LIST OF ABBREVIATIONS

ANC	African National Congress
ANDM	Alfred Nzo District Municipality
ANEDA	Alfred Nzo Economic Development Agency
ASGISA	Accelerated and Shared Growth of South Africa
CoJ	City of Johannesburg
CPW	Community Works Programme
DED	Department of Economic Development
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
DLGTA	Department of Local Government and Traditional Affairs
DM	District Municipality
DPLG	Department of Provincial and Local Government
DRDAR	Department of Rural Development and Agrarian Reform
DRPW	Department of Roads and Public Works
DSD&SP	Department of Social Development and Special Programmes
DST	District Support Team
EC	Eastern Cape
ECDC	Eastern Cape Development Corporation
ECRDA	Eastern Cape Rural Development Agency
ECRFC	Eastern Cape Rural Finance Corporation
ECSECC	Eastern Cape Economic Consultative Council
EPWP	Expanded Public Works Programme
GEAR	Growth, Employment and Redistribution
GVA	Gross Value Adding

HIPP	High Impact Priority Projects
HIV	Human Immunodeficiency Virus
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
ILO	International Labour Organization
KPA's	Key Performance Areas
KZN	KwaZulu-Natal
LED	Local Economic Development
LM	Local Municipality
MDG	Millennium Development Goals
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MSA	Municipal Systems Act
MTSF	Medium Term Strategic Framework
NEPAD	New Partnership for Africa's Development
NGP	New Growth Path
NMMU	Nelson Mandela Metropolitan University
PFMA	Public Finance Management Act
PME&R	Performance Monitoring, Evaluation and Reporting
RDP	Reconstruction and Development Programme
SA	South Africa
SALGA	South African Local Government Association
SANPC	South African National Planning Commission
SARS	South African Revenue Services
SEDA	Small Enterprise Development Agency
SMME	Small, Medium and Micro Enterprises
SONA	State of the Nation Address

UN	United Nations
UNDP	United Nations Development Programme
WSSD	World Summit for Social Development

ABSTRACT

Job creation and poverty eradication have been the top priority of the South African government over the past few years and continues to be on the agenda. The government is making numerous efforts to aggressively address poverty levels and create jobs. In 1994 the African National Congress (ANC) led government inherited an economy that had glaring disparities. Most of the important economic resources of the country are concentrated in urban areas, while very few economic activities and resources are found in the rural areas. While about 70% of the country's poorest people live in rural areas, the abundance of economic resources in towns and cities has led to minimal growth taking place in rural areas. High poverty levels continue to manifest itself in various forms and shapes in communities. The negative effects of unemployment continue to threaten our societal well-being and stability. It is evident that in poverty stricken communities there are limited economic development opportunities and have thus become trapped in a poverty cycle, and economic growth is the only sustainable approach of addressing poverty and unemployment. Local economic development (LED) is but one intervention that could be used to create jobs and eradicate poverty at a given locality. LED has been regarded as an approach towards economic development and growth whereby local people are encouraged to work in collaboration in order to achieve sustainable economic growth, bringing economic benefits and improved quality of life for all community members in a municipal area. LED is an intervention solely based at a local level being driven by local people to realise economic benefits that would improve their quality of life.

A qualitative study was conducted at Alfred Nzo District Municipality to assess the contribution of LED on job creation and poverty eradication. The target population included LED managers, Project Practitioners, LED Project Beneficiaries, LED Portfolio Councillors in the Alfred Nzo District Municipality and its Local Municipalities as well as relevant sector departments and Public Entities. The study examined the contribution of LED funded projects in job creation and poverty eradication. The project also assessed the problems, issues and challenges in LED and how they are being addressed. The study found that the implementation of LED in Alfred Nzo continues to be ineffective and confronted with

numerous challenges. LED has been viewed as one of the tools for job creation targeted at unskilled and unemployed members of the community. Municipalities seem to be under utilising the Municipal Infrastructure Grant (MIG) and Equitable Share for funding the LED programme. In most municipalities LED is still regarded as an unfunded mandate. Most municipalities rely heavily on grant funding from sector departments and state owned enterprises for LED. A point of concern is the lack of regular and structured discussions on LED issues within municipalities which continue to re-enforce uncoordinated planning, insufficient budgeting and poor implementation of programmes within the municipality.

The study noted serious skills shortages within the project beneficiaries which hamper effective implementation of LED projects. These skills include financial management, project management, conflict resolution and business management. These are core skills for the sound and viability of management of LED projects. Access to markets has been raised as an on-going concern for LED practitioners. It is recommended that a change is made from project-based LED to a business-based approach in LED. This would require all LED projects to be registered business entities, be liable for tax and require them to produce sound business plans before receiving grant funding.

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CHAPTER 1

1.1 Introduction

Job creation and poverty eradication have been the top priority of the South African government over the past few years and continues to be on the agenda. During the 2011 State of the Nation Address (SONA) the President of South Africa, Mr Jacob Zuma stated that “...we are concerned that unemployment and poverty persist despite the economic growth experienced in the past 10 years. To address these concerns, we have declared 2011 a year of job creation through meaningful economic transformation and inclusive growth” (2011:4). This reaffirms government’s commitment to aggressively address poverty levels and create jobs.

Mpengu (2010:11) argues that “In 1994 the ANC-led government inherited a country with a skewed economy. Most of the crucial economic resources in the country are concentrated in urban areas, while very few economic activities and resources are found in their rural counterpart. This has led to minimal growth taking place in rural towns/ areas where about 70% of the country’s poorest people reside. Poverty manifests itself in various forms in communities. However, what is very common to all poor communities in South Africa is the fact that they have limited opportunities for economic development and have thus become trapped in a poverty cycle, and economic growth is the only sustainable approach of addressing poverty”. Local economic development (LED) is but one intervention that could be used to create jobs and eradicate poverty at a given locality. LED has been regarded as an approach towards economic development and growth whereby local people are encouraged to work in collaboration in order to achieve sustainable economic growth, bringing economic benefits and improved quality of life for all community members in that municipal area (Thina Sinako, 2007: 5). LED is an intervention solely based at a local level being driven by local people to realise economic benefits that would improve their quality of life. The key question is whether LED is a job creation strategy or it creates an environment where jobs could be created and poverty eradicated in the local economies. However it is important to note that municipalities are expected to promote the social and economic development of community. The other important element of LED is utilisation of local people in exploiting and benefiting from local resources in order to achieve sustainable economic development.

However, it is not clear on existing research if LED has been able to achieve its goals. The existing knowledge also does not point out if LED has successfully created jobs and eradicated poverty. This research project seeks to close that knowledge gap.

1.2 Problem statement

The primary research question focuses on assessing the contribution of Local Economic Development (LED) funded projects to job creation and poverty eradication. Alfred Nzo District Municipality is used as a case study.

The underlying purpose is to discuss LED and poverty in general, but because it is experienced by individuals, for the purposes of this study few elements are important. The first element is how LED beneficiaries and practitioners explain and experience LED. The second element is, to assess effectiveness of LED implementation in Alfred Nzo District Municipality. The third element is, to provide a brief overview of the gaps within LED implementation in Alfred Nzo DM. The fourth element, assess the nature of jobs created by LED funded projects in the area. The fifth element is to assess the impact of LED funded projects in job creation and eradicating poverty. The last element is to assess the effectiveness of LED interventions in the Alfred Nzo District Municipality (ANDM).

1.3 Scope and scale of research

Alfred Nzo District Municipality in the Eastern Cape was used as a case study. The ANDM consists of four local municipalities, namely, Matatiele, Ntabankulu, Mbizana and Umzimvubu local municipalities. It is situated on the north-eastern part of the Eastern Cape and shares a border with KwaZulu-Natal, the Kingdom of Lesotho and the two other Eastern Cape district municipalities, namely, Joe Gqabi and O.R. Tambo. The district covers 6 859 square meters. The population breakdown is as follows: about 94% of the population is rural, while 6% is urban. The total population of the Alfred Nzo District Municipality consisted of 437 707 people in 2008 and increased to 442 050 in 2009. These figures were made up of 98.95% of Africans, 0.7% of Coloureds, 0.1% of Asians and only 0.3% of Whites. The total Gross Value Added for 2008 was R2.1 billion, a growth of almost 3%. ANDM is the smallest economy in the province. Of this total, the sectors which contributed the most to the economy of the district were general government services with 35%, followed by community, social and personal services with 18%, finance and insurance with 14%, and wholesale and retail trade with 11% (DEDEA, 2010).

The sample target population included LED project beneficiaries in this district municipality; LED Practitioners in the municipalities and the Department of Economic Development; Environmental Affairs & Tourism (DEDEAT); Social Development & Special Programmes (SD&SP), Rural Development & Agrarian Reform (DRDAR), Local Government & Traditional Affairs (LGTA) and Portfolio Head Councillors. The main concern is to engage these respondents is to confirm or contradict if LED is able to create jobs and eradicate poverty in these communities. Dorfling (1999: 10) argues that “The main objectives of local economic development (LED) are to build quality jobs for the current population, achieve local economic stability, and build a diverse economic and employment base. In selecting an approach to the development of a local economy, the following should be considered: - (1) traditional LED (i.e. business attraction through incentives), (2) small business development (i.e. retention/expansion of existing and creation of new SMMEs), (3) human resource development (4) entrepreneurial approach (i.e. cities investing in business ventures), and (5) community-based approaches (i.e. self-help oriented schemes)”.

1.4 Conclusion

This paper has argued that LED is mainly concerned with the creation of environment which will engage all important stakeholders in implementing strategies and programme that will stimulate local economy in such a manner that local people would derive economic benefits. LED opens up an opportunity for local people to identify opportunities for economic development that they could take advantage of and improve their qualities of life. It has been argued that the ANC led government has prioritised LED which is in line with their policy position on improving the quality of life of the South Africans. The paper has explored LED and its key elements. A research methodology has been outlined which will be employed in executing this study at a specified case study.

Chapter one of the study has focused on the background of the study, and further covers the following sections: problem statement, scope and scale of research, preliminary literature study, brief overview of research methodology, ethical consideration, limitations of the study and budget indicates the scope of the study and methods used.

Chapter two gives a general overview of Local Economic Development (LED). The chapter reviews existing literature on local economic development. It further explores the LED

Policy Framework which includes the White Paper on Local Government (1998) and the Alfred Nzo District Municipality Socio-Economic Outlook.

Chapter three focuses on research methodology that was used in this research project. A description of the methodology used to collect, collate and analyse data will be presented. This includes a discussion of sampling techniques and research tools employed.

Chapter four presents the findings of the study. The data is also analysed and key conclusions are made from the data.

Chapter five focuses on the overall conclusions drawn from the research and recommendations are made for specific institutions. Furthermore, areas for further research are identified.

CHAPTER 2

LITERATURE REVIEW

EXPLORING LOCAL ECONOMIC DEVELOPMENT

2.1 Introduction

The purpose of this chapter is firstly clarifies and discusses what is meant by LED and its principles. Secondly, it discusses economic growth. Thirdly, it explores the notion of poverty. The fourth section discusses job creation initiatives. Fifthly, the section discusses way and means to stimulate and develop sustainable local economies. The sixth section discusses the LED Policy framework. The seventh section discusses the role of municipalities in the LED space. The eight section discusses LED and Sustainable livelihoods. The ninth point discusses LED in a broader economic context. Lastly it presents the Alfred Nzo District Municipality Socio-Economic Outlook.

2.2 Local Economic Development (LED)

South Africa (SA) today is categorized by a highly dualistic economy, with a refined formal sector of numerous globally-competitive multinational companies, paralleled to a population where up to 40% are unemployed and dependant on social grants and the informal sector to survive. This duality in South Africa has been defined as the first (formal) and second (informal) economy. The democratic SA continues to be profoundly marked by very high levels of inequality, reinforced by stubbornly high levels of unemployment and prevalent poverty heights. These patterns reflected the racial engineering of the apartheid system (COGTA, 2010).

During the apartheid regime, SA had a diverse regional planning policy regarding human settlement arrangements with all residential areas governed by racial segregation. As a result, the majority of the population was moved and lived in marginalised townships and rural areas. Strong central government control used to contain the emergence of LED initiatives in towns and cities of South Africa and to a certain extent lead to the erosion of local independence. In order to redress this situation, after 1994 a new vision of development emerged in the country, and the concept of LED attracted attention amongst

policy makers and decision makers, to the point of being an explicit government priority today (COGTA, 2010).

The term LED means a variety of things to different people and sometimes people interpret it based on their experiences and exposure. It should be noted that LED is a relatively new field without a long history of tried and tested evaluation methodologies and metrics (SDC, 2008). In most instances LED is associated with projects and not viewed as a programme. For instance people often approach the municipality seeking funding for their LED projects. Other people regard LED as a short cut to fighting unemployment and securing income.

Van Empel et al (2006:v) defines LED as “a participatory development process that encourages partnerships between the main private and public stakeholders in a defined territory. Its objective is to create decent jobs and stimulate economic activity. The LED process enables the joint design and implementation of a common development strategy by making use of local resources and competitive advantages in a global context”. The points expressed here emphasise the importance of partnerships in delivering sound LED interventions. The tool to measure effectiveness of LED interventions is by establishing if decent jobs have been created and local economies stimulated. According to the Ackron, 2005, LED is “the process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation in pursuit of a better life for all”. Like sustainable development and industrial development, the emphasis is on “process” and this is consistent with the definition by Van Empel. Van Empel (2006:v) et al argues that “the LED approach is considered to be one of the most effective ways to contribute to poverty reduction, creating sustainable jobs and building local capacity”. Helmsing (2003), “lists three main categories of LED initiatives: 1. Community economic development: which is focused around facilitating household expansion of economic activity. 2. Enterprise development: which is concerned with specialisation and overcoming obstacles towards specialisation in a market context? 3. Overall planning and management of economic and physical development of an area (locality development)”.

Akah (2008:14-15) presents the definition of LED as “essentially a process in which local governments and/or community based groups manage their existing resources and enter into partnership arrangements with the private sector, or with each other, to create new jobs and stimulate economic activity in an economic area”. Their definition points out that

LED could happen in both urban and rural areas. In other words a local sphere is a prerequisite in order for LED to happen and that sphere would be referred to as economic area. In the same light Blakely and Bradshaw (2002: xvi) refer to LED as “the process in which local governments or community-based organizations engage to stimulate or maintain business activity and/or employment. The principal goal of local economic development is to stimulate local employment opportunities in sectors that improve the community using the existing human, natural, and institutional resources”. From the discussions above it is clear that one cannot formulate a final statement of what LED is other than to provide a broad insight of the concept.

2.2.1 Key principles underlying LED

There are certain important principles that drive LED as argued by Joseph, (2002) as well as Roodt(2003). LED should be used as a programme to prioritise job creation and poverty eradication. Poverty and unemployment are arguably the main problems currently facing South Africa (Zuma, 2011). LED should also target previously disadvantaged individuals, marginalised communities and geographic regions, enabling them to fully and actively participate in the economic life of the country. It is important to also note that there is no single approach to LED, hence LED is often referred to as a ‘one size fits all’ strategy. Each local area needs to develop its own approach-relevant to their local dynamics. Another key point about LED is that it promotes local ownership, ensures greater community involvement and inclusive of local leadership and joint decision making. LED also involves partnerships at local, national and international level between business and government to solve problems, create joint business ventures and build local areas. LED seeks to maximise local resources, skills and opportunities for multiple purposes. Another added benefit of LED is that previously disadvantaged people and communities should be empowered with skills training and capacity building programmes. By its nature LED is flexible and able to respond to changing circumstances at local, national and international levels.

These principles indicate that LED is everybody’s business at a local level. There is no single entity that could be able to achieve any of these objectives working in isolation. Also it is important to mainstream LED efforts to existing government led interventions and bring on board all relevant and key stakeholders. LED is a participatory development process that encourages partnerships between the main private and public stakeholders at a specific locality. LED cannot achieve the objective of decent job creation and stimulation of local

economies if it is driven by one organisation without solid and sound partnerships (van Empel et al; 2006). LED happens at a specific locality. It is important that each area understands very well its opportunities; resources and comparative advantages to exploit as part of stimulating sustainable local economies. Local government structures have a particularly important role to play in harnessing national and regional resources to promote their areas and in facilitating strategic local partnerships to enhance and sustain economic growth. Local stakeholders, such as government, business, labour and civil society organisations, should work together in order to enhance local economic development. Local communities and authorities can play an active role in determining their own paths. LED involves identifying and using local resources to create opportunities for economic growth and employment. Successful LED depends on local partnerships as well as on national and regional structures to promote and support initiatives (SALGA, 2011). This statement points out that for LED to take place there should be a strong, robust and vibrant local economic opportunities, presents real potential with competitive advantages that are targeted at addressing local needs. Local economies should show asset, all-inclusiveness and sustainability (DPLG, 2006).

2.3 Economic growth a strategy for poverty eradication and job creation

The major challenge for any economy is poverty. However, poverty is a contested and a 'loaded' political term. There are numerous approaches to defining poverty. Akah (2008:15) defines poverty as a situation "where people do not have the money to buy adequate food or satisfy other basic needs, and are often classified as underemployed". Poverty is here regarded as an economic condition. It typically refers to those people living on a less dollar per day. The democratic government has been on the alert and several policies and strategies have been put in place to address poverty and economic dualism. In particular, the Accelerated Shared Growth Initiative for South Africa (ASGISA) is aimed at reducing unemployment and poverty by half in the second decade of democracy. The target is to achieve an economic growth rate of around 4.5% between 2005 and 2009 and an average rate of about 6 per cent between 2010 and 2014. ASGISA was initiated to promote economic sector development strategies focusing on efforts to include the marginalised poor in the broad economy, and to improve services in all three spheres of government in order to halve unemployment by 2014 (COGTA, 2010). This definition is in compliance with the definition put forward by the Copenhagen Declaration of the World Summit for Social Development (CDWSSD) which defines absolute poverty as "... a condition characterized by

severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information” (Akah, 2008:16). The definition of poverty points out that those in poverty lack income and also lives in deprivation which undermines human well-being.

South African economic context is suffering by challenges of mass joblessness, poverty and inequality. The SA economy has not been able to create sufficient employment opportunities for many of our people over the past decades (Zuma, 2011). According to Kuznets (2005), “economic growth is defined as a long term process wherein the substantial and sustained rise in real national income, total population and real per capita income takes place. Economic growth is another important concept to be considered”. At the heart of any economy strategy and policy should be creating more and better jobs to fight poverty and decrease inequality and address other underdevelopment concerns. In 2010, SA’s national unemployment rate was 25% which is viewed to be the highest compared to other developing countries (SALGA, 2011). There has been numerous strategies adopted by the African National Congress (ANC) led government since 1994 which seek to strengthen economic growth and create jobs and fight poverty. Namely, the Reconstruction and Development Programme (RDP); Growth Employment and Redistribution (GEAR); Accelerated and Shared Growth of South Africa (ASGISA); and the New Growth Path (NGP).

In April 2010, the South African Government took a resolution to form the South African National Planning Commission (SANPC) under the chairpersonship of Trevor Manuel. The SANPC was mandated to help define the SA that should be achieved in 20 years and to map out a path to achieve those objectives. In pursuit of this mandate the SANPC identified nine key social, political and economic challenges facing the country. These challenges could be summed up as that SA has extremely high levels of unemployment and low economic participation which contributes to poverty. Only 41% of South African between the age of 18 and 60 work. The quality of education for poor black South African is below standard. The poorly located and inadequate infrastructure limits social inclusion and faster economic growth. The country is still struggling with special challenges (rural versus urban development) which continue to marginalise the poor- that is a special legacy of apartheid continuing to weigh on the entire economy. The country is also facing the ailing public health system confronted with a massive disease burden, including HIV infections, tuberculosis, trauma cases as well as high infant and maternal rates (SALGA, 2011:09):

In short poverty eradication and a need for job creation are among the pressing challenges facing the South African economy. Economic growth is essential to addressing unemployment, gender equality, health and other poverty-related issues worldwide. Without proper financial and infrastructure support in the form of loans, integrated support systems, increased accessibility to finance or job creation, poverty reduction strategies could not be achieved (SALGA, 2011). The LED funding is an intervention towards that direction of providing solid financial support. The next section briefly highlights the plight of poverty.

In recent years more especially in South Africa people have often been talking of rural and urban poverty as two distinct concepts that require tailor made interventions. In understanding poverty it is imperative to differentiate between absolute and relative poverty. Absolute poverty is seen as a “situation where incomes are so low that even minimum standards of nutrition, shelter and personal necessities cannot be maintained. In other words, absolute poverty means that an individual is so poor that his/her next meal may mean the difference between life and death... Relative poverty is an expression of the poverty of one entity in relation to another entity. For example: in relation to South Africa, Lesotho is poor; in relation to the United States of America, South Africa is the poorer country” (De Beer & Swanepoel;2000:2-3).

The project focuses on strategies and plans that are government led seeking to eradicate poverty in general. It should be noted that LED has never been pronounced by the Government as a poverty eradication strategy however by its nature it has important social welfare benefits. The South African Bill of Rights clearly spell out that every citizen has the right to social security; education; health care; food; water and housing. The democratic government has been mandated by SA citizen to assist them in escaping the high poverty levels. The government committed themselves in poverty eradication as a crucial and urgent matter to be resolved as a signatory to the World Summit for Social Development’s Copenhagen declaration of reducing poverty in 1995. (Triegaard; 2007). Having said that though there is an important LED role in support of poverty eradication by improving the delivery of infrastructural services to poor communities. The City of Johannesburg launched LED interventions which assisted in reducing poverty for the clothing micro-enterprise operators via social capital enhancement and micro-enterprise development, training and support for social welfare services (Triegaard; 2007:14).

2.4 The importance of LED in job creation and poverty eradication

This section seeks to point out the important role that LED plays in job creation. LED is a participatory process where local people from all parts work collectively to stimulate local economic activity, resulting in a robust and sustainable economy. LED is viewed as a tool to help create decent jobs opportunities and improve the quality of life for everyone, including the disadvantaged and marginalized (Ackron ,2005) In pursuit of poverty eradication and creating jobs the South African government tried some initiatives to address these urgent challenges. One of the priorities of the Medium Term Strategic Framework (MTSF, 2009-2014) is: Strategic priority 1: speeding up growth and transforming the economy to create decent work and sustainable livelihoods (SALGA; 2011). Government has a specific role to play in local economic development which is to ensure economy capable of creating jobs; enhance the role of LED in sustainable rural development and urban renewal and promote LED intervention that target and ensure beneficiation to the disadvantaged and marginalised within the municipality through promoting an inclusive and redistributive approach to economic development (Joseph; 2002:3).

The SANGP mandates the government to implement the following mechanisms to create employment through normal direct employment in the public service, local government and other public entities. Government will also create special employment schemes and subsidies designed primarily to create employment, in most cases while delivering major government services such as EPWP and CPW. Another innovative method is through the procurement of goods and services for instance electricity, education and healthcare that will enhance the productivity levels of business and/or households (SALGA; 2011:10). What continues to be lacking is the evaluation of the impact of such policies. Overall, the current evaluation of LED in South Africa must be that LED interventions have had only a limited impact on the major extent of poverty in the country, particularly in small towns and rural areas, where the greatest problems of poverty alleviation are to be found (COGTA, 2010).

These are some efforts among others that the state has derived in order to address poverty and create jobs. The Expanded Public Works Programme (EPWP) is one of the short-to-

medium term programmes aimed at providing additional work opportunities coupled with training launched in 2004 (SALGA, 2011:11).

Something which is regarded to be decent is when it is in good order, or within acceptable standards or in a right way. There is no definition of decent jobs but the International Labour Organization (ILO) in defining decent jobs has identified four strategic goals namely, creating decent and productive employment, promoting access to social protection systems, upholding of core labour standards and an effective dialogue between relevant social partners (ETUC:2007) .

These objectives according to ILO apply to all workers in various categories: men and women; salaried or self-employed; formal and informal economy; private and public sectors and in all economic activities including manufacturing, agriculture, office work, agency or homeworking. The ILO's definition could be summed to mean that the aspirations of people in their working lives- aspirations regarding opportunity and income, rights and recognition, family and stability and personal development, fairness and gender equality (ETUC:2007).

2.5 LED Policy Framework

The White Paper on Local Government (1998) introduces the concept of developmental local government which is defined as follows according to DPLG (2006) "Local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs, and improve the quality of their lives". A very clear statement is the role of government in job creation as argued in the document that: "Local government is not directly responsible for creating jobs. Rather, it is responsible for taking active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities". The former statement indicates that LED is about creating a platform and conducive environment to engage stakeholders in implementing strategies and programmes. If one considers the South African Constitution which places a great responsibility on municipalities facilitating LED, the schedule in the Constitution that lists the functions of municipalities does not include LED. Such ambiguities have contributed to interpretations by most municipalities that see LED as an un-funded mandate (DPLG; 2006:9).

The next sections discuss the role of municipalities in facilitating LED.

2.6 The role of municipalities in LED space

As the name suggests LED takes place at a local level. A municipality as the sphere of government which is strategically located at the coal face of service delivery has an important role to play. Municipal structures have an important role to play in connecting national and regional resources to promote their local areas, and in bringing about strategic local partnerships to enhance and sustain economic growth. Local government should support LED in order for it to succeed (Joseph, 2002:3). Joseph (2002:4) presents key LED strategies that could assist municipalities in being developmental that the “LED strategy should among its pillars include community economic, linking profitable growth to redistributive development; making clear combinations between living wages, human capital development and productivity, development and maintenance of infrastructure services, plugging the leaks in the local economy and retention and expansion of existing businesses”.

By its nature LED is driven by local actors from different societal sectors. For LED to succeed municipalities shall create a conducive environment to enable all societal stakeholders to play an important role in building up the economic capacity of a local area to improve its economic future and the quality of life for all (SALGA, 2011:19). Municipalities are required to play an active role in stimulating local economies. Municipalities need to mobilise their communities and identify key role players with possible local resources to be exploited in order to drive LED. It is municipalities that are custodians of economic development opportunities in their respective municipal areas. The primary responsibilities of municipalities in LED among others include striving to meet the basic needs of their own people, establish an environment (whether directly or indirectly) that will create jobs and reduce poverty in a sustainable method. Municipalities are expected to engage with all spheres of government and partners in LED implementation. Municipalities are also expected to ensure that there is cooperation and alignment of policies and programmes relevant to LED (Perhans, 2004). There is a need to investigate the extent to which municipalities perform such responsibilities.

The most important and primary responsibility of municipalities as articulated in the Constitution is for them to ensure access to basic needs by the South African citizens. These basic needs include adequate housing, health care, education, food, water and social security. The other duty of Local Government is to promote the economic development of

municipalities (Akah, 2008:22-23). DPLG (2006) argues that “municipalities should play a connector role in respect of LED drawing upon resources locked in a range of difference government support instruments into their localities”. LED is one of the five key performance areas for Local Government in the implementation plan. Fray (2010) argues that “local government is not directly responsible for creating jobs. Rather, it is responsible for taking active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities”. The statement points out that job creation is a priority of the Municipality however local government is tasked with creating a conducive environment and enabling socio-economic conditions for employment creation and not to directly create jobs. In the South Africa Constitution, Municipalities are mandated to promote local economic development. Part of interpreting this mandate Municipalities develop LED strategies. The LED strategy sets out the vision of the Municipality and crafts goals to be achieved within a specified period. The LED strategy also contains programmes and projects to be implemented by the municipality within the LED space (SALGA, 2011:27). The LED strategy shall contribute to a well-articulated integrated development plan (IDP) for a municipality. Amongst the requirements of the IDP, there should be an integration of all plans and programmes that apply to the municipality including economic development planning that will be captured in the LED strategy (Thina Sinako, 2007:6). The IDP document gives the LED Strategy the legitimacy within the municipality. In any municipality for LED to be realised there should be LED Strategy adopted by the council and included in the IDP. The next section discusses the Alfred Nzo District Municipality Socio-Economic Outlook.

2.7 The Alfred Nzo District Municipality Socio-Economic Outlook

The Alfred Nzo District Municipality (ANDM) consists of four local municipalities, namely, Matatiele; Mbizana; Mzimvubu and Ntabankulu local municipalities. It is situated on the north-eastern part of the Eastern Cape and shares a border with KwaZulu-Natal, the Kingdom of Lesotho and the two other Eastern Cape district municipalities, namely Joe Gqabi and OR Tambo.

The ANDM has huge infrastructure and development backlogs (ANDM, 2010). The current LED initiatives focus on agriculture, cropping and livestock, tourism development and small scale mining. Economic infrastructure priorities for economic growth are upgrading airstrips at Mount Ayliff, Matatiele and Cedarville and revival of the district rail network from

Matatiele to Franklin, Gauteng and Durban. There is potential for growth and job creation in bio-fuels production, livestock farming (goats, sheep, beef and dairy) and crop production (ECSECC, 2012). In a general sense the ANDM is characterised by low levels of employment and high percentage of people who are not economically active. ANDM has the second highest level of unemployment in the province following Chris Hani DM (ANDM, 2010). In the ANDM the employment sector is dominated by elementary occupations (31.1%). Craft and related workers, service shop market and sales workers, and clerks jointly constitute 23.3% of the employment sector. Professionals, technicians and associate professionals and legislators/ senior managers jointly constitute only 33.1% of the employment sector. In the district it is reported that there is acute shortage of skilled artisans, engineers, project managers, business management skills and technical skills in agriculture, tourism, forestry and environmental management (ANDM, 2010).

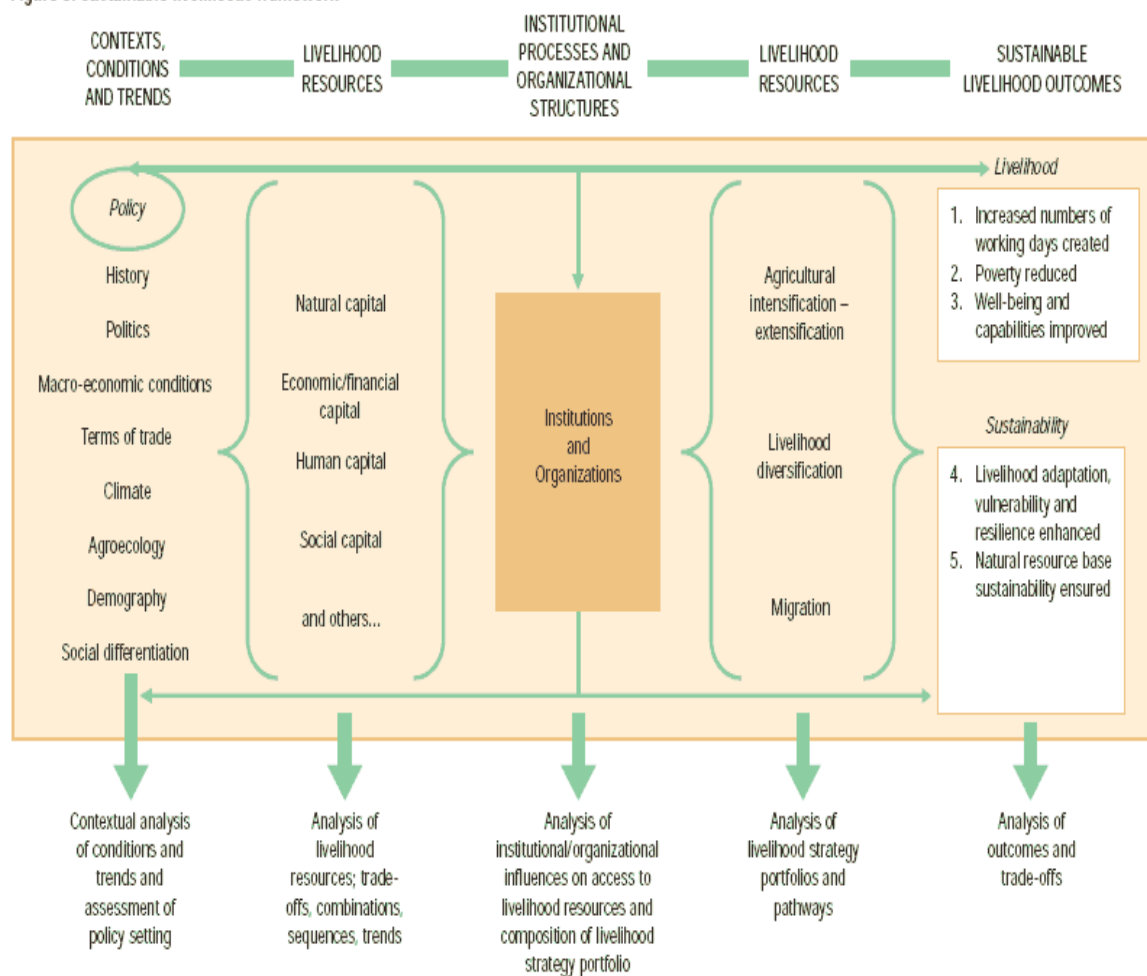
2.8 LED and Sustainable livelihoods

Over the recent years a number of literature, researchers, policy makers and development practitioners to name but a few has stressed the importance of sustainable livelihoods in any development interventions. The livelihoods framework has been viewed as a way of understanding how households derive their livelihoods by drawing capabilities and assets to develop livelihoods strategies composed as a range of activities (De Satge, Hooway, Mullins, Nchabeleng & Ward, 2002:102). In discussing the role of LED in job creation and poverty eradication the sustainable livelihoods concept is of great importance. The sustainable livelihoods concept was first introduced by the Brundtland Commission on Environment and Development as a strategy of connecting socio-economic and ecological considerations in a cohesive and policy-relevant structure. The 1992 United Nations Conference on Environment and Development (UNCED) expanded the concept, especially in the context of Agenda 21, and lobbied for the achievement of sustainable livelihoods as a broad goal for poverty eradication. It went further and stated that sustainable livelihoods could serve as ‘an integrating factor that allows policies to address development, sustainable resource management, and poverty eradication simultaneously’ (Krantz, 2001:6). It is important to note that LED operates within a broader framework of sustainable livelihoods. The key objectives of the LED interventions compliment the main existence of sustainable livelihoods principles. Chambers and Conway in (De Satge, Hooway, Mullins, Nchabeleng & Ward, 2003-104:102) defines livelihoods as a concept that “comprises the capabilities, assets (stores, resources, claims and access) and activities required for a means of living: a

livelihood is sustainable which can cope with and recover from stress and shocks, maintain and enhance its capabilities and assets, and provide sustainable livelihood opportunities for the next generation; and which contributes net benefits to other livelihoods at the local and global levels in the long and short term". The definition of livelihoods complement that of LED in that both emphasise use of local assets and capabilities for livelihoods opportunities however without compromising the future needs. LED interventions seek to empower local people in identifying and taking advantage of local economic development opportunities.

The following demonstration presents the sustainable livelihoods framework in a more visible manner. The framework presents socio-economic challenges and their backgrounds, proposes existing resources and recommends ways and means to address the challenges.

Figure 5: Sustainable livelihoods framework



Source: Scoones 1998

(Farrington et al.,1992:2)

It should be noted that this is not the only sustainable development framework in existence. There are various frameworks but they all complement each other and capture the main idea similarly. For instance the DFID livelihoods framework, the CARE livelihoods framework, the Oxfam livelihoods framework and the UNDP livelihoods framework. In short sustainable livelihoods frameworks argue that technology and investment and policy and governance are drivers of the process. The local adaptive strategies (assets, knowledge and technology) are entry points in any community and the outcome would be the sustainable livelihoods. Similarly to the LED concept, livelihoods approach is people-centred and participatory (De Satge, Hooway, Mullins, Nchabeleng & Ward, 2003:115). LED heavily relies on local assets and is driven by local people in partnership and should be supported by conducive policies and funding mechanisms. The effective and efficient management of LED in a locality would lead to achievement of sustainable livelihood goals. One cannot separate LED interventions to sustainable livelihood objectives as they seek to achieve similar goals.

2.9 LED in a broader economic context

The world has been very central in the development of Africa. There are various Multinational companies and transnational companies, numerous economic development initiatives, twining agreements etc but there are few positive results to show for its efforts (Mbeki, 2009:3). The visibility of international community in Africa has opened her economy to a global world. Globalisation appears to be the new great economic transformation of our lifetime. Globalisation has introduced new concepts for instance Deterritorialisation and brazilianisation. Deterritorialisation means the decline of the nation state. Brazilianisation means the rise of the informal labour sector of the west (Hirst & Thompson, 1999). As the term suggest, globalisation is about eliminating economic boundaries. It is argued that globalisation theory emerged from the late 1980s in response to the new forms of capitalist hegemony. Willis (2005:196) defines globalisation as a process that “involves the increasing interconnectedness of difference parts of the world, such that physical distance becomes less of a barrier to exchanges and movements of ideas, goods, people and money”. This definition entails a situation where the distance between countries is shrinking and time and space compressed. It is worth noting that the technological innovations, transport and communication developments make the globalisation process possible. Due to these stated developments, economic, political, social and cultural activities and processes which would have been restricted to a smaller scale can be more easily experienced at a larger scale (Willis, 2005:196).

Africa has been struggling with severe backlogs in almost all human development indicators (Ukeje, 2008: 1-2). The levels of poverty are extremely high. Unemployment rates also growing. More diseases are recorded in Africa to name but a few socio-economic challenges. African challenges date back from slavery and colonisation years. Since independence in many African countries they have not been able to fully recover and be able to promote a better life for all. These after effects of African colonial years could be summed up as presented by Ukeje (2008:5) “as including the experience of slavery; the termination of endogenously driven patterns of state and class formation; the imposition of colonial rule; the balkanisation of the continent and the imposition of alien values, tastes and institutions; the creation of a repressive corrupt, unproductive, unstable and illegitimate state; the creation of a highly fractionalised, factionalised, dependent, corrupt, and weak elite; the domination of the African economy by profit-and-hegemony-seeking transnational corporations dedicated to making profit at all cost; the total denigration of local cultures, values, and institutions, and the introduction and promotion of primordial differences and suspicious; and finally, the structured incorporation of the African economy into the periphery of the global division of labour and power as vulnerable, dependent, underdeveloped, weak, and largely raw material-producing region”. LED could be seen as but one intervention to Africa’s socio-economic development challenges. The effective management and support of LED at a local level does have a potential to turn things around.

2.10 Conclusion

This chapter explored the concept of local economic development, taking it as a departure point as well as key principles of LED and the LED Policy frameworks. The important concepts to be used in the research report were also conceptualised to familiarise the reader with their use in this study. These concepts include decent jobs; poverty; economic growth; local economy; local government; locality and development. In this chapter economic growth as a strategy for poverty eradication and job creation tool was also explored. The concept of poverty was explored as well as job creation initiatives. The chapter argued that for local economic development to take place it is important to stimulate and develop sustainable local economies. The development and stimulation of local economies should take into cognisance local people; sound leadership; skilled

workforce; local resources and partnerships with local stakeholders. This chapter also discussed the role of municipalities in the LED space. The literature has revealed that LED is a participatory development process that involves key stakeholders in a locality. This is the process that encourages local decision making and sharing of local resources to improve their quality of life. Literature has shown that LED is another important tool used by the democratic government to create jobs and eradicate poverty at a local level. For LED to work effectively and efficiently there is a need for a municipal clearly articulated strategy. The LED strategy should include plan of action with targets, budget, roles and responsibilities focussing mainly on poverty eradication, job creation initiatives and means of stimulating local economies. It has been pointed out that through LED local governments and community based organisations manage and benefit from their own existing resources. For LED to be meaningful, municipalities should create sound partnerships with the private sector to innovatively create new jobs and inject local economies. For LED to achieve its own goals and ensure community development it is important to utilise human, natural and institutional resources. Literature therefore emphasise that LED is an inclusive process at a local level. It has transpired that job creation and poverty eradication continue to be among the priorities of the SA government. It has been learnt that to date our economy has been struggling to create job opportunities. Literature confirms that LED seeks to build up the economic capacity of a local area to improve its economic prospects and the quality of life for all. The sustainable livelihoods concept was explored with demonstration of a particular framework. LED was also discussed within a context of broader globalised economy. The last section of the chapter has discussed and presented the Alfred Nzo District Municipality Socio-Economic Outlook.

CHAPTER 3

RESEARCH METHODOLOGY

3. Introduction

This chapter gives a description of the methods used in assessing the contribution of Local Economic Development (LED) funded projects in job creation and poverty eradication in local economies in the Alfred Nzo District Municipality (ANDM). The entire process that was followed in the study will be outlined and discussed here.

The data collection method was qualitative in nature. The justification for selecting the data collection method is discussed in detail in the section. This section will also touch on research methods, target population, description of the research section, how access was gained; discussion of sampling methods, data on techniques used, data collection tools, ethics and limitations of the study.

3.1 Research methods

The study utilised a qualitative method to gather data. The qualitative research method uses soft data, in the form of impressions, words, sentences and symbols (Neuman, 2000:122-123). In the use of this method, data was collected through sustained contact with people in the settings where they normally reside and spend their time. Mouton and Marais (1992:155) argue that qualitative research refers to those methods in which the procedures are not highly formalized, while the scope is more likely to be undefined, and a more philosophical manner of operation is adopted. This was used because it makes it easy and/or possible to learn people's perceptions, how they interpret their perceptions and how events affect their thoughts and feelings as well as their experiences of LED. The reasons for using qualitative research methods include:

- (a) Research will be conducted in the natural site of people being studied;
- (b) It aims at gaining detailed understanding and insight of actions and events;

- (c) This research method enables the researcher to see things through the eyes of the respondents in other words on has to try and understand their actions, decisions, beliefs, history, context, behaviours, practices, interpretations and rituals;
- (d) Because the researcher spends time in the research location, it will be easy to gain trust and build rapport with the respondents and the lead to openness by respondents;
- (e) The researcher will become part of the community of which he is studying and that would lead to close relationship with the subjects (Babbie & Mouton, 2002:270-273).

3.2 The target population

Bless and Higson-Smith (1995:87) defines the target population as “the set of components that the researcher focuses upon and to which the results obtained by testing the sample should be generalized”. In this study the target population consist of LED Councillors and Managers in Alfred Nzo District Municipality as well as officials responsible for LED in the Departments of (a) Economic Development; Environmental Affairs & Tourism (DEDEAT) (b) Social Development & Special Programmes (DSD&SP), (c) Rural Development & Agrarian Reform (DRDAR), and (d) Local Government & Traditional Affairs (LG&TA) in the Eastern Cape Province. Furthermore, government agencies, like Eastern Cape Development Corporation (ECDC), Eastern Cape Rural Development Agency (ECRDA) and Alfred Nzo Economic Development Agency, Managers for LED in Local Municipalities and LED Project beneficiaries also form part of the study since they are also mandated to promote the development and stimulation of local economies.

3.3 The Sample

Welman and Kruger (2001:46) state that the size of the population makes it impractical and uneconomical to involve all the members in the population. It is thus necessary to obtain a sample of research participants that best represent the population. Non-probability sampling will be used for the purposes of this study. This sampling method entails that not everyone in the target population has an equal chance of being included in the study. One kind of non-probability sampling method was used namely quota sampling (Neuman, 2000:199). During quota sampling the researcher first identifies relevant categories of people (e.g. gender, ages, ethnic group and area of work), and then decided how many to include in each category. These categories were considered as they are important in

investigating different views with regard to different ages, gender and ethnic groups. These categories would also be taken into consideration during the fieldwork.

During the sampling process, I identified one individual who complied with the characteristics to be included into the research i.e. age, gender, place of work, length of employment and home language. After requesting them to participate in the study, I then requested them to identify those people with similar characteristics that the respondents think will be useful to interview. During each interview, with the permission of respondents, a tape recorder was used. A note book was also be used. Non-verbal communication was noted also.

3.4 Data collection techniques

Data was collected through semi-structured interviews with the respondents. According to Burns (2000) semi-structured interviews are “repeated face-to-face encounters between the research and respondents directed towards understanding informants’ perspectives on their lives, experiences or situations are expressed in their own words”. A semi-structured interview guide was used to acquire information from the respondents. According to Taylor & Bogdan: 1998, “the interview is the favoured digging tool of social researchers”. The questions flowed naturally and more often were based on information provided by the respondents. The advantage of using semi-structured interviews is that the researcher can probe for any unclear response and the respondents can expand their responses on the topic being discussed. The respondents granted the permission for the use of a tape recorder and a notebook was used. Interviews took place at the venue convenient to the respondents with a friendly environment.

The interviews were conversational and respondents will be given a chance to talk freely about contribution of LED funded projects in job creation and poverty eradication. Similarly, Denscombe (2003) argues that this method allows the interviewee to expand on points of interest. This helps the researcher to probe more deeply, (following questions put to a respondent if need arises). Additionally, this enables the interviewees to develop ideas and speak more widely and freely on the issues raised.

The use of a tape recorder was preferred because manual recording on a notepad was burdensome and less comprehensive. It might be difficult to record lengthy responses by hand in focus group discussions since the respondents answer open-ended questions at the

same time. Furthermore recording information provided a robust record in line with Seidman (1991)'s argument that, "if something is not clear in the transcript, the researchers can turn to the tape recorder and check for accuracy". The other advantage is that it gives the researcher time to listen attentively to the respondents and makes the interview session more relaxed. In addition, the research will ensure that respondents are comfortable with the view of being recorded. The interviews were conducted in the respondents' language of choice. Data was collected in three South African official languages, i.e. IsiXhosa; Southern Sotho and English. Data collected in IsiXhosa and Southern Sotho was later transcribed and translated into English.

3.5 Data analysis tools

The responses were recorded in terms of study areas. In analysis the data is discussed in terms of themes. Theme identification is one of the most essential tasks in qualitative research. Ryan & Bernard (2003:1) argues that "analyzing text involves several tasks: (1) discovering themes and subthemes, (2) winnowing themes to a manageable few (i.e., deciding which themes are important in any project), (3) building hierarchies of themes or code books, and (4) linking themes into theoretical models". The study areas in the questionnaire gave guidance in order to identify the themes that emerged from the interviews (data) and the literature reviewed. This process is often regarded as content analysis. Chelimsky (1989,1) defines content analysis as " a set of procedures for collecting and organizing information in a standardized format that allows analysts to make inferences about the characteristics and meaning of written and other recorded material". This study has employed content analysis during the data coding and analysis.

3.6 Ethical consideration

The NMMU ethics committee after assessing my proposal approved the research project as it satisfied itself that it will be conducted ensuring that human rights and interests are being protected and that the risks faced by respondents are minimal. Moral ethical issues were considered before, during and after the research as the study was on the perceptions and experiences of human beings. The respondents were assured of their anonymity and respondents were treated with care, respect and awareness of their vulnerabilities. Pseudonyms will be used for the purposes of this research. Respondents are included in this study with consent of each participant. As respondents were required to reveal personal information about themselves and others closest to them in cases of Officials and

Councillors that may be known to them, participation in this research was voluntary. Respondents were assured that accepting and/or refusing to participate in this study will not in any way affect their personal lives, family or work life. Respondents were asked not to reveal information they feel embarrassed to talk about or feel uncomfortable with. The respondents were also assured of anonymity of the study in other words their names will not be used for the research. Respondents were assured of the confidentiality of responses.

The ethical publishing practices were adhered to. These included the following: appropriate references of authors of publications to be used, prohibition and rejection of any form of plagiarism and no simultaneous submission of manuscripts (Babbie & Mouton, 2002:520-526). Respondents were also told that as a Researcher I have an obligation to report research findings by publications and presentations in conferences and seminars. It was also stated that this project is funded by the Department of Economic Development, Environmental Affairs and Tourism and as such, I have a responsibility to this institution.

3.7 Conclusion

This chapter provided a discussion of the research methodology that will be employed in the fieldwork. This study has chosen a qualitative research design. The procedure of gaining access to the target population is also mentioned. Moreover, sampling techniques are identified and explained in this chapter. Data collection techniques and data collection tools were also discussed. The last section of the chapter discussed the ethical considerations.

CHAPTER 4

RESEARCH FINDINGS

4.1 Introduction

The chapter discusses the research findings and is divided into two sections. The first section discusses the profile of the respondents. The importance of this section is that it familiarises the reader with personal information of the respondents. It explains to the reader the types of people that were interviewed. Section two addresses the themes that were explored during the fieldwork including the new themes which were developed based on the data itself. These themes are discussed in such a way as to answer the research question.

4.2 Profile of the respondents

The main objective of this section is to provide a clear picture of the different characteristics of the respondents involved in this research. In trying to achieve this objective, readers are provided with a profile of the respondents. This section will address the following biographical characteristics of the respondents: occupation, gender and length of employment.

The target group of the study was LED Managers, LED Project Officers; LED Portfolio Councillors in Alfred Nzo DM and Project beneficiaries. Six LED managers were interviewed; three Portfolio Councillors; two Project Officers and five Project Beneficiaries. As argued elsewhere that the sample was based on the previous municipal demarcations (Before May 2011) of the Alfred Nzo District Municipality incorporating two local municipalities namely Umzimvubu and Matatiele Local Municipalities. The new municipal demarcations included Mbizana and Ntabankulu Local Municipalities. Table 1 below represents the descriptive statistics of all the respondents. It should be stated that the sample represents Managers; LED Portfolio Councillors and Project Beneficiaries.

Table 1: Descriptive statistics of all the respondents

	LED Managers	LED Portfolio Councillors	Project Officers	Project Beneficiaries
Total	6	3	2	5
Male	3	2	0	1
Female	3	1	2	4
Location	3x Municipality 3x Sector Departments	3x Municipality	2x Sector Departments	5x Project based
Age group	1x 50-59 3x 40-49 2x 30-39	2x40-49 1x 30-39	2x30-39	3x50-59 2x40-49

Gender is a critical issue for any poverty eradication programme. Existing research confirms that poverty is prevalent among women, rural communities and young people (UNIDO, 2003). In this study, a balanced sample of males and females were interviewed. Seven males were interviewed and eight females were included in the study. As such the sample is fairly representative of gender.

Of the fifteen respondents, one had worked in LED for over fifteen years; seven said that they had worked within the LED Office for over five years. Portfolio Councillors were only deployed to LED after the May 2011 Local Government Elections. The remaining five respondents had been involved in LED for less than five years. That shows that the respondents were fairly conversant with LED within the Alfred Nzo District Municipality.

Generally the study included almost all age groups. In other words views of young people were incorporated as well as the middle aged and those approaching retirement. The majority of respondents included are based on the Municipality within the LED Units. Other LED Managers and Project Officers are from sector departments based in Alfred Nzo District Municipality. The study also included two officials from the Provincial office of sector departments.

4.3 Research findings: the contribution of LED on job creation and poverty eradication

This section deals with the views of the respondents regarding the contribution of LED. These themes are as follows: role of LED on local economies; nature of jobs created through LED projects, sources of LED funding; communication, Performance Monitoring, Evaluation and Reporting (PME&R) of LED Projects, Financial mismanagement and corruption, Financial mismanagement and corruption, Alignment of resources and integrated planning, LED product offering and long-term sustainability and brief synopsis of DEDEAT LED funded projects. In analysis of other themes, sub-themes emerged which will be discussed as well.

4.3.1 The role of LED on local economies

Respondents expressed different kinds of responses in assessing the impact of LED funded projects on local economies. LED has been viewed as one of the tools that create jobs in local economies. LED enhances local production and at time products are sold at a local level. LED assists local people to generate income and/or make profit. In other words LED Projects enables people to be self-reliant. An LED manager in the Municipality explained that “LED funded projects assist in creation of conducive environment to promote profit making businesses for local people”.

Through the LED funded projects LED Councillor argues that “the socio-economic status and livelihoods of the project beneficiaries improve because they have access to food from their production and have income although it is minimal”. LED projects also assist people living with HIV in their nutrition programme. A Project beneficiary pointed out that as a result of her involvement in LED project she is able to feed her children and meet their school needs with ease.

Another LED Practitioner in a sector department provided a negative response in this regard when he argued that “I am unable to measure the impact because for instance grants to

municipalities from the DEDEAT amounting to R10.6 million in 2011/2012 financial year has not been transferred to project beneficiaries to date. That has been consistent since 2003-2004 financial years. There has been minimal if any movement of the grants". In conclusion and linking the findings with literature, Van Empel (2006:v) argued that the LED method is considered to be one of the most effective tools to contribute to poverty eradication, job creation and strengthening local capacity. Some respondents have attached impact of LED on poverty reduction which complements literature, although there was also some doubt raised as to the efficacy of LED.

4.3.2 The nature of jobs created and poverty eradication initiatives through LED

The literature has suggested that LED contributes to job creation and poverty eradication in a local area. There are various projects that have been identified which have created jobs in the local communities and assisted towards poverty eradication. Some respondents argued that some LED funded projects have an element of EPWP so a lot of people and/or families benefit even if it is for a specified period i.e. temporal. A Councillor in a Local Municipality mostly expressed that jobs are created but they are not sustainable although community members get jobs without formal qualifications or specific skills. In some projects people are employed in seasonal employment (for instance during chicken plucking time when they have large orders to do or during harvest time and packaging of planted vegetables). These projects rely heavily on local service providers which ensure indirect job creation. Some respondents confirmed that LED projects do create jobs, but these are temporary, targeting unskilled and/or low skilled and unemployed members of the community. While the project beneficiaries are in employment their standard of living improves and therefore poverty is eradicated. In some instances jobs are seasonal more especially in agricultural projects. Project Officers from the Department of Social Development indicated that each project create about fifteen jobs each at an estimated funding of R750 000 per project. One LED Practitioner stated that "LED projects serve as a catalyst for the creation of employment opportunities wherein the sizeable number of community members can be employed".

Gathering from these responses, it appears that there is a lack of performance monitoring, such that it was not clear as to the number of jobs created through the LED funded projects. Project managers do not have a job creation monitoring tool that assist them in determining the number of jobs created through LED projects. Furthermore, the jobs that are created are mainly temporary or seasonal. Some respondents give you a positive opinion regarding

jobs created but in reality there is rather minimal evidence. When perusing the LED strategies of the Alfred Nzo DM there is no confirmation of jobs created and extent of poverty reduction through the LED funding. In short the findings suggest that LED projects create temporary jobs, targeting unskilled and/or low skilled and unemployed members of the community. In some instances jobs are seasonal more especially in agricultural projects and therefore enable short term poverty eradication tool. Findings give an indication that there is a need for a more sustainable approach to poverty reduction through LED interventions that seek to build more robust local economies and in which there is a focus upon growing local economies which have a long term impact upon poverty.

4.3.3 Accessing funding for LED

Funding in this context includes internal funding flows within the municipalities, as well as accessing external funding to augment insufficient budgets.

LED draws funding from wide range stakeholders. Both the Municipal Infrastructure Grant (MIG) and the Equitable Share makes provision that a portion of these funds should be used to create economic infrastructure. MIG is provided directly to the local municipalities that are responsible for the provision of infrastructure in their areas of jurisdiction. The MIG budgets 10% towards LED. However there is limited evidence from Municipal LED officials of the effective utilisation of such funds. Municipal officials indicated that LED is an unfunded mandate and therefore have to make applications to external institutions to obtain LED funding for their projects. The Matatiele Municipality is now formulating a plan to conceptualise, fund and implement its own LED projects. The LED team indicated that they would be embarking on a benchmarking visit to Mangaung Municipality in Free State Province.

Municipalities also make efforts to source external funds from sector departments to compliment municipal funds. Municipal officials seem to have a good idea of sources of funding and process to follow in accessing the funds. Other organisations do not offer funding in monetary terms but have capacity building programme that are aiming at empowering municipal LED practitioners. There are other institutions that provide funding for LED namely the Departments of Economic Development, Environmental Affairs & Tourism; Rural Development & Agrarian Reform; Social Development & Traditional Affairs; Local Government and Traditional Affairs; Roads and Public Works; Eastern Cape Rural Development Agency; Eastern Cape Development Corporation; Small Enterprise

Development Agency and Thina Sinako. Project beneficiaries have identified the following challenges in project implementation: Continuous dependency of the project on municipal and/or grant funding support, lack of information on avenues of assistance, lack of access to water on the project sites, conflict amongst beneficiaries on project site and delays in transfers from Local Municipalities.

A department LED Practitioner argued that submissions for funding by some LED officials from Alfred Nzo do not get funding because of the state that they are in for instance business plans are not properly researched and in some instance forms are filled by hand instead of being typed by computers. Such incidents make them unprofessional and at a disadvantage compared to other district municipalities. The main concerns with these funding institutions are that municipalities have to comply to various internal controls, regulations and procurement processes which delays the implementation of LED projects. Each department manages its fund differently from the other and that also applies to the State Owned Agencies.

What is not coming out from Municipal Officials is the role and involvement of the Private or Business sector in LED. It is evident that municipalities are relying heavily on government to drive and implement LED. This is problematic for the effective LED implementation because by nature LED is a multi stakeholder driven programme. The business sector has resources that could be used for an effective and efficient implementation of LED. For instance training of project beneficiaries; ensuring access to markets for the products from LED projects and sharing skills and expertise for quality production that would be competitive in the market.

4.3.4 Communication

The findings on communication will include the internal communication on LED issues within the municipality; communication with government departments; communication with non-government stakeholders and LED Stakeholder management.

Most respondents confirmed that LED matters are discussed within the Municipality more especially in internal forums and structures. Nevertheless, the municipal officials suggested that such discussions are unstructured and irregular. Officials have admitted that an independent and isolated approach (i.e. silo approach) in planning, budgeting and implementation still exists within the municipality. LED is not regarded as a cross cutting

issue. Discussions with the Municipal LED officials made it clear that LED is not seen as a cross-cutting issue, but rather as something that should be managed in the LED Department or unit.

Municipalities have a direct link with government departments. The main support that is available to municipalities is sourced from sector departments. The Municipal LED officials are thus in regular, sometimes daily contact with the Sector Departments LED managers to support them with inquiries and to offer advice. The respondents also mentioned that the local and district LED and other forums provide the opportunities for interaction between all the spheres of government and other LED stakeholders.

Communication with non-governmental external stakeholders is done through the Integrated Development Plan (IDP), LED and other municipal forums and through the newsletters. Integrated Development Planning (IDP) and budgeting as planning method to assist municipalities to develop a coherent, long-term plan for the co-ordination of all development and delivery in their area (DPLG, 2006). Respondents indicated that they have a vibrant District Support Team (DST) that meets quarterly to deliberate and discuss LED matters. The DST is a district based structure made up of stakeholders within ANDM where LED matters are considered. The structure is funded by the DEDEAT with the municipality playing a coordinating role. All LED stakeholders have full membership to this structure that is adopted by the Municipal Council. There have been a number of other structures preceding the DST, for instance the District Development Committee and LED Forum which were both abolished in favour of the DST. The main participants in the DST are sector departments relevant to LED and the municipality. Once more the business sector is not a focal member.

The effectiveness of the DST is not clear from the respondents' views or if it is another structure that serves as a platform for consultation, information dissemination. The effectiveness or impact of the DST was not measured. Some respondents argued that the debates in these forum meetings should form part of an annual programme that follows the IDP planning and implementation process, establish strategic partnerships and should serve to monitor and evaluate LED programmes in a municipality.

4.3.5 Performance Monitoring, Evaluation and Reporting of LED Projects

Performance Monitoring, Evaluation and Reporting (PME&R) has been made central into implementing almost all government programmes. PME&R seeks to address the use of evaluation to promote improved impact of government programmes, and at the same time increasing transparency and accountability in how some of its interventions are working. While some departments, municipalities and public entities are undertaking evaluations, there is no standardised approach, nor an understanding of what should be evaluated. The mandate for evaluation derives from the Constitution's requirement for efficiency and transparency, and the Government-Wide M&E system (DPME, 2011).

In addition the Public Finance Management Act (PFMA, 1999) the Public Service Act (1994 as amended by Act 30 of 2007) and the Municipal Finance Management Act (MFMA) provide a legal basis for the executive to manage the performance of public policies, programmes and institutions efficiently. These Acts also provide a legal basis for undertaking the different types of evaluation (DPME, 2011).

The majority of municipal and government officials interviewed admit that regular PME&R takes place through monthly and quarterly reporting on progress, this reporting is generally linked to financial targets and spending. Other managers consider that structured PME&E of LED programmes and projects takes place on ad-hoc basis and haphazardly. One Municipal LED Manager that at times difference officials from one department would request the same report meaning that there is no interaction even within their institutions. Other officials considered that this task is carried through the Project Steering Committee meetings that normally meet quarterly. Project beneficiaries interviewed argue that the only time they see government officials is during reporting times or when they require certain information which in most cases comes on urgent basis.

4.3.6 Financial mismanagement and corruption

Some respondents expressed concerns about the capabilities of project beneficiaries to manage and implement projects. They indicated that DEDEAT funding previously was disbursed without business plans. On contrary the projects funded by the Department of Social Development require a business plan, bank account of the project and the project beneficiaries registered as the Non-Profit Organisation (NPO). There is no comparison done on the status of projects funded by these departments to draw key lessons and

contradictions emanating from their funding mechanisms. Managers and project officers have suggested that there is mismanagement of fees by project beneficiaries and municipalities in some instances. In some cases if not all project beneficiaries lack critical skills namely financial management, project management, conflict resolution and business management. The lack thereof of these important skills and capabilities hamper effective implementation of LED projects.

Other respondents indicated that they have witnessed corruption of LED funds in certain projects. LED managers have attested to financial mismanagement by both the municipality and the project beneficiaries. Managers have indicated that funds allocated for LED projects have been used to fund infrastructure programmes in municipalities. In some instances funds are not utilised for the purpose for which they were disbursed for. Another LED Manager indicated that they spend most of their time in project in attempts to resolve conflicts among members as soon as money has been deposited into their bank accounts. It is evident that people receive funding without being properly trained and equipped to manage effective LED projects that are meaningful and progressive. Municipal and government officials have admitted that they have continually witnessed mismanagement of funds by project beneficiaries but had no means to hold them accountable.

4.3.7 Alignment of resources and integrated planning

Part of the weaknesses and gaps identified by municipal officials include alignment of resources and integrated planning. One manager expressed that the Municipal Council tends to put more emphasis on infrastructure development programmes. LED is not seen as a municipal priority. An official confirmed that LED is often regarded as “a municipal unfunded mandate” and therefore receives minimal resources from the municipal budget. Planning and budgeting is often done in silos and consolidated into a municipal strategic plan and IDP. This practice prevents the LED programme from benefitting from other municipal resources and only relying continually on hand outs of funding. Another LED Official admitted that the weakness of IGR structures which makes the municipality not aware of LED plans and budgets by other institutions like the sector departments.

4.3.8 LED product offering and long-term sustainability

LED managers expressed a concern that another hindering factor to the viability of LED projects is access to markets. Market standards tend to be higher than the quality of

products produced from LED projects. Another LED practitioner indicated that products are normally sold at a local level with cheaper price which does not assist in generating profit for the project. The limited access to markets makes the projects not to be sustainable but to be dependent on grant funding. In order for the products to meet the quality standards of the markets a lot of investment and resources has to be put to LED project, one LED official admitted. The standard of the product means that the LED project will continue to be of subsistence basis instead of generating income and making profit.

There is evidence that the LED officials realise the need for profitability in projects, while some of the councillors emphasise the social components of development, which is often a priority in poor constituencies. These views are important and should complement each other. LED projects should enable local communities to actively partake in the formal economy while enhancing the social components of development in poor communities. One official noted that there is still considerable political pressure to approve and find funding for poverty alleviation projects, which are seen as providing easy access for the poor to derive an income and therefore secure votes during election times. LED practitioners admitted that SEDA provides business plan trainings. Another LED official indicated that moving towards business professionalism would also ensure that projects register as legal entities and therefore comply with South African Revenue Services (SARS) and therefore mitigating the risk for tax payers' investments. Being registered as legal business entities would also enable departments like DEDEAT to transfer funds directly to project beneficiaries resolving some of their current challenges of delays in transfer from District Municipality to Local Municipality and in turn to project beneficiaries.

LED officials indicated that LED projects are difficult to sustain themselves and generate income, be self-reliant and contribute towards job creation and poverty eradication. The main problems include the fact that these projects are funded without sound business plans; project beneficiaries are depended on funding and once the grant is finished the project collapses. In some instances the nature of projects tends to be lenient towards social development and not focus on business development. LED officials mentioned that the limited capacity of project beneficiaries contributes heavily on the consistent failures of LED implementation. An LED manager considered that generally LED is not taken serious at the municipality hence it is often referred to as an unfunded mandate. Project members require close monitoring and mentoring by LED practitioners who are unable to provide that service due to their own work loads.

4.3.9 Brief synopsis of DEDEAT LED funded projects

In conclusion I would like to demonstrate the challenges of LED in Alfred Nzo by providing a status of projects funded by the DEDEAT. A table below presents the highlight of the status of DEDEAT LED funded projects in the Alfred Nzo District. It should be noted that DEDEAT is not the only funder of LED projects but for the purposes of this study it was only selected. The data was accessed from the LED Office at the DEDEAT, Alfred Nzo Regional Office.

Table 2: DEDEAT Funded projects in Alfred Nzo

Project name	Year	Budget allocated	Budget spent	Status
Siyadidiyela	2004/05	300 000	251 208.20	The project is operational but the quality of product is poor
Cedarville Cash Crop	2006/07	120 000	67 284.48	Not operating
Caba-Mdeni Craft Centre Phase 1	2005/06	100 000	0	Service provider was appointed by DoL. DEDEAT funds not yet utilised
Caba-Mdeni Craft Centre Project- Phase 2	2006/07	100 000	0	Progressing well but DEDET funds not yet utilised
Gwebindlala Cash Crop	2006/07	120 000	95 723.74	Progressing well but requires intervention
Matatiele Piggery Project	2006/07	163 000	163 000	Progressing well but requires intervention
Cedarville Poultry Project	2006/07	199 000	95 306.10	Not operating
Tshisa Hot Springs	2008/09	2 800 000	26 6995.20	Not operating
Ongeluksnek Eco-Tourism	2007/08	2 250000	558 383.60	Progressing well but requires intervention

Matatiele Micro-Manufacturing Centre	2006/07	500 000	0	Not operating
Umzimvubu Peach Value Addition	2009/10	2 103 725	1 380 148.60	Slow implementation, site has not yet been fenced
Umzimvubu Pole Treatment Plan	2009/10	2 082 301	1 376 409.60	Awaiting EIA report
Tela Spring water	2007/08	3 250 000	0	Business completed but not yet implemented
Goxe Cut-Flower Project- Phase 1	2005/06	200 000	78 470	EIA was conducted but not finalised
Ntsizwa Eco-Tourism	2004/05	2 000 000	435 607.00	Project not operational
Masikhule Disabled Women	2004/05	300 000	167 759.69	Not operational
Mt Frere Small Business Centre	2006/07	500 000	289 263.61	Progressing well
Ntenetyana Dam Eco-Tourism Project Phase 1	2005/06	200 000	53 000	Not operating
Ntenetyana Dam Eco-Tourism Project-Phase 2	2006/07	200 000	0	Not operating
Xesibe Tourism Centre	2006/07	500 000	97 800.00	Not implemented
Lugelweni Goosedown	2008/09	2 800 000	0	Not implemented
Khuthalani Sinosizo Poultry	2010/11	1 338 200	1 311 638.09	Implementation process
Matatiele Tourism Initiative	2010/11	467 769.50	304 329.47	Operational
Mokhosi Milling Plant	2010/11	750 000.00	0	Not yet implemented

Baleni Furniture	Carpentry	2010/11	1 121 560	920 000.00	Operational
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The LED Practitioner confirmed that to date DEDEAT has funded LED projects at Alfred Nzo to the value of R31 million however the implementation and management of such funds remain a challenge. To sum up the findings as demonstrated by the table above the following points could be made:

- The findings provide evidence of poor performance of some LED projects in the region
- There is weak governance of LED projects; for example, projects are approved and funded before the issuing of the Environmental Impact Assessment
- Job creation opportunities are not quantified in any of the projects
- Although each project has its own implementation plan and budgetary timelines there appears to be very slow expenditure of funding and the case study projects selected reveals “a distressing picture”.
- A number of projects have not commenced with implementation which requires intervention
- There are no explanations in some projects with no expenditure, non-implementation and non- operation of the project and timeous action to be taken to remedy the situation
- LED projects are implemented without a clearly stipulated risk management plan.
- The table suggest the lack of PME&R of LED projects. Funding continues to be provided annually although the existing projects are not performing well
- The location of funds while they are not being used by the project is not clear
- The accountability lines are not stipulated in instances where the project is not operational, funds not utilised or implementation blockages. Who accounts to whom for the status of these projects?

In short the picture shown by table 2 complements the findings from interviews that the LED implementation at Alfred Nzo District is not functioning efficiently.

Respondents have confirmed that other government entities have made various funds available for LED in the district but the impact has been minimal and that such investment in

LED has not generated a clear improvement in some local economies. Another project beneficiary admitted that the government procurement processes are very slow and therefore they struggle to access funds after being granted to them. By reviewing the status of the projects one can identify a number of challenges that this sector still faces.

4.4 Conclusion

This chapter has made efforts to make the reader familiar with respondent's views for this research, and also outlined the responses they provided during the research process. The study employed qualitative method to gather data. The chapter also discussed different themes used in trying to answer the research question. All these themes showed LED managers and practitioners, project officers, LED Councillors and LED beneficiaries perceptions and experiences of LED contribution to job creation and poverty eradication. In most of the themes the findings complemented the literature that was reviewed in chapter two.

LED has been viewed as one of the tools for job creation targeted unskilled and unemployed members of the community. The effectiveness of LED to ensure job creation and profit making in the Alfred Nzo District Municipality still leaves much to be desired. The nature of jobs created through LED projects is temporary and in some instances seasonal. The respondents could not quantify the jobs created in Alfred Nzo through the LED funded projects. There is no evidence that job created through LED projects empower those involved to be self-reliant and defeat the hands of poverty. Municipalities seem to be under utilising the MIG and Equitable Share for funding the LED programme. In most municipalities LED is still regarded as an unfunded mandate. Most municipalities rely heavily on grant funding from sector departments and state owned enterprises for LED. There are some efforts being made by municipalities to commence funding LED initiatives internally.

There is no evidence that confirm the active involvement of the business sector within LED in Alfred Nzo District Municipalities. The important role of the business sector cannot be over emphasised. Business sector hold access to markets and ensuring the production of high quality products by LED projects that comply with market standards and could compete effectively. A point of concern is the lack of regular and structured discussions on LED issues within municipalities which continue to re-enforce the silo planning, budgeting and

implementation of programmes within the municipality. However municipalities considered that they have regular interactions with the sector departments for support and advices. Non-governmental external stakeholders are only engaged through the IDP, LED and other municipal forums. That entails that these important stakeholders have not been recognised to have a direct and important role in LED. There is an existing DST which aims at deliberating and formulating annual LED plans and provides support during implementation.

The study has revealed that there is PME&R in the LED programme. There were glaring contradictions in this regard with other officials maintaining that this important exercise is carried over in an ad-hoc and haphazard fashion. Other officials indicated that there are sound PME&R systems in place including monthly and quarterly reports, project steering committee meetings and site visits. Generally the support provided by government departments to municipalities is viewed to be weak and meaningless. However there are institutions that have structured support programmes of which municipalities are the beneficiaries of for instance the capacity building programme by the LG&TA and SEDA programmes.

Respondents have expressed serious skills shortages with the project beneficiaries which hamper effective implementation of LED projects. These skills include financial management, project management, conflict resolution and business management. These are core skills for the sound and viability of management LED projects. Instances of grant funding mismanagement have been mentioned as a factor. The silo approach in planning continues to undermine the objectives of LED and also prevent it from benefiting from other existing resources. Sector departments are also mentioned not to be transparent in their plans for LED in municipalities.

Access to markets has been raised as an on-going concern for LED practitioners. It was indicated that the products do not meet the standards required by well-established markets which therefore has a detrimental effect on sustainability of projects through income generation, self-reliance and poverty eradication. The non-visibility of the business sector in the area makes it difficult for the municipality to secure partnerships which could enhance linkages with the market giants while accelerating value-chain. Business sector could play an important role even on training and project beneficiaries could tap into the existing resources, expertise and skills. Officials have also expressed experiences of political interference that impact negatively on the effective and efficiency of LED programme

implementation. It was argued that politicians often regard LED as poverty alleviation initiative that earns them political points.

A call has been made for a change from project-based to a business approach in LED. This would require all LED projects to be registered business entities, be liable for tax and required to produce sound business plans before receiving grant funding. At the current state LED projects are struggling to be sustainable. This is due to the challenges that LED is facing at that region which some of those challenges have been discussed above. It is clear that LED is viewed as a government programme with non-governmental external stakeholders regarded as an after-thought or by the way stakeholders.

CHAPTER FIVE

SUMMARY & RECOMMENDATIONS

5.1 Introduction

This research concentrated on the contribution of LED funded projects on job creation and poverty eradication in Alfred Nzo District Municipality. During the literature review it transpired that authors agree and policy makers agree that LED is direct government policy intervention aiming at creating jobs and fighting poverty. The literature has also highlighted that municipalities play a significant role in LED implementation.

This chapter focuses on drawing up conclusions based on the research findings for the Alfred Nzo District Municipality. Moreover, the research question would be answered, limitations of the study be highlighted as well as the recommendations based on the findings will be presented.

5.2 The role of LED in job creation and poverty eradication

Before one draws conclusions of the study and make recommendations, it is key to highlight key points from the literature. LED is viewed as a participatory development process that involves various partners in local area mainly private and public stakeholders. LED is widely recognised as most effective methods to contribute to poverty reduction, creating sustainable jobs and building local capacity. Literature has confirmed that LED has three main pillars which are poverty reduction, job creation and stimulating local economies. For an effective LED implementation at a local level the municipality should play a coordinating role to engage community-based organisations to enhance and promote business activity (Van Empel, 2006). LED is a programme used to prioritise job creation and poverty eradication in a local level. LED is an intervention that favours previously marginalised individuals, disadvantaged communities and regions enabling them to actively participate in the economic life of their locality (Blakey and Bradshaw, 2002).

Mpengu (2010:11) argues that “in 1994 the ANC-led government inherited a country with a skewed economy. Most of the crucial economic resources of the country are concentrated in urban areas, while very few economic activities and resources are found in their rural counterpart. This has led to minimal growth taking place in rural towns/ areas where about

70% of the country's poorest people reside. Poverty manifests itself in various forms in communities. However, what is very common to all poor communities in South Africa is the fact that they have limited opportunities for economic development and have thus become trapped in a poverty circle, and economic growth is the only sustainable approach of addressing poverty". The ANC led government took a conscious resolution to strengthen economic growth and create jobs and fight poverty as high priorities. A number of industrial strategies have been formulated to ensure that such priorities are achieved. These strategies include RDP, DEAR, ASGISA and NGP. The MTSF strategic priority among others include: speeding up growth and transforming the economy to create decent work and sustainable livelihoods. That confirms that job creation and poverty eradication are high on government agenda. LED is not the government role alone other key stakeholders have an important role to play. Local government has an important role to play in the LED space. Local government structures have a role to strengthen national and regional resources to promote their areas and in facilitating strategic local partnerships to enhance and sustain economic growth. Local stakeholders, such as government, business, labour and civil society organisations should collaborate in order to promote local economic development.

What has transpired from literature is that the municipality has an important coordinating role to play in local economic development. Local government is the sphere of government that is strategically located at the service delivery points. LED is driven by local actors in a local economy. Municipalities are required to mobilise their communities and identify important stakeholders with possible local resources to be exploited in order to drive LED. This entails that municipalities play a connector role in LED and mobilising resources from various government support instruments into their localities (DPLG, 2006). The South African Constitution mandates municipalities to promote local economic development in their area. In implementing such mandates, municipalities develop LED strategy and plans which has key performance areas for the region, identifying key projects that has a potential to create jobs and eradicate poverty. The LED strategy has to be integrated in the municipal IDP. The requirements of the IDP include the integration of all plans and programmes that exist to the municipality economic development planning that will be captured in the LED strategy (Thina Sinako, 2007).

5.3 Summary of the key findings

Based on the assessment of the contribution of LED funded projects in Alfred Nzo District Municipality, the following key conclusions are made:

Alfred Nzo District is a largely rural municipality that is located in one of the poorest provinces in South Africa. The municipality is characterised by high levels of unemployment leading to high rates of poverty and also lack basic skills required for a successful LED implementation. Importantly, the following major key issues were identified in the district municipality:

- Implementation of LED projects by the municipality lacks effectiveness and efficiency and is generally poor. This is caused by various reasons which inter alia, inadequate resourcing, limited budget, staff shortages, weaker partnerships, approving projects without sound business plans. Hence the implementation of LED projects in the municipality has been progressing at a slow pace. Findings revealed that few if any projects have become sustainable; few if any permanent jobs have been created; there are concerns over project mismanagement; and the lack of adequate business and market planning and training inhibits success
- Connected to the above, is the matter of silo planning, coordination and budgeting for LED programmes. The findings that there is ad-hoc and unstructured communication between municipal programmes and the plans of sector departments are a proof to this. As a result, there is a continued increase of focus towards small scale poverty alleviation projects which have no meaningful impact. There is also little attention paid to the impact of such projects to the local economy.
- Lack of access to markets for agricultural products in the district is attributable to lack of support and non-involvement by local businesses;
- Limitations of adequate institutional capacity continue to lead to poor support provided by municipal officials in performance monitoring evaluation and reporting of projects;
- The LED projects are highly depended on government funding grants for survival and as such unable to generate income and be self- reliant;
- The nature of jobs created by LED projects are short-term and in some instances seasonal;

- There is limited evidence of municipalities taking advantage of the 10% budget from the MIG towards LED. LED continues to be regarded as an unfunded mandate. Municipalities heavily rely from external grant funding for LED programme. This in a way could simply be viewed that municipalities are just not serious about LED.
- The study found that there is an on-going political interference (and not intervention) in the LED implementation and it is evident that some councillors tend to consider projects conceived without a complete business plan and without due consideration of sound business practices to ensure long term sustainability;
- The study has established that there is a growing need to change from a project-based to a business approach in LED. This would in turn resolve a number of problems currently faced by the project beneficiaries and maximise other opportunities.

The study concludes that while municipalities are mandated by the Constitution to “promote social and economic development”, there is limited evidence of the contribution being made by the LED projects in creating jobs and eradicating poverty in Alfred Nzo District. A call is made for a clear policy guideline, institutional capacity building, multi-stakeholder involvement and tangible empowerment of the beneficiaries whom the projects are supposed to assist.

5.4 Recommendation

The following section provides recommendations to the municipality and future research in this field of study.

5.4.1 Recommendations to the municipality

LED has been identified as another important tool for improving local economic prospects. The following recommendations are made:

- The municipality should ensure that through LED, poor and unemployed people are afforded an opportunity to participate meaningful on the economy an opportunity that was otherwise denied to them.
- ANDM should ensure that through LED, local people are able to secure income, be self-reliant and feed their families while improving their quality of life.

- The municipalities should ensure that they have an LED partnership charter for effective and efficient LED implementation. LED requires public, private and non-governmental sectors to partner in creating conducive environment for economic growth and employment creation.
- Alfred Nzo District LED Strategy should include their own LED delivery model which will appreciate their own dynamics and assist them in monitoring and evaluating the impact of LED investments and ensure effective implementation of the strategy.
- The role of performance monitoring evaluation and reporting should be institutionalised in implementing LED programme. This tool could assist to generate lessons for a more effective implementation approach while informing decision making for future initiatives.
- The establishment of a well capacitated LED unit with required capacity, adequate resources and necessary skills is important to ensure effective and efficient LED implementation.
- There is still a growing need for structured and well-coordinated efforts among all the three spheres of government (local, provincial and national governments) in planning and implementation of all government programmes.

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Annexure A: Permission to conduct study

Mr M. Moyo

Municipal Manager

Alfred Nzo District Municipality

MOUNT AYLIFF

Dear Mr Moyo

RE: REQUEST FOR PERMISSION TO CONDUCT RESEARCH IN YOUR MUNICIPALITY

I am Kanyiso Walaza, a student at the Nelson Mandela Metropolitan University (NMMU), doing Masters in Development Studies degree. I am currently working on my Research Project as partial fulfilment requirement for the degree. My area of focus is **The Contribution of Local Economic Development Funded Projects in Job Creation and Poverty Eradication in Local Economies.**

In the light of the above, I write to request a permission to conduct research in your Municipality.

Kindly be advised that the information obtained from this research will be treated with strict confidentiality and under no circumstances will it be used for any other reasons other than academic purposes. Please further note that participants may withdraw from the study at any time without any adverse consequences. The target respondents are LED Portfolio Councillor and the LED Officials within your Municipality.

I look forward to hearing from you at your earliest convenience.

Thanking you in anticipation.

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KANYISO WALAZA (Mr)

Tel: 079 503 1332/ 043 605 7198

Fax: 086 607 4719

Email: Mbasayethu@gmail.com

Annexure B: Questionnaire for LED Project Beneficiaries

I am Kanyiso Walaza student number (212417614). I am currently studying Masters in Development Studies at the Nelson Mandela Metropolitan University and working on my Guided Research project, and my area of focus is on Local Economic Development (LED) in Alfred Nzo District Municipality. Your assistance with this interview which takes about 30-45 minutes will be much appreciated since it will assist the researcher in reaching the objectives of the research. Please be advised that information gathered in this interview will be treated as strictly confidential and under no circumstances will it be used for any other reason other than academic purposes. The entire questions are important for various specific purposes of the study. Please be open and honest in answering.

What is the name of your project?

When did you receive the funding?

Who funded your project?

What process did you follow in order to get the funding?

How many people are employed in the project?

What is the duration of their employment?

What were the beneficiaries doing before joining this project?

How many members of the project? Please break them into gender and age?

What is the sectoral focus of your project?

How has the project improved your life?

What has been the highlight of the project?

How much are you receiving on the project as a stipend?

THANK YOU FOR YOUR TIME AND VALUABLE INPUTS

Annexure C: QUESTIONNAIRE GUIDE

SEMI STRUCTURED INTERVIEW FOR LED COUNCILLORS

I am Kanyiso Walaza student number (212417614). I am currently studying Masters in Development Studies at the Nelson Mandela Metropolitan University and working on my Guided Research project, and my area of focus is on Local Economic Development (LED) in Alfred Nzo District Municipality. Your assistance with this interview which takes about 30-45 minutes will be much appreciated since it will assist the researcher in reaching the objectives of the research. Please be advised that information gathered in this interview will be treated as strictly confidential and under no circumstances will it be used for any other reason other than academic purposes. All the question are important for various specific purposes of the study. Please be open and honest in answering.

The Contribution of Local Economic Development Funded Projects in Job Creation and Poverty Eradication in Local Economies: A case study of Alfred Nzo District Municipality

What is the impact of LED funded projects on local economy?

What is the contribution of LED Funded projects on job creation?

What is the contribution of LED Funded projects on poverty eradication?

Who are the important stakeholders on LED?

What are the municipal and government initiatives to create jobs and eradicate poverty?

What are the problems in LED?

What are the issues on LED?

What are the efforts to resolve the problems?

Who are the drivers of LED?

Who are the beneficiaries of LED?

What are the obstacles of LED?

THANK YOU FOR YOUR COOPERATION AND ASSISTANCE

Annexure D: Questionnaire for Municipal and government departments' officials

I am Kanyiso Walaza student number (212417614). I am currently studying Masters in Development Studies at the Nelson Mandela Metropolitan University and working on my Guided Research project, and my area of focus is on Local Economic Development (LED) in Alfred Nzo District Municipality. Your assistance with this interview which takes about 30-45 minutes will be much appreciated since it will assist the researcher in reaching the objectives of the research. Please be advised that information gathered in this interview will be treated as strictly confidential and under no circumstances will it be used for any other reason other than academic purposes. The entire questions are important for various specific purposes of the study. Please be open and honest in answering

What is the impact of LED funded projects on local economy?

What is the contribution of LED Funded projects on job creation?

What is the contribution of LED Funded projects on poverty eradication?

Who are the important stakeholders on LED?

What are the municipal and government initiatives to create jobs and eradicate poverty?

What are the problems in LED?

What are the issues on LED?

What are the efforts to resolve the problems?

Who are the drivers of LED?

Who are the beneficiaries of LED?

What are the obstacles of LED?

Thank you for your participation.

