

**A CRITICAL EVALUATION OF LOCAL LEVEL RESPONSES TO
MINE CLOSURE IN THE NORTHWESTERN KWAZULU-NATAL
COAL BELT REGION, SOUTH AFRICA**

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Abstract

The de-industrialisation process that was a common feature of North America and Western Europe in the 1970s, through into the 1980s has become an observable feature in African countries and South Africa in particular in the last two decades. Globally, hard hit areas include those associated with the early Industrial Revolution characterised by mass production and the agglomeration of iron and steel, coal and textile industries. General changes in the global market, especially the falling demand for extractive heavy minerals like coal and gold have also affected many countries region and localities. In the case of South Africa, the previous high economic dependence on mined minerals like coal and gold has resulted in many once prosperous mining regions of the country being reduced to a shadow of their former selves. The worst affected areas in South Africa are those of the Klerksdorp Goldfields in the North West Province and Free State Goldfields, with the latter alone losing 100,000 jobs during the 1990s. This trend has also been acute in the coal-mining industry of the KwaZulu-Natal province since the late 1970s. The firms that had grown in the shadow of the major mining company supplying machinery, or who processed the semi-manufactured product are also severely affected by the closing down and restructuring in the mining and iron industries. These industries have often been forced to close down because of a break in the vital connections they developed with these mining industries.

Such localised economic crisis has encouraged the universal trend towards the devolution of developmental responsibilities to the local governments and other local stakeholders to empower them to respond to these changes. This study investigated the local economic

initiatives which have been undertaken in the three municipalities of north-western KwaZulu Natal i.e. Utrecht, Dundee and Dannhauser to respond to the closures which have taken place in the mining industry of this region, which used to be among the most prosperous coal mining regions of South Africa. Using their new developmental mandate the local governments, in partnership with the communities and other external interveners have tried to respond to these localised economic crisis and also indirectly to the general poverty and underdevelopment, which characterises this region of KwaZulu-Natal. The effects of apartheid policies, and previous discriminatory rural development policies in particular, and the Regional Industrial Development policy, which was intensively applied in the 1980s by the pre-1994 government regime, have further compounded the magnitude of the challenge. The lack capacity of capacity in some municipalities has constrained successful implementation of Local Economic Development has led to some communities acting alone to face their situation with or without external intervention.

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Chapter One: Introduction

1.1 Introduction

South Africa is, along with other developing countries experiencing economic change and rising unemployment due to industrial closures, sluggish economic growth and the mixed effects of globalisation (Ballard and Schwella, 2000; Natrass, 2001). These global economic changes have coincided with the full integration of the South African economy into the global economy since the early 1990s. A salient feature of this integration has been rising unemployment as the key economic sectors respond to global trade agreements, changes in demand and technological shifts.

In the 1990s in particular, the country experienced a radical shift from investment in agriculture, manufacturing and mining into the service sectors. Tomlinson (2003) points out that the former are the sectors that employ the majority of the African workforce, as they require relatively less skilled labour. This has meant that Asians and whites, the majority of whom have the skills and expertise required in the tertiary sector, become the main beneficiaries of the restructuring process. Tomlinson (2003) further points out that in the 1970s jobs were increasing but this trend reversed after 1994 when the newly democratic South Africa joined the World Trade Organisation and dropped tariff protection against imports. The restructuring in the economy resulted in the loss of a million formal jobs between 1993 and 1997, offset against only 60,000 new skilled jobs created (Tomlinson, 2003).

The traditional dependence of the South African economy on mineral production, which resulted in the identification of what has been termed the Mineral Energy Complex (MEC), though once a source of strength, has in the contemporary era of mine closure, become a source of crisis in many mining centres (Nel, 2001; Padayachee and Michie, 1997). In the case of gold and coal the fall in the price and demand for these minerals and the depletion of the existing resources in certain areas, and mechanised mining in newer coalfields, have resulted in the loss of tens of thousands of jobs in the mining sector. This

has led to the effective collapse of the economies' of once prosperous mining centres (Binns and Nel, 2001). South Africa has, undoubtedly, been among the world's largest producers of gold and coal. However, production in the gold industry has been in long-term decline, with the 1999 production of 444,427 kg representing the lowest production figure since 1955. Binns and Nel (2001) state that, between 1975 and 1999 gold production declined by 33.7% (Nel, 2001). Employment in the same industry, between 1987 and 1999 fell by a staggering 75.9% whilst production has fallen by nearly 40% over the last twenty years.

The worst affected areas in South Africa by these changes in the mining industry, are those of the Klerksdorp Goldfields in the North West Province and Free State Goldfields, with the latter alone losing 100,000 jobs during the 1990s (Binns and Nel, 2001). This trend has also been acute in the coal-mining industry of the KwaZulu-Natal province since the early 1980s (Nel, and Hill, 2000). Interconnections between mining and other sectors, such as manufacturing and service sectors have exacerbated the impact of closure in these areas. The loss of mining related manufacturing industry and mining in South Africa has led to joblessness on many centres leading, to what the Congress of South African Trade Unions (COSATU) has called a 'death sentence' for affected communities (Ngcobo, 2001). The national government has responded by, among other measures, legislating and supporting what is referred to as Local Economic Development policy for local authorities and communities in many region and localities, which have been affected by these severe economic changes, and which have since become engaged themselves in this policy in an attempt find new economic bases for their areas and create employment as detailed in Chapter Two.

The national government has employed two national economic development policies since 1994, which are often criticised as the source of economic crisis. These are namely, the Reconstruction and Development Programme, and the Growth Employment and Redistribution. These development policies will be briefly outlined first and then the discussion will proceed to an outline of the past and present rural development policy. This will be followed with details of the restructuring of the local governance system of

the country and the new task for local governments, namely a developmental mandate. This material provides a context to both understand the challenges which exist at the local level and, secondly, it serves to outline the broader development framework within which local development initiatives in the study area have emerged and are now operating.

1.2 Development Strategies Employed in South Africa since 1994

Since the democratic government of South Africa came to power in 1994 it has sought to radically transform the biased economic, social and political systems instituted by the apartheid regime, and to transform and integrate South Africa into the global economic system (ANC, 1994; GNU, 1994; Nattrass, 1999). Efforts have been directed towards adopting policies that promote urban and rural development while enhancing the economic opportunities and social upliftment of the previously disadvantaged population (Oettle *et al*, 1998; Lester, *et al*, 2002). To accomplish this task a socially oriented policy known as the Reconstruction and Development Program (RDP), ingrained in, and guided by the principles of the 1950's Freedom Charter of the was adopted in 1994. As Green-Thompson puts it, "the RDP captured the imaginations of South Africa's society and was seen as an appropriate plan to address the legacy of poverty, deprivation and inequalities left by the apartheid system" (Green-Thompson, 1997, p.3).

The RDP was based on three key principles, namely; meeting basic needs, democratising the state and society, and building the economy and human resources (RDP, 1994). Moreover, in contrast with earlier development policies, the RDP was a people-centred and people driven process, committed to achieving coherence and unity of purpose, and novel in the ways it sought to coalesce growth and development (Deininger and May 2000; Kabemba and Schmidt, 2001). The RDP, indeed, attained some impressive victories, even though it was been criticised in areas such as social service and infrastructure provision. For instance, Marais (1999; p.1) states that in 1997 'real achievements had been made in electrification with, 1.3 million new connections made, a million connections of water supply reaching 6.4 million people. In the area of housing about 192,000 homes had been built, 550,000 subsidies granted and 550 clinics built"

(Marais, 1999, p.1). Even though such achievements have been considered “a drop in the ocean” they proved vital for acutely under-serviced and impoverished South Africans in urban and rural areas.

Despite the achievements that the RDP policy was making as a formal institutional arrangement, it was curtailed in 1996 and was largely replaced by a neo-liberal, capitalistic policy called the Growth, Employment and Redistribution (GEAR) strategy. Arguments for its replacement included, among them, the fact that the RDP policy was ‘welfarist’ and, therefore, not aligned with world realities (Mbanjwa, 1996). Mbanjwa (1996) avers that, the fact that the apartheid system was heavily *statist* resulted in many members of the new government concluding that the economic stagnation of the late years of apartheid were because of protectionism.

Carmody (2002) and Natrass (1999) argue that the government adopted a market-led policy, GEAR, in an attempt to staunch the fall of the Rand by reassuring international investors of its economic orthodoxy and its resolve to fit in with global economic orthodoxy. The GEAR strategy is fundamentally premised on the following neo-liberal principles i.e., fiscal austerity, gradual lowering of interest rates, liberalising financial policies privatisation and labour market reforms (Marais, 1999; Natrass, 1999; Chipkin, 2000). It is through these above key principles that the government hopes that the GEAR policy will achieve growth with job creation and redistribution. This development policy pins a fundamental hope on the prospects of increased private investment. These reforms are, therefore, meant to create an optimal climate for private investment and for the economy to fall in line with global, liberal economic policies (Chipkin, 2000).

However, various stakeholders that work with government have not accepted the embrace of this neo-liberal policy unanimously. Critics, such as the Congress of South African Trade Unions (COSATU) in particular, are vehemently opposed to some aspects of the GEAR policy, especially the mass privatisation of government assets, and retrenchment of thousands of workers in the public and private sectors in the name of sector restructuring. Another source of controversy was the failure to meet the envisaged

creation of between 300 000 and 500 000 new jobs a year by this economic policy and to achieve economic growth rates of six percent a year as the government pledged (Dispatch, 1998; Lester *et al.*, 2002).

Contrary to the expectations, in 1999, for example, it was reported that 500,000 jobs had been lost in the preceding 5-year period and that GDP growth dipped by -0.8 percent in the first quarter of 1997 (Marais, 1999). During the first half of 1997, inflation rose to 9.9 per cent, and bank rates were counted among the highest in the world. It became clear that the GEAR policy was not delivering in the area of job creation and the economy in general was in a spiral of decline (Marais, 1999). However, since 1997 some achievements, though marginal, have been scored in terms of economic growth but people have continued to lose jobs, leading to some critics labelling the economy as undergoing a 'jobless economic growth' (Lester *et al.*, 2002).

The Minister of Finance, Trevor Manuel, admitted in a Daily Dispatch interview in 1998 that economic achievements were not translated into employment creation. He argued that this was to be expected as many firms began the upswing with substantial idle capacity, and economic restructuring aiming at improved international competitiveness, has required cost reductions, often leading to the shedding of labour (Daily Dispatch, 1998, March, 14). Arguably, the private investment, that has been seen as a panacea for unemployment and economic growth has not been forthcoming. Unemployment stands out among the persistent development problems that have beleaguered South Africa since its transition to democracy. The unemployment rate currently stands at about 37% and abject poverty is rife in rural and urban areas (Stats SA, 1996; Adado and Haddad, 2001).

Several attempts have, however, been made by the government under the GEAR policy, that aim to leverage investment, and to promote global competitiveness, job creation, infrastructure development and socio-economic upliftment aimed at achieving economic growth and fighting unemployment and poverty. These include the Spatial Development Initiative (SDI) programme and the specialised Industrial Development Zones (IDZs) within them (Tomlinson, 2003). The SDI program is an interdepartmental investment

strategy led by the national Departments of Trade & Industry (DTI) and Transport (DoT) and involves strategic initiatives by government that seeks to attract domestic and external investment towards areas with a development potential. The focus is on the high-tech industry and the agro-processing sector in particular (see www.strategic.ic.gc.ca, 12/07/03).

It is, however, still premature to deduce if these programmes are achieving their intended objectives, but critics have pointed out that the focus on economic growth through investment attraction will hardly benefit the majority of the poor. The industries within these zones are based on high-tech, which need skill and are not labour intensive, thereby excluding the majority of unskilled South Africans (Tomlinson, 2003).

The unfavourable economic outlook of South Africa however is not entirely a reflection of the failure of the current government economic development policies. It is also rooted in the discriminatory and unsustainable development policies of the pre-1994 regime. One salient area where the legacy of the apartheid regime's development policies is evident is in the gross injustices and development backlogs found in the rural areas of South Africa as hinted at earlier. A significant part of the area where this study was conducted was previously within a former homeland of KwaZulu, and it still reflects social 'engineering' of the apartheid dispensation and its consequences. In view of this, it is then necessary to briefly outline how these rural areas were sculptured into their current social and economic state by the past government regime.

1.3 Rural South Africa and its 'Creation'

Post-apartheid South Africa retains many of its former socio-economic inequalities among its citizens that clearly reflect deliberate discrimination in social, economic and political exclusion along the colour line instituted by apartheid policies. For example, while only 40 percent of the population is income-poor, the percentage for Black South Africans in this band is 60 percent (UNDP, 2000). Oettle *et al.* (1998) indicate that about 70 per cent of the 45 per cent of South Africa's population that live in rural areas are

impoverished. This trend is largely a consequence of the apartheid laws that systematically dispossessed Black people of their land and relegated their social, economic and political betterment into the lower levels of government development priorities (Bundy, 1988; Monyai, 1999). One can hardly 'appreciate' the nature of rural areas in South Africa and the challenges facing the present government without understanding the nature of discriminatory policies, which gave the rural areas such a dreary character.

1.3.1 The Past Discriminatory Land laws and Rural Development

The historical development of the rural areas of South Africa has taken place under harsh conditions of enforced socio-economic and political inequality that were based on racial segregation and the separate development of Blacks and whites. A number of earlier legal interventions, the Native Land Act of 1913 and the Native Trust Act of 1936 were the major instruments used to achieve this racial segregation and deprivation (Bundy, 1988; Greenberg, 2003). These Acts saw the massive removal and resettlement of Black people onto only 13% of the country's less fertile land, while 87% of the more productive land was given to the white minority (Bundy, 1988; Binswanger and Deininger, 1993). This was later followed by the removal of the majority of black farmers, under the 'Black Spots' policy, who legitimately owned land outside the reserves into Bantustans where high populations, tenure restrictions and the lack of capital and market made access to farming effectively impracticable (Bundy, 1988; Binswanger and Deininger, 1993; Monyai, 1999). In the process, Black people were pauperised and it was made impossible for them to acquire land in most parts of the country.

Two significant factors drove these laws. Firstly, the development of Black commercial farmers was downplayed in order to create cheap labour for the mining and agricultural sectors that were expanding rapidly. After having prevented the black people from farming, taxes were imposed on Blacks men in particular, in order to keep them at the bottom of the pecking order of the capitalist economy thereby making it imperative for them to engage in the cash economy (Oettle, *et al.*, 1998; Monyai, 1999; Schirmer and Stefan, 2000). Black farmers were confined to the practice of 'sensible agriculture' that

could enable them to pay taxes, and an obvious alternative was to partake in wage labour in mines and commercial agriculture.

Immigration to mining areas and white commercial farming areas became the obvious survival strategy for the Black population. Jerve (2001) states that in 1985, about 85 percent of the workforce in the now-*defunct* 'homelands' was employed in the urban and commercial agriculture sectors of former 'white' South Africa, which was increasingly becoming capital intensive (Jerve, 2001). This resulted in a high dependence on mining for employment historically. As mines are now closing, this situation is exacerbating already depressed conditions and unequal development in the former Homelands.

Secondly, various Acts sought to protect the white emerging farmers from the Black farmers who were becoming more competitive in the market (Oettle *et al*, 1998). Greenberg (2003) states that, before the promulgation of the Land Act of 1936, some African farmers already lived as tenants on land controlled by white farmers and posed significant competition to their white counterparts. Their suppression mired their agriculture and created a substantial productivity gap between commercial and 'traditional' subsistence agriculture, which still exists today (Bundy, 1988; Monyai, 1999; Schirmer and Stefan, 2000; Greenberg, 2003). This triggered an increased reliance by Black people on commercial agriculture for employment and agricultural produce; in the process, small-scale farming was virtually eliminated (Deininger and May, 2000).

Influx control and pass laws were instituted to stall the exodus of the pauperised rural subsistence farmers who responded to unfavourable policy and agricultural conditions by migrating from the 'homelands' to urban areas. Such Acts also ensured an uninterrupted availability of cheap labour to commercial agriculture and mining (Bundy, 1988; Schirmer and Stefan, 2000). However, considering the political situation of the time, one would assume that perhaps these laws were passed in order to neutralise the threat that the Black population posed to the white government.

Uprisings against the oppressive system emerged in the 1960s and they galvanised the government to appoint commissions to investigate the problems in rural areas (Greenberg, 1998; Oettle, *et al*, 1998). Based on their findings, which exposed the ghastly conditions people lived in, mild efforts were made only in the 1970s to provide infrastructure and some basic services which were provided through frequently corrupt, and centrally-planned and driven programs (Jerve, 2001). In the process, white farmers were better serviced and this resulted in a dual rural economy consisting of large-scale commercial farmers and small subsistence farmers.

In the early 1980s the government had tried to bring development into the homeland areas through intensifying the application of the Regional Industrial Development Programme (RIDP) started in the 1960s, by establishing Industrial Development points near or in the homeland areas. Large incentives were made available to industries that were prepared to decentralise to these areas and impressive development successes were achieved, especially in the manufacturing sector (Bell, 1983; Dewar *et al*, 1986; Phalatse, 2000). The government attempted to justify its decentralisation policy by linking it to decentralisation theories and precedents of regional development, particularly the use of growth pole policy as a means of stimulating economic growth in depressed regions. This development policy is detailed in length in Chapter Two. Dewar *et al*. (1986) argue that this policy was meant to promote ruling class unity and working class division through visible evidence of government commitment to Bantustan development through the creation of a small African middle class willing to support the status quo. Therefore, no single or simple motive prevails.

With the withdrawal of the incentives in the late 1980s to the 1990s, many of these industrial points started to experience a spiralling decline due to their generally high dependence on government incentives and infrastructure support (Harrison, 1990). The towns in the region where this research was undertaken benefited from this regional policy and have experienced problems since the government abolished the incentives in the early 1990s. In the next section, an attempt is made to detail how the current government has responded to this depressing economic and social state of the rural areas.

1.4 Rural Development in the Post-Apartheid South Africa

Even though the post-apartheid government has, since 1994, shown its commitment to fighting the consequences of apartheid policies, particularly through rural development, the racially skewed distribution of land has barely been altered, and rural areas are still poor and many communities lack basic services (ISRDP, 2000). Reports of dislocated settlements, and unacceptable or often non-existent housing in many rural areas are still rife, and these clearly depict the enduring distortions of the past government system (Julian, 2000). The RDP made reference to the need for a strong focus on the development of rural areas, but little emerged.

In 1995, the government published a National Rural Development Strategy (NRDS) which incorporated some institutional aspects of the RDP and which was soon criticised for its failure to address adequately the potential of the rural economy and for ignoring issues of local governance including traditional leaders. As a result, the white paper, which the government was supposed to publish based on the comments, was not published. Greenberg (1998) states that it was only in 1997 that the government tried to address the criticism of the NRDS by publishing a revised Rural Development Framework (RDF) which was driven by the RDP office. However, with the phasing out of the RDP, the policy was also shelved.

In 1999, the government came out strongly in favour of rural development and came up with number of development programmes that focused mainly in rural development. These are namely, the Community Based Public Works Program (CBPWP), the Consolidated Municipal Infrastructure Program (CMIP), Land Reform and the Integrated Sustainable Rural Development Strategy (ISRDP) (see Adalzadeh, 1999; Everatt and Zulu, 2001; Adada and Haddad, 2002; Paton, 2002; DPLG, 2003 for detailed outlines and information on the performance of these programmes). Of interest in this study is the new rural development strategy i.e. the ISRDP that is briefly outlined in the next section.

1.4.1 Rural Development Strategies

Based on the weaknesses of the development programs detailed above which have been implemented since 1994, the government published its comprehensive rural development strategy known as *Integrated Sustainable Rural Development Strategy* (ISRDS) in 2000 as a way of re-appraising and anchoring its earlier programs (ISRDP, 2000; UNDP, 2000). The ISRDP is South Africa's main program for reducing poverty in rural areas within the period from 2001 to 2010. Key areas of *foci* are LED, social development, infrastructure provision and capacity building (ISRDP, 2000) and it builds on earlier programs. It has also identified the local government structures, especially the district and local municipalities as important role players in driving this development strategy through the integrated development plans (IDP) which will be detailed in the literature review. As a result, capacity building of local governments to effectively carry out this role is at the centre of ISRDP. In the 2002/2003 fiscal year, an amount of R2 billion of infrastructure transfers to local was committed to capacity building and to support rural development nodes, district municipalities and district management areas.

It is still early to assess how the ISRDP is performing, however it has been criticised for its failure to address the structural inequalities of wealth and power, and the distribution of assets and economic opportunities. In addition, the district and local municipalities still lack capacity to implement rural development strategies, and the results of this study have also confirmed this claim, especially the lack of financial and human capacity to drive rural development. In line with the international trends, among the impressive developments that have taken place in the post-1994 period in South Africa is the restructuring of the country's local governments to ensure that they play a meaningful role in rural and urban development.

1.5 Local Government Restructuring in South Africa

There is a worldwide trend towards decentralising governance to the lower spheres of governance as part of participatory democracy and good governance. This power shift has entailed the passing of the responsibility for socio-economic development to the local government (McEwan, 2002). In South Africa this developmental mandate is ingrained in

the Constitution (1996) of the country and was further endorsed by the White Paper on Local Government of 1998 (RSA, 1998). In addition to their traditional role of service provision, local governments are obliged to adopt a holistic approach to local development, which promotes social, economic and political development, which is deemed necessary in democratic governance (DBSA, 1998; Schwella, 1999).

As result of this approach to local governance, in 2000, the country saw the reduction of the number of local governments from 843 to 284 following the Municipal Demarcation Act of 1998. The intention was to increase the local government's effectiveness, accountability to the electorates, and their efficiency in local governance (DBSA, 1998; Schwella, 1999). Among the new roles that local governments have been tasked with is to plan and implement the Local Economic Development (LED) policy, which South Africa has now embraced as one of its core development strategies. This policy requires the district and local municipalities to form partnerships with their communities and the private sector to address local economic crises and promote participatory development. It is within this past and present national and local economic development context that this study was undertaken.

1.6 The Research Context and Focus

This research investigated the economic changes in the coalmining region of northwestern KwaZulu-Natal. The core focus was on investigation the LED responses that have been pursued in three local municipalities in this region i.e. Utrecht, Dundee and Dannhauser. This north-western region of KZN has been stunned by massive closures and downsizing in the mining industry and the consequent closing down of the mining related industries, which had grown in the shadow of the coal mining industry. These economic changes, which are induced mainly by the global decline in the demand for coal, increased costs for coal mining and the depletion of coal in some areas have added to the negative effects of the past government development policies, such as the Regional Industrial Development Programme (RIDP), and discriminatory rural development policies outlined above.

The local governments and their communities, with the assistance from the private sector and other external partners have had to respond to the combined impact of these through a variety of LED initiatives. In Dundee and Dannhauser, the LED initiatives are community-driven and most of them in the former were initiated through public-private and community partnership under the IDP process. Two of these initiatives are purely community driven and are based in the rural area of Rocks Drift within the local municipality of Dundee. In Dannhauser, the local municipality has not been able to respond to these economic crises, due to a lack of capacity. As a result, it is the communities in their informal groups that have engaged in community economic initiatives in an attempt to fight poverty, with only limited external assistance. The initiatives, which were the subject of this investigation, are based in the portion of this municipality known as Nyanyadu.

In the case of Utrecht the initiatives that were investigated form a cluster of tourism based LED initiatives and are in the urban area of this local municipality. The criteria by which these initiatives were sampled and the research methods used to achieve the aim and objectives of this research are briefly described below, and detailed at length in Chapter Three. This research process was guided by the following aims and objectives, which are also outlined in chapter three.

1.6.1 Goals of the study

1.6.1.1 Aim

1. To investigate the consequences of recent economic changes in the north-western KwaZulu-Natal coal-belt and to evaluate the nature and impact of Local Economic Development initiatives undertaken to address the loss of coal mining in particular.

1.6.1.2 Objectives

1. To detail recent economic changes in the KwaZulu-Natal coal belt region, with a particular focus on the suspension of coal-mining operations.
2. To review the literature on economic change and local economic development which will situate South Africa and the coal belt in an international perspective.

3. To identify and detail the local level economic initiatives undertaken by local governments, other stakeholders and communities in the Dundee, Dannhauser and Utrecht districts in response to mine closure.
4. To evaluate tangible and prospective (social, infrastructural, and economic) achievements of the diverse local level initiatives.
5. To make possible recommendations on how the initiatives can be enhanced, and assist in informing other areas that are experiencing analogous economic conditions and seeking to embark on comparable local level initiatives.

1.6.2 Research Methodology

The nature of this study is that it is in the exploratory-descriptive and interpretative tradition. Such a study is inductive, as it describes or details the phenomena and makes interpretations at the end, guided by appropriate theories of that field (see Grinnell, 1998). The investigation was guided by a set of key questions, which were probing issues that would lead to the attainment of the intended aim. Interviews and field observations such as transact walks and focus groups were used for primary data collection, and documentary analysis was adopted as a method of collecting secondary data. In locating the study within the international context, a literature review of development theories, past and present, and the current trends in economic development practise was made for both the international and South African context. The thesis structure and content are outlined below.

1.6.3 Chapter Outline

This study consists of seven chapters. Chapter one is the introduction and consists of an outline of the post-1994 national economic development policies of South Africa. It also highlights the historical and current status of rural development in South Africa and local government restructuring in South Africa to gear it for a new development mandate.

Chapter two sketches the literature review including past and current economic development theories, concepts and practises in development. A particular focus is accorded to LED both in an international and South Africa context. The reason for this

focus is because the study concerns itself with LED initiatives; therefore this necessitates a detailed focus on LED.

Chapter three outlines the research methodology, which was adopted for this study, the aims and objectives of the study, the sample frame and key questions which guided the research process.

Chapter four present the study area. In this chapter an overview of the province's economy is outlined and development strategies pursued in KZN are briefly described as is the historical development of the manufacturing and the mining industry of northwestern KZN. Attention will then move to an outline of the economic and social prospects of the Amajuba and Umzinyathi District Municipalities.

Chapter five, six and seven and eight are the results chapters, including the evaluation of each of the three case studies. The last chapter consist of a conclusion that draws on the arguments presented in the preceding chapters and ties them together to show the emerging issues and prospect of LED initiatives in the study areas. Recommendations are also provided. The appendix and references are presented at the end.

Chapter Two: Literature review

2.1 Introduction

Since the post-World War II period, the field of development has experienced a multitude of sea level changes in terms of conceptualising and theorizing about development (Potter, 1999). The development discourse has since revolved around identifying appropriate and legitimate ways of practicing development, as well as speaking and thinking about it. Diverse ideologies (the liberal, nationalists and the Marxian) moulded by various social, political, economic, cultural, moral and even religious values have influenced this discourse reflecting different agendas, goals and aspirations about development theory and practice (Potter, 1999; de Sagte, 2002).

The theories of economic development employed in this early post war literature were fundamentally those that had been developed in disciplines such as economics, sociology and political science. However, after 50 years of theorizing about and practicing development, over three billion people, half of the world's population, live on the equivalent of less than \$2 per day (Adachowskyr, 1996) in politically and economically oppressive conditions which plainly signify that the journey of development has been a retreat and only very marginal achievements made.

This situation points to the failure of modernisation discourses of the pre-1980s, which in many cases, resulted to incredibly unequal development and under-development of some countries and regions within nations states (Simon, 1990; Hettne, 1995; Moffatt, 1996). As an attempt to counteract this trend, dissident calls from the South in particular, from around the 1970s up to the present in this so-called post-modernist era, have articulated disenchantment with modernization development approaches (Hettne, 1995). These dissident approaches, have less accentuated economic growth as a goal for development, even though it is still regarded as crucial, and placed emphasis on endogenously driven development that encompasses holistically the "betterment" of social, economic and political aspects of communities, and peoples meaningful participation in their

development (Brahman, 1996; Friedman, 1996; Desai and Potter, 2002). Interestingly, some dissident schools in the 1990s have bewailed the dubious achievements made by modernization approaches to the extent of disparaging the term development itself (see Pieterse, 1998; Desai and Potter, 1999).

2.1.1 The Purpose and Structure of this Literature Review

The purpose of this literature review is to sketch, firstly, the conceptual origins and evolution of modern development theory and practice, and to also provide a quick examination of how different schools of thought have construed the meaning of development as witnessed by diverse development strategies i.e. practical paths to achieving development, applied since 1945. To facilitate the accomplishment of this task, starting from the 1940s, the three-broad 'paradigms' that dominated this period will be outlined. These are: a) Neo-classical, Neo-liberal paradigm b) Neo-Marxist, radical and dependency approaches and (c) the highly disputed 'Bottom up'/alternative paradigm. For the sake of brevity, given the space limit and the purpose of this literature review, the intention is not to exhaust these paradigms in detail. The causal assumption is that the reader is familiar with the history of development; hence only key reference points will be examined.

The purpose sought by examining these development paradigms is to delineate the backcloth from which participatory development approaches and Local Economic Development (LED), in particular, have emerged. These inhabit a central position in the 'Bottom up' development approaches. This will be followed by an outline of the origins and practise of Local Economic Development (LED) from an international and a South African standpoint. The fluid direction that development has taken is, in addition, compounded by the slippery nature of the definition and meaning of the term development itself (Adachowskyr, 1996). Perhaps it is essential to first briefly trace the origins of the meaning of development.

2.2 The Initial Definition and Origins of Development

Modern development thinking and practice, which has influenced largely the manner in which development is conceptualised, began in the 1940s when the President Truman of USA in 1949 gave currency to a dichotomised world comprising of the underdeveloped South and developed North (Hettne, 1995; Potter, 1999). In his inaugural speech, he launched 'the development age' by declaring that it was the duty of developed nations to spearhead development in underdeveloped countries (Sachs, 1992; Potter, 1999). Rist (1997) states that that was the first time the term underdevelopment, a synonym for economically backward areas, was used in a speech intended for extensive circulation (Rist, 1997).

Likewise the term development, despite its previous use on other documents, reached a turning point when it moved from having an intransitive to a transitive meaning i.e. action performed by one agent on the other. In this context, the underdeveloped countries were advised to undertake introspection into their conditions and turn to developed countries for assistance through their (the 'westerners') technological and scientific advancement (Knox and Agnew, 1994; Desai and Potter, 2002). This view of development initiated a turning point in the world relations and the way political social and economic issues of the world are viewed even today.

Despite the apparent good intentions spelt out in Truman's inaugural speech, Esteva (1992) points out that its subsequent combination of Darwinism and Enlightenment principles introduced rational scientific thought to development, which resulted in the interpretation of development as equivalent to modernisation and entailed transforming traditional societies into modern ones. The West was serving as a perfect model to be simulated by underdeveloped (developing) countries (Esteva, 1992; Knox and Agnew, 1994). Euro-centrism pervaded the definition and practice of development, counterposing its civilised message to the barbarian of the "Other", and its rational to "Other's" irrationality (Rist, 1997; Desai and Potter, 2002).

European and Western models of development became a benchmark for all other modes of development, especially the industrial based development path through which many European countries developed in the eighteenth and nineteenth centuries (McNeill, 2000). Scientific discoveries and technological improvements at that time facilitated mass production and led to 'development' being interpreted as analogous to economic growth and material progress (Kamla, 1998; Moffat, 1996; McNeill, 2000). Desai and Potter (2002) testify to this that economic growth became the indispensable purpose of the state everywhere, largely at the expense of human development and service provision.

It is on these grounds and dubious achievements that modernisation development attained that in the 1970s counter-modernism discourses emerged that challenged the pre-eminent paradigm's narrow econometric orientation, its disregard for the environmental and human, cultural and natural diversity of contexts in which it was applied (Brahman, 1996; Friedman, 1996; Kamla, 1998). In the late 1970s to the 1980s many developing countries had been riddled with hyperinflation and worsening social conditions, clear signs that the project of development had been a failure and that new versions of development strategies were imperative. Attention now turns to examine the application of development, how it was interpreted and associated changes through time in definition and application.

2.3 Overview of the Post-World War Development Geography

A major force of trying to find effective development theories in the field of economic development began in the aftermath of the Second War (Eatwell *et al.*, 1989; Porter, 1996). With respect to the North, this was initially driven by a need to mend the war-damaged economies of the developed countries (Eatwell *et al.*, 1989). In the South, it was partly meant to construct or reconstruct the economies of the countries that were emerging from colonisation, and tackling their generally underdeveloped nature relative to the Northern counterparts (South Commission Report, 1996). As a result of the dominance of the North, it is here that successive theories emerged postulating how this project of rebuilding and building could be accomplished.

Three “families” of approaches have occupied development thinking and practise since the end of Second World War. These are, namely; the modernisation approach, which consisted of the Classical-traditional, and the Historical-empirical approach, the radical dependency approach and the current post-modernist, alternative, bottom-up approach. The modernisation approaches monopolised the epoch from 1950s to 1960s, and the Radical dependency approach was dominant in the period between the 1960s to the late 1970s. From the 1970s to the present, there has been a return of Classical approaches in the form of Neo-liberalism which has shared the stage of development with Alternative/ ‘bottom up’ development approach. However, there is a heated argument around whether the two really are separate paradigms, and whether a paradigm shift has ever taken place since the fall of dependency approaches and the simultaneous proliferation of Neo-liberal and alternative theories (Pieterse, 1998).

2.3.1 The Classical and Historical-Empirical Modernization Approaches

For a period of about 40 years, classical and historical-empirical approaches dominated development thinking deriving most of its tenets from neoclassical economics (Potter, 1996). Based on Rostow’s work, the process of development under the modernisation theory was considered a linear process which countries undergo, beginning from a traditional society and then progressing through stages of development until they reach a level of high mass consumption. Manzo (1991) criticises this view by pointing out that it ignored the fact that development could display cyclical or even regressive tendencies (see also Ward, 1984 for an overview of theories).

At the international level, developed countries were juxtaposed with underdeveloped countries, and the latter was characterized as traditional and uncivilized compared to the developed northern counterparts (Desai and Potter, 2002). Therefore, the aim of development became that of converting the traditional societies, found mainly in the South, to resemble the advanced and modernized societies of the North. The economic failure of the underdeveloped countries was criticized on the basis of internal factors like political systems. As a result, a close link was formulated between democracy and development (Mangisteab and Logan, 1999; Abraham and Platteau, 2002). Developing

countries also had to embrace the Western mode of democracy. This view informed the structural adjustment programs which the World Bank and the IMF introduced in the late 1970s and 1980s.

This kind of thinking represented a normative generalisation of the development process. Along with these traditional classical views, closely associated, are historical approaches which also conceptualised development as modernisation, but differed in the sense that their argument(s) are based on concrete, historical observations of how development had occurred on other parts of the world. In that way, historical views were positive (explaining how development had taken place and should take place) rather than being normative in its generalisation about development (Potter, 1999). Historical approaches integrated a historical dimension in their explanation of development. Eatwell, *et al.* (1989) and Potter (1999) provide clear explanations of such development approaches with reference to the mercantile and plantopolis models favoured by this approach. It was argued that, at the national level, regional inequalities are a result of capitalism and without intervention to alleviate them, they are likely to persist unabated.

Consequently, in the post-War era a dominant interventionistic state found its expression throughout the world, broadly referred to as Keynesianism (Eatwell *et al.*, 1989; Simon, 1990). Regional planning strategies that were rigidly implemented by the state through its agencies in the 1960 were a culmination of modernisation thinking. Intensive economic nationalism marked this decade, exports encouraged and imports curtailed. Moreover, exchanges were controlled and quotas were imposed on trade (Blake and Walters, 1987). Principal approaches on which these policies were based were balanced and unbalanced regional development strategies.

2.3.2 The Balanced and Unbalanced Growth Approaches

The dichotomous thinking at the international level permeated to the national level where spatial polarization of investment was considered as essential for spatial dispersion (Simon, 1990). Initially, the balanced growth strategies, which advocated a blanket investment on a broad range of industries, became popular (Simon, 1990). Investment

was considered independently unprofitable than when taken together (Hettne, 1995). However, this approach was censured because as reality suggests the government that would be able to provide such resources would probably not be underdeveloped considering the enormity of resources that would be required to achieve nation wide development (Friedman, 1996; Potter, 1999).

As a result, the unbalanced growth approaches, which campaigned for the advantage of concentrating investment on a few sectors of the economy with the assumption that the development in the core areas would lead to the 'trickle down' of the benefits to the underdeveloped periphery, fell into favour (Simon, 1990; Hettne, 1995). Such a kind of thinking was championed by unbalanced development strategies found in the works of Perroux (1950), Myrdal (1957), and Hirschman 1958 (in Potter *et al*, 1999). Concepts such as core periphery interaction, spatial polarization, cumulative causation, and growth poles characterized thinking behind development at a regional level in particular.

The argument ran as follows; the concentration of investment on selected places called growth poles in the national space, especially in manufacturing industry, would result in a spontaneous 'trickling down' of benefits from the core to the periphery. Therefore, governments had a task of creating conditions that would set up disequilibria, which would in turn stimulate efforts to mobilise hidden and under-utilised resources which would take place through investment and purchases in the hinterland by growth points (Eatwell *et al.*, 1989; Simon, 1990). Therefore, it was assumed that spatial polarisation would lead to spatial dispersion (polarisation reversal), and understood in this way; inequality was initially more efficient than equalization (Simon, 1990; Desai and Potter, 2002). Behind the whole process, government intervention in alleviating regional inequalities was considered unnecessary, with faith being put on the market. The trickle down of benefits was actually supposed to start at the global level, (through innovation from centres and worldwide demand), down to the national and regional level, via input output relations, the urban hierarchy, large-scale government organisations and multi-plant business organisations (Simon, 1990).

Theoretical strands that cautioned against the optimism of the 'trickle down' approach which used terms such as backwash and spread. From a historical-empirical perspective Potter *et al* (1999) pointed out that Myrdal (1957), for instance, argued that backwash in the form of trade and investment, migration of the young from the hinterland to the core would cripple the development of the hinterland. Accordingly, the investment will move towards the centre where there is high demand and security and there will be little investment in the relatively low demand areas of the hinterland (Stöhr, 1981; Potter *et al*, 1999). The lack of non-economic factors such as health and education facilities would further militate against the success of the hinterland. In spite of this recognition, growth poles remained in vogue and emphasized the tendency for one industry to dominate the industrial cluster and which would have an influence on the activities of its supplies and clients (Stöhr, 1981; Simon, 1990; Potter, 1999). The state began to assume a major role in development after it was recognised that market never regulates itself efficiently.

Despite the different explanatory positions of the Historical and Classical approaches, with one based on practical experiences and the other being normative, they both considered development as hierarchical and economic growth being the important aim that any country should unswervingly strive toward (Eatwell, *et al.*, 1996). At the same time the nations of the developing world were greatly dependent on the developed western countries, in terms of financial aid and planning. It is from this perspective that the dependency and structuralist approaches came to question dependent development of the South on the North in the late 1970s.

2.3.3 The Radical Dependency and Structuralist Approaches

By the 1960s, the modernisation approaches came under serious attack by various 'core periphery theorists', which include among them the structuralists and the dependency authors. The dependency approaches emanating from the South, came to critique modernisation development by insisting that it is not internal characteristics of particular countries, so much as the structure of the international system, particularly its economic and political aspects, that is the key variable to be studied to understand the form that development has taken in the developing countries (Kohli, 1986). Dependency authors

identified the process of development in core industrialised capitalist countries as an obstacle to development in countries of the global periphery. The more radical dependency and underdevelopment perspectives, which became popular by the late 1960s, went so far as to suggest the impossibility or likelihood of capitalist development in the periphery, precisely because of its relations to the core (Glassman, 2002).

On the same vein the structuralists argued that the historical legacies of colonialism and imperialism, such as technology backwardness, misadministration of wealth and income, and large, underemployed rural labour force made development of modern industry in the periphery a much more problematic process than modernisation theorist had suggested (Glassman, 2002). The dependencistas, if one may use their Latin word, argued that external factors, such as the capitalist world economy and world market integration, as opposed to internal factors which the modernisation approaches focused on, are the main causes of underdevelopment in the periphery. They censured the classical theories for the hierarchical view of development where the underdeveloped countries, as it was claimed, were integrated only at the bottom of the hierarchy (Hettne, 1995; Potter *et al*, 1999).

The entire system of capitalism was said to be working in favour for the next higher level in the hierarchy, especially in terms of trade and investment (Manzo, 1991; Brahman, 1996). In addition, the requirements for the transformation of social, political and economic structures were perceived to be in the interests of the super powers of the North (Manzo, 1991; Schuster, 2002). Therefore, breaking with participation in the global market was considered a first step toward setting-up a conducive environment for successful development in the Third World countries (Simon 1990; Potter *et al*, 1999; Schuster, 2002).

The dependency and the structuralist theorists were, however, criticised for being myopic by concentrating on the whole i.e. the effects of the international systems on developing countries with a disregard for the internal country factors. Indeed, imperialism and colonialism affected the developing countries in variety of ways, but European and American capitalism has had many positive impacts on the internal development of

technologically backward areas of the world. In countries such India, which Kohli (1986) singles out as an example, the British did not take over a society that was 'ripe' for an industrial revolution and frustrated its development. India had its internal problems of class, warfare and high taxes, which were not conducive for industrial development.

Factors such as tribalism, feudal bureaucratic states, and castes and clans still frustrate development endeavours in the developing countries even today, with Central and West African countries being typical examples (Kohli 1986). Glassman (2002) states that in the mid-1970s the Marxist scholars came to criticise the dependency and structuralist approaches for their fetish with geographical relations and miscomprehending class issues. They were thus being forced into refinement, which could take account of increasing complexity in the world system, including the possibility of dependent development in what had formally been peripheral areas (Glassman, 2002). By the 1980s the dependency, structuralist and Marxist approaches had started to fade off the scene and were gradually overshadowed by neo-classical oriented economists, which espoused the advantages of the market-led capitalist economies. The next section describes the neo-liberal theory before proceeding to examine the Alternative Development "paradigm" which has been making in roads in development discourse since the late 1970s.

2.3.4 Neo-liberal Policy: the Washington Consensus

The 1980s saw the return of the dominance of the free market in its refurbished garb to distract attention from its dirty clothes of the 1950s with a new name called neo-liberalism (Martin, 1993; Munck, 2000). Although market-led development became forcefully applied in the 1980s, Mengisteab and Logan (1995) aver that it's ideology was manifest in the aftermath of the Oil Price Crisis of 1973/74 and in Structural Adjustment Programmes (SAPs) applied by the IMF and World Bank during the same period (Mengisteab and Logan, 1999). SAPs were vigorously applied in the 1980s with developing countries being required to liberalise and integrate their economies into the global market economy.

The instability and depression of the 1930s were associated with protectionism that states imposed on their economies; therefore liberalisation was considered necessary to improve international financial flows. However, paradoxically, soon after the implementation of these liberal policies in the 1980s, growth rates of many developing countries deteriorated, with the exception of some East Asian countries (Blake and Walters, 1987; Pieterse, 1998).

The success of the East Asian countries diluted criticism levelled against the market-led approaches by dissident alternative approaches to mainstream development (Rist, 1997). The proponents of neo-liberal theories justified the validity of a free market economy, pointing at the success of these NICs like Korea, Singapore and Hong Kong (Stiles and Akaha, 1991; Pieterse, 1998), as classic cases or examples of the success of meticulously implemented neo-liberal policies. The failure of other developing countries to achieve acceptable levels of success was associated to poor internal environments such as political instability and undemocratic government regimes, and policies that were not conducive for the market economy (Pieterse, 1998; Gore, 2000).

Arguments that stressed the positive role of free market fundamentalism in place of the state gained impetus and their rapid application followed (Kamla, 1991). This liberal International Economic Order (LIEO) became known as the "Washington consensus", the term coined by John Williams (1990) suggesting the 'accord' arrived at in Washington about economic reforms that developing countries ought to adopt. At the heart of this theory are nine norms or principles, which among them are: deregulation of economic practises, fiscal discipline, financial and trade liberalisation and public expenditure priorities (see Martin, 1993; Gore, 2000; Osei-Kwando, 2001).

The declining influence of the dependency and neo-Marxist economic theories in the 1980s can be partially attributed to the failure of many authoritarian states to manage their economies and political trends in a manner that allowed for the positive conditions required for a market economy to flourish (Jeung, 1995). Governments of the developing countries have, in spite of the failure of modernisation theories, been obliged and

compelled under the tutelage of international financial institutions (the IMF and World Bank) to restructure their economic and political systems as part of the conditions of qualifying for development aid from these international institutions (Barry and George, 1996).

Countries with account deficits i.e.: “one that cannot be closed with foreign aid, nor financed from external sources or international reserves were forced to adopt SAPs since they had to find ways to reduce aggregate spending or increase reserves” (Mengisteab and Logan, 1999, p.2). Such adjustments were perceived as the only solution to the debt burden, poverty and the imbalance of payments existing in developing countries (Martin, 1993; Harry and Erwin, 2000). Restructuring political systems from authoritative rule towards democratic governance, since good governance has been equated to successful development, became imperative, and the problems of developing countries became increasingly associated with internal, national factors (Stiles and Akaha, 1991; Barry and George, 1996).

In the development literature, the modernisation development approach outlined above has come to be referred to as ‘top-down’ planning (Stöhr, 1981; Hettne, 1995; Brahman, 1996) because of the high degree of control exercised by central government over the entire development and planning process. At the time when the neo-liberal approaches were gaining popularity, the “bottom up”, alternative approaches have also been making in-roads since the late 1970s to the present.

2.4 The rise of ‘Bottom-up’/Alternative Development and the Relative Decline of ‘Top-down’ Approaches

In the late 1970s, it became clear that modernisation had not succeeded in bringing about desired development changes, as few regions revealed any significant improvement in both economic and social terms (Stöhr, 1981; Hettne, 1995). Consequently, ‘top down’ regional development, growth centre policy and state intervention in general began to experience decreasing international popularity. The traditional government-led

development policies did not succeed in transferring investment from the core to targeted centres within and between regions through subsidies and grants, and this resulted in what Ewers and Allesch (1990 in Nel, 2002) termed the artificial 'cathedrals in the desert' i.e. developed nodes with little or no development potential. It became imperative to find an alternative for 'top-down' state intervention and this paralleled the ushering in of a post-Keynesian state characterised by the reduced control of state involvement in the management, planning and control of intervention (Hettne, 1995; Friedman, 1996). Remarkable is that the decline of the interventionist state resulted in many countries adopting economic systems that rely largely on market forces advocated by neo-classical theorists as opposed to direct intervention.

Even though many countries were pervasively adopting market led approaches, 'bottom-up' approaches, which had emerged in the 1970s, began to feature more in development circles in the late 1970s to 1980s (Friedman, 1992; Hettne, 1995). In the 1970s, new approaches to community development that were participatory in nature had emerged as advocated by theorists such as Paulo Freire who argued for the importance of community involvement in Development (Desai and Potter, 2002). Academics such as Robert Chambers played a major role in popularising such approaches that favour the participation of the people through his work; 'Putting The Last First' in the case of rural development in particular (Hettne, 1995).

Such a new kind of thinking in development ushered in a switch from 'top-down' government engineered policies to community oriented, controlled and owned versions of development processes which are localised and tailored to the socio-economic and cultural needs of local communities. Owing to its focus on the grassroots level, this kind of development has come to be known as 'bottom-up' or endogenous development, suggesting a strong orientation to community groups and other stakeholders at the local level which are seen as a fertile locus and engines for development, as opposed to the central state.

However, Pieterse (1998) has made some interesting contributions to this debate of a paradigm shift in development. He points out that the simultaneous emergence and re-emergence of “bottom up” and neo-classical approaches resulted in some of the tenets of the alternative approaches being gradually co-opted into the mainstream paradigm, rendering it difficult to strike an unambiguous distinction between the two. As a result, a clear and unanimously accepted ‘paradigm’ break from the modernist epoch to postmodernist ‘bottom-up’ theories has not been attained. Academics and other interested parties in development have failed so far to reach a consensus about this paradigm break (see Pieterse, 1998; Escobar, 1995; Hettne, 1995; de Satge, 2002, for example). Pieterse (1998) further argues that the changes that have taken place in development theories may be regarded as a reconfiguration of the mainstream rather than a total break with it, since many of the principles and approaches espoused by alternative theorist have been encompassed by the modernisation liberal theories.

This disagreement partly asserts the claims in the post-capitalist era that development has become directionless, as it has incorporated aspects that used to be considered as ‘externalities’ in the capitalist thinking. It has become disorganised, and reflexive and does not rely on universal thinking and conceptualisation as regards how development can be accomplished (Stiles and Akaha, 1991; South Commission Report, 1993). Pieterse (1998) argues for a reflexive development in the sense that current approaches in development are concerned largely with rectifying the past failures of modern development through foci on the environment, popular participation in development, self-reliant and sustainable development (e.g. Hettne, 1995; Pieterse, 1998 and Eatwell, *et al.*, 1996). While other developmentalists such as de Sagte (2002), suggest that a paradigm break has actually taken place in development.

In spite of the diverse interpretations of the project of development since the 1980s, it is clear that “bottom up” features prominently in development policies and practices of the post-1980s, and to a certain extent they seem to co-exist and harmonize with the liberal approaches outlined above. The discussion now turns to alternative approaches, their basic tenets and the reconceptualisation of development. This outline will assist in tracing

the theoretical milieu in which the now popular Participatory and Local Economic Development approaches have since thrived.

2.4.1 Alternative/ “Bottom up”-Approaches

In the mid-1970s normative arguments began calling for an Alternative development approach to modernisation such as endogenous development, ‘bottom up’ development, eco-development, self-reliant development, basic needs (Taylor and Stöhr, 1981; Hettne, 1995). From the late 1980s to the 1990s terms such as Post-development, Reflexive development (Pieterse, 1998), popular development and sustainable development became common in development literature, all calling for new perspectives and direction out of the mainstream development (Hettne, 1995; Brahman, 1996; Pieterse, 1998; Munck, 2000). Instead of describing all these concepts listed above which will not be feasible, rather Alternative development as a broad framework under which some of these concepts fall will be outlined.

2.4.2 The Re-conceptualisation of Development

A major shift has occurred in the conceptualisation and practice of development since the emergence of the Alternative ‘paradigm’. Development discourses have been marked by a swing from development that prioritises economic benefits to include social and environmental concerns and the decentralised systems of power and decision-making in the political economy (Brahman, 1996; Friedman, 1996). In essence, alternative development approaches have close association with a concept of sustainable development, which became popular in the 1980s as one among many that expressed concern against the flaws of modernisation development. Sustainable development is defined, as development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Hettne, 1995; Eatwell *et al.*, 1996). Arguably, this definition represents an environment perspective or concern about modernisation development, especially its negative impact on resources natural resources.

Newby (1999) concludes that many definitions for sustainable developmental and alternative approaches associated with it, allude to the following goals, namely; quality of life (including linking social, economic and environmental aspects), fairness and equity,

care for the environment/respect for ecological constraints, and thought for the future and the precautionary principle (Newby, 1999,p. 1). The World Commission on Environment and Development, which popularised this definition through its authoritative study of sustainable development, argued that many of the problems of resource depletion and environmental stress arise from the disparities in economic and political power, promoted by modernization approaches (Munslow *et al*, 1994). Sustainable development is particularly relevant for this study because of the identified importance of promoting popular participation in political and development processes.

On the other hand, the alternative ‘paradigm’, even though its principles are congruous with those of sustainable development, places more emphasis on encouraging the self-determination of communities in the process of development at national and local levels, and capitalising on the comparative advantages to achieve overall development with minimum dependence on external forces (Hettne, 1995). In line with the Local Agenda 21, Alternative approaches accentuate endogenous local development, in particular, as an appropriate starting point for attaining a sustainable development. This marks a shift away from ‘top-town’, externally driven modernisation approaches to what can be referred to as a ‘bottom-up’ approach (www.iclei.org;05/02/2003).

2.4.3 The ‘Bottom-up’ Approach

Stöhr (1981) posits that, even though a shift in the level of decision-making has been emphasised as an essential component of the ‘bottom up’ approach, it is by no means the only aspect that constitutes a ‘bottom-up’ approach. Moreover, a ‘bottom up’ approach also significantly entails;

“...a change in the basic concept of development itself from an econometric one of competitive behaviour, external motivation, and large scale distributive mechanisms, to diversified concepts defined by broader societal goals, by collaborative behaviour and by endogenous motivation; specific forms of social and economic organisation (territorial rather than mainly functional organisation)” (Stöhr, 1981,p.39).

The bottom up approach has emphasized the importance of individual and community empowerment through full inclusion in social, economic and political systems, which have become critical in development (Friedman, (1992). Moreover, women's involvement, sustainability and the granting of rights to any citizen of a country to exercise freedom, especially women, and achieve self-reliance as an individual and/or within a community drive this approach (Friedman, 1992; Kamla, 1998; Iyer, 2002). Therefore, in short, development is now conceptualised as a process of widening the opportunities for individuals, social groups, territorially organised communities at the small and intermediate scales, and mobilising the full range of capabilities and resources for the common benefit in social, economic and political terms (Stöhr, 1981.p.40).

Ray (2001) identifies three significant characteristics of 'bottom up' approaches, which seem to delineate it clearly from conventional approaches. Firstly, alternative development sets development activity within a territorial rather than sectoral framework, with the scale of territory being smaller than the national or regional level. Secondly, economic and other development activities are reoriented towards maximising benefits within the local territory by valorising and exploiting local physical and human resources, as is also echoed by Stöhr (1981) above. Lastly, development is conceptualised by focusing on the needs and perspectives and capacities of the local people and it integrates communitarian, cultural and environmental values (Stock, 1995; Ray, 2001). Hettne (1995) states that the idea of endogenous development was also central to, the modernisation paradigm, but it claimed that there was a universal path to attain it.

The above points draw attention to the mounting importance of the locality as an apposite space for development intervention in contrast to the region, which was favoured by classical economics before the 1980s (Clark, 1993). De Souza, (1990) perceives this kind of development as responsive to localised crises and the circumscribed role of nation states in development issues (Mangisteab and Logan, 1995; Abraham and Platteau, 2002). Active support and initiation of community initiatives by non-governmental organisations (NGOs) and community based organisations (CBOs) is accentuated, and local authorities are regarded as crucial catalysts in marshalling the full range of socio-

economic development activities in marginalized localities (see Dicklitch, 1998; Commins, 1999; Stoecker, 2001).

It is also notable that there has been a growing inclination towards improving people's participation in all spheres of development (social, economic, political), perhaps as part of the now vogue notions of participatory democracy and good governance. The development discourse is now replete with references to participatory development approaches, which seek to break away from the traditional development approaches, which regarded the communities as passive recipients of development from outside. The next section outlines briefly what is meant by participation and how it is linked to empowerment.

2.4.4 Participation and Empowerment in Development

One important feature of the switch from 'top down' to 'bottom up' development approaches is the promotion of participatory development approaches (Hettne, 1995). Community participation in development activities is now considered crucial as a providential escape from the 'disillusioned' state and market approaches, owing to their poor performance in development so far (Hettne, 1995). From a development perspective, Peter Oakley (1992 in Buckland, 2000) state three aspects that aptly surmise its meaning:

1. a means to empower marginalized groups to press for improved access to resources and government services.
2. as a means to build organisations of previously under-organised groups, thereby expanding social capital.
3. contribution to development projects, whereby a community's voluntary contribution of labour and in-kind resources lowers implementation costs (Buckland, 2000, p.2).

Participation is generally a form of voluntary action in which individuals confront the opportunities and responsibilities of citizenship Skecher (1993 in Tosun, 1999). The opportunities for such participation include joining in the process of self-governance, responding to authoritative decisions that impact on one's life and work co-operatively with others on issues of mutual concern" (Tosun, 1999, p.15). The result of such people's

involvement is empowerment. Empowerment means the expansion of assets and capabilities of poor/marginalized people to participate in, negotiate with and hold accountable institutions that affect their lives. This gives the poor greater social inclusion, voice and access to information. In addition, Grandroinet *et al.* (2003) state that the participation of community members in local development activities is valuable as local people have direct knowledge of the situation and have a direct stake in the outcomes of development. The knowledge or information of local people can be put into good use in planning and implementation of development initiatives especially at the local level.

Shepherds (1998) and Buckland (2000) recognise that participation is not neutral, but it is rather conflictual since it involves a distribution of power from the conventionally powerful community developers or other stakeholders in development to the powerless and marginalized community members. It is also an educationally empowering process involving partnerships between those able to assist the marginalized to identify problems and needs and increasingly assume responsibility themselves to access, control and manage resources and enable their local community, through democratic decision-making to effectively negotiate with the local authority, including with agencies external to the community (Michal *et al.*, 2001). In this way it can be understood as a tool for readjusting the balance of power and re-asserting a local community's views against those of the developers, the local authority, or it is a way to redefine professionalism that may determine successful participation and prevent manipulation of the community in the participation process (Tosun, 1999).

A review of local development literature points to the pervasive belief that the existence of social cohesion and civic organisations, in their formal and informal nature, increase participation and such communities are often more successful in development activities as compared to divided communities (see Flora, 1995; Ostrom and Ahn 2001; Stoeker, 2001). The results for this research corroborate this view; therefore, it will be shrewd to provide a brief review in the next section of what is meant by social capital.

2.5 Social Capital

Social capital has come to play an increasingly significant role in academic and policy debates. It has become a catchword word in politics, sociology, development studies and economics, and is considered an intangible but a vital component for development policy that ensures the effectiveness of development interventions (Triligia, 2001; Mohan and Mohan, 2002). From a sociological point of view social capital is studied with an aim of understanding how people relate and form networks with one another in their communal spaces. Development specialists and economists build on the same perspective by trying to comprehend how social capital benefits economic activities at a community level. Some consider the term social capital as too broad and tenuous to convey any meaning (Triligia, 2001; Thomas, 2002).

Although not the originator of the concept of social capital, Robert Putnam has been its chief publicist and the one whose definition of social capital is extensively used (Lowders and Wilson, 2001). It has been defined in economic terminology in relation to natural, human and physical capitals. Putnam's definition, which will be outlined below, seems to be more explicit and this is further evidenced by its now pervasive use by a variety of disciplines.

2.5.1 Social capital: A conceptual and Theoretical Framework

While decisive agreement of what social capital is has proved elusive, it has been widely accepted to refer to features of social organization such as trust, norms and social trust that facilitate coordination and cooperation for mutual benefit, as defined by Putnam, (1993). Bebbington (1999) states that social capital is distinguished from other capitals i.e. produced, human and natural capital in the sense that social capital resides not in people or anywhere else but in their interrelationships, unlike produced capital such as financial capital which is kept in banks (Bebbington, 1999). Moreover, it accumulates with use instead of being depleted like other forms of capital. According to Putnam, (1993 in Mohan and Mohan, 2002), based on research he undertook in Italy, such norms and networks are created through participation in various forms of associational and civic

activities which involve face-to-face interaction, producing greater disposition towards trust.

Ostrom and Ahn (2001) define it as referring to the institutions, relationships and norms that enable collective action, and they see it as the culmination of institutional engagement, networks, informal links and bonds of trust (Ostrom and Ahn, 2001). In spite of the slightly different ways social capital is phrased, all these definitions implicitly associate social capital with mutual trust, cooperation and reciprocity, which are all necessary for effective collective community actions that are aimed at achieving certain community goals.

Thomas (2002) argues that, the development and social capital debate revolves around a cognition that “hard” capitals i.e. physical, human and natural, are not sufficient for achieving holistic community development, as previously conceived by modernisation development policies. Moreover, “soft” aspects that include access to information, market, social support, health and education are vital for the realization of sustainable and holistic development, a point which is also echoed by Bebbington (1999). Thomas (2002) further points out that social capital has been identified as a suitable encompassing term under which all such “soft” social aspects can be grouped. Ellis (1999) cautions that social capital is not a panacea for the success of collective actions, as it is often portrayed when it is linked to development. Its internal composition is critical to ensuring its effectiveness in strengthening collective action

Winters *et al.*, (2001) further avers that it is not its quantity only that is important, but also the quality of interpersonal relationships within it (Winters *et al.*, 2001). The quality refers to how strong and well established the relationships that exist in that social capital are. Potapchuk *et al* (1997) and The World Bank 2002 identify two types of social capital, which are considered important in community development i.e. bridging and bonding social capital.

2.5.2 Bridging and Bonding Social Capital

In an attempt to succinctly explain features of social capital, Potacpchuk *et al.* (1997) argue for the localized and the general forms of social capital. The former develops out of choral societies, soccer leagues and social clubs that help to foster norms of trust and cooperation which make communities work” (Potacpchuk *et al.*, 1997, p.2). When this more private localized form of social capital is prevalent in the community, bonds of the polity in a community as a whole are forged (Nee, 1996; Potacpchuk *et al.*, 1997). The latter type is the patterns of reciprocity, collaboration, and community spirit found in the private sphere of society. Closely linked to such concepts are Bonding and Bridging social capital as explained by the World Bank in its dedicated website on Social Capital and Poverty and Alleviation (www.worldbank.org/poverty/scapital/index.htm: 21,10,2003). Bonding social capital is associated with social support and reciprocity. It creates a sense of belonging and is found between family members, neighbours and business associates. The latter involves the relationship between parties of distinct ethnic and occupational groups.

Bridging capital is said to be empowering and enables individuals to access resources outside their homogenous groups (Glaser *et al.*, 1996; Potacpchuk *et al.*, 1997; Thomas, 2002). Flora 1995 and B Descue (2002) posit for a third type of capital which he calls the linking capital. It is said to involve ties between people of distinct social and economic classes such as people with influence on formal organisations or government, banks, police and poor households. Such relations are crucial for the flow of information between the poor and those occupying high positions (B descue, 2002).

Warner (2001) introduces related concepts, which she regards as features of social capital at the community level, namely, autonomy and linkage. Autonomy is manifest in resident’s power and formal organisation that allows actions autonomous of the state (Warner, 2001). Linkage is described as including both vertical ties to outside forces and horizontal ties between local-actors and is more related to the bonding capital described by the World Bank (1993). These ties can be strong, as within primary networks of family, or weak, bridging ties, which connect networks, but all these constitute social

capital. The weak, bridging ties can be especially important for the exchange of information and resources between different socio-economic groups within the community.

Social capital differs from one place to another since the participation of people in political activities is related to, among other things; age, gender, and ethnicity (Mohan and Mohan, 2002). For instance, one would expect people of the same culture, language etcetera, to possess higher levels of social capital since their chances of understanding one another are increased by their common culture. In line with this view, Bebbington and Perrault (1999) avers that social capital is bound to be jagged geographically and socially because institutions vary geographically across space within and between regions and communities and tends to be stronger in rural settings than in urban settings.

2.5.3 The Negative 'side' of Social Capital

Social capital is not without its demerits. Kriestian *et al.* (2000) point out that general reference to it as a "glue" that binds a community together and enables political and economic progress is suspect and represents a narrow, reductionist view, which portrays communities through non-threatening language of trust; gender, networks and reciprocity while ignoring intrinsic factors of power, class and ethnicity that usually prevail in poor communities. Furthermore, the creation of social groups can lead to the exclusion of those who are not affiliated to those groups, and groups may promote conventionality that can often throttle success in collective actions (Winters *et al.*, 2001). In the words of Fine (1999) "there is not necessarily anything positive or predetermined about the impact of social capital, until both its intrinsic and extrinsic contents are examined" (Fine, 1999, p.8).

2.5.4 The Role of the Local Government in Social Capital Formation and its Sustenance

Since the local government is the closest sphere of government to the community, it has a significant influence in social capital formation or destruction. Evans (1996) states that,

an obvious way in which the local state can contribute to social capital formation is through decentralizing power to the local citizens. This includes sharing autonomy developed from the central state with the community through community structures. This becomes feasible where the local state desists from regarding itself as a controller, provider, and regulator, but instead sees itself as a facilitator, convener and a catalyst of local actions (Evans, 1996; Warner, 2001). Therefore, the government through decentralising programs to areas where its role is marginal can encourage its formation, but this only becomes effective where the participants are as producers not clients and develop a facilitative, participatory structure, thus increasing autonomy (Nee, 1996; Warner, 2001).

The local government can also influence the strengthening or weakening of civil society through the output and services it delivers, or funds and, most importantly, through giving or denying the civil society an opportunity to contribute on decisions that affect the community (Collier, 1998; Grootaert, 1998; McKeon, 1999). Shearman (1998) points out that the successful local development initiatives such as the Silicon Valleys of the world bear witness to the importance of social networks in getting things off the ground and making things happen. The social capital of the poor, derived primarily from family and neighbours serves as an important day-to-day "safety net" which they draw on to facilitate their survival activities (Kriestian *et al.*, 2000). Linked to social capital is the growing importance of Civil Society Organisations (CSO) in community development. The following section outlines civil society organisations in the context of Africa and their importance in local development.

2.6 Civil Society Organisations

The last two decades or so have witnessed a remarkable increase in the number of civil society organisations (CSOs) playing a significant role in the socio-economic and political spheres, especially in the developing countries. A civil society is defined by the London School of Economics as referring to "the set of institutions, organisations and behaviour situated between the nation state, the business world, and the family"

(www.uneca.org/search_home;5/10/2002). These embrace voluntary and non-profit organisations (NGOs) of many different kinds, generous institutions, social and political movements, other forms of social participation and engagement and the values and cultural patterns associated with them (Flora, 1995; Heller, 1996). Functionally, civil society organizations are a sphere of social interaction between the household and the state and they play a vital role through representing the needs and interests of the community.

Civil societies may be present in social formations to different degrees and in some cases not at all. Gibbon (2001) states that, civil society proper coincides with liberal democratic political systems. He further says that civil society has specific fixed attributes, including pluralism, density and autonomy even opposition to the state and they guarantee a series of beneficial political and economic effects. The make up of civil societies cannot be fixed in general or definition. For example, in the Northern developed countries civil societies often means enterprises, unions, professional associations, households, co-operatives and associations for the provision of housing, childcare and social security. While in the South or developing countries it means local communal forms of labour, age-sets, lineages, clans, ethnic groups, women's associations (Gibbon 2001). Moreover, in the developing South civil societies are considered to be 'traditionalistic' and locally fixed and often ill defined. In other words, they hardly take on extra local issues and issues which are associated with globalisation

In the countries of Africa, CSOs have evolved through complex processes, since before the World War II and only started to be more proactive in participatory development in the 1950s (www.uneca.org/search_home.05/03/03). During this period, they played a major role in mobilising civil society in its fight against colonialism, which saw the majority of African countries gaining independence in the 1950s to 1970s. Regardless of their contribution to the attainment of independence, the strong central states, which took over after gaining independence, deprived CSOs of an opportunity to contribute in community development and they were largely seen as being in direct competition with the state in terms of donor funding and civil society mobilisation, and were thus

perceived as being undesirable (Ronning, 1996). Due to the worsened economic conditions, indigence, lack of peace and security and the failure of economic reforms, the governments of African countries have not been able to handle the crisis independently. As a result, in the 1970s, the role of civil society organisation in development was reconsidered and thus became formalised in the 1980s.

The 'bottom-up' development 'paradigm' has accentuated their role in the mobilisation of informal grassroots community associations, which are considered essential in empowering the poor to confront the common challenges they face in their localities. A specific development focus where the social capital and CSOs, especially in their informal nature, are important is in Local development. The results of this study have also shown the importance of social capital and community organisations in undertaking local development initiatives.

2.7 CSOs and Local Development

A social approach to development has been hailed as the "missing link to all conventional approaches to development" (Fine, 1999.p.4) as economic space has ceased to be considered as separate from social space. The argument is that communities, with high levels of social capital in the form of CSOs, with all other things being equal, will be better governed, wealthier and have a desirable quality of life, and are not likely to experience conflicts compared to those with low endowments of social capital (Commins and Meredith, 2002).

As a result, the local development approach pins its success on, among other things, the presence of civil society organizations in the form of informal grassroots formations and NGOs. Such civil society organizations are regarded as useful catalysts for change, effective in project design and implementation, and are key in mobilizing resources at national and international levels while bringing together communities around common issues. Their significant role is that of closing the vacuum left by the "rolling back" of the state in development (Dicklitch, 1992). They also often help in creating employment

opportunities for community members, addressing the employment needs of the unemployed, and lastly, empowering communities in terms of skills training, information and other requirements necessary for the socio-economic-political improvement of the local communities (Dicklitch, 1992; Matovu, 2002).

In their formal and informal nature, community organisation are considered ideal vehicles for attaining local community development by virtue of their ability to interact directly with local communities and represent their interests, and, moreover, ensure the objective flow of information between the local community and the external world (Goetz and Gaventa, 2001). Gittel *et al.* (2000) states that, since the 1980s, as contrasted to the period from 1950s to the 1960s, women have become more active in these organisations, and their organisations tend to resist a narrow programme focus to encompass activities that respond directly to the needs of the poor (Gittel *et al.*, 2000). On the other hand Nel (1996) argues that, even though CSOs have been recognised as a development panacea for the 1990s and beyond, it would be fair to argue that their role has probably been exaggerated and they have been credited with abilities above and beyond their actual capacity. This is in accord with Massey's (1994) argument that CSOs in the developing countries are locally fixed, small and ill defined, and hardly take on extra-local issues.

In countries like the United States, Wilson (1999) states that local development is mainly driven by Community Development Corporations (Wilson, 1999), which are private, non-profit, corporations that serve the economic, community, and business development needs of a locality as opposed to CSOs dominating in the South. They are crucial in supporting community activities by acting as a driving force in creating community banks and credit facilities and focusing on such broader issues as job creation, housing, community patrolling, environmental issues and other aspects of the community (Wilson, 1999). As hinted at earlier, in the developed countries, CSO also take the form of enterprises, unions professional associations, households, cooperatives and associations for the provision of housing, childcare and social security.

Linked to local development is the increased use of the role of Local Economic Development Agencies (LEDAs) in local development. LEDAs are common in the developed countries, however, in certain developing countries such as the civil-war-torn countries of Mozambique and Croatia, LEDAs have been established by international organisations including the UNDP, the World Bank and development agencies to implement LED. In countries like Croatia and Mozambique, these agencies are at the vanguard of the economic and social reconstruction processes in these countries in the initiation and management of local development (see Rodriguez-Pose, 2002; Van Boekel and van Longstestijn, 2002). The next sections outline local development and Local Economic Development.

2.8 Local Development

Anderson (1999) states that, in just more than a decade ago, the process of globalisation has taken place at an accelerating speed. Globalisation has become a thing about which everybody has an opinion, thus rendering it difficult to find its succinct definition. From an economic point of view, globalisation has been manifest in the integration of the global economy and the explosion of key features of neo-liberal economic policies, which include the reduction of state's role in economic development, privatisation of government assets, market deregulation, competition, trade liberalization, to mention a few (Anderson, 1999; DPLG, 2001). McEwan (2002) states that as this supposed global trend toward homogenisation of the market, induced by global markets is taking place, the socio-cultural and political peculiarities of specific places are now understood to be crucial to determining how communities cope with the challenges of globalisation. Put in short; globalisation has led to accelerating localization and the growing importance of local development policies (Anderson, 1999; McEwan, 2002).

Petra and Vergunst (2002) state that, the growing emphasis on local development is a response to the effects of globalisation that have resulted in the dis-embeddedness of people from contexts from which they previously derived meaning. Therefore, the new localisation process can be understood as the re-localisation of power to institutions at the

community level (Petra and Vergunst, 2002). Concepts such as 'territoriality' or 'local dimension' are key reference points in local development (Syrett, 1998) and relate closely with the theory of 'bottom-up' development 'paradigm' outlined earlier.

Local development has arguably assumed the importance once attached to regional policy in both Europe and North America since the 1980s. This shift towards locally focused development policies necessitated or coincided with the 'universal culture of governance' which advocates the devolution or decentralisation of power to the lower spheres governance, local governments in particular, and the control and use of resources by local communities (Ballard and Schwella, 2000). The next section briefly outlines the global trend of local government restructuring as it is geared towards undertaking local development.

2.9 The Restructuring of the Local Government

McEwan (2003) states that the universal decentralisation of governance is a response to the privatisation of public services, erosion of economic bases and cuts in social spending by central governments (McEwan, 2003, p.1). Whatever the reason for this, the fact is that there is a noticeable shift of responsibility for socio-economic planning from the central state to the local government. The trend is the same in both the developing and developed countries where restructuring and closures of mainstay industries necessitate a high involvement of local authorities in regenerating a local economy and spurring the social development of a locality. Anderson (1999) states that this can be seen as a move from local government (the power to govern) to local governance (the act of governing), which can be interpreted in two ways: negatively as the withdrawal of the state, or as a potentially radical way of governance.

This decentralization of power is part of a universal attempt to develop participatory democracy, and engage people in their development and make development an empowering process, which is essential to good governance (Ballard and Schwella, 2000). Local government is now at the centre of development planning and is recognised

and amplified as a convenient and principal delivery mechanism for state policies. It has assumed new responsibilities for welfare provision and for social and economic development that have been the domain of the national governments (Ballard and Schwella, 2000; Philander and Rogerson, 2001; Matovu, 2002).

One specific prong of local development in which the local government is now playing a significant role in partnerships with local stakeholder and communities, is in Local Economic Development (LED). LED is seen as a suitable economic policy focus that can ensure the inclusion of the underdeveloped and marginalized communities in their development for economic and empowerment benefits (DPLG, 2002). Attention now shifts to the examination of LED, which is central to this study as the researched initiatives fall into this development practice.

2.10 Local Economic Development: Origins and Practice

The current enthusiasm for, and escalating literature on LED creates an impression that LED is a recent phenomenon. Glasmeir (2000) and Nel (2002) point to some anecdotal evidence that corroborate the existence of LED in the pre-modern period (pre-1850) in the ancient city states of Italy and Greece where local authorities protected the interest of the local economies and defended it even by force. More recent LED activities were evident in UK cities in the 1880s (Stöhr 1981; Glasmeir, 2000) where local authorities adopted innovative strategies in an attempt to attract investment into localities that were experiencing recession and other economic crises.

Matovu (2002) states that in the eastern and southern Africa region, local development initiatives date back to the colonial period. Rogerson (1995) states that LED activities spread from the North to the South as early as the nineteenth century in the case of Indian cities and in the 1920s in the South African experience (Rogerson, 1995). Nel (2001) also avers that LED, in its formal sense, is not a recent phenomenon in the North, while in the South its formalization appears to be in the more recent period. From this evidence, it is clear that local development is not a new phenomenon it is only that it has been so

forcefully renewed that has made it to seem new. The next section defines what LED means.

2.11 Definition of Local Economic Development

The term Local Economic Development is highly contested due to a variety of activities with diverse purposes that it embraces. Nonetheless, there seems to be a consensus among many analysts that LED generally stresses the objectives of the enhancement of economic growth and of meeting the challenges of unemployment and poverty alleviation. A concise definition is provided by Tomlinson (2003) who defines LED as “a participatory development process that encourages partnership arrangements between private and public stakeholders of a defined territory, enabling the joint design and implementation of a common development strategy, by making use mainly of the local resources and competitive advantage in a global context with the final objective of creating decent jobs and stimulating economic activity” (Tomlinson, 2003.p.2). LED denotes the pro-active initiatives on the part of municipalities and communities to combine local-level skills, resources and ideas to stimulate the local economy to enable it to respond innovatively to changes in the national and global economies, towards the goals of job creation, economic growth, poverty alleviation and redistribution (Pieterse, 2000; Precedo, 2000; Rogerson, 2001;).

2.11.1 Why LED policy?

From an international perspective, LED is regarded as a response to the “development impasse”, which featured in development practise in the late 1980s, and it accords with post-modern concepts of unique local actions (Bond, 2001). Despite the seemingly varying reasons for the adoption of LED approaches between the Northern and Southern countries, such factors as; the dubious achievements made by modern Keynesian regional policies, the widespread nature of locality-bound crises associated with de-industrialisation and general-market changes are comparable motivating factors for LED adoption in both the North and the South (Mackenzie, 1992; Wilson, 1995; Syrett, 1998). In the South, Taylor and Mackenzie (1992) append to the above reasons the following;

the debt crisis, unsuccessful structural adjustment, currency and devaluation, the failure of the states to intercede effectively and efficiently in the need of the local community.

2.11.2 Key LED strategies

The nature of the crises that LED seeks to address and overriding political, economic conditions in localities, and the impact of available skills renders LED very complex to understand and the formulation of universal tool and principles for success becomes unfeasible as localities rarely compare (Demaziere and Wilson, 1996; Syrett, 1998). LED is a field of vast experiments; consequently, it is not a single theory but rather a wide range of local initiatives. It can assume a combination of wide range of strategies, which include the following;

- Supporting small and medium sized enterprises;
- Encouraging new enterprises;
- Equity participation, local development co-operations etc
- Credit programmes, guarantee funds, revolving funds, joint ventures, tax incentives, special credit lines for youth and women
- Investing in soft infrastructure including human resource development, institutional support and regulatory issues;
- Supporting the growth of business clusters;
- Targeting particular geographical areas for regeneration or growth (i.e. area or spatial targeting);
- Attracting inward investment;
- Supporting survivalist, primarily informal sector enterprise (Nel, 2001; LED premier, 2002; World Bank, 2002; Rogerson, 2003).

Helmsing 2001 (in Rogerson, 2002) points out that contemporarily LED is characterised by three fold factors, it is: multi-sectoral, multi-level and multi-actor. It is multi-sectoral in that it encompasses “public, private and community sectors of the economy. It is multi-actor because success hinges on the collective efforts of public, business (private) and non-governmental (NGOs Trade Unions, social, civic, religious) sectors. Finally, it is

multi-level because globalisation, both as a competitive threat and as a resource opportunity, forces local initiatives to be framed by an analysis of global changes' (Rogerson, 2002, p 3).

2.11.3 Key LED Stakeholders

In the implementation of LED, partnership is regarded as of utmost importance and it frequently involves a range of local, regional or national agents and international organisations who often share a common vision about the locality and thus pool their resources for its betterment (van Boekel and van Logtestijn, 2002; Rogerson, 1999). In most cases, the local government plays a leading role, often with the involvement of other government or technical departments and international actors. Second, is the community sector in the form of community leaders, individual actors, and community organisations and groups. Last, but not least, is the private sector which ranges from small, medium and large scale enterprise, to large corporations, chambers of commerce, banks or financial groups to mention a few.

Differing policy foci and legal contexts, which normally vary from one locality and country to the other, determine the role of the local government in LED (Nel, 2002; van Boekel and van Logtestijn, 2002). As indicated earlier, LED entails new roles for the public sector with local government seemingly better positioned to provide the right mix of local public goods and to facilitate or enable other actors, communities, private enterprises, workers or NGOs to make their most productive contribution (Bertelsmann Foundation and World Bank, 2002).

With respect to the affluent and developed countries, Helmsing (2001) and Dewees *et al.* (2003) state that local governments spend a relatively minor fraction of their budget on direct economic development support. Conversely, in developing countries, where private investment and activism in local development is generally low, local governments interact directly with the local community more often by supporting small local initiatives. In some instances, depending on the local context, the local government

assumes a lead role in LED or a facilitative one with the community or the private sectors or a combination of these (Deweese *et al.*, 2003, Rogerson, 2003). LED interventions can be placed into two categories on the bases of the objectives of local initiatives. There are LED initiatives that are market-led or pro-growth on one hand, and those which are market critical or pro-poor on the other hand. The basic tenets and characteristics of these approaches are briefly outlined in the next section.

2.12 Broad Categories of LED

2.12.1 Market-Led Approaches

Market-led approaches are probably the most common and oldest prong of LED, which date back to 1960 or even beyond. It is no mistake that such strategies have been termed 'traditional' development approaches (Batlik, 1991) or the 'first wave' LED approaches (Blair and John, 1999) and 'smoke stack' chasing, and 'boosterism' (Stöhr, 1990) (See appendix for 'waves' of LED). Market-led approaches include strategies of attracting 'footloose' industries from industrial areas to growing regions and localities through such tools as subsidized loans, direct investment in firms, tax abatements, investment in physical infrastructure and other supply side activities designed to lure business to locate within a locality and enable the economy to adjust to macro-economic reforms (Deweese *et al.*, 2003; Tomlinson, 2003).

This kind of local business approach was developed in the US cities and was adopted and intensified in Europe since the 1970s. There was a strong emphasis on industrial districts in developed countries, which are "geographically localised production centres, which have high division of labour between small firms which have their own specialisation within the same sector, a similar dominant activity or limited number of sectors" (Demaziere and Wilson, 1996, 14). In most cases especially in the north, this approach includes technology-based initiatives such as industrial parks that require huge investments. In the Jura Arch in Switzerland fine industries like machine tools and precision technology was transformed from micromechanics to microelectronics facilitated by skill transfer is a case in point (Stöhr, 1990).

Dortmund, a city in Germany is another typical case which was documented in the 1990s, where the local stakeholders renovated the city entirely into a modern technology and service centre, and perked up its environmental and residential quality. The revitalisation of this city involved the construction of technology centres, aggressive marketing to draw in new investment, improvement of services to the existing businesses to mention a few. France also followed suit by adopting policies that targeted support to local firms through the granting of subsidies, loan guarantees, the provision of industrial property and small business support (Demaziere and Wilson, 1996). Similar programmes have also been proposed and adopted in Australia and several Asian countries, including China with varying impacts (Blakely and Milano, 2002).

The literature review shows that market-led approaches were previously common in the developed and old industrial regions of Europe and other countries and North America. However, since the late 1990s the trend has been changing, developing countries, especially those that have relatively better economies, have fully embraced some of the tools of market oriented LED. For instance, Ferguson (1992) and Rogerson (1995) point to the existence of urban entrepreneurialism in countries like Korea, Brazil and Peru. Countries such as South Africa, which are still classified as developing, have also embraced urban entrepreneurialism especially cities such as Johannesburg, Cape Town (Rogerson, 2001; Tomlinson, 2003; Nel, 2002, seminar) Durban and Welkom of Free State province (see Binns and Nel, 2001). Sectors such as tourism, investment attraction and industrial support are largely promoted in these cities. In other African countries, cities such as Lusaka of Zambia and Manzini of Swaziland (Rogerson, 2001) have also taken a similar route of selling themselves as suitable centres for business and tourism investment.

This approach to LED is often criticised in the 'bottom-up approaches. Central to the criticism of this approach are liabilities associated with it, which include the potential loss of tax revenues, the loss of "footloose" firms after tax abatements end in a locality, and potential bidding wars with the nearby localities or regions (Blakely and Milano, 2002; Bond, 2001; Dewees *et al.*, 2003). The observation is that tax abatements often divert

attention from more important development issues such as human capital investment, the quality of social and education resources in a community and other quality of life resources. Existing business, the largest source of jobs in many communities also tend to suffer in the name of trying to lure new external investment (Deweese *et al.*, 2003). At the end, communities tend to compete against each other in a negative-sum outcome game in the face of limited investment (Simon, 1990; Bond, 2001). This weakness features strongly in the case study of Dundee, which will be presented in chapter six.

Bartik (1991) points out that countries have begun to adopt what is termed a 'new wave' of economic development strategies. This 'new wave' consists of a mix of strategies that seek to support local business, stimulate local entrepreneurship, and strengthen the local workforce, and build community social capital. These often include business incubators, business management assistance, financial and infrastructure support of community economic activities, revolving funds, technical support and other demand side investments (Bartik, 1991). This kind of LED is often termed as Community economic Development.

2.12.2 Community Economic Development

Bond (2000) states that, many countries are increasingly shifting away from 'orthodox' LED approaches that rely largely on investment attraction only towards 'bottom up' approaches of LED. This new orientation challenges the 'Washington Consensus', and offers instead a community-based approach to LED, which is geared towards directly benefiting the poor or distressed communities (Bond, 2000). These market-critical approaches constitute what is termed as Community Economic Development (CED). This type of LED is premised on two principles: first, that the community should be the focal point for developing human, social and physical resources. Second, the indigenous resources, particularly human and organizational must be the bases for any development activity.



Blakely and Milano (2002) who have written on CED state that, CED is a set of beliefs or movements, an arena of practice, and a set of tools. Firstly, CED is based on a set of beliefs that macro-development programmes frequently bypass communities, therefore it seeks to promote the interests of these people who are often separate from better-off communities physically, have separate assets and separate opportunities (Blakely and Milano, 2002; Ettlenger, 2002). The emphasis is on building community capital, creating productive work for the residents of the distressed neighbourhood by acquiring the same resources as other communities in the city or the country, providing local goods and services for the local community with local ownership whenever possible and reducing a community's dependence on external resources such as national and local government programmes.

In practice, CED differs from the market-led approach in that it does not regard the strategy of attracting outside investment as a solution to the problems of poverty and unemployment in one locality (Blakely and Milano, 2002; Ettlenger, 2002; Rogerson, 2003). It is premised on the idea that net new wealth needs to be generated not merely by transferring jobs from one place to another, but new economic activity should fit in with the human resources in the community (Blakely and Milano, 2002). Strategies that build long-term institutional capacity through community groups are favoured and regarded as crucial institutional vehicles that build human and social capital that can link distressed areas by forging the necessary combination of political and economic links to the larger region.

This approach reflects a strong orientation towards the promotion of endogenous process of development as opposed to reliance on external intervention. With this approach (Ettlenger, 2002) achieving local self-reliance, empowerment, participation, local cooperation, and environmental sustainability are key elements (Rogerson, 2003). CED parallels the concept of Local-Self-Reliant or pro-poor LED as explained by Rogerson (2003) in the case of South African cities examples include the sectoral targeting strategies of Johannesburg and supporting small economic community initiatives in under-resourced rural localities (Nel, 1999; Khosa, 2001). Local Self-Reliant or

Endogenous development strategies which build at the grassroots level are regarded as the 'African version' of LED by many researchers and academics in the field of development studies (Stöhr, 1981; Gooneratne and Mbilinyi, 1992; Taylor and Mckenzie, 1992; Binns, 1995; Stock, 1995; Illgner, *et al.*, 1998; Nel and Binns, 2000). It is therefore, difficult to alienate or differentiate this CED or community-based LED from all these terms, which give priority to objectives of the empowerment of the poor, the development and use of local resources and reaching the poor.

The innovative nature of LED has been manifest in the proliferation of what is referred to as tourism-led LED, which more often takes a market-led approach to LED. Declining industrial areas in particular resort to this kind of LED, normally in the form of Industrial Heritage Tourism (IHT). A variety of other opportunities outside IHT such as battlefields tourism, eco-tourism etc exist and have assumed importance within this kind of LED. As one case study in this research thesis has followed this approach, it is fitting to briefly outline what tourism-led LED means and provide some international examples.

2.13 Tourism-led LED in former Mining Industrialized Areas

In the 1980s and 1990s tourism came to be recognized as a dynamic component of local, national and supra-national economies (Agarwal *et al.*, 2000). At the local level, traditional LED strategies that are neo-liberally informed and oriented towards manufacturing activities have been traditionally at the centre of LED. However, since the 1980s, tourism-led LED, especially in the developed countries has been given attention as a possible strategy for reviving economically depressed regions and localities (Wanhill, 2000; Fesenmaier, 2001; Rogerson, 2001; Stephen, 2002). Tourism led development began, at a regional level, to be widely practised in the traditional industrial regions in Europe, which pioneered the Industrial Revolution and entered a spiral decline since the 1960s (Nel, 2001; Hospers, 2002).

Industrial Heritage Tourism (IHT) is one example which has been accorded significant attention in LED since the 1980s as many regions in Europe in particular have used it as a

development strategy for revitalising their economies. For example, it has become an established LED strategy in countries such as Germany, the UK, Netherlands, France and others (see Hospers, 2002). It is asserted that new forms of tourism, developed around industrial monuments, plays an important role in revitalising industrial regions, through spending by older people searching for nostalgia and the young looking for novelty in old industrial sites, hence assisting to build a better economic future and curb rising unemployment (Hospers, 2002; Stephen, 2002).

At the local level, Agarwal (1999 in Rogerson, 2001) points out that until the 1980s, tourism-led LED was narrowly restricted to the place marketing activities of the traditional sea, sun and sand resorts and inland spaces of North America and Western Europe (Rogerson, 2001; 2003). With global economic restructuring, widespread interest in tourism-led LED has been witnessed with the anticipation that it could offer positive impacts in job creation and enterprise development, and play a key role in remoulding the image of economically declining places (Fesenmaier, 2001; Hospers, 2002).

At the local level, such attempts have been manifest in the large industrial cities of Britain such as Birmingham, Glasgow, Liverpool and many others experiencing industrial decline through their vigorous involvement in the business of urban tourism (Hospers, 2002). Its origins can be traced back in the coastal resorts of Western Europe and in the 1990s many declining coastal resort areas of Western Europe re-engaged with tourism-led initiatives in order to rejuvenate seaside tourism and aggressively compete with the newer tourism destinations (Rogerson, 2003, p.7).

In New Zealand, for instance, Rogerson (2003) states that public sector entrepreneurship in tourism development is an important component in a new local culture for public management that emerged in the 1990s. At the close of the 1990s, the first signs became evident that the wave of tourism-led initiatives for economic development was spreading to Africa. Tosun (2000) argues that, even though some success stories of tourism are reported in some small towns in Canada, Australia and Spain and in small rural areas of Western Europe, tourism-led LED is still concentrated in major cities (Tosun, 2000).

2.13.1 Some Issues of Concern regarding Tourism-led LED Strategy

In spite of the emphasis being placed on the possibility for adopting tourism as an LED strategy, concerns about the possibility for tourism to assist in job creation and community participation exist (Wanhill, 2000). Hospers (2001) concurs with this view by citing a scenario from Spain where, with the closure of a mine called Cardona, which used to employ 515 people in 1990, only six people were employed when it was converted into a tourist attraction. Tosun (2000) and Wanhill (2000) append to this dissatisfaction the lack of consideration of the socio-political and cultural limitations to participatory tourism, which are normally key determining factors of whether tourism activities achieve their intended meaningful community development goals. They argue that local communities are riddled with a myriad of invisible inhibiting factors against tourism development. These include a lack of expertise, illiteracy, domination and manipulation by elites or professionals, and a general lack of understanding of how tourism operates which results in skewed benefits for the poor (Tosun, 2000; Wanhill, 2000; Fesenmaier, 2001).

Moreover, it is still not comprehensible how participation by the poor should be defined and accomplished since in most cases communities at destinations frequently occupy menial jobs, partly because of lack of expertise, with lucrative jobs being occupied by professionals from outside the communities (Tosun, 2000; Rogerson, 2002; 2003). This results in manipulative or pseudo-participation by the poor who are in some cases required to make land available for the tourism industry, which they would have used for other purposes such as agriculture. Tourism-LED-led is a potential LED strategy, but it does not seem to be suited to directly address the immediate community development challenges such as poverty alleviation. It is even more so in the absence of conscious efforts by the local authority that aim to assist local people to assume the opportunities that come with tourism in their locality. This topic of tourism-led LED will be re-visited later in the context of South Africa. For now, attention shifts to the issue of funding for LED, which is one of the key components planning and implementation of LED.

2.13.2 Funding for LED

The involvement of multiple partners in LED, superficially, seems to provide a wide range of support from which LED can draw funding and other technical requirements, but in reality it is not as easily available as it seems (Nel, 2002). One of the reasons for this is that local authorities often do not have statutory responsibility to deliver LED services, and in their budget, LED often competes with departments like housing education and health for scarce resources (LED Primer, 2002). In most cases, LED has longer-time horizons with benefits often not being immediately apparent. This makes it difficult for the elected officials to justify spending on LED efforts because short-term horizons are often considered as more important.

Nel (2002) point out that community-based LED seems to have very limited resources and it frequently relies on charitable donations and public grants, as compared to conventional LED which can often draw on institutional funds. The European Union is doing a noteworthy job in this aspect in many countries by making funding available for LED. The World Bank has identified six possible sources of funding for LED: 1) intergovernmental transfers from high levels of government 2) sale or rent of local authority land and buildings, 3) International donor grant and loans 4) private sector funding 5) local authority revenues raised from taxes and rates 6) foundations tasked to support development (LED premier, 2002). In reality, different countries, including South Africa, have diverse policies through which they fund LED. Against this wider backdrop of international LED, the following section attempts to situate South Africa's LED policy and practice in this international context.

2.14 The Origins and Conception of LED in South Africa

South Africa now parallels international LED policy and practise, having incorporated LED as one of its tools for economic development within government policy (DBSA, 1998; Burger, 1999; Simon, 2000). Since 1994 the promotion of LED initiatives has emerged as a central facet of policy and planning for both urban and rural reconstruction (Nel, 1995; 1999; Rogerson, 2002, 2003). Within the short space of time since South

Africa started to embrace LED, it is now considered as a leader or pioneer in terms of its planning interventions for LED within the developing world.

It was hinted at in the introductory chapter of this study that, one of the five objectives of local governments set out in the Constitution (1996), Sections 152 (c) and 153 (a) is to promote "social and economic development". The Department of Constitutional Development (1998), now known as the Department of Provincial and Local Government, interpreted this role in the White Paper on Local Government (1998) as requiring local governments to initiate LED strategies. Legislations resultant from the Constitution such as the Municipal Structures Act (2000) and Systems Act (2000) have guided the reorganization of municipalities as they are geared towards carrying out a developmental mandate.

This new orientation of the duties of local governments was grounded in the Reconstruction and Development Programme (RDP) policy document where it is mentioned that in order to foster the growth of local economies, broadly representative institutions must be established to address local economic development needs (Chipkin 1999). Their purposes would be to formulate strategies to address job creation and community development (African National Congress, 2000, p.83). It is on these grounds and the international influence, that planning and implementing LED has been added to the traditional functions for local governments, which include service provision, and other important local functions. The next section outlines the evolution of LED and proceeds to detail its variations in South Africa.

2.14.1 The Evolution of LED in South Africa

Rogerson (2003) states that, in parallel with the new policy emphasis accorded to LED planning, particularly in the post apartheid era, a surge of studies in South Africa on LED has occurred since 1994. The review of South African literature point to a focus on the investigation of core themes that concern the success and the failures of different forms of LED intervention, institutional arrangements for LED, the changing policy

environment, and a stream of case studies on the efforts of particular urban and rural localities to introduce LED interventions (Rogerson, 1997, 1999, 2000; Nel and Humphrey's, 1999; Nel 1999, Philander and Rogerson 2001, Binns and Nel, 2001). Philander and Rogerson (2001) indicate that, the earliest thinking about LED in South Africa was largely influenced by the experiences of Britain and USA, where most of the literature has been generated, and Australia where the response to declining small towns had resonance in South Africa.

Nel and Rogerson (1995) and Helmsing (2001), who are among the pioneers in LED research in South Africa argue that, LED was already being practised in South African cities from the 1900s before these recent post 1994 legal changes. At that time, LED was mainly based on place marketing, infrastructure provisioning and limited incentives to attract industrial investments (i.e. market-led approaches). They further argue that the denial of self-expression by the then apartheid government regime and its economic management system combined to hinder LED initiatives, until the mid-1990s when LED gained increasing prominence, and later became entrenched as one of the development strategies of South Africa (Nel and Rogerson, 1995).

Since the mid 1990s, many localities and cities have embraced LED policy and practise. Among the first LED success stories to be recorded according to Nel and Rogerson (1995) and Khosa (2001) was that of Stutterheim in the Eastern Cape province. This town was, in the mid to the early 1990s, riddled with a lack of social services, political violence and economic depression. Leaders made concerted efforts in the late 1990s and they embarked on community-based local development, founded on local political reconciliation, to turn around the situation (Nel, 1994). Successful attempts were made and projects focused on the provision of urban infrastructure (roads, electricity, water and housing sites), and domestic services, for the disadvantaged section of the community. Moreover, micro-scale employment projects in crafts, farming and various businesses were also encouraged. These initiatives encouraged some of the earlier LED initiatives in most parts of the country which will be hinted at later in this literature review. In order to

give a picture of the trend that LED has/is taking in South Africa, the variations of LED are outlined below.

2.14.2 LED Variations in Practise in South Africa

A review of the literature indicates that LED in South Africa conforms to international literature of LED which classifies LED approaches into market-led and market critical approaches which were outlined earlier. LED in South Africa is further classified into large city investments/'top-down' LED, Local government-led initiatives and small town or community initiatives, with CBO and NGO involvement which seek to promote social and economic well-being of localities. These three variants are briefly outlined in the next sections.

2.14.2.1 "Top-down" LED

Due to the pressing need for local economic activities and the shortage of finance and practiced personnel, national government departments and other external organisations such as the ILO and UNDP intervene in LED. In South Africa, top down LED is at the centre of and is influenced by the activities of the Department of Trade and Industry. This Department has a great influence in business development through its Spatial Development Initiatives (SDIs). It acts to promote SMME development through institutions such as Ntsika Enterprise Promotion Agency, Khula Enterprise Finance and Khula Credit, the National Business Initiative and the Provincial SMME Desk that were built for this purpose.

2.14.2.2 Formal Local Government Initiatives

This is arguably the most well established prong of LED in South Africa dating back to the 1900s in the big cities of South Africa as indicated by Nel and Rogerson (1995) earlier. Local government LED usually involves what is called urban entrepreneurship, common in American cities (Demazière and Wilson, 1996), which involves cities selling themselves as ideal centres for investment location. In South Africa, the relatively better-

resourced cities and towns such as Cape Town, Johannesburg and Durban are the leading examples of place marketing (Rogerson, 2001; Nel, 2002, seminar). These cities have adopted strategies which seek to attract investment in manufacturing, tourism and in knowledge-based activities. They have also embarked on innovative renewal and regeneration projects, and constructed major events facilities such as International Convention Centres, and developed their coastlines in the case of Durban and Cape Town (Khosa, 2000). These cities now host international events, and are ranked high among the world cities in terms of tourism and general foreign investment.

2.14.2.3 Community-Based/Small Town Initiatives

Simon (2000) states that since its inception about eight years ago, LED in South Africa largely followed a conventional wisdom of LED based on urban entrepreneurialism i.e. place marketing, facilitation and public private partnership common in the North. However, there has been a proliferation of CED or Community based LED. This kind of LED has been manifest in some localities of South Africa, where communities embark on local initiatives without or with the intervention of a local authority (Nel, 1996). In such instances, CBOs and churches play a major role in mediating such activities, especially in under resourced localities (Nel, 1996).

The Stutterheim LED case study is one of the more successful LED initiatives in a semi-urban setting in South Africa which was hinted at earlier, followed by that of Hertzog, a farming village in the former Ciskei in the Eastern Cape. This village, finding itself immersed in poverty, took an initiative and used available agricultural land, which was lying fallow after being abandoned by commercial farmers. With the assistance of an NGO and other donors, an agricultural cooperative was established and tremendous success in farming activities was witnessed (see Nel and Binns, 2000 and Kyle, 2002). The last one is that of Schmidtsrift in the Northern Cape, which has successfully integrated participatory LED amid land reform with assistance from higher-tier government departments and NGOs (see Philander and Rogerson, 2001).

Tomlinson (2003) adds a range of development strategies which are driven mainly by the Department of Provincial and Local Government and other national departments that contribute to LED. These include the Consolidated Municipal Infrastructure Programme (CMIP), National Housing programmes, the Community Water Supply and Sanitation programme of the Department of Water Affairs and Forestry, the Public Works Department's Community-Based Public Works Programme, SDIs of the Department of Trade and Industry, and the Department of Transport's subsidy programme fall into this category. Furthermore, the Employment and Skills Development Services Programme administered by the Department of Labour also contribute to LED through capacity building in a variety of skills. Attention now shifts to an outline of pro-poor tourism in South Africa, which has recently been highlighted by the government.

2.15 Towards Pro-poor LED in South Africa

Since the late 1990s there has been a coordinated effort by the government to diffuse more widely LED support to focus on pro-poor LED, which includes small community-based initiatives, with the Department of Provincial and Local Government being given a mandate to promote LED policy (Rogerson, 2003). On the other hand Nel (1996) and Rogerson (2003) state that informal initiatives, referred to as self-reliant initiatives or community-based LED, have been manifest but ignored in some localities of South Africa, where communities embark on local initiatives without or with the slightest intervention of a local authority (Nel, 1996). The Department of Provincial and Local Government (DPLG) consolidated the policy focus in LED by publishing a draft policy document entitled: Refocusing Development on the Poor (2002), and the LED manual Department of Provincial and Local Government (2002). These were follow-ups to an earlier publication by the same department which is entitled Linking LED to Poverty issues in 2000. All these publications point on the need to focus the LED towards the meeting the needs of the poor.

The 2002 draft policy document which is entitled; Refocusing Development on the Poor classifies LED into either developmental or non-developmental LED. Non-developmental

LED is said to occur when “social objectives are secondary to investment attraction. While developmental LED focuses on directly benefiting the poor and address rising levels of urban and rural poverty and strengthening the asset base of disadvantaged communities (DPLG, 2002; Rogerson, 2003). It is this latter version of LED, which is now gaining prominence in South Africa and has which focused on issues such as HIV/AIDS and catering for the disabled and women. To ensure the effective execution of the developmental mandate by the local governments the Systems Act (RSA, 2002) requires local governments to develop Integrated Development Plans.

2.15.1 Integrated Development Planning

Integrated Development Planning (IDP) is seen by the by the DPLG as a means to achieve developmental and participative local government, requiring that different departments link their plans, objectives, budgets, resources auditing, performance monitoring and community consultation in a process of co-operative governance (DPLG 2001; McEwan, 2002). The overriding goal of the IDP is to facilitate the participation of the people in development planning and implementation and to bring the government to the people as part of the endeavours by the government to entrench participative democracy and governance (DPLG 2001). The IDP also ensures that every social and economic activity that is undertaken by the municipalities is well coordinated and participative. In this way the participation is ‘institutionalised’ and structured (McEwan, 2002). LED is one of the important local government functions that are guided by the IDP process in their planning and implementation. But at this juncture the jury is still out on whether those local and district government have been able to complete these programmes and are achieving their goals. In the next section, tourism-led LED in the context of South Africa is examined.

2.16 Tourism-led LED in South Africa

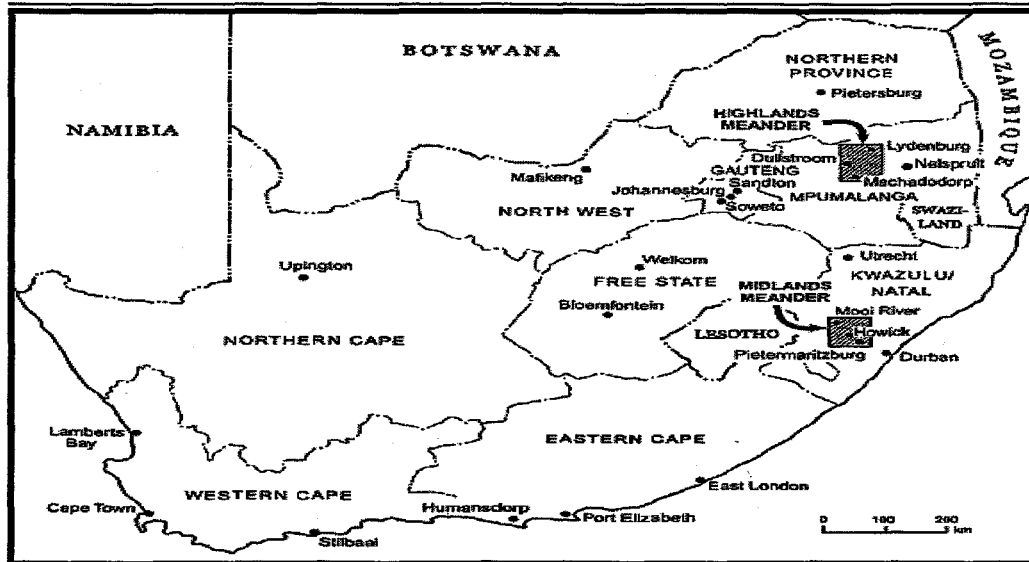
Many small towns and rural spaces are increasingly adopting tourism as a LED lead sector in their fight against poverty and underdevelopment (Mahony and van Zyl, 2002). In South Africa, three broad transformation objectives for the tourism industry are

highlighted in White Paper (RSA, 1996) on the Development and Promotion of Tourism in South Africa. These are; the need for increased ownership of tourism businesses by previously disadvantaged individuals (PDIs), participation by PDIs in the management of tourism establishments and providing business opportunities linked to the tourism industry (RSA, 1996; Mahony and van Zyl, 2002).

Recently, a number of small towns and rural areas, which cannot successfully follow the place marketing strategy adopted by major cities of Cape Town, Durban and Johannesburg, have embarked on non-‘traditional’ tourism initiatives, which take advantage of or build on the local natural and cultural diversity to find a new economic base and create employment opportunities. Among the towns, which have successfully engaged with tourism-led LED in South Africa is the Kouga cultural centre at Humansdorp in the Eastern Cape, the two small towns of Lamberts Bay and Stillbaai, which have had to respond to the declining fishing industry that has been their economic base since their establishment (see Nel, 1999; Rogerson, 2003).

At sub-regional level, cluster projects have been embarked on in the KwaZulu-Natal Midlands Meander and the Highlands Meander in the Mpumalanga province, which are within the Spatial Development Initiatives (See Figure 2.1). They have joined together tourism resources and are marketing themselves as a single tourism destination (Binns and Nel, 2001; Rogerson 2002, 2003). One auspicious town, which has followed this trend, is Utrecht of Northern KZN, which is the focus of this study. In essence, tourism-led LED is growing in South Africa and almost all major urban centres in South Africa have engaged in some form of tourism.

Figure 2.1 The spatial distribution of documented LED tourism initiatives in South Africa



Source: Rogerson, 2003

Although it must be said that in contrast to industrial tourism common in developed countries, in South Africa and the developing world in general, so far tourism-led LED that seeks to revitalise worn out mining areas as tourism destinations is still absent in LED literature.

2.17 LED funding in South Africa

There are a range of existing funding programmes to support LED that may be accessed from various government departments, including Agriculture, Housing, Labour, DTI and Public Works Department. The common type of funding available to municipalities is the Local Economic Development Fund (LEDF), which was established in 1998 as part of the government's poverty alleviation strategy that seeks to enable municipalities to effectively seize the challenge of developmental local government. This fund is available to local government by application and it provides financial support of up to R1.5 million to projects that will lead to job creation, poverty alleviation and redistribution (Tomlinson, 2003). It is said that over 85% of the projects supported by the fund serve micro-and and small enterprises and community development.

2.18 Summary

This literature review has attempted to trace the contours of the theory and practise of development since the Second World War II. Particular attention was accorded to the modernisation approach, which dominated the post-war era. The intention of reviewing this development paradigm was to indicate its key failures in addressing underdevelopment, which resulted in the reconfiguration and rethinking of some of its aspects, and the emergence of an Alternative development 'paradigm' in the late 1970s. The Alternative development paradigm is characterised by the following key concepts: 'bottom-up' approaches to development, participatory development, social capital, civil society organisation and LED.

In the LED context, South Africa is fittingly regarded as a leader or pioneer in LED planning intervention due to its multiple foci in terms of policy and practise, and resources dedicated towards LED. The current South African understanding of LED is linked to the overarching concept of 'developmental local government' and of the national government's interpretation of LED as an outcome based on local initiative and driven by local stakeholders to stimulate economic growth and development. Many local governments, especially in rural areas, still lag behind in LED because of reasons which include insufficient personnel, inadequate administrative capacity and shortage of funds etc.

This lack of capacity in many local municipalities to implement LED gives credence to Tomlinson's (2002) argument that, despite the fact that LED has been accorded important status in terms of policy and practise in South Africa, it is still undermined. He compares it with the regional planning (SDIs, IDZs) strategies, which have received billions of Rands compared to the initial budget of only R42 million for LED. It is in the context of international and national development theory and practise that this study has been undertaken. Such an outline will assist in gauging to what extent the results of this study conform or diverge from the international and South African trends of LED theory and practise, and it will also assist in the assessment of the case studies at the end.

Chapter Three: Methodology

3.1 Introduction

The task in this chapter is a simple one, yet it is a crucial part of the thesis since it guided the research process in terms of achieving the aims and objectives of the study and in terms of the selection of the research tools that were used to achieve the intended aim. Firstly, the goals of the study are outlined in the first section. The second section outlines the research methodology and specific data collection methods and sampling used, and the chapter concludes by highlighting the hurdles that were encountered by the researcher during the study in terms of collecting secondary data and technical problems experienced in the study areas.

3.2 Goals of the Study

3.2.1 Aim

1. To investigate the consequences of recent economic changes in the north-western KwaZulu-Natal coal-belt and to evaluate the nature and impact of Local Economic Development initiatives undertaken to address the loss of coal mining in particular.

3.2.2 Objectives

1. To detail recent economic changes in the KwaZulu-Natal coal belt region, with a particular focus on the suspension of coal-mining operations.
2. To review the literature on economic change and local economic development in order to situate South Africa and the coal belt in an international perspective.
3. To identify and detail the local level economic initiatives undertaken by local governments, other stakeholders and communities in the Dundee, Dannhauser and Utrecht districts in response to mine closure.
4. To evaluate tangible and prospective (social, infrastructural, and economic) achievements of the diverse local level initiatives.

5. To make possible recommendations on how the initiatives can be enhanced, and assist in informing other areas that are experiencing analogous economic conditions and seeking to embark on comparable local level initiatives.

3.3 Research Methodology

3.3.1 Research Design

This study lies within the exploratory-descriptive and interpretative tradition. It is inductive as opposed to being deductive and concerns itself with describing or detailing the phenomena and makes interpretations guided by appropriate theories in that field (see Grinnell, 1998). The initiatives that were studied include local government-led and community-based LED initiatives which were undertaken in the urban and rural areas of Dundee, in the countryside of Dannhauser, and the urban area of Utrecht.

To ensure that the study does not get mired in the general informal economy or a myriad of 'disorganised' or unrecognised informal community activities, which are prevalent in some of these three municipalities, it is only those initiatives which have received some form of external support from the private sector or the national government departments that were considered. They should also involve formal or informal community groups as opposed to individual initiatives in order to be included in this study. This applies specifically in the case studies of Dannhauser and Dundee where the community economic initiatives are community-based and mainly informal in nature. In the case of Utrecht municipality, the studied initiatives are found the urban area, and they are all tourism based except one which is agricultural.

In the case of Dundee and Dannhauser between early in 2002 when the study commenced and late in 2003 when it was finished, a number of initiatives, some of which were identified in this investigation, had ceased to exist. Only five out of eight, which were initially part of the study, were left in Dundee, and in Dannhauser only three out of six were left when the study was completed. Therefore, it is on the 'survived' initiatives that this study is based, and they are mainly found in the urban and rural areas of Dundee and Dannhauser. Cross sectional and longitudinal time frames were adopted in this study. The

former involved a short initial investigation of the initiatives with the aim of establishing which initiatives exist, their organisational structure and other superficial or basic aspects. This approach was then followed by a continuous evaluation of the initiatives at roughly six months intervals. The intention of adopting such a two-pronged approach was to establish how the initiatives evolved with time, and to enable comparisons between the initial state of the initiatives and development which had taken place over an eighteen-month time frame when the fieldwork was completed

3.3.2 Research Methods Employed

The nature of this study and the aim it sought to achieve, have necessitated the adoption of a variety of methodologies and techniques of data collection and analysis. Interviews, field observation, and documentary analysis have been utilised. These served as a primary data source, that the researcher generated from the sampled interviewees and the study areas as part of the research process. Each of these data collection methods is outlined below.

3.3.2.1 Interviews

An interview is a powerful tool of eliciting certain information for an in-depth investigation of a particular research issue, which requires a qualitative (not amenable to statistical analysis) investigation as opposed to a quantitative (e.g. the experiment) investigation. Interviews can be classified into two types based on the types of questions the interviewer prepares for the interview. The first one is a *structured interview*. As the name suggests, a structured interview consists of a list of questions which the user asks during the interview without deviating from these questions or making any input in the form of opinions or additional question. The main aim of using such questions is to try to be as objective as possible. But the researcher may seek clarity to some issues ensuring that neither beliefs, opinions nor prior knowledge are injected into the interviewing process.

A second type of an interview is the *unstructured interview*. A unstructured interview may be based on a set of questions but it is not rigid, it is free flowing, conversational. The interviewer may introduce their opinions and prior experience to stimulate the respondent depending on the interviewee's responses. Moreover, the questions the interviewer uses can be adjusted and asked in any order. It is the latter type of interviewing technique that was used for this study since it allows a detailed and in-depth investigation of the topic compared to a structured interview.

Semi-structured interviews were conducted with 13 key representatives from each town and its rural area. These included the district and municipal councillors, managers of the towns in the case of Utrecht and Dundee, the leaders of the initiatives and traditional leaders, especially in the case of Utrecht. The sample units were determined on the basis their leadership positions and their respective roles and thus the nature of the information that was thought likely to be elicited from these which would assist in attaining the goals and aims of the study.

Observation and participatory research methods were also undertaken at the various project sites, such as undertaking transect walks with project participants through urban farms and at tourist's sites to establish details of economic strategies being employed, available resources, their utilization and operational details. Focus group discussions were also held with project leaders, even though this proved difficult and time consuming in most cases. These interviews and focus group discussions revolved around a key set of questions, which are listed below

3.3.2.2 Key set of Questions

A key set of questions was used for interviews, which sought to establish among other issues: -what recent economic changes have taken place in the towns? -what projects/initiatives have been embarked on, and with what aims? -what tangible gains have been attained (economic, infrastructural and social), and what kind of support has been provided and by whom? -have lost jobs been replaced and who are the

beneficiaries? -what are the constraints emanating from within or outside the initiatives; and what are the future aims of the initiatives? Another data collection method that was used was the hard copy questionnaire.

3.3.2.3 Questionnaires

Hard-copy questionnaires, which also served as a tool for collecting primary data, were administered to all project members in the LED initiatives, where it was deemed necessary. The initial purpose, however, was to sample 50 % from each initiative, but due to the fact that most initiatives consisted of a membership of not more than 30, a blanket application of questionnaires was thought to be practicable and was adopted. In cases where the members were undergoing skills training, questionnaires were not administered as reaching the members proved difficult and unfeasible. This applied to the Utrecht initiatives where members of the initiatives were either working from their homes or undergoing skills training, thereby rendering administering questionnaires unfeasible. In this town it only became feasible to use questionnaires in the investigation of some issues pertaining to the agri-village where the residents in the White City village were asked how the agri-village has benefited them.

It must be said that, for a variety of reasons, the response rate was not 100 % i.e. not all of the questionnaires were completed and returned. Nevertheless, the response rate in each initiative ranged between 80% and 100 %, and this rate did not have a negative effect on the nature of the results. The questionnaires were probing issues concerning the reasons for the engagement in their initiatives, how their involvement has changed their lives, their working conditions, where did they work before and how they lost previous jobs, and how can initiatives be enhanced to make them more beneficial (see appendix). To form a longitudinal perspective of how the initiatives are evolving, regular visits to the study area were undertaken on six to seven monthly intervals after the main initial data collection visit to ensure that the latest developments within the initiatives were covered and to identify changes in process and outputs.

3.3.2.4 Secondary Data Sources

Extensive reading and analysis of documents was also used as a method of collecting secondary data necessary to sketch out the past and present nature of the economy for the province, region and town of focus, and also to review the literature for the field of study. This data were obtained from different institutions including the Rhodes University library, towns and institutional libraries in the study area, and from a review of papers and reports such as Integrated Development Plans (IDPs) for the relevant local and district municipalities, annual reports from the municipal departments in the three specific study areas and some provincial reports. Electronic databases, accessed through the Rhodes University library were mainly used for the review of literature and for getting necessary information about the economic development policies of South Africa.

3.4 Data Analysis

The interpretive nature of the study necessitated the use of a qualitative approach (inductive approach) mainly, as opposed to a quantitative method. The study focused on detailing and evaluating the initiatives and their contexts with reference to examples and on scales of 'bad' and 'best' practice on LED derived from national and international literature (see Goldenberg, 1992). Where numerical data is analysed, nominal and ordinal scales were utilised in data classification for analysis together with excel spreadsheets for the creation of graphs. These scales were mainly used in analysing the hard copy questionnaires. The responses from the questionnaires and interviews were presented as objectively as possible. Therefore, the end-results of this study are of a descriptive and interpretative nature. The uniqueness of study areas was allowed to surface and interpretations and conclusions conceptualised into the unique socio-political and economic landscape thereof.

3.5 Some Challenges Encountered in during the Research Process

A few problems were encountered during the research process. The first one was the unavailability of recent works that deals with the economy of the north-western region of KZN. This lead to a relatively higher reliance on the IDPs for the municipalities and

some other rather outdated information. Secondly, in some cases, people were reluctant to participate in group discussion and complete questionnaires. This normally became apparent when they become aware that there would be no direct benefits for participating in this research. However in overall terms, this did not have a major negative effect in this research.

Chapter Four: Study Area

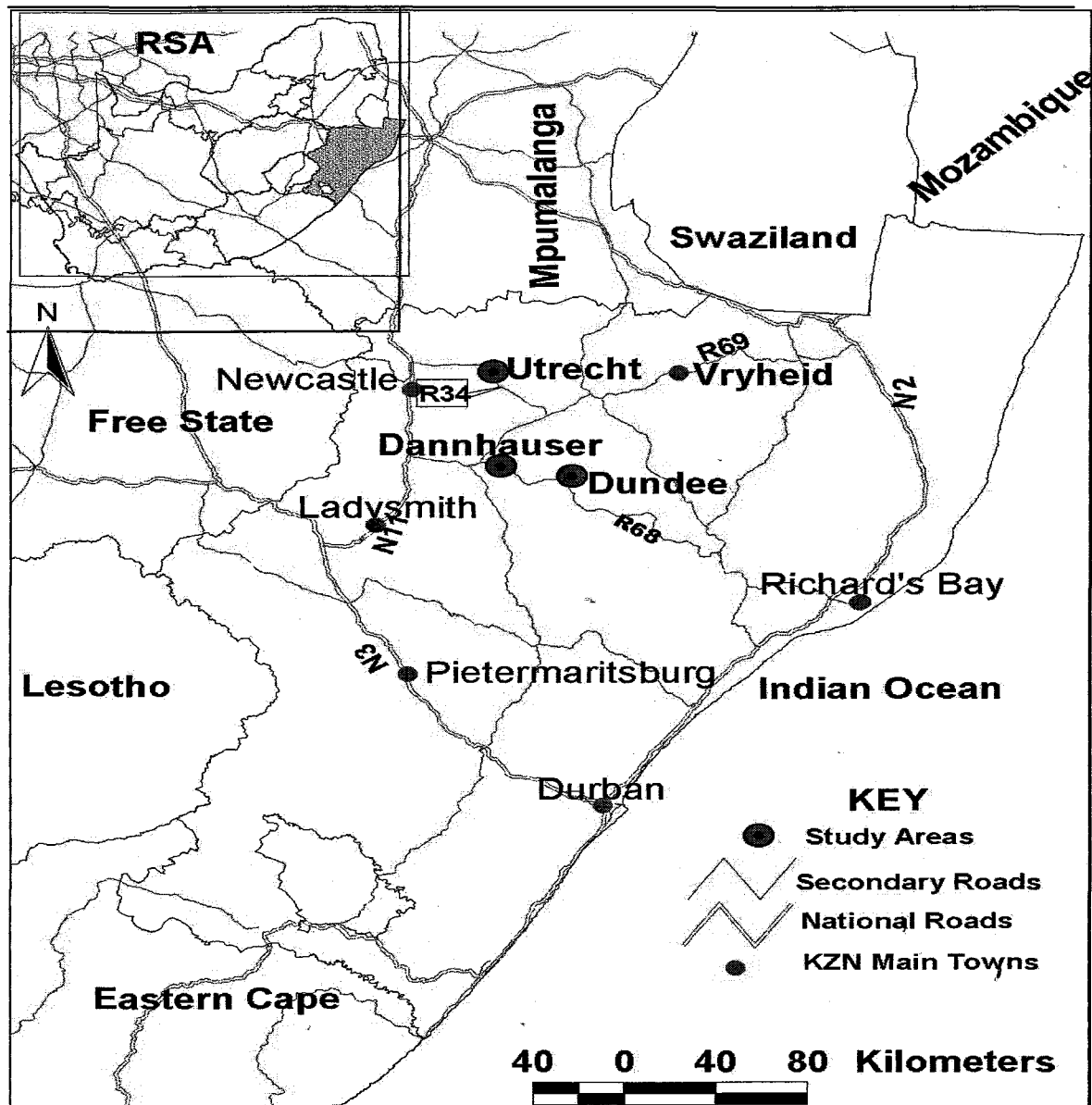
4.1 Introduction

The task of this chapter is to provide details of the study area. The structure of the chapter is as follows; the first section provides an economic overview of the KZN province and the current development strategies pursued in the province, some of which are in line with national economic development strategies. Next will be an outline of the historical development of the manufacturing and the mining industry of the north-western region of KZN. The last section outlines the current economic, social and service conditions of the Amajuba and Umzinyathi Municipalities where the study sites i.e. Utrecht, Dannhauser and Dundee (See Figure 2.1 and Appendix A) are situated in this north-western region of KZN. The purpose of such a 'top-down' outline of provincial and regional economic and social features is to demonstrate key features of the area and how the study areas relate or are linked to the whole province and northern KZN region in particular, in terms of their development from both an historical and a contemporary perspective.

4.2 Economic Overview of the KZN Province

The KwaZulu-Natal (KZN) province lies on the eastern part of South Africa (See Figure 4.1). It is bordered by the Free State province in the west, the Eastern Cape in the south and Mpumalanga province in the north. This province is characterised by a subtropical climate with warm and humid coastal regions, which make it the most favoured tourist destination in South Africa. The KZN Midlands are extremely cold and frequently experience snowfall on high lying ground in winter. In terms of demography, KZN has the highest population of any province in South Africa totalling 9 million people, which is about 21% of the national total. The population is predominantly Black (81,7%) and Asians and Indians are the second largest group totalling 9,4% of the population and the remaining 8,6% being Whites (Department of Labour, 2002; Inforsa, 2003). The majority of the population resides in the non-urban areas (57%), and 37 % of the urban population is concentrated in the Durban functional region.

Figure 4.1 Study Area Map



4.2.1 The Economic Profile of KZN

The wealth-generating capacity of this province has traditionally relied on a combination of industries i.e. transport, agriculture, mined minerals, coal in particular, tourism as well as commercial and financial services. The economy of this area has outgrown the national economy by a great margin. For instance, between 1991 and 1996, the growth rate was 2,6%, which was about 73% above the national average of 1,5% per annum for the same

period, and this province currently contributes 15% of the country's GDP (Department of Labour, 2002; DEDT, 2003).

The most important sectors of the economy for the province, based on their contribution to national production, are manufacturing (21,5%), communication and transport 22,9%), and agriculture (17, 8%). Mining, which is concentrated in the north-western region of the province and construction have showed a negative growth in the past decade (Department of Labour, 2002). Despite this relative robustness of the economy of this province, KZN remains the province with an unemployment rate higher than that of the country. A brief overview of the economic sectors is outlined below.

4.2.2 Key Economic Sectors

4.2.2.1 Manufacturing

The manufacturing sector is the single most important contributor to KZN's GGP as it accounts for 31,7% of the province's economy. It is comprised of the following sub-sectors: textiles, leather and foot wear, basic metals, chemicals, rubber, food and beverages, pulp and paper products and plastics. There are over 50 textile establishments with a blend of local and overseas investment (DETD, 2003). The province provides about a third of the plastic supplies in the country to small-medium sized companies with a polymer usage of about 150 000 tons p.a. (DETD, 2003). The automotive industry, focusing in motor vehicle manufacturing industry is also significant and produces exports products such as heat transfer systems, metal pressings, bearings and a variety of other products.

4.2.2.2 Agriculture and Forestry

Despite the fact that KZN is the third smallest province in terms of size, a large percentage of South Africa's fertile land is within this province (Fox, 2003). Agriculture and forestry are vital sectors on the economy and have backward and forward linkages with other industries. They are not only important contributors to the economy, but also

to household food security, as small scale farming is prevalent in this area in community forestry and in sugarcane smallholdings in particular. The coastal areas are utilised mainly for sugarcane plantation and the sugarcane industry contributes 20% of the province's manufacturing output, and over 75% of the South Africa's national crop (DETD, 2003). Vegetables and other crops are also largely cultivated in the coastal strip, including avocados, banana, citrus and pineapples. The Midlands and northern areas, which cover about 40% of KZN area, are characterised by livestock and annual crops. Forestry also plays a major role in the economy of this province and South Africa as a whole. It is concentrated in areas around the escarpment along the southern parts of the Drakensberg and in the northern part of the province in areas like Vryheid and Pongola (Department of Labour, 2002). Timber accounts for 6.5% of KZN's agricultural product, and is a major source of income in places like Richmond, Vryheid, Babanango, Eshowe and Harding.

4.2.2.3 Tourism

By virtue of the province's location with respect to the warm Indian Ocean in the east, the presence of a diversity of cultures and the concentration of historic sites, tourism plays a vital role in the economy of this province. It is estimated that about 3.2 million visitors, both international and domestic, visit this province annually with Durban being the leading destination (Department of Labour, 2002). The annual sports events held in this province, which include the Comrades Marathon and the Pietemarienburg-Durban Duzi Canoe Marathon make, a vital contribution to the tourism industry. Recent positive developments, which have added to tourism growth in this area, include the establishment of the International Convention Centre (ICC), which has, since its completion, held major conferences (national and international) benefiting the local economy, and is said to be booked up to 2008 (KZN Tourism Annual Report 2000/2001). The KZN-Midlands and the northern parts of the province are popular for the historic battle sites of the Anglo-Zulu War and the Anglo-Boer War which were fought in this part of the province. Tourism provides some 200 000 jobs and brings in approximately R8bn p.a. to the economy of the province.

4.2.2.4 Transport

Transport is another important sector. The province has a well-developed road system and has four airports. Transport accounts for 11,1% of the GGP, and it employs 6,6% of the labour force (Department of Labour, 2002). The contribution of this sector is expected to increase in the next few years with the completion of the new King Shaka airport in the Durban area, which will play a major role in attracting and facilitating investment, and is expected to create 200 000 jobs for the province (Department of Labour, 2002). Ports are also well developed, with the Durban and Richards Bay harbours ranked among the best in the world.

Being part of the national economy of South Africa, KZN has not been immune to negative economic shocks resultant from the economic transformation as South Africa tries to align itself in the global economic system, and effect general global economic changes which have seen the mining industry reduced to the shadow of itself since the 1980s. Employment in the mining industry decreased from 2.9% to 1.7% of the provincial labour between the 1980s and 1990, as contrasted to 9.1% decline for the country as a whole (DEDT, 2003). All the other sectors, except tourism have been experiencing economic shocks since the late 1980s and the skewed distribution of economic activities within the province have exacerbated this. The national and provincial governments have had to respond to the generally deteriorating economic outlook of the province through economic strategies, which are targeting certain sectors of the economy.

4.3 The Provincial Economic Development Strategies

As is the case in other provinces, a key feature of the status quo in KZN is the geographic concentration of economic activities in metropolitan areas. For instance, more than 50% of the economic activity of the province is concentrated in the Durban Metropolitan area (Department of Labour, 2002). In an attempt to counteract these discrepancies, and negative provincial economic changes, economic strategies at the provincial level have been embarked on which aim to capitalise on the competitive advantages of the province.

The KZN Economic Council, the National Department of Trade and Industry (DTI) and the Provincial Department of Economic Development and Tourism (DEDT) are leading public partners in these endeavours, with the private sector as a partner (Jourdan *et al.*, 1997). The development strategies are two-fold. First, are the Spatial Development Initiatives (SDI), an interdepartmental investment strategy led by the national Departments of Trade and Industry (DTI) and Transport (DoT) (www.strategic.ic.gc.za: 12/6/2003). Secondly, are the provincial cluster initiatives, a strategy that is also based on a partnership between the provincial Department of Economic Development and Tourism and other national departments. These development strategies are briefly outlined below, starting with the cluster initiatives.

4.3.1 Cluster Initiatives

These are a series of clusters of local economic development within a regional framework of cooperation and collaboration among towns facing similar economic hardships in the province. The following clusters exist in KZN:

-Coal Rim Cluster; (Dundee, Glencoe, Hattingspruit and Dannhauser): The common feature about this region is the decline in the mining industry, which had been its mainstay economic activity. Income generating opportunities have been identified, which include agriculture, tourism, steel beneficiation and herbal remedies. An extensive economic regeneration study has been completed and an extensive sector analysis has been done which has enabled the Coal Belt Development forum, which was established to lead this development endeavour, to package investment and community-based projects (KZN, 2003). However, these projects have not taken off the ground so far, except for the growing focus on the tourism industry, which is facilitated by the KZN Tourism in this renowned Battlefield region.

-Midlands Cluster: (Escourt, Howick and Mooi River): This project is at the implementation stage and is under the auspices of the Midlands Investment Initiative, a Section 21 company that was created by a partnership between local governments,

organised business, non-governmental organizations and civil society in the Mooi River area (Department of Labour, 2002). Mooi River was the first area to receive a R1 million grant from the government Social Development Fund to undertake economic development initiatives, following the closure of Mooitex, a textile company that employed 1000 people.

-Southern KZN Cluster: (Local authorities on the South Coast): These areas have a Spatial Economic Development forum which is working towards this area being declared a 'strategic development corridor' initiative by the DTI for targeted investment in the lower South Coast, and possibly forming a KZN-Eastern Cape border initiative.

-North Coast-Dolphin Coast Project: This cluster includes the areas of Stanger and Mandeni and the project is still in the incipient stage. It focuses mainly on tourism. The next section outlines the Spatial Development Initiatives (SDIs) that exist in KZN.

4.3.2 The Spatial Development Initiatives

The Spatial Development Initiatives are a mechanism, driven by national government departments in all the provinces, for trying to bridge the spatial disparity between regions, and facilitate the creation of viable jobs that maximise the ability of local communities to benefit from increased economic activity and the crowding in of investment. These SDIs can be put into two classes according to their areas of focus; Agric-Tourism SDI's (e.g. The Wild Coast and the Lubombo Initiative) and the Regional Industrial SDI's (e.g. Southern KwaZulu-Natal from Richard's Bay to Durban/Pietermaritzburg) (strategic.ic.gc.za:12/6/2003). These individual initiatives are sketched below.

-Lubombo Initiative: This initiative runs through an area of south-east Africa that includes eastern Swaziland, southern Mozambique and the northern parts of KZN. This SDI focuses on tourism development and major agricultural development opportunities.

-Richards Bay SDI: This SDI is centred on the Richards Bay-Empangeni area in the

northern part of the province. It consists of 25 potential industrial projects – in aluminium, heavy minerals, chemicals, wood, sugar, and three anchor projects in the tourism industry.

-Pietermaritzburg-Msunduzi SDI: The focus of this initiative is on the strengthening of existing industries, with the main focus being on the footwear and leather industries, wood products and furniture, the aluminium industries and the establishment of a tourism cluster.

-South Coast Development Corridor: This initiative focuses on the identification of nodes and products for tourism and developing agric-industry opportunities.

-Durban SDI: This SDI potentially presents investors with a wide range of opportunities ranging from industrial to the tourism sector (Department of Labour, 2002; DEDT, 2003; strategic.ic.gc.za: 12/6/2003).

These economic strategies are confronted with the challenge of addressing regional differences in terms of economic activity and the generally underdeveloped nature of the rural areas for this province, a socio-economic landscape created by the Regional Industrial Development Programme (RIDP) of the 1980s, and the past discriminatory rural development policies, which were detailed in the introductory chapter. Given the fact that this study was conducted in the towns of the north-western coalmining region of KZN, which has been severely affected by mine closures, it is fitting to outline the key economic sectors of this region in the following section, starting with the manufacturing industry and then moving on to the mining sector.

4.4 The Historical Development of the Manufacturing Sector in Northwestern KZN.

Even though Northern Natal has been famous of its powerful mining industry, this fame did not overshadow the manufacturing sector which began early in the twentieth century and started to play a central role in the economy of the region in the second half of the last century (Harrison, 1990). In essence, manufacturing replaced the declining mining

industry as a key economic sector in the region in the 1980s (Umzinyathi, IDP; 2001 Amajuba, IDP, 2002). It soon became a major contributor in the GGP for the municipalities of Newcastle, Dundee and Dannhauser in this region. The development of the manufacturing sector in this region of KZN can be segmented into four phases based on the type of industry and kind of intervention pursued by the past government regime.

4.4.1 1896 –1947

The period from 1896-1947 was characterised by the mushrooming of natural resource based manufacturing industries developed around the agricultural and mining sectors. With regard to the agricultural sector, wool processing and creameries for dairy products in Ladysmith, Dundee and Newcastle became the leading processors of agricultural products in the region. In the mining industry, a number of mining related industries emerged focusing on manufacturing tar, coke, pitch and other products derived from coal (Hocking, 1998). These include the famous Dundee Coal Company and Dundee Chemical Co. In 1913, Vryheid was the first town in South Africa to have a coke oven opened by the Schaapkoppie Colliery (Harrison, 1990). The presence of the metal and iron industry in Newcastle, which had started its operations in 1920, boosted the manufacturing sector of this region. Arguably, this period favoured the development of Dundee and Newcastle as prominent core areas of manufacturing in the region.

4.4.2 1948-1969

This period witnessed the rapid development of Ladysmith as a centre of the expanding clothing industry. A significant development was the opening of the Consolidated Lancashire Corporation, a textile factory in this town that employed about 1800 people (Slingsby, 2003). The establishment of some clothing industries such as Scotford Mills in 1962 and Veka clothing factory in 1969 in Newcastle employing about 1 400 and 1 300 workers respectively followed this development (Slingsby, 2003). Until the establishment of ISCOR in Newcastle, Consolidated Lancashire Corporation was the largest employer in the region (Harrison, 1990; Slingsby, 2003). Many industries seem to have favoured

these towns because of their ideal location halfway between Durban and Gauteng, and the relative absence of wage controls in the region.

The 1960s-80s were generally marked by an intensive government intervention in industrial development in terms of the RIDP. Incentives were made available to industries that were willing to locate away from the metropolitan areas into what were called the Border areas (Slingsby, 2003). Border areas were those areas bordering the Bantu reserves and strategically sited to enable Black people to work in them while maintaining their Homeland resident status (Harrison, 1990; Slingsby, 2003). Newcastle and Ladysmith benefited from this programme and as a result, they became the Growth Points for this northern region.

While Ladysmith and Newcastle had become the manufacturing powerhouses in the region, the role of Dundee, which had been declared an 'Other Industrial Point' (OIP), cannot be underestimated. In the 1950s, a sweet manufacturing company called Kilty and Co. was established in Dundee, and it was followed by the opening of the third furnace by Amscor mine in 1960 (Harrison, 1990; Metroplan, 1999; Dundee Library, 2002). The manufacturing sector of the southern sub-region declined in the early 1980s, and Dundee, Dannhauser and Glencoe were unable to compete with growth of Newcastle and Ladysmith where investment in the textile industry was concentrated, which is still evident today. Dannhauser was and still is not favoured by industrial investment. In the 1970s, this town had only four small industries and they increased to six by 1982, only to be affected by economic recession in the late 1970s and into the 1980s (Harrison, 1990; Amajuba IDP, 2002).

4.4.3 1970-1982

The establishment of ISCOR iron and steel plant in Newcastle in the 1970s, created about 10 000 job opportunities, and this development shaped the industrial landscape of Newcastle. In its first ten years, ISCOR injected R5 million into the local economy, generating rapid growth (Slingsby, 2003). ISCOR facilitated the development of many

other iron and steel related industries, particularly the engineering and steel companies in the region. In the 1970s to the 1980s, manufacturing was characterised by the activities of ISCOR, and the government's RIDP programme. Slingsby (2003) further states that there were signs of a shift from the heavy industry towards light manufacturing which were manifest by the relocation of the Veka clothing factory, later to be called Allwear, in the late 1960s. Other factories soon followed, attracted by low production costs and government incentives from the RIDP. By the 1980s, the local state had begun to reach directly into the global economy to lure industrialists to the town, including firms from China and Taiwan, which made a considerable contribution to the development of the manufacturing sector in this region. The early 1980s were, however, mired by recession in the manufacturing sector such that the sporadic growth and development experienced by this time was due to the RIDP only.

4.4.4 1983 to the present

The 1980s were characterised by the rapid growth of government induced industrial points established under the Good Hope Plan of 1981 (Harrison, 1995). Under this development plan, the country was divided into planning regions. The intention was to concentrate investment in selected growth points, which had been increased in number while the growth of metropolitan areas was controlled through short and long-term incentives provided to firms in non-metropolitan areas (Harrison, 1995). These included subsidies on electricity and housing, training allowances, transport, and interest and rental concessions to industries that were prepared to locate away from the metropolitan areas.

Three categories of development points were created namely, the 44 Industrial Development Points (IDP), 12 De-concentration Points and 58 Other Industrial Development Points (OIP'S). Incentives were provided to these points, with the first category getting a greater package of incentives. Towns that were proclaimed as IDP towns in Natal were Ladysmith, Ezakheni, Madadeni and Newcastle, while Vryheid and Dundee were declared OIP points (Harrison, 1995; Metroplan, 1999). Ladysmith and Newcastle were located in the then Republic of South Africa, while Ezakheni and

Madadeni were in the Homeland of KwaZulu. The incentives for industries that located in the Homeland development points were greater than for those industries that were locating in Ladysmith and Newcastle. Current data on the performance and evolution of the IDPs and OIPs proved difficult to find.

Relevant data about the approved industrial points that could be found is presented above. According to the table below (Table 4.1), Ezakheni had the largest share of approved applications for industrial Points in the region in the 1980s, with about 124 applications for the establishment of industries being approved between 1984 and 1988. As a result, about 70 factories had already located there in 1989, creating 10 457 jobs at Ezakheni (Harrison, 1995).

Table 4.1 Approved Decentralised Industrial Points in Northern Natal (1984-1988)

Development Point	Classification	Approved Applications
Ezakheni	IDP	124
Newcastle	IDP	91
Ladysmith	IDP	48
Madadeni	IDP	25
Vryheid	OIP	7
Dundee	OIP	4

Source: Harrison Report, 1990

This industrial point was ranked as the most successful in this northern region and fourth most successful in South Africa. Newcastle was rated the second in the region while Ladysmith was not successful in competing with the nearby Ezakheni, perhaps due to the more lucrative incentives that were available for industries at Ezakheni. On the other hand, Dundee and Vryheid did not experience a comparative degree of investment since they were given the status of OIP, and thus received relatively lesser incentives compared to the RIDP areas.

The period from the 1980s to the present has been characterised by mixed fortunes in this region. The manufacturing sector, which had been the driving force behind the economic development of the region in 1970s, experienced harsh changes from the late 1980s to the 1990s, as it will be indicated in chapter six and seven respectively in the case of Dundee and Dannhauser. In the area of Newcastle in particular, many of the heavy manufacturing industries were and are being replaced by light industry. This proved beneficial as about 1 600 jobs were created in the manufacturing sector for this region in the 1980s, particularly in the textile and clothing sub-sectors focused in Newcastle. By 1994, however, there were 53, down from 75 in 1985 and they had been employing 5 000 workers. Today, this has increased to close to 80 Chinese and Taiwanese manufactures employing some 8 000 people in production who are predominantly women workers (Slingsby, 2003). In overall terms about 90% of regional industrial employment is now concentrated in Newcastle, with 65% of all South Africa's textile manufacturing being located in this area (Utrecht Library, 2002; Utrecht IDP, 2002). For the region as whole, between 1985 and 1989, the composition of industries and employment is tabulated below (Table 4.2).

Table 4.2 Manufacturing distribution and employment for the North-Western Natal (1985 & 1989)

District	Year	No. of industries	No. of employees
Newcastle	1985	72	15 544
Ladysmith	1985	55	7 903
Vryheid	1985	23	1 955
Dundee	1985	29	1 322
Glencoe	1985	14	557
Dannhauser	1985	4	282
Utrecht	1985	4	17
Ezakheni	1989	70	10 475
Madadeni	1989	14	2 560

Source: Amajuba District Council Integrated Development Plan, 2002.

The growth of manufacturing in this region has however become unstable and unsustainable. The abolition of incentives from 1991 exposed many of the incentive-dependent industries to the harsh realities of the market, which they had to face without government assistance. Moreover, competing with metropolitan industrial areas such as Johannesburg and Durban-Pinetown has proved unsustainable as the government incentives were compensating for regional disadvantages such as high transportation costs, small local markets, and a limited access to raw materials and relatively low skill levels.

Incentives have generally proved unhelpful in the long term. It is often those industries that were not heavily dependent on incentives that have survived the post-incentive era. ISCOR has also been scaling down its workforce in steel operations with some of the employees being relocated to other plants in the country and others being given packages (Sithole, 2003, pers. comm.). With industrial subsidies slashed in 1991, many heavy industries either closed, or undertook massive retrenchment of the labour force. Most of the closures in the manufacturing sector have been concomitant with the declining coal mining industry, which had strong dynamic connections with the manufacturing sector. The following section details the development of coal mining, a sector that has been largely responsible for the development of the north-western region of KZN and inserted it in the national and international economy

4.5 The History of the KZN Coal Mining Industry

Coal mining has long been the mainstay of the economy of Northern KwaZulu-Natal. Even though the manufacturing and agricultural sectors have also been instrumental in the economic development of this north-western region, mining, as for South Africa as a whole, formed the bedrock on which the modern economy has been grounded. In the early 19th century, before the discovery of coal, agriculture was the key sector driving the economy of this region but was less commercialised as it is today (Harrison; 1990; Dundee Information Publicity, 2001; Talana Museum, 2001).

Coal mining in Northern KZN dates back to the 1880s; however, mining for commercial purposes only began in 1888 when the first railway line from the port of Durban reached this region (Talana Museum, 2001). The discovery of coal roughly coincided with the opening of the coal and gold mining industries of the Transvaal, now known as Gauteng (meaning the place of gold). Even though Natal coals were of better quality, Transvaal coal was better situated with respect to the market, easily accessible geologically, and was quickly mechanising (Talana Museum, 2001; Bujram and Skhakhane, 2003, pers. comm.). The Natal coal was also characterised by high prevalence of methane gas, its presence in broken country disturbed by volcanic actions, and, moreover, coal was located in thinner and deeper seams, which made mechanisation difficult.

These unfavourable conditions locally propelled the Natal collieries to focus on exports for their business instead of trying to compete with the advantaged Transvaal collieries. Consequently, about 40% of the Natal coal was exported before 1939. The success of the Natal collieries in the export industry was manifest by its 80% contribution to the total coal export budget South Africa at that time (Dundee Library document, 2001; Talana Museum, 2001). With the rise of demand for coal in Europe during the British General Strike in 1920s, and during the First and Second World Wars, South Africa experienced a shortage of coal since most colliers had their *foci* on satiating the demand for coal in Europe with its lucrative foreign earnings (Talana Museum, 1998; Nel, 2001). This motivated the government in the 1950s to impose a total embargo on coal exports. The Natal mining industry was the first to feel the duress, as it was principally dependent on export and competition for labour with the Transvaal gold and coal industries posed a huge challenge to the Natal mining industry.

4.5.1 The Labour System

The Natal coal industry, as was the case with many South African mining industries, was based on an exploitative Black labour force system, with very few whites being employed to perform supervisory and skilled jobs. However, by 1890s, the Natal collieries had turned increasingly to indentured Indians to provide a settled core of cheap labour, and

recruited the remainder of their labour requirements as and when needed from the Black communities (Dundee Information Publicity, 2001; Nel, 2001).

When the recruiting of Indian labour was discontinued in 1911 and the indenture system abolished, the number of Indians diminished significantly. Employers resorted to the 'token system', which was a form of easy credit in return for labour. This system had the effect of locking black labour in to near permanent state of dependence on the mines (Talana Museum, 2001). Under the 'token system', the employees saw no need for improving the living conditions of the miners who had seen the collieries as their home, since they became caged labour. In the late 1930s, the Natal coal industry experienced a severe shortage of labour due to competition (for labour) from the Transvaal collieries. To survive this catastrophe, the Natal Coal Owners Native Labour Association was formed. This organisation was meant to provide a centralised labour recruitment structure. When the public campaigned against the 'token system' and it was finally banned in 1939, it became difficult to control labour (Nel, 2001; Talana Museum, 2001; Hocking, 1995). It was then that the possibility of mechanising the industry was considered to meet the demand for coal that was stimulated by the Second World War II.

4.5.2 The Mechanization and Transportation in the Mining Industry

The reduction in the availability of cheap labour, the need for speedier production and the difficulties posed by the geological structure of the area influenced the mechanisation of the KZN coal industry. The ratio of mechanisation to output rose from 75% in the 1940s to 80% in 1950s (Hocking, 1995; Talana Museum, 2001). Mechanical undercutting of coal and the introduction of mechanical haulages were the main aspect of mechanisation, while hand loading and hand trimming of the broken coalface remained the norm to the 1950s. Multimillion Rand expansion programmes were launched at collieries such as Durnacol in Dannhauser and Hlobane No 1 in Vryheid in the 1970s. By 1977, most Natal collieries had mechanized or partly mechanized, and many mined part of their output by opencast methods (Talana Museum, 2001). More refined mining methods, which required a more skilled labour force, and training facilities for both white and Black miners were,

introduced. Together with this went the steady improvement of living and working conditions of labour.

Among the impediments that the coal industry of KZN had to face in its development was the transport infrastructure. Awkward terrain, bad weather and the inadequacy of railway-trucks made it impossible for this industry to take advantage of the growing market for coal, especially in the 1970s. Even though by 1937 the railway line had been electrified as far as Volksrust, giving South Africa the longest electrified section of the railway line in the then British Empire (Talana Museum, 2001), this development failed to cope with economic changes that were taking place in South Africa and abroad, which stimulated a high demand for coal (Nel and Binns, 2001; Talana Museum, 2001). In order to survive the competition the Natal industry turned to its relative situational advantage i.e. access to the ocean by turning to shipment trade. Shipment trade, with the help of the London based shipping agents such as the George and Lambert Brothers, became the focus, and its role in this trade is signified by the names that were given to some of the coal companies such as Durban Navigation Collieries (Durnacol) and the Natal Navigation Collieries.

The coal producing countries like Australia, India and China presented a stiff competition to Natal coal industry. It was often when the coal producing countries of Europe had problems, particularly during the First and the Second World Wars that the KZN industry experienced real prosperity; otherwise the Natal coal industry can be described as one of struggle. For technical, geological and transport reasons, KZN coal was unable to take full advantage of the upswing in the demand for coal in the international market, especially during the 1970s when there was a great demand for coal in Europe (Dundee Library, 2001).

4.5.3 The Advent of Big Industries

Vital developments in the KZN coal industry took place with the advent of big corporations like the Anglo-American Corporation in 1945, which took control of the Vryheid Coronation Colliery and, secondly when the Iron and the Steel Corporation in

1954, secured control of Durnacol (Hocking, 1995). The advent of these corporations came at the right time when a modern coking plant was opened which became operational in 1953. This ensured the satisfaction of local demand for coking coal that these companies were mining. Moreover, the Electricity Supply Commission (ESCOM) added to the demand for coal by opening Ingagane Power Station near Newcastle in 1963 that was initially fed by the captive colliery of Kilbarchan (Metroplan, 1999). This advent of big corporations expedited the increasing experimentation with mechanisation, with ISCOR introducing state of the art, mechanised, long walk techniques in a section of Durnacol and at the first mechanised open cast mining in South Africa at Hlobane No 1 colliery (Dundee Library, 2001).

ISCOR further ensured the mechanisation of some mines such as Hlobane, Northfield and Endumeni by establishing contracts with them in order to meet increased demand for coal. The need for coal was partly fuelled by the oil crisis of the early 1970s in the Middle East and the revolution in Iran in 1978 which led to the experimentation with new methods of producing energy from nuclear power and coal (Metroplan, 1999). These developments presented the Natal collieries with a good opportunity of increased demand for exports. The opening of a new coal export terminal at Richard's Bay in April 1976, assisted through improving access for the Natal collieries to the foreign market. This new trend saw the KZN collieries exporting 44% of their total production in 1982, which represented just below half (10.8%) of the 23.9% of the total national production exported from South Africa (Hocking, 1995, Talana Museum, 1998).

The coal industry was placed in a position of being the country's largest export earner after gold. It came not as a surprise that the 1970s were known as 'the decade of the king coal', partly due to its demand and success in the foreign market. Another key aspect was the revival of exports which had dwindled to relative insignificance in the 1950s and 1960s, with the exception of anthracite export which had began to assume economic significance in the early 1950s (Harrison, 1990; Hocking 1995; Talana Museum, 1998). Countries such as France, Italy and Japan increasingly demanded the latter. However, the

1980s were a turning point in the coal mining industry of this region as it became characterised by closures and labour retrenchments.

4.6 The Closures since the 1980s to the Present

In the 1980s coal trading conditions were dramatically affected when the world economy and the demand for steel declined. This led ISCOR to cancel its coking contracts with the Northfield, Endumeni, Kempslust, and Newcastle-Platberg collieries. By 1984 all these collieries had closed down. The harshness of the economic changes was reflected in the reduction of the coalmines of Natal from 44 to 21 between 1981 and 1982 (Talana Museum, 1998; Metroplan, 1999). This was coupled by a fall in Natal's total coal sales from 14 million tons to 9 million tons per annum.

Other problems which aggravated the situation were technological changes in the iron and steel industry which, in due course, eliminated the need for the use of coking coal, hitherto Natal's main claim to fame in South Africa's industrial revolution. In 1991, the coal mining industry of the sub-region was also mired by ethnic conflicts. About 1 500 Xhosa-speaking mine workers at Durnacol were sent back to the Transkei (Metroplan, 1999). In the following year, the entire black force at Durnacol mine was dismissed after sit-in strikes. All these incidents affected the business sectors of Dannhauser, where the mine was located and the sub-region at large. Despite this, in the 1990s, there were still some impressive developments such as the multi-million Rand expansion in coalmines such as Hattingspruit and Springlake.

By the early 1990s, the mining industry entered deeper into decline with about 84% of jobs having been lost in the preceding 20 years. The major mine, Durnacol, which had existed for 95 years in the town of Dannhauser, with more than 1 500 people on its payroll, was hit by a slump in the demand for coal in the international market (Ordinal, 2002, pers. comm.; Coca, 2003, pers. comm.). The future of the mining industry for KZN is bleak. In 2003, only 4 mines were still in operation in this province. Springlake colliery, which are located in the East of Dannhauser is now the sole large-scale mining

operation left in this sub-region. It is speculated that with the coal reserves that are still remaining, Springlake can still be operational for the next 12 years (van Rensburg, 2003, pers. comm.).

The ageing infrastructure and the depletion of easily accessible coal reserves will make it impossible for the KZN mining industry to compete with more prosperous coal mines in Mpumalanga. Such regional changes in the mining sector have had a ripple effect on the manufacturing industry as hinted at earlier and the economic outlook of the region has deteriorated. The next section outlines the Amajuba and Umzinyathi District Municipalities in which the study sites are situated in this north-western KZN region.

4.7 An outline of the Amajuba and Umzinyathi District Municipalities of Northern KZN

4.7.1 Introduction

As pointed out earlier, the study sites lie within the borders of two district municipalities and these are examined in turn. The nature and the level of detail of information presented here have been dictated by the available documentation about the economic and social outlook of these municipalities. Therefore, the level of detail for the municipalities is not the same or balanced.

4.7.2 Amajuba District Municipality

Amajuba District Municipality consists of three local municipalities, namely, Utrecht, Newcastle and Dannhauser Municipalities (See Appendix). This is a relatively new district municipality having been formed in 2000 (Sithole, pers. comm., 2003). It consists of the northern areas of the former Umzinyathi Regional Council, which are namely, the former Transitional Local Councils of Dannhauser, Hattingspruit and Utrecht, and the tribal Authority of areas of Nyandu and Buhle-Bomzinyathi (Umzinyathi IDP, 2002).

4.7.2.1 Spatial Analysis

Amajuba District Municipality is relatively better located with respect to the main roads as compared to many areas of the Umzinyathi district. Routes from the Coastal areas and KZN-Midlands converge in Newcastle, which acts as 'capital city' for the district, and is the administrative centre for the Amajuba District Municipality. A range of environments characterise the Amajuba District. These range from forestry and commercial agricultural areas to mining activities. However, generally, the economic focus of the district reflects mining and agricultural economic activities, with coal mainly being found along the east-west coal seam stretching from Newcastle to Utrecht and along the north-south seam extending from Newcastle to Dundee (Utrecht, IDP, 2002). With regard to commercial agriculture in this district, irrigated activities are clustered along the Buffalo River that runs through the Amajuba District Municipality (Amajuba IDP, 2002).

4.7.3 Social Analysis

4.7.3.1 Demographics

Densely populated rural areas close to the urban areas of Osizweni-Madadeni and Newcastle characterize the Amajuba District and they contain the highest population in the district. In 1996, the population of the Amajuba District was recorded as being 410 439, with 70% of this population concentrated in the Newcastle Local Municipality, 24.2% in Dannhauser, and only 5.8% in the Utrecht Municipality (Umzinyathi IDP, 2001; Amajuba IDP, 2002). About 82% of the population is concentrated in these core urban areas, including the Dannhauser and Utrecht municipalities with the remainder found in rural areas. Table 4.3 below indicates that urban areas tend to have smaller household sizes, as it is evident below. It is the Black people who are dominant in the district, with Zulu being the most spoken language even in official business meetings.

Table 4.3 Population Structure and Distribution in the Amajuba District Municipality (1996)

	Newcastle	Utrecht	Dannhauser	Urban	Non-Urban
Total population	287 260 70%	23 9250 5.8%	99 250 24.2%	73 758 18%	336 681 82%
Male	134 393	12 882	48 256	108 409	87 122
Female	152 784	11 031	50 953	124 131	90 637
AGE COHORTS					
0-4	11.0%	13.0	13.5		
5-19	34.0%	34.9	39.0		
20-29	18.0%	17.0	16.0		
30-49	23.0%	21.9	19.0		
50-64	7.2%	6.9	6.8		
65 and above	3.6%	4.3	4.2		
Number of households	55 184	3 488	15 582	46 852	27 402
Household size	5.2	6.8	6.3	1.6	12.3

Source: Demarcation Board, 2000

The female population also dominates in the district, constituting of 53% of the population in 2000. The age cohort of 0-19 dominates as well in all local municipalities of this district, and at the district level, it makes up 47.9% of the total population. The inference from this trend could be that the population is likely to increase in the near future, which will place strain on the available services, and necessitate massive employment creation.

About 3.8% of population is made up of those who are 65 years old and above. The dependency ratio in the district is 1:4.3 which means that each person who is employed is supporting about 4,3 other people. The high dependency ratio, the dominance of youth and the prevalence of females are major challenges that need to be considered in the current and future development plans of this district. The predominance of women is,

arguably, a sign of a weak economy as men are forced to relocate in search for employment while women are normally left behind.

4.7.4 Service Provision

Many rural areas in the district are large and are characterised by populations often with appalling levels of service provision (Amajuba IDP, 2002). From the table of service provision levels below (Table 4.4), it is evident that the inhabitants of the Newcastle Municipality are better serviced compared to all other local municipalities in the district. Only 4.45% of its population does not have access to water as compared to 47 % in the Utrecht Municipality for instance.

Table 4.4 Levels of service provision in the three local municipalities of the Amajuba District Municipality, 2000

Households with no access to services	Newcastle	Utrecht	Dannhauser	District
Water	4.45%	47.99%	21.45%	10%
Sanitation	2.25%	47.28%	3.87%	4.8%
Refuse	24.10%	74.20%	87.60%	39.68%
Electricity	12.99%	67.83%	70.49%	27.6%
Telephone	21.40%	67.26%	58.11%	31.26%

Source: Demarcation Board, 2000

The trend is identical with respect to all other services such as sanitation, electricity and telephones. This may imply that the Newcastle municipality has an opportunity to focus its resources on the provision of economic services, as it does not have such serious backlogs in terms of service provision as the other centres do.

4.7.5 Employment by Various Sectors.

At the district level the average unemployment was calculated to be at 40.6% in 1996 (Demarcation Board, 2000). In towns like Dannhauser, mining had been the main employer with about 37% of the population of this town being employed by this sector

before 2000. However, this data is definitely outdated as the coalmine which had been the main employer in the area, Durnacol ceased its operations in 2000, retrenching thousands of its employees. Variations exist in unemployment levels and the Utrecht local municipality only has an average unemployment of 15%, with Dannhauser having the highest unemployment levels (Amajuba IDP, 2002). In the case of Utrecht, the departure of retrenched migrant miners artificially improves the situation. As indicated above, mining has been the major employer in Utrecht as well, employing about 38% of those employed, and other sectors are poorly developed.

Table 4.5 Employment distribution in the various economic sectors of the Amajuba District in 1996

Industry	Newcastle		Utrecht		Dannhauser	
	Persons	%	Persons	%	Persons	%
Farming	1 417	3%	1637	44%	694	6%
Mining	1 394	3%	547	15%	4256	37%
Manufacturing	14 651	29%	107	3%	1454	13%
Utilities	821	2%	26	1%	146	1%
Construction Trade	2 819	6%	127	3%	607	5%
	6 031	12%	151	4%	800	7%
Transport	2 856	6%	92	2%	516	5%
Business Social services	2 670	5%	105	3%	268	2%
	11 233	22%	474	13%	1087	10%
Private Households	6 697	13%	487	13%	1552	14%
Total	50 589	100%	3 753	100%	11 380	100%

Source: Amajuba Integrated Development Plan, 2002.

In the district Newcastle is the major employer and has been the major driving force of the economy of Amajuba District since the 1970s (see Table 4.5). The strength of this town lies in the manufacturing and service sectors. For the whole region, the manufacturing and service sectors combined contribute about 26% of employment in the

region. About 90% of this employment is concentrated in Newcastle and over half of the GGP is generated in the Newcastle magisterial district (Harrison, 1990; Amajuba IDP, 2002).

4.7.6 UMzinyathi District Municipality

4.7.6.1 Introduction

Umzinyathi District Municipality borders the Amajuba District Municipality in the south-east. It has a total area of 8 079 square kilometres and consists of four Local Councils. They are namely, the Endumeni, Nquthu, Msinga and Umvoti Municipalities (See Appendix). The district has 17 tribal authorities, Endumeni being the only local municipality in the district that does not have a tribal authority (Dundee IDP, 2002).

4.7.6.2 Spatial Analysis

The district lies between the main N3 corridor between Durban and Gauteng and the Coastal Corridor, running along the east coast. The main towns in the district are Greytown and Dundee, which are situated in the Umvoti and Endumeni municipalities respectively. They are approximately 180 km apart, with the former located in the south-east of the district and the latter in the north-west (see Figure 4.1). Dundee is the administrative seat of the district municipality and is located at about 320 km north of Durban.

The location of the district with respect to the N3 and the Coastal corridors makes it difficult to benefit from development initiatives that take place along these corridors, as a result they are bypassed by investors and other economic activities. Greytown and Dundee are relatively well developed and they act as economic and service centres for the Nquthu and Msinga local districts (Dundee Library, 2001; Umzinyathi, IDP, 2002). The local municipal areas for this district differ in many respects. For example, the Umvoti district is the largest municipal area totalling about 2 758 km². Nquthu is characterised by

intensive and extensive small-scale subsistence farming, while Dundee has well-developed commercial agriculture.

4.7.7 Social Analysis

4.7.7.1 Demographics

Many factors influence the distribution of people in this district. They include, the topography, climate, and availability of water and the agricultural potential of the area. The district contains a cultural and racial mix, with Africans constituting 80% of the population (Umzinyathi IDP, 2002). In the local district of Nquthu and Msinga, the population is concentrated in rural areas and the settlements indicate the influence of topography on settlement patterns. In the case of Greytown, high populations are found in the surrounding tribal authority areas (Umzinyathi IDP, 2002).

Table 4.6 Population Structure of Umzinyathi District Municipality, 2000

	Endumeni	Nquthu	Msinga	Umvoti	TOTAL
Population	44 417	128 823	161393	92 419	427 052
Female	50,95%	55%	58%	55%	
Male	49.5%	45%	42%	45%	
AGE COHORTS			POPULATION NUMBERS		
0-9			22 9978		
20-34			84 879		
35-64			78 345		
Over 65			22 281		
Unspecified			11 669		

Source: Demarcation Board, (2000)

Table 4.6 indicates that in all of the local municipalities, females dominate, but to a lesser degree in the Endumeni Municipality where the female; male disparity is not that big. The population of the district is young, with people aged between 0-19 constituting 54 %

of the population. As is the case in the Amajuba district, this young generation will require the economy to provide employment and social services in the near future. As the population statistics suggest, the dependency ratio is high. This is manifested in the ratio of people under the age of 19 years and over the age of 65 years, compared with people of the working age, that is, between 20 and 64 years. It is estimated that about 26 percent of the people in the district have no income.

The educational levels in the district are relatively low, with 33.3% of the population being illiterate. The areas with the highest illiteracy level are Msinga, at 45%, followed by Umvoti, at 31% and then Nquthu at 27%. Dundee is in relative terms, populated by educated people with the illiteracy level of only 15.16% (Umzinyathi, IDP, 2002).

4.7.7.2 Economic Sectors

Even though the district is disadvantaged by its location away from the development corridors, its central location within the province makes it an ideal destination for tourists because of its renowned battlefield cluster. However, like many other small towns in South Africa, de-investment has plagued this district severely affecting its economic sectors. The contribution made by each economic sector to the GGP in the respective local municipalities is presented in Table 4.7 below. It can be deduced from the table below that the economy of Endumeni is relatively diversified compared to the situation in other local municipalities. All the sectors play a vital contribution to the GGP of this municipality.

Table 4.7 GGP contribution by each Sector in the Umzinyathi District Municipality, 2002

Economic sectors	Nquthu %	Umvoti %	Msinga %	Endumeni %
Farming	2.50	30.2	17.0	9.57
Mining	1.98	0.9	1.25	1.47
Social services	33.77	10.95	28.71	22.16
Manufacturing	5.06	8.5	5.9	7.37
Transport	6.67	2.7	5.4	4.84
Trade	6.67	0.39	11.13	13.64
Construction	8.63	2.16	5.02	4.50
Utilities	1.00	0.39	0.67	13.64
Private household	10.52	10.82	10.32	13.49
Business services	4.22	2.99	3.89	4.93

Source: Umzinyathi District Council, Integrated Development plan, (2002)

On the other hand, the areas of Msinga and Nquthu reveal a high contribution made by social services in the GGP followed by farming. These places are regarded as 'dormitory towns' for the professionals who commute everyday to work in Dundee and Greytown. Mining in Dundee has been reduced to shadow of itself. It now only contributes 2% in the economy of Endumeni (Binns and Nel, 2001; Dundee Library, 1998).

Tourism plays an important role in the economy of this district, even though the statistics for tourism are not disaggregated from trade. Tourism contributes about 13 % of the GGP in Dundee, 12.7% in Nquthu, Msinga, 11.1% and in Umvoti 7,7% (Umzinyathi IDP, 2002). As it was indicated earlier, this district lies in the battlefields, and efforts are being made to develop the infrastructure that will ensure that poor people benefit from this industry.

4.7.7.3 Social Services

Great discrepancies exist in terms of access to social services between the local municipalities in this district. The uneven distribution of social services in the district indicates that the municipalities have different legacies and resource endowments. However, the Endumeni Municipality is better serviced with regard to all types of social services compared to the other local municipalities in the District. Msinga and Nquthu are the worst serviced municipalities in the district.

About 70 % of households in this district do not have access to electricity; they rely on candles for lighting (Umzinyathi IDP, 2002). This differs within municipalities. For instance, while Nquthu and Msinga municipalities have 70% and 85% households which have no access to electricity respectively, only 28% of those Umvoti Municipality do not have electricity. These profiles are very low by any standard, except in the Endumeni where more than half of the population (64%) have access to electricity (see Table 4.8 below).

In terms of water provision, although there is naturally occurring water, much of this water is not fit for consumption. About 50 % of the people in the district do not have access to clean water. They rely largely on natural resources like rivers and springs (Umzinyathi IDP, 2002). The problem that the district is facing is not that of a lack of water, but it is the water infrastructure that is not in place to ensure that people get access to clean water in a quick and efficient way.

Table 4.8 Number of Households that have no Access to Services in the Umzinyathi District Municipality, 2002

Local Municipalities	Total households	Water	Electricity	Sanitation
Endumeni	9283	26.9%	36%	25.9%
Nquthu	19795	45.2%	70%	41.9%
Umsinga	27743	90.1%	85%	79.3%
Umvoti	20719	77.6%	72%	23.4%

Source: Umzinyathi District Municipality: IDP, 2002.

Statistics for individual municipalities in the Table 4.8 above show similar trends as in the case of electricity. Nquthu and Msinga local municipalities are the worst serviced districts in terms of access to water. Only 17% of the people in the district have flush toilets and 38% have either pit latrines or use the bucket system. About 44% of people did not have access to sanitation by 2002. Inter-municipal differences are also observable, with about 75% and 27% of households having flush toilets in Endumeni and Umvoti respectively (Umzinyathi IDP, 2002). Yet again, the local municipalities of Msinga and Nquthu are shoddily serviced. In general, the whole district of Umzinyathi is under serviced with social services, and the rural areas show the highest levels of shortages of services.

4.8 Summary

It is within this provincial, regional and district socio-economic context that this study has been undertaken. In summary, this section has revealed that the province of KwaZulu-Natal makes a vital contribution to the economy of South Africa, especially through manufacturing, tourism and agricultural sectors. The province is characterised by 'spatial specialisation' of production i.e. some regions are strong in certain sector/s of the economy. For example, the Natal-Midlands are strong in agriculture and manufacturing, especially the city of Pietermaritzburg. In the northern and north-western parts of the province, coal mining has always been an important sector of the economy for this region followed by the manufacturing industry. Manufacturing tends to be concentrated in and around the areas of Newcastle and Ladysmith-Ezakheni. These areas benefited from the IRDP in terms of business infrastructure.

The coastal areas of Durban and Stanger-Mandini boast a robust manufacturing and tourism industry. Durban is dominant in the area of tourism given its coastal location and better-developed tourism infrastructure. Economic activities are mainly concentrated in the major urban areas of this province, specifically in Durban, Pietermaritzburg, Newcastle and Ladysmith-Ezakheni. Such unequal spatial distribution of economic

activities has influenced the population distribution within the province. Even though about 57% of the population is concentrated in non-rural areas, 37% of the urban population is found in the Durban functional region where 50% of the economic activity of the province is concentrated.

The skewed distribution of economic activities within the province, and the general decline in the manufacturing and mining sectors has galvanised the national, provincial and local governments into action. In line with the national trends, cluster development strategies and spatial development zones exist and they are pursued as important economic development strategies of the province. These development strategies include supporting the existing sectors and catalysing the development or the exploitation of the economic development potential possessed by specific regions and localities of the province. SMME development and tourism within the development zones are major focus areas for these development strategies.

The north-western region, known as the Coal Belt region, has been stunned by the closures in the coal mining industry; a sector, which was key to the development of this region. The coal mining towns of Dundee, Utrecht, Dannhauser and Glencoe, Hattingspruits, to mention a few, have been severely affected by these depressing changes, given their historical dependence on the mining industry to which they owe their establishment. This situation has been even more severe in former homeland towns such as Nqutu and Msinga that have been dependent on migrant labour to the coalmines for employment opportunities. These areas are also characterised by high illiteracy levels, a shortage of critical services such as medical centres, and 'normal' services such as electricity, water and sanitation compared to other towns in the district.

In an attempt to confront the unfavourable economic situation Local and District municipalities and their communities, with some assistance from the national departments, are trying to pursue Local Economic Development strategies that seek to address the problem of poverty, and possibly stimulate economic growth. However, for many local governments which try to follow a market-led approach to LED i.e.

investment attraction, such efforts have not worked. The next chapters present the results of LED initiatives, which have been embarked on in Utrecht, Dundee and Dannhauser.

Chapter Five: Utrecht Case Study

5.1 Introduction

The small town of Utrecht is located about 300 km from Johannesburg and 340 km from Durban (see study area map). It lies in the region known as the Northern KZN together with towns such as Newcastle, Vryheid, Dannhauser and Glencoe which were all once famous for coal mining. Utrecht is the largest magisterial district in terms of land area in the region and is more rural when compared with the other local municipal areas. The town of Utrecht lies in a hollow below the Babele Mountains of Northern KZN, in an area that is well endowed with coal, which was so critical to the towns' history. The task in this section is to outline the historical development of Utrecht, its current social and economic prospects, and then proceed to detail the LED initiatives, which have been embarked on in this town in response to the demise of coal mining. This detail will then be followed by a discussion and assessment of the LED experience for Utrecht.

5.2 The Establishment of Utrecht

In 1845 a group of Boer cattle men settled in Utrecht, much against the wishes of the Transvaal government who thought the British might consider this a provocation (Utrecht Library, 1986). These Voortrekkers were from the republic of Natalia and they decided to purchase the grazing rights with 100 head of cattle from the ruling Zulu king, Mpande, in the area of northern Natal between the Buffalo and the Blood rivers. Having been granted grazing rights, however, the ranchers then claimed the land as their own and formed an independent 'republic' in 1854, which they named Utrecht, after the historic city of the town in Holland. The town acted as a service town for the nearby farming communities. There was a triumvirate government of three elected leaders who ruled this 'republic'. Later they realized that they could not continue to govern their 'republic', as an independent entity and they then decided to ask to be incorporated to the Transvaal, a request that was refused (Utrecht library, 1986; [www.go2africa.com.Utrecht/html;12/8/2003](http://www.go2africa.com/Utrecht/html;12/8/2003)).

It was however, the Republic of Lydenburg that incorporated Utrecht in 1860. Four years later when the Lydenburg rejoined the Transvaal Republic, they took Utrecht along with them. There is a hiatus in history with regard to how Utrecht later fell under British rule. Utrecht later became prominent during the Anglo-Zulu war of 1879, when for several weeks it served as British headquarters for both the Commander-in-Chief Lord Chelmsford and Colonel Evelyn Woods (Utrecht library, 1986; www.blmn.org.za/Utrecht/html; 12/08/2003). At the end of the Anglo-Boer war in 1901 Utrecht was transferred to Natal now known as KwaZulu-Natal. In the early 1900s coal was discovered and mining started in this area. Before outlining the development of coal industry and agriculture of this area, it will be appropriate to give a brief outline of the social profile of this town.

5.2.1 Social Profile

5.2.1.1 Demographics

Since the end of the Boer war, the urban centre of Utrecht has come to be characterized by the domination of Afrikaans speaking people. The town services the surrounding commercial farms and black communal areas in the area. In the present day, the town centre is still dominated by the white minority and the settlement pattern still clearly reflects the socio-economic landscape of the past government regime. Black people, who were not employed in the mining and commercial agriculture, were moved out of the area to a settlement called Madadeni, which is mid-way between Newcastle and Utrecht. With the scrapping of the restricting laws, the Group Areas Act No 41 of 1950 in particular, which had endorsed the relocation of Blacks, a trend of urbanization is evident, with people are moving from the awkwardly located rural communal areas and commercial farms to places in and around the urban area.

Another characteristic of this town brought about by the racial laws and above-mentioned removals is the absence of a township in Utrecht in contrast with other towns in South Africa. Utrecht is home to 6% population of the District with 70% being resident in

Newcastle and 23% in Dannhauser. There are still glaring social and economic inequalities in this area, but in overall terms Utrecht has made commendable strides towards trying to unite the black and white races in this area.

There are five traditional leaders (Amakhosi) in this local district who are all concentrated in the rural areas. In contrast with other parts of the province, these leaders are still recognized and are accorded due respect by the local government and their communities. As a result, the Amakhosi play a crucial role in the developmental affairs of Utrecht. The high level of tolerance and co-operation in leadership and socio-political affairs between the different racial groups in this area have served as crucial enabling factors for successful local development. This kind of climate has allowed tapping into the intellectual capital of the racially diverse local stakeholders for development purposes. However, as indicated earlier, rural-urban discrepancies in terms of access to services is still very wide and the decline in the mining industry has added to this. From this backdrop, attention now shifts to an outline of the economy of Utrecht and then proceeds to an outline of LED initiatives in this area.

5.3 The Economy of Utrecht

Since its establishment in 1845, the development of Utrecht has been strongly linked to the mining of coal (Utrecht Library, 2000). The first coal mine opened in 1910, but poor infrastructure, as was the case with other mines in the region, constrained further development of Utrecht coalfields until the early 1960s when most of the mines in the region started mechanizing. From the 1960s, with the opening of Umgala mine, which was followed by Zimbuthu, Utrecht Section and Balgray mines (all belonging to Welgedacht Exploration Company) Utrecht became a flourishing town in the northern KZN, when about 13% of the northern Natal economy was derived from these collieries (Utrecht Library, 2000).

About 10 000 workers were employed in these four mines from the 1960s to the 1970s (Utrecht IDP, 2001). ISCOR, which has an iron and steel plant in nearby Newcastle, was

the main consumer of the coal produced from these mines. About 50% of output from these mines has been going for export and the balance is sold on the local market. In the late 1990s the Welgedacht coalmines were contributing 50% of the economic activity of the town, which means as they continue to disinvest, 50% of the economic activity will be lost. This mine house currently employs only 124 people inclusive of 11 managerial staff and secretaries, 11 technical staff and 102 skilled and unskilled labours (Amajuba IDP 2002; Mbatha, pers. comm., 2003). The mine is also directly responsible for 170-workers through its open cast operation that are contracted out. These figures are lower than the 600 workers and 100 contractors that these mines reportedly employed in 1999 (Utrecht, IDP, 2001). Other sectors of the economy such as trade and finance contribute little to the economy of the town, with each contributing 8.71% and 7.23 % respectively, while the government services account for 6.64 to the economic activity of this town.

5.4 The Recent Changes in Utrecht's Economy

In the early 1980s Utrecht started to experience the fate of other South African towns and abroad as the resource depletion in the coal industry was experienced and this was exacerbated by the closure of the regional steelworks, which had been a major consumer of the coal from Utrecht. During the coal-mining boom-days in the 1960s and 1970s, there was virtually no unemployment or poverty in Utrecht (Utrecht library, 1998). But towards the end of the century the mines began to close and the burgeoning downstream economy began to collapse. This had a devastating effect to the local citizens who were dependent on mining for employment and the town saw the exodus of migrant workers, as they had to return to their homes.

By the middle of the year 2000, Utrecht faced the very real danger of becoming a ghost town. This has, over time, resulted in pervasive unemployment and about one third of the population in this area is now unemployed. Severe economic changes were experienced in 1998 when Utrecht section, which was employing 3 500 of the 10 000 workers employed in the mining industry, scaled down its operations and workforce resulting in a loss of 1 200 jobs (Utrecht IDP, 2001). This had serious repercussions for the railway

industry which had had a strong relationship with the mining industry for this area and which had provided sizable employment for the local people. The retail and service sectors also suffered as the purchasing power for the local people was reduced and many people were obliged to leave the town.

The negative effects of the erosion of the economic base which had been provided by mining was compounded by a decline in the agricultural sector over the last few decades, and increased mechanisation that has resulted in this sector shedding most of its labour. However, despite these recent unfavourable changes, Utrecht has excellent agricultural potential and is currently the largest wool producing area in KZN (Amajuba IDP, 2002; Mbatha, pers. comm., 2003). Even though the recent figures could not be found to confirm this, agriculture and mining were recorded to be contributing 17% and 25% respectively to the GGP of Utrecht in 1996. Agriculture and mining combined accounted for 60% of employment opportunities, with agriculture contributing 44% and mining 15% (Utrecht IDP, 2001).

Although the latest statistics are not available that can corroborate this, the trend is that the contribution that these sectors make to the GGP of Utrecht is in a state of spiralling decline, and the coal mining industry has been reduced to a shadow of itself. The major employer now in this area is Junit Manufacturing, a clothing industry which employs approximately 480 people, with only 107 of these being sourced from Utrecht (Demarcation Board, 2000). It also is the major contributor to the manufacturing component of GGP of Utrecht and it supplies clothing amongst others to the Woolworth's retail chain in an extremely competitive market (Utrecht IDP, 2001; Khumalo, pers. comm., 2003). It is said that the Junit Manufacturing has the potential to grow and draw in other industries should the municipality provide incentives for location to other industries.

5.5 The Response to the Declining Economy of the Town

This depressing economic situation, especially with the closure of the mining industries, has threatened the existence of the town. As Madamalala, the manager of the Utrecht Community Game Farm and Wildlife Products puts it... "The town was on its way to becoming a ghost town" (Madamalala, 2003, pers. comm.). This situation compelled the leaders and stakeholders of the area, who have interest in the existence of the town, to think of alternative economic strategies that can stimulate the economy and create employment. Efforts towards achieving this goal have been inwardly oriented and work towards combining the natural resources of the area with some external government and private funding to achieve development goals. Attention now shifts to an examination of recent LED interventions in Utrecht.

5.5.1 Local Economic Development in Utrecht

The deteriorating economic conditions in Utrecht galvanised three local "champions", the Town Engineer (Mr Dekker), the Town Clerk (Mr Bannard) and the then Information Publicity Officer (Mr Smook) to brainstorm about possible economic intervention strategies that could be embarked on in order to provide an alternative economic base to the "false", mining dependent economy of the town (Madamalala and Dekker, pers. comm., 2003). Capitalising on the strategic location of the town with respect to the road infrastructure of the region, the picturesque Babel Mountains and waterfalls, ecological diversity, and historical significance of the town as reflected in the historical buildings in this area, they resolved to explore and promote tourism-led LED interventions.

Because of the recognition of the natural potential of the area and the need to harness it properly, Utrecht has positioned itself into becoming a *must see tourist* destination in northern KZN. The focus on tourism partly came as a realisation that Utrecht could not compete with the relatively better resourced towns of Newcastle and Dundee in terms of attracting industrial investment, since these two towns had benefited from the past Regional Industrial Development policies in terms of developing critical infrastructure that is a key to successful investment attraction strategies (Harrison, 1990; Zungu, pers.

comm., 2003). Therefore, the only unambiguous option was to combine the natural resources of the area and socio-cultural endowments to provide a mechanism for promoting economic growth, employment and poverty alleviation (Mtshali, pers. comm., 2003; Madamalala, pers. comm., 2003).

5.6 LED Projects

It was obvious to everyone that the economy of the town was facing a serious predicament and that innovative ideas to resuscitate it were indispensable. The three 'champions' mentioned above, were visionary in this regard and played a key role in providing the impetus for the initiation of LED, by sensitising local stakeholders about the potential economic alternatives to the dwindling coal mining industry and under performing agriculture. Mr Smook was very influential in this regard and he acted as a social entrepreneur in galvanising the local community into action. LED initiatives were initiated around the development of the Babele Conservancy which incorporates the municipal Game Park, Utrecht Game farm, the Recreation Resorts, which include the municipal caravan park and the Country Club, private farms bordering the town, and the general sports facilities such as hiking and camping. In addition to these tourism-based initiatives, an agricultural village was built to provide for the immediate needs of the community.

5.6.1 Organising for LED

In the early 1990s there was the anticipation that the town was soon going to experience the closure and downsizing in the mining industry and therefore, there was the need to identify strategies through which the economy of the town could be diversified. The local government, local community, and other local stakeholders with support from the mines decided to establish a nature conservancy, known as the Babele conservancy, in the neighbourhood of the town which was overseen by the local people. However, towards the close of the 1990s, mining closures began to be experienced and more drastic steps

for stimulating the economy were vital. Major efforts were taken which aimed at enhancing the tourism base of the town.

In 1999 the Publicity Officer undertook to sensitise the local stakeholders and the local community about this vision. Various stakeholders, black and white, who had an interest in the economy of the town, were consulted and they showed tremendous support. In addition, the mining authorities were also co-operative in this regard (Mabhutana, pers. comm., 2003; van Rooyen, pers. comm., 2003) unlike in many cases in South Africa where mining authorities become indifferent to alleviating the social and economic consequences of their disinvestment (Nel, 2001).

After a series of meetings with the members of the community and other stakeholders in the area, the Transitional Local Council endorsed this idea and later the post-2000 Utrecht Council offered its support for the planned LED activities. The LED strategy that was devised is tourism led and is centred on the following specific tourism LED initiatives and one agriculture based initiative. These are the Arts and Craft centre, the Community Game Farm (which incorporates the Babele conservancy) and the Agricultural Village (Agri-Village). These initiatives have been partially responsible for the survival of the town and they provide hope for finding a meaningful economic alternative to the declining coal mining and agriculture industry, which have been the mainstays of the area (P&N Environmental Development Consultants, 2002). Each of these initiatives is detailed below.

5.6.2 The Arts and Craft Centre Initiative

After consulting with the local stakeholders and the local community in 1998, Mr Smook and the former employee of Umzinyathi District Council, Mr B Khumalo, with the contribution of other members of the then Utrecht Transitional Local Council embarked on an initiative for establishing an Arts and Craft centre at Utrecht. This initiative would build on local skills from across the black and white communities. The Utrecht Arts and Craft Association was formed in June of 1998 consisting of artisans and crafters from the

whole district. The main purpose of establishing the association was to provide an institution within which the local artisans and crafters could act together in the form of self-supporting business to create economic opportunities for the disadvantaged communities (Khumalo, pers. comm., 2003).

5.6.3 Funding

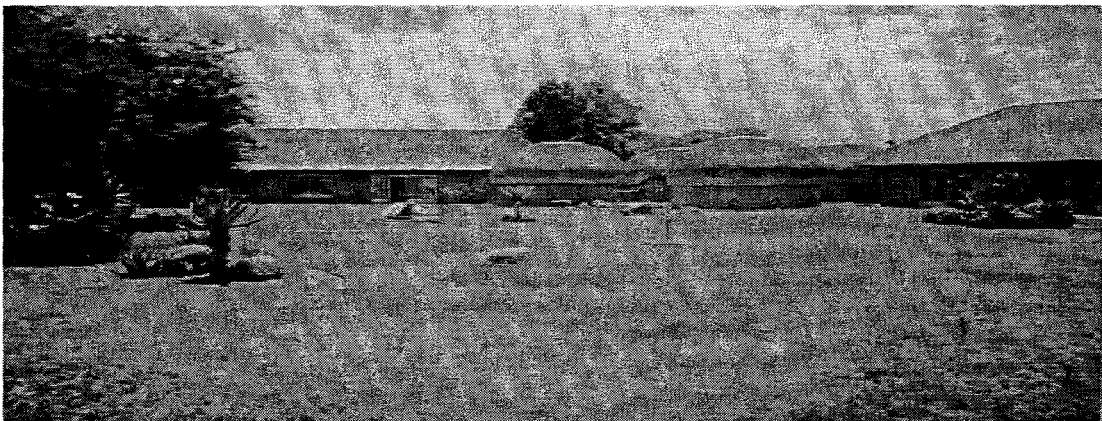
After forming this association they embarked on the process for lobbying for funds from the national and provincial government and other non-governmental sources. This is where great professionalism in the lobbying and development of business plans by these champions was manifested. The government soon responded and initial funding of R354 000 was secured from the LED Fund of the Department of Provincial and Local government in 1999 and channelled through the local government. The Umzinyathi District council under which Utrecht fell before 2000, and the British embassy each contributed R35 000 and R68 000 respectively (Dekker, pers. comm., 2003, Madamalala, pers. comm., 2003; Utrecht library, 2003). In total, the Arts and Craft project received funding amounting to R3 million from the government over a three year period since its establishment in 1998 (Utrecht IDP, 2001).

A third step was the establishment of a traditional Zulu village on property donated by the local government. This village is situated at the southern entrance to the town next to the provincial road the R34 linking Newcastle and the North coast of KZN. Initially the traditional village was built of basic building material but when enough funds were acquired, it was upgraded into middle-to-up-market accommodation, consisting of four huts, ablution and other tourist facilities (see Figure 5.1). This village was named the Mangosuthu Craft Centre following its inauguration by the Minister of Home Affairs Dr Mangosuthu Buthelezi on the 28 November 1998. Secondly, an Arts and craft centre was established within the premises of the Zulu village and this is where the different craft project are housed.

5.6.4 The Creation of a Co-operative

The crafters association, which had been established in 1998, was converted into a co-operative and registered in the latter part of 2001 as an export business with the Department of Trade and Industry for UIF and tax purposes. The co-operative was named the *Mangosuthu Crafts Cooperative LTD*. In the management echelons of this co-operative there is a representative board of five directors who run the day-to-day affairs of the cooperative and a sub-committee headed by a co-ordinator that closely manages each craft (Mangosuthu Arts and Craft Cooperative, 2003). In the same centre, a restaurant was constructed and has been leased to a local resident which business acumen. Traditional Zulu food will be served in this restaurant to tourists who are visiting the Game Park.

Figure 5.1 The Mangosuthu Arts and Craft Centre



The arts and craft centre was developed around pottery and Zulu craft. Women in particular are trained within this centre in a variety of crafts including leather works, sewing, potter, potato painting, weaving, wood caving, beadwork and bone and horn carving (Khumalo, pers. comm., 2003). The craft and artwork that is produced in this centre has an ethnic focus but modern techniques and finishes are used on products. In addition, a curio shop was built within this village where the crafts are sold. However, the crafters work mainly from their homes and only bring their products to be sold to tourists to this curio shop. Within the same centre, about 15 women completed some training in

sewing in 2002 and another six were still receiving similar training in the latter part of 2003.

There are negotiations in progress about a potential partnership between the Junit Manufacturing and the Mangosuthu centre that will entail arrangements whereby people from the Junit manufacturing company will receive some training in sewing from this centre and the possibility for establishing a partnership in marketing the products of these entities together is being explored. The intention of this kind of partnership is also to ensure that local people are increasingly linked to this manufacturing industry and break the current trend whereby 80% of the employees in the factory are sourced from outside Utrecht. Moreover, according to the Demarcation Board (2000) only 100 of the 480 people who are employed in this industry are skilled; therefore the training centre can play a major role in skills development in the area.

5.6.5 The marketing of products

About 35% of the sale price of crafts produced at the centre is retained at the centre to cover the cost of marketing and materials, whereas 20% of the sale price is retained from the products originating from the home-based producers. The manager of the centre, Mrs Khumalo, pointed out that approximately 50% of the products sold are marketed to the passing traffic and the other 50% is marketed through various channels including the KwaZulu Natal Game Parks and Trade Affairs (Khumalo, pers. comm., 2003) and is exported as hinted above.

The arts and craft initiative is an initiative that exhibits the fortitude of the disadvantaged community to respond to their future needs by creating jobs and business opportunities and, to all appearances, the project already appears to be a success. To ensure that there is a complementary portfolio of tourist activities or experiences available for tourists an Information centre which gives information to tourists about available tourist resources and entertainment facilities was set up in this centre. In an attempt to expand the tourism industry in this area a Community Game Park project was initiated and it dovetails with

the Mangosuthu Arts and Craft Centre in many ways. The next section details this initiative.

5.6.6 Utrecht Community Game Park

Mr Dekker and Mr Stannard, an ex-conservationist with previous experience in the Kruger Park and the Information Publicity Officer, Mr Smook, came up with a novel idea of completely surrounding the town with a Game Park by linking a pre-existing game reserve with a game farm on land available around the town, which together constituted a 2500ha parcel of land. The next phase was to take down the fence separating the town from the surrounding Game Park and farm to truly make the town, the "Town in a Game Park". The latter concept is now being used as marketing strategy. In 1998, a resolution was taken by the then Transitional Utrecht Local Council and was later supported by the post-2000 Utrecht Local Council and other local stakeholders in support of this plan.

5.6.7 Funding

After consultation with other local stakeholders in the area, a business plan was developed and forwarded to the Department of Provincial and Local Government for funding. The response was positive as an amount of R4 million was secured for the development of the project over a three-year period. The main aim of the game farm is to provide a 'sustainable harvest of game and wildlife products and also to cater for the growing tourism industry through the creation of an enabling environment for the development of SMMEs in the tourism industry' (Madamalala, 2003,p.2). However, the embedded goal of this initiative is job creation and possible contribution to the economic growth of the town.

Within the combined game park and farm there are recreational resorts that were built by the mining industry for its employees which have been inherited by the local government as the mines are closing down. These include the Country Club and a caravan park. Within this caravan park there are facilities such as a swimming pool, restaurant and bar, a tennis court and a rugby field. Concerted efforts are made to bring these facilities into full utilization for tourism purposes and integrate them with the Community Game Park.

The caravan park and its facilities are leased to a private company. This recreational resort dovetails with the Game Park and other sports activities within the park such as hiking, and camping on the nearby Babelo Mountain. The local people have already started to relax in this park, and, an analysis of the visitor's book at the arts centre indicated an average twenty-three visitors visiting the area per weekend with a limited number requiring accommodation (Mangosuthu arts and craft centre, 2003).

5.6.8 The following achievements had been made late 2003

The town was totally fenced and stocked with 12 animal species, which amount to more than 1 200 head of game in total. These include game such as Impala, Blesbuck, Bushbuck, Waterbuck, Nyala, Red Hartebeest, Blue Wildebeest, Kudu, Burchell's Zebra, Warthog and Giraffe which are now frequently seen roaming around the streets in and other public places. Plans are in the pipeline for the introduction of cattle within the game park to ensure balanced grazing. The target is to have 56 cattle by 2006, which will be managed by the community who will derive benefit from their products.

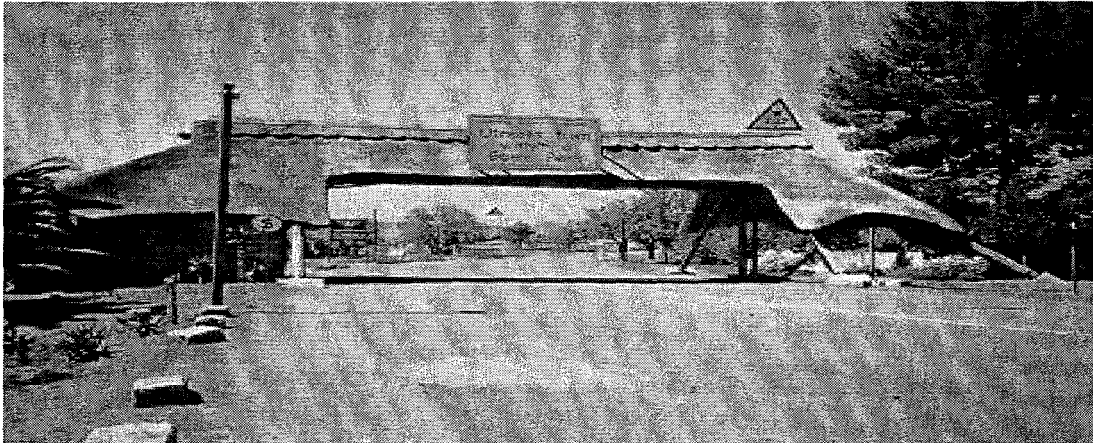
- An abattoir was constructed within the Park for processing the game carcasses cropped from the Game Park and on nearby private game and from stock farmers.
- To cater for the needs of the tourist en-route on the nearby R34 road, a coffee shop and a 'lite' restaurant was built on the premises of the Mangosuthu Arts Centre and was leased to a local resident. This coffee shop is located strategically near the fuelling station and the main road.
- Gravel access roads, road signs and erosion control terraces were constructed within the Game Park and two game viewing vehicles were acquired to meet the needs of the Game Park.

- A thatched, state of the art gateway into the town was built on the eastern main entrance into the town along the R34 by the Craft village. The intention is to make visitors perceive that they are entering a changed Utrecht. This huge thatched entrance bear the logo which reads; *Utrecht - Town Within a Game Park*” (see Figure 5.2) Just beyond the gate, one cannot fail to notice a huge sign which reads; *You are entering a Game Park area beware of game crossing the road speed limit is 60km/hr*’.
- Of great social and economic benefit, is the fact that about 2354 jobs were created during the construction phase of this project (in the game park and its accessories), with 895 of these going to women. So far, fifteen (15) permanent jobs have been created and these include the administrators, game guards, management positions, housemaids, gardeners and general workers.
- Three local people are being trained in the operation and management of the game abattoir and for culling programmes in the Game Park. They will also be utilised in the processing of game meat into different meat products such as meatballs, *droewors*, *biltong*, *varkorre*, sausages and other game products.
- Furthermore, a development programme for local guides and entrepreneurs is in place and three local guides are already earmarked to support (Utrecht, IDP, 2001, Madamalala and Dekker, pers. comm.; 2003; Khumalo, pers. comm., 2003).

It has also been realised that the community game farm will not be able to meet the capacity for the new facility for meat processing, therefore considerations have been given into allowing the game products from the nearby privately owned farms to be processed in this facility. This will create an important economic relationship between the game project and local farmers which will consolidate the farmer’s support for tourism and some of them, are keen to offer some pieces of their farms to be incorporated into the Game Park. Plans for using the abandoned Utrecht Section mine residential complex for the farm workers and other business purposes are in place. The observation made is that

while the tourism initiatives are likely to benefit some local people in the medium and long term, poverty needs urgent attention and the tax base is on the decline.

Figure 5.2 The newly constructed Entrance to the Town of Utrecht



A novel short term to long term initiative that it is hoped will assist in fighting poverty and enable people to generate some form of income for paying rent and rates was embarked on. The members of the local council came up with this unique initiative of establishing an Agricultural Village. This initiative is detailed below.

5.6.9 The Agri-Village

Seeing the need to address the problem of poverty and increase the tax base for the local government, an Agricultural Village was created on a 1053ha parcel of land next to the Bendorp section west of the town. People who are occupying this village are mainly those who are moving from the rather awkwardly located rural areas of Utrecht to near the town. This has been the trend since the scrapping of the Group Areas Act in 1990, which legalised the segregation of people according to their races. Those who have been there are mainly the Coloured community the majority of whom worked for the mines before. Again, as hinted before, the Town Engineer, Mr Dekker was influential in the establishment of this initiative with support from the local government and the community. In this village, each household was allocated 500sq lots of land consisting of space for a cultivation plot, kraal, and a space for a house.

In the nearby open land that belongs to the Utrecht Municipality, a grazing area was demarcated where the farming residents of this area will graze their livestock, which consist mainly of small heads of cattle. Basic services were provided and they include electricity and piped water. Residents are required to pay a monthly cost of R57 to cover the expenses of services provided, but a 50% rebate on rates is provided, and each household is guaranteed 50kw of free electricity and 6kl of water a month (Nel, 2001, Mbatha, pers. comm., 2003). The target is to accommodate as many as 78 families when the initiative is complete. The LED Fund has also been of great assistance in the creation of this Agri-Village.

The local authority during the interviews indicated that this initiative has made sound economic and non-economic benefits. The inhabitants are now able to cultivate crops, especially maize and it has provided a convenient area for cattle grazing and access to better services and its proximity to the town. However, in reality, the income generated from agricultural activities practised from this initiative is nothing more than a meagre and unstable supplementary income to the more permanent one of those who are working. In trying to assess the impact that this initiative has made on the lives of the beneficiaries, semi-structured interviews were used among the residents who were randomly sampled. The main issue that was investigated is whether the initiative has made any positive difference in the lives of the beneficiaries. In Table 5.1 below is a profile of responses to this question, which emerged from the residents.

Table 5.1 People's perception of the Impact the Agri-Village has in their Lives

Classification of responses	PERCENTAGES
Yes, has made a huge positive impact	62%
Yes, but with dissatisfaction about certain issues	28%
No positive difference	10%

The results indicate that 62% of the respondents are happy with the benefits they eke out of the initiative while 28% are supportive but have some reservations. Only 10% of the sampled interviewees were critical of the idea of the agri-village even though, ironically,

they chose to settle in this area. The respondents who felt that the agri-village has made a huge difference in their lives pointed to four factors which are relatively poor or non-existent in the rural areas where they came from or were poor/neglected in this area before the Agri-village was created for those who were already occupying the place. These factors are:

- the proximity to the city and the transport infrastructure like roads and health facilities
- the availability of quality services such as clean water, electricity
- the high probability of getting better jobs and;
- good prospects of getting technical support for their farming activities.

Of those who are not satisfied with the benefits they derive from the initiative there is discontent about the following factors;

- the expectation by the local council from these people to pay rates which they feel are still high while they are not working.
- the small size of the land set aside for farming and the cultivation of plots
- the scarcity of alternative jobs outside farming in this village.

From this category, it can be inferred that the hope that these people had when they moved into the place was to find better jobs in the town that would generate better income, however, in reality the economy of the town is in recession. The last category consisted of 10% respondents who were against the idea even though they had relocated to this area. The main issue that emerged from this group was that the local authority, especially the district council does not provide them with necessary services in rural areas so they were forced to relocate to the urban areas where they are now expected to pay for access to services. Secondly, access to agricultural land was a topical issue as the land that is available for agriculture in this village is very limited and will not be able to meet the needs of such small-scale farmers in the long-term.

People had high expectations and hope that they will find stable employment, but such hopes have largely been shattered. This section has detailed the LED experience of

Utrecht. The next section first discusses this case study by gauging it against the 'requirements' that ideal and successful tourism-led LED need to reflect. The discussion will then proceed to an assessment of this LED experience.

5.7 Discussion

The LED process of Utrecht detailed above stands out as one of the key role models for other towns in South Africa, and abroad, which have experienced, or are experiencing, the decline in their main economic sectors and which seek to revitalise their economies by focusing on other sectors. The Utrecht experience partially corroborates Heney and Shkaratan's (2003) view that communities dependent on coal (or any extractive industries) are arguably more vulnerable than communities that are dependent on other types of industry, given the volatility of energy commodity prices and, most fundamentally, the non-renewable nature of such an extractive industry. The Utrecht economy has been largely dependent on coal mining with very little of other forms of industry, a situation which has called for expedient measures as the mining sectors experience problems.

Utrecht has successfully blended its intellectual and natural resources and external assistance in its attempt to revitalise its economy and directly respond to the economic deterioration brought about by mine closures. The branding of the town as "The town within a Game Park" stocking game, and the creation of an Agri-village are novel yet simple and innovative initiatives which have never been tried elsewhere in South Africa. Before this LED experience is discussed further, as hinted at before, an outline of the non-economic and the economic factors, which are critical to the success of tourism-led LED, will be briefly outlined first, and then an assessment will be done.

5.7.1 Non-economic factors

5.7.1.1 Relevant political support

One of the important factors in the success of LED in general is the presence of relevant political support. Politicians have a major role to play in development and they frequently influence the decisions that concern development in localities, which include the allocation of funds and the provision of development infrastructure (LED Premier, 2002). The LED process in Utrecht enjoys tremendous support from the mayor, the political head of the party that is heading the local government, and other members of the parties in the local government. Differences in political ideologies among the representatives of various political parties, which constitute the Utrecht Municipality, do exist, but they have not stalled the development process.

Local stakeholders have succeeded to reaching a consensus about working towards the development of the town despite these differences (Mtshali, pers. comm., 2003). At the launch of the town's Game Park, the Minister of Economic Development and Tourism in KZN, Mr Roger Burrows, in 30 August, 2003 pledged that the provincial government, which has already made considerable financial assistance towards the initiation of LED, has further committed itself to be a partner in the current and future general development of Utrecht.

5.7.1.2 Relevant partners with a shared vision and influential local leaders

It is imperative for local stakeholders and the community to agree upon a shared vision that will guide development in a locality. The presence of relevant political support without some form of a consensus and vision is not enough if those who are or are to be partners in development do not share it. In the case of Utrecht, Mr Smook, Mr Stannard, Mr Dekker and Mr Khumalo served to champion the LED vision and worked to sensitise everyone in a locality about tourism development, including the local government. The LED experience so far suggests that necessary support was successfully mobilised. This was asserted by the Game Farm manager, Mr Eric Madamalala that concerted effort towards LED and a shared vision facilitated the success of the planning and

implementation of LED without much friction, which may otherwise be divisive in the development of local social capital and unity in political leadership (Madamalala, 2003, pers. comm.).

5.7.1.3 Range of Projects

Rogerson (2003) states that, sustainable tourism LED is characterised by a mix of quality tourism attractions and resources, and he further states that the initiated projects should ideally generate a mix of short and long-term benefits. LED in Utrecht has met these 'requirements'. A portfolio of products that have the potential to complement each other do exist. They comprise a combination of resources (environmental, climate, landscape, socio-cultural and historic) and services (hospitality services, accommodation, restaurants) within and outside the Mangosuthu village and recreation resorts, and critical support services; (tourism information bureaux, guide and medical services).

A conspicuous interdependence is the fact that the selling of craft and art products from the Mangosuthu village hinges to, a greater extent, on the ability of the Community Game Park to attract as many tourists as possible, and on the quality of the services in the recreation resorts. Projects also vary in terms of deliverables, some have short term ('quick wins') and others have long-term deliverables. Jobs created during the construction phase of the initiative are short-term deliverables. There have been a few long-term jobs in administration, gardening and cleaning, and training of some individual local residents in game management, as indicated earlier, but this has not been enough. This will remain an unmet goal until the local people are empowered to partake directly in local tourism through a variety of services they can offer to the industry such as 'home-based' accommodation and a variety of contracts within the industry. This is what the management staff of the initiatives sees as the critical and potentially beneficial balance they need to build and strengthen in the long term (Madamalala, pers. comm., 2003).

5.7.1.4 Social and Cultural benefits

The LED process has also facilitated the recognition and development of significant historical and cultural assets in the area of Utrecht, thus fostering the community's culture and identity, and various sociological benefits, especially among the minority Afrikaner community of this area (Mbatha, pers. comm., 2003). The historical 'assets' found in this area that have received a renewed recognition, include the old personage museum, the Dutch Reformed sandstone church, the old military cemetery and other stately colonial houses and other buildings. On the other hand, the Arts and Craft village mirrors the Zulu culture, which is the dominant ethnic group in this area and the province of KZN as a whole. The attainment of a mix of such historical and cultural diversity is vital in creating harmonious co-existence in this area and is a key to successful development where everyone will feel important and have a high propensity to participate meaningfully in development (Tosun, 2000; Wanjhill, 2000).

It is, however, still too early to ascertain if community unity has been attained. The leaders perceive that this has been attained as is manifested in the level of collaboration among these different races in the area. But the intricacy in determining whether this cooperation is fuelled by the potential economic benefits people stand to achieve from development, or socio-cultural or psychological factors renders such an assertion somewhat precarious.

5.7.1.5 Planning and management

The success of tourism does not depend exclusively on the presence of attractions, services and a proper vision or ideas, which have been outline above. In addition organisational structure and a culture of tourism exerts a great amount of influence to LED success (Kepe, 2001). Partnerships in the planning and management of a tourist destination requires an integrated management of the public and private partners in a locality. Rogerson (2002) refers to this as 'institutional thickness', which embraces such things as good leadership, collective representation of institutions from different organisations, network, cooperation and the identification of common objectives vital in

LED. One can guardedly say that the LED process of Utrecht has achieved adequate 'institutional thickness', which is basic for the proper management of tourism destinations or institutions. Various stakeholders are involved (the local council, business community and some governmental departments) and this adds value to the initiatives and helps the initiatives to draw knowledge, insights and capabilities from a wider range of sources. However, the involvement of the local community still needs to be put under scrutiny.

5.7.1.6 Capacity Building

Michael *et al.*, (2001) points out that, for local people to be able to play a meaningful role in a local economy, training in basic skills that are needed in the local economy is indispensable. The management of the tourism initiatives in Utrecht have acted appropriately by providing necessary training to some residents that will enable these residents to integrate faster into the local initiatives. The two local residents who are getting training in tour guiding, and three other local residents who are currently receiving training in the operation and management of the game abattoir are cases in point, although this is still far from being sufficient. The arts and craft centre is also making a valuable contribution in this regard by training the local crafters, with the assistance of an accomplished local artisan.

On the other hand, caution should be exercised about the danger of being overzealous and complacent about skills training in tourism activities, and that jobs created in this way are good for everyone. This may chain people's mindset and activities into tourism, just as they previously have been to coal mining, while other opportunities could be explored. Broad-based capacity building, which extends to other sectors of the economy such as agricultural activities and other non-farm activities, seems to be a key to the success of the economic development in this area.

5.7.1.7 Participation in the Initiatives and Decision-Making

As indicated by Brahma (1996) and Desai and Porter (2002) in the literature review, participation of local people in the development process is now considered crucial if

sustainable and meaningful community development is the goal of any local development initiative. In the case of tourism in South Africa, this a prerequisite principle spelt out in the White Paper (1996) on the development of tourism in South Africa (refer to chapter two). In this Utrecht experience local communities are involved in the development of projects to a certain degree through a Community Development Forum. Councillors and structures such as the Arts and Craft committee are other important channels that represent the interests and views of the community in the LED process. However, it is difficult to gauge the extent of the effectiveness and strength of the community's involvement and representation through these structures. This could, perhaps, require a dedicated study on its own, as the methods used in this study were not sufficiently suited to examine this in depth.

5.7.2 Economic benefits

5.7.2.1 Employment creation

Of great social benefit, and as spelt out in the tourism development framework of South Africa as well, is job creation through tourism initiatives. Tourism-led LED is not an exception; it is also expected to adhere to this development framework. As hinted at earlier, about 2 354 temporary jobs were created during the construction phase of the initiatives in Utrecht with 895 going to the women as indicated earlier. Out of these, only fifteen (15) permanent positions have been created and these include administrators, game guards, house assistants, gardeners and general labours, and a few transient and unstable opportunities, which often arise. Measured against the amount of financial resources that have been funnelled into LED and the targeted 50 jobs to be created by 2002, the current achievements are not adequate. However, it should be born in mind that tourism is not a labour intensive industry (Tosun, 2002), a number of jobs are likely to be created not directly from tourism, but through linkages that stand to be developed between tourism, the community and others, particularly in the long term.

5.7.2.2 Small Business Development

One of the reasons tourism-led LED is advocated in community development is because of its potential to stimulate small businesses development, and the parallel retention and growth of the already existing ones (Ateljevic and Doorne, 2002; Rogerson, 2003). In Utrecht, small business development still needs to be accorded earnest attention if people are to benefit meaningfully in the tourism industry. The informal sector is pervasive downtown, but it has hardly received any support except in the form of small shelters from sun and rain. Business information centres are non-existent, as is the case in most parts of this northern region, except for the tourism information bureaux. Such a situation will stall entrepreneurial development, and this lack of information will hinder access to useful services for business development. In this way entrepreneurial development will be limited to those who are empowered and can go out of the town to glean this information, which could have been made easily available through business information centres in town. Against this backdrop of the above discussion, the Utrecht experience is assessed below.

5.8 An Assessment of the Utrecht Experience

Utrecht has shown a relatively higher degree of competency in combining local natural and human resources, with appropriate funding from outside, to devise means of counteracting the adverse effects of the erosion of its economic base, i.e. coal mining. As the Minister of Economic Development and Tourism commented in his speech at the launch of the Community Game Park that “...Utrecht is an illustrious example which shows what communities can achieve if they work together with their local leaders towards a shared goal about the place. This has not been achieved through a miracle, but it came as a result of co-operation and a shared vision that have characterised LED in this area” (Burrows, 2003). Utrecht has been able to drive what Stannard (2001 in Binns and Nel, 2001) calls the ‘*Utrecht Renaissance*’ which has prevented Utrecht from becoming a ‘ghost town’ and turned it into a town full of opportunities and optimism.

The following are some of the important factors which have driven the LED process in Utrecht and which are worth analysing to assess the success of the initiatives. These are; the value of the presence of visionary leaders, social capital and the importance of external government funding, the issue of the potential sustainability for the initiatives and the potential of the initiatives to achieve their intended goals. Lessons which can be gleaned from this case study are further outlined in the combined conclusion of all the three LED cases studies in the final chapter.

The hallmark of LED in Utrecht is the presence of 'champions' (Mr Stannard, Mr Smook, Mr Khumalo and Mr Dekker) who have been able to tap into the past experiences they gained in previous jobs and used them to pioneer the '*Renaissance*' of the town. The presence of such individuals is widely regarded as important in the literature for LED (Stöhr, 1990; Rogerson, 1997; Nel, 2001) in catalysing local action and sensitising other local stakeholders. This supports Stöhr and Taylor's (1981), argument that in some of the LED experiences of the North, a normal citizen, as opposed to an administrator or government official sometimes pioneers LED. These champions successfully established crucial linkages and partnerships while embracing diverse expertise and financial support and engendered a spirit of collaboration and transparency in their actions. The ability to quickly realize that something needed to be done in terms of diversifying the local economy and their ability to organise and sensitise the local leaders was key to the initiation of LED.

This development process would, however, not have materialised if the local community was characterised by a lack of trust and coherence and did not have a predisposition to organise i.e. social capital. McEwan (2002) argues that many local communities in South Africa are characterised by a lack of strong civil society structures that can represent the interests of the majority of the community members as well as an "obvious lack of capacity amongst many communities to respond meaningfully to the complex matters of governance and development' (McEwan, 2002.p, 4). The presence of people to drive the development process has complemented the absence of strong community organisations in this area of Utrecht.

LED in Utrecht has been able to cut across different races (whites, Blacks and coloureds) that were not getting along less than a decade ago, and who live in a town which still mirrors the effects of social engineering by apartheid policies in terms of settlements and land ownership, especially in the rural areas. As Kahoka, the Town Manager, commented "...The diverse races, rich and poor have been able to put aside their political differences and past experiences and committed themselves to working towards rebuilding the economy of the town" (Kubheka, pers. comm., 2003).

Diversity in opinions and slight tensions, which have political and social roots do exist and are bound to be found in any society with a demographic composition like that of Utrecht. But, in this case, differences have not derailed the LED process. People have looked beyond these differences and they work towards common interests i.e. the economic regeneration of the town. Perhaps a potential tension that is likely to become manifest in the long run is, if the initiatives fail to evenly distribute the benefits or if access to land becomes contentious.

The traditional leaders have supported the 'appropriation' of some parts of their tribal/communal land around Utrecht hoping that LED will create jobs for their subjects. However, in the current context, LED is likely to benefit more the people who are in and around town. Therefore, the 'land-hungry' rural communities, who would have possibly used land around the town for other activities such as agriculture, will need to be assisted not to look upon tourism as an absolute panacea to their economic problems. They need assistance to diversify their options for economic opportunities to include non-farm activities.

The issue of tranquillity and the constant support of tourism by the local community has implications for the sustainability of the initiatives and their continued competitiveness in attracting tourism investment. Whether the initiatives will effectively compete with the better-developed southern parts of coastal KZN in terms of tourism attraction and investment in the long term is debatable. In terms of the competitiveness of Utrecht, in the long run, success will hinge on its ability to provide a tourism experience different from other destinations in the region and the province, such as the Midland Meander,

which focuses on a diversity of crafts and other small industries and the 'Battlefield tourism', which is popular in this northern region. The ability to upgrade and maintain the quality of its tourism resources (natural and built), and further increase or diversify its portfolio of tourism products, and ensure its integration and cooperation with other towns in the region will be vital.

One aspect, which the LED process of Utrecht managed to overcome, which is usually a barrier in other towns and localities that wish to embark on LED, is the availability of funds from the government and other donors. The government, through the LED Fund, has played a key role in supporting the initiatives. Utrecht has generally been fortunate to secure assistance by surviving stiff competition from other proposed initiatives from other local municipalities in the country. Binns and Nel (2001) state that, in the first two years of the LED Fund (1999-2000 and 2000-2001), the Utrecht initiatives were among only 122 projects funded throughout South Africa. This may be an indication of both the professionalism and the clarity of the vision and strategy of LED in Utrecht, which enabled the initiatives to stand out among other applications, which were vying for the same inadequate funding.

However, the high dependence of this LED experience on government funding with very little assistance from other private sources is a cause of concern. It is important for the initiatives to 'survive' by themselves by being able to attract private investment and only utilize government funding as a catalyst for the initiatives. Moreover, compared to parallel tourism initiatives such as that of Stillbaai in the Western Cape (see Khosa, 2003), employment opportunities which have been created in Utrecht are thus far limited and reaching the target of creating 50 employment opportunities by 2004 seems rather modest (Madamalala, pers. comm.; Utrecht IDP, 2001).

It is difficult to conclude with absolute confidence that the poor people have benefited from the initiatives economically. The tourism industry is characterised by booms and -burst, and it has seasonality in its performance. Utrecht still needs to show how it will cope with these changes, especially in surviving the low seasons. Moreover, local

governments in South Africa have seized on tourism as an important strategy for poverty alleviation and possible economic growth in their localities, using local resources such as local culture, cultural villages, crafts etc. However, one wonders if there will not be a time when the market demand for tourist attractions, such as game parks, cultural villages/centres and crafts will be satiated. Utrecht has undoubtedly inserted itself into the global market system through tourism, and the type of insertion into the market rather than the act of insertion, is what will matter most.

Chapter Six: The Cases Study of Dundee

6.1 Introduction

The town of Dundee is situated below the Biggarsberg Mountains, midway between Durban and Johannesburg (see Figure 4.1). It is a town of history and culture at the geographical heart of KZN. As indicated earlier, Dundee together with the other small towns, of for example, Nqutu, Umsinga and Greytown fall under the Umzinyathi District Municipality and it serves as headquarters for this district municipality. Dundee is an executive municipality known as the Endumeni Local Municipality, as it has been stated in the study area chapter. It encompasses the other small municipalities of Glencoe, Dannhauser and Wasbank. The purpose of this section is to briefly outline the historical development of Dundee placing emphasis on the link between the development of the town and coal mining and agriculture.

6.2 The Establishment of Dundee and the Discovery of Coal

The establishment of Dundee in 1882, as was the case for Utrecht, was closely linked to coal mining and partly to agriculture. Dundee developed on a farm, which was owned by the Scottish man Peter Smith, which he had bought from the Voortrekkers. He named the town Dundee after his hometown, Dundee, back in Scotland (Talana Museum, 1998). In 1864 he settled in the area and soon discovered some coal outcrops on his farm and started mining in 1878 with the assistance of Cornish miners (Hocking, 1996; Talana Museum, 1998). The abundance of coal, which was readily sold in Pietemarienburg, earned the area the name of Coalopolis. In 1879, the mining industry began to enjoy a boom when the British Army made the town their headquarters during their second invasion of Zululand. Tents were erected on the farm and a sod fort was constructed by the British troops, however they later withdrew from Zululand back into Natal after the battle of Isandlwana. The settlement of the British army had attracted traders, missionaries, craftsmen and hunters. This led Peter Smith to realize that Dundee was a

suitable confluence for economic activities and people from different parts of the country, and so was an ideal situation for a town.

Together with William Craig Smith, one of the last men to escape from Isandlwana, and a family friend Charles Wilson, Peter Smith proclaimed the town Dundee in 1882 (Talana Museum, 1998). A geological survey in 1880 proved there were workable coal deposits in a 3000 square-kilometre area of northern Natal, with especially rich deposits on the farm Dundee and neighbouring properties. The town started to develop rapidly with powerful business associates bringing capital to this area and it soon became known as the “capital” of northern Natal. By 1889, Smith had floated the Dundee Coal Company on London Stock Exchange (Talana Museum, 1998; Hocking, 1996). By 1899, at the start of the Boar War, the Dundee Coal Company was operating thirteen shafts on its property in the river valley at the bottom of Anne Street.

The development of the Dundee Coal Company heralded the sinking of other mineshafts in the area with more coal deposits being discovered. Expansion continued up to the 1950s when about 16 mining operations and over 30 mines were in existence. However, owing to aforementioned shifts in the industry all of these had closed down by the 1980s. Among the once powerful mines which have shut down, are Endumeni and Northfield. The early 1980s was a catastrophic period for the mining industry of Dundee due to a variety of factors, which included the unfavourable changes in the domestic and global markets and the depletion of coal reserves, which had serious ripple effects on mining-related industries in the area. Before discussing the decline in the mining industry for this area, it is appropriate to give a brief outline of the social demographics of Dundee.

6.2.1 Social Profile

The town of Dundee and its hinterland is home to 64,099 people. About 75 percent of the population is African/Black with the remainder consisting of whites, Asians, and coloureds that are mainly concentrated in the urban area and on commercial farms in the hinterland of Dundee. Compared to other local municipalities, Dundee has the lowest

illiteracy levels in the Umzinyathi district (15%), and is characterised by higher levels of access to social services. Out of the three towns in the Umzinyathi District, Dundee is the only local municipality, which does not have a traditional authority in the area in the form of an Amakhosi.

Unlike in Utrecht, the settlement pattern of Dundee is typical of a South African town with its townships that house impoverished Black people and manifest the flagrant effects of the past racial segregation policies. Through a perfunctory view, one can note that the Black population is concentrated on the south-eastern fringes of the central business district, in a township called Sibongile. In the north-eastern part of the town, there has also been a flourishing informal settlement ('shack-township') since 1998 which is known as Hillview.

The Asian and the coloured populations are concentrated on the eastern parts of the town in relatively better-serviced and formal residential areas. The affluent segments of the population, which consist mainly of the white minority and well-off segments of other races, occupy the western part of the town, nestling under the Mpathe Mountain in a quiet, secure and well-serviced area. There are gradual modifications in such a racially segregated settlement patterns, but differences are still evident in terms of the quality of housing and services. The town functions as a service centre for the surrounding rural areas, which are mainly white commercial farms and black communal lands.

6.3 Decline in Coal Mining and the Current Economic Outlook

Dundee grew rapidly into a significant trading and railway centre in parallel with several nearby smaller mining towns i.e. Dannhauser, Glencoe, Wasbank and Elandslaagte in the area up till the 1970s. Towards the end of the last century, Dundee witnessed the closing down of many of its large coal mines with thousands of people being retrenched and migrant labour being forced to return home, while others opted to settle in and around the town with the hope of regaining some form of employment. Massive closures took place in the mid 1980s to early 1990s and was in the early 1980s when the Northfield and

Endumeni collieries mentioned above were closed down. These mines were affected by the decline in the production coupled with the decreased demand for coal of the type of coal they were extracting, that is, bituminous coal (Skhakhane, 2001, pers. comm.). At the same time they faced fierce competition from the Gauteng collieries that are better suited in relation to markets and enjoyed better geological conditions, which facilitated mechanization, thus speeding up the production of coal.

The latest closure was in 2000 when the Talana and Walmsley Collieries ceased their production. At its economic peak in the mid-1970s, there were 32 mines within a 100km radius of Dundee and the mines were the 'spine' of the economy. In the present day, only one small operation is left, Slater Coal, which opened in 2001. This is an underground mine which produces anthracite, and it employs not more than 50 people (van Rensburg, pers. comm., 2001; Bujram, pers. comm., 2003).

6.3.1 The Closure of Coal related Industries

The deteriorating conditions in the mining industry and closure spilled over to other mining related industries in the area. In the 1980s and the 1990s, a number of Dundee-based industries, which had established in the area because of the presence of coal and/or the established economic base closed down. For instance, in the early 1980s, Clover Dairy and Royal Beechnut closed down. Dundee further suffered a severe blow when the Dundee-based African Cables was closed in 1992, leaving 228 employees without employment. Then again in 1993, a long established company, Dundee Road Products, which had opened in 1922, was also shut down (Umzinyathi District Report 1999). The latter closure came as a result of the closure of the Vryheid Coronation Colliery in Vryheid and its coke ovens which had been the only supplier to Dundee Road Products of coke oven crude tar from which road tar, pitch creosote and other products are extracted.

Two years after the closure of the Dundee Roads Products, Consol Glass Furnace also ceased its operations in 1995, resulting in the loss of another 230 full time employees (Bujram, pers. comm., 2001). This company was affected through its direct linkages with

collieries as it had relied on local coal and sand that it used in the production of glass and subsequent importation from places like Gauteng, rendered production unsustainable (Bujram, pers. comm., 2001). ISCOR's later annulment of coking coal contracts with many mines in this region, and the generally depressed international market for coal contributed to the demise of the mining industry in this region and the economy of Dundee in particular. The effect of closures has been dramatic such that between the 1980s and 1991 the town's gross geographic product nearly halved (Aitchison in Nel *et al*, 2003).

6.3.2 Agriculture and Tourism

Despite the importance that was attached to mining, farming has been, and still plays an important role in the economy of Dundee. The municipal area of Dundee is a large agricultural area with a stable and deep-rooted farming community, which plays an important role in the economy of the region. The chief farming activity is livestock production and its robustness is reflected in the local livestock sales, which are some of the biggest in KZN. Cattle farming comprise the largest share of the livestock farming; large dairy heads also form part of the farming activity (Dundee Transitional Local Council, 2000; Sthebe, 2001 pers. comm.). One of the largest dairy heads, Dairy Groove, is found on the outskirts of the town.

Arable agriculture is also practiced with a particular emphasis being on maize. The *Natalse Landboukooperasie* (NLK) (Natal Agricultural Co-operation) is also situated in this town, which further illustrates the significance of agriculture in this area. The surrounding communal areas also reflect this strong culture of farming with an emphasis on subsistence farming. The value of the agriculture industry in terms of annual turn over was estimated to be R 600 million in 1997. Its direct contribution to the wealth and environs has been calculated at over R14 million for 1997 (Aitchison, 2001 in Nel *et al*, 2003). In the recent past, farmers have had to cope with poor prices for farm products and the loss of local market turnover as mining in Dundee was reduced to the shadow of itself.

Dundee and its surrounding countryside have prehistoric sites and it was one of the important battlefields of the Anglo-Zulu War in 1879 and the Anglo Boer War at the turn of the twentieth century (KZN tourism, 2003). There is also a reported growth of eco-tourism in the area, as many farmers are following a national trend whereby they convert from cattle farming and arable agriculture to game farming. Tourist options range from hiking on the local Mpathe Mountain, to hunting, and game viewing, and a good network of farm and urban off-farm accommodation establishments supports and benefits from the growth of tourism.

6.4 The LED process in Dundee

The deterioration of the local economy of Dundee galvanised the local authorities and the urban and rural communities of this area to find an alternative economic base for the area and try to address unemployment and poverty. The mining crises had begun to impact negatively on the town's economy as early as the 1980s when the mine closures were at peak. Nevertheless, little was done to revitalise the economy until the early 1990s when concerted efforts were made to attract investment into the town (Sthebe, 2003, pers. comm.) The endeavours by the local municipality involved the general regeneration of the town to make it attractive to investment, a strategy that was also consolidated by the post-2000 Dundee local council. This place has also been declared a Presidential Node development point. It is one of the most poverty-stricken areas in the country, which needs special attention and assistance from the provincial and national government. LED in Dundee can roughly be placed into two categories in terms of the actors who are involved in the LED process.

- Business investment attraction strategies i.e. 'smoke stake chasing'.
- Community-based LED initiatives, which involve partnership arrangements between the local stakeholders, provincial and national government departments, and those that are purely community initiated and driven.

As is the “tradition” of many other towns in South Africa, the post-2000 Dundee local council has involved itself in strategies that attempt to attract investment from the outside. The pre-2000 local council successfully attracted a little investment in the form of retail shops such as a Spar shopping complex and a taxi rank with a few shops adjacent to it, which were established in the 1990s. The post-2000 local council has consolidated this strategy through the Dundee Economic Development Forum (DEDF), which had been established in 1995. This forum consists of members from the business community, chamber of commerce, local farmers, local and district council representatives and community members. Agriculture, tourism and business attraction are the key focus areas, which were identified by DEDF for development purposes.

The KwaZulu-Natal Economic Council (KZNEC) and the KZN Department of Economic Development and Tourism have been funding and facilitating LED capacity-building in many localities in the province, including Dundee. This programme encompasses forming stakeholder partnerships and LED forums, undertaking economic regeneration studies, developing an LED vision and strategy and identifying and prioritising LED projects. This first stage is nearing its completion and the next stage will be that of transforming LED into reality. This stage will deal with fast-tracking catalytic economic projects in each locality, supporting the development of the SMME sector and community-based initiatives (such as co-operatives) to take advantage of new opportunities (KZNEC, 2003). The Umzinyathi District Council also has some development initiatives going on in this region, but they are more concerned with social services as opposed to economic issues. The discussion now will shift to a brief outline of the tourism and industrial business attraction strategies, and then proceed to an outline of community-based LED initiatives, which have been initiated in Dundee.

6.4.1 Tourism

The fact that the town lays in a historic battlefield area spurred-on the thought of incorporating tourism as one of the potential and practicable economic development strategies. The KZN tourism organisation is a lead actor in this regard, with the local

government providing a conducive environment for such development. Earlier action towards tourism included the conversion of the Smith Farm (the founder of the town) homestead and farm buildings into a local history museum, which encompasses coal mining, glass manufacturing, brick making, agriculture and the battles from the three wars which took place in and around the area where Dundee is situated. Moreover, Dundee is equidistant between Johannesburg and Durban, which makes it a suitable 'repose-point' for people travelling between these cities.

On the downside, one councillor in the area commented that tourism is still largely owned and run mostly by an affluent segment of the community and, as a result, few benefits go to the local poor population. The marginalized, poor people of this area only get underpaying menial jobs at the tourists' destinations and places of accommodation, which are mainly found in game reserves and other destinations in the countryside (Sibiya, 2003, pers. comm.). There are no obvious and conscious efforts from the government, which facilitate the direct involvement of the local Black population in tourism activities at the ownership and management levels. Despite this, local communities play a major role in this industry through cultural dances, crafts, and other activities that are linked to tourism.

6.4.2 Investment Attraction

Investment attraction has been used as an LED strategy by the local government for a long time with no clear and substantial results. The identification of Dundee as an 'Other Industrial Development Point' under the auspices of the RIDP development policy in the 1960s (Harrison's Report, 1990), contributed to the development of a better infrastructure and capacity to attract investment compared to Dannhauser and other towns in the region. The mining industry and a range of other industries, which are located in this area, benefited this region in terms of business creation as well as through road and rail infrastructure development. In spite of such advantages, Dundee has not been able to attract substantial investment one would expect.

In late 2001, a delegation from Shanghai in China visited the area of Dundee and Dannhauser in search of investment opportunities. Dundee marketed itself as a potential area for investment, but the delegation was interested in the infrastructure of the now-defunct Durnacol coal mine along the lines of opening a bicycle manufacturing company there (Nel, *et al.*, 2003). To date, investment has not been forthcoming and, as a result, efforts have been diversified to include more community-based kinds of LED, which focus on blunting the frontiers of poverty.

6.4.3 Community-Based LED

In early 1999, a variety of potential community projects that could lead to the attainment of economic development goals were identified in a consultative process between the DEDF (Dundee Economic Development Forum), the community, and the Dundee TLC. This partnership sought to establish economic initiatives that would, in addition to addressing poverty, also achieve goals of economic self-reliance, empowerment, and community upliftment (Dundee IDP, 2002; Sthebe, 2002). The identified initiatives included, block making, piggery projects, photographic projects, and community gardens in addition to a range of other community initiated projects. Some of these projects were initiated some not, but the majority of them died out because of a variety of reasons which included the inability to sustain themselves after initial funding dried up, coupled with a distinct lack of entrepreneurial drive.

The rural areas surrounding Dundee, like many other rural areas of South Africa, have been neglected in terms of getting support for community-based development activities. It was only recently that the district municipalities and agricultural extension officers began to offer valuable support to rural economic development initiatives. Two of the initiatives that have been investigated in this research are in the rural area of Rorke's Drift, which lies at a distance of about 80km east of the town of Dundee. These initiatives constitute of purely community-based LED activities and are driven mainly by women grouped together in informal associations. They mirror desperate attempts by the poor communities to fight piercing poverty in the expansive rural area of the district where

most of the residents suffered the consequences of the 'fraudulent' rural development policy of the past government regime as detailed in the introductory chapter.

In the urban area of Dundee, five initiatives were investigated and three of these are being implemented under the local government's IDP process, whereas the other two involve a local partnership between the communities, and local and provincial governments. These were founded outside of the IDP process. It should be mentioned that some of the initiatives which existed when the first fieldwork was conducted in mid-2002 and identified for research purposes, ceased to exist as time went on and others were emerging as the study was nearing completion. It was not however practical to cover the new ones due to time constraints. The next section first details the community initiatives that were investigated in the urban area of Dundee, and this will precede a study of initiatives that are in the countryside.

6.5 Local Economic Development Initiatives

6.5.1 Introduction

Amongst the earliest initiatives that were identified through a partnership arrangement between the local stakeholders in the urban area of Dundee, was urban farming in the form of a community garden. This community initiative has been able to survive for a period of four years. The British Consul played an essential role in the inception of this initiative through the provision funding. This initiative is detailed below.

6.5.1.1 Community Garden Initiative

6.5.1.2 Background of the Initiative

At its inception, the community garden was meant for the unemployed people who live in this area, especially those who reside in the nearby townships of Sibongile and Hillview. Consequently, the identification of the participants was done through a community-led process to ensure that it was the most needy and unemployed people who acquired membership to this initiative (Skhakhane, 2001, pers. comm.; Khumalo, 2003, pers. comm.). But, as time went on, participation in this community garden declined from 40

members to 34 for a variety of reasons which will be pointed out below, hence membership was made flexible to allow a wider range of community members to participate. As a result, the membership may now increase. The garden was designated on municipal land not far from the town centre, close to Sibongile Township southeast of the town. In late 2003 it consisted of 34 members, about 70% of whom are women. This garden initiative was named the Kwanced'mhlophe Gardening Project and is detailed in the next section.

6.5.1.3 The Development Initiative

This garden was founded late in 1999 out of a concerted effort between the local government, the community and the DEDF (Sthebe and Skhakhane, 2002, pers. comm.). Since the local government could not afford to provide infrastructure and other necessities for starting such an initiative, attempts were made to secure assistance from different possible donors, including the government. The British Consul intervened by donating an amount of R80 000 towards kick-starting the initiative and provided a package of gardening implements.

This package consisted of an electrified fence, a multipurpose mini-tractor, a small maize milling plant, a tool shed and solar panels for generating electricity (Sthebe and Skhakhane, 2002, pers. comm.; Khumalo, 2003, pers. comm.). It was hoped that the community would secure a piece of land where they could produce maize and sell it at the maize-mill thereby maximising and strengthening their entrepreneurship and livelihood sources. However, this has not materialized, hence the milling plant has been lying unused inside the tool shed for the last four years.

The garden was allocated a 7,2-hectare piece of land which was fenced and the internal infrastructure, which include a dam and an electric water pumping system was put in place. This garden was divided into about 20 by 50 metres of plots, which accommodated about 40 people, but the number declined to 34 as indicated above (See Figure 6.1).

Figure 6.1 The Kwanced'omhlophe Community Gardens



The solar system that was provided for purpose of generating electricity for pumping water was later stolen. As a result, it has turned out to be the liability of the local government to pay for electricity that pumps water to the dam inside the garden. The Department of Labour and the Department of Agriculture made an important contribution to this garden towards the end of 2002 whereby they undertook to offer some basic skills-training on gardening and business management to the garden members (Khumalo, 2002, pers. comm.).

Their training focused on things such as better methods of gardening, the use of fertilizers and other innovative ways which can maximize production and enable the participants to generate income rather than living from hand to mouth i.e. subsistence gardening. The Department of Agriculture still provides constant support through the extension officers. From the local government perspective, the goal of this garden is to assist the poor to become self-sustaining in terms of vegetable production, and to further enable those who are able to produce in abundance in order to sell their products for income generation, thus addressing issues of poverty alleviation and community empowerment (Bujram, 2003, pers. comm.; Nel, *et al*, 2003).

In the same vein, the ultimate goal of the intervening government departments, especially the Department of Labour, is to assist these gardeners to become sound entrepreneurs in the long run. It is hoped that the skills training in business management that was offered will assist the participants not only in running the gardens, but also in diversifying their

livelihood strategies by opening up other small initiatives outside the garden (Shange, 2003, pers. comm.). As it was indicated in the introductory chapter, hardcopy questionnaires were administered. Therefore, information about the participants in all of the initiatives was attained. In cases where the participants of the initiatives were many, sampling was used.

Table 6.1 Personal Information of the Kwancedo'mhlophe Community Garden participants

Gender		Education levels			
Males	Females	No-education	Primary	Secondary	Tertiary
38 %	62 %	24%	14%	62%	0%
Age Cohorts					
18-30		31-48	49- above		
52%		38%	10%		

Table 6.1 details demographic information about this community garden project participants and shows that the majority of the participants are women, who constitute 62% of the membership. About 52 % of the members are aged between 18 and 30 years of age. In terms of education, 62 % of the participants have some high school education. Other statistics, which are not included in this Table, indicated that about 60% of these members are not skilled and 76 % of them have never worked before. Out of those who have worked before, only 9% (2) were former mine workers in Dundee. The prevalence of young individuals with secondary education presents a good potential for further training and other development opportunities, such as entrepreneurship, which is a goal of the intervening government departments.

It transpired during focus group meetings that the gardeners have experienced some positive changes since they received training. This difference was particularly noticed in the way they deal with pests, which had been a crippling factor in the gardens, the utilisation of manure and understanding the seasonality of many crops (Khumalo, 2003,

pers. comm.; Sibiya, 2003, pers. comm.). The majority of the garden producers are selling their produce in the informal market in town. These sales include items such as potatoes, spinach, cabbage and some green vegetables. Potatoes are a favoured crop in this garden since the returns from their sales are said to be huge.

In terms of the impact that participating in this garden has had on the participants the responses were mixed. About 90% of the participants became involved with the initiative because of a lack of income and the need to address poverty. The remainder consisted of the individuals who joined the initiative after the membership was opened to the originally undesignated group. About 72% of the members indicated that the income which they generate by selling their produce, is their only source of income.

In terms of the change or impact that the initiatives have made on their lives, 71% participants tended to highlight or emphasise changes in levels of income, as opposed to other aspects such as empowerment through acquiring skills. The remaining percentage pointed to a sense of self-worth and pride about their activities. Among this last group there was an emphasis on the positive impact made by skills training in business management, which was offered by the Department of Labour. From this profile, a tentative conclusion can be reached that the initiative is making a difference in the lives of the participants, both in terms of income and intangible benefits such as empowerment.

In terms of the manner in which the members of the initiative are co-operating, 73% indicated that co-operation is good and mutual. The remainder had different views pointing out at the failure to maintain uniformity in the manner and time they plant different crops as an indication of a failure to unite. This was also pointed out during the focus groups as a reason that has deprived this initiative of an opportunity to supply retailers with their harvest in bulk. It also emerged from this focus group that the shortage of garden implements such as spades, rakes, forks etc. is a huge constraint to effective work to some member who cannot afford to buy these necessities. The suggestion was, therefore, that it would be ideal if the local government can assist in acquiring these tools.

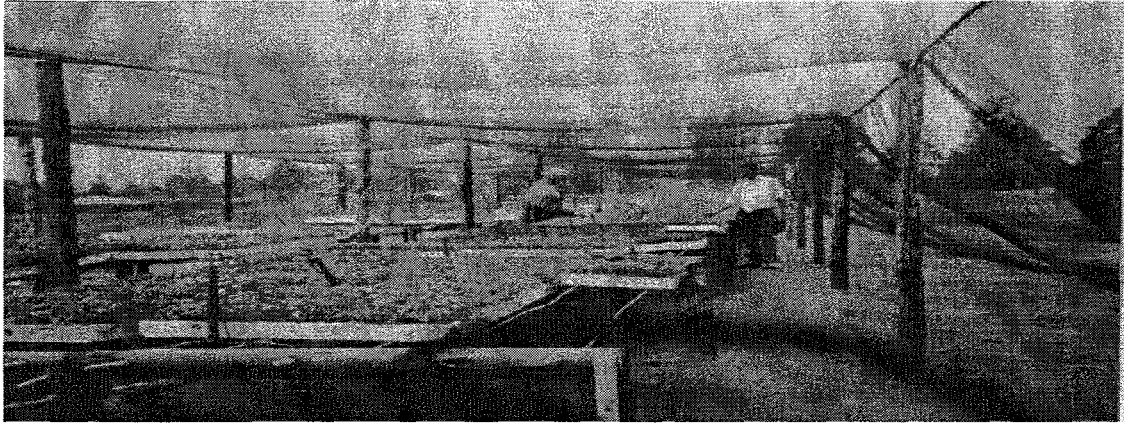
Attention now shifts to the Nursery initiatives, which was established within the premises of this community garden.

6.5.1.4 Nursery Initiative

In an attempt to support the garden initiative, a proposal for establishing a nursery within the community garden detailed above was put forward late in 2001 by the gardening community and was accepted by the local government. Early in 2002, the nursery was established and funded as one of the IDP initiatives by the Department of Provincial and Local government through the LED Fund. It was thought that instead of the gardeners going out in search of seedlings, it would be convenient and beneficial to have seedlings grown in a nursery within the garden premises and these initiatives will complement each other (see Figure 6.2).

This nursery has generated full-time employment for six (6) people and they have been trained in various skills for operating a nursery. The project manager and marketer were given short training course in business management and marketing respectively. This nursery has not been limited to supplying this garden only; it also supplies gardens in far off areas and members of the community who have backyard gardens buy seedlings from this nursery (Hadebe, 2003, pers. comm.). The marketer travels around the region 'advertising' this nursery, and some nursery employees are responsible for selling seedlings in the informal market in town from where most of the income is derived (Hadebe, 2003, pers. comm.; Skhakhane, 2003, pers. comm.).

Figure 6.2 The Nursery Initiative



In Table 6.2 the personal profiles of the participants in the initiatives are presented in nominal terms since they are few.

Table 6.2 Personal Information of the Nursery Initiative Participants

Gender		Education levels			
Males	Females	No-education	Primary	Secondary	Tertiary
1	5	0	3	2	1
Age Cohorts					
18-30		31-48	49- above		
4		2	0		1

The Table above indicates that in terms of gender, females dominate in the initiative, as is the case in all other initiatives in this area. The majority are youths, aged between 18 and 30 years old. Other statistics indicate that these participants have all worked before in the service sector doing some manual labour.

With regard to finance, this initiative was allocated a fund of R150 000 from the LED Fund and the initiative is expected to become sustainable within a period of three years after which it will be handed over to the community. The income that the initiative generates through sales is deposited into an account which exists within the local government. When this initiative was first visited in January 2000, the members were still being trained and the infrastructure for the nursery was still being provided. In June, the

initiative was already operational and an amount of R 1 500 had been earned. In January 2003, an amount of R 230 000 was reported to have been generated in a roughly nine-month period. It was difficult to find the exact figures of how much was spent on the training and buying infrastructure but the anecdotal figures was placed at R 65 000 (Bujram, 2002,2003, pers. comm.). As one can see, the achievements are positive considering the small size of this initiative.

The salaries in all the IDP initiatives became a source of controversy and de-motivation from July 2003. The local municipality indicated that the initiatives were not sustainable in financial term, which means the income was far less than expenditure. The local government and the committee members, who are consulted whenever the local government is to make a decision about the initiatives, decided to cut down salaries to make up for a loss, without prior-consultation with the affected participants (Hadebe, 2003, pers. comm.; Zuma, 2003, pers. comm.). This emerged as the main issue that needed to be addressed, as does the patron-client relationship that the participants feel exists between them, the LED officer and project coordinator. They are also dissatisfied by the alleged, frequent failure on the part of the LED officer to consult properly when certain decisions about the initiative were to be made.

Other issues of concern that emerged include the failure to form and strengthen the envisaged partnership between the nursery and the community garden. Garden participants act differently to what was agreed upon or anticipated that they were meant to buy seedlings from the nursery and not from outside sources. Instead, it is the outside community that has kept the initiative running as the garden members are reluctant to buy from this nursery (Bujram, 2002, pers. comm.; Hadebe, 2003, pers. comm.). The gardeners on the other had complained about the high price at which the seedlings are sold, which is something the nursery staff cannot change since they are required to make a profit to ensure that the initiatives becomes sustainable before the funding that it is allocated for is finished. On a positive side, towards the end of the year, this initiative was contracted to supply seedlings to Spar supermarket and this at least had provided a stable and reliable purchaser of the seedlings.

The seasonality of the garden also affects the nursery. The garden is more active during the winter months as compared to the summer months. This translates to an even more unfavourable situation in the nursery as it forces the nursery to rely solely on the external market to survive during the off-peak seasons in the garden. But the general trend in terms of income to the nursery initiative has been an improving one, though it is still hovering below the expected level i.e. income vs. invested financial resources. The results from the questionnaires indicated that all the member of this nursery initiative valued their involvement in this initiative, especially because they were chosen on the basis of the poor economic status of their families. In the survey results, emphasis was placed on the importance of income they derive from this initiative on a monthly basis followed by a feeling of being empowered through skills training in nursery and having something to look forward to doing every morning.

These initiatives have the potential of growing and making more valuable contributions to the lives of the participants if cooperation and understanding between the local government and the member of the initiative can be instilled. A symbiotic relationship between the nursery and the garden is necessary and the survival of the nursery is more dependent on the garden than is the garden to the nursery. The focus now shifts to the next initiative, the Pecanut initiative, which was also initiated under the IDP.

6.5.2. The Pecanut Initiative

6.5.2.1 Background of the Initiative

Besides tourism, one of the strengths of northern KZN, as pointed out in chapter four, is its potential for arable agriculture, regardless of the fact that some pockets of this region are counted amongst the worst degraded land in South Africa (For, 2001). The local government of the past regime in Dundee owned a five-hectare pecanut farm, which is located by the roadside, two kilometres west of the town (see Figure 4.1). In 2000, the existing local government inherited this farm and it identified as one of the potential assets that can be used for community economic projects under the IDP process. The

LED Fund and some financial support from the Provincial Department of Economic Development and Tourism have supported this initiative.

6.5.2.2 The Development Initiative.

This initiative started to operate in early 2001, and has employed five (5) people on a full time basis from poor families who were selected through a community-driven process, as is the case for all the IDP led initiatives. Like all other local government run initiatives, this initiative has a committee consisting of community members, which oversees it in conjunction with the local government (Buthelezi, 2002; Hadebe, pers. comm., 2003). The participants consist of a manager and a marketer who also acts as treasurer, a security guard, and others who are responsible for various tasks within the initiative. The local government provided training in project management and marketing through a private consultant to the project participants. Fencing and a watering system were installed and a roadside shop built where pecanuts are sold to passers-by. The local government also pays the water and electricity bills accrued by this initiative. The expenses incurred in the revitalisation of the farm and training of the members amounted to R170 000 (Bujram, 2002, pers. comm.).

This project, like many agriculture-based initiatives, is influenced by the seasons of the year. The harvesting of pecanuts takes place in April/May and the workers then are inactive, except for selling, until September when tending for trees and other related activities commences. However, in spite of its seasonality, the first harvest has been satisfactory. For instance, it transpired from the focus group meeting that in the 2001/2002 season about 86,50kg of pecanuts were harvested. These were sold on 2kg bags for R15 each, which, when multiplied, amounted to R1 700 in that season. This production was considered a good production level in relation to the number of trees and the size of the farm, and the fact that the farm is still being revitalised, meaning that it has not yet reached its true production potential.

The total production for 2002/2003 improved to 95, 50kg bags, which reflects that the farm is yielding higher production levels. Unfortunately, the total financial gains from this harvest could not be found, but they would definitely increase since the price per kg had also increased. Table 6.3 below presents some basic statistics about the initiatives' participants.

Table 6.3 Personal Information of the Pecanut initiative participants

Gender		Education levels			
Males	Females	No-education	Primary	Secondary	Tertiary
2	3	0	0	5	0
Age Cohorts					
18-30		31-48	49- above		
4		1	0		

From the table above, it is clear the Pecanut initiative consists of youth aged between 18-30 years and that all of these young people have some secondary education. The male/female ratio is not considerably different; perhaps it is because of the strenuous nature of work done in the tending of trees, which needs a certain amount of strength.

It was pointed out that, initially, the people who were part of this initiative were eight in number and that the majority were males. However, because of the meagre salaries they receive, the other three left the initiative for better jobs and no replacements were acquired (Mkhize, 2003, pers. comm.). The results also showed that all the five remaining employees, were unemployed at the time that they were hired at this project, implying that this is one of the reasons they accepted partaking in the initiative, despite the meagre salaries.

In terms of the impact this initiative is making or has made to the lives of the participants, the results indicated a unanimously feeling that there is a great change in financial terms since they were recruited to the initiative. However, as is the case with all the IDP-led initiatives in Dundee, salaries have decreased because this initiative was also declared

unsustainable, and this is a thorny issue in this initiative. It would seem that the salary cut was not done in a transparent way to ensure that the participants, not just know, but also understand what is meant by the unsustainability of the initiative. Moreover, the patron-client relationship and the said failure of the LED officer to agree on or accommodate the views of the participants in the initiative are some of the issues that affect the morale of those active in the initiative.

In spite of the obviously limited number of job opportunities that have been created by this initiative so far, like the nursery project, it is a unique strategy of fundraising in the face of scarce financial resources. The fact that the people it has employed are from the families identified as “needy”, makes a difference to these families since these employees generate a liveable income. Compared to R170 000 that was used as a capital injection for this project, an amount of only about R3 000 had been generated in late 2003 since the initiative started, which is understandably low given the market value of pecanuts and the fact that production is only once a year. But this raises questions of such an initiative if it is to be evaluated in financial terms, as it is clear that it is not likely to regenerate the capital used to initiate it.

In general there were encouraging signs of improvement observed during the visits that were undertaken every few months between June 2002 and September 2003 in terms of production levels, as indicated earlier and the expressed confidence among the project participants. Despite the slightly positive changes that are taking place within the initiative, expeditious interventions, especially in terms of ensuring dialogue in the management of the initiative are imperative; otherwise the initiative is likely to face a potential collapse when funding is finished. This is regarded as a good initiative by the local authority which involves the communities directly in local economic development activities, which is important in empowering the poor. Attention now shifts to a sewing initiative which was also initiated under the IDP process.

6.5.3 Khiphokuhle Sewing initiative

6.5.3.1 Background to the initiative

This initiative was started in 2000 with the purpose of addressing issues of unemployment, poverty and fundraising for other initiatives, as is the objective for all other initiatives. It consists of eighteen (18) members, sixteen of whom are dressmakers and the remaining two are the manager and the marketer (see Figure 6.3). Again, the Department of Economic Development and Tourism made a valuable contribution towards this initiative in terms of funding. The initiative is detailed in the next section.

Figure 6.3 The Khiphokuhle Sewing initiative



6.5.3.2 The Development Initiative

Despite the differences between the activities undertaken in this project and other IDP-led projects outlined above, the constitution or composition of and motives behind initiating these initiatives are similar, i.e. to generate funds for reproducing new projects, while benefiting the participants. Through the local government, the Provincial Department of Tourism and Economic Development contributed about R150 000 to the initiative (Bujram, 2002, pers. comm.; Zulu, 2002, pers. comm.). This initiative is housed in the town of Glencoe and all the people who work in this initiative are from this small town, which is also part of the Endumeni municipality. The demographic composition of this initiative is as follows (see Table 6.4):

Table 6.4 Personal Information of the Khiphokuhle Initiative Participants

Gender		Education levels			
Males	Females	No-education	Primary	Secondary	Tertiary
2	15	0	5	12	1
Age Cohorts					
18-30		31-48	49- above		
1		6	11		

The table above indicates that this initiative consists mainly of women 83 % (15) of the members and about 67% of all the members (male and females) have secondary education. Out of these eighteen participants 61 % (11) are aged above 49 years, and all members, except the marketer and the manager, were selected on the basis of their previous knowledge of dressmaking not their economic status. The entire team was given advanced training in sewing through a private consultant to fine-tune their skills in sewing and the leaders were offered short, intensive courses in skills training to prepare them for leadership duties within the initiative.

The researcher was fortunate to be exposed to weekly meetings of the committees for the initiative. This information was valuable in gaining an understanding of the internal issues, and the manner in which the members engage with matters relating to the initiative. In terms of the impact that the initiatives makes on project participants, it was interesting to note that the members of the initiative (83 %) valued the skills they have acquired through short intensive training classes which were offered by the local government more highly than the salaries that they are receiving. Along the same lines, the members, however, were discontented about the fact that they were not given some certificates, which will make them employable outside of the initiative, and in case they wished to start their own businesses. Clothing items which are sewn in this initiative, include school uniforms, t-shirts and a variety of fashionable wear, which is sold at pension pay points in this region. This initiative had serviced a contract for sewing uniforms for three schools in the region (Ntombela, 2002, pers. Comm.; Zulu, 2003, pers.

comm.). The local community also supports this initiative by bringing it their garments for repairs.

When the initiative was visited in June of 2002, an amount of R11 000 had been generated through sales of products, since it had started towards the end of 2000. In September 2003 it was reported that about R21 000 had been made in a roughly two-year period (Ntombela, 2002, pers. comm.; Zulu, 2003, pers. comm.). Obviously, this does not compare favourable against the R150 000 which was invested to the initiative. Like all other IDP led initiatives, this initiative is not considered as sustainable yet, but it compares well with the other initiative in terms of the gains it has made (Bujram, 2003, pers. comm.; Zulu, 2003, pers. comm.).

From the meetings that the researcher attended and the focus groups, it became clear that there is often no agreement about what should be done to ensure that the initiative delivers the expected results. For example, the issue of what garments should be produced and how and where the product should be sold emerged as one controversial issue, which often caused divisions within members of the project. The cause of this division is a pressing need for generating income and fear of producing products that will not compete well in the market. In other words, there is no clear strategy by which the members of the initiative, or the marketer in particular, speculate about where the potential gains are, and which garments should be produced.

The results from the questionnaires revealed that the members of this initiative valued the benefits, especially financial benefits, they gained through this initiative in the form of monthly salaries. This would be expected since for most of them this was the main source of funding. However, it should be remembered that the criterion used in recruiting the members to this initiative was not based on the family's economic status but on the members' previous knowledge in sewing. Only 40% of the participants indicated that they feel empowered by being part of the initiative in the questionnaires. The reduction in the salaries since the local government applied a blanket approach in salary reduction in

all the IDP initiatives to make up for unsustainability of the initiatives overshadowed a feeling of empowerment in the latter stages of the data collection exercise.

The effect of salary reduction was reflected in the responses from the questionnaires, which were administered at that time. Poor channels of communication and differences in opinions about how the initiative should be run between the LED office in the municipality and the project participants, was an issue of major concern amongst participants. In general, this initiative has generated significant gains compared to other initiatives. However, stiff competition is presented by another semi-independent sewing initiative in the area, which is also vying for the same market of sewing clothing, especially school uniform. This initiative is detailed below.

6.5.4 Sifisokuhle Sewing club

6.5.4.1 Background to the Initiative

It is a common feature for the unemployed people of this area of Dundee to gather every day in the offices of the Department of Labour in the hope of securing some kind of employment (Thabethe, 2003, pers. comm.), and only a few of these people succeed to find jobs in this way. In view of this situation, Mrs Thabethe, an ex-teacher at a sewing training college, who is now resident in Dundee, had a vision of intervening in this situation through initiating local initiatives that would earn people some kind of a living and abate poverty. She introduced men and women to the vision she had had, and a series of meetings were organised to brainstorm about different community initiatives that could be embarked on (Thabethe, 2003, pers. comm.). A variety of initiatives were raised and the sewing initiative was the one that managed to take-off quickly and show signs of success. This initiative was named *Sifisokuhle* Sewing club (which means 'we wish the best'). The initiative is detailed below.

6.5.4.2 The Development Initiative

When the sewing initiative was started in 1999, it consisted of thirty members. However, as time progressed, many members decided to resign and only nineteen (19) members

were left by late 2003 (see Table 6.5). The mass resignation of members was attributed to the perception that chances of success were bleak when the initiative started, and the fact that each member had to make some financial and other form of contribution that was used towards acquiring the basic necessities for the initiative. Most of the members could not afford to make such contributions, which forced them to quit (Ngobese, 2003, pers. comm.; Thabethe, 2003, pers. comm.). The membership composition of this initiative is presented in the table below.

Table 6.5 Personal Information of the Sifisokuhle Sewing Club

Gender		Education levels			
Males	Females	No-education	Primary	Secondary	Tertiary
1	18	2	6	11	0
Age Cohorts					
18-30		31-48	49- above		
4		9	6		

Form the Table above, it is clear that 95% (18) of the participants are females and 58% (11) of the members have some secondary education, which offers a potential that can further be explored for development purposes. In terms of age cohorts, there are not vast differences between the members, but the 31- 48 year-old age group is slightly dominant.

After realising that it would be necessary to involve the local authorities for the purposes of support, the leadership of this initiative approached the local government for any form of assistance they could get. The response from the local government was positive and they were given a working space in the town and have received subsidized water and electricity for operational purposes. Initially, since some of the women had some basic skills in sewing and their manager Mrs. Thabethe had experience (Thabethe, 2002), this combined asset enabled them to start sewing even before most of the members acquired training assistance from outside.

This was not the end of their quest for assistance, the leader of this initiative in conjunction with an enthusiastic and talented LED coordinator in the Endumeni local municipality, Mr. Skhakhane, submitted applications to different possible donors and, out of these, Eskom responded positively early in 2001. Eskom committed itself to financial support of R100 0000 to be used towards acquiring different inputs for the initiative (Ngobese, 2003, pers. comm.). Nine electric sewing machines were acquired, a consultant was contracted to come and train the members of the initiative, and the leader was trained in business skills to facilitate the smooth running of this initiative.

In June 2003, a computer was acquired which is used for the management purposes of this initiative. This kind of assistance has proved valuable for this initiative and it has become well known in the region for specializing in school uniforms. When this initiative had just started in early 2002, it tendered a contract to supply t-shirts to a brewery company in the region, and in early 2003 it received a contract for uniforms from three schools (Ngobese, 2003, pers. comm.). There have also been small contracts that have been secured since its inception and people from around town come as individuals for repairs to their garments. Unfortunately, the leadership of this initiative was not prepared to disclose their performance in financial terms, except assuring the researcher that their performance was not dismal, even though the members have not started to receive any form of payment.

A contributing factor to this 'success' is the knowledge of advertising that the manager has, as is reflected in the colourful painting of the building they are housed in, which clearly advertise the initiative which may be one of the reasons which has enabled this initiative to surpass other sewing initiatives, such as the Khiphokuhle initiative detailed above. Indeed, however, given the size of this initiative and the frequent absence of customers the initiative has not generated substantial tangible benefits, as measured against the resources that have been invested (Thabethe, 2003, pers. comm.).

It is also remarkable that even though the participants in this initiative have not yet earned any income from their activities, they remain united and exude enthusiasm and

confidence about their initiative. In the questionnaires that were administered in this initiative, about 70 % of the participants indicated that the initiative has made a huge difference in their lives in terms of generating a sense of self-worth. This was associated with skills training in sewing and having a purpose for waking up every morning to work, instead of waiting around their homes with nothing to do.

This kind of empowerment in this initiative can be characterised as originating *from within* since, much of the effort comes from the women themselves with the local government playing only a supporting and facilitative role. Contrary to the local government led initiatives; this initiative is not characterised by complaints about the management and sustainability issues. The manager is working together with the members, and this allows the participants to discuss emerging issues of concern without any imposition from above (Ngobese, 2003, pers. comm.).

Towards the end of 2002, there were reports that some members were leaving the initiative after receiving training to open their own businesses. Surprisingly the manager of the initiative expressed that she was not worried about the exodus of people after receiving training because she believed skills training had empowered them and perhaps they would gain better opportunities outside the initiative (Thabethe, 2002, pers. comm.). This remarkable initiative is a brainchild of one person and it has made significant positive impact in the lives of the many women in the area. The financial contribution by Eskom and logistic support from the local government has been vital for the existence of this initiative. Attention now shifts to an examination of two initiatives, which are found in Rocks Drift in the countryside of Dundee.

6.5.5.1 Emseni Community Gardens

6.5.5.1 Background to the Initiative

An initiative in the countryside, which parallels the Kwanced'omhlophe community gardens, is found in Rocks Drift on the rural outskirts of the Dundee municipality. This is a community-based initiative, which was started in 1998 by a group of local women, in

an attempt to mitigate unfavourable economic conditions. Great interest in partaking in this garden by local people necessitated the initiation of another community garden in the area and this serves as an indication of how some communities find it easier to act together and work towards one objective without an action being catalysed by an external agency or a local authority.

6.5.5.2 The Development Initiative.

Rorke's Drift lies at about 80 kilometres east of the town of Dundee. Most of this area belongs to the mission which most local people, especially women, depend on for domestic employment activities. In 1998 about 22 women came together, galvanized by generally deteriorating economic and social conditions, and initiated a garden in the village just outside the mission (Mthanti, 2002, pers. comm.). However, about three weeks after this initiative had been started, almost everybody in the village became interested in joining this initiative, which was established on limited communal land.

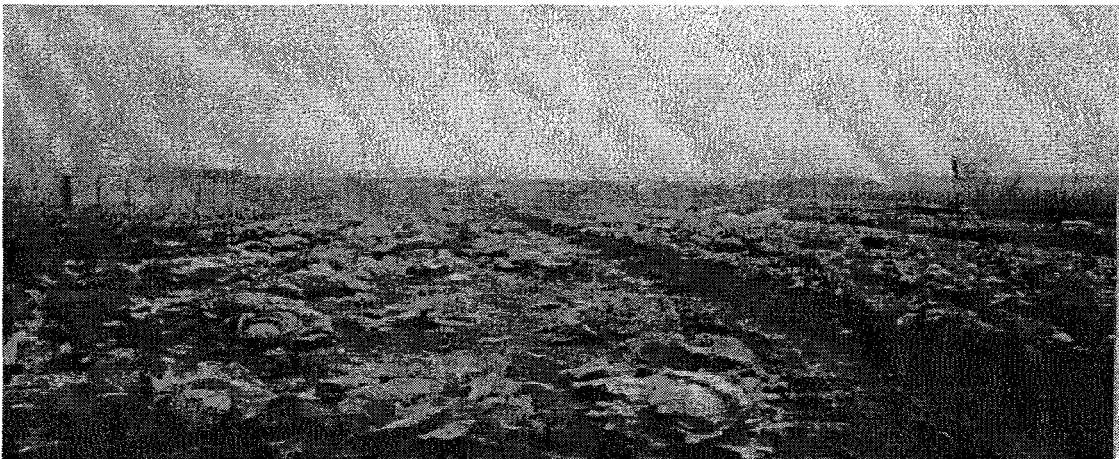
The need to establish other gardens became apparent and since most land belongs to the mission, finding suitable land where another garden could be initiated took almost a year. An ex-teacher Ms. Majozi who now manages the old age home known as Emseni, facilitated the acquisition of a piece of land for this purpose in 1999. She led negotiations with the committee which governs the mission for a piece of land, where an additional community garden could be allocated. Fortunately, a piece of fertile land, which is just more than two hectares in size, was identified and ceded to the community by the Mission.

The vision of this leader, Ms. Majozi, is to connect the old age home she is heading with the community, through the supply of gardening products to the old age home. However, gardening was not the only initiative that was started, it was among others, but garden initiatives appealed to many people which has made it a leading initiative in the area (Ziqubu, 2003, pers. comm.). It was pointed out that gardens have prospered partly because they are the cheapest initiative to undertake since very little capital is required to

kick-start a garden, and natural inputs such as kraal manure are easily available in contrast to other initiatives, which need inputs that are not easily available (Ziqubu, 2003, pers. comm.).

After the land was acquired, applications were made to the Department of Agriculture for supporting infrastructure such as fences to which the response was positive. They were provided with a package of implements, including fencing and water-pumping system, which was only received towards the end of 2002. This garden initiative consists of 24 members of which 90% are female. The agricultural extension officers offer constant assistance and advise about new and innovative ways of gardening, and this has helped in ensuring higher production levels (see Figure 6.4). Its proximity to the water stream made the connection of water pipes more convenient. During the first field visit early in 2003, the garden members were busy installing water pipes, and by late 2003 this process had been finalised and water was easily available to the gardens (see Figure 6.4).

Figure 6.4 The Emseni Community Gardens



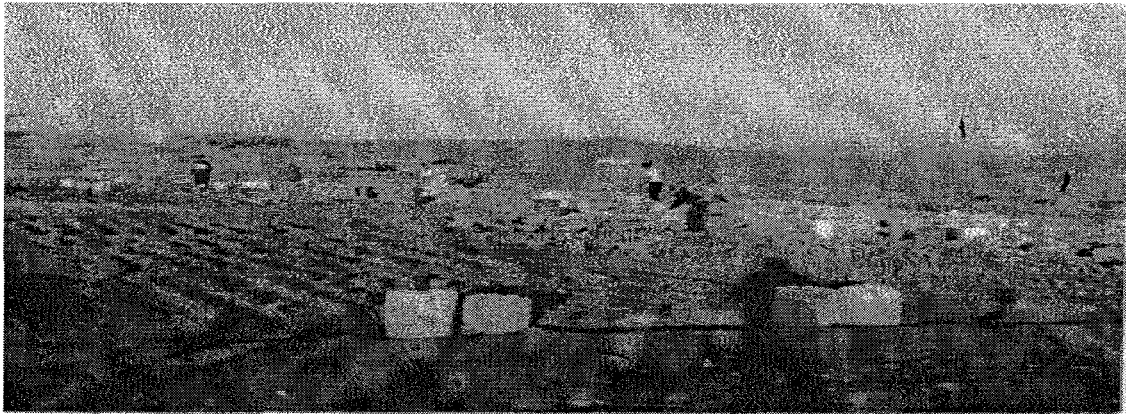
It was indicated that Emseni Garden actually developed as an extension to the Senzokwethu community garden, which had started in 1999. It is difficult, however, to differentiate these gardens given their proximity to each other, the sharing of knowledge and equipment and the fact that Emseni garden developed out of negotiations that took

place in order to accommodate some community members who could not find space at Sensokwethu Community garden.

6.5.5.3 The Sensokwethu Garden

The Sensokwethu Community Garden (see Figure 6.5) is located not far from the Emseni Community garden. The difference is that the latter is inside the Mission premise while Sensokwethu which was established first, is on communal land. Even though this former garden had been established first, it had not received implements such as fencing and a water pumping system. Water is accessible from the nearby community tank and is collected manually for watering since the water pumping system had not been installed. As an indication of the ability to share resources by many rural communities, fencing material that was left after the fencing of Emseni gardens was given to this old garden. Despite the fact that these gardens are separate, mutual co-operation and the sharing of information takes place (Mthanti, 2002, pers. comm.).

Figure 6.5 Sensokwethu Community Gardens



The crops that are planted in these two gardens include cabbage, onions, spinach, potatoes and other variety of crops. The ultimate goals of these gardens, excluding subsistence, as it was indicated before, is to create a connection between the community and the Old Age home of Emseni in terms of supplying the garden produce to the latter. The arrangements had already been finalized and the manager of the Old Age home, Ms

Majozi, is a driving force behind the arrangements. Before further discussion, the Table of basic information about the membership into the initiatives for the combined initiatives is presented (Table 6.6).

Table 6.6 Personal information of Emseni and Senzokwethu Community Gardens

Gender		Education levels			
Males	Females	No-education	Primary	Secondary	Tertiary
17%	83%	5%	19%	75%	0
Age Cohorts					
18-30yrs		31-48yrs	49- above		
14%		33%	53%		

From the Table above, it is clear that women are dominant in this initiative. They constitute 83% (30) of the participants. Out of those who were sampled, 75% of them have secondary school education, and 19% have primary education. The age distribution indicates that 53 % of the participants are aged 49 and above and there are a fair number of youth, constituting only 14% of the members.

In an attempt to assess the impact of the initiative through the hardcopy questionnaires, it emerged that 72% of the participants are producing for subsistence purposes only while the remainder tended to embrace subsistence and marketing goals. The dominance of subsistence, and the fact that those who sell their produce do so as individuals, made it difficult to gauge the gains they have been making over time. On the other hand, about 84% of the participants indicated in the questionnaire that the benefits they derive from the gardens are valuable, and about 25% those who gave such a response are working in a private Arts Centre that is in this area as another income source. This may imply that the initiative was important to them as a salaries and food supplement other sources of income. The majority expressed discontent about the meagre benefits they eke out from the initiative as most are unemployed, and their survival depends largely on selling and subsisting from the initiative.

Seasonality also affects the working of this garden. For instance, during the last visit late in 2003, many garden plots were lying fallow, as the majority of the owners were occupied with planting maize in larger fields. There is some kind of uniformity in the way they plant and in timing thereof. This enables bulk supply in case a larger market emerges. The local community members, who buy as individuals, constitute the most important customers for these initiatives. These initiatives, small as they are, have made significant contributions to the livelihoods of these rural women. The active leadership role that has been played by the ex-teacher has proved key to success, and the vital support from extension officers provides a clear testimony of the valuable role of continuing external support.

6.6 Assessment of the Dundee LED Experience

Despite the fact that Dundee benefited from the RIDP of the past government regime, investment has not been forthcoming since to capitalise on the relatively developed road and rail infrastructure and other business services. This is partly due to the unavailability of an alternative economic resource to coal, which had previously attracted investment and stimulated the development of the town. At present, tourism and the service sector are likely to be new major forces that will drive the economy of this town followed by agriculture. Newcastle and Ladysmith-Ezakheni, which are the major centres in this region possess superior business infrastructure and have locational advantages with regard to the road and rail network which link them the major business centres of Johannesburg and Durban. These considerations have negative effects in small towns in the region when it comes to vying for investment. They are still favourable industrial areas for the location of business as they benefited hugely from the RIDP (Harrison, 1990; Majola, 2003; pers. comm.; Skhakhane, 2003, pers. comm.).

This scenario confirms the widely held view hinted at in the literature review on LED that business attraction, as an LED strategy, often pits community against community as only the areas with superior comparative advantages, which serve as incentives to investment emerge as favourites for investment attraction (Ettliger, 2002). Dundee is, indeed,

located strategically halfway between Johannesburg and Durban, but it is disadvantaged by being far from the two major development corridors along the N3 in the west and the coastal N2 in the eastern part of the province. Under such circumstance, without being overly pessimistic, pursuing a market led approach is not an option likely to yield benefits in this local municipality. Supporting the available businesses and emphasizing capacity building in communities are more viable options. Perhaps, it is the retail shops and the service sector that will be a lifeline of this town and the countryside as hinted at earlier.

The local government has realised this and supported a market-critical approach to LED. It has supported community based initiatives with the motive of trying to cultivate or generate and capitalize on civil society activism, and instil a culture of entrepreneurship, which will change the people's mind-set to look inwardly at their assets and engage in community economic activities, instead of looking upon the local government to take a lead role (Skhakhane, 2003, pers. comm.). This is a crucial objective of Community based LED as it was detailed in literature review. The local government has been able to form useful partnerships with the community and designed community based initiatives, which will directly benefit the poor. The importance of community involvement in development planning has ensured that it is those community members who are desperate and come from poor families who are selected to participate in this initiative, thus generating some form of income for them. Again the IDP planning process has shown to be a useful tool to achieve developmental and participative local government through institutionalising participation as it was argued by McEwan (2003) in the literature review.

The local government has been able to mobilise support from different levels of the government and the private sector to unite in the search for poverty alleviation strategies in the area. Support has come from the Department of Economic Development and Tourism, the Department of Labour, the Department of Provincial and Local Government the British Consul and the private sector, i.e. Eskom. These have been useful partners in terms of finance and skills training in initiatives. Having such a number of partners involved in LED is positive, but the initiatives have relied heavily on government funding

in the form of the LED Fund. This is a typical experience in LED in the South as stated by Demaziere and Wilson (1996) in the literature review, namely that in the South, the public sector plays a central role in LED and private sector action is limited. In the developed countries, the activism of a more organized civic society, in the form of unions and other professional organisations enhances the capacity to attract private investment, thus enabling the initiation of broad based LED initiatives which contribute to local economic development. The typical LED policy is the policy of technological progress adopted by many countries of the European Union.

The IDP economic projects that have been undertaken in urban Dundee are meant to address poverty and unemployment, but they are led by the overriding goal of generating funds through sales for creating other initiatives to serve the thousands of unemployed and poor people in this area. This has resulted in the objectives of financial gains being accentuated far and above the empowerment objectives in the form of skills training and sense of self-worth among the participants in the initiatives. On the other hand, the degree of accountability this approach has placed on the project leaders is huge, and is further exacerbated by the poor conduits of communication between the LED officer, the project coordinator and the direct participants in the initiatives.

This lack of harmony emanates from the failure to agree on what should be done in order to ensure that the initiatives are brought back on the track towards sustainability. The decision by the local government to cut salaries of the participants to compensate for the unsustainability of the initiatives has resulted in diminished trust between the government and the participants of the initiatives. The results attained suggest that there are traces of patron-client relationships that exist between the local government and the participants into the initiatives, which has stunted creativity and interest on the part of the project participants to be part of the initiatives. In the focus groups, some of the members of the initiative even said that if it was not for their dependence on the income which they received from this initiative, which helps them to fight poverty; they would have resigned from the initiative.

In this light, participation may have been 'institutionalised' through the IDP process, but there seems to be many difficulties to effective community participation that need to be dealt with within the local government in general. A huge challenge for the LED officers, especially in this case, is to link the formal (local government) and the informal (community) institutions in the development process. The former is normally driven by stated rules and policies which, when they are not cautiously applied, can cripple the free functioning of the latter in the LED process, especially in the activities of civic organisations.

It is a huge and tricky challenge to attain a subtle brand of empowerment and financial sustainability given the scarcity of resources and the pressure from the institutions which support the initiatives through funding which require the evaluation of the performance of the initiatives in financial and non-financial terms. A focus on financial sustainability is likely to take precedence where resources are scarce. When these IDP initiatives, i.e. Khiphokuhle, the Pecanut form and the Nursery, are evaluated in financial terms, the results showed that, even though they are failing to recover the capital expenditure which was used for their initiation, the picture is not that gloomy. The initiatives such as the Khiphokuhle sewing initiative and the Nursery have generated positive gains and perhaps one should not be overly pessimistic given their size and output.

Skills training which has been rendered by various departments in these initiatives, assisted in equipping the participants with valuable skills which will enable them to survive on their own, even if the current initiatives collapse. Skills training is valuable for attaining empowerment goals. It is remarkable that the Sifisokuhle sewing club, which is not an IDP-led initiative, revealed different atmosphere in terms of its operation and the way the participants feel about their management. The members of this initiative are not receiving any kind of income in contrast to IDP initiatives. Moreover, the importance of a visionary local actor who leads the LED effort is another important feature of this initiative.

The initiatives are also characterised by the dominance of women, even though one would have expected the ex-miners to be in the majority since unemployment is largely a consequence of the closure of mining industries and other mining related industries. This perhaps confirms Tykkyläinen's *et al*, (1992) view that mines normally attract the labour force from far off areas that normally leave the area when they lose their jobs. On the other hand, as the general demographics suggest in Chapter Four, the dominance of women in the initiatives is an indication of a weak economy where males tend to migrate to seek jobs in far away urban areas leaving women behind. When this question was raised in focus groups in some of the initiatives, there was unanimous agreement that, in most cases, men are not around, but others argued that men are reluctant to participate in 'minor' activities such as gardening, and others spend their time drinking alcohol. Therefore, it is difficult to pinpoint the exact cause of the dearth of men within the initiatives, other than relying of such anecdotal explanations.

The two initiatives in the rural areas have also indicated how rural communities come together to face local crises. These initiatives constitute what Taylor and Mackenzie (1992) define as 'development from within' building on Stöhr's (1981) 'development from below thesis'. The focus of these initiatives is on local self-help and local self-reliance, with local social capital playing a major role as a uniting force against crisis. A lesson that can be derived from the case study initiative of Kwanced'omhlophe in the urban area of Dundee and these rural initiatives is that if the commercial market is difficult to penetrate, such initiatives have little scope of going beyond meeting the subsistence needs of the places in which they operate.

In general, the LED approach that has been adopted in Dundee seems to be aligned more towards the objective of addressing poverty as opposed to economic growth. The LED intervention strategies which are planned by the KZN Economic Development Council and the Department of Economic Development and Tourism pointed out in 6.1 earlier, have a potential role in this regard through capacity building, especially in supporting SMMEs and in creating a conducive environment for tourism and agricultural development in this area.

An assessment of the responses from different stakeholder in the local government concerning the potential contribution that the Coal Rim cluster initiative, which was outlined in Chapter Four, is also necessary. Firstly, there was pessimism emanating from the fact that this cluster strategy has been spoken about for a long time but nothing concrete has happened on the ground and the role of the local municipalities in this is not clear. In addition, the failure of the local governments to co-operate in the region in fighting economic problems emerged as an issue of concern regarding the potential contribution of the cluster initiatives to the economic upliftment of the region. This was particularly so within the Endumeni municipality which consists of three former municipalities that have so far found it difficult to co-operate (Skhakhane, 2003, pers. comm.).

Chapter Seven: The Case Study of Dannhauser

7.1 Introduction

The small town of Dannhauser is situated about 20 km west of Dundee. This town was famous for hosting some of the chief coal mining industries in KwaZulu-Natal from the early 1900s. This town forms part of the Amajuba District Municipality together with Utrecht and Newcastle, which are located northeast and northwest of Dannhauser respectively. (See Figure 4.1 and Appendix). During the demarcation of municipal boundaries in 2000, Dannhauser inherited the large and densely populated rural area of Nyanyadu in the north-east of the town (Amajuba, IDP, 2002). This extensive area had been under the jurisdiction of the former KwaZulu homeland. To the south of the town lies an extensive mining village with a modern housing complex built by the mine Durnacol, known as Durnacol Village. The next section gives an outline of the development of this town and the discovery of coal in this area, before moving on to discuss and assess the LED projects initiated in the town and in its rural hinterland.

7.2 The Development of the Town

The town of Dannhauser developed on portions of farms, namely, Palmietfontein, Rocky Spruit, Cornwall and Klipkuil, which were purchased by Renier Dannhauser from the then Natal government in 1872 (<http://www.dannhauser.co.za/history>: 18/01/2003). It would appear that the town was named after this earlier settler. The first people who settled in this area were Indians in 1893 and by 1890 the settlement of Dannhauser consisted of a few Indian shops and a few scattered residences. During the Boer War of 1899, the town fell under the control of Boer settlers.

By 1920 Dannhauser was still a small village consisting of not more than four Indian stores, a bank, a butchery, a drapery store, the Cambrian Hotel, the post office, and a chemist. European residential buildings had started to form a fairly regular pattern to the north of the present-day Camp Street, while Indian dwellings lay scattered almost

randomly, usually in close proximity to the owner's commercial premises. This settlement was declared a Health Area in 1928, and a Health Committee was elected to provide local authority control over the area. In 1937 this authority was elevated to the status of a Town Board (Hocking, 1995; [http:// www.dannhauser.co.za/history: 18/08/2001](http://www.dannhauser.co.za/history:18/08/2001)). The boundaries of the area have been subjected to many changes, most particularly in 1941, 1949 and 1967.

7.2.1 Social Profile

Dannhauser bears the characteristics of a typical mining town, consisting of a small community, and a linked mining village i.e. Durnacol Village. Even though such a structure is gradually unravelling as the major mine, Durnacol to the south of the town has closed down; the settlement pattern still depicts the effects of mining operations. The Indians, who played a major role in the development of the town, and the white population, mainly populate the area in and around the town. The black population is concentrated in the Durnacol mining village, especially those who lost their jobs and decided to settle down in the area in the hope of regaining some employment. Mine dumps that shadow the Durnacol village from the west dominate the physical relief. The recent integration of the former homeland area, Nyanyadu, and the villages within it, as indicated earlier, has greatly increased the local municipal area of Dannhauser. Large areas around the town are given over to commercial agriculture which in mainly stock (cattle, goats and sheep) and arable agriculture (mainly maize farming).

7.2.2 Discovery of Coal

On the site of what later became the town of Dannhauser, a Boer settler, Henry Caster had prospected for coal in early 1898. In his borehole on the farm Cornwall, he discovered coal. The first shaft was sunk and it reached the coal level at the time the Boer War broke out in 1899 (Dannhauser Library, 1995). The development of the shaft was halted as a result but operations started again shortly after the war. To the east of Dannhauser, the preliminary operations on the Natal Cambrian Collieries must have started before 1905, as it was in that year that production actually started. The

Johannesburg Consolidated Investment Company assumed control of the Natal Cambrian Collieries and its offices moved to Johannesburg at the end of March 1922. Production ended in 1958 and today the collieries lie deserted and overgrown.

To the south-west of the town of Dannhauser is the now defunct Durban Navigation Colliery, known as Durnacol with the extensive Durnacol miners village lying to the east and south-east of this mine. This company was formed early in 1902 by the shipping firm Mann George during the closing stages of the Anglo Boer War. This company sank the first shaft, known as Number one, on a 121,4 hectare plot known as Sples farm and it started to produce coal in February 1904. This shaft was worked out by 1946 and was replaced by No.2 colliery, which operated until 1958 (Dannhauser Library, 1995). It was in this colliery that several accidents occurred in 1926.

The third colliery known as No.3 colliery was sunk in 1927 and it was this shaft, which was still operating when the mine ceased its operations in 2001. However, due to trade depression in the 1920s, coal was not produced from this shaft until 1936. In 1956, the South African Iron and Steel Industry (ISCOR) procured control of the Durnacol Company from the Mann George firm, and No 4 shaft was sunk in 1957, which was soon worked out however (Hocking, 1995).

7.3 The Decline in the Mining Industry

Durnacol had started to experience a decline in its output per week from 10 000 tons to just below 7 000 tons in 1997 (Binns and Nel, 2001). The decrease in production started early in 1997 which resulted in the retrenchment of 500 workers. The situation later became temporarily better, but deteriorated again in 1991 when production began to fall dramatically, forcing the mine to consider closing its operations in 2001, resulting in the retrenchment of the 230 workers who had remained from the first labour downsizing of 1997 (Metroplan, 1999). The same mine had been wracked by ethnic conflict earlier in 1991 which resulted in about 15 000 Xhosa-speaking migrant mine workers being sent back to the Ciskei and Transkei.

The commercial sector in Dannhauser suffered after this dismissal with businesses claiming to have lost over R1 million in unpaid credit (Metroplan, 1999). The impact of the cessation in the mining industry was also felt in 1998 when Durnacol sold approximately 65 houses, causing market values to drop drastically. It is also suggested that Springlake colliery is considering closing down in the near future despite the fact that the available coal can potentially keep the mine running for the next ten years (van Rensburg, 2001, pers. comm.). Its closure would mean that about 220 people who work in this mine will be left without employment and this will affect not only Dannhauser but the whole sub-region.

The mining industry in this area, as is the case with other localities in this north-western region, has been hit by a slump in the demand for coal in the international market. Their coal had been used in overseas countries like France, Italy and Japan in the production of steel, but with economic decline the demand for coal collapsed (Odendaal, 2001, pers. comm.). The threat of using oil as an alternative fuel to coal was already evident in the 1960s, with the increasing number of oil-burning ships and railway systems switching to oil. However, this only initially affected exported coal since the internal market remained (Hocking, 1995; Talana Museum, 1998).

Large companies like these, which were set up to supply the national and international consumers, were landed with excess capacity, high overhead costs and squeezed profit margins. The demand for coal was still high locally, especially in power stations like Colenso and Congela in Durban, which had started to operate in 1927 and 1928 respectively. The demand even increased with the advent of ESCOM (1922) and ISCOR (1928). However, when the power stations later closed down, this resulted in a severely reduced demand for coal.

7.4 Response to Mine Closure

With the downsizing and eventual closure of Durnacol, ISCOR has been trying to abate the impact of the cessation of this mining industry in the area of Dannhauser through a

variety of strategies. These include, first, the skills training and retraining programme of the ex-miners who have been retrenched and decided to take packages. These workers were trained in skills such as, welding, business skills, car driving, brick laying and brick making etc. Some of the workers were relocated to other mining operations in Mpumalanga province. There are also talks, which have been in progress since 1999, of integrating the Durnacol Village into the Dannhauser Local Council, which will enable the local municipality to generate some tax and rates from these houses (Metroplan, 1999). The housing infrastructure and offices which were used by the mine, were initially set aside for lease or to be sold to entrepreneurs.

Another strategy adopted by ISCOR was the ceding of some of the houses to the ex-miners and then claiming money from the RDP housing fund of the government as way of indirectly selling houses to the occupants (Odendaal, 2001, pers. comm.). The miners still occupy these houses, but one wonders for how long, since there is barely any economic activity that will allow them to sustain their stay in this area, except for those who have managed to secure other forms of employment. These responses by ISCOR have been the only clear-cut or direct response to the decline and closure in the mining industry in this area. The local government lacks resources to undertake any local initiatives, which respond to the closure of coalmines. The next section details the LED experience of Dannhauser, which consist mainly of rural community economic initiatives.

7.5 The LED process in Dannhauser

The fact that the mining industry, which had been responsible for the development and existence of this town has closed, has left the local government of Dannhauser with the new and daunting task of ensuring the economic viability and continued existence of this town. The local government of Dannhauser has not been able to directly respond to the local crisis. One of the reasons for this is the fact that it is a very small local municipality with an inadequate rates and income base (Sithole, 2003, pers. comm.) and it has been

lagging behind in terms of developing an IDP, as has the district municipality under which it falls.

A Development Forum was created in 2001 in the Durnacol village and it consists of ex-mine workers, local government and the district council, which is tasked with finding economic development alternatives to mining. But nothing has been achieved to date and its activities are said to be uncoordinated (Majola, 2003, pers. comm.; Sithole, 2003, pers. comm.). It's only notable attempt was the invitation of a Chinese bicycle company to the town in 2001 which showed interest in using the infrastructure of the now defunct Durnacol mine for opening a branch in this region but nothing positive has come out of this (Majola, 2003, pers. comm.). Dannhauser is also disadvantaged by the fact that it has no historical attractions which can be used for tourism purposes like other towns in the region. The agricultural sector is well developed, but is capital intensive, which does not help in job creation.

There are regional and district level endeavours of trying to fight poverty in this area and create employment opportunities. The first regional endeavour involves the designation of north-western KZN as a Presidential Development Node as was hinted at in the case study of Dundee. In response to this new status given to the region, the KwaZulu-Natal Economic Council (KZNEC) and the KZN Department of Economic Development and Tourism have been funding and facilitating LED capacity-building in many localities in the province, including Dannhauser, as was pointed out in the case study of Dundee in the chapter six. This programme encompasses forming stakeholder partnerships and LED forums, undertaking economic regeneration studies, developing an LED vision and strategy, and identifying and prioritising LED projects. This first stage is nearing its completion and the next stage will be that of transforming LED into a reality and of fast-tracking LED projects (KNEDC, 2003, 2000, Ngcobo, 2003, pers. comm.). Concrete information of this proved hard to find during the investigation, much was still being discussed and it seems that no-clear direction exists yet.

At the district level, the Amajuba District Municipality and the National Department of Agriculture, have begun to put some effort into helping rural communities, since 2000, to develop and support community-based LED initiatives, which have poverty alleviation objectives. However, given that the Amajuba District Municipality is a young municipality, having only been formed in 2002, its LED programme is still at an incipient stage (Sithole, 2003, pers. comm.). The activities of the Department of Agriculture are at an advanced stage in supporting community activities in this area. A private company, Jumbo Co. and the Department of Home Affairs have helped some of the initiatives in a variety of ways, as it will be indicated later in the discussion of the individual initiatives.

All the investigated initiatives are found in the newly integrated rural area of Nyanyadu, which includes the villages of Mdakana, Flint, Emfundweni, Springbok and others in this area of Dannhauser. These are poverty stricken areas which have been largely dependent on the mining industry for employment opportunities and on now deteriorating subsistence agriculture. On a positive note, these rural areas are characterised by relatively high levels of civic activism, in the form of small, informal, women's led community associations which are engaged in a variety of community economic activities. Three initiatives were investigated namely, a sewing initiative, a chicken farming initiative and a community garden, which are located in the villages of Emfundweni, Mdakana and Springbok respectively in the countryside of Dannhauser.

As it was indicated in the methodology chapter i.e. chapter three, about six initiatives were identified for this investigation at the beginning of 2000 in the area, but as time went on, some floundered, and in June 2003, only three initiatives were left out of the initially identified initiatives. The surviving three initiatives were investigated in this study. Although the collapse of other initiatives was a negative development, it provided a valuable lesson about the unstable and unreliable nature of community economic activities, and it also helps in understanding the causal factors of decline, which are important aspects that informs other LED initiatives. This point will be discussed later. The criterion that was used in selecting these initiatives, among a variety of other community initiatives, is the same as the one used in Dundee, that is, the initiative must

be a community initiative and must have received some form of assistance (see chapter three). Attention now will shift to a detail of these community initiatives.

7.5.1 Springbok Community Gardens

7.5.1.1 Background of the Initiative

The Springbok Community garden initiative is one of the classic cases that indicate the ability of rural people to attain sustainability with very limited external assistance. In the 1940s, a group of local women in the former KwaZulu homeland, in a place called Springbok, north-east of the town Dannhauser, came together and undertook to establish a community garden. The motivating factors were the pressing and exigent economic conditions, which have prevailed in that area for a long time. This garden consists of 23 plots, which are 6 x 7 metres in size (See Figure 7.1). Although there have been fluctuations in terms of the level of activity in these gardens since its establishment, from the late 1990s, the availability of assistance from the extension officers, has ensured a renewed impetus towards reviving these gardens, and the broadening of the production capacity to enable the participants to produce for marketing purposes.

7.5.1.2 The Development Initiative

As is common in most rural areas, not only in South Africa, but also in many developing countries, agriculture is still the prime and obvious way through which poor people make a living in rural areas (Jerve, 2001). In South Africa, it is only recently that development policies have been oriented towards assisting rural communities to find other strategies of rural development, outside of the agricultural sector and/or as a complement to agricultural activities (Helmsing, 2001). An activity such as sewing, which has been evident in the case of Dundee, is among the newly encouraged activities in rural South Africa, designed to promote the participation of women in economic activities in particular.

The community of Springbok has also been assisted in diversifying its activities into such sectors as sewing, but agricultural initiatives such as gardening and poultry farming still dominate. This area has a strong entrepreneurial drive and there are numerous small, informal women's organizations which engage in a variety of community-based economic activities. With regard to agricultural activities, the rapid expansion of the population militates against the hope of reviving and pursuing agriculture since most of the land is gradually coming under settlement (Dlamini, 2002, pers. comm.). Moreover, one district councillor who resides in this area has pointed out that declining productivity and the need to farm on a large scale to make a profit are very real barriers (Coka, 2003, pers. comm.). In terms of this garden specifically, it transpired that it has become smaller than it originally was and this has sparked a controversy between the people who work this garden and the local *Induna* who is responsible for settling people (Sibeko, 2002, pers. comm.).

The agricultural extension officers have done a noteworthy job by providing infrastructure like fencing and installing a water pumping system in this community garden. They also provide consistent advice and support on planting and marketing strategies (Dlamini, 2002, pers. comm.). Such support is said to be one of the reasons that has encouraged high participation by local people and led to enhanced production and social collaboration.

Figure 7.1 The Springbok Community Gardens



This garden is situated in close proximity to a dam, which was constructed by a farmer who once was settled in this area (Ngobese, 2002, pers. comm.). Such proximity has been significant in ensuring the availability of water in this relatively drier part of the province. The existence of community cohesion has ensured that there is collective maintenance of the dam by all those who have access to it in the area. Before discussing this initiative further, the membership composition in this initiative is presented in the table below (Table 7.1).

Table 7.1 Personal Information of the Springbok Garden Initiative Participants

Gender		Education levels			
Males	Females	No-education	Primary	Secondary	Tertiary
31%	69%	17%	56%	27%	0
Age Cohorts					
18-30		31-48	49- above		
48%		17%	35%		

Table 7.1 above indicates that females dominate in this initiative constituting 69% of the members. In terms of education standards, most of the participants have primary education, which is 56%, and 27% have secondary education. Illiterate members comprise the remaining percentage. In terms of age groups, the 18-30 year-old cohort dominates with 48%, followed by the 49 and above age group with 35% and the 31-48 years-old age group consist of the remaining 17%. The dominance of the young age group in this garden indicates the high level of unemployment in this area whereby the supposedly working group partake in such small, survivalist activities. The level of illiteracy is also high in this initiative and this corroborates with the general high illiteracy in this area as was indicated in the description of the study area in chapter four.

Again, the prevalence of women in this initiative is not surprising and this can be accounted for by the same reasons which were cited in the case of Dundee, namely, the key role women play in their family's food supply and the tendency of men to migrate to urban areas in search of employment. There may be a host of other factors, but these

seem to be the obvious reasons which determine the demographic structure of this area within and outside the initiative.

The vegetables, which are produced in these gardens, include items such as onions, cabbage, spinach, and potatoes and other crops. Although, there are some people within the gardens who are forced by their household conditions to resort to subsistence production (Sibeko, 2002, pers. comm.), the majority of the produce is sold through an arrangement with a fruit and vegetable supermarket in the town of Newcastle, a deal which was facilitated by the agricultural extension officers (Dlamini, 2002, pers. comm.). The produce is sent from this garden in bulk to this retailer almost every month, with the retailer assisting with transport. Each member contributes a certain batch of products to be sold, depending on the available harvest.

The estimation which was given is that a full load on a *bakkie* has an average return of about R600 depending on how many members were prepared to contribute and the types of crops contributed, as they differ in prices. The payment is made to the group and it is then divided among the members according to one's contribution (Dlamini, 2002, pers. comm.; Sibeko, 2003, pers. comm.). However, some members fail to contribute all the time, which is a source of tension. This market access has given the initiative a reliable and consistent consumer, which ensures that the farmer's work is rewarded. The lack of a reliable market is often an obstacle to the growth of agricultural activities in South Africa, with produce in some cases rotting due to the lack of a market (Kyle, 2002).

From the focus groups and the questionnaires that were administered in this initiative it transpired that for most members, this garden plays a significant role as one of their key livelihood strategies in the face of rocketing prices for crops such as potatoes. Out of the members who completed the questionnaires, 85% of the participants indicated that they became part of this initiative because of deteriorating economic circumstances. For the remaining 15%, the garden serves as a supplement to other stable livelihood strategies or sources of income. The majority, 60% of the participants, especially the youth, have not worked before, and there are a number of matriculants assisting their parents.

The remainder consisted of people who lost jobs in the major industries in the area. This group included three (3) ex-mine workers who are 'part-time' members of this garden but are also engaged in other productive self-employment activities, which are outside of this initiative. With regard to the question of the benefits or impacts of this initiative on the livelihoods of the members, 73% of the participants indicated that the initiative has had some positive impact in their lives, while the remainder expressed a considerable feeling of dissatisfaction. The latter group consisted mainly of the youths, which clearly indicates that the initiative does not meet their expectations. Skills training in gardening emerged as the second most important benefit after financial gains. This response was common among the 49-year old and above age group who seem to have dedicated their lives to gardening, with very little hopes of getting some other form of better employment. The initiative was appreciated for being a suitable supplement to other livelihood initiatives, such as participation in the informal economy.

The strength of the dedicated and committed leaders of this garden and co-operation from community members has made the success of this garden possible. For example, towards the end of 2002, the water pumping system was stolen and the case was reported to the police. Police investigations failed to recover it and it was not until the local people stood up and engaged in a vigorous investigation that it was recovered and the culprit brought before the law (Sibeko, 2002, pers. comm.). Such a high level of co-operation arguably, reflects what is called the *social capital* existing in this area as is also manifested in the prevalence of small, informal groups that engage in different livelihood activities.

7.5.2 Izwilabantu Sewing Initiative

7.5.2.1 Background of the Initiative

A sewing initiative, which parallels the Sifisokuhle Sewing Club of Dundee, which was outlined in chapter six, is to be found in a village known as Emfundweni in the rural area of Dannhauser. This initiative was established in 2001 by the village women of this area with the intention of averting the unfavourable socio-economic conditions, which have

characterised this area since the apartheid years, when it was still part of the homeland of KwaZulu.

The local women convened a meeting which was attended by all the women of the village, and out of that meeting a number of community initiatives were suggested, which included poultry farming, gardening, baking, *stokvels*, credit rotation schemes and a variety of other marginal economic activities. Among the initiatives that have been able to achieve a measure of sustainability is a sewing initiative known as Izwilabantu Sewing Club (which translates as, 'voice of the people'). When this initiative was started, early in 2001, it consisted of about 57 women, but as time went by some dropped out resulting in the reduction of membership to only 45 late in 2002 and down to the current 12 late in 2003 (Mazibuko, 2002, pers. comm.). This initiative has been assisted by a local social worker, Mr S Khumalo, who has played a major role in co-ordinating its efforts and the local traditional leader, or *induna*, Mr Nkosi, who provided the initial accommodation where this initiative and others were housed.

7.5.2.2 The Development Initiative

After the women had organised themselves into small groups, the local *induna*, in consultation with the councillors of the Amajuba District Municipality, Mr Henry Coka and Mr Alfred Sithole, who reside in the area, offered access to a building, which had originally been intended to be part of a community stadium, for the accommodation of this sewing initiative and many other small informal economic activities (Mazibuko, 2002, pers. comm.; Khumalo, 2002, pers. comm.). The sewing initiative has been the only one that has managed to get some form of assistance in terms of skills training.

When the sewing initiative started, there were no machines and sewing fabric, therefore, members had to bring their own hand machines. Some women had basic sewing skills and this ensured that sewing commenced before the skills training of other members was undertaken. However, the quality of the work was poor and it became clear that skills training in sewing was indispensable (Khumalo, 2002, pers. comm.). A local social

worker lent a helping hand to the initiative by pledging to seek for an agency or institution that could freely assist with the training of these women in sewing skills and assist them to meet whatever challenges the initiative may face. The search for a training institution was successful; assistance came from a clothing company known as Jumbo Clothing Co., which pledged to assist this initiative at no charge (Ntshangase, 2003, pers. comm.).

The company brought its electrically operated sewing machines and sewing material for training these women for a period of four months. Skills training focused on sewing items such as tracksuits, shirts and school uniform (see Figure 7.2), which was meant to enable women to target the local market, especially the high demands for uniforms by local schools and the general community (Khumalo, 2003, pers. comm.; Mazibuko, 2003, pers. comm.).

Figure 7.2 The women of the Emfundweni initiative posing with their products.



Membership has, however, been declining. As hinted at earlier, when the initiative was started early in 2001, it consisted of 57 members. During the first fieldwork visit in early in 2002, the number had declined to 45 and it then stabilised for a while but late in 2003 only 12 of the 21 that had received training were left. It was to this last group of 12 that

the hardcopy questionnaires were administered and the following demographic results were generated (see Table 7.2).

Table 7.2 Personal Information of the Izwilabantu Sewing Initiative Participants

Gender		Education levels			
Males	Females	No-education	Primary	Secondary	Tertiary
0	12	0	3	9	0
Age Cohorts					
18-30		31-48	49- above		
2		3	7		

The table above indicates that the initiative consists exclusively of women, as was indicated earlier. The majority of these women are aged 49 and above, and they have at least had secondary education. Even though the majority of these women have some basic education, however, investing by means of skills training in these people is, arguably, not likely to have far reaching or long-term benefits considering that they will soon reach their old age and become economically inactive. It is on a short-term basis that training can be valuable and contribute to empowerment.

Due to the inconvenient space where the sewing initiative was housed and frequent cuts of electric power, late in 2003, the social worker, Mrs Khumalo, negotiated with the authorities of the Department of Home Affairs in Dannhauser for the use of available space within the Home Affairs building to house this initiative. This attempt was successful, partly because she worked in the same department, and the initiative relocated. Since it relocated, assistance became relatively more easily available in the town in contrast to the countryside, and it is only after its relocation that it became known to the District Municipality and was earmarked for assistance (Shange, 2003, pers. comm.).

The Department of Home Affairs made a further contribution by purchasing four electricity-operated sewing machines, which are used in addition to the hand machines

that the members of the initiative brought from their households when the initiative started. This initiative specialises in sewing school uniforms, normally on a contractual basis for the schools in this area of Dannhauser.

In an attempt to evaluate the impact of this initiative on the participants, the hardcopy questionnaires were administered to the members towards the end of 2003. The results showed that every one in the initiative resolved to be part of the initiative because of the scarcity of employment opportunities in the area. About 70% of these women had worked before, but none had been employed in the big industries that closed down in the recent past in the area, while the remainder had never been employed before. About 85% are active participants in the informal economy during some weekdays, when they are not working in the initiative.

Baking, which is also taking place within this initiative, is used as a way of fund-raising for this sewing project, and through the income derived from selling cakes and contributions from some of the members in the initiative, an electric stove was bought which they use for baking in the home of one of the members of the initiative (Mazibuko, 2003, pers. comm.; Ntshangase, 2003, pers. comm.). Baking is likely to develop into a vibrant initiative within the sewing project, as the sale of cakes in schools and the informal market in town was said to be very good. Such a mix of initiatives indicates an amazing level of an entrepreneurial drive and creative ways of improvising collectively to generate some form of income. As the sewing initiative has relocated to town, the baking initiative is the focus of activity during the weekends

In terms of the gains made, all the respondents indicated that the financial benefits they derive from this initiative are minimal, and these have reduced since the initiative moved from the village to access better working space. Since the initiative relocated, they have to pay a transport fare for commuting to town. This initiative has a treasurer who manages the finances and the bank account which was created for this initiative, where the monthly proceeds are kept. When this initiative was visited early in 2002, it had just opened this account and there was no money in it. However, towards the end of 2002,

after being contracted by a local school in the area to make uniforms, an amount of R1800 had been deposited. This amount excluded a portion which had already been used for other needs of the initiative. In the period between the first research visit and the last visit late in 2003, there were variations in the amount of savings but the trend has generally been positive and once peaked to R8000. During the last visit late in 2003, the savings had been reduced to only about R600 and this was attributed to the fact that the initiative had to buy some pieces of furniture and order new sewing fabric when it relocated to town (Khumalo, 2003, pers. comm.).

During the focus group meeting, it emerged that even though bulk sales is a key income source, at the same time, however, significant income is gained through sales to individuals, and also from people in the area who come for repairs, as bulk-orders can sometime dry up for more than three months. The salaries that the members receive are not consistent, and they largely depend on whether there have been bulk orders. They often go for two months without receiving any form of income if the sales are not good. What they then earn is derived largely from repairs of individual's clothing for local people, and it then normally take months to enable the members to have something that they can share among themselves.

All the respondents also pointed out that the skills acquired from training are one major gain they have received through the initiative. Skills training in sewing was highly appreciated because it was seen to increase their chances of securing some form of employment if they are no longer disposed to be part of the initiative and wanted to start their own businesses. However, the fact that they did not receive certification for the training they received was a cause of concern as it may limit their chances of securing employment outside this initiative without some form of certification of their skills.

In overall terms, this promising initiative could potentially achieve far-reaching empowerment goals for the participating women. The intervention of the informed local social worker heralded a turning point for these struggling women as they managed to get training, which has led to the improved quality of the produce and they have gained better

working space. As this initiative was evaluated over a period, it is apparent that the members have become more enthusiastic, which implies that they are hopeful and appreciative of the progress they have made through time. Such a feeling has also been elevated by the pledge from the Amajuba District Municipality to assist them in securing other needs for the initiative, such as sewing machines and to find a better working environment (Shange, 2003, pers. comm.).

There have, however, been hindering factors affecting the progress of the initiative, such as the inability to access credit from financial institutions, which would enable them to finance their own operations. There have been positive changes in the quality of production, and this was especially evident after receiving skills training. The savings have fluctuated and in terms of what they earn out of the initiative, changes have been minimal but positive.

The initiative is unquestionably small, and without greater support from the local authorities, it is not likely to make a significant contribution to the lives of its members. The strength of this initiative lies in the ability of the local women to combine and work towards a common vision, which is a common phenomenon in rural areas (Flora, 2002). The presence of services, such as electricity has been important, but under-utilised because of the failure of this initiative to afford the costs. Attention now shifts to another initiative, which is driven by youths, namely a poultry initiative. This initiative is found in one of the villages called Mdakana, which neighbours the Emfundweni village.

7.5.3 Vukuzenzele Poultry Farming Initiative

7.5.3.1 Background of the Initiative

Poultry farming is becoming one of the more favoured and relatively better-supported economic development strategies in the rural areas of South Africa by the Department of Agriculture. It is considered as being among the arsenal available for fighting poverty that can potentially create small entrepreneurs in rural areas (Dlamini, 2003, pers. comm.). The local councillor, Mr Henry Coka (2003, pers. comm.) and a member of the

LED committee in the Amajuba District Municipality, Ms B. Shange (2003, pers. comm.), pointed out that in the area of Dannhauser, poultry farming initiatives have become pervasive and are key initiatives, which the District Municipality has planned to support. The majority of these initiatives, however, never achieve the intended goals as they frequently die off not long after their initiation.

This failure of these initiatives was attributed to that fact that when the communities in the area of Dannhauser became aware of the assistance available from the Department of Agriculture in 2000, they hurriedly formed uncoordinated and 'fake' community associations with the aim of accessing this assistance. These groups often lacked the entrepreneurial drive and the necessary vision and cohesion to propel these initiatives forward (Dlamini, 2003, pers. comm.; Shange, 2003, pers. comm.). This has resulted in a number of poultry farming facilities which were supplied by the Department of Agriculture standing unused.

On the other hand, a couple of the recipients who failed to continue with poultry farming after receiving assistance hold the Department of Agriculture responsible for failing to ensure that they had access to credit after receiving farming facilities, which would ensure that they could meet the requirements of chicken farming, such as buying chicken feed and other necessities until they are fully fledged business people (Nkosi, 2003, pers. comm.; Mkhalihi, 2003, pers. comm.). However, there seems to be myriad of reasons which cause the failure of such initiatives. In addition to the reasons stated above, the lack of an entrepreneurial drive and business management skills and experience in chicken farming and the failure to support and coordinate the initiatives by the participants and by the intervening authorities i.e. ineffective follow up system all played a role.

Among the initiatives which have been able to survive and which have received support, is the Vukuzenzele Poultry Club (which translates as, stand up and do it for yourself), which was initiated by the local youth before the Department of Agriculture and the

District Municipality made any form of assistance available. This initiative is detailed in the next section.

7.5.3.2 The Development Initiative

The Vukuzenzele initiative came into existence early in 2001 as the brainchild of ten unemployed youths. However, by late in 2003 the number of the members had declined to only six. The chicken runs which this youth constructed on their own before receiving proper infrastructure can still be seen in the yard next to the new facility the initiative is using now. The effort and the ability to improvise in the absence of resources as is reflected by these old runs serve as a testimony to the dedication and resolve of these youth to do something for themselves in the face of scarce employment opportunities. When the initiative started, it had ten (10) matriculants and one technikon student who had completed a diploma in marketing and business management. The latter student was influential in the initiation and management of this initiative, drawing on skills and knowledge he acquired in tertiary education. A membership profile of this initiative taken late in 2003 is presented below (see Table 7.3).

Table 7.3 Personal Information of the Vukuzenzele Poultry Initiative Participants

Gender		Education levels			
Males	Females	No-education	Primary	Secondary	Tertiary
4	2	0		5	1
Age Cohorts					
18-30		31-48	49- above		
6		0	0		

Despite the fact that the resignation of members of this initiative has had negative effects on its functioning, their leaving has also been a positive development since most of these youths were either resigning because they had secured jobs or were leaving for further study in tertiary institutions.

The factors which motivated these youths to start such an initiative, as hinted at before, were the lack of employment and unfavourable economic conditions where they come from. They pointed out during the focus group meeting that they see this initiative as having the potential to provide them with the experience to enable them to become young entrepreneurs or to assist those who aspire to further their studies to generate some form of income that they can invest to pursue such a purpose. This initiative was first recognised by the Amajuba District Municipality in early 2002, and assistance came from the Department of Agriculture in 2003. The form of assistance which was applied for and received by this initiative, included a four-room run (see Figure 7.3), fencing, water tank, brooder and other chicken farming facilities. In addition, the family of one of the participants put a hand into this initiative by making a *bakkie* (van) freely available to this initiative to be used towards meeting the different needs of the initiative, especially ordering chicks and delivering chickens to where they are sold (Khumalo, 2003, pers. comm.). The initiative only takes responsibility for the maintenance of this vehicle.

The main customers of this initiative include the local community, which purchases chickens and Spaza shops. They are also sold at pension pay-points during paydays in this region. At times, when these places cannot consume all the available stock, chickens are taken to the informal market in the towns of Dannhauser, Dundee or the local market centre of Mdakana. It also emerged that, because of general poverty in this community and the failure to pay, chickens are made available to the community at a cheaper price and moreover the community members can buy on credit and pay when they have got money, even though some fail to keep to this agreement. This was said to have made the initiative popular with the local community, which has ensured its support, social integration and survival.

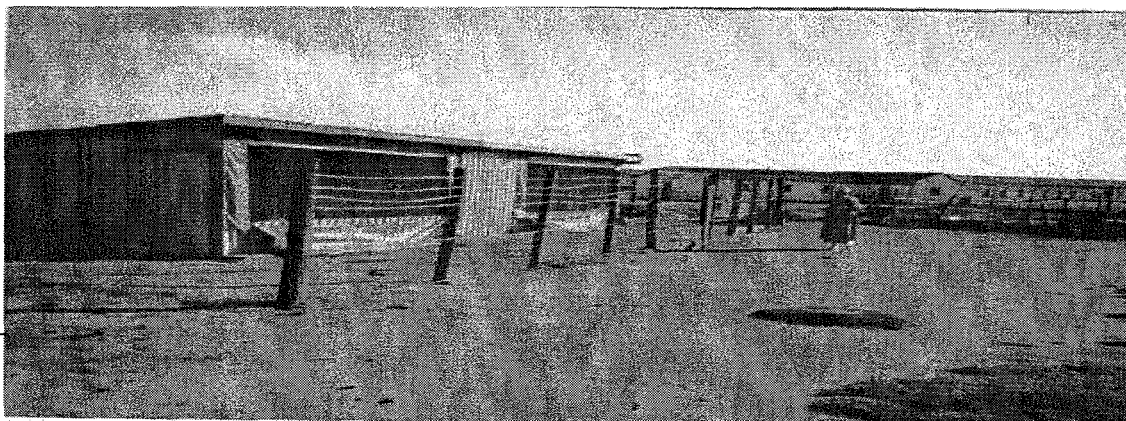
Among the constraints that emerged from this initiative is that, even though the assistance from the Department of Agriculture was valuable, they have not been able to maintain the planned cycle where they will have chickens at different stages of growth and they have not fully used the capacity of the run which can take up to 1200 chickens (Duma, 2003, pers. comm.) This is because of the high costs involved in achieving the cycle.

Consequently, maintaining a constant supply of chickens to the customers has been difficult, especially during the holidays when the demand is normally high. The lack of financial credit, which they had tried to secure, was pointed out as a major problem. They once attempted to use the run at capacity, but sustaining the trend proved difficult as they sometimes ran short of chickenfeed, which forced them to reduce their monthly bank deposits.

In terms of financial gains, it was found out that when, for example, a set of 200 chicks are bought for R8 each, they grow into chickens within four weeks, they are sold for R26 each generating a sales value of about of R5200. Since the initiative started, it has not been troubled by chicken diseases, as the Department of Agriculture brought the extension officers to enlighten these youths on the subject of prevention and control of diseases (Dlamini, 2003, pers. comm.).

Attempts were made to find out how the participants value the gains they derive from this initiative through the use of hardcopy questionnaires. The results were as follows; all the participants indicated that they are happy with the gains they derive from this initiative, but, obviously, they are not significant enough to enable them to fulfil all their needs. The trend however has been an improving one in terms of financial gains, as will be indicated later, which translates into the improved personal incomes that are derived from the initiative.

Figure 7.3 The Poultry Farming Facility



Four out of the six youth interviewed indicated that they participate in this initiative as a way of generating some funds, which will contribute towards their endeavours to further their studies, as was hinted at in the introduction. This indicates that some members see this initiative as a temporary economic activity they are involved in while they are still trying to find decent employment. The remaining two members indicated that, in addition to severe economic conditions in their families, their involvement is motivated by the need to establish themselves as potential future business entrepreneurs. However, none of the participants was a breadwinner, all had some other family member/s who are working. All the participants had never worked before, so it was the first time to be involved in such an economic activity. From this short profile of results, it is apparent that the youth are enthusiastic about the scheme, they have derived benefit from it and are optimistic about the future even though it is not meeting all their expectations.

When this initiative was evaluated over time (through the longitudinal profile), some remarkable changes in terms of monetary gains and investment were evident. For example, when this initiative was first visited early in 2002, it was indicated that an amount of R3 000 had been generated through sales and saved in the initiative's bank account in the six months period since the initiative had started in mid-2001. This amount excluded the salaries they paid to themselves on a monthly basis. The savings fluctuated over the time that the initiative was visited, but during the last visit, late in 2003, it was indicated that the bank account had a balance of R11 000 (Khumalo, 2003, pers. comm.). From the monthly sales that are made, 60% is spent and the remaining 40% is deposited into the account of the initiative. Meagre as it may seem to be, the participants were content with the gains they are generating.

This initiative is devoid of serious problems. The main problem is the lack of funds that would enable the initiative to scale up its operations and ensure that it keeps chickens at different stages of growth so that it can meet the continual high demand for chicken. This corroborates with the view that SMME development is largely constrained by the lending systems of the banking sector in many instances. In the case of South Africa, the effects of apartheid education can be appended to this and are manifest in the lack of confidence

on the part of small business people to exploit the available opportunities that will enable them to access credit (SABC Africa, T.V.Talkshow, 17/11/2003). They sometimes possess business skills but a lack of confidence, language and information militates against their success.

7.6 Assessment of the LED Experience of Dannhauser

The LED case study of Dannhauser outlined above is a true archetype of community-based LED. Such a focus has been forced by the inactivity of the local government in LED and the rural nature of the area which makes it unlikely to attract investment which is often a key to market-led LED. The community economic activities that have been initiated have capitalised on the local, pervasive, yet weak, informal community associations to face local economic crisis. The case study has indicated that desperate economic circumstances, such as those prevailing in the rural areas of Dannhauser, can help to catalyse attempts at economic self-reliance and can also achieve sporadic victories that help to ensure survival, in the absence of adequate external intervention, a view which is also confirmed by Stock (1995) with regard to local initiatives in general. Even though these initiatives showed little scope to go beyond subsistence needs they have undoubtedly made a significant contribution to poverty alleviation in the communities where they are located.

The local municipality has not been able to embark on any concrete LED initiatives in the urban area of Dannhauser, despite its IDP mandate to do so. Instead, ISCOR has played a key role in the Durnacol Village, especially through the training and retraining of the retrenched ex-mineworkers in a variety of skills, and the handing over of some of the mine houses to the ex-mine workers in the name of the RDP housing programme. The inability of the local government to act confirms the view raised in the literature review that some rural local municipalities still find it difficult to plan and implement LED strategies because of a lack of resources to do so. This is the main reason which has prevented the local government of this town and the Development Forum of the Durnacol village from embarking on any efforts that seek to counteract the effects of the closure of

mines and Durnacol in particular in this local municipality (Majola, 2003, pers. comm.; Sithole, 2003, pers. comm.).

The prevalence of informal community organisations partly confirms the view stated in the literature review by Ellis (1999) that a lack of resources and the need to address poverty in rural areas galvanises rural people to engage in some forms of economic initiatives, which tap into the high propensity of rural communities to unite around common problems using their informal CSOs. The prevalence of small community organisations provides fertile ground in which external intervention can assist in catalysing community economic initiatives. Linked to this local activism is the dominance of women in the initiatives, a scenario which has been identified by McEwan (2003) as common scenario in poor areas of South Africa with weak economies. It is true that women are key to augmenting family welfare and the link between women's organisations and poverty alleviation is well recognised. Women in this area are faced with fewer and poorer opportunities to work.

Premchander (2003) further suggest that, in general, women face under-employment, lack of skills and education, lesser mobility, heavy responsibilities, a lack of access to technologies and systematic practise of underrating women's work. The women in these initiatives are characterised by these constraining factors, especially the lack³ of education and skills (see Table 7.1 and 7.2). These factors have hindered the initiatives in this⁴ area and even led to the collapse of some of those that were initially identified for this investigation. Under such a situation, support for women's initiatives in this area is central in releasing women's economic potential and helping them face their family responsibilities. The activities of the informal organisations in this area are localised, narrow and unconnected to the outside world, and this is characteristic feature of CSOs in the developing South which was articulated by Gibbon (2001) in the literature review.

The prevalence of such small CSOs indicates high levels of social capital in this area of Dannhauser, but it is not the linking type of social capital, which *involves* ties between people of distinct social and economic classes. Such relations are crucial in the flow of

information between the poor and empowered community members. The deficiency of such capital in this area is manifested in the lack of basic information about the available assistance for community initiatives and the failure to diversify their initiatives and capitalise on the availability of social services such as electricity. The successful intervention of an informed local social worker, Mrs Khumalo in the Izwilabantu Sewing initiative, points to the potential contribution that empowered individuals can make when they are involved in small community initiatives. This individual assisted the initiative by involving a private sector company which offered skills training which has been vital in the improvement of the quality and quantity of the produce in this initiative.

Moreover, the involvement of this informed local person also helped this initiative to diversify by dividing the groups into two, one group specialising in baking and the other one in sewing. The experience of the Vukuzenzele Poultry initiative also points to the importance of having information. The youth who is qualified in business management has been a valuable asset in this initiative, and this is reflected in the business-like approach by which this initiative is run and the successes it has achieved. It is unquestionable that many initiatives in this rural area are constrained by a lack of information about available assistance, which could be valuable for the development of the initiatives.

Despite agriculture being the obvious development strategy to pursue, at present it is facing competition from the rapidly expanding settlements in this area, which have crept into areas that are used for agricultural purposes. This was evident in the Emfundweni Community garden where the members of this garden were baffled by the decision of the local traditional authority to settle a person on a part of their long established garden. Despite this, communal maize fields, which once played a major role in the livelihoods of the people of this area, are lying fallow as people have become unable to work these fields due to their failure to afford the necessary inputs for farming (Sithole, 2003, pers. comm.; Buthelezi, 2003, pers. comm.).

The infrastructural assistance given to the initiatives by the Department of Agriculture has, arguably, entrenched the communities in agriculturally based economic activities. Many people organise in response to available free infrastructure for undertaking these initiatives without being guided by a proper and clear vision about the initiative. Since the follow-up system of the agricultural extension officer is deficient in ensuring the growth of the initiatives, the lack of advice and other basic information lead to the frequent collapse of these initiatives soon after they have received the farming infrastructure and this constitutes a waste of scarce resources. Support is crucial in the development of self-reliant community initiatives and some international experiences, such as those studied by Gibbon (2001) in Tanzania, point to the importance of providing infrastructure and continual support to informal organisation.

On another tack, the local councillor, Mr Henry Coka (2003, pers. comm.) pointed to a number of factors that have led to diminished interest in large-scale communal farming. He summed up the reason as; the scarcity of the means of farming, the ever-growing need for settlement space, the urban-mindedness of young people who previously helped in working the maize fields and importantly, the degraded nature of the fields as they were worked beyond their capacity when people were confined to these areas by the past government regime. Under such situations people became more urban oriented. The 'de-industrialisation' in the coal mining and mining related industries has exacerbated the situation as mining had been a source of employment opportunities in this area (Coka, 2003, pers. comm.; Nkosi, 2003, pers. comm.).

The scarcity of and failure to access credit, as indicated earlier, is one of the factors which has impacted negatively on the community economic activities in this area. There is an absence of a dedicated institution or programme that supports community economic activities in terms of identifying critical capacities of communities and skills training to enable them to go beyond the subsistence level and impact on the market and thus gain credibility for assistance from creditors. High levels of illiteracy in this area have also contributed in constraining people from approaching relevant sources for assistance and these have kept these LED endeavours at the margins of the economy. Access to funding,

without capacity building and proper institutional arrangements, is not likely to deliver the desired results, therefore, critical capacities need to be identified and developed at the local level, which will enable people to strengthen their initiatives and thus make an impact in the market.

The representative of the LED wing of the Amajuba District Council, Ms Shange (2003, pers. comm.), commented that the available resources are inadequate to support the large number of community economic activities that exist in the area. Therefore, addressing poverty will need scaled up efforts, perhaps at a regional level. A similar comment emerged from the extension officers that the scarcity of resources affects the effective follow-up of community activities in projects, which they assist with, namely the poultry farming and gardening infrastructure hinted at earlier. Consequently, available resources have to be thinly distributed to this large area, making their impact only minimal (Dlamini, 2003, pers. comm. Shange, 2003, pers. comm.). Concentrating assistance in certain areas at the expense of other villages seems to be a potential solution to ensure that community support makes a valuable impact on selected community initiatives, as opposed to attempting to protect the legitimacy of the district municipality by covering large areas with no sensible impact being made.

The longitudinal evaluation of these initiatives revealed no substantial evidence of upward mobility or scaling up of these initiatives. They remain secondary activities that add to a portfolio of livelihood strategies that support other sources of food and/or income. The Vukuzenzele Poultry initiative is an exception to this, as remarkable gains from sales of chicken showed impressive improvements through time. This can be attributed to the fact that it is driven by young and agile youth who possess some business skills and have a clear vision for the future i.e. growing it into a viable medium-sized chicken enterprise. Such skills were reflected in the organised bookkeeping system and accurate tracking record of gains and expenditure, which enables the initiative to determine if it is sustainable or is running on a loss.

With regard to the Izwilabantu Sewing Club, there were some gains through time, but the lack of necessary equipment, such as sewing machines and sewing material stalled the progress of this initiative over time (Khumalo, 2003, pers. comm.). The Emfundweni community garden remains at a subsistence level. The seasonal nature of production and the frequent subsistence needs of the farmers prevent this initiative from keeping up a consistent supply of production to the retailer it supplies. However, even though the longitudinal evaluation showed marginal improvements, this is a classic case of an initiative, which has been able to maintain its sustainability for a period of 60 years, having been formed in 1940 (Ntshangase, 2003, pers. comm.).

Regional LED endeavours, which are driven, by the KZN Economic Development Council and the Department of Economic Development and Tourism in this region, which are still at the planning stage, will have a major role to play in developing the capacities of the local institutions and community groups in this region and in the area of Dannhauser in particular. The general scope for community initiatives in this rural area does not appear to be overly optimistic however. The current initiatives in particular are not likely to make any considerable impact on the welfare of the people of this area. This leads us to Stock's (1995) view that small community economic activities generally achieve small and sporadic victories, while 'top-down' strategies have a tendency of excluding people from the development process. Thus, bottom-up and top-down strategies need to complement each other in order to achieve tangible progress in communities. Such a complementary effort could be achieved by ensuring that local initiatives are connected to the broader sub regional or regional economic development strategies. In this northern region of KZN the regional economic strategy, in the form of the Coal Rim Cluster initiative, is still at a planning stage and will, hopefully, integrate not exclude the activities of informal community organisations and help in creating the necessary linkages between the communities and the region.

Chapter Eight: Summary and Conclusions

8.1 Introduction

The task in this section is to give a summary of the findings, conclusions and challenges facing developmental local government, and the implications of this research in other small towns in South Africa and the way forward. The summary of the findings for this study are grouped into the following five themes namely, closure of mines, role of municipalities, project success, and the role of LED, and community involvement. These will be outlined below.

8.2 Closure of Mines

The findings for this research have indicated that the north-western region of KZN has been hit hard by the decline of and closures in the mining industry, which have characterized many mining towns of South Africa since the late 1970s. These negative changes have been as a result of the declining demand for coal in the international market, increased costs of mining coal and the depletion of coal in some collieries. Such changes in the mining sector have had ripple effects on other industries, especially the manufacturing sector that had important connections with the coal-mining sector. In this region, the impact of these changes has added to the negative effects of the apartheid development strategies, especially the rural development policy which crammed people into Homeland reserves. This destroyed peasant farming and turned these Homeland areas into migrant labour reserves for coal mining and commercial agricultural.

8.3 Role of Municipalities

Pending the national and provincial development endeavours that will respond to this deteriorated economic situation, the district and local municipalities, with some external interventions have used their developmental mandate to formulate LED initiatives that are aimed at counteracting this economic crisis and which address general poverty. The available natural, human and financial resources in the study sites have largely determined the kind of local economic responses these municipalities and their

communities have engaged on. For instance, in Utrecht, the local actors were able to leverage financial resources and mobilised community and government support and other stakeholders in the area and from outside. A key to this success was the presence of individuals with a vision and competencies required to lead the LED process.

In Dundee on the one hand the lack of resources forced the local government to support community-based economic initiatives which are oriented more towards poverty alleviation than economic growth. This town has embraced market-led LED strategies such as investment attraction, but it has not been successful, partly due to competition posed by major urban centres such as Newcastle and Ladysmith. In the rural area of Rocks Drift where two of the studied projects are based, communities initiated community economic initiatives with very minimal external assistance and the presence of social capital in the form of informal women groups has been important in driving these initiatives.

In Dannhauser on the other hand, the local municipality has not been able to come up with any response to mine closures, instead it is ISCOR, the company which owned the now defunct Darnacol collier that has tried to alleviate the effects of the closure of this mine. In the rural areas of this local municipality, communities, like in Dundee, have used their ability to unite i.e. social capital, in initiating some community economic initiatives with minimal external intervention.

8.4 Project Success

In terms of project success the results are mixed. Some have achieved noteworthy successes and others have not. Starting with the case of Utrecht, the projects that have been initiated are classic and unique, but they have not created substantial employment opportunities for the community since the construction phase was completed, neither have they contributed to real economic growth. However, the picture is not too gloomy, some positive deliverables are certain to happen in a medium to long terms and training which is offered to local community members in farm management, skills training in

sewing and the participation of local crafters in an arts and craft cooperative will certainly have positive impacts in the community of the area in a long run. The agri-village is already making some positive impact for the participating community members.

In Dundee and Dannhauser on the other hand, the results are mixed. Some initiatives have made impressive financial gains while others were said to be unsustainable, especially the IDP led initiatives in Dundee. Again the picture is not that gloomy in terms of financial gains; there are initiatives that were making impressive financial gains over time. In terms of attaining empowerment objectives, the minimal training that was offered to project participants within the initiatives made important qualitative changes. One of the hindering factors that need attention in Dundee is the relationship between the participants of the initiatives and the LED authorities from the local government. In Dannhauser, the initiatives especially the poultry and the garden initiatives have made some impressive qualitative changes in the lives of the participants. The latter initiative serves as an effective livelihood strategy for the poor; while the former operates along business-like principles and as a result it has made good financial gains while making a positive contribution to the lives of the participants.

8.5 Role of LED

From a general overview of this research, LED does serve the objectives of economic growth and poverty alleviation. But in most cases, because of a lack of resources to initiate projects that have economic growth objectives, LED remains more as a poverty alleviating strategy. Only the well-resourced localities, especially the metropolitan areas as it was indicated in the literature review, manage to engage in larger projects that are geared towards attracting business investment. However, some other small towns such as Utrecht are able to leverage support that is enough to initiate projects that serve both the economic growth and poverty alleviation goals. At an international level, as it was expressed in the literature review, LED strategies that pursue economic growth policies and objectives are still concentrated in the developed north, even though, a convergence in policies is evident between the North and the South (Rogerson, 2002). Rural small

towns are still lagging behind and they engage only in very basic LED initiatives which are oriented towards poverty alleviation, and it is only the metropolitan areas which are progressing well in adopting market-led LED policies.

8.6 Community involvement

Community involvement in LED initiatives has characterised this study and, in most cases, it is the community themselves in their informal groups that initiated the economic initiatives. The IDP process of Dundee has ensured that communities are represented through the IDP committees that participate in the management of the IDP-led economic initiatives. However, it is difficult to ascertain how effective or influential their participation in the design of the initiatives and in influencing the decisions have been. The patron-client management style that exist in the IDP initiatives may suggest that the community is not fully involved, instead it is the LED officer who is more influential in the management of and the decisions regarding the initiatives. In Dannhauser, participation is good and at the maximum since the initiatives are community initiated and led, as was the case with initiatives that were researched in the rural area of Dundee. In Utrecht, the community is involved in LED initiatives and is represented mainly by the local councillors, Amakhosi and the community members who are part of the Utrecht Development Committee, and Arts and Craft association. Such an involvement and participation of the local stakeholders and communities is largely a result of the IDP process which has institutionalised development, and the general shift towards a 'bottom-up' and participative development which is emphasized in community development theories.

8.7 Conclusion

This thesis has tried to investigate the local economic responses to the closure on coal mining industries in the local municipalities of Utrecht, Dannhauser and Dundee. This has been done in the historical context of the discriminatory apartheid rural development policy, the Regional Industrial Development Programme of the 1980s and two current post-1994 economic development policies of South Africa i.e. GEAR and LED. The

study detailed the economic situation of KZN, and the current national and provincial development strategies namely the Spatial Development Zones/Initiatives, and the Cluster strategies. The economic development of the north-western KZN was outlined with specific reference to coal mining and manufacturing, the sectors which were responsible for the initial development of this region. The current economic, and social situation of the two district municipalities in which the study sites are found were also detailed.

This study has shown that the de-industrialisation process that was a common feature of North America and Western Europe in the 1970s, through into the 1980s (Forthegill and Guy 1990; Nel, 2001) has become an observable feature in African countries and South Africa in particular in the last two decades. Hard hit areas include those associated with the early Industrial Revolution characterised by mass production and the agglomeration of iron and steel, coal and textile industries. In addition, the globalisation of economic activities has led to local capital flight to new localities where conditions allow them to compete in the global market. General changes in the global market, especially the falling demand for extractive heavy minerals like coal and gold have affected many countries, regions and localities.

In the case of South Africa, small towns have been the hardest hit by such an industrial decline and it is the mining sector in particular which had been the pillar of the economy of this country which has often suffered the most. The worst affected areas in South Africa are those of the Klerksdorp Goldfields in the North West Province and Free State Goldfields, with the latter alone losing 100,000 jobs during the 1990s (Binns and Nel, 2001). This trend has also been acute in the coal-mining industry of the KwaZulu-Natal province since the late 1970s. The firms that have grown in the shadow of the major mining companies supplying machinery, or who processed the semi-manufactured product are severely affected by the closing down and restructuring in the mining and iron industries (Neil *et al*, 1992). These industries are forced to close down because of a break in the vital connections they developed with these industries.

The results in terms of economic changes in this region of north-western KZN indicate that de-industrialisation is also attributed to the withdrawal of industrial incentives offered to industries in South Africa before the 1990s under the RIDP (Phalatse, 2000). This had a greater impact, which is objective and qualitative in nature rather than statistical. Joblessness has become rife in these small towns in this region and the districts which they serve are the hardest hit areas, especially the underdeveloped rural areas which had been dependent on industry or mining for employment opportunities. In addition, abject poverty is concentrated in rural areas that are mainly the product of social engineering which took place in the name of rural development and the Land Acts of the past government regime. The three case studies of Utrecht, Dundee and Dannhauser are typical small towns in this region and others in South Africa as a whole, which have experienced severe economic decline due to the closures in the mining industry, a sector which was instrumental in their development.

8.8 Local Responses

Using their new developmental mandate which entails the local assumption of the responsibility for socio-economic development, the local governments in the study sites have tried to respond to the economic crisis resultant from mine closures and are also fighting the effects of apartheid policies, especially the neglect of rural development in the former Homelands. However, it is difficult for some rural municipalities, which are under-resourced such as that of Dannhauser to engage of local economic activities. In this area ISCOR has taken on this responsibility of trying to do something that will alleviate the impact of the closure of Durnacol colliery in this area, but the benefits of the skills training programmes offered to ex-miners are difficult to assess, as many miners were not from this area of Dannhauser and have left the area.

The lack of financial resources and personnel in the local council has rendered it difficult for this local municipality to respond to the local crisis. This has been compounded by the fact that the Amajuba district municipality is a relatively young municipality. Therefore, planning for LED began relatively late. The Department of Agriculture is playing an

important role in the rural areas by supporting spontaneous agricultural community economic initiatives which serve as vital livelihood strategies for the poor.

The results indicate that the rural villages of Nyanyadu in Dannhauser, where the three studied initiatives are located, are characterised by pervasive small community initiatives and general civic activism, which normally takes the form of women's community associations. This indicates the existence of social capital in these rural villages which enables local women to unite and face the local crises together. The same comment can be made with regard to the rural initiatives in Dundee. The three studied initiatives have been an exception since attaining assistance has assisted them to become stronger and more resilient and have attained some improvements over time. Such changes were recorded in terms of the products made in the case of Izwilabantu sewing initiative and better gardening skills developed in the Emfundweni initiative and access to markets through the arrangements made by the extension officers and a retailer in the nearby town.

Inaccessibility of financial credit, effective business information and general supervision by the extension officers who provide them with infrastructure, have been hindering the rapid growth of these initiatives, and have been the main causes of the collapse of other small community economic initiatives, some of which were supported by the Department of Agriculture.

All the case studies have shown the critical importance of partnerships in LED. In the case of Dundee and Dannhauser for example, the Department of Provincial and Local Government, the Department of Tourism and the Department of Labour and the British Consul have been instrumental in the initiation of and the development of these initiatives in terms of financial support and training. The LED Fund which the Department of Provincial and Local Government funnelled through the local government has been the lifeline of these initiatives. The British Consul's financial contribution was valuable to the initiation of the Kwancedo'mhlophe Community Garden in Dundee. The Electricity Supply Commission (ESKOM) made an important financial intervention to the

Sifisokuhle sewing initiative, which enabled members of the initiative to undergo skills training in sewing and acquired necessary sewing requirements. The Jumbo Clothing Company made a valuable contribution to skills training in the Izwilabantu sewing initiative in Dannhauser, while the Department of Home Affairs also played its part in supporting this initiative. This indicates that partnership is key to successful LED since each partner brings certain vital ingredients that are needed in the LED effort.

The results from the case study of Utrecht have shown a relatively higher degree of competency in combining local natural and human resources, with appropriate funding from outside, to devise the means of counteracting the adverse effects of the erosion of its economic base, i.e. coal mining. Tourism-led LED has prevented Utrecht from becoming a 'ghost town' and transformed it into a town full of opportunities and optimism. The branding of the town as "The town within a Game Park" stocking it with game, and the creation of an Agri-village are novel yet simple and innovative initiatives which have never been tried elsewhere in South Africa. The example has also illustrated the importance of the presence of 'champions' in a locality who can visualize and sensitise local stakeholders to act on their vision of LED.

The tourism initiatives and tourism in itself as an industry are inclined towards a market-led approach to LED where considerations of the market, such as profit making, ride higher on the agenda than the participation and empowerment goals of the communities. Even though achieving empowerment goals and addressing poverty are explicit intentions spelt out in the IDP and were reiterated by local authorities during the investigation, the current initiatives of Utrecht are driven by market objectives and the empowerment objectives are, arguably, secondary to such an approach. The ability to achieve empowerment goals will only be attainable if there is a conscious support for the local people to take on the opportunities that will be created by tourism, especially in SMMEs and through providing some tourist services in the tourism industry.

Whether Utrecht's initiatives will effectively compete with the better-developed southern parts of coastal KZN in terms of tourism attraction and investment in the long term is

debatable. Their competitiveness in a long run will hinge on Utrecht's ability to provide a unique tourism experience different from that in other destinations in the region such as Midlands Meander below the Drakensberg and Battlefield tourism which is prominent in towns like Dundee. Utrecht has, undoubtedly, inserted itself into the global market system through tourism, and the type of insertion to the market rather than the act of insertion, is what will matter most.

The dominance of women in community economic initiatives in the case of Dundee and Dannhauser confirms that women are key to augmenting family welfare and the link between women's organisations and poverty alleviation is well recognised. Women in this area are faced with fewer and poorer opportunities to work. They face under-employment, a lack of skills and education, lesser mobility, heavy responsibilities, lack of access to technology and the systematic practise of underrating women's work. The women in these initiatives are characterised by these constraining factors, especially the lack of education and skills, and the manner in which they can find assistance. Under such situations, support for women's initiatives is central in releasing women's economic potential and helping them face their family responsibilities.

The existence of civil society organisations is commendable, but one should avoid being overly optimistic about the potential contribution they can make in the development of the poor. Trigilia (2001) argues that the social capital of the poor cannot be relied on for successful development as it is normally unreliable, weak and is formed for survival strategies thus can hardly take on scaled up LED efforts without a meaningful external intervention. The social capital found in the area of Dundee and Dannhauser is very localised and fixed and the civic organisations engage in very basic and survival LED initiatives. This is contrast to the type of social capital and civic organisations studied by Heller (1996) for example in his famous case study of social capital in the Kerala province of India. In this case study, community service organizations (CSOs) engaged in a wide range of service and community economic activities which have a regional impact, such as the provision and building of schools, and other service centres. In this case study the government provided a conducive environment for such developments and

the civil society and the state reinforced each other. CSOs in the studied initiatives cannot be compared to this Kerala experience as they are very small and involve women only in many cases. More over, the kind of social capital found in these areas is not a bridging type which connects the powerful, informed and influential people in the area with the powerless and disempowered. This renders social capital very weak and it is not led by an ideology which encourages the CSOs to engage on extra-local issues. Obviously, lack of skills and education and information in general are some of the factors which have limited the activities of these civic organisations. This invokes Fine's (1999) argument that "there is not necessarily anything positive or predetermined about the impact of social capital, until both its intrinsic and extrinsic contents are examined" (Fine, 1999, p.8). The intrinsic aspect of this social capital in the form of informal organisations is its weakness and ill-defined nature. However, it can form a good starting point for effective external intervention, if attempts at strengthening it can be made and the local and district governments can play a major role in this regard through the services they provide to the communities, the manner in which they are provided, and the extent to which these informal organisations are engaged on their development, a view argued by Evans (1996) and Warner (2001) in the literature review. The municipalities should see themselves as convenors and catalysts for local development.

In general, the picture is not that bleak, Utrecht is better placed to achieve its intended economic development objectives but it is still difficult to ascertain how community involvement will be maximised in future. An undeniable factor, which has been hinted at earlier, is the importance of regional development efforts in which the local initiatives will connect and make a greater impact in the communities. Skills training is one obvious way of developing the capacity of the people to enable them to seize greater and meaningful opportunities and poverty is also compounded by low levels of education and skills training in these areas. However, in the current context of power and responsibilities given to district municipalities, some challenging issues need to be accorded attention as they featured in this research. These will be briefly outlined below.

8.9 Challenges facing “developmental government”

The restructuring of local governments and tasking them with a developmental mandate has been a remarkable development in the public sector in South Africa since the White Paper on Local Government was published in 1998. However, this research has probed some of the paradoxes and limitations within the system of local governance, which may potentially render this initiative of developmental government good on paper, but in the context in which it is applied, especially in rural areas, difficult to attain. These challenges include the lack of capacity in municipalities, and the poor distribution of powers and functions between the district and local governments.

The Municipal Systems Act of 2000 gave executive and legislative powers to the district municipalities, which they are expected to share with the local municipalities. While the metropolitan local councils do not share their executive and legislative powers, the district municipalities have power over all local municipalities in their district and they provide a framework within which the local municipalities design their IDPs. This means that in a case where the local municipality is unable to fulfil its social and economic task in a particular community, the district municipality has to intervene. In addition, Greenberg (2003) states that district municipalities are also tasked with a responsibility of building the capacity of local municipalities in their area to perform their functions and exercise their powers where such capacity is lacking. The assumption behind this is that the district municipalities are well capacitated and financially well resourced to undertake any intervention where local municipalities are failing.

The results of this research have indicated that the situation in the rural areas is not ideal. The District municipalities themselves are under-capacitated and this was even more evident in the case of Dannhauser and Dundee. The capacity to implement LED is severely constrained in these two areas by the absence of resources and in the case of Dannhauser the LED structure within the local municipality is non-existent. Moreover, efforts are focused towards service provision with diminutive attention given to community economic development by district municipalities. The reason for this was attributed to the lack of capacity to perform such complex and multifaceted functions

simultaneously, and the magnitude of the service delivery backlogs in these rural areas is proving to be a mammoth task for the district municipalities. The district municipalities have not built the capacity of local municipalities and they themselves, i.e. district municipalities, have constraints in pursuing their developmental mandate.

Such an allocation of powers and the dominating role that the district municipalities have may potentially lead to the marginalization of local municipalities. Pycroft (2002) points out that the distance between the district municipalities and the communities is likely to result in a top-down and mostly consultant driven planning process with token involvement of communities in their development process. Until the administrative capacity and resources are relocated to district municipalities, addressing poverty and service provision is likely to remain elusive in many localities, especially in rural areas. In cases where there have been massive industrial closures such as in rural mining towns, expecting the municipalities to be able to respond to such crisis is unrealistic.

Rural municipalities are, arguably, suited for formulating poverty alleviation strategies as opposed to attracting big investment that will result in large-scale job creation. Investment has always favoured urban major urban centres with business infrastructure compared to rural areas. Therefore, it will be a realistic norm for municipalities to support community economic initiatives or community-based LED which pursue empowerment objectives and the mobilisation of local resources necessary for crafting sustainable livelihood strategies. Attracting investment should be an incumbent responsibility of the spatial development frameworks that are better resourced and the municipality can play a role in creating a local environment that is suitable for investment to locate in their localities. Developmental local government is based on a good vision and can attain greater achievements if their constraints in implementing policy on the ground can be understood. They have an important role to play in participatory democracy and the creation of social capital through their functions and services they provide to communities, as they are the closest government realm to the communities.

8.10 The Implications of this Research to Small towns in South Africa

There are certain implications that can be derived from the results of this research which may be valuable to other towns that are experiencing or have experienced local economic crises. **Firstly**, in the case where the economy of an area is built on the back of one economic sector, such as coal or gold mining, as is common with many towns of South Africa, the diversification of the economy should be a proactive initiative instead of being a reactive one. Such a proactive action will ensure that local, endogenous resources are mobilized in advance for LED activities, and institutions that are necessary to drive LED are established in time. In many LED case studies in small towns in South Africa and abroad, LED activities have been embarked on as a response to crises not as a proactive move. As a result this gives a limited opportunity for harnessing local resources and LED initiatives are pressurized to deliver *now* as the pressure for reviving the economy and addressing poverty need exigent and immediate interventions.

For coal and gold mining and any other town or region where the economy is reliant on one sector, especially a sector that is linked to a finite natural resource or is reliant on the volatile global market, diversification should take priority to LED. This will help in ensuring that the existing industry gets involved in economic diversification as is now common for industries when they disinvest, such that the onus of addressing the social and economic consequences and finding another economic base is not left with the local authority alone. Utrecht was fortunate to have the mine authorities involved in efforts of finding a new economic base for the town. In Dannhauser, ISCOR has shown its willingness to invest in the community that has supported this company for the 95 years Durnacol had been in existence for by offering training to retrenched miners among other things. The impact would probably have been greater if the local and district municipalities worked with this company as it still has an interest in the area to devise broader LED projects.

In Dundee, companies have been disinvesting since the 1980s with little if anything being done by them to alleviate the economic and social impact of their departure. However, all this boils down to the availability, not just the presence of trained people in LED but also

of local leaders and individuals who are 'mantic', visionary and able to foresee what the future of the local economy will be in the changing local, national and even global economic context.

Secondly, relying on district and local municipalities to deliver in the LED domain is somewhat defective as many small towns have inherited extensive and often poorly serviced rural areas following the Municipal Demarcation Act of 1998. The benefits for LED are normally not realised in the short run as compared to other functions of the municipality such as service delivery. This is bound to result in LED being relegated to the lower levels in terms of budget allocation with service delivery getting precedence in the face of limited resources.

A solution to this seems to lie in establishing institutions that are separate from or have a degree of autonomy from the municipality. District municipalities and local governments in partnership with the private sector need to try and form semi-public institutions such as Local Economic Development agencies or other forms of development centres, for LED planning and implementation to avoid the negligence of LED. The reliance on consultants, arguably, defeats the purpose of promoting community participation and building and strengthening democratic values at the community level. Consultants hardly involve the communities in their activities as they often emphasise the need to accomplish task within a certain time frame and are motivated by financial benefits, with little interest in investing or developing skills etc. in a community.

On the other had, LEDAs which are formed through public-private and community partnership can be customised to reflect the needs of communities. Moreover, independent development agencies have a potential of planning and initiating more significant initiatives and working independently to attract investment. A good example of a local authority in South Africa which has tried to form such an institution, with a measure of success, is Welkom in the Free State province. A development agency known as the Free State Goldfields Development Centre (FGFDC) was established in the 1990s with the intention of revitalization the economy of this area after the closures in the gold

mining industry which had depleted the regional economy (see Nel and Binns, 2001, Taylor, 2003). Such an institution serves as a 'broker' for LED (Binns, 2002, pers. comm.) and takes on scaled-up initiatives which have region-wide economic implications. In the literature review, mention was also made of the existence of LEDAs in the war torn areas of Mozambique and Croatia, which perform similar activities (see Van Boekel and Van Logtestijn, 2002).

These institutions can be well placed in South Africa where many local and district municipalities still lack capacity, especially in terms of human resources, to undertake LED. The result is that rural municipalities often engage in what are merely poverty alleviation strategies, as this research has shown in the Dundee and Dannhauser case studies in particular. However, key to the success of such institutions is attaining adequate funding which should be a concerted effort by all local institutions, public and private, and a greater commitment from the national government. In Mozambique, for example, the involvement of international organizations has ensured that there is adequate funding and competent personnel who drive the LEDAs.

Lastly, the dearth of private investment in many small rural towns necessitates an increased focus on skills training to build local human capacity. It is generally held that the population of South Africa is gradually getting urbanised and agriculture is no longer a priority for many people, partly because of the manner in which it was sculptured, especially in the former Homeland areas during the past government regime (Fox, 2003, seminar). Skills training and support for small agricultural initiatives is good but the reality is that agriculture is increasingly playing a diminutive role as a livelihood source for many people in South Africa. Instead people are increasingly getting involved in urban economic activities that require some form of skill. Therefore, establishing skills training institutions in declining towns or regions is one of the viable alternatives which may have long-term benefits to the local economies.

The local government of Dundee is trying to achieve this through skills training within the initiatives. However, the reality is that in such situations capacity building is limited

to a select group in the community that was fortunate to be part of those particular initiatives. Such skills training which is done in this context is valuable but it is reactionary instead of being proactive. Skills training should also take place outside of the initiatives. Moreover, in contexts where an industry that has been providing employment to people has closed down, such as in the study sites for this research, it is highly unlikely that new LED initiatives will create substantial, direct employment to cater for the masses of the unemployed people. Therefore, capacity building can enable people to engage in their own activities without expecting jobs to be created on their behalf.

8.11 General Recommendations and Way-forward

From this research, some general and specific lessons and recommendations can be reached which possibly try to point the way forward. The following lessons can be extracted from this study. Firstly, these case studies have shown that the presence of sufficient institutions and support by all spheres of the government is important in the initiation of LED. These institutions need to interact and such interaction should constitute a dialogue between the local government, the community and all other stakeholders in the locality. Secondly, the process of “institutional thickening” should lead to the formation of a hegemonic local development project that will constitute a social contract, which will ensure that development is not exclusionary of the marginalized people.

8.11.1 Specific Recommendations

The following recommendations can be made with regard to the results from this study.

Firstly, regional co-operation among the municipalities and other external partners in devising economic development strategies is key to economic recovery for this coal belt region and this should be developed and strengthened. Practical strategies for this would be to open a skills training centre, which will service the whole region in capacity building for the many unemployed and mostly illiterate people who live in this region

Secondly, there is also a need to form Local Economic Development agencies in this region, which will assist the local governments, especially in rural small towns that are finding it difficult to engage in LED, to identify critical capacities of communities which need to be harnessed and possibly try to attract and support investment into the area.

Thirdly, it is clear that spontaneous community economic initiatives are good but they are not likely to improve the quality of life of the people without being complemented by broader regional efforts. Moreover, small business support in terms of credit and information is important in this region

Fourthly, in Utrecht and Dundee, conscious efforts, which seek to assist ordinary community members to participate in tourism, need to be put in place.

Lastly, in Dannhauser, the agricultural extension officers need to devise new follow-up methods to support the initiatives they are involved in with agricultural infrastructure, and the District Municipality should also participate in supporting and monitoring these assisted initiatives.

8.11.2 Has the study achieved the goals it set to achieve from the beginning?

This research has been successful in achieving the goals it set to achieve which were proposed and embarked on from the beginning. The introductory chapter i.e. Chapter One detailed the national and provincial development policies, with a specific focus on the GEAR policy and rural development. Chapter Two, which is the literature review, provided a brief history of the development theory and how it has been shaped by different schools of thought from the modernisation approaches to the emergence of Alternative/bottom up development which has come to emphasise Local Economic Development which has become a universally adopted development policy.

Chapter Three presented the aims and objectives of the study and the research methodology. Chapter Four outlined the study area starting from the provincial economic

development strategies to economic history and current economic outlook of the north-western region of KZN and the District municipalities in the study area.

The development of the three study area sites was then outlined in the context of the north-western region under the case study for each area with attention accorded to their link to the development of mining and the manufacturing industry, and how they have been affected by changes in these industries. These formed Chapter Five, Six and Seven. It is also in these chapters where the local responses to economic crisis in the study sites were presented and assessed. This chapter i.e. Chapter Eight, has provided a summary and conclusion of this research and has tried to briefly detail the implications of this study to other towns that experience or have experienced parallel economic crisis, and then recommendations and way forward are presented.

The Local Economic Development responses, which were detailed in Chapter Five, Six and Seven were the main reason behind the resolution to undertake this research. But it should be said that the initiatives that were found to exist in these areas, particularly in Dundee and Dannhauser, are barely a response to the closure of mining industry than to general poverty in the area. It is in the case of Utrecht where, the initiated economic projects (will) potentially have an impact of revitalizing and redirecting the economy of the area away from mining. These tourism initiatives embody a direct response to the closure of the mining industries in this area and they aspire not only to poverty alleviating but also for economic growth and investment attraction. However, having said so, tourism projects of Utrecht will neither replace the number jobs lost due to mine closures nor stimulate the economic activity as mining did.

In Dundee and Dannhauser the lack of capacity and resources to engage on larger economic projects has constrained such a move and even though the local government still implicitly pursues investment attraction strategies, community-based economic initiatives have been given primacy. The local municipality of Dannhauser is the most incapacitated of these municipalities to do anything about its socio-economic circumstances.

As a result local communities in their informal groups have engaged on small community economic activities in this area of Dannhauser which serve as transient measures that address poverty in the absence of employment opportunities with minimal external intervention. The community of Dundee has also engaged in similar initiatives but with the local government playing a fundamental role as partner to the community in these endeavours. In Dundee civil society organisations are pervasive but they are ill defined, localised, fixed and can hardly engage on extra-local issues. This confirms Gibbon's (2001) argument which was presented in the literature review that civil society organisations are traditionalistic in the developing countries.

This is a challenge to the municipalities in this area, and South Africa in general, to empower communities to have confidence in undertaking broader activities which have local and extra-local implications. McEwan (2002) pointed out that civic organisations in South Africa are pervasive but their activities are very limited. The 'institutionalisation' of participation through the IDP process has a major role to play in this regard to ensure that communities in their groups, especially women, benefit from their participation and are empowered. Regional and provincial development efforts are still in the pipeline and seem to be the only obvious hope that will potentially impel the economic recovery in the study sites and the region as a whole. In short, the aims and objectives of the study have been attained and the study will hopefully make a valuable contribution to the field of LED.

8.11.3 What works and what does not work in LED?

Firstly, there should be local 'champions' that is, visionary individuals of leaders who have the aptitude mobilise the local stakeholders and drive LED. These individuals should get maximum support (political, financial moral etc) from within the locality.

Secondly, the leadership style of the individuals who are leading the community initiatives should be open and accommodating. They should understand that poor people

who partake in projects are often characterised by a lack of confidence, and an inferiority complex which prevents them from expressing their views. They have an important role to play within the initiatives if the environment is relaxed and the leadership is able to cultivate a culture of free expression within the initiatives.

Thirdly, the existence of local skills is essential and, where they are absent, skills training can help in providing a wide choice of economic activities that can be initiated, based on local skills. Fourthly, the importance of social capital in enabling rural communities to work together towards attaining common objectives and tackling local development challenges stands out in the Dundee and Dannhauser rural initiatives and needs to be supported by the municipalities. Lastly, it is always important to recognize women's economic activities and offer support wherever necessary as the women's benefits are crucial for community welfare.

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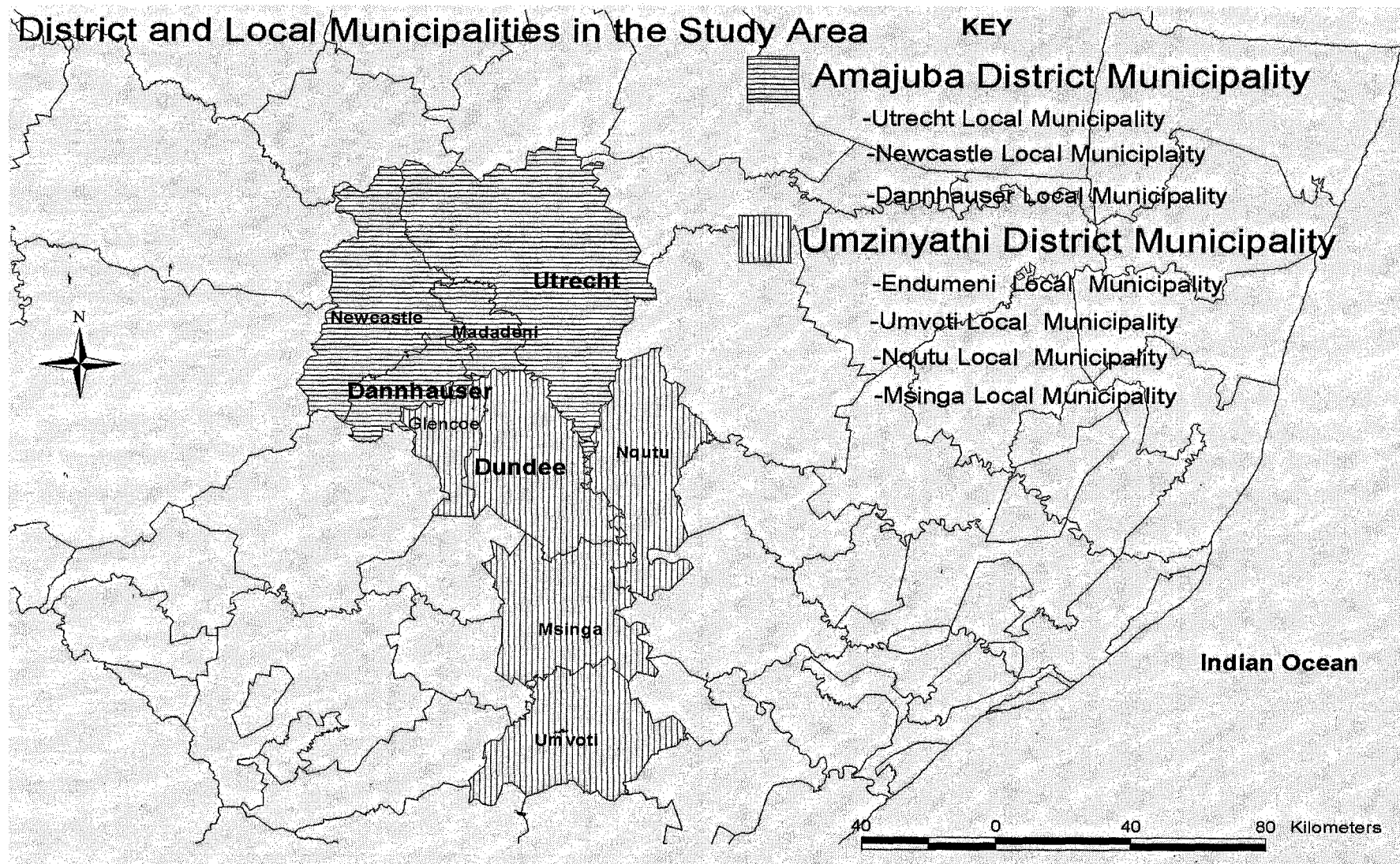
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Appendix A



Appendix B

Three Waves in the Evolution of Local Economic Development	
Foci	Tools
1960s to early 1980s	
<ul style="list-style-type: none"> ▪ Mobile manufacturing investment attraction from outside local area ▪ Attraction of foreign direct investment ▪ Making hard infrastructure investments 	<ul style="list-style-type: none"> ▪ Large grants, tax breaks, subsidized loans for manufacturing investors ▪ Subsidized hard infrastructure investment. ▪ Lowered production costs through techniques like recruitment of cheap labour
1980s to mid-1990s	
<ul style="list-style-type: none"> ▪ Retention and growing of existing local businesses ▪ Continued emphasis on inward investment attraction but usually more targeted to specific sectors or from certain geographic areas 	<ul style="list-style-type: none"> ▪ Direct payments to individual businesses ▪ Business incubators/ workspace ▪ Advice and training for small medium scale enterprises ▪ Technical support ▪ Business start-up support ▪ Both hard and soft infrastructure investment
Late 1990s onwards	
<ul style="list-style-type: none"> ▪ Making whole business environments favourable ▪ “Soft” infrastructure investments (e.g., human resource development, regulatory rationalization) ▪ Public/private partnerships ▪ Leveraging private sector investments for public good ▪ Improving quality of life and security for communities and potential investors ▪ Highly targeted inward investment attraction, building on local area comparative advantage 	<ul style="list-style-type: none"> ▪ Holistic strategy to provide a facilitative local business environment ▪ Focus on stimulating growth of local firms ▪ Cross-community networking and collaboration ▪ Emphasis on developing collaborative business relationships ▪ Workforce development and soft infrastructure provision ▪ Supporting quality of life improvements ▪ Focus on service sector as well as manufacturing ▪ Facilitating economically linked business clusters

Source: LED premier, 2002.

Appendix C

Questions used for the semi-structured interviews

Goals and objectives, and inputs into the project

1. When the project was started?
2. Who were the key participants/initiators?
3. What caused it to develop (local or socio-economic crisis)?
4. What were original goals of the initiative?
5. How were they agreed to and by whom?
6. Is it locally based or far broader? Does the support cover urban-rural linkages?
7. How is the relationship between this initiative and the other/s in the area, if any?
8. Is there a sub-regional co-operation of local governments?
9. How much resources (financial input, training etc) have gone into this project?
10. Has the government or private sector provided any support?
11. What form did it take and how important has it been for the initiative?

Outcomes assessment- long-term social development

1. What has been the output of the project?
2. Have your objectives been attained?
3. Have the invested resources in the project yielded the expected output (efficiency)?
4. How many short –term and long term jobs/were/have been created?
5. Do outcomes of the project contribute to the development of the society as a whole?
6. To what extent do projects address job loss?
7. Are the goals still the same? If they have changed, what may be the reason for that?
8. Has the initiative allowed for the empowerment the host community, how?
9. If training has taken place, who has undertook it?
10. Have people learnt new and relevant skills for employment?
11. How has training complemented /contributed to the running on the initiative?

Impact of the project

1. Have choices for local residents increased?
2. Is there increased participation in marginalized groups within the community as a result of the project?
3. Are there different outcomes for different parts of the community?
4. Do the outcomes reduce inequality in opportunity or income?
5. How local people have been able to take control of development initiatives?
6. Is the project utilising resource locally available to the community in its immediate vicinity or its hinterland?
7. Are there any negative social consequences, such as crime etc that impact on the project?

Appendix D

Questionnaires for project participants

Research Topic: A critical evaluation of local level responses to mine closure in north - western KwaZulu-Natal Coal belt Region, South Africa.

Please fill in this section with an appropriate answer by ticking inside the box

1. Gender

(1) Male	(2) Female
<input type="checkbox"/>	<input type="checkbox"/>

2. Age

(1) 18-30 yrs	(2) 31-49 yrs
<input type="checkbox"/>	<input type="checkbox"/>

(3) 50-60 yrs	(4) 60 and above
<input type="checkbox"/>	<input type="checkbox"/>

3. Level of education

(1) No education	(2) Primary
<input type="checkbox"/>	<input type="checkbox"/>

(3) Secondary	(4) Tertiary
<input type="checkbox"/>	<input type="checkbox"/>

4. Occupation

(1) Unskilled	(2) Semi-Skilled
<input type="checkbox"/>	<input type="checkbox"/>

(3) Skilled	(4) Professional
<input type="checkbox"/>	<input type="checkbox"/>

5. Place of Residence

(1) Dudee	(2) Dannhauser	(3) Utrecht

6. You are the only one who is working in your family.

(1) Yes	(2) No

Section B

Please provide answers on the questions below, and note a blank page attached at the back of the questionnaire where you can detail your response if the space provided is limited

1. Where were you working before you became part of this initiative and how you lost your job?

2. How losing your previous job affected you and your family at large?

3. Why did you decide to participate in this initiative not the others in this area?

4. Is this your only source of income for your household? If it is the only source is liveable out of it?

5. Has partaking in this initiative made any change/s in your life, if yes what changes?

6. Have you developed any skills due to partaking in this initiative, if any, what are those?

7. How is the general relationship and support among the participants of this initiative?

8. Do you feel any sense of self worth or of belonging to the community by partaking in this initiative?

9. What can you point out as strong points of the initiative?

10. What can you point out as the shortcoming/s of the initiative and how can these be eliminated or minimized for the smooth running of the initiative?

Thank you