

UNIVERSITY OF KWAZULU-NATAL

**THE IMPLEMENTATION AND SUSTAINABILITY OF PRO-POOR
LOCAL ECONOMIC DEVELOPMENT INITIATIVES
IN THE KING CETSHWAYO DISTRICT MUNICIPALITY**

by

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College of Law and Management Studies**


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DECLARATION

I, **Nokukhanya Noqinisele JILI**, declare that:

- (i) The research reported in this dissertation, except where otherwise indicated, is my original research.
- (ii) This dissertation has not been submitted for any degree or examination at any other university.
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Signature: 

Date: 15 August 2019

DEDICATION

This thesis is dedicated to my late father, Ndabakhe Gerald Jili for the massive role he has played in our lives in ensuring that my siblings and I got a better education. He will always have a special place in my heart and I am very grateful that I had a father like him.

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ABSTRACT

The main aim of the study was to critically explore the implementation and sustainability of pro-poor Local Economic Development in the KCD municipality. The secondary objective of the study was to determine how the implementation and sustainability of LED initiatives are organised, assessed, strategized and reviewed in the KCD. The implementation of economic development policies seemed to be a persistent problem hindering Local Economic Development (LED) in South Africa. Local government is a sphere of government that is closest to local communities and is so placed to identify, drive and implement programmes aimed at addressing unemployment, poverty alleviation and developmental challenges facing local communities in South Africa. The King Cetshwayo District (KCD) is not excluded from these challenges, which include the challenges of stimulating pro-poor LED by creating jobs and promoting the growth of small and medium business enterprises (SMMEs). The need to address poverty and unemployment is one of the most critical issues in this municipality.

This research study was founded on the theoretical framework of the World Bank Local Economic Development model that involves several stages of LED strategic planning. A qualitative approach was adopted whereby eight in-depth interviews were conducted to interview municipal officials which included the mayor, the municipal manager and LED officials in two local municipalities in the KCD. The study further conducted 14 focus group discussions with community members which included co-operatives. Thematic analysis through an interpretive approach was used to analyse and present data for this study.

The findings have shown that LED in the KCD is conceptualised generally as a form of partnership or coalition undertaken between the key players in a local municipality and involves the development of partnerships between the private sector, government and civil society. Moreover, the Richards Bay Industrial Development Zone (RBIDZ) together with other stakeholders, including the municipality, have put measures in place to assist SMMEs to benefit from the RBIDZ activities. LED initiatives in the uMhlathuze local municipality are intended to stimulate both the enhanced growth of the local economy (pro-growth) and to address concerns of persistent poverty (pro-poor). The study also noted that both local municipalities have adopted the LED strategy but they are not sufficiently guided by the strategy to respond to the people's needs. Pro-poor LED

initiatives allow community members to showcase their skills and their desires and at the same time they can earn a living. Both municipalities are, however, not adequately monitoring and reviewing the LED strategies and initiatives, hence most of the pro-poor LED initiatives in the KCD are not sustainable. From the discussion of the findings the study concluded that LED initiatives that are established in different communities, particularly the KCDM, lack uniqueness and face stiff competition. There is also a lack of skills to manage LED initiatives, a lack of knowledge about the processes and the procedures of implementing and sustaining pro-poor LED initiatives. Moreover, there is inadequate funding to facilitate and implement LED and there is a need to involve the people from the planning stage and a request for more community participation.

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LIST OF ABBREVIATIONS AND ACRONYMS

ASGISA	Accelerated and Shared Growth Initiatives for South Africa
BBBEE	Broad Based Black Economic Empowerment
BPO & O	Business Processing, Outsourcing and Off-shoring
CBO	Community Based Organisations
CCGs	Community Caregivers
CoGTA	Department of Cooperative Governance and Traditional Affairs
CRDP	Comprehensive Rural Development Programme
CSP	Customised Sector Programme
CWP	Community Work Programme
DARD	Department of Agriculture and Rural Development
DEAT	Department of Environmental Affairs and Tourism
DPLG	Department of Provincial and Local Government
DTI	Department of Trade and Industry
DTT	District Task Team
EPWP	Extended Public Works Programme
EU	European Union
GDP	Gross Domestic Product
GEAR	Growth, Employment and Redistribution
GPN	Global Production Network
ICT	Information and Communications technology
IDP	Integrated Development Programme
IMS	Integrated Manufacturing Strategy
ISRDS	Integrated and Sustainable Rural Development Strategy
KCDM	King Cetshwayo District Municipality
KZNTMP	KwaZulu-Natal Tourism Master Plan
LED	Local Economic Development
LEDO	Local Economic Development Officer
M & E	Monitoring and Evaluation

MDGs	Millennium Development Goals
MERS	Micro Economic Reform Strategy
MFMA	Municipal Finance Management Act
MTSF	Medium Term Strategic Framework
MTT	Municipal Task Team
NDP	National Development Plan
NEAC	National Export Advisory Council
NGP	National Growth Path
NPOs	Non-Profit Organisations
NSDP	National Spatial Development Perspective
OECD	Organisation for Economic Cooperation and Development
OSS	Operation Sukuma Sakhe
PGDS	Provincial Growth and Development Strategy
PPT	Pro Poor Tourism
PSEDS	Provincial Spatial Economic Development Strategy
PTT	Provincial Task Team
RDP	Reconstruction and Development Programme
RIDS	Regional Industrial Development Strategy
SACN	South African Cities Network
SALGA	South African Local Government Association
SDGs	Sustainable Development Goals
SEDA	Small Enterprise Development Agency
SMMEs	Small Medium Micro Enterprises
TEO	The Enterprise Organisation
TISA	Trade and Investment South Africa
UNDP	United Nations Development Programme
WPTPS	White Paper on the Transformation of the Public Service
WTT	Ward Task Team

CHAPTER ONE

INTRODUCTION AND OVERVIEW OF THE STUDY

1.1 Introduction

Local Economic Development (LED) has been one of the essential priorities for local government and for developmental state. This has been implemented through policy and practice where development initiatives have been identified and developed for citizens so that they can participate in LED initiatives and benefit from the development process. Meyer (2013) stipulates that local economic development is an initiative that consists of all stakeholders in a particular identified area working together to establish sound economic development using local resources to raise the standard of living of the people. The White Paper on Local Government (1998) stipulates that local government development can only be achieved when local government is committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives. It appears that although LED initiatives were enacted as part of development, South Africa is still facing the challenge of a high rate of unemployment which leads to poverty in many households in both urban and rural areas.

This was also opined by Nnadozie (2013) who states that historically, the apartheid legacy has left high levels of poverty in both rural and urban areas, where poor people are the most vulnerable to poverty, and experience unequal access to resources and social services. Meyer (2013) indicates that local communities, local government and the private sector are required to work together to align the human and natural resources of the community to markets, so that they can successfully create new jobs that suit both the local people and the economic environment. The White Paper on Local Government (1998) identifies LED as a strategy towards poverty reduction as it emphasises that promoting growth and addressing poverty and inequality are the key objectives of LED. The National Development Plan (2013) aims to eliminate poverty and reduce inequality by 2030. Van Der Waldt *et al.* (2014) stipulate that it is important that LED projects should be sustainable and economically viable in order to benefit the community and pro-poor LED projects should be facilitated by municipal authorities. In South Africa

different approaches have been taken to enhance LED including the pro-poor LED strategy/approach. Pro-poor LED is an attempt to identify initiatives that develop the poor to both create and take advantage of economic opportunities. Pro-poor growth is about enabling a pace and pattern of growth that enhances the ability of poor women and men to participate in, contribute to and benefit from growth (Organisation for Economic Cooperation and Development (OECD), 2007). Pro-poor LED enables the poor to be involved and be hands on in different projects or initiatives that allow them to take advantage of economic opportunities, alleviate poverty and become self-reliant rather than relying on social grants. Local government, as the closest sphere of the people, is required to play an active role in service delivery and in the process of creating jobs to improve the quality of life of the people (Meyer, 2013). This research study focuses on determining whether LED initiatives in the King Cetshwayo District Municipality benefit the marginalized poor of the local community.

1.2 Rationale for the study

Reddy (1998) states that local governments in the developing world are currently facing serious and urgent problems. Poverty, inadequate infrastructure and the lack of human and financial resources have impacted negatively on local government's capacity to perform their mandated functions. Borat, Van Der Westhuizen and Goga (2007) observe that government welfare services in the post-apartheid era have been pro-poor and the study indicates that households at the bottom of the expenditure margin have benefited more from government services. Van Der Waldt (2010) articulates that the municipality is the main driver for development of both the local community and the country, therefore the effectiveness of strategies that are developed to improve the socio-economic development especially in disadvantaged communities, must be fruitful. Meyer (2014), however, finds that municipalities have failed to create a clear viable economic growth strategy to address the burden of unemployment.

This study focuses on the role of local government in implementing and sustaining pro-poor LED initiatives in the King Cetshwayo District Municipality as it is demarcated in the Constitution of the Republic of South Africa (1996) and the White Paper on Local Government (1998). It is important for both local government and communities to understand their role as crucial role players in implementing and sustaining LED initiatives, and also to understand the challenges that they encounter during the

implementation process. They should also articulate what they think should be done to address those challenges to achieve effective implementation and sustainability of pro-poor LED initiatives. A rigorous research study was therefore undertaken to address the above issues. However, a research study has never before been undertaken in the King Cetshwayo District Municipality, focusing specifically on pro-poor LED initiatives and examining their implementation and sustainability towards empowering the poor to be self-reliant and alleviating poverty. Koma (2014), Meyer (2014) and Meyer-Stamer (2002) state that South Africa faces a high rate of poverty and unemployment and that there are policies and initiatives in place to address such challenges.

This study contributes to existing knowledge by revealing what went wrong and what still needs to be done to alleviate poverty in the King Cetshwayo District Municipality moving forward. It furthermore creates awareness about the challenges facing local government in implementing and sustaining pro-poor LED initiatives. It educates the community about Local Economic Development, and the challenges and possible solutions that can sustain LED in the King Cetshwayo District Municipality.

1.3 Background to the study

One of the objectives of local government as stipulated in Section 152 of the Constitution (1996) is to promote social and economic development. This indicates that local government has a significant role to play in contributing to the eradication of poverty and employment and in increasing local economies through LED initiatives. Motswiane (2004) states that LED initiatives serve as the way to address economic problems in local areas and this is where different stakeholders are working together with the community itself to address local economic problems. Pro-poor development has a long history and it is driven by a range of national and local development policies, programmes and laws including the 1996 Growth, Employment and Redistribution (GEAR), the 2005 Accelerated and Shared Growth Initiatives for South Africa (ASGISA), the 1994 Reconstruction and Development Programme (RDP), the National Growth Path (NGP), the White Paper on Local Government (1998), the Local Government: Municipal Systems Act (2000) and the 2013 National Development Plan (NDP).

Although these policies have been inconsistently implemented, they have strengthened the functioning of local government by providing guidelines on how local government

structures should operate. Over the past 24 years the central debate of these economic policies has been on how South Africa can remove poverty, inequality and unemployment. Poverty and unemployment, particularly in rural areas are rooted in the history of South Africa. In this regard Karriem and Hoskins (2016) state that in the post-apartheid era, South Africa has high poverty levels and huge (economic) inequalities caused by apartheid policies that limited access to meaningful participation in the labour market and these policies served to keep poor people trapped in poverty. Moreover, Nel (2007) indicates that Southern African countries including South Africa have followed a LED strategy for more than two decades.

Rogerson and Rogerson (2010) assert that local economies are robustly influenced by policies and processes formed by national government such as market liberalisation and expanding global production systems. The White Paper on Local Government (1998) revealed that, amongst others, local government is responsible for the achievement of Local Economic Development since one of their objectives is to promote social and economic development. Local government is also mandated to create jobs and boost the local economy through the provision of business-friendly services, investment promotion and support for the growth of the small business sector (Nel *et al.*, 2005). Policy guidelines for implementing LED were introduced in 2005 after Meyer-Stamer (2002) indicating that municipal administrations were unclear about the meaning of LED, were not sure about what they were supposed to do or how they were supposed to organise LED.

Meyer (2014) also indicates that although municipalities were mandated to carry out LED activities, it was still a challenge because some of them lacked an understanding of the meaning of LED and as a result they failed to plan for and implement LED initiatives. This is supported by Coetzee (2002) who also maintained that rural communities often have a low knowledge level and a poor understanding of local government issues and lack an understanding of the benefits of participating. They often do not know their rights, roles and responsibilities in the LED initiatives, and they are also unsure about which structures they can participate in and how they can participate effectively in the process. This backdrop indicates that a policy framework to promote LED objectives exists in all three spheres (national, provincial and local) of government but yet LED is failing to serve the purpose of alleviating poverty and previous scholarly articles by Meyer-Stamer

(2003), Hindson (2003), Nel (2001), Helmsing (2001), Tomlinson (2003), Rogerson (2010), Hofisi, Maredza and Choga (2013) and Nel *et al.* (2002) highlight this. Rogerson (2010) also indicates that democratic transition has brought about radical transformation in the nature and organisation of development planning in South Africa, but yet South Africans, particularly the poor are still experiencing poverty stagnation, unemployment, inequalities and other developmental challenges. Lastly, Banjo and Jili (2013) argue that the intergovernmental system has largely failed to support local government adequately.

Powers, functions and capacity-building responsibilities remain poorly defined. In this regard, it can be concluded that municipal governments are bearing the brunt of the state's failure regarding laws/policies that are actually not put into practice including LED policies and all three spheres of government should be held accountable as they are interrelated and interdependent. The question that needs to be asked is whether local government and other stakeholders support pro-poor LED. Are the LED strategies effectively implemented and sustained in rural areas? If that is not the case, what is hindering the success of LED at local level, Success would include the promotion of growth, income and livelihoods of poor people with specific reference to the King Cetshwayo District Municipality in the KwaZulu-Natal province. These are some of the questions that this study was able to answer.

1.4 Problem statement

Bryman (2007) defines a research problem as a definite or clear statement about an area of concern, a condition to be improved upon, a difficulty to be eliminated, or a troubling question that exists in scholarly literature, in theory or within existing practice, that points to a need for meaningful understanding and deliberate investigation. Bryman (2007) further indicates that a research problem does not state how to do something, offer a vague or broad proposition, or present a value question. Therefore, within the South African context one will know that economic development has been and remains a priority for responsible governments. Economic development has been a priority for the democratic South African government since the problem was inherited from the historical apartheid regime and is linked to socio-economic factors.

The effects of South Africa's sluggish economic growth and development include high levels of unemployment and poverty, a skills shortage and the ineffective implementation

and lack of sustainability of economic development policies is a challenge. Tomlinson (2003) and the World Bank Group (2011) assert that the main purpose of LED is to reduce the level of poverty by building up the economic capacity of a local area through utilisation of local resources to improve its economic future and the quality of life for all. The implementation of economic development policies seems to be a persistent problem and it hinders Local Economic Development in South Africa.

Koma (2014) stipulates that local government is the sphere of government closest to local communities and is placed to identify, drive and implement programmes aimed at addressing unemployment, poverty alleviation and developmental challenges facing South Africa. According to the King Cetshwayo IDP document (2012/2013:27), the main challenges facing the King Cetshwayo District Municipality are the provision of basic services such as water and sanitation to the local people and the stimulation of pro-poor LED through job creation and the growth of small and medium business enterprises (SMMEs).

The need to address poverty is one of the most critical issues. The IDP document also outlined that in the kwaMbonambi, uMhlathuze and Nkandla municipalities, where the vast majority of residents live in rural homesteads, unemployment is at about 50 per cent and there is a high level of poverty. Therefore, having made reference to similar studies conducted previously and also mentioned the challenges that are faced by the King Cetshwayo District Municipality and South Africa as a country, this study examined the role of local government in supporting the implementation and sustainability of pro-poor LED. It further examined the strategies that are used to enable the implementation and sustainability of Local Economic Development policies with reference to the King Cetshwayo District Municipality.

1.5 Objectives of the study

The objectives of this study were to:

- Examine how the implementation and sustainability of pro-poor Local Economic Development initiatives is organised in the King Cetshwayo District Municipality.

- Determine how the implementation and sustainability of pro-poor Local Economic Development initiatives are assessed in King Cetshwayo District Municipality.
- Ascertain the Local Economic Development strategies used in the implementation and sustainability of pro-poor Local Economic Development initiatives in King Cetshwayo District Municipality.
- Understand the implementation of the pro-poor Local Economic Development initiatives in King Cetshwayo District Municipality.
- Determine how the implementation and sustainability of pro-poor Local Economic Development initiatives is reviewed in King Cetshwayo District Municipality.

1.6 Key research questions

Research questions are part of the fundamental means of answering the unknown and of obtaining new knowledge. This study responded to the following key questions:

- How are the implementation and sustainability of pro-poor Local Economic Development initiatives organised in the King Cetshwayo District Municipality?
- How are the implementation and sustainability of pro-poor Local Economic Development initiatives assessed in the King Cetshwayo District Municipality?
- What are the Local Economic Development strategies used in the implementation of pro-poor Local Economic Development initiatives in the King Cetshwayo District Municipality?
- How are the implementation and sustainability of the pro-poor Local Economic Development initiatives implemented in the King Cetshwayo District Municipality?
- How are the implementation and sustainability of pro-poor Local Economic Development initiatives reviewed in the King Cetshwayo District Municipality?

1.7 Research methodology

This study was qualitative in nature. The researcher employed qualitative research methods to explore the implementation and sustainability of pro-poor LED initiatives in

the King Cetshwayo District Municipality. Qualitative research is viewed as an exciting and highly rewarding activity as it engages the interaction between the researcher and the participant to get reliable information from individuals or groups on their inner feelings (Mason, 2006). According to Collinson (2003), the qualitative research method is the most appropriate method to study the livelihoods of the people in rural households and this study examined the role of the King Cetshwayo District Municipality in the implementation of pro-poor LED initiatives for the benefit of the livelihoods of the people in semi-urban and rural areas. The qualitative study method also seeks to understand the adequacy and relevance of the initiatives and their impact on people's lives. This study intends to utilise the qualitative approach to understand people's attitudes, insights and beliefs towards the implementation and sustainability of pro-poor LED in the King Cetshwayo District Municipality.

Other research projects around the subject have been conducted, but have not focused specifically on the implementation and sustainability of pro-poor LED, particularly in respect of those communities perceived as being on the periphery such as the uMfolozi and uMhlathuze local municipalities. For instance, Koma (2014) who conducted a study on the implementation of LED policy focusing in the Emakhazeni municipality in Mpumalanga province. Koma (2014) indicates that LED serves as an important strategy to boost local economies, to address high levels of poverty, unemployment and inequality but his study did not articulate on the sustainability of pro-poor LED initiatives for the benefit of the poor hence, this current study examined the sustainability of Local Economic Development strategies in the King Cetshwayo District Municipality, KwaZulu-Natal. This study also examined the lives of poor people in semi-urban areas, obtained first-hand experience in terms of the implementation and sustainability of pro-poor LED initiatives and got to understand how the people perceive government efforts to curb poverty and empower the poor through LED initiatives. The study also investigated the challenges, attitudes and aspirations that hinder the implementation of pro-poor LED initiatives.

1.8 Research design

Cooper, Schindler and Sun (2006) stipulate that the choice of research design is informed by the research questions and the kind of data required to answer the research questions to address the research problem. According to Van Wyk (2015) types of research design

may be categorised as generating primary data (case studies and experiments) and analysing the existing data (content analysis and historical studies). Babbie (2001), Mouton (2001), Van Wyk (2015) and Yin (2003) reveal that research design focuses on the purpose of enquiry and can be organised into various groups which include exploring a new topic, describing a social phenomenon, explaining why something occurs, and describing people's insights, predictions and evaluations. Babbie and Mouton (2001) define research design as a plan or blueprint of how one intends to conduct the research. It explains what, where, when, how much and by what means an inquiry or a research study will be conducted.

Therefore, the nature of the problem and the research question for this study requires the demonstration of thematic analysis using interpretive research. Thematic analysis was used to explore and interpret empirical evidence on peoples' insights, socially constructed beliefs, norms and facts with regard to the perceptions of the government officials and local communities about the implementation and sustainability of pro-poor LED in the King Cetshwayo District Municipality. Creswell (2014) indicates that exploratory research is research conducted into a problem that has not been clearly defined. It often occurs before we know enough to make conceptual distinctions or to posit an explanatory relationship. Babbie (2014) explains that exploratory studies are mostly done for three purposes; firstly, to satisfy the curiosity and desire for better understanding, secondly, to test the feasibility of undertaking a more extensive study and lastly, to develop a model to be employed in any following study. The exploratory research in this study was therefore utilised in line with the first two purposes stipulated by Babbie (2014) above and also to expand on the World Bank LED model used in this study. Through the use of focus groups and in-depth interviews World Bank LED steps were explored which include organising of LED, LED assessment, LED development strategy, implementation and sustainability of LED and reviewing strategy of LED within the context of the King Cetshwayo Municipality.

1.9 Preliminary literature review

The Constitution of the Republic of South Africa (1996) which is the supreme law of the country stipulates that local municipalities are legally compelled to promote social and economic development in their area of jurisdiction. This means that local development should address the basic needs of the communities, it should provide community services

and support local businesses so that they can be sustainable. The White Paper on Local Government (1998) emphasises a developmental mandate where LED is seen as an important feature of developmental local government; it also plays a significant role in creating job opportunities and economic opportunities in a sustainable manner. Abrahams (2018) states that LED has increasingly become an important component of local government's core function whereas on the other hand they are faced with the challenge of ensuring the sustainable development of initiatives that will meet the basic needs of local communities and simultaneously improve the quality of people's lives and contribute to the growth of the local economy.

Despite the acknowledgement of LED as a job creation and economic growth strategy in South Africa, Polak and Snowball (2017) maintain that many LED projects have not proved to be sustainable in the long run, especially where human systems interact with natural ones. In order to achieve the goal of developing sustainable LED initiatives, local authorities need to have a comprehensive understanding of the different social and economic dynamics operating within their area to address developmental backlogs and to plan for future socio-economic requirements. It is therefore for this reason that Integrated Development Planning (IDP), of which LED is a key component, has become a distinct approach to try and achieve sustainable development within municipalities in South Africa.

In principle, IDP allows for a comprehensive understanding of the locality and an opportunity to devise a vision and strategies to achieve the vision in an inclusive manner. In South Africa, the Local Government Municipal Systems Act (2000) has made it a legal requirement for municipalities to formulate Integrated Development Plans (IDPs). The World Bank (2005) also emphasises local economy assessment as one of the steps to ensure the implementation and sustainability of LED initiatives. This is seen as crucial because without an understanding of the different social and economic dynamics of an area one would not know which initiatives could be implemented and sustained in that particular area. The central government recognizes local governments as key role-players of change and specifically tasked them to respond to the developmental needs faced in their localities, with a specific focus on the poorest members of society (Rogerson, 2006; White Paper on Local Government, 1998). Developmental local government set the scene for the IDP and LED and is regarded as a key component of IDP (White paper on Local Government, 1998; Harrison, 2001; Hindson, 2003).

Practising LED means working directly to build up the economic capacity of localities to improve their economic future and the quality of life of their inhabitants. The successful existence of communities depends on local government being able to adapt to the fast-changing and increasingly competitive market environment. Local governments have an essential role to play in creating a favourable environment for pro-poor LED for the benefit of local businesses and to enhance job creation. Moreover, local government is required to take a leading role in involving and empowering citizens in the process of implementing and sustaining pro-poor LED. The World Bank (2003) views LED as a process in terms of which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment creation. The World Bank (2005) recommends that poverty alleviation initiatives through LED should be integrated to provide poor communities with the necessary basic services such as water, electricity, education, health care, roads and sanitation. Furthermore, active participation of the communities in LED initiatives needs to be identified and encouraged to provide meaningful economic growth. Marais (2010) highlights that LED initiatives throughout the world have brought about positive results in terms of poverty alleviation and other socio-economic development issues such as employment generation, economic well-being, income generation, food security and an increase in the standard of living of poor communities.

This study therefore intends to investigate whether pro-poor LED initiatives are able to bring about positive results for the people of King Cetshwayo District Municipality and, if that is the case, whether these results are sustainable? Numerous studies have been conducted on the implementation of LED, for instance those by Nel (2001), Nel *et al.* (2002), Meyer-Stamer (2003), Tomlinson (2003), the World Bank (2011), and Koma (2014) but to the best of my knowledge no study has been conducted in the King Cetshwayo District Municipality. This municipality is still struggling to provide basic services such as water and sanitation to the marginalised community, and to stimulate pro-poor LED by creating jobs and promoting the growth of the small and medium business enterprises (SMMEs) (King Cetshwayo IDP document 2012/2013). The study further determines whether LED initiatives in King Cetshwayo District Municipality actually benefit the marginalised poor of the local community. If that is not the case, then it needs to be established what is preventing the successful implementation and sustainability of LED at local level which includes the promotion of growth, income and

livelihoods of poor people with specific reference to King Cetshwayo District Municipality in KwaZulu-Natal province.

1.10 Limitations of the study

The study was limited to in-depth interviews and focus group discussions with municipal managers, mayors, LED managers and community groups of two local municipalities (uMfolozi and uMhlathuze) under the jurisdiction of the King Cetshwayo District Municipality, so did not cover all the rural and semi-urban areas of South Africa but rather focused on two local municipalities under the King Cetshwayo District Municipality. It was limited to municipalities situated around the towns of Richards Bay, KwaMbonambi and Empangeni in KwaZulu-Natal province.

1.11 Overview of chapters

Chapter 1: provides an introduction and an overview of the study. Aspects discussed are the rationale of the study, background to the study, objectives of the study, key research questions, limitations of the study and an overview of the chapters.

Chapter 2: presents a literature review that outlines the historical overview of LED, and provides an understanding of the link between LED and poverty; it further provides the framework related to implementation of LED initiatives and economic growth to ensure social and economic development particularly at local government level. This chapter is divided into two sections, namely defining LED and understanding the relationship between LED and poverty. This chapter explains the meaning of LED in relation to this study and it further explains how LED initiatives can be utilised to empower the poor so that they can be financially independent. Role players in Local Economic Development are also discussed; this was done to clarify that the implementation and sustainability of LED is not solely the responsibility of local government and that there are other stakeholders involved and all these stakeholders need to work together for the benefit of the people. The pro-poor LED strategy in South Africa and the main objectives of LED and its processes were also discussed and this was done to show that marginalised people can be empowered by stakeholders including local government to work towards improving their standard of living and bring about social and economic development. Various legislation that promotes pro-poor LED implementation were discussed, such as RDP, GEAR, ASGISA, NGP, NDP, the Constitution of the Republic of South Africa etc.

Since the study is about the implementation and sustainability of pro-poor LED initiatives the researcher then discussed these policies within the context of the current study topic. This also shows that issues of unemployment and poverty are persisting challenges despite the enactment of various policies to address these challenges since post-1994, hence it is crucial to explore whether these initiatives have been or can be implemented and are sustainable.

Chapter 3: presents examples of global literature on Local Economic Development. It also describes LED initiatives that are provided at global level and how these initiatives respond to issues of poverty and unemployment. It briefly examines global LED trends beginning with the origins of LED. Several drawbacks that hinder social and economic development and lead to the failure of LED projects such as poorly trained and unmotivated staff, skills shortages and overstaffing. Management challenges in respect of Income Generating Activities include the lack of sufficient funding, poor record management and lack of qualified personnel. A section on deficiencies examines the reasons for and challenges of pro-poor LED implementation and sustainability particularly for poor people. This chapter also shows how local government can contribute positively to address the deficiencies mentioned and to enhance the implementation and sustainability of pro-poor LED. The literature outlines LED interventions in South Africa and the role of local government in implementing LED initiatives and discusses LED in terms of generating income at a household level. Finally, the different steps of the World Bank Local Economic Development model that underpin the main research questions of the research study are explored.

Chapter 4: presents the methodology adopted to achieve the specific objectives of the study. Included in this chapter is the rationale for preferring local municipalities and a brief background to these municipalities. The purpose of providing the background is to explain the importance pro-poor LED initiatives to empower and develop poor communities socially and economically. This background highlights the obligation of local government to decentralisation and leads to a better understanding of how participants can benefit with regard to eradicating poverty and unemployment. The chapter also describes the research paradigm, the research design and the qualitative research method as the main focus of the study, population and sampling. It demonstrates why and how the sample was chosen in order to obtain balanced information with regard to the implementation and sustainability of pro-poor LED initiatives. The chapter covers

the type of data instruments that were used, namely, focus groups, in-depth semi-structured interviews, documents analyses and the reasons for adopting these methods are outlined. It outlines why thematic analysis using interpretive research was used to analyse data and how the researcher identified themes in relation to research questions that determine the type of information gathered from the interviewed participants. Included in Chapter 4 is a discussion on ethical considerations and limitations of the study.

Chapter 5: provides a detailed presentation of the findings of this study. These findings are presented in relation to each of the specific objectives of the study. The results are presented through the use of illustrations and narratives since the study is qualitative in nature.

Chapter 6: focuses on the analysis of results. The presentation of data is systematically linked to World Bank LED model steps which are also linked to the research objectives or specific research questions of the study. In addition, an overview of the study, a discussion of the findings and a summary is presented.

Chapter 7: presents the conclusions and recommendations that could be drawn based on the findings relating to the implementation and sustainability of pro-poor LED initiatives at local government level. It also makes recommendations for future research.

1.12 Conclusion

This chapter has discussed the introduction to and an overview of the study. Aspects discussed are the rationale of the study, the background to the study, the objectives of the study, key research questions, the limitations of the study, and an overview of the chapters. The next chapter presents an historical overview of LED which includes definitions of LED and describes the legislative framework, objectives and processes of LED.

CHAPTER TWO

HISTORICAL OVERVIEW OF LOCAL ECONOMIC DEVELOPMENT

2.1 Introduction

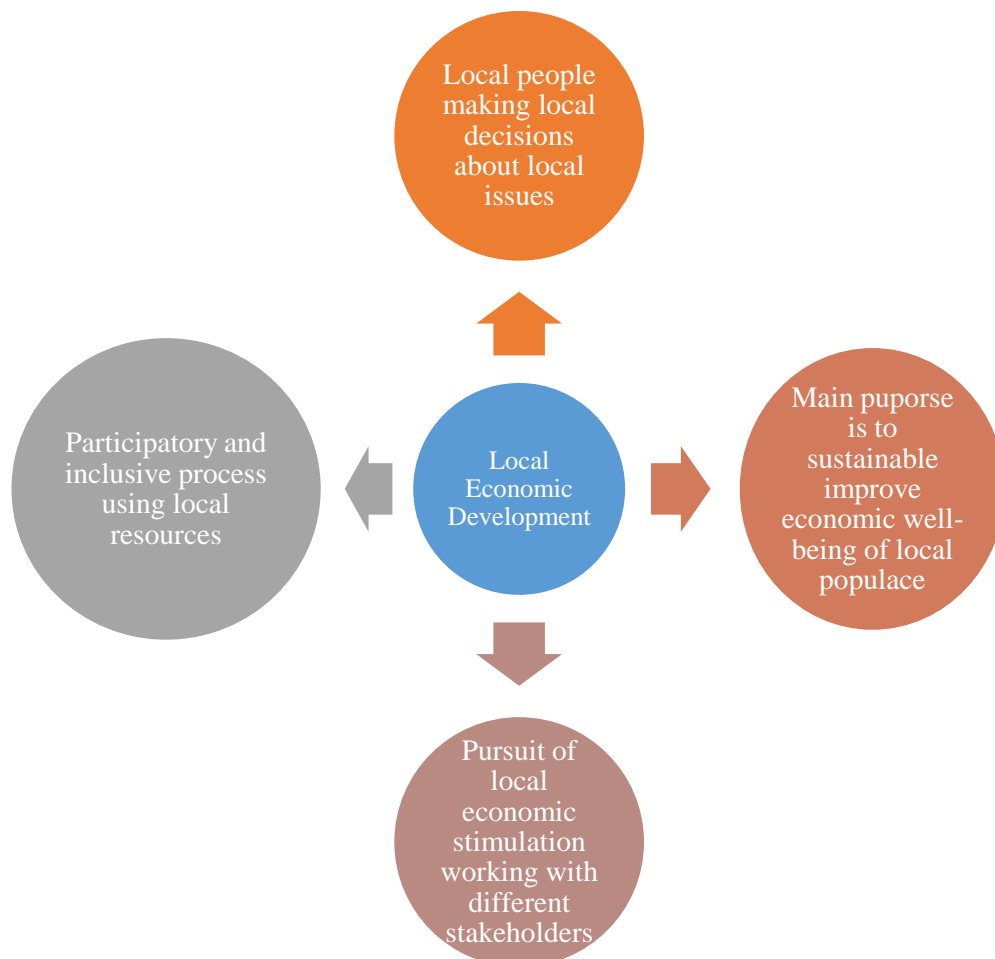
This chapter presents an historical overview of the implementation and sustainability of pro-poor LED initiatives. The researcher reviewed sources such as policy documents on the role of local government in implementing LED initiatives, journal articles on the clarification of the LED concept and government annual reports. The researcher also reviewed the history of LED with the aim of shaping the best research paradigm that suited the current study and gaps from the above-mentioned sources were identified. An historical overview also assisted the researcher to identify the weaknesses and limitations of previous studies and by doing so the researcher was able to fill in the gaps identified in the literature and the weaknesses in previous scholarly studies were resolved. This chapter begins by defining LED and understanding the relationship between LED and poverty. Secondly, it reviews different legislation drafted by national government within the context of LED and Rogerson (2004), Nel and Rogerson (2007), Rogerson (2008), Lawrence and Hadingham (2008) and Human, Marais and Botes (2008), who confirm that since 2000 municipalities have been required to pursue LED activities within the context of legislation discussed in section 2.3 below.

2.2 Defining LED and understanding the relationship between LED and poverty

LED has been differently defined by many authors and authorities but they have all focused on global, regional and local development. The research topic focuses on both LED and poverty alleviation and in this research study poverty alleviation is viewed as a concept that exists within the parameters of LED. The World Bank (2000) indicates that LED is about people working together to achieve sustainable economic growth that brings economic benefits and improves the quality of life for all in the community. Zaaijar and Sara (1993:129), cited in Triegaardt (2007:4), define LED as a “process in which

local governments and/or community-based groups manage their existing resources and enter into partnership arrangements with the private sector, or with each other, to create new jobs and stimulate economic activities in an economic area”. LED refers to locally driven development that uses local resources, knowledge and technologies with the aim of directly benefiting the local communities (Leigh and Blakely, 2016; Nel and Humphreys, 1999; Rogerson and Visser, 2004). Similarly, the Department of Cooperative Governance and Traditional Affairs (CoGTA) defines LED as a process whereby local initiatives combine skills, resources and ideas to stimulate local economies to respond innovatively and competitively to changes in the national and global economies, and moving towards the goals of job creation, poverty alleviation and redistribution of wealth.

Figure 2.1: Concept of Local Economic Development



Source: Greenwood and Holt (2015)

Figure 2.1 above illustrates that the concept of LED has proved itself to be instrumental in responding to the development challenges facing South Africa today. In response to South Africa's constitutional commitment to address the challenges of development and

inequality, Nel and Humphreys (1999) state that the challenge for the South African government is how to utilize the limited resources it can afford to apply to LED in order to maximize the resulting benefits for the large numbers of its inhabitants who are disadvantaged. Ashley and Maxwell (2001) and Miles and Shevlin (2001) support the above illustration in figure 2.1 by indicating that LED is flourishing as a rural development concept as it seeks to address poverty through achieving the aspirations of community participation and empowerment as set out in the sustainable livelihood approach. Moreover, LED is also regarded as a concept used to describe economic growth and poverty reduction in developing countries. The European Union (EU) Partnership Programme (2006) states that pro-poor growth should include increasing economic growth linked with reducing poverty and decreasing unemployment. Furthermore, the Organisation for Economic Cooperation and Development (OECD) (2007) is in agreement with the above authors by indicating that pro-poor growth is about enabling a pace and pattern of growth that enhances the ability of poor people to participate in, contribute to and benefit from economic growth.

From the above definitions it can be shown that pro-poor LED should enable the poor to be involved in and be hands on in different projects or initiatives that allow them to take advantage of economic opportunities, alleviate poverty and become self-reliant rather than relying on social grants. Helmsing (2003) identifies three approaches demonstrating LED initiatives that relate to poverty alleviation in the sense that they attempt to empower communities that are underdeveloped and are in need of not only economic development but also social development and spatial transformation. Helmsing (2003) further emphasizes that LED should involve: community economic development, enterprise development and locality development. *Refocusing Development on the Poor* (2002) suggested six developmental LED strategies to support the poor namely:

- Community-based economic development
- Linkage
- Human capital development
- Infrastructure and municipal services
- Leak plugging in the local economy and
- Retaining and expanding local economic activities.

In relation to this study critical policy areas are those which relate to the implementation of a regulatory framework, municipal service delivery and issues of employment creation through the stimulation of local economic activities. Rothe, *et al.* (2016) state that pro-poor growth is an approach to fight global poverty and it is about enhancing the ability of the poor to participate in and benefit from growth. Mensah *et al.* (2013) indicate that LED involves identifying and using primary local resources, ideas and skills to stimulate economic growth and development, with the aim of creating employment opportunities, reducing poverty and redistributing resources and opportunities to the benefit of local residents. In connection with the above, Binza (2010) points out that LED is the tool that is used to provide services to communities and its main aim is to develop local economies and to improve the living conditions of people.

The majority of people living in rural areas live under factors that contribute to poverty. Oosthuizen (2008) discusses poverty as a product of factors such as lack of income, unemployment, food insecurity, degraded environment, overpopulation, uneven distribution of resources and lack of education. Poverty has various dimensions which include absolute and relative poverty. Todaro (2012) defines absolute poverty as the extreme kind of poverty that involves the chronic lack of basic food, clean water, healthcare and housing. People living in absolute poverty tend to struggle to survive and experience a high rate of child deaths caused by preventable diseases such as malaria and cholera. Relative poverty is poverty related to an individual and other members of the family in society (Todaro and Smith, 2012).

For instance, a family can be considered poor if they cannot afford vacations or cannot afford to buy presents for their children at Christmas time even though they have access to government support for food, water, medicine and free housing compared to the rest of the community have access to superior services and amenities. Furthermore, poverty is the consequence of social and economic exclusion and is a product of inequality produced in a society where wealth is concentrated in the hands of a minority. Poverty serves to exclude the poor from participation in the mainstream economic, social and cultural life of society. It assaults the dignity of the individual and curtails opportunities for personal advancement.

The challenges of poverty and inequality facing South Africa are rooted in structural unemployment. Terreblanche (2002) has defined structural unemployment as the inability of an economy to provide employment. His study further states that back in the apartheid era around 1970, 20 percent of the potential work-force was already unemployed and the figure rose to 40 percent in 1995. To date the new government continues to deal with this burden of the past in the form of the "inherited" skewed economic structure and the enslavement of a large part of the black population which continues to bear the brunt of unemployment and poverty. Looking at the history of the democratic transformation, it can legitimately be asserted that "the liberation struggle won the political battle but lost the economic war" (Terreblanche, 2002). So, while the birth of the new democratic South Africa liberated black people politically, economic liberation would take much longer and involve a huge economic cost.

A range of arts and cultural activities have been conducted to promote social cohesion and national building as well as develop the sector as an economic growth sector with job creation potential. KwaZulu-Natal is the province of racial, cultural, linguistic, economic and many other forms of diversity and divisions. Hence this province is still facing the complex task of building a cohesive society which is financially independent. Nel, Hill and Eising (2004) and the World Bank (2004) also indicate that over the last decade, LED has been recognized as a key response to the challenges of poverty and underdevelopment. More specifically, LED has been associated with an increasing decentralization of power and decision-making processes at local government level (Nel and Binns, 2001).

However, several studies differ on the explanation and the description of the effects, or the significance, of LED on poverty reduction. Karoly and Novaro (2016), see LED as a tool to alleviate poverty and unemployment. Nel and Rogerson (2016) admit that there is no universally accepted definition of LED, meaning that even the implementation of LED strategies are different and various individuals and institutions will approach it in different ways. From the literature discussed above there is no doubt that the LED initiatives have a direct effect on the livelihoods of communities. If implemented properly, LED initiatives could foster social and economic development in local communities. Van Der Waldt (2007) stipulates that government should have the correct systems and channels in place to support community projects and therefore attempt to

channel investments into community projects as part of local economic development initiatives. It is also imperative for both community-based groups and government to manage their existing resources and work in partnership with the private sector to create new jobs and stimulate economic activity that can result in economic growth.

2.2.1 Role players in Local Economic Development

In the above section LED is viewed mostly as the initiative that emphasizes partnership with stakeholders. Meyer (2013) provides the service delivery triangle that relates to LED consisting of local government, private sector and local communities and he indicates that local government must take a leading role. The question one may ask is who is local government? Ramukumba (2014) states that local government refers to an administrative body for a small geographic area, and the focus of local governments in South Africa is to structure and manage their administration, budgeting, and planning processes to give priority to the basic needs of the community and to promote economic development of communities, which is central to LED. Through the service delivery triangle mentioned above, Local Economic Development can be viewed as the process in which the role players, which include local governments, the private sector and various community organizations engage in order to stimulate business activities (Park and Wang, 2010).

A Local Economic Development Officer (LEDO) can play a key role in identifying stakeholders, forging partnerships and engaging the wider community around the LED process. The LEDO's role can range from that of a resource person who provides technical assistance and support in communities where there is an existing strong local governance infrastructure to being the key driver of the LED process in communities where a strong catalyst is needed to bring about broad community and stakeholder engagement (Park and Wang, 2010).



Figure 2.2: Role of the Local Economic Development Officer

A LEDO must be able to tap into knowledge of the local economy as well as knowledge of the wider national and international economic context. A LEDO's primary role is to foster and support productive relationships and effective partnerships (illustrated in figure 2.2 above). In an environment of limited time and resources, a LEDO's effectiveness is directly related to his or her ability to tap into professional and community networks for resources, advice, exchanges and partnerships. A LEDO facilitates the process whereby communities identify and act upon economic opportunity. More than that, the LEDO helps to build capacity within a community to find collaborative approaches to addressing economic and social challenges. The lasting impact of a LEDO's work is only partly reflected in specific projects or initiatives. The true legacy of the LED process is a stronger, more self-sustaining community that is able to problem-solve and implement innovative solutions to economic challenges beyond the life of specific projects or interventions. In this process, local governments, community organizations, and private firms have to play the essential role (Park and Wang, 2010).

Moreover, Ramukumba (2014) states that partnerships [should] focus on managing the existing resources so that they can create jobs and stimulate the economic growth of an area. This idea is supported by Park and Wang (2010) who elaborated that placing [the responsibility of] local economic development authority on public-private organizations is a more cost-effective way of carrying out development activities, and by using cooperative mechanisms creates faster performance in economic growth than relying solely on either public or private organizations. Therefore, local people, with assistance from local government, play an active part in planning their own economic future and when local business is involved in the process they are more open to playing an active role in partnerships with local communities and acknowledging the importance of LED in their community through providing markets for local products and training. Koma (2014) states that LED initiatives are seen as being important for various reasons, for example, to create jobs and create other new economic opportunities to increase income levels thereby enabling municipalities to pay for services and broadening the tax and revenue bases of the municipality.

LED initiatives intend to empower the most vulnerable, marginalized and poorest sectors of local communities to raise sufficient income to meet their basic needs and aspirations. According to Clark, Huxley and Mountford (2010), Local Economic Development builds the capacity of a defined territory to improve its economy and the quality of life of its people. Moreover, through the effective administration on the part of the role players in Local Economic Development, disparities between the rich and the poor can be reduced and there can be an increase in private sector investments, which then contributes to local and national Gross Domestic Product (GDP). The KZN Department of Co-operative Governance and Traditional Affairs (2016) indicates that municipalities can play a crucial role in promoting LED as a coordinating body through the Integrated Development Programme (IDP) to draw together developmental objectives, priorities, strategies and programmes of the municipality to ensure that LED initiatives are coordinated within the municipality together with other municipal programmes linked to national and provincial initiatives. Municipalities also serve as facilitators to improve investment in the area and as stimulators for business creation and expansion. Seduma (2011) and Madumo (2015) state that LED activities are legally mandatory for every municipality in South Africa as an important part of the municipal IDP. The success of LED role-players in South Africa has been due to the provision of short-term jobs that are not sustainable and this has

created another challenge in the long run. In relation to the above Mahlalela (2014) indicates that the manner in which LED strategies seek to alleviate poverty within the African context is not sustainable. It is noted that although LED is being used as a tool for poverty reduction in Africa, it is failing to do this in a manner that promotes sustainable development. This is justified by the fact that pro-poor LED as a poverty reduction tool focuses on achieving social and economic goals in the short term but thereafter people will be left without jobs. Karoly and Navaro (2016) also emphasize that LED role players in Africa should not focus on working on short-term remedies but should rather focus on achieving sustainable development over the long term.

2.2.2 Pro-poor LED strategy in South Africa

LED in South Africa has a long history as cited by Nel and Rogerson (2007) and Marais (2010) who confirm that since the early 1990s, LED practice has had mixed outcomes but considerable results have mostly been achieved in the large urban areas. Former President Mbeki (2004) states that “endemic and widespread poverty continues to disfigure the face of our country”. His words proclaimed that it was still not possible for South Africans to say that the dignity of all the people had been fully restored since poverty still persisted. For this reason, the struggle to eradicate poverty has been and will continue to be a central part of the government’s effort to build the new South Africa. Indeed, as the struggle continues, pro-poor LED initiatives are in place and they have come about as a result of the initiatives by government to ensure that local government is working together with the local community, including community groups, to find more ways to empower local municipalities to meet the social, economic and material needs of the people and to ensure that the lives of the citizens are of good quality.

Considering the above backdrop, it could be asked whether the lives of the poor have been improved. Have LED initiatives been implemented and are they sustainable? This study attempted to answer these questions and many others using the case of the King Cetshwayo District Municipality. Municipalities are mandated to create an economically favourable environment that attracts investors to ensure that the community benefits from those investors within their jurisdiction. This would help to bring about a reduction of poverty and unemployment to promote economic development of the local municipality (Koma 2014). Local Economic Development should be everyone’s business since it is

the catalyst to improve the overall quality of life of the people while facilitating the reduction of unemployment, poverty and inequality. LED programmes bring about job creation and poverty alleviation so in a practical sense it is very important to ensure that the programmes are optimally managed and that the goals of LED are met since they contribute to the overall development of the communities which in practical terms means that fewer people will be dependent on government handouts. However, this goal remains unattainable when programmes are delivered at a slow pace. The current rate at which new jobs are being created is insufficient to absorb the increasing levels of unemployment (Midgley, 1997; Facts, 2015).

The slow implementation of LED programmes also resulted in South Africa not achieving the Millennium Development Goal (MDG) “to eliminate poverty and hunger [and] reducing by half the proportion of people who suffer from hunger” by the set date of 2015 (Budlender, 2005; DESA, 2009; Duflo, 2011). Jamal, Muhammad and Sasaki (2015) contend that this mandate has been followed up by a number of strategies to enable local communities to empower themselves through pro-poor LED initiatives. Local government has a mandate to find solutions to alleviate poverty and LED has been identified as part of the solution. Income generating projects represent one of the strategies to alleviate poverty (Dlodlo and Dhurup, 2010). In order to achieve economic development, poor and marginalized people must be included in the LED projects so that they can be empowered by means of economic opportunities. It is the efforts of local government and the local people themselves that are needed to develop the community and to improve social, economic, physical and cultural conditions.

Miranda (2005) and Duflo (2011) points out that economic development forms the major part of community development and this cannot be achieved through force but through the equal and democratic participation of all role players sharing their ideas, vision and responsibilities in the LED projects of their local communities. Local government has a role to play in empowering and supporting pro-poor LED initiatives in contributing to the Sustainable Development Goals (SDGs). The expected outcomes of LED initiatives can make a crucial contribution to the realization of SDG 1, that is, moving towards ending poverty and SDG 8, which is creating decent work and economic growth. Furthermore, pro-poor LED is about the local citizens taking control of their own situation and being responsible for the improvement of their conditions through the creation of employment

and economic growth (Tomlinson, 2003). No-one knows more about their situation or their needs than the beneficiaries themselves, and this means that the community should decide on what development is necessary, and how, when this development should take place, working together with local government. This in turn will ensure sustainability of pro-poor LED initiatives (Nwankwo and Ozor, 2008). The involvement of all stakeholders including the marginalized — as they, too, are part of the community — is crucial. This development cannot happen if there are no support institutions such as local government and private institutions. LED stakeholders need to create capacity by promoting a positive attitude and a sense of ownership and participation (Swinburn and Murphy, 2006). Local citizens should get involved in the initial stages of the proposed development mainly because of their knowledge of the local area, together with its strengths and weaknesses; involving them at an early stage should promote a better understanding of what is needed in the area.

Nel (2005) argues that LED in South Africa tends to focus more on the development of urban areas and neglects rural areas and small towns. Abrahams (2005) thus indicates that LED practices should focus on both urban and rural areas, and should be both integrative and collaborative, as LED is an outcome-based initiative driven by all the stakeholders. The literature reviewed shows that there really is a need for small towns and rural areas to take the initiative in the implementation of sustainable pro-poor LED programmes. Xuza (2005) calls for small towns and rural areas to be vehicles of economic growth and sustainable rural development. LED should be relevant to local communities, it should be appropriate and realistic so as to achieve the South African development agenda. Bond (2003) argues that LED intervention strategies should be well planned in such a way that they respond to local needs.

Phago (2005) points out that the reason for the unsuccessful LED practices in local communities is that there is lack of capacity and skills in local government. Ondrik (1999) and the European Commission's report (2011) indicate that local government bodies must have an Integrated Development Plan (IDP) as a strategic approach that responds to pro-poor LED. The success of LED practices depends on both the local communities and local government bodies themselves regardless of the location or size. It is up to the local community to harness the strengths of their area to improve their standard of living and local government should empower the people with skills and resources that will assist the

people to be more productive. The government is not responsible for creating jobs but is it responsible for creating an enabling environment for job creation. Local government is there to assist existing and start-up LED projects to ensure more sustainable and effective development (Dlodlo and Dhurup, 2010). LED is a solution to improve the quality of life of local residents therefore it should be the concern of everyone, from the government to the traditional leaders who govern most rural areas and to the people themselves. LED has become a global concept that is used as a tool to address poverty and create employment opportunities for local people (Mohan and Stokke, 2000). Nel *et al.* (2005) also state that in order to develop poor and disadvantaged people LED needs to be holistic, innovative, creative and redistributive.

The Global Entrepreneur Monitor Report (2014) maintains that the main challenge is to provide jobs and opportunities for the youth, where the estimated unemployment level is in excess of sixty percent. Furthermore, the report reveals that education was seen as a tool that could assist South Africans to develop skills; however, the quality of the education system in South Africa is not of good quality and there are no jobs hence more graduates are unemployed. The purpose of LED is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. The ability of communities to improve their quality of life, create new economic opportunities and fight poverty depends upon them being able to understand the processes of LED and act strategically in the changing and increasingly competitive market economy (Swinburn *et al.*, 2006). Economic development has been defined as the capacity of a national economy, whose initial condition has been more or less static for a long time, to generate and sustain an annual increase in its gross national product (Todaro, 1994).

From a policy perspective, economic development can be defined as efforts that seek to improve the economic well-being and quality of life of a community by creating and/or retaining jobs and supporting or growing incomes and the tax base (Sullivan and Sheffrin, 2003). Economic development is, therefore, a process by which a nation improves the economic, political and social well-being of its people. The success of a community largely depends upon its ability to adapt to the dynamic local, national and international market economy. Each community has a unique set of local conditions that can either enhance or reduce the potential for Local Economic Development and it is these conditions that determine the relative advantage of an area in its ability to attract, generate

and retain investment (Swinburn *et al.*, 2006). South Africa as a young democratic state has a conservative economic history strongly rooted in commodities (e.g. minerals and agricultural produce). During the apartheid era, the majority of South Africa's citizens were deprived of land, skills and opportunities to establish businesses, the consequences of which are deep-seated challenges to rebuild the economic competence of the country. In an attempt to address the inequalities of the past, the South African government has implemented a number of economic policies. At the heart of economic transformation has been the adoption of a Local Economic Development framework, which underpins planning and employment creation at the local level (DPLG, 2003).

According to Madumo (2015), the apartheid system was characterized by a robust focus on central planning and control with no role for local authorities to play in economic planning and development. Moreover, since local authorities were excluded from participating in issues affecting their community, there was a clear policy of marginalizing the townships and rural areas where the populace was non-white in favour of urbanization (Worden, 2011). To maintain the system, the apartheid government used a top-down approach which did not yield a progressive result on development (Rogerson, 2009). The democratic dispensation of inclusive government is in the spirit of constitutional democracy that emphasizes community participation, the foundation of the Constitution together with the Bill of Rights.

Local government is a sphere of government vested with a varied range of activities to enable the local environment to face up to the demand of its populace without compromising its mandate of autonomy (Madumo, 2015). Rogerson (2010) articulates that the White Paper on Local Government, 1998 also paved the way for various pieces of legislation. Asmah-Andoh (2009) states that the White Paper on Local Government, 1998 defines developmental government as a local entity dedicated to work with the local populace to find progressive ways to implement social and economic development to sustain the quality of lives of the people. The White Paper on Local Government, 1998 promotes local government as an essential tool for cooperative, good governance and to encourage socioeconomic development.

2.3 Laws and policy context of LED in South Africa

This section provides insight on how developmental and economic policies conceptualise pro-poor LED. Policies that are discussed below were developed by the national government; they shed light on any LED strategy that developed at local government level and provide guidance for LED initiatives. Since 1994, government has enacted legislative framework to transform the economy as well as to provide economic opportunities for historically disadvantaged people. Koma (2014) points out that implementing LED policy not only entails the availability of funds and trained staff but also their commitment and implementation must take place in a professional manner. There are also other important ingredients for any policy or programme implementation to be effective and there must be an adequate allocation of organizational resources. Furthermore, Cloete (2012) maintains that policy affects people in general, therefore it requires the full participation, or buy-in, of all the members of the society and a monitoring and evaluation framework to ensure that it meets its targets. Accordingly, many of the policies that set out to achieve Local Economic Development policy targets may eventually fall short of their desired outcomes.

2.3.1 Reconstruction and Development Programme (RDP) of 1994

Knight (2001) states that the Reconstruction and Development Programme (RDP) can be viewed as a social development policy because it seeks to address basic needs such as housing, education, health and other services. The RDP also emphasises the role of spatial reconfiguration in order to address physical planning that was done pre-1994. RDP policy is of the view that the provision of houses and basic services could assist in creating more job opportunities and so alleviate poverty. The approach to this policy was sensitive of pro-poor LED since it focuses on the social development of societies by providing services such as housing and utilising this strategy to create job opportunities and employ local people. A RDP further requires people to be involved in decision-making processes and also to be involved in creating new job opportunities requiring new skills. This policy is then more relevant to pro-poor LED because it prioritises the welfare of people within the society, particularly marginalized people. Furthermore, it informed other policies and plans such as the National Development Plan which also has the mandate of eradicating poverty and inequality by 2030.

2.3.2 Growth, Employment and Redistribution (GEAR) initiative of 1996

The fundamental principle of the 1996 Growth, Employment and Redistribution (GEAR) initiative was to create a democracy with a strong economy, job opportunities, community participation and development to improve the lives of those who were previously marginalized. The GEAR policy was introduced during a time when the South African rand was low and one of its aims was to boost the economy of the country. Furthermore, the GEAR policy focused on pro-growth LED because it was mainly concerned with the growth of the macro economy and how it would reflect on the global market. Unlike the RDP, GEAR was not sensitive to pro-poor LED; rather, it assumed that a pro-growth policy would reduce the high rate of unemployment but the main focus was on business and market-related factors. Rogerson (2011) states that since 1996, the Growth, Employment and Redistribution programme has been the central economic programme. The aim was to stimulate growth to above 6 percent, which in turn would lead to 500,000 jobs being created. Between 1996 and 2008, South Africa's economy did grow, but only at an average of 3.2 percent, meaning that the goal of 6 percent was not achieved.

2.3.3 Accelerated and Shared Growth Initiative for South Africa (ASGISA) of 2006

The main aim of the Accelerated and Shared Growth Initiative for South Africa (ASGISA) was to monitor the economy of the country and improve its growth through interventions that were intended to serve as catalysts for accelerated and shared growth and development. ASGISA also aimed to improve policy implementation and economic growth by addressing challenges such as insufficient monetary resources, inadequate staff to implement policies and a shortage of strong-minded people advocating development. The Parliamentary Liaison Office (PLO, 2006) indicates that ASGISA aimed to support small businesses, develop infrastructure and encourage investments. ASGISA shows features of both pro-growth and pro-poor LED as it makes reference to both economic and social development initiatives. Hence, one could ask whether marginalised people benefited from the implementation of this policy. Developing labour absorbing industries that generate value-added activities is at the core of the initiative. Investments in infrastructure, education and skills development are significant components of the

initiative. The elimination of the [so-called] second economy by enhancing access to micro-finance, SMME support and the reduction of gender inequality issues in conjunction with government’s macroeconomic and good governance strategy focusing on the role of local government and service delivery form the remainder of the initiatives outlined in the initiative. The ASGISA initiative has identified the following focus areas in order to attain its objective of accelerated and shared growth:

- Economic opportunities that are labour intensive
- Economic sectors that are growing
- Sectors that provide opportunities for BBEEE
- Small business development.

This shared growth strategy has been designed to help eradicate inequality and poverty, which are the desired outcomes of the LED planning process. The emphasis on infrastructure and skills development also speaks to LED. Table 2.1 below provides a summary of the alignment between ASGISA initiatives, or actions and the economic development-related initiatives underpinned by both the uMhlatuze and uMfolozi local municipal Key Performance Management Areas:

Table 2.1: Alignment of ASGISA with KCD Economic Development initiatives

UMhathuze and uMfolozi initiatives	ASGISA initiatives
<ul style="list-style-type: none"> • To promote uMhlatuze and uMfolozi local municipality as a tourism destination 	<p>ASGISA has identified the need to increase the contribution of tourism to the GDP. Also, a number of strategies are focused on eliminating the second economy.</p>
<ul style="list-style-type: none"> • To facilitate economic growth and development within the municipal area 	<p>LED is a critical contributor towards halving unemployment by 2035. Also, ASGISA presents the need to increase infrastructure investment in order to address backlogs.</p>

<ul style="list-style-type: none"> • To ensure the provision, upgrading and maintenance of infrastructure and services to address backlogs 	
<ul style="list-style-type: none"> • To promote SMME development in both local municipalities • To facilitate economic growth and development within both municipal areas. 	<p>ASGISA has identified the need to introduce and support more labour absorbing economic activities.</p>
<ul style="list-style-type: none"> • To ensure the appropriate and effective use of land through spatial planning initiatives and the implementation of the outcomes of these initiatives • Ensure the protection and sustainability of the municipalities' natural resources • To facilitate economic growth and development within the municipal areas 	<p>It is crucial that the planning and management of land use (in terms of zoning) does not prevent the timeous development of land.</p> <p>Similarly, environmental procedures should be expedited so that developments can be approved faster.</p>
<ul style="list-style-type: none"> • To cater for the economic and social development needs of the youth, women, the disabled and the aged members of communities 	<p>Need to work closely with women and youth in order to reduce by half the unemployment rate.</p>
<ul style="list-style-type: none"> • To promote SMME development in KCD 	<p>The national skills shortage is considered to be the biggest impediment to sustained economic growth.</p>

2.3.4 Broad Based Black Economic Empowerment (BBBEE)

Broad Based Black Economic Empowerment (BBBEE) is defined by the Black Economic Empowerment Commission (BEECom) as an incorporated and comprehensive social-economic process, located in the context of the country's national transformation programme such as the Reconstruction and Development programme. It is aimed at giving ownership and management of financial resources and economic opportunities to the majority of black people in a sustainable and equitable manner to redress the imbalances of the past. This policy recognises that South Africa requires an economy that can meet the needs of its citizens in a sustainable manner and it accommodates all those who were oppressed pre-1994. How does the policy ensure that all those who were oppressed before 1994 now have access to economic opportunities? Does the policy really allow marginalised people to get opportunities in an equitable and sustainable manner or is it all about the survival of the fittest, meaning that it only benefits the chosen few?

2.3.5 The Constitution of the Republic of South Africa, 1996

The Constitution of the Republic of South Africa (1996) as the supreme law of the land stipulates that local municipalities are legally compelled to promote social and economic development in their area of jurisdiction. The local municipalities should address the basic needs of their poor communities; they should provide community services and give support to local businesses so that they can be sustainable. Moreover, they must increase economic activities in line with the requirements of the constitutional values and principles (Koma and Kuye, 2014). The adoption of the Constitution of the Republic of South Africa (1996) was a major breakthrough for the system of local government as it brought a new constitutional status and provided mandates for municipalities in respect of directing Local Economic Development (Koma, 2014). Section 152 of the Constitution (1996) further stipulates that the objectives of local government are, among others, to provide democratic and accountable government for local communities, to ensure the provision of basic services to communities in a sustainable manner, to promote social and economic development and to encourage the involvement of the community and community organisations in the matters of local government.

Furthermore, Section 153 of the Constitution (1996) stipulates that a municipality must structure and manage its administration, budget and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community in both national and provincial development programmes. The Constitution (1996) places great responsibility on municipalities to facilitate LED. Moreover, the Constitution (1996) has managed to devolve decision making powers from national government, and made it possible for local government to exercise their powers and to make important decisions. According to Rogerson (2001), LED involves supporting sustainable economic activities in municipalities and integrating the second economy into the first economy. The South African government has given the authority and the developmental mandate to the leadership of local governments together with the obligation to seek innovative growth initiatives and strategies to enhance social and economic development and close the employment gap, working together with other stakeholders or sectors to benefit the local populace.

2.3.6 White Paper on Local Government, 1998

The White Paper on Local Government of 1998 specifically provides for and mandates local government to play an important role in promoting job opportunities and boosting the local economy (Developmental Local Government). The point of departure for local government bodies (municipalities) is to invest in the basics by providing good quality and cost-effective services and by making the local area a pleasant place to live and work in. The White Paper on Local Government (1998) also addresses developmental issues and Local Economic Development is seen as an important feature of developmental local government; it also plays a significant role in creating job opportunities and economic opportunities in South Africa. The White Paper on Local Government (1998) indicates that local authorities have the following responsibilities in terms of their requirement to facilitate local economic development:

- To provide marketing and investment support in order to attract potential investment to their locality;
- To provide support to small business support services in order to expand entrepreneurial activities and;

- To support the Local Business Support Centre's programme launched by the Department of Trade and Industry (DTI).

The purpose of these Local Business Support Centres is to assist local entrepreneurs with issues concerning skills, information, networking, marketing, credit and premises and to provide targeted assistance such as market research and technology provision to a particular sector in the local economy that has the potential to expand. Rogerson (2013) argues that many local municipalities fail to provide a market place for emerging entrepreneurs because of geographical distance and location. Municipal government in South Africa is largely understood in terms of service delivery. The White paper on Local Government reiterates local government's responsibility for the provision of household infrastructure and a basic level of services based on an incremental approach according to the following objectives:

- To enable municipalities to extend access to affordable basic services to all South Africans.
- To provide support to municipalities to improve the performance of their service delivery systems.
- To facilitate co-ordination between sectorial delivery programmes.

Nyalunga (2006) indicates that service delivery and Local Economic Development in South Africa are core concerns of local government. This is prompted by the fact that the vision of local government after 1994 (post-apartheid era) is developmental. Tomlinson (2003) reveals that there are two approaches that respond to the real needs of the country (South Africa); that is, a pro-poor LED focus which was encouraged by the Department of Provincial and Local Government (DPLG) and as pro-growth focus which was encouraged by the Department of Trade and Industry (DTI). Pro-poor LED is intended to empower the most vulnerable, marginalised and poorest sectors of local communities to raise sufficient income to meet their basic needs and improve their quality of life. Triegaardt (2007) continues to emphasise that municipalities must endorse a model or framework that is relevant to their socio-economic needs and that will enable local economies to survive.

The White Paper on Local Government (1998) states that LED is characterized by the following four developmental local government elements:

- Maximising social development and economic growth by providing basic services that promote sustainable development;
- Integrating and coordinating activities that will enable fast tracking of local development;
- Democratising development so that the whole populace will participate fairly and effectively; and
- Implementing the process of reading and learning in respect of the global perspective of LED dynamics and adapting to change when necessary.

Triegaardt (2007) asserts that this policy clearly defines the developmental local government as one that works hand in hand with the citizens and all the stakeholders and community members in coming up with sustainable ways to meet their social, economic and material needs and to improve their standard of living. This promotes the participation of the community in planning local economic development. Furthermore, this document clearly stipulates that local government is not responsible for job creation but is instead responsible for creating a space with means and resources for the people to be able to empower themselves and be economically independent.

2.3.7 Local Government: Municipal Systems Act, No 32 of 2000

According to the Local Government: Municipal Systems Act (No 32 of 2000) section 23 (1) (a-c), local government planning is to be developmentally orientated. In order to achieve this objective all municipalities must undertake developmental orientated planning to ensure three purposes:

- Municipalities strive to achieve the objectives of local government set out in the Constitution;
- Municipalities give effect to their developmental duties set out in the Constitution; and
- Municipalities, working with other organs of the state, contribute to the progressive realisation of the (socio-economic) fundamental rights contained in the constitution.

Furthermore, this Act provides principles and processes that enable municipalities to move progressively towards social and economic upliftment and enable municipalities to uplift their communities by ensuring that there is always access to essential services. This Act further defines the legal nature of a municipality and clarifies the executive legislature and powers of the municipalities. This act also emphasises the Integrated Development Plan as a strategy to implement LED.

2.3.7.1. Integrated Development Plan and Local Economic Development strategy

The Local Government Municipal Systems Act (2000) mandates municipal councils to adopt a single, inclusive and strategic plan for the development of the municipalities within a prescribed period after the start of the elected term of the municipal council. Local Economic Development is one of the strategic tools through which local municipalities carry out their duties as prescribed by the Municipal Structures Act, particularly once a municipality's LED strategy has been incorporated into its broad municipal plan. This strategic plan is referred to as the Integrated Development Plan (IDP) which contains the broader development priorities and objectives of each municipal council and the LED goals (Koma, 2014). IDP is defined as “a participatory approach to integrate economic, sectoral, spatial, social, institutional, environmental and fiscal strategies in order to support the optimal allocation of scarce resources between sectors and geographical areas and across the population in a manner that provides sustainable growth, equity and the empowerment of the poor and the marginalized” (DPLG, 2000:15).

Section 26 (c) of the Municipal Systems Act specifies that the Integrated Development Plan of a local municipality must contain its Local Economic Development aims to highlight the LED strategy formulated through the IDP. One could argue that rural municipalities may not have the human and financial capacity to develop a LED policy that is able to satisfy the needs of the community, as many of the community members might be insufficiently uneducated to fully participate in municipal affairs. However, Chapter 5 of the Municipal Systems Act outlines the process for planning, drafting, adopting and reviewing the IDP's, in terms of the Municipal Systems Act, the community must have a say in both the content of the IDP and the process by which it drafted. Section 35 of the Act defines IDP as a principle strategic planning instrument with guidelines that

inform all planning, development and decisions with respect to management and development in the municipality (Modumo, 2015).

Section 34 of the Act stipulates that the IDP must be reviewed annually in order to implement checks and balances to determine whether its goals are being achieved. The Integrated Development Plan and Local Economic Development need to be linked to enable local government to deliver its strategic goals (Koma, 2014). Thobejane (2011) states that local government is the main implementing agency of government policies and programmes and this therefore demands that municipalities must have attainable goals in order to have a properly functioning LED. The main component of the Act is the issue of IDP of which LED is regarded as a fundamental aspect. The IDP is abstracted as a tool to assist municipalities to achieve their developmental mandates (DPLG, 2000). The IDP adopted by a municipal council informs the formulation of LED strategies in the municipal sphere (Koma and Kuye, 2014). The IDP processes must arrive at decisions on issues such as municipal budgets, land management, promotion of local economic development and institutional transformation in a consultative, systematic and strategic manner. Koma and Kuye (2014) state that the IDP provides the framework for determining the budget of a municipality, therefore IDPs should also include LED plans that elaborate on strategies and programmes required to ensure local economic growth, job creation and poverty eradication.

2.3.8 Local Government: Municipal Structures Act, No 117 of 1998

Section 19 (1) of the Municipal Structures Act (No 117 of 1998) states that a municipal council must strive to achieve the objectives set out in sections 152 and 153 of the Constitution of the Republic of South Africa (1996). The objectives of local government include promoting social and economic development encouraging public participation in local government matters and establishing a safe and healthy living environment. To achieve these constitutional objectives as amended, the municipal council has to work together with its administrative structures to achieve the municipal goals and satisfy the needs of the citizens so that their quality of life may improve. LED unit should not be isolated from the powers and functions of the mayor and the municipal manager as outlined in section 56 of the Municipal Structures Act of 1998. These two officials have to work together with LED officials to realize the goals — or the municipal agenda — of delivering services to the local populace. Under council-management government, the

mayor is the titular head of the city council which acts as a legislative body while executive functions are performed by the municipal manager. The mayor may chair the city council, but lacks any special legislative powers.

2.3.9 Policy Guidelines for implementing pro-poor LED in South Africa, 2005

LED is conceived as a major initiative to alleviate poverty and create job opportunities while increasing entrepreneurial activities. The increasing number of different pieces of legislation in South Africa is evidence of this. Furthermore, Rogerson (2011) is correct in saying that the release of the Stimulating and Developing Sustainable Local Economies framework document of 2005 indicates a greater maturity around LED policy frameworks in South Africa, which is the Policy Guidelines for Implementing Local Economic Development in South Africa. Koma (2014) states that the LED Policy Guidelines of 2005 set out the key roles and responsibilities for provincial and local government. The role of the Provincial Growth and Development Strategy, considered vital for the coordinated development of the local economy in the province, and the role of provincial government is as follows:

- To assume a coordinating role, taking responsibility for resources allocated from national to provincial government and ensuring that these are correlated with the priorities of the various IDPs;
- To establish a LED forum to carry out the work of the National LED Forum and establish dedicated LED units in provincial governments; and
- To assume a role in building the capacity of municipalities to undertake LED and supporting them in its implementation.

Rogerson (2011) further emphasises that the 2006 LED framework has been widely commended as not only marking a new policy maturity but also signalling a significant positive shift in response to many of the challenges of earlier LED efforts. The objectives of the 2006 LED framework are as follows:

- To shift towards a strategic approach to the development of local economies and overcome challenges and failures in respect of instances where municipalities themselves try to manage a litany of non-viable projects or start-ups;

- To support local economies in realizing their optimal potential and making local communities active participants in the economy of the country;
- To elevate the importance and centrality of effectively functioning local economies in growing the national economy;
- To wage the national fight against poverty more effectively through debates, strategies and actions at local government level;
- To improve community access to economic initiatives, support programmes and information; and lastly
- To improve the coordination of economic development planning and implementation across government and between government and non-governmental actors.

The South African legislative framework shows maturity in terms of assigning roles to local government to ensure sustainable economic development. Rogerson (2011) agreed that the overall establishment of policy maturity in terms of LED policy frameworks can be interpreted as supplying the basis essential for a profitable phase of partnership and for the foundation of forward movement in the progress of LED activities and practice. Having read the information on the legislation discussed above, one could ask why, with such good legislation in South Africa, are there still so many challenges hindering the implementation of sustainable LED initiatives in local communities, and one could question the promotion and the implementation processes of LED in municipalities. Moreover, one could also argue that these policies requires that people first understand it, which is a challenge in itself as many people in the rural areas are either uneducated or poorly educated. Having said that, their ability to have any influence implementation of the policy must also be questioned. The LED draft policy document entitled “Refocusing Development on the Poor” (2001) stipulated that the main objective of the national government, as acknowledged by local government, is to promote pro-poor LED, which concentrates on poor and low-income communities. This document evokes most importantly the developmental and pro-poor responsibilities that municipalities have in South Africa. According to the Policy Guidelines for Implementing LED (2005), the effective implementation of LED in the second decade of South Africa’s democratic order spanning the years 2005-2014 will be a critical contributor to government success

in growing the national economy and building a single and integrated economy that benefits all. Cohen (2010) confirms that LED could be a critical success factor in addressing poverty and inequality in South Africa if it is understood and implemented in a correct way. Furthermore, Nel, Binns and Bek (2009) support the Policy Guidelines for implementing pro-poor LED by indicating that LED could make a meaningful and sustainable contribution to local development.

2.3.10 New Growth Path (NGP) of 2011

The New Growth Path of 2011 emphasises the need for the state to create jobs through direct employment schemes, targeted subsidies and an expansionary macro-economic package supporting labour-absorbing activities, particularly in agriculture, light manufacturing and services, to generate large-scale employment, while creating a set of incentives and support mechanisms to encourage the private sector to invest in new ventures and extend existing operations and concentrating resources in areas that yield the most jobs and will ensure the greatest impact. The main indicators of success are jobs (the number and quality of jobs created), growth (the rate, labour intensity and composition of economic growth), equity (lower income inequality and poverty) and environmental outcomes.

The New Growth Path sets out the government's plan to increase employment and have a more equal society. According to Economic Development Minister "the centrepiece of this plan is massive investment in infrastructure and people through skills development, together with smart government and better coordination with the private sector and organised labour" (NDP, 2013). As already stated, the National Development Plan is still trying to achieve goals such as creating jobs, reducing inequality and improving education. With that in mind, the National Development Plan has to also be seen in the context that it is a very broad plan that deals with many aspects of the economy such as trade, industrial development, job creation, national health concerns, and rectifying the problems of the previous Bantu Education system. This means that the plan has to improve on work done through the RDP, GEAR and ASGISA and at the same time align itself with current policy instruments that are in place. As it stands, the ANC government is in support of both the New Growth Path and National Development Plan.

2.3.11 National Development Plan (NDP) of 2013

The National Development Plan (NDP) has a long-term vision of sustainability and a development path (Vision 2030). The plan aims to ensure that all South Africans attain a decent standard of living through the elimination of poverty and the reduction of inequality. The core elements of a decent standard of living identified in the plan are:

- Housing, water, electricity and sanitation
- Safe and reliable public transport
- Quality education and skills development
- Safety and security
- Quality healthcare
- Social protection
- Employment
- Recreation and leisure
- Clean environment
- Adequate nutrition (NDP, 2013).

The above clearly show that NDP is broader in scope than GEAR, ASGISA and RDP; however, the NDP failed to provide a comprehensive and effective strategy in terms of confronting the economic challenges such as poverty, inequality and unemployment as its main aim. The NDP is a policy framework geared towards the improvement of South Africa's economic growth and prospects. It aims to fulfil its objectives of reducing poverty and inequality in South Africa by 2030. The main economic objectives of the NDP are: job creation, a more equitable distribution of wealth and improving education. One of the main drivers of the NDP is a commitment to full employment. The aim is to reduce unemployment to 6 percent by creating more than 5 million jobs by attacking issues such as education. Further to this, government aims to have better integration between the various policy documents such as New Growth Path and others.

Koma (2014) states that the sphere of local government is conceived to be integral in the realization of the growth and development objectives underpinning new development frameworks such as the National Development Plan (2013). Karriem and Hoskins (2016) outline a number of goals that the NDP had to achieve by 2030: poverty eradicated,

inequality reduced and employment increased from 13 million in 2010 to 24 million. Through improved economic policy coordination and implementation, per capita income should be boosted from R50 000 in 2010 to R120 000 and a million jobs created in the agricultural sector, with land reform playing an important role. Therefore, these goals are in line with local economic development. Koma (2014) further states that this plan provides a broader planning framework to inform the formulation of the LED policy. This alignment is crucial to ensuring that the LED policy corresponds with the major ambitions of the NDP.

2.3.11.1 Strengths and weaknesses of the National Development Plan

All the above policies support pro-poor LED but implementation of these policies is key. Business Community (2013) highlights the following strengths of the NDP:

- The plan could increase the level of investment to grow the economy;
- The country could become more competitive globally in terms of manufactured goods; and
- The NDP is different because it has a bottom-up approach instead of the usual top-down approach.

Having highlighted the strengths of the NDP, Business Community (2013) outlined the main criticisms of the NDP as follows: “The jobs plan is problematic in that it projects that many more jobs will be created by small business and in the services sector; the NDP ignores the New Growth Path and the Industrial Policy Action Plan; and the NDP calls for job creation through reducing the rights of existing workers”. This plan cannot be looked at in isolation since democratic government has enacted numerous plans and policies in previous years. The NDP has to be viewed in light of other policies and plans that have come before it such as the RDP, GEAR and the New Growth Path from which the NDP were emanated.

The above policies clearly indicate that economic growth, poverty reduction and job creation remain the key goals of economic policy in South Africa. The South African government has made significant progress in growing the economy since 1994 by providing housing, basic services and healthcare and undertaking land reform. The lives of millions of South Africans have been greatly improved. However, much still remains to be done. The South African economy is still a divided economy with a high level of

inequality. Taking the current economic growth outlook into consideration, a two percent growth rate is insufficient to significantly reduce unemployment or improve inequality. The informal sector has seen increased job creation but at the same time many jobs have been lost in the formal sector.

Millions of people still need adequate housing, basic services and land therefore South Africa needs growth. The government continues to face regular protests by the homeless, the poor and the unemployed over a lack of housing, jobs, access to proper sanitation and healthcare. It may now be time for the nation to look into investing more in industries such as tourism, agriculture and the ICT sector as a means to spur growth. The biggest challenge facing South Africa is balancing its opposing goals of attracting foreign investment and fiscal policy as well as addressing the pressing needs of its people for land, education, jobs, housing, and health care which are all defined as [human] rights in the Constitution. Finally, it has been said by different analysts that the NDP seems to be more of a diagnostic report of the economy and less of an actual strategic or tactical plan of action. It is idealistic in its approach, failing to provide proper, practical solutions and ways to actually achieve and implement its proposals.

2.3.12 National Strategy for the Development and Promotion of Small Business in South Africa, 1995

The primary objective of the national policy framework development of small business in South Africa is to create an enabling environment for small enterprises and enable SMMEs to accept responsibility for the operation, growth and progress of their enterprise. This national strategy needs to be complemented by programmes developed and implemented at regional and local level. This strategy indicate that policies need to be aligned to both national and regional as well as sectoral developments, taking into account the differences between sectors such as manufacturing, tourism or construction, as well as the differences between categories of SMMEs such as micro enterprises and small enterprises. The key objectives of the National Small Business strategy are to:

- Create an enabling environment for small enterprises;
- Facilitate greater awareness about income, wealth and earning opportunities;
- Address the legacy of apartheid-based disempowerment of black business;
- Support the advancement of women in all business sectors;

- Create long-term jobs;
- Stimulate sector-focused economic growth;
- Strengthen cohesion between small enterprises;
- Level the playing field between big and small businesses as well as between rural and urban businesses; and
- Prepare small businesses to cope with the challenges of an internationally competitive economy (National Strategy for the Development and Promotion of Small Business in South Africa, 1995).

2.3.13 National Spatial Development Perspective (NSDP)

The National Spatial Development Perspective aims to support the development of sustainable local economies through integrated government action. The NSDP is built on the following basic principles:

- Rapid economic growth that is sustained and inclusive is a pre-requisite for the achievement of poverty alleviation.
- Government spending on fixed investment should be focused on the economic growth and/ or economic potential of local municipalities in order to gear up private sector investment, stimulate sustainable economic activities and create long-term employment opportunities.
- Where low economic potential exists, investments should be directed at projects and programmes to address poverty and the provision of basic services in order to address past and current social inequalities.
- In order to overcome the spatial distortions of Apartheid, future settlement and economic development opportunities should be channelled into activity corridors and nodes that are adjacent to or link with the main growth centres in order for them to become regional gateways to the global economy (NSDP, 2006).

Enterprise development – and particularly broad-based black economic empowerment (BBBEE) – is the main immediate focus of LED policy. The drivers of the NSDF are identified as national and provincial government and district and metropolitan municipalities together with local role players. Two broad measures are identified: supply-side and self-driven. Supply side measures are the policies and programmes

pursued by national government with a particular emphasis on the Micro Economic Reform Strategy (MERS) as a key measure for sector development. These policies together with the public resources deployed to implement them, should be co-ordinated at local level to achieve maximum impact on economic development. The role of district and metropolitan municipalities together with local role players is to mobilise local communities within metropolitan and district municipalities. Thus, the central focus of LED, in this approach, is to bring together central and provincial state policies and resources within the framework of locally conceived development actions. Moreover, the NSDP seeks to:

- Build public and market confidence in municipalities,
- Intensify enterprise support including support to co-operatives, and
- Introduce sustainable community investment programmes focusing on organising communities for development and maximising circulation of public spend in local economies (NSDP, 2006).

It is therefore important that the Local Economic Development Key Performance Area of local municipalities is linked to NSDP as it aims to establish economic growth and development in all economic sectors and to promote social development and community empowerment. It also focuses on the strengthening of the nodes in the municipality while ensuring the equitable development of the rural areas through land reform, provision of housing and service delivery.

2.3.14 National Industrial Policy Framework (NIPF)

The development of South Africa's National Industrial Policy Framework has uncovered the fact that many of South Africa's economic problems and their potential solutions lie in the area of micro economics. The National Industrial Policy Framework flows from the Integrated Manufacturing Strategy (IMS) which focused on a number of sectors as priority sectors, and used the Customised Sector Programme (CSP) within the DTI as the implementing mechanism. The New Industrial Policy Framework is a logical extension of ASGISA which seeks to build on South Africa's macroeconomic stability through targeted micro-economic interventions.

Sector development plans were endorsed by Cabinet for business processing, outsourcing and off-shoring (BPO&O) of biofuels as it was believed that these two new sectors could

between them create more than 155,000 job opportunities in the five-year term. Additionally, a tailored incentive for BPO&O is to be implemented which includes grant funding for first mover investors. The draft biofuels industrial strategy has been concluded and it is expected to attract over ZAR six billion worth of investment and contribute up to 75 percent of South Africa's renewable energy by 2013. Additional focus areas of the impending NIPF are:

- Focus on the reduction of intermediary costs to downstream industry in value chains (e.g. steel and chemicals);
- Building of a competitive supplier community around government's ZAR 409 billion infrastructure investment programme — where procurement from South African suppliers will be a key performance indicator for South African state officials;
- Significant emphasis on Local Content and the implementation of a Local Content Programme; and
- Incentives to upgrade old technology (NIPF, 2014).

2.3.15 National Framework for Local Economic Development in South Africa

The National Framework for LED in South Africa aims to support the development of sustainable local economies through integrated government action. This government action is developmental and aims to stimulate the heart of the economy which comprises those enterprises that operate in local municipal spaces. The Framework is underpinned by an appreciation of the evolving practice of LED internationally and is based on the unique South African context and its challenges.

It contextualises the move towards “new institutionalism” that breaks down the distinction between economy and society, showing how economic decision-making and action is shaped by the shared values, norms, beliefs, meanings and rules and procedures of the formal and informal institutions of society. The normative agenda of this New Institutionalism is to develop shared meaning and values and to strengthen the network of social interaction. This has also been variously described as building social capital or developing social cohesion. The National Framework for LED (DPLG, 2006) notes that the government has a clear vision for local economies which is stated as “robust and

inclusive local economies exploiting local opportunities, real potential and competitive advantages, addressing local needs and contributing to national development objectives”.

This requires that the people in a local economy are willing and able to engage around LED, that local assets are effectively harnessed for the benefit of LED, that quality of life improves, that the natural spaces are attractive and, most importantly, that the income earned in an area is mostly spent in that area. The primary focus of municipalities must be the provision of infrastructure and reliable quality services, the management of spatial policies, the management of land use regulation and development applications, the management of service tariff policies, the management of a progressive property tax system, and marketing the territory. In order to support municipalities in their LED objectives, the State has implemented a number of interventions, such as intensifying support to municipalities in terms of the Municipal Finance Management Act (MFMA) of 2003 and the Municipal Property Rates Act of 2004, and the on-going implementation of Project Consolidate where support personnel are deployed to local municipalities. The key strategic principles for LED are outlined as follows:

- Undertake analysis of the Municipal Economies
- Target Priority Growth Sectors
- Build capacity for an informed and innovative economy
- Market each municipal region (investment packaging)
- Establish Innovative Funding Instruments using national funds
- Intensify enterprise support
- Improve access to finance
- Develop local markets for local goods and services (National Framework for Local Economic Development in South Africa, 2006).

The Small Enterprise Development Agency (SEDA) is a key vehicle for localised enterprise support and municipalities are expected to develop relationships with SEDA to assist them in enterprise support. Khula, National Youth Development Agency, Apex Fund, Ithala, ABSA and NGO-based micro finance programmes are all potential sources of easier access to funds.

2.3.16 Integrated Sustainable Rural Development Strategy (ISRDS)

The Integrated and Sustainable Rural Development Strategy (ISRDS) is designed to realise a vision that will “attain socially cohesive and stable rural communities with viable institutions, sustainable economies and universal access to social amenities able to attract and retain skilled and knowledgeable people, who are equipped to contribute to growth and development”. The ISRDS presents the proposed institutional arrangements which will operate in the political and operational areas and it lists the key elements of implementation as follows:

- Institutional arrangements
- Establishment of an information and knowledge base
- Development of planning and monitoring systems
- Establishing mechanisms of coordination
- Stakeholder mobilisation (ISRDS, 2000).

2.3.17 Regional Industrial Development Strategy (RIDS)

The RIDS calls on all regions to build their industrial economies based on local competitive advantages and opportunities. It aims to bridge the first-second economy gap in South Africa based on the spatial development principles of the NSDP. Such a strategy focuses fundamentally on addressing the key obstacles to the functioning of the economy, primarily through infrastructural interventions which will better enable all regions to access markets and resources. The strategic objectives may be summarized as follows:

- Attempt, as far as possible, to reduce economic disparities between regions, address the needs of both the first and second economies, and narrow the gap between them.
- Pay particular attention to the needs of those regions which are lagging behind the national norms.
- Enhance current regional strengths and leading sectors of the economy.
- Promote sustainable economic growth and employment in provinces and municipalities.
- Build regional competitive capabilities and firm-level support measures.

- Enhance regional performance in attracting foreign direct investment (RIDS, 2006).

2.3.18 Medium Term Strategic Framework (2014 to 2019)

The Medium Term Strategic Framework (MTSF) highlights government's support for a competitive economy and accelerated growth, creation of decent work opportunities and encouragement of investment. This is the first MTSF to follow the adoption of the NDP in September 2012. The MTSF provides:

- A translation of the democratic mandate;
- Priorities for the next five years;
- Focus on economic investment and growth; and
- An expansionary fiscal outlook.

The electoral mandate for 2014-2019 focuses on the following priorities:

- Radical economic transformation, rapid economic growth and job creation
- Rural development, land and agrarian reform and food security
- Ensuring access to adequate human settlements and quality basic services
- Improving the quality of and expanding access to education and training
- Ensuring quality health care and social security for all citizens
- Fighting corruption and crime
- Contributing to a better Africa and a better world
- Social cohesion and nation building (Medium Term Strategic Framework, 2014).

2.3.19 Comprehensive Rural Development Programme (2009)

The Comprehensive Rural Development Programme (CRDP) is a strategic priority of the National government's Medium Term Strategic Framework (MTSF) and takes a proactive participatory community-based planning approach towards rural development compared to the "traditional" interventionist approach. The ultimate aim of the CRDP is to respond effectively to poverty and food insecurity, improve the standard of living and address skewed patterns of distribution and ownership of wealth and assets through:

- Maximising the use and management of natural resources; and
- Rectify past injustices through rights-based interventions.

The above must then set the stage for the creation of vibrant, equitable and sustainable rural communities. The CRDP therefore aims to facilitate integrated development and social cohesion through participatory approaches in partnership with all sectors of society by implementing a three-point strategy. This strategy is based on the following:

- A coordinated and integrated broad-based agrarian transformation;
- Strategically increasing rural development; and
- An improved land reform programme

This strategy entails a Rural Employment Creation and Skills Training Model aimed at creating “development specialists” at ward level. These specialists will train and mentor a selection of unemployed community members who will be employed on a two-year basis on the Extended Public Works Programme (EPWP) principles. The EPWP is one part of an overall government strategy to reduce poverty through the alleviation and reduction of unemployment. It is a deliberate approach to ensure that participants gain the necessary skills, increase their capacity to earn an income and increase their chances of securing employment, while embarking on a sustainable intervention in the second economy to address social and economic inequities. The EPWP aims to create employment in four sectors i.e. the infrastructure sector, the environment sector, the social sector as well as the economic sector.

The government introduced the EPWP in 2003 as a complementary measure to reduce rising unemployment and poverty. Former President Thabo Mbeki, announcing the EPWP, stated that it was designed to use public budgets to provide unemployed people with temporary jobs in productive sectors, giving them both a source of income and some measure of training that would facilitate their absorption into the job market. Initially, the EPWP was aimed at creating one million jobs in its first phase, which was from 2004 to 2009. Moreover, it was aimed at providing skills, training and work experience (Public Works, 2012), drawing significant numbers of the unemployed into productive work and ensuring that these workers gain skills while they work and thus take an important step to escape from the large number of those who are marginalised. The NDP outlines two key objectives for EPWP in that context namely:

- Contribute to reducing unemployment by creating temporary employment by being responsive to the number of unemployed. “The public employment

programmes should target the creation of two million opportunities annually by 2020 or earlier, if possible.

- Contribute to social protection for the unemployed by providing them with income support (Chapter 11)

The EPWP creates productive employment opportunities in different sectors which include the **infrastructure sector** - increasing the labour intensity of government-funded infrastructure projects; the **environment and culture sector** - creating work opportunities in public environment and culture programmes (e.g., working for Water, Food for Waste); the **social sector** - creating work opportunities in public social programmes (e.g., Community Health Workers, Early Childhood Development practitioners); and the **non-state** sector such as **NGO programmes** - to be delivered by non-state bodies that have a specific focus area such as health care, child care, community safety. **Community Work Programme (CWP)** – programmes targeted at a specific area that will generally involve a large range of different activities identified as necessary and beneficial work by the community in consultation with local government. The CRDP further emphasises the involvement of various stakeholders and role-players, as well as the importance of clear-cut roles and responsibilities of the various stakeholders, as the CRDP involves all aspects of rural life which cannot be addressed by the National Department of Rural Development and Land Reform alone.

2.3.20 Department of Trade and Industry (DTI)

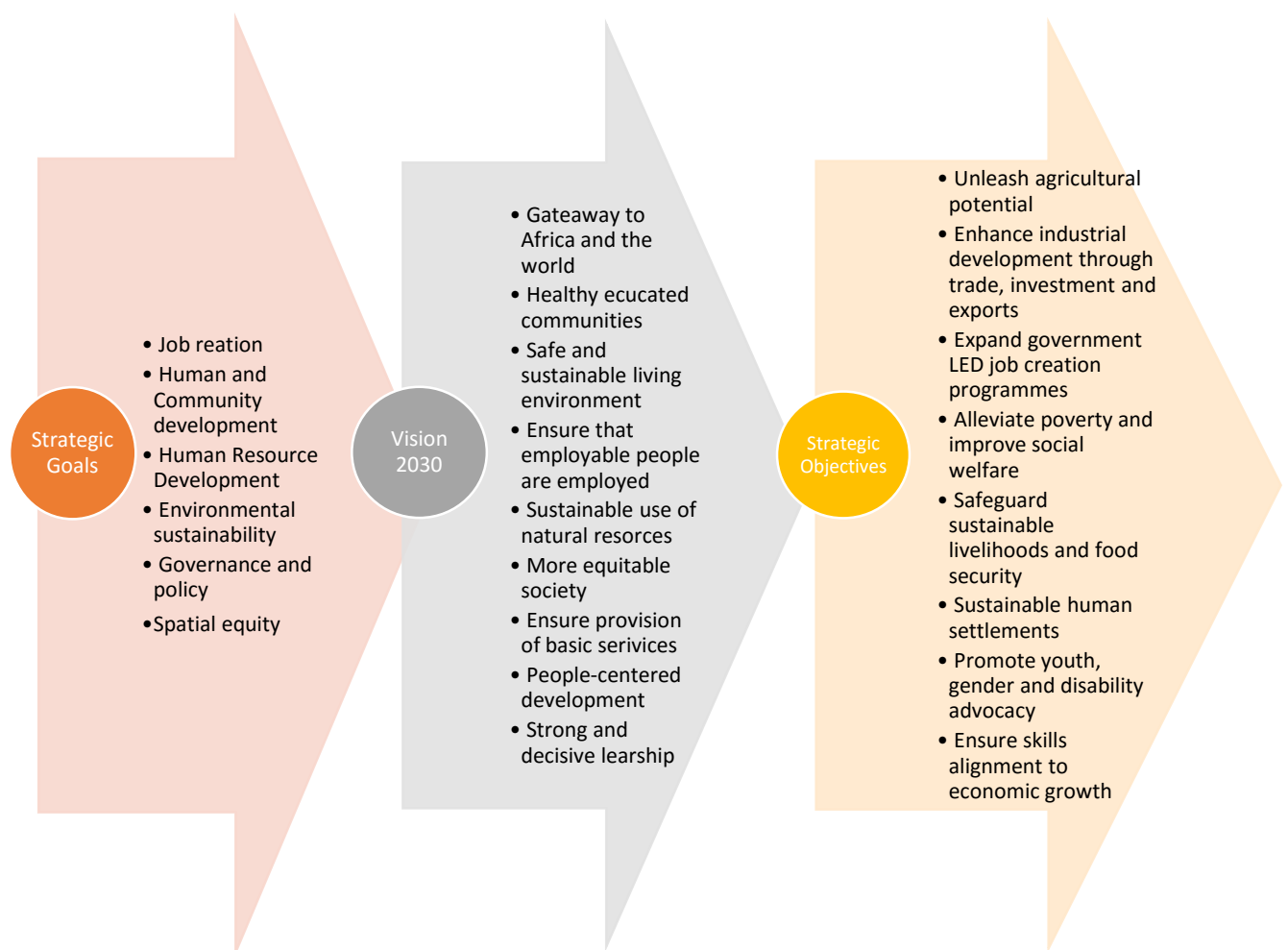
The Department of Trade and Industry (DTI) administers South Africa's incentive programme with supporting roles played by Trade and Investment South Africa (TISA) and the National Export Advisory Council (NEAC). The Enterprise Organisation (TEO) within the DTI is its biggest programme in terms of funding. It provides financial and other support to firms, large and small, through incentives, matching grants and other cost-sharing grants. The overall aim is to promote investment, develop manufacturing and assist with exports. TEO has been fundamentally changed by the DTI's restructuring exercise, with an entirely new, strategized and targeted suite of incentive programmes introduced in 2001. This is in response to both customer demand and policy research to target support where it is needed most (e.g. SMMEs, new high opportunity sectors, job creation) and in directions identified by the Integrated Manufacturing Strategy and the Microeconomic Reform Strategy. The DTI finances projects and programmes, or

provides incentives or matching grants for these, in a strategic manner to achieve clear socio-economic objectives. Thus, over the next three years the DTI is to release over R1 billion for enterprise development via the Small and Medium Manufacturing Development Programme, the Competitiveness Fund, the Sector Partnership Fund and assistance for growing exports.

2.4 KwaZulu-Natal Provincial LED Policy and pro-poor approach

Provincial policies of economic development are aligned with that of the global and national policy framework. The policies that are discussed below are meant to guide the activities and resource allocation of all levels of government as well as provide suggestions to private sector and non-government agencies that can contribute to development in the province.

Figure 2.3: Strategic Goals and Objectives for KZN until the year 2030



Source: 2030 Provincial Growth and Development plan (2012)

Moreover, figure 2.3 above illustrates the strategic goals and objectives of the KwaZulu-Natal province with particular emphasis on economic development, job creation and poverty alleviation until 2030.

2.4.1 White Paper on the Development and Promotion of Tourism in KwaZulu-Natal (2008)

The White Paper on the Development and Promotion of Tourism in KwaZulu-Natal (2008) was developed as a result of the need for a provincial strategic policy that could provide a foundation and competitive strategies for KwaZulu-Natal linked to existing national and provincial strategies. The White Paper also took into consideration all the tourism related legislation, policies and strategies, at both national and provincial level, in order to ensure a co-ordinated approach that locates tourism in KwaZulu-Natal. The document sets out the strategic policy issues that any competitive tourist destination should strive for. The vision for tourism is to “position the province of KwaZulu-Natal as Africa’s leading eco-cultural tourism destination, nationally and internationally.”

The White Paper sets out transformation objectives and recommendations in order to achieve these goals. It proposes that the province follow a new approach, one which is both experimental and ground breaking to market its destinations. The White Paper (2008) recognises that many partners are required to achieve the tourism growth objectives and therefore sets out the roles and responsibilities for partners in tourism. It also highlights that one of roles of the provincial government is to develop a Master Plan for tourism. Along with the development of goals and principles it includes the importance of making use of a framework to ensure compliance and monitor performance.

2.4.2 KwaZulu-Natal Tourism Master Plan

The vision set out by the KwaZulu-Natal Tourism Master Plan (KZNTMP) is that by 2030 the province will be globally renowned as Africa’s top beach destination with a unique blend of wildlife, and scenic and heritage experiences for all visitors. The 2030 vision for tourism further outlines specific key actions for the achievement of the set objectives, which include increasing the tourism GDP levels, ensuring growth in the

levels of foreign and domestic visitor arrivals to the province and increasing the levels of tourism employment in the province.

The plan sets out the key strategic objectives and how to achieve these objectives. The development of the KZNTMP has been strategically accepted and coordinated through the involvement and participation of various industry stakeholders. The plan provides a strategic guide for the future direction of development, growth, management and monitoring of tourism in the province.

2.4.3 KwaZulu-Natal Provincial Growth and Development Strategy (PGDS)

The KwaZulu-Natal Provincial Growth and Development Strategy (KZN PGDS) (2016) provides KwaZulu-Natal province with a reasoned strategic framework for accelerating and sharing the benefits of an inclusive growth through deepened, meaningful, effective and sustainable catalytic and developmental interventions. This has to be achieved within a coherent equitable spatial development architecture, putting people first, particularly the poor and vulnerable and other groups currently marginalised, through building sustainable communities, livelihoods and living environments. The strategy also lays the foundation for attracting and instilling investor confidence, as well as strengthening and expanding the existing social compacts between the development partners in the province. The key challenges and strategic responses outlined in the KZN PGDS (2016) are indicated in table 2.2 below:

Table 2.2: KZN Challenges and Responses to Growth and Development

Key Challenges based on Provincial Profile	PGDS Responses
The largely rural nature of the province with a limited natural resource base compared to the vastness of the province	<ul style="list-style-type: none"> • Exploit what we have maximally
Poor coordination, synergy and integration between departments, spheres of government and between municipalities and traditional councils	<ul style="list-style-type: none"> • Put systems in place to effect synergy and cooperation; align IDPS with Departmental Strategic Plans.

<p>Economic growth rate of 2.5%;</p> <p>Rigidity of financing institutions with regard to lending to the poor (unsecured loans);</p>	<ul style="list-style-type: none"> • Implement economic development programmes to raise investment.
<p>Funding and loan capital to black SMMEs and entrepreneurs</p> <p>Existence of two economies and the widening of the gap between them</p>	<ul style="list-style-type: none"> • Promote/focus on increasing exports and capitalise on provincial resources, strengths and synergies • Engage the financing institutions to get buy-in. • Address challenges of the second economy
<p>Majority of the labour force is classified as unemployed.</p> <p>Weak demand, intense international competition, insufficient skills development and training together with a weak partnership between economic actors and stakeholders continue to prevent reductions in unemployment</p>	<ul style="list-style-type: none"> • Create programmes to increase employment opportunities, and access to finance; build human capacity
<p>High rate of HIV and AIDS infection; crime and violence</p>	<p>Comprehensively address and curb the spread of HIV and AIDS.</p>
<p>Lack of sustainable environmental management programmes in the province</p>	<p>Manage, preserve and enhance the natural environment and comprehensively address an environmental management system for sustainable development.</p>
<p>Human capacity problems – mismatch between supply and demand, illiteracy and low retention of appropriately trained</p>	<p>Address human capacity challenges appropriately.</p>

and skilled staff in rural municipalities; limited development in innovation	
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Source: KZN PGDS (2016)

Key projects have been identified in Tourism, Agriculture and Agri-Processing for implementation throughout the province. Moreover, the province has developed programmes under the Provincial Priority Clusters (PPCs). In terms of Economic Development, the PGDS has set itself the following targets for 2009:

- Economic growth poised to rise above national average (5%).
- Increased level of investment.
- Increase levels of exports.
- Significant increase in the level of employment.
- Increase in the number of new sustainable SMMES.

In terms of industrial development, the PGDS focuses on key sectors within the province, in particular the clothing, ICT, manufacturing, wood and wood products sectors. The current provincial focus in terms of Agri-Processing is the establishment through research of appropriate and competitive crops that can be grown and processed within the province.

2.4.4 Provincial Spatial Economic Development Strategy (PSEDS)

The PGDS provides a framework for public and private sector investment, indicating broad development opportunities and priorities. It addresses key issues of implementation blockages whilst providing strategic direction, all within the framework of a developmental approach to government. It does not, however, provide a detailed spatial perspective on where development should take place around the province. For this reason, it was necessary for the provincial government to develop a spatially-based economic development strategy to give a spatial context to the provincial priorities and development programmes identified in the PGDS.

2.4.5 KwaZulu-Natal Small Enterprise Development Strategy

The Small Enterprise Development Strategy aims to provide a provincial framework that assists in the coordination, orientation and guidance of all small enterprise development programmes and related activities. This strategy allows all stakeholders to align their programmes and actions. The alignment of these programmes and actions therefore provides support and adds value to the development of emerging small enterprises.

The implementation of the comprehensive and integrated programmes of development and growth of small enterprises in KwaZulu-Natal is important as this will achieve development of entrepreneurship skills, facilitation of easy access to local and international markets, facilitation of access to finance, provision of relevant and effective training to small enterprise operators, as well as facilitating a mentoring and incubation programme for all small enterprises in the province.

2.4.6 Strategy for Agrarian Transformation in KwaZulu-Natal (2015)

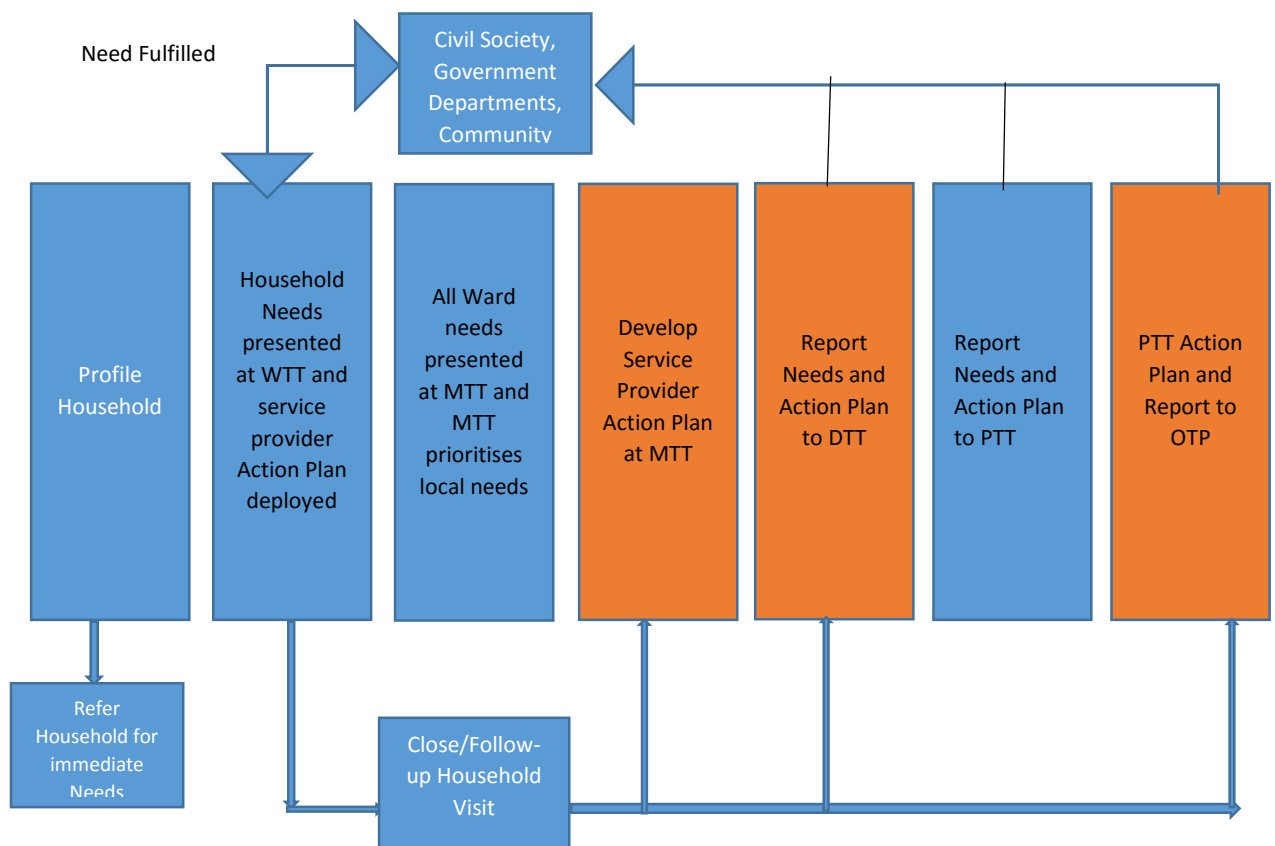
The KwaZulu-Natal Provincial Department of Agriculture and Rural Development (DARD) developed a strategy document with a detailed approach for the transformation of the agricultural sector within the province. It proposed that an agrarian transformation strategy, supported by an integrated approach to rural development, will in turn contribute towards addressing food security, job creation and the growth of the provincial economy. The vision of the Department is to create “a united, sustainable and vibrant agricultural sector with thriving rural communities in balance with nature”. The Province of KwaZulu-Natal is strategically located to use agriculture and agri-processing as a catalyst for the growth and prosperity of the province. The province is well endowed with natural resources and this diversity enables wide variation in the types of farming and levels of agricultural production. However, there needs to be a radical improvement of the mandatory services that are provided by DARD, together with innovative delivery models. The Department aims to:

- Encourage a shift towards a more labour intensive agricultural subsector;
- Encourage fuller use of land within commercial farming areas, especially via conservation agriculture/climate smart agriculture and land redistribution;

- Strengthen the smaller stratum of large-scale commercial farms, which account for a disproportionate share of farm jobs; and
- Promote a better balance between large-scale commercial farms and smallholder farms via land reform and development within the former KwaZulu-Natal Administration areas.

2.4.7 Operation Sukuma Sakhe

Operation Sukuma Sakhe (OSS) is a multidimensional vehicle for integrated service delivery in KwaZulu-Natal and also serves as an initiative to fight poverty and food insecurity, ensure youth development, and combat HIV and AIDS (Tshishonga, 2017). This initiative has a hierarchical structure, illustrated in figure 2.4 below whereby the provincial structure, known as the Provincial Task Team (PTT) plays a leading role and is followed by the District Task Team (DTT) which is in turn followed by the Municipal Task Team (MTT) and lastly there is the Ward Task Team (WTT) or the War Room.



<ul style="list-style-type: none"> • CCGs are allocated to households • CCGs are trained on how to profile households • CCGs summarise the needs from their households and present them at War Room • Needs summarised from all CCGs and submitted to Department and MTT • WTT prioritise needs in an action plan 	<ul style="list-style-type: none"> • WTT report to MTT • MTT report to DTT • DTT report sent to PTT • Departments develop action plans and deliver services and provide feedback to the War Room. • CCGs ensure that services are delivered to households.
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Figure 2.4: Hierarchical structure of Operation Sukuma Sakhe

WTTs work very close with the community and their role is to identify community needs and liaise with the MTT. Community Caregivers (CCGs) conduct home visits providing household profiling on the status of individuals and the household in general, provide health education, trace defaulters, support to orphans and vulnerable children, render psychosocial support and provide general information about government services to households. They also support the ward-based programmes such as Operation Sukuma Sakhe.

2.5 Main objectives of LED and the processes

Nel and Binns (2003) state that LED focuses on certain key issues including redressing imbalances by ensuring that all citizen participate in local issues through the development and maintenance of infrastructure, retention and expansion of business, assisting struggling local economies, development of human capital, community economic development, Small Medium Micro Enterprise's (SMMEs) development and encouraging co-operatives. Nel and Binns (2003) continue to emphasise that mechanisms of achieving LED require equalizing of local economy strategies so that it can increase competition, alleviate poverty and engage more transparent and mutual respect. In relation to the above, the World Bank (2001) has declared that the main goal of LED is to ensure that the local investment climate functions for local enterprise, supports small and medium sized enterprises, attracting inward investments, and supporting the survivalist primary informal sector enterprise in terms of providing a leadership or facilitating model and also targeting certain previously disadvantaged groups.

Moreover, Mbontsi (2008) argues that the viability of LED goals depends on the economic strength of the community, social equality that demand integration so that output will be sustainable for development. The Department of Local Government and Traditional Affairs (2006) states that the policy guidelines of LED emphasize the

significance of LED within society, and this underlines the role that government has to play in shaping the economic destiny of the country in the sense that it ensures that there is an environment that is conducive to economic activity and secondly, promoting a robust and inclusive local economy requires action from all spheres of government. In order to attain LED objectives municipalities are encouraged to partner with various stakeholders within the community to enhance development and these include private-public partnerships and community and non-governmental organizations to undertake certain projects; however, it implies that local citizens should identify the gaps in the market of pro-poor growth and be able to bridge the gap for economic growth (Meyer, 2014). The LED process is carried out to deliver a planned product. In this regard, the product includes better jobs, more wealth and income for the local people and more available opportunities for personal gain and fulfilment (Blakely and Leigh, 2013). This suggests that when local areas embark on planning and implementation of LED, the motivation must be to improve the locality so that the desired outcomes of the implementation of LED are visible. LED initiatives are implemented to create better job opportunities for local people, whether by bringing industrial activities into the local area or by the local people being motivated and encouraged to start their own initiatives using local ideas and resources.

The Local Economic Development process, according to Blakely and Leigh (2013), brings an understanding of when, where and how new opportunities for employment can be multiplied. LED initiatives that create business locally and regionally may bring greater stability to the community through the employment opportunities created and the growth of the local or regional economy. When embarking on a local economic development process, two major tasks have to be completed before the planning process can start. The first task is the organisation or grouping of institutions responsible for implementing or coordinating the economic change, and the second (task) is the determination of the geographic scope of the plan which, according to Blakely and Leigh (2013), must be finalised before embarking on the process of LED. The grouping of institutions, as explained by Nel (2008), includes identifying the planners who will constitute the organisational structure of the team that will head up the LED process.

The organisational structure, according to Rogerson (2009), needs to have a strong organisational capacity and must always ensure extensive community participation, where full participation of all the critical sectors of the community is necessary.

Furthermore, Nel (2008) stipulates that there has to be a drive from the organisational team to empower local leadership through capacity building and allowing local people to acquire leadership skills that may be used for future projects. Rogerson (2009) proposes that the geographic scope of the plan involves choosing a zone or area that enjoys the support and acceptance of community members. This could be a small portion of the area that is easily accessed by all community members and integrates elements such as a common market or transportation system and an easy flow of goods and materials. Blair and Carroll (2009) suggested that the process of LED should include the following:

- Firstly, the inception of a LED idea involves an initial briefing meeting with all stakeholders involved in the LED process. It is important that all stakeholders understand the municipal IDP and its processes since LED falls within the Integrated Development Plan of the municipality. IDP is regarded as a guiding tool through which the municipality plans, prioritises and renders services as required by the constituencies of that particular municipality.
- Furthermore, Hague, Hague and Breitbach (2011) indicate that once the above mentioned has been done, stakeholder consultation and capacity building will follow. This is important because stakeholders and role-players become partners in the process of LED and a plan to transfer meaningful skills and knowledge should occur during the planning and implementation of LED. This stage involves identifying service providers who will also play a role in the facilitation of the LED process, whilst the municipality and other representatives have to facilitate and implement the strategy once it is completed. Communities, who must identify leaders, also play a role in the implementation of LED projects and receive direct benefits from the strategy and the whole process of LED.
- The LED process, as proposed by Hague, Hague and Breitbach (2011) should involve choosing a team that will form the LED forum with the responsibility of undertaking a situational analysis with the purpose of obtaining an overview of the problems and other issues related to the LED strategy within a particular area. The value of this is to develop programmes that can address the problems faced by the community and then compile a perspective of the development required for such a community and identify trends related to development in the area. Both

an internal and an external analysis must be performed to gather basic information which is critical to and required for economic development planning. Blakely and Leigh (2010) note that knowing the opportunities a locality has for sectoral potential and identifying the sectoral comparative advantages of a local area and economy will determine the potential the local area has for economic growth. This may be achieved through the identification of supply and demand factors which can assist in the assessment of the market opportunities based on the gap between existing and future levels of development potential. Available resources with the potential of growing the local economy and creating employment opportunities must be analysed based on the extent to which they can exploit the location and the existing opportunities for exploitation.

- It is further noted by Blakely and Leigh (2013) that the determination of the growth potential of the available and existing sectors and the potential structural impacts of the known and planned development initiatives must be identified. This includes trends of economic growth and performance of the local area, constraints on development, skills availability and linkage opportunities within the sectors.

According to Blakely and Bradshaw (2002), the culmination of the steps discussed above will be the drawing up of a LED strategy, using all the key information gathered in the preceding stages. This will ensure that the LED process develops a strategy that can address the recent trends in the economy of the local area, and align priorities for the locality which support the vision and strategic direction of the municipal IDP. Nel (2005) suggests that appropriate institutional structures that can facilitate the development process are key to the LED process and once the LED strategy has been designed, institutions with the responsibility of implementing the strategy have to be in place and ready for the establishment and operation of economic development promotion in support of the local municipality. Institutional structure in the LED process allows for the conceptualisation of the institutional role and functions of different levels of local government which are in line with LED operations and the implementation of the projects. As indicated by Capello (2007), LED implementation has to be in the form of projects which must target, prioritise and utilise opportunities for local economic development and invest in local opportunities.

Implementation of each project should take into account the implementation of each phase of the project, the project's budget, the project's resources and implementation responsibilities to implement a project to its completion. According to Blakely (2013), the LED Implementation Plan is a single document that comprises all of the LED projects and programmes within a strategy. Hence, the implementation plan has to outline how each project will be carried out, budget implications and, if possible, timelines of when each project will be carried out. The process of LED ends in the strategy review, where the entire LED strategy is reviewed, looking at both the successes and failures of the strategy and paving the way forward to improve the next phase of LED, as it is cyclical. Knopman *et al.* (2015) state that there are a number of reasons why Local Economic Development is seen to be a viable solution for economic development in a developing country such as South Africa. One reason is that for many years' communities and other sections of the population of South Africa were severely oppressed by the government of the time, pre-1994 and still find it difficult to develop economically without a structured plan in place.

The LED practice is one which empowers communities, and whereby they are able to participate in and influence developmental processes and plans that will determine their social and economic prospects. LED allows for localities to define their own needs as national priorities have the tendency to differ between local priorities. It allows the localities to explore their local practices, traditions and customs and this will prompt enthusiasm and commitment to making LED strategies work (Schragger, 2010). With this being said, local objectives can be realised through LED if collective consensus is reached and structural frameworks are provided for implementation. The concept of LED is one that can work to increase economic growth and alleviate poverty if executed correctly.

Schragger (2010) stated that institutional drivers together with capacity building, allocation of resources and, of necessity, political will are key to the successful implementation of LED. Stakeholders need to develop their interests in the process of planning and implementing LED and need to participate and be included in the strategies so that they can assess the outcomes and make improvements where necessary. In one of the interviews conducted with an official from the municipality it was mentioned that the LED projects that have to date been undertaken by the municipality were not monitored or evaluated in terms of their outcomes. If this was allowed to continue there would be

no way of knowing which aspects of the projects were working, which aspects were not working and where there was a need for improvement. This suggests that there needs to be a level of accountability and responsibility on the part of government as well as the various stakeholders involved in the projects.

The failure of most LED projects can be avoided by focusing on pairing the sectors with the most development potential with the sectors with less development potential thus stimulating growth between the two categories of sectors. SALGA, 2016 indicated that historically in South Africa, LED has been interpreted and implemented in a way, which often resulted in ad hoc piecemeal projects being adopted; this was because a clear economic plan and the ability to implement that plan had not been adequately considered. As a result, in some municipalities the functioning of LED is ineffective. Nel *et al.* (2005) states that government and other stakeholders have been attracted by LED. Rogerson (2009) reveals that the concept of LED was born after South Africa's transition to democracy in 1995. In his speech, President Mandela spelt out the need for LED saying that "by mobilizing [the] resources of urban communities, as government and the private sector we can make our cities the centre of opportunities for all South Africans within the world of [the]economy."

However, there were traces of LED before independence in 1994. These efforts aimed at promoting development and racial reconciliation continued after the advent of democracy in 1994. In a paper, Proches, Bodhanya and Hardman (2012) reveal that South Africa faced difficulties related to the provision of services, which stemmed from common challenges related to both globalisation and urbanisation as well as the divide between the rich and poor. The country also had to take into account other factors which impacted negatively on economic development. Various stakeholders in the public and private sectors, NPOs and even communities engaged in Local Economic Development (LED) initiatives.

Such efforts include job creation and economic stimulation, the creation and support of enterprise establishment and development, infrastructure investment, and attempts to increase the competitiveness of a local area, through the use of the available physical and intellectual resources. Their paper focused on the role of LED in addressing the local and global challenges that impacted on service provision and economic development in South Africa. Gwynne (2006) states that at national level, macro-economic fiscal and monetary

reforms have directly affected the economy at the local level. National regulatory and legal frameworks such as tax reform, telecommunications deregulation and environmental regulations have directly influenced the local business climate, either enhancing or reducing the potential for local economic development.

There is a striking historical divide between the early LED activities undertaken by the Department of Provincial and Local Government (DPLG) and those more recently undertaken by the Department of Trade and Industry (DTI) with the former concentrating on issues of poverty alleviation and the latter more strongly oriented towards the promotion of economic growth (Rogerson, 2002). On the other hand, Tsoabisi and Phago (2010) view Small Medium and Micro Enterprise (SMME) owners as the main role players in LED by indicating that they create an opportune policy environment to facilitate SMME activities by creating employment opportunities and developing infrastructure in a way that improves business opportunities for local communities and encourages cooperatives to assist the communities to become active in the local economy. However, their study identified challenges with regard to suppliers sometimes failing to supply business owners with the required stock and this constrains the business and causes customers to lose faith in the business. Crime and violence are also challenges they face: since their working environment is unsatisfactory, it makes it easy for criminals to steal their products thus leading to loss of income.

UNDP (2000) supports the above narrative by elaborating that LED initiatives were employed as a remedy to reduce poverty in developing countries and communities also came up with strategies to empower themselves economically, thus improving the standard of living of the people. Economic development has evolved from being purely measured in economic terms such as Gross Domestic Product (GDP), which does not necessarily measure distribution of income and economic wellbeing. The above clearly indicates that LED is a conscious process whereby communities and marginalised people are empowered by stakeholders to work towards improving their standard of living which leads to social and economic development. Jeppe (1998) indicates that the fundamental principle of LED is to facilitate development between local government, communities, the private sector, Non-Profit Organisations (NPOs) and any other stakeholders.

2.6 Summary

Poverty is the biggest threat to South Africa's economic freedom. It prevents people from achieving a satisfactory minimum standard of living. Poverty alleviation relies on the equitable distribution of resources such as land and other income generating resources. LED projects have been implemented by the government but issues such as skills, capacity and an enabling environment for the projects' participants remain a challenge. People do not believe in the beauty of working in unity as a team. Local business, local government and community members are not as dedicated as they should be to ensure the implementation and sustainability of pro-poor LED; however, literature reveals that they are doing something about it so that LED can in time benefit the poor.

CHAPTER THREE

GLOBAL LITERATURE ON LOCAL ECONOMIC DEVELOPMENT

3.1 Introduction

The concept of LED, according to Rogerson (2003), gained momentum on the international and local arena in the sense that there can be economic development without it being linked to its influence on the local populace. LED is a globally contested concept because it means different things to different institutions. It is grounded on the basis of government's and society's active participation in economic development agenda together with global agencies, such as the World Bank and the International Labour Organization (World Bank, 2001). Bradford and Wolfe (2010) stated that LED involves proactive action on the part of local government and other agencies within the society that are organized to enhance economic prosperity through enabling the community's capacity to improve their quality of life. The World Bank articulated that LED is about people working together to achieve and maintain economic growth that guarantees the benefits of enhanced quality of life in the community including the city, town, metropolitan area or sub-national region (World Bank, 2002).

With respect to the concept of LED there is not much difference between the approach to LED held in North and South America (Helmsing, 2001). Nel (2001) stated that development strategies of LED have been practised in North America for decades in an informal fashion, whereas in the countries of South America it has practically become a trend and there is a partnership or dependency on non-government organizations (NGOs) and the private sector to improve the economic and social situations. In terms of the Northern approach to LED, it focuses on investments, big-business support and large project development undertaken by well-resourced agencies with or without external support, whereas in South America, LED depends on entrepreneurship, small-scale farmers and community-based initiatives by utilizing indigenous skills in terms of formal and informal businesses (Nel and Humphreys, 1999). Nel (2001) asserted that local authority-based LED encourages new business establishment through the supply side, which is commonly used in the United States of America (USA) or by means of the

demand side where there is a strategy that encourages or promotes locally produced goods and guarantees the support of emerging enterprise. Philip (2003) stipulates that LED on an international level is triggered by the formation of co-operatives since they enable the populace to be hands-on in the development and utilization of resources locally which gradually is attentive on consumer co-operatives, workers' co-operatives, credit co-operatives, agricultural co-operatives and service co-operatives. Nel (1994) articulates that internationally LED is recognized as being responsible for maximizing decentralization of power and decision making to the local level so that it becomes the main driver of the economy; and secondly, it fosters innovation of local leadership initiative, response and direction. Seduma (2011) argues that internationally is utilized by the community which identifies a gap to modernize development so as to sustain economic growth therefore development of local government results in sustainable development for pro-poor growth. The international perspective on LED reveals in literature that African youth are placed at a disadvantage due to the monopoly capitalist economy inherited from African colonial history.

3.2 LED Initiatives – Global context

The current study is assessing the implementation and sustainability of pro-poor LED initiatives in two local municipalities in South Africa. Within the global context it is important that LED initiatives are reviewed in order to determine how these initiatives respond to poverty and bring about unemployment reduction. Opp and Saunders (2013) highlighted that worldwide, a favoured reaction to the problem of unemployment has been the development of organised local initiatives involving agents of the state, the private sector and local communities, often, but not exclusively, using the concept of partnership. In New Zealand, pro-poor LED initiatives have taken a variety of forms, including: seeking overseas investment in competition with other places; and small business development, especially the encouragement of self-employment and to a lesser extent community businesses and co-operatives (Scott and Pawson, 2013). The debate surrounding the impact of such initiatives has been intensively discussed internationally (Stohr, 1980; Bennett and Krebs, 1994; Ettinger *et al.* 2005) and the findings indicate that these international initiatives do have a limited positive impact in terms of the reduction of poverty and unemployment.

Henderson *et al.* (2002) examine local sustainability initiatives in the United States through the lens of the three pillars of sustainability namely: economic development, environmental protection and social equity. Their study indicates that a comprehensive index is created using national-level survey data on local sustainability initiatives, then census and other data are used to examine local activities related to all three pillars of sustainability. Moreover, their findings revealed that a series of correlations and means comparisons delivers evidence that several factors are interrelated with local government engagement in sustainability initiatives, including population size, central city locations, diversity, ethnicity and race, political leanings of a community, and region. Hilson *et al.* (2018) reflect critically on the progress made towards implementing Fair Trade gold programmes to empower subsistence artisanal miners in developing countries. They argued that despite being projected as “pro-poor”, the programmes are not empowering, nor in many cases even targeting, impoverished mining groups. Their analysis further reveals that officials at certification bodies are chiefly responsible for this.

Many people have used stories of poor miners to engage “ethical” jewellers enamoured with the idea of potentially alleviating poverty in developing countries through purchasing gold that can be traced to the source. Guzman and Oviedob (2018) investigate accessibility, affordability and equity when they were assessing pro-poor public transport subsidies in Bogota, Colombia. Their article maintains that rising interest in inclusive development of cities at different levels of urban policy involves new opportunities and challenges for increasingly urban/rural societies. Their article indicates that local governments face the challenge of making public transport affordable for a large share of the population living in conditions of poverty where most of the community members cannot afford to pay for public transport. In order to meet these challenges, several public transport systems throughout Bogota have implemented targeted subsidies for specific social groups such as students, the elderly and people with reduced mobility, and more recently the poor.

Moreover, the government of Bogotá has implemented a pro-poor public transport subsidy scheme that aims at alleviating the financial burden of poor households accessing the city's public transport system. Sok (2017) analyses the degree to which the Millennium Development Goal number one (MDG1) has alleviated poverty, pro-poor growth development-associated constraints, and inequality of growth and income distribution in Cambodia. The findings of his study revealed that pro-poor growth

development has proven ineffective, and that growth and income distribution are unequal, and poverty is caused by unproductive agricultural practices with an insufficiency of infrastructure, skills and markets. His article further argued that MDG1 may not be achieved in future without an effort being made towards realizing an even distribution of income between the agricultural and other sectors, enhancing economic development and increased investment in infrastructure and skill building. Moreover, he maintains that ineffective pro-poor growth development exists in the three of provinces along Lower Mekong Basin (LMB) in Cambodia. His study confirms that economic growth in the region is unevenly distributed in terms of geographical location and demographic characteristics. Economic activities are largely concentrated in urban areas that favour skilled persons in the service sector and self-employment. He revealed that the current pro-poor growth development has failed to provide sustainable livelihoods to the majority of the rural population in Cambodia which currently survives on subsistence agriculture and unstable, low wages.

Furthermore, inequality of income in Cambodia was high between 1993 and 2007 but it has become relatively stabilized since 2008, which could herald the emergence of the later stage in the process of economic development. In addition to the above findings his article indicates that the villagers' general lack of sufficient human and physical assets in the country's rural and remote areas has further prevented them from achieving higher productivity, access to markets and skilled employment. In the future, a balanced contribution to the agricultural and non-agricultural sectors, non-agricultural development and the development of physical and human assets will probably support pro-poor growth development, reduction of income inequality and achievement of the MDG1. Poverty rates will gradually decrease when rural employment and markets are created through the establishment of agri-processing industries, SMEs, agricultural advancement, and community-based income generation activities.

Scott and Pawson (2013) outlined a framework for the analysis of economic integration and its relation to the irregularities of economic and social development. Consciously breaking with state-centric forms of social science, they argued that LED is more adequate for the needs and concerns of globalization than has traditionally been the case in development studies. Drawing from the analyses of the cross-border activities of firms, their spatial configurations and developmental consequences moved beyond by proposing the framework of the global production network (GPN).

Moreover, they argued that in New Zealand, the national and local incidence of unemployment rose sharply with the drive to adopt neo-liberal modes of regulation from the mid-1980s. Hence, their study focuses on the local impacts of nationally formulated measures to fight unemployment, and in particular on the West Coast of the South Island. They divided the measures into a business development path and those that come under the umbrella of community development. Although there is some overlap between both paths, the schemes promoted under each are distinctive and open to evaluation. Such evaluation shows the partial contribution made by measures under either path to their targeted objective of reducing unemployment.

Hawkins and Wang (2012) examined local sustainability initiatives and they argued that local governments are becoming more active in pursuing environmental sustainability initiatives. Their article put an emphasis on community participation as a mechanism for improving the management and success of sustainable development. Moreover, they highlighted that sustainable development can be relatively complex and requires specialized skills, a network of organizations that can bolster the capacity of local governments to plan and implement sustainability initiatives. They concluded that the model that focuses on collaboration among local government, residents of the community and organizations of a support network was sustainable. On the basis of a national survey of U.S. cities, the authors presented evidence on the extent to which cities utilize elements of the conceptual model.

The above scenario is similar to the South African context where LED initiatives are implemented through the collaboration of different stakeholders which include local government, community members and the private sector; however, in the United States the findings of Hawkins and Wang (2012) indicate that the emphasis is more on community participation than other stakeholders. Connelly, Markey and Roseland (2011) argue that sustainability and the social economy are two approaches that provide critiques of mainstream economic growth based on their failure to integrate environmental and social concerns. Their article explores the potential for community transformation by bridging these two approaches, bringing more environmental considerations into the social economy and using the social economy to advance equity concerns within sustainability. They examine this potential through local food initiatives in two Canadian cities that are striving to create a synthesis of social and environmental objectives to achieve structural change in the way that food is produced, accessed and consumed. Both

projects were founded on commitments to sustainable community development and social justice. While the initiatives illustrate the potential for community transformation by integrating sustainability and the social economy, they also illustrate the challenges associated with an incremental approach to change in the context of competition with mainstream economic activities that are heavily subsidized and do not account for negative social, economic and environmental externalities. Ersoy and Taylor (2012) conducted a study on modelling local and regional economic development in Turkey. Their paper explores and unpacks the nature of the processes shaping regional economic growth in Turkey using an econometric modelling strategy.

They revealed that existing empirical research in LED has focused on regions in economically advanced and technologically innovative economies. As a consequence, the broader picture of the dynamics of regional development in less developed countries, particularly its social and political origins and the overall changes in regional inequality, has remained elusive and less clear. Furthermore, Abadzic, Umihanic and Cebic (2012) begin their study from the premise that local development policy can be seen as a tool for effective management and the use of comparative and competitive advantages in space and time. By applying the centralized administrative model in managing society and the economy, Bosnia and Herzegovina are seen as not being capable of handling efficient development at national, regional and local level. The researchers indicated that there is a need to change the model of social and economic development, taking into consideration that so far, negative effects of the erroneously applied strategies and development policies have reached unexpected limits.

Strategic planning is an instrument which the managers of local communities may use to make and implement optimum decisions. Models of strategic planning represent the need of a local community for internationalization and attracting foreign investors, but also the appropriate public-sector support offered to the businesses in a particular community in order to conduct their activities in a more efficient way. Priority aims and their actual application to development of local communities are determined by strategic planning and models of strategic planning. The researchers argued that an appropriately adjusted model of strategic planning provides an advantage for local communities in innovative and cooperative approaches to the problems of local government units, with the tendency to define priority areas and sectors, while different levels of government, scientific and

development institutions at local and other levels and civil sectors should be involved in solving these problems.

Moreover, the paper presents models of strategic planning from the practice worldwide as an efficient means for the implementation of strategic planning processes using its positive characteristics to improve the efficiency and effectiveness of local communities. The paper further presents an example of the balance between acceptance and feasibility which includes the methodology for integrated planning of local development. Noted in Rahab, Najmudin and Istiqomah (2013) was that the local economy can be promoted through the development of small and medium industries by building up local industrial core competence. Local core competence is one of the strategies to increase local competitive advantage through the optimization of local competitive potency. As maintained in Rahab, Najmudin and Istiqomah (2013), local and regional development has characteristically focused on localities and regions in the historically industrialized and urbanized countries of the Global North.

Development studies have more recently been concerned with industrializing and urbanizing nations in the Global South. Moreover, it was noted that each strand has continued to have only limited interaction but such disconnection constrains explanation and policy formulation in addressing global development challenges. Their article further argued for a stronger connection and a deeper interaction concerning local and regional development between and within the Global North and South. Gaule (2011) revealed that the importance of tourism as a vehicle for local economic development (LED) in South Africa has been highlighted in several investigations. National government acknowledges the critical role of local governments in supporting tourism development and is introducing a number of support initiatives to capacitate them.

The study interrogated the local tourism data base which allows measurement of the tourism performance of all local authorities in the country. The findings indicated the need for widespread capacity building in tourism planning which must include both local governments, which are the leading destinations for tourism visits, and those localities which are tourism-dependent local economies. In addition, the results of Gaule's study confirm a need for expanded locality research into the locally different forms of tourism which drive LED. According to Scott and Pawson (2013), the global economic crisis in 2007-2009 affected countries, slowing down economic growth and increasing

unemployment. While governments address the crisis by developing effective strategies of crisis control through macro-economic, structural and fiscal policies, locally-orientated economic policies are rare in broader economic policies. However, economic development processes taking place at the municipal level are important in overcoming the global economic crisis and reviving the national economies. Local economic development is a process that brings together resources from within and outside the community to promote economic growth in a systematic and organized manner at the municipal level. While local economic development is widely used in developed and developing countries all over the world (there are various handbooks and toolkits for this) and is extensively investigated (starting from an analysis of more general issues and moving on to specific issues) in academic literature, it gained insufficient attention in Lithuania. Thus, their study aimed to give a comprehensive theoretically based overview of economic development processes taking place at municipal level.

The context of local economic development emergence and evolution are analysed first. Ragasa, Lambrecht, Doreen and Kufoalor (2018) assess the use of contract farming as a strategy for increasing adoption of new agricultural technologies and developing value chains in Ghana. The focus was on different maize-based contract farming schemes in the poorest and most remote region in Ghana. It assesses the profitability and potential impact of these contract farming schemes, utilizing a unique plot level dataset that covers two periods of data and two maize plots (scheme and non-scheme) per household, and employing matching techniques and an instrumental variable approach to address selection bias and unobserved heterogeneity across farmers. They revealed that these schemes led to improved technology adoption and yield increases. A subset of maize farmers with high yield improvements due to contract farming participation has high profits. Maize contract farming schemes also enabled market coordination and a consistent supply of quality maize to downstream industries. However, on average, the impact of the contract farming schemes on profitability is negative, even when input diversion is accounted for.

Yield increases are not high enough to compensate for higher input requirements and the cost of capital under the schemes. Sustainability of these contract farming schemes is largely dependent on developing and promoting much-improved varieties and technologies that boost yields in order to compensate for the high input and credit costs. Wahida *et al.* (2017) indicate that community-led local development and community-

driven development mechanisms are development phenomena adopted by many developing and developed countries with an aim of improving proactive community participation and quality of life along with the social wellbeing of the local community. They further stated that public participation needs to be evaluated in terms of the involvement, collaboration and empowerment of the community. There is a need to set substantive goals or outcomes for community initiatives and to ensure that sufficient human and financial resources are allocated. Problems can be better solved when responsibilities are shared between communities and the public and private sectors. It can be a forum for proactive deliberations that gives a genuine opportunity to the stakeholders to develop alternative solutions to problems. The support of local government can play an important role in the implementation of initiatives or policies for communities. Their study also maintains that a community can determine its needs but it needs to be supported by local government and the political orientation of elected representatives so that those initiatives can be engaged in different forms.

Furthermore, they revealed that favouritism of local officials impedes community empowerment by not taking into account the views of community members. If individuals in a community do not have common identity, then they will not cooperate in any real sense and may have conflicting views about a single problem. A lack of trust and social relationships, a lack of facilitating institutions and a lack of financial and human resources can reduce the effectiveness of community led initiatives. In relation to the above literature, Klasen and Reimers (2017) also indicate that pro-poor growth has been identified as one of the most promising pathways to accelerate poverty reduction in developing countries. In their article they discussed the extraordinary importance of agricultural productivity for poverty reduction in developing countries. They distinguish between land productivity-poor and labour productivity-poor and revealed that the poor are identified by low incomes, and poor education outcomes, and that low land productivity and low labour productivity overlap only to a small degree, suggesting that analyses of pro-poor growth from these different perspectives are complementary.

Moreover, they stated that enormous progress has been made in the income, education, and health dimensions of well-being. They further revealed that the land productivity-poor experienced pro-poor growth in the relative and absolute sense while the labour productivity-poor increased their labour productivity relatively (but not absolutely) faster than the labour productivity-rich even though the former had considerably lower

education levels. The LED initiatives discussed above are similar to the LED initiatives that are initiated in South Africa, and the challenge indicated in the literature is that some of these initiatives are globally ineffective and they are not sustainable hence they are failing to respond to issues of poverty and unemployment. As stated by Saito *et al.* (2018), tourism's economic impacts are considerable for many developing countries yet those most in need often benefit little from the tourism sector. As such, Pro Poor Tourism (PPT) has been advocated as a means of contributing to poverty alleviation. However, it is acknowledged that such projects may not succeed and this often occurs when PPT projects are not properly managed or when they are implemented without, among other things, appropriate community engagement and mechanisms for capacity development. Arguably, the consultant has an important role; not only do they act as the intermediary between the PPT funding agencies and the local community, but they carry out the funding agency's directives with regard to community engagement. Moreover, their article indicates inefficient frameworks and strategies for engagement and a lack of political will to meaningfully engage local communities on PPT projects.

Zeng (2018) advocates that tourism assisting the poor has been an important approach in the anti-poverty strategy. Studies suggest that the conventional tourism model fails to generate benefits for the poor and to some extent increases the gap between the poor and the rich, which subsequently causes more social problems. Pro-poor tourism (PPT) is regarded as an alternative model. Precisely targeted assistance to the poor is the key to initiating this model, while the institutional change and implementation mechanism are essential to run it successfully and sustainably. Social entrepreneurship focusing on social values while adopting modern business philosophy has been introduced recently as an instrument in helping disadvantage populations. Moreover, Zeng explores the role of social entrepreneurship and social enterprises in PPT development and the implications for the anti-poverty practice in other regions including ethnic areas in China.

3.3 Global LED trends

The origins of Local Economic development practice can be traced back to the 1960s (Swinburn *et al.* 2006). The LED approach was first apparent in Western Europe and North America (Blakely and Leigh, 2010; Clarke and Gaile, 1998). Swinburn *et al.* (2006) and the World Bank (2003) revealed that in the 1960s, LED activities initially

concentrated on place marketing, recruitment of cheap labour and investment attraction. The main goal initially was to improve equity and increase demand. Furthermore, in North America and Western Europe, since the early 1980s Local Economic Development has emerged as a major scholarly and policy research issue. Cox (1995) stipulates that globally, economic growth issues are increasingly dominating the agenda of urban politics and planning, and local government has shifted towards the adoption of entrepreneurial economic development strategies. Kantemeridou *et al.* (2013) stipulates that it is the duty of the state to create opportunities for citizens to have access to employment and a satisfactory quality of life, with respect for the environment and the sustainable management of natural resources. As regards employment, it is necessary to have participatory planning with the stakeholders and accordingly adapt employment policies, both on a regional and local level. This will result in promoting local forms of employment depending on the characteristics of each area, by linking it to local production units and the local labour market.

In this way, a dynamic relationship is formulated that continuously shifts depending on the labour supply and demand, which is affected by the national and global productive environment. Participatory processes must be designed in a way that makes citizens realize that their input can have an effect. This can be achieved by creating a relationship of trust and mutual understanding. Moreover, citizens feel discouraged when they are asked to participate, after having witnessed other processes where they have had no impact on the final decision. A determinant for effective participation is education, since it makes citizens feel self-confident and aware, and helps them channel their efforts towards a specific goal, instead of remaining impassive and simply expressing complaints about problems that concern them. The participation of a well-informed, aware public increases the capacity of citizens and local communities to address current and future environmental problems and safeguard democracy.

Robinson (2004) states that one example of the growing application of local economic development planning in developed countries is the case of post-apartheid South Africa in parallel with the experiences of Western Europe and North America. This recognises the scope of LED that is distinguishable in developed countries and developing countries, where African countries are developing and the North American continent including Western European countries are developed. Binns and Nel (1999) note that the dual nature of LED comes from the international scope stating that in a world where post-

modern thinking encourages a rejection of all-encompassing models and a greater focus on local uniqueness, this indicates that LED is clearly an expression of a broader paradigm shift in both the social sciences and global realities. The broadening scope of LED enables one to see a different perspective of economic development in developing countries. This is highlighted by Nel (2005) who argues that development strategies in Africa need to focus more on local self-help and community self-reliance. Nel further highlights that structural adjustment, drought, war, civil strife and the failure of top-down development schemes have forced many rural Africans to look inward at their own resources and skills to cope with the harsh realities of the global economy. The above studies reveal that there is a close equivalent between the fundamental principles of local economic development and ideas advocated by anti-development theorists, namely that future development initiatives should focus on strengthening local social movement, rather than encouraging alien, or imposed, Western development theories, and this was also supported by Binns and Nel (1999).

It is of this nature that the context of Local Economic Development has gained broader perspectives and ideologies that differ in terms of region and functioning in order to address socio-economic challenges. Judd and Parkinson (1990) study the Northern aspect of Local Economic Development and stated that the North tends to focus more on issues of investment, big-business support and large project development undertaken by relatively well-resourced local agencies. On the other hand, Taylor and Mackenzie (1992), commenting in the literature on LED in the South, point out that LED in the South relies more on community-based initiatives, utilizing indigenous skills and seeking primary resources to ensure the survival of the community.

Moreover, Cunningham and Meyer-Stamer (2005) state that urban planning has influenced Local Economic Development in Africa and it is informed by experiences with urban planning in industrialised countries. Nel (2005) states that LED has pursued a welfare approach and the country's embracing of neo-liberalism has also encouraged greater levels of local economic action and entrepreneurialism on the part of the private sector with certain local governments responding to perceived market opportunities. On the other hand, urban planning leads to building structures, creating latitude, and limits social structures and processes. The act of planning and development has proven to be beneficial as it has been stimulated by a fundamental critique of government and planner-driven approaches, and thus promotes participatory approaches to urban planning,

involving various stakeholders and local communities. Swinburn et al., (2006) indicates that well planned LED is gradually used by communities to strengthen the local economic capacity of an area, improve the investment climate, and increase the productivity and competitiveness of local businesses, entrepreneurs and workers. The ability of communities to improve their quality of life, create new economic opportunities and fight poverty depends on them being able to understand the processes of LED, and act strategically in the changing and increasingly competitive market economy. Local government has a role to play with regard to assisting the community members to understand LED processes. The above highlights good practice in local economic development strategic planning and implementation.

LED strategies are increasingly being recommended as an alternative to, or complementing traditional development strategies. However, beyond a limited number of areas where best practices have been identified, there has been little systematic monitoring of whether LED really works. Rodriguez-Pose and Tijmstra (2007) investigated whether seven different components of LED have delivered greater human development across Mexican local governments; these are a development plan, sustainability, entrepreneurship, capacity building, participation mechanisms, development links and autonomy. Their study revealed that municipalities engaging in LED during the last two decades have witnessed significant improvements in human development, relative to those which have overlooked LED strategies. Furthermore, their findings indicate that the increase in social development has been extreme for those local authorities that have pursued capacity building and the establishment of additional development links and which have drafted a development plan. Their study concluded by indicating that engaging in LED leads to greater local development both socially and economically.

Mensah *et al.* (2013) maintain that local economic development involves identifying and using primarily local resources, ideas and skills to stimulate economic growth and development, with the aim of creating employment opportunities, reducing poverty, and redistributing resources and opportunities to the benefit of local residents. Mensah *et al.* (2013) examine the effects of policy and institutional frameworks on local economic development in Ghana and indicated that growth and development cannot take place in an institutional and legal vacuum. Local development and growth require an institutional and legal framework that allows development to take place in an orderly manner and in

which agents know that the decisions they take and the contracts they make will be protected by law and enforced. His findings indicate that over the years several institutions and policies have been put in place to help improve development at the local level.

It is therefore important to build local capacity and strengthen the institutions to be able to use local resources effectively and to stimulate economic development at the local level. The above studies made a significant observation on Local Economic Development in urban planning and states; however, this study argues that the implementation and sustainability of urban development as a good practice to pro-poor Local Economic Development is flawed. One of the flaws of such an approach is advocated by Pritchett and Woolcock (2004) who mention the correlation between urban planning and development approach in terms of government service delivery. Key services are those for which there is a broad consensus that some government action is necessary, desirable and inevitable. Furthermore, Cunningham and Meyer-Stamer (2005) state that Local Economic Development is highly discretionary; it does not involve standardised service delivery and it is transaction intensive, since it involves ongoing communication and negotiation between various stakeholders. LED as an integral part of urban planning is perceived by Cunningham and Meyer-Stamer (2005) to have its pitfalls in the manner in which it is applied.

3.4 Deficiencies of LED initiatives worldwide

Numerous studies discussed in this section have indicated that LED projects have deficiencies that hinder development and lead to their failure. Dulala *et al.* (2012) state that LED projects fail to come up with clearly formulated project designs, and there are gaps in capacity, coordination and transparency of those projects. García-Amado *et al.* (2013) argue that the projects tend to overlook issues such as (i) participation of poor people in the project, (ii) impact on participants' livelihoods, and (iii) impact on non-participants. Meanwhile Huang, Shao and Liu (2012) recognised that the shortage of capital and skills, and ineffective policies and poor governance lead to the failure of LED projects. Garcia-Amado *et al.* (2013) indicate that most of the LED projects are temporary, meaning they are not sustainable, and are a risky source of income as they do not provide new income options after the project ends. Therefore, the question one may ask is what purpose do they serve and what are they meant for? Do these initiatives

alleviate poverty in a sustainable manner? These are some of the questions that this study attempts to answer. Aliber (2003) presents an argument that addressing poverty has nothing to do with having resources but policy makers need to understand the nature of poverty that they are trying to address with proper measures. Francis (2002) comments that poorly trained, poorly motivated staff, skills shortages and overstaffing hinder the success of LED projects. Also, Omukoba *et al.* (2011) emphasise that the main management challenges of Income Generating Activities include the lack of sufficient funding, poor record management and lack of qualified personnel. As much as good policies that were discussed earlier may exist, if there are no tools to make it happen, then it's a waste of time and energy.

Hallegatte *et al.* (2014) state that access to and participation of local people in the designing and implementation processes can improve the success of projects; however, Lizarralde and Massyn (2008) argue that community participation does not guarantee that the objectives and challenges will be dealt with. Common constraints of a community-based approach include the following: challenges when it comes to integrating the community in the design and management of the project, building up mutual trust between agencies and communities, as well as the unwillingness of the government to give power to the local people. Furthermore, Chaurey *et al.* (2012) indicate that people at grassroots level in the community and those who benefit directly and indirectly from LED projects should be involved in the planning, operations, maintenance and execution processes of the projects to ensure their sustainability. Van Els *et al.* (2012) note that community ownership can be effective when there is clear input and control on the part of the local community in the design and execution of the initiative and promotes cooperative projects.

Chaurey *et al.* (2012) conclude by stating that even if people may be involved in the day-to-day operations and management of the project there may be a lack of capacity building and proper training that could eventually lead to the failure of the project. Participation is perceived to be closely related to empowering historically marginalized communities and is therefore key to long-term development. However, Lizarralde and Massyn (2008) assert that community participation can only be presented as an alternative means and is not the only indicator of developmental objectives. Unemployment is known as the number one priority issue of local concern in most South African municipalities and this was also highlighted in an International Labour Organization investigation (ILO, 2002).

According to Blumenfeld (2013) unemployment in South Africa, especially youth unemployment, is considered to be at an extreme level when it is measured using the unemployment ratio, comparing those people actually working, with those at working age without jobs. Blumenfeld (2013) further stated that according to the ranking of emerging markets, South Africa is far below other countries including even its very own BRICS partners. The rate of people under 24 years who are looking for jobs in South Africa is about 24.4 percent compared to other developing states which have an unemployment rate of around 67 percent which is really not good for the economy of the country. Before 1994 the unemployment rate was caused by the number of apartheid laws and policies that were in place that excluded black people and other previously disadvantaged individuals from getting some types of employment; however, our country is still being affected by the fact that the impact of apartheid policies is still evident.

Another major contributor to the level of unemployment in our country is the fact that previously people were denied the opportunity to further their studies or even complete their primary education which is now depriving them of job opportunities. The above clearly shows that municipal actions towards implementing and sustaining pro-poor LED initiatives are crucial strategies for poverty alleviation and the creation of job opportunities. The history of this country has contributed to the inequality and the high level of poverty prevailing in post-apartheid South Africa with specific reference to the rural areas. In this regard, Karriem and Hoskins (2016) state that post-apartheid South Africa has struggled to address the deep socio-economic legacies of the apartheid era.

Under colonialism and apartheid, millions of black South Africans were forced off their land. Extreme socio-economic problems are still experienced by the majority of the black population and in the rural areas many women are excluded from economic opportunities. Karriem and Hoskins (2016) stress that post-apartheid South Africa has high poverty levels, and huge inequalities, caused by apartheid policies which limited participation in the labour market and stifled business creation. These apartheid laws served to keep Blacks powerless and willing to work for Whites for very little (Stull, Bell and Ncwadi, 2016). Apartheid policies created job-seeking skills rather than job creation skills; this proved that black people served as labourers during the apartheid era. Consequently, Koma and Kuye (2014) assert that a lack of the required skills hinders local economic development today. Boni and Walker (2016) indicate that the legacy of the apartheid education and training system is still with us today in the form of a skills shortage. Thus,

the huge challenge is transforming the education and training system to one capable of producing the skills required by a rapidly growing local economy. Because blacks constitute the majority of South Africa's population, the economy as a whole suffers due to their lack of skills. As a result, this lack of black educated people hinders local economic development in rural areas. Therefore, even if there are good LED policies in post-apartheid South Africa, that will enable people to practice entrepreneurship, it will be difficult to erase their dependency on finding employment rather than starting their own businesses.

Karriem and Hoskins (2016) further indicate that in rural areas in particular, people were denied access to overall basic needs and fertile land for agriculture. Stull, Bell and Ncwadi (2016) state that the colonial and apartheid governments forced many Africans into hilly, rocky areas with no fertile land for agricultural production and further recognized that throughout the second half of the twentieth century, land in these areas became increasingly scarcer, making it almost impossible for residents to engage in agricultural production. Stull, Bell and Ncwadi (2016) stress that in the 21st century, farming is very difficult due to limited plot size and decreased quality of soils and food production in rural areas has fallen severely. It makes it difficult for the people to practice agriculture as the land is not fertile and eroded by overpopulation of people and animals in the rural areas or former homelands. Karriem and Hoskins (2016) indicate that most commercial arable land still owned by white farmers and foreign businesses today. People in the rural areas lived on commercial farms either as farmworkers or in communal areas under the communal tenure system.

Sixty percent of the people living in rural areas are characterised by poverty, joblessness and weak institution (Statistic South Africa, 2011). Furthermore, Seyfang, Park and Smith (2013) state that the most significant challenges in a project can be stated as follows: lack of clear direction or management, overcoming public disinterest and mistrust, the need to consolidate learning and skills so they can be transferred to others, a lack of policy support, and inconsistent and hard-to-access grant funding. Rural communities tend to be isolated from service delivery, acquisition of information, and development of infrastructure. This hinders the successful implementation and sustainability of LED projects. It is also highlighted by Gandure *et al.* (2013) that rural communities are forced to pursue a range of livelihoods, are vulnerable to climate change, and experience a variety of economic, environmental, social and political policy

decisions. Francis (2002) points out that those who are involved in agriculture and livestock projects are faced with challenges such as monitoring labour, and that commodity markets were quickly flooded and vulnerable to theft. Aliber (2003) presents an argument that, in some cases, different departments may collaborate or co-fund rather than duplicate or compete, but the point remains that agricultural projects are excessively popular, probably for lack of alternative ideas. When projects are duplicated, they produce the same products and this t may lead to strong competition in the market to sell those products within one local area. South African Cities Network (SACN, 2011) indicates there are key challenges impacting on the ability of local governments to implement LED, and these challenges are presented in figure 3.1 below.

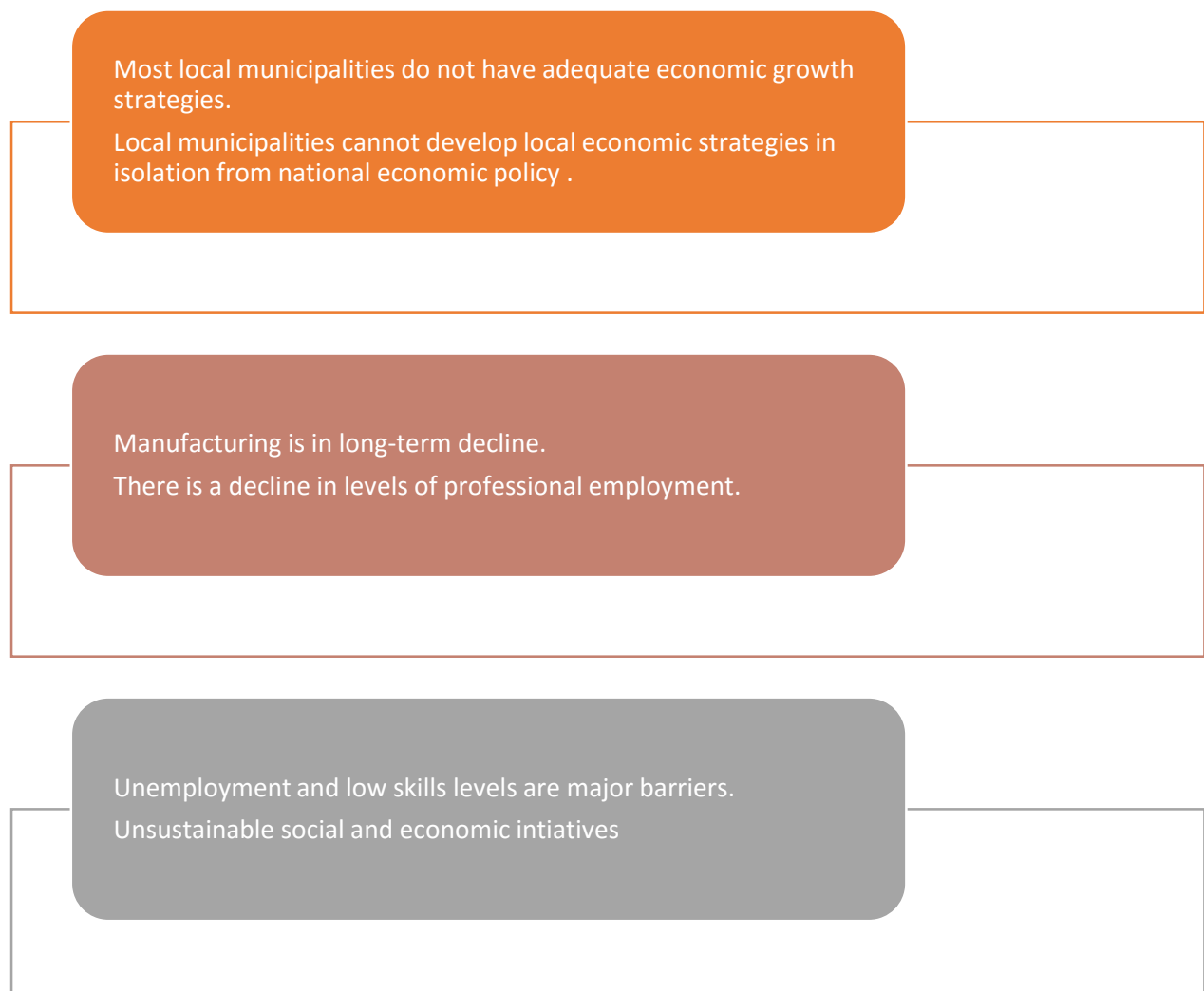


Figure 3.1: Key challenges in LED implementation in South Africa SACN, (2011)

It is pointed out by Gandure *et al.* (2013) that in many cases the impact of inaccessible markets is the biggest challenge, whilst the issue of climate change is also a major concern. Due to those limitations projects may suffer heavy loss of income. Aliber (2003) revealed that sometimes government officials and other parties involved act as implementing agents to help people launch and manage income generating projects because of their lack of sufficient technical expertise and entrepreneurial experience. Seyfang, Park and Smith (2013) suggest that groups can achieve success on their own provided they have consistent policy support, as well as networking opportunities to ensure that they have the required resources in order to progress and achieve the objectives of the projects.

3.4.1 Possible solutions with regard to LED deficiencies

Meyer (2013) maintains that provisional solutions to the challenges of LED are skills development, capacity improvement and revised implementable strategies. Meyer provides the recommendation that supports the facilitation of improved co-operation and co-ordination between the district and local municipalities. Moreover, Meyer (2013) emphasized that strong participation at local level is required as well as fostering community commitment to their development. To help SMEs expand, for example, the municipality could make more land available for business purposes (Pooe and Mafini, 2012). The municipality's responsibility to bail out undercapitalized businesses could be an example of a business retention strategy (Pooe and Mafini, 2012).

Meyer-Stamer (2003) suggests that there must be a clear distinction between LED and other community development initiatives through ongoing analysis of local economic sectors and addressing market failures by stimulating entrepreneurship and business development. Identifying and implementing "quick wins" projects and the creation of a strong partnership between public and private sectors was also emphasized. Koma (2014) indicates that adequate staffing for LED municipal units or departments and agencies should be a top priority for municipalities. Government should provide adequate funding in order to attract and retain professionally qualified, competent and capable LED policy implementers. Adequate LED skills are crucial for the effective implementation of LED policy and various capacity-building initiatives should be developed and customized to cater for the generic skills development of LED policy implementers. Adequate financial resources should be made available for municipalities in order to initiate LED projects

through various avenues, in the form of loans, grants and subsidies. Local government and government departments must speed up public investment on infrastructure to ensure the availability of premises for enterprises; physical infrastructure such as electricity, telecommunications, roads and transport facilities such as railways and ports should be established and/or maintained; linkages with existing large enterprises should be maintained. Moreover, government should prioritize service delivery planning through the provision of basic services such as water and sanitation, electricity, human settlements and education. Rogerson (2013) highlights that issues of market limitation or lack of access to markets because of geographical location experienced by many small enterprises providing goods and services in rural areas should be dealt with to ensure sustainability of rural entrepreneurs. According to Rogerson (2013) this can be addressed through expanded access to market opportunities from both private and public-sector procurement.

3.5 LED interventions in South Africa

LED interventions in small towns such as Richards Bay are variously designed to promote both growth of the local economy and to address concerns of persistent poverty. Houghton *et al.* (2013) indicate that small towns are recognised as an important aspect of the development and transformation of the South African landscape, particularly in relation to meeting the economic development needs of rural communities. This study concurs with Houghton *et al.* (2013) because it finds that small towns need to be developed and people who are residing in small towns need to be empowered with economic opportunities. However, most people residing in small towns are illiterate including those residing in rural areas and they are not informed about LED initiatives hence it is the role of the government to inform communities about initiatives that can improve their quality of their life.

In the light of this, it is crucial for this study to critically examine the role that is played by local government to support pro-poor LED in the King Cetshwayo District Municipality. In rural areas people who run small enterprises such as spaza shops, hairdressers and small agricultural produce outlets show considerable entrepreneurial skills (Swanepoel and De Beer, 2014). With proper local economic development support and provision of infrastructure, these small enterprises can make a meaningful

contribution to reducing or eradicating poverty (Swanepoel and De Beer, 2014). The majority of local government bodies in rural areas are seeking to promote tourism as an economic driver for local economic development (Rogerson, 2016). Meyer (2007) stipulates that the sourcing of local agricultural products is seen as a key benefit that the tourism sector can provide to rural communities. In addition, since small-scale agricultural producers are often members of the poorest income groups in rural areas, the supply chains between tourism and agriculture can be regarded as pro-poor flows (Ashley and Haysom, 2008). This indicates that LED initiatives must provide linkages between other LED initiatives, for instance; agricultural production can form a link with other tourism initiatives by providing fresh produce. If that can be done, small emerging farmers can provide food, for instance, for schools' feeding schemes. This link could make LED initiatives sustainable in communities. Furthermore, the World Bank Group (2011) states that LED initiatives encourage local government, the private sector, non-profit organisations and local communities to work together to improve the local economy by creating jobs and alleviating poverty.

The White Paper on Local Government (1998) and the Constitution of the Republic of South Africa (1996) support the study of World Bank Group of 2011 by indicating that developmental local government is where local government is committed to working together with the community and other stakeholders such as community-based organisations (CBOs), business people and Non-Government Organisations (NGOs) to find sustainable ways to meet their social, economic and material needs and improve the quality of people's lives. LED is about local government working together with communities, taking control, playing a leading role and being in charge of job creation and providing stability in the local economy by introducing LED initiatives that can assist community members to be financially independent so that poverty can be eradicated.

Meyer (2013) indicates that services rendered through LED projects involve three partners: the government, the private sector and the local community. Marais (2010) pointed out that throughout the world LED initiatives have brought about positive results when it comes to poverty reduction and other development issues such as employment generation, economic wellbeing, income generation, food security and an increase in the standard of living of various communities. The question that needs to be asked in terms of the current study is whether what Marais (2010) states above is also applicable to the King Cetshwayo District Municipality, in other words, will this study support Marais'

findings? Can pro-poor LED initiatives bring about positive results for the people of King Cetshwayo District Municipality and if that is the case, are those results sustainable? These questions will be answered in the discussion of the results of the current study. Rogerson (2006) and the White Paper on Local Government (1998) revealed that the central government recognizes local government as a key role player to impact change and specifically respond to the developmental needs faced in their localities, with a specific focus on the poorest members of society.

Developmental local government set the scene for Integrated Development Planning (IDP) and LED is regarded as a key element of IDP (White Paper on local government, 1998; Harrison, 2001; Hindson, 2003). Practising LED means working directly to build local economic strength to improve the economic future of the local municipality and the quality of life of its inhabitants. The success of communities depends on the ability of local government and the community to adapt to the fast-changing and increasingly competitive market environment. Local governments have an essential role to play in creating a favourable environment for pro-poor LED for the benefit of local businesses and enhancing job creation. Moreover, it is the function of local governments to generate and manage local projects where the aim is to address inequalities between citizens as they are the key authority to mediate the public good (Rogerson, 2011).

However, it is also important for the citizens to understand the country's economy, economic policy and economic development (Gelb and Grasmann, 2010). Furthermore, Meyer (2014) stipulates that clear leadership in LED has not yet been forthcoming. He further pointed out that integration and co-operation between stakeholders and government departments is required to improve so that duplication of tasks could be avoided. Parker (2015) highlights that there is a need for a strong focus in social cohesion so that effective LED can be promoted and he also highlighted that LED activities can strengthen social cohesion. It was reported in the White Paper on the Transformation of the Public Service (WPTPS, 1995) that urban areas in South Africa are provided with higher levels of services. Equally, the biggest backlogs are in rural areas, where services were virtually non-existent in 1994 and Rogerson (2010) also points out that LED projects are more easily implemented in big cities such as Durban, Cape Town and Johannesburg than in small towns and rural areas. However, poor people are mostly found in small towns and rural areas. If one were to compare the implementation of LED programmes in urban areas with the ones implemented in rural areas with respect to social

and economic development, a number of differences would be evident. This section has revealed that the mandate of implementing pro-poor LED is more related to local government (South Africa, 1996; White Paper on Local Government, 1998; Nel, 2005; Rogerson, 2010; Meyer, 2014). It has also revealed that remote and rural areas are mostly affected by high rates of unemployment, poverty and economic inequalities. The implementation of pro-poor LED policies has a long history but until now those policies were not effectively implemented and they have not been addressing the needs of the poorest and most disadvantaged communities. The above literature has also revealed that as much as local government is mandated to run pro-poor LED initiatives, they do not work in isolation; they are supposed to work together with other spheres of government, groups within the community and the community to find ways of implementing and sustaining pro-poor LED (World Bank, 2011; Meyer-Stamer, 2003; Nel, 2001; Tomlinson, 2003; Nel *et al.*, 2002).

Having considered the above literature, it is evident that there has to date not been a study that examines and analyses the implementation and sustainability of pro-poor LED initiatives at local government level particularly in the King Cetshwayo District Municipality. Therefore, this current study analysed the role that is played by local government in implementing and sustaining pro-poor LED in both rural and urban areas of King Cetshwayo District Municipality. It further investigated whether the LED initiatives are effectively organised in order to ensure implementation and sustainability. If they are not, what are the challenges that hinder the implementation and sustainability of the LED initiatives within the study area? These are some of the broad questions this study attempted to answer.

3.6 The effectiveness of local government in implementing LED initiatives

The effectiveness of local government is regarded as being core to the implementation and sustainability of pro-poor LED and it is the responsibility of local government to work extensively with local stakeholders in the implementation and sustainability of LED as stipulated in the Municipal Systems Act of 2000. Rogerson (2006) indicates that in post-apartheid South Africa, LED activity is attracting growing policy significance, which puts more emphasis on adherence to policy on the part of the municipality and community members. It has been seen that effective and sustainable local economic

development has been associated with the emergence of strong local partnerships bringing together key stakeholders from both the public and private sectors along with local community interest groups. Such partnerships bring a range of diverse perspectives and insights to the definition of local strategic priorities, strengthen consensus and commitment, and can contribute to the successful implementation of local development strategies and plans. Therefore, it is important for all municipalities to develop a sound strategic plan to achieve its goals. Municipalities are strategically placed to undertake long-term planning in the arena of poverty alleviation (Koma and Kuye, 2014). Local government and stakeholders thus have a crucial role to play both as policymakers and as institutions of local democracy, and they need to become strategic, visionary and ultimately influential in the way they operate (Rogerson, 2006). A critical part of local government's leadership role in the area of LED rests within its ability to draw other key stakeholders into the local economic development process.

Local government has been pro-actively encouraged through the Constitution of the Republic of South Africa (1996) and other legislative framework to intervene and play a leading role in job creation and reduction of poverty through LED initiatives (Meyer, 2013). Through the Local Economic Development policy, local municipalities are expected to play a central role in boosting local economies (Koma and Kuye, 2014). According to Rogerson (2010), there are different ideas or arguments disputing the role of local government in implementing LED initiatives. A challenging divide has been created between those who believe local government should provide a direct solution by supporting projects for job creation and others who advocate for an indirect solution in the form of creating an enabling environment. In supporting those who advocate for local municipalities to create a favourable environment, Swanepoel and De Beer (2014) suggest that no development would take place without the recognition of assets such as land and water and infrastructural assets such as roads, electricity, buildings and sanitary system by local government.

Human, Marais and Botes (2008) maintain that the main role for local government regarding LED is the creation of an enabling environment, which is done through the provision of basic infrastructure such as water, electricity, roads and waste removal, and to stimulate private sector development through incentives. Snyman (2016) elaborates further that local government is important as a provider of the infrastructure and institutions necessary to ensure private sector investment and commitment as well as

local support. In addition, this creates the appropriate conditions for private sector investment in rural businesses and local supply chains by providing support and incentivizing investment (Snyman, 2016). The above clearly indicates that if local government and the private sector are invested in the community they can work together with the local population in promoting local economic development by providing training and a market place for local produce/products. The White Paper on Local Government (1998) emphasizes that local government is not directly responsible for creating jobs. Rather, it is responsible for taking active steps to ensure that the overall economic and social conditions in the locality are conducive to the creation of employment opportunities. Koma (2014) states that municipalities have become crucial role-players in the investment decisions of private sector organizations because many of the important variables that determine whether a private company decides to invest in a particular area are the responsibility of municipalities. These include access to development land, local transport and communications infrastructure.

Municipalities, on the other hand, have a key role to play in coordinating and promoting LED (Koma, 2014). Poor coordination could severely undermine the new development mechanisms to ensure resources and investment initiatives from both the public and private sectors in order to meet their development targets (Koma and Kuye, 2014). Greenwood and Holt (2010) state that local government must develop a local economic development that supports entrepreneurship and creative thinking in small businesses and that develops an entrepreneurial culture and self-employment. It means that people must be job creators rather than job seekers. Therefore, LED must break the dependency syndrome of the people on government by creating sound LED initiatives that suit the place and the people.

3.7 LED and income generation

As the crisis of unemployment and poverty continues to grow in South Africa, specifically in rural areas, citizens are compelled by hunger to take action towards self-generating income for survival since employment cannot be justified as the only way of making a living. With inefficient and overwhelmed municipal and public services, local governments and public institutions are hard pressed to provide even basic services to low-income informal settlements and disadvantaged people. In such cases, LED should

respond to such basic needs by converting the challenge into sustainable economic opportunities that will assist the poor to be financially independent and generate income that will improve their quality of life. Abdulrahman and Abdelmalik (2015) define income generation as an intervention which attempts to address poverty, unemployment and a lack of economic opportunities to increase the participant's ability to generate income and secure a livelihood. Niesing, Scholtz and Kruger (2015) state that the problem of poverty is multi-dimensional and the lack of jobs in South Africa is adding to the problem. South Africa is one of the countries with the highest income gap between those who are rich and those who live below the poverty line. This goes back to the apartheid era where people were deprived of economic resources. For the past few years the government has tried to redistribute income to the poor. The majority of population are unable to afford a minimum standard of living such as access to shelter, food and healthcare. In response the government introduced LED projects to assist people to generate a sustainable income.

The question of whether those projects continue to generate a sustainable income still needs to be answered. Developed and developing countries adopt and practise LED for different reasons. Nel (2001) confirms that the reasons for practising LED in developed and developing countries may differ. However, Geddes (2003) indicates that it all began after World War II, when both developed and developing countries were obsessed with industrialisation and economic growth. There is, however, a wide economic growth gap between developed and developing countries. In developed countries the main concern is about maintaining a high standard of living, while in developing countries the population is achieve and maintain a minimum standard of living and in trying to do so, LED is seen as the tool to alleviate poverty through job creation and income generation. Ramukumba (2012) states that LED came into being in an attempt to create employment, alleviate poverty, and boost economic growth in a sustainable manner.

LED initiatives were implemented to generate income for the poor, not just short-term income but a sustainable income which would enable the poor to benefit in the long term. Nel and Binns (2001) point out that LED utilises local resources and skills in order to increase economic growth and alleviate poverty in local areas. The White Paper on Local Government (1998) promotes and recognises the role that can be played by local resources such as tourism that involve and employ local people in order for them to generate income (Department of Environmental Affairs and Tourism (DEAT), 1996).

Binns and Nel (2002) support the view that locally available resources such as agricultural projects and tourism should be recognized by local municipalities in South Africa as a way forward through which development can be achieved and the host community can benefit. However, Ramukumba (2012) suggests that the main focus of LED is to encourage economic growth and to diversify the local economic base. This calls for a variety of income generating activities such as agriculture, craft work and other activities. Nel (2001) recognises the importance of complimentary investment within the private, community sectors and between the public and private agents, which, when properly managed, could result in important economic gains and external benefits. The use of local resources and skills is recognized by government as a key vehicle for bringing about economic change and alleviating poverty.

Oldewage-Theron and Slabbert (2010) state that the South African government uses income generation strategies because they result in an immediate cash inflow and skill development for the participants who are involved in LED projects once they have been implemented. Economic improvement and poverty alleviation can be achieved through the implementation of income generating projects. Income is important for the functioning of any household in a society. Without income one cannot afford basic needs such as food and shelter. Income is power; however, Ansari, Munir and Gregg (2012) dispute this by pointing out that income can increase capabilities but that it must not be seen as a panacea to improve the livelihood of the people. Meanwhile Berner, Gomez and Knorringa (2012) recognise the need to take both LED projects and the development of small businesses in order to create job opportunities and provide income. Thondhlana, Vedeld and Shackleton (2012) indicate that households still derive higher income from natural resources.

Ansari, Munir and Gregg (2012) indicate that income and consumption are a means of achieving what people value in life; however, the wellbeing and empowerment of people do not result from an increase in income. The majority of poor people are situated in semi-urban and rural areas which are the focus of the current study; LED strategies seek to generate income for them through projects and are thus more focused on these areas. Neves and Du Toit (2013) state that the majority of people in rural areas derive their income from land based grants, informal economic activities and links to urban resources. Furthermore, Kline and Moretti (2014) point out that policies such as LED were focused on disadvantaged areas in the hope of improving their income generation. Meanwhile the

question that still arises is whether those poor people are really benefiting from such projects. In many cases the projects target maybe 20 individuals and that doesn't cover even half of the people in a particular community. What happens to the other half of the population within that particular community? Niesing, Scholtz and Kruger (2015) define the concept of LED projects' sustainability according to the following elements: exposure, being able to export products, growth and empowerment, ownership being transferred and sufficient income. Kline and Moretti (2014) also reveal that LED projects tend to target a small percentage of the people within a particular community. Furthermore, Niesing, Scholtz and Kruger (2015) observe that only a few of these projects remain active for a period longer than 10 years and sustainability is one of the obstacles that income-generating community projects need to overcome. Goduka (2012) suggests that building strong networks and partnerships as well as the self-reliance of communities can lead to the sustainability of projects.

Kline and Moretti (2014) express the opinion that there is a need to investigate whether LED projects have the ability and capacity to create local jobs in order to generate income. Moreover, Niesing, Scholtz and Kruger (2015) further propose that participants in projects should be empowered through education and access to resources in order to maintain the sustainability of projects and maximise their ability as agents of change in their communities. Income generation interventions may not only lead to changes at an individual level, but could affect many people but only if they are implemented effectively and efficiently. They can alleviate poverty and income inequality at a societal level. Lee, Richard and Lee (2012) identify the importance of strong collaboration among various stakeholders and actors in LED in order to address the issues of income disparity and repetition of policies and services.

Furthermore, Abdulrahman and Abdelmalik (2015) maintain that providing support for income generation activities can lead to local economic development because income generation programmes provide new skills, services and opportunities for the communities and therefore stimulate the local economy. Wang *et al.* (2012) confirm that experiences from projects in China and India highlighted key societal factors influencing successful implementation of pro-poor LED such as market size, informal competitors, availability of legislation, financing and trust between industrial players. Seyfang, Park and Smith (2013) additionally emphasise that in order to grasp the range and extent of key factors and issues that have influenced the development of a community, a SWOT

analysis was practised by asking groups to identify the key internal and external factors, which had both positive and negative impacts on their projects.

3.8 Sustainability in the context of Pro-poor LED

True economic development must be sustainable over time. The term ‘sustainability’ came into use with the emergence of the term ‘sustainable development’ in 1987 when the World Commission on Environment and Development published their report, “Our Common Future”. The commission’s definition of sustainability indicates sustainability as a concept which deals with mankind's impact, through development of the environment (Bruntland, 1987:7). According to Greenwood and Holt (2015) the word sustainable raises the notion of costs for business, individual/local populace and local government. While on the other side sustainable development allows future generations the opportunity to have at least the standard of living we do today.

Sustainability also refers to the increased participation of local communities in development projects and initiatives to ensure their success at a local level and to improve the quality of lives of the people (Integrated Sustainable Rural Development Strategy, 2000). Traditional view of sustainability is that it comprises of economic, social and environmental factors. It is a capacity to endure or to continue, this means sustainability meets the variety of human need. It can also be defined as the building of something to maintain itself. For instance, pro-poor LED initiatives are funded at the beginning of the project with an aim of equipping the role payers with an ability to maintain these projects. LED is about local people working together to achieve a sustainable economic growth that brings benefits of life improvements for all in the community. Hence sustainability goes hand in hand with Local Economic Development.

3.9 World Bank Local Economic Model of 2005

This study is underpinned by the World Bank Local Economic Model. This model emphasises strategic planning through partnerships between local government, the business community and Non-profit organisations (NPOs). The World Bank model stipulates that LED should encourage investments that will promote sustained high growth in a local community. Local Economic Development is seen as one of the most important ways of decreasing poverty. The World Bank (2005) stipulates that the purpose

of LED is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. Moreover, it is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation. The ability to adapt to the dynamic market economy determines the success of the community and the improvement of their quality of life. Pro-poor LED is increasingly used by communities to fortify the local economic capacity of an area, improve the investment climate, and increase the productivity and competitiveness of local businesses, entrepreneurs and workers (Swinburn, Goga and Murphy, 2006). The ability of communities and poor people to improve their quality of life, create new economic opportunities and fight poverty depends on them being able to understand the processes of LED and use it effectively for the improvement of their own lives. It is clear that the success of the communities' efforts requires access to economic opportunities, where people are economically independent and see to their own solutions to problems they encounter (Warth and Koparanova, 2012).

An argument is thus made that sustainable development is one aspect that should be considered when implementing pro-poor LED initiatives and dealing with the ownership and use of the resources. This study is grounded on the indication that shows that social and economic development cannot be separated. The process of pro-poor LED which is used to gain access to social and economic development becomes crucial in the sense that it will allow poor people to be self-dependent and fight poverty rather than depending on government through social grants. Poor people understand that government has a responsibility to provide for its citizens; however, it is also important for citizens to work together with the government and support government's efforts through ensuring the sustainability of what has been done by the government, long-term development and making use of natural resources that are available to develop themselves, such as the use of land for agricultural projects especially in rural areas (White Paper on Local Government, 1998 and National Development Plan, 2013). This study acknowledges that it cannot be government alone that should take responsibility for the development of the poor so as to ensure economic development; however, the multidimensional approach to achieve sustainable development could work for both the government and the people. Working together with the people, the private sector, CBOs and NGOs will bridge the gap of solely holding the government responsible instead of ensuring that everyone has a responsibility in our democratic state. Kemp, Parto and Gibson (2005) state that

sustainability is about intermediate and long-term integration: the pursuit of all the requirements for sustainability at once, seeking mutually supportive benefits. The study is therefore examining the functioning of LED initiatives bearing in mind the functioning of strategic programmes and systems that are in place, the administrative level, the communication of these initiatives and the functioning of those initiatives to an optimum level to minimise the conditions of poverty, unemployment and inequality that are faced by citizens. LED focuses on the local potential and identifies specifically what local stakeholders can and need to do to ensure their local community reaches its economic potential. Therefore, Local Economic Development assesses a community's comparative advantage, identifies new or existing market opportunities for businesses, and reduces obstacles to business expansion and creation. LED activities should have an impact on poor people and on the economic viability of the entire city and surrounding areas, not just a particular sector of the local economy or a few individuals.

3.10 Why the Local Economic Development Model?

Traditionally, development strategies generally follow the top-down approach with national government determining what and where intervention is required without involving local actors or considering their input. In contrast, the LED approach focuses on development from below (local actors) and stresses the need for promoting economic development in all areas. LED strategies seek to assess the development potential of each area and to stimulate the adjustment of local economic systems to the changing economic environment. It aims at developing the local strength by creating new jobs, helping the communities to retain existing jobs, helping owners of the businesses to access capital so that they can take advantage of new business opportunities and eventually LED should contribute to a larger geographical environment to allow local people to successfully access economic opportunities.

Furthermore, LED supports a participatory process that encourages partnership between the various stakeholders (public, private, community, civic and business leaders) within a regional economy and is designed to create a strategic vision and feasible action plans that when implemented will result in job creation or job retention. Ferrante (2012) asserts that the sociological approach to understanding important social economic issues and events involves two interdependent and essential parts, and those are theory and research.

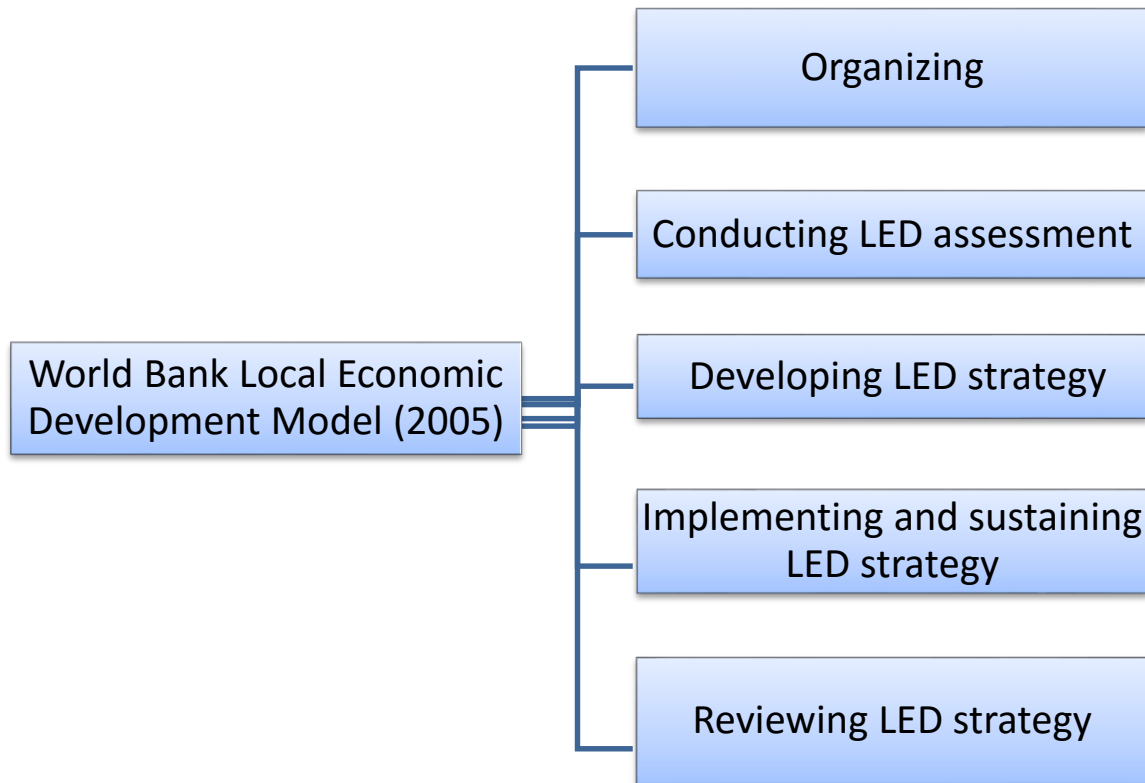
Having pointed out the above, good practice indicates that local economic development should always begin with the formulation of a strategic plan (World Bank, 2005; Nel, 2007; Rogerson, 2010). The World Bank recommends that poverty alleviation initiatives through LED should be integrated to provide poor communities with the necessary basic services such as water, electricity, education, healthcare, roads and sewerage. Active participation of the beneficiary communities on LED initiatives needs to be identified to provide meaningful economic growth.

The World Bank (2003) further views LED as a process by means of which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation. This research study is underpinned by the World Bank Local Economic Model (2005), which comprises of a five-stage approach to Local Economic Development namely: Stage 1: Organizing, Stage 2: Local Economy Assessment, Stage 3: Developing the Local Economic Development strategy, Stage 4: Implementing the Local Economic Development strategy, and Stage 5: Reviewing the Local Economic Development strategy (also refer to figure 3.2 below). Development strategy is crucial and it is indicated by Meyer (2014) that LED should be everybody's business, including local residents, local business people and government. The fact that LED strategies are primarily developed by local government and a wide range of local stakeholders means that LED strategies can help empower local communities and effectively use local resources. Figure 3.2 below illustrates that Stage 4 of strategic planning is to implement and sustain LED strategies. Nel and Rogerson (2005) note that the main constraints in delivering results in "pro-poor" implementation are a poor analysis of local economies, unsustainable community projects, lack of capacity and lack of resources – will that be the case in the King Cetshwayo District municipality? These are some of the investigations this study is intending to explore. Therefore, this research study is based on the following theoretical understanding:

- The LED process begins with identifying the people, public institution and other stakeholders (Organising).
- Conducting the local economic assessment is critical in order to achieve a realistic, practical and achievable LED strategy.
- Developing the Local Economic Development and a commitment of the vision, goals and objectives of the project.

- The Implementation Plan is critical for budgetary and human resource requirements.
- Strategy review is critical and it includes input, output, outcome, impacts, implementation process and the level of participation.

Figure 3.2: Five stage sequence of the LED strategic planning



Source: World Bank (2005)

Rodriguez-Pose (2005) stipulates that LED provides a more flexible and effective approach to enhance economic growth and reduce poverty. However, this may not occur without the implementation of policies or if policies are badly designed. Furthermore, Rodriguez-Pose (2005) states that LED only refers to those development strategies that are territorially-based, locally owned and managed and aimed primarily at increasing employment and economic growth. LED strategies approach development as a local rather than a sectoral problem. The LED approach presents a number of social and economic benefits for the local people. It is inclusive of an economic and social aspect that is often hard to find in traditional development strategies. It seeks to join together objectives for generating sustainable growth and addressing the needs of the poor in the

areas in which it operates. Government cannot work alone in the implementation and sustainability of LED strategies but it is essential to involve other stakeholders for the success of the LED initiative. It is also confirmed by Akudugu and Laube (2013) that LED becomes more effective when local stakeholders and authorities form a partnership with national planning agencies and international donors, and jointly design and implement initiatives aimed at improving the local economy.

Furthermore, Ruecker and Trah (2007) highlight that LED involves various key stakeholders and institutions from all levels of society; the public and private sectors, as well as civic society, work jointly to create a unique advantage for the locality and its businesses. It is further noted that these key stakeholders are expected to utilize LED as a strategy to tackle market failures, remove bureaucratic obstacles for local businesses and improve the competitiveness of local businesses. The World Bank Group (2011) states that LED offers local government, the private and non-profit sectors, and local communities the opportunity to work together to improve the local economy. It is noted by Rogerson (2013) that identifying cooperative opportunities and strategic planning provides a way to clarify competitive advantages and generate strategies that better address the needs of local communities.

3.11 Summary

This chapter has looked at the global initiatives of pro-poor LED, deficiencies of LED in South Africa and LED internationally. Literature reviewed has revealed that LED is concerned with creating strong and inclusive local economies that exploit local opportunities, address local needs and contribute to national development objectives such as economic growth and poverty eradication. The challenge of LED is its implementation and sustainability initiatives to address issues of poverty and unemployment. It is clear that other studies mentioned have emphasised planning processes involving all stakeholders within the local area for the successful implementation of LED strategies. Moreover, lesson learned from global studies is that LED is not working according to expectations hence, in most cases, the results are not positive.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 Introduction

This chapter provides a comprehensive standpoint on the research methodology and explains why the qualitative research paradigm was used in this thesis. Social scientists have to select appropriate techniques and methods to enable them to carry out their research task. Research methodology is defined as the “how” of collecting data and processing it within the framework of the research process. Usually there are two basic methodologies for collecting data, namely, the quantitative and qualitative methods. Both of these methods make use of specific techniques to collect data, inter alia, literature reviews, interviews, questionnaires and direct observation (Brynard, Hanekom and Brynard, 1997: 27). In essence the research methodology gives direction about how the study will be designed and implemented; it also helps to make interconnections between the research findings and the research questions. Furthermore, a good social science research involves justifying why we do research and why we use a certain methodology.

In this chapter the focus is on how data was collected and analysed. According to Buckingham and Coffman (2014), this chapter is crucial because it gives an explanation of the following points:

- It explains how data was obtained because the method used in a study affects the findings and those findings are interpreted.
- An unreliable research method produces unreliable results and, as a result, undermines the value of the interpretations of the findings.
- There are numerous methods one can choose to investigate a research problem. The methodology section of the study should clearly articulate the reasons why a particular procedure or technique was adopted.
- It explains that the data was collected or generated in a way consistent with accepted practice in the field of study. For example, in this study a multiple-choice

data collection instrument was used and an explanation is provided as to why there was a need for two research instruments for the research participants.

- The method must be appropriate to fulfil the overall aims of the study, which include the sample size, to be able to generalize and make recommendations based on the findings.
- The methodology also discusses the problems that were anticipated and the steps taken to prevent them from occurring.
- In the social sciences it is important to provide sufficient information to allow other researchers to adopt or replicate the methodology that has been used. This information is particularly important when a new method has been developed or an innovative use of an existing method is utilized.

The overall design of the study will now be discussed. This chapter first discusses the questions that need to be asked in building research methodology. Then it discusses the research paradigms, the research approach undertaken, which is qualitative, the sampling procedures, the research instrument, the data collection techniques, the data analysis, the problem statement, the research questions and the limitations of the study.

4.2 Standpoints for building research methodology

In building research methodology for the study, it is crucial for the researcher to understand and be able to clarify the following standpoints that will be discussed in the later sections of this chapter while some were discussed in the previous chapter.

- **Paradigm:** In this chapter different paradigms are discussed and the one that informs the methodology is linked to the study. The discussion helped the researcher to determine which paradigms may fit to the beliefs about truth; some dominant paradigms are discussed later in this chapter (section 4.3).
- **Theoretical framework:** In this study the theoretical framework was discussed in Chapter 3. The theories inform the choice of the research topic and the research questions were also linked to the theoretical framework, the literature reviewed and the data collection methods; the analysis and interpretation of the data also encapsulate the theoretical framework.

- **Research approach:** In this chapter the research approach, which was developed based on the research questions, is discussed. The research questions were developed from the theoretical framework and the problem statement.
- **Data collection:** The types and sources of data that were used to answer the research questions are discussed in this chapter. The research instrument that was used was considered as the best instrument to collect data for this study. There is also a discussion of the assumptions that guide the selection of participants in the study (sampling), the setting of the study, and the data collection techniques.
- **Data analysis:** The approach that informs the data analysis is discussed; the data was interpreted based on research questions, objectives and the theoretical framework.
- **Ethics:** Ethical consideration is a crucial part of any research study, and in this study ethical considerations were seen as an integral part of the study; possible risks were duly considered to ensure that the researcher obtained data for this study professionally and ethically during the process of data collection with the participants.
- **Accuracy and trustworthiness /Validity and reliability:** The question of by what and whose standards the design, data collection, analysis and interpretation of research findings are deemed accurate and trustworthy is also covered in this chapter under the standpoint of building an accurate research methodology.

4.3 Research paradigm

Saunders, Lewis and Thornhill (2009:118) define a paradigm as “the investigative social phenomena from which a particular understanding of current phenomena is attained and an explanation attempted”. A research paradigm is also known as a worldview; Creswell (2014:06) stipulates that “worldview is a basic set of beliefs that guide the action and underpin the study”. In relation to Creswell, Mertens (2009) states that research paradigms are a philosophical orientation that can be described through the epistemology and ontology of the study. Whitehead *et al.* (2012: 399) indicate that “a paradigm denotes a worldview based on a set of values and philosophical assumptions that are shared by a particular academic community and that guide their approach to research.”

Basically, a paradigm is a way of describing a worldview that is informed by philosophical assumptions about the nature of social reality; this is known as ontology. Epistemology raises many questions including:

- How can reality be known?
- How do we know what we know?
- What are the characteristics, the principles and the assumptions that guide the process of knowing and the achievement of findings?
- What are the sources of knowledge?
- How reliable are these sources?
- How does one know if something is true?
- What is the possibility of the research process being shared and repeated by others in order to assess the quality of the research and the reliability of those findings?

A paradigm thus leads us to ask certain questions and use appropriate approaches to a systematic inquiry and that is known as methodology – that is, how should we study the world? Ontology relates to whether we believe there is one verifiable reality or whether multiple, socially constructed realities exist (Patton, 2002). Ontology is about ways of constructing reality, “How things really are” and “How things really work” Denzin and Lincoln (1998). Epistemology enquires into the nature of knowledge and truth. A research paradigm involves, inter alia, positivism, post-positivism, constructivism, an interpretive, critical and transformative/emancipatory paradigm and a postmodernist approach.

Particular paradigms may be associated with certain methodologies. For example, a positivistic paradigm typically assumes a quantitative methodology, while a constructivist or interpretative paradigm typically utilizes a qualitative methodology. Thomas (2010) alludes to the fact that that positivistic thinkers adopt scientific methods and systematize the knowledge generation process with the help of quantification to enhance precision in the description of parameters and the relationship among them. Positivism is concerned with uncovering truth and presenting it by empirical means (Henning, Van Rensburg and Smit, 2004). Moreover, Thomas (2010) further indicates that interpretive researchers believe that reality consists of people’s subjective experiences of the external world; thus, they may adopt an inter-subjective epistemology

and ontological belief that reality is socially constructed. Creswell (1998:51) contended that an interpretive research is phenomenological in nature and it describes the meaning of the lived experiences of several individuals about a concept or phenomenon. Table 4.1 below presents the differences between the two research paradigms.

Table 4.1: Typical differences between positivist and interpretivist research

Positivist (Quantitative) Research	Interpretivist (Qualitative) Research
Outsider Perspective: Hypothesis on a theory which is originally not from the researcher.	Insider Perspective: Talking to and / or observing subjects for first-hand data.
Stable Reality, i.e. Facts and behaviour do not change.	Dynamic Reality, i.e. a dynamic nature of reality.
Narrow Focus: Isolating specific variables and collecting information on these.	Wide Focus: Collecting all kinds of data to get a complete view.
Verification: Highly structured procedure to verify or disprove a hypothesis.	Flexibility: Discovery oriented procedure where types and sources of data can be changed.
Objective Data: Expressed in numbers and separated from feelings or thoughts.	Subjective Data: Expressed by language out of the individual's mind.
Controlled Conditions: Only the data under study are collected.	Natural Conditions: Data are collected within the context and the influence of their natural occurrence.
Reliable Results: Focus on data that are stable to replicate the findings	Valid Results: Data are representative of a true and full picture

The above information does not tell the whole story however; for example, there are instances in which one may pursue an interpretative study using a quantitative methodology. No one paradigmatic or theoretical framework is “correct” and it is the choice of the researcher to determine the paradigmatic view and how that informs the research design to best answer the question under study. Paradigmatic include how one views what is real, what you know and how you know it, along with the theoretical perspective(s) about the topic under study, the literature that exists on the subject. It is important to select methods and techniques which are appropriate to the research goal or what you want to achieve in the study.

Moreover, with regard to the transformative/emancipatory paradigm, Gilligan (1982) argues that most research studies that inform sociological and psychological theories were developed by white male intellectuals studying male subjects. In the United States, African Americans argue that research-driven policies and projects have not benefited them because they were racially biased (Mertens, 2009). In Africa, some scholars (Chambers, 1997; Escobar, 1995; Mshana, 1992) argue that the dominant research paradigms have marginalized African communities’ ways of knowing and have thus led to the design of research driven development projects that are irrelevant to the needs of the people, a sentiment echoed by indigenous scholars in the West (Fixico, 1998; Miheuah, 2005). A third paradigm, transformative or emancipatory research, which includes critical social science research (Neuman, 1997), participatory action research (Mertler and Rachel, 2005; Stringer and Dwyer, 2005 Mills, 2007) feminist designs (Merriam and Simpson, 2000) and research with the aim to emancipate (Lather, 1992) has emerged.

The term transformative paradigm denotes a family of research designs influenced by various philosophies and theories with a common theme of emancipating and transforming communities through group action (Mertens, 2009). One of the influential theories is Marxism. The German philosopher Karl Marx believed that those who controlled the means of production, that is, the ruling class, also controlled the mental production of knowledge and ideas. Inevitably, the knowledge produced perpetuates the domination of other social classes by the ruling class. The theory also helps to explain the dominance of Western research paradigms and the marginalization of knowledge produced in other cultures. Other theories within this paradigm include critical theory, feminist theories, Freirian theory, race-specific theories and post-colonial theories.

A postcolonial indigenous paradigm is discussed by Chilisa (2005) as a world-view that focuses on the shared aspects of ontology, epistemology, axiology and research methodologies of disempowered or historically oppressed social groups. Postcolonial indigenous researchers have conducted research in former colonized societies in Africa, Asia, and Latin America, and with indigenous people in Australia, Canada, the USA and other parts of the world. Wilson (2008) described a research paradigm shared by indigenous scholars in Canada and Australia as a paradigm informed by relational ontologies, relational epistemologies and relational accountability.

The postcolonial indigenous paradigm has blossomed in recent years as a means of hearing non-Western voices and emancipating the voices of formerly oppressed generations from silence imposed by colonization (Denzin and Lincoln, 2005). It provides a means for valuing indigenous knowledge systems and philosophies (Chilisa, 2011; Chilisa and Preece, 2005; Smith, 1999). Chilisa (2011) further makes a comparison of the four paradigms discussed above. Table 4.2 below presents a summary of the paradigms based on the differences of the approach of each paradigm as they were presented above.

Table 4.2: Comparison of the above four discussed paradigms (Chilisa, 2011)

	Positivist/Post-Positivist Paradigm	Constructivist/ Interpretative Paradigm	Transformative/ Emancipatory Paradigm	Postcolonial/ Indigenous research Paradigm
Reason for doing the research	To discover laws that are generalizable and govern the universe	To understand and describe human nature	To destroy myths and empower people to change society radically	To challenge deficit thinking and pathological descriptions of the former colonized and reconstruct a body of knowledge that carries hope and promotes transformatio

				n and social change among the historically oppressed
Philosophical underpinnings	Informed mainly by realism, idealism and critical realism	Informed by hermeneutics and phenomenology	Informed by critical theory, postcolonial discourses, feminist theories, race-specific theories and neo-Marxist theories	Informed by indigenous knowledge systems, critical theory, postcolonial discourses, feminist theories, critical race-specific theories and neo-Marxist theories
Ontological assumptions	One reality, knowable within probability	Multiple socially constructed realities	Multiple realities shaped by social, political, cultural, economic, race, ethnic, gender and disability values	Socially constructed multiple realities shaped by the set of multiple connections that human beings have with the environment, the cosmos, the living and the non-living
Place of values in the research process	Science is value free, and values have no place except	Values are an integral part of social life; no group's values	All science must begin with a value position; some positions	All research must be guided by a relational accountability that

	when choosing a topic	are wrong, only different	are right, some are wrong.	promotes respectful representation, reciprocity and the rights of the researched
Nature of knowledge	Objective	Subjective; idiographic	Dialectical understanding aimed at critical praxis	Knowledge is relational and is all the indigenous knowledge systems built on relations
What counts as truth	Based on precise observation and measurement that is verifiable	Truth is context dependent	It is informed by a theory that unveils illusions	It is informed by the set of multiple relations that one has with the universe
Methodology	Quantitative; correlational; quasi-experimental; experimental; causal comparative; survey	Qualitative; phenomenology; ethnographic; symbolic interaction; naturalistic	Combination of quantitative and qualitative action research; participatory research	Participatory, liberating, and transformative research approaches and methodologies that draw from indigenous knowledge systems
Techniques of gathering data	Mainly questionnaires, observations, tests and experiments	Mainly interviews, participant observation, pictures, photographs,	A combination of techniques in the other two paradigms	Techniques based on philosophic sagacity, ethno-philosophy, language

		diaries and documents		frameworks, indigenous knowledge, systems and talk stories and talk circles
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This study is of a qualitative nature. The researcher employed qualitative research methods to explore the implementation and sustainability of pro-poor LED initiatives in the King Cetshwayo District Municipality.

4.3.1 Why did this study employ qualitative research?

Creswell (2014) defines qualitative research as an inquiry exploring and understanding the meaning of a social or human problem. Forman *et al.* (2008) indicate that the researcher builds a complex, holistic picture, analyses words, reports the detailed views of informants and conducts the study in a natural setting. Marée *et al.* (2016) state that qualitative research is naturalistic; it focuses on a natural setting where interaction occurs. It is interested in how humans arrange themselves in their settings and how inhabitants of these settings make sense of their surroundings. Qualitative research is an exploration of what is assumed to be a dynamic reality. It provides the researcher with the perspective of target audience members through involvement in a culture or situation and direct interaction with the people under study (an “insider” view). This method generates rich and detailed data that leave the participants' perspectives complete and provides a context for understanding the behaviour of participants.

Mason (2002) views qualitative research as an exciting and a highly rewarding activity as it engages the interaction between the researcher and the participant to get reliable information from individuals or groups on their inner feelings. It is also defined as systematic and structured research aimed at obtaining information from participants in a direct and open manner (Du Plessis *et al.*, 2007). Researchers gather qualitative data by documenting real events, recording what actual people say, observing specific behaviours, examining written documents and studying visual images.

Neuman (1997) indicates that the most common qualitative field research designs include the following:

- 1. Grounded theory:** In qualitative research, one may develop theory during the data collection process. Grounded theory means that a researcher may build a theory from data. Grounded theory adds flexibility and allows the data and theory to interact.
- 2. Ethnographic research/studies:** The purpose of ethnographic studies is to describe different cultures and gain further understanding of the human species. The researcher not only observes the behaviour, customs, objects and emotions of a "foreign" cultural grouping, but also seeks to enquire about the meaning of these phenomena to their society. As the ethnographer assumes that different cultural groupings attach different meanings to different things, such as marriage, love and worship, he/she attempts to understand another way of life from the native's point of view. Instead of collecting data about people, the ethnographer seeks to learn from these people, even to be taught by these people. The role of ethnographic studies is to inform culture-bound theories, assist us to understand complex societies and further our understanding of human behaviour since the ethnographic approach comes largely from the field of anthropology. The researcher studies an intact cultural group in a natural setting during a prolonged period of time by collecting, primarily, observational data.
- 3. Case studies:** Case studies emphasise the detailed contextual analysis of a limited number of events or conditions and their relationships. The researcher explores a single entity or phenomenon, "the case," bounded by time and activity (a programme, event, process, institution or social group) and collects detailed information by using a variety of data collection procedures during a sustained period of time. Social scientists, in particular, have made wide use of this qualitative research method to examine contemporary real-life situations and provide the basis for the application of ideas and extension of methods. Critics of the case study method believe that the study of a small number of cases cannot offer grounds for establishing reliability or generality of findings.

- 4. Phenomenological studies:** This is a school of thought that emphasises a focus on people's subjective experiences and interpretations of the world. In phenomenology, human experiences are examined through the detailed descriptions of the people being studied. The researcher wants to understand how the world appears to others.
- 5. Narrative studies:** Narrative studies focus on exploring the life of an individual through the study of the experiences of one or more individuals. This involves primarily an analysis of interviews and documents.

Collinson (2003) points out that the qualitative research method is the most appropriate method to study rural households' livelihoods and this is the method this study undertook to examine the role of the King Cetshwayo District Municipality with regard to the implementation of pro-poor LED initiatives to benefit of the livelihoods of the people in semi-urban and rural areas. The qualitative method was used to understand the relevance, adequacy and impact of the projects on people's lives, thereby assessing people's insights, beliefs and attitudes, and this study utilized the qualitative approach to understand people's attitudes, insights and beliefs in respect of the implementation and sustainability of pro-poor LED in the King Cetshwayo District Municipality.

4.3.2 Interpretivism paradigm

In order to achieve the objectives of what is to be investigated, research should be based on some underlying philosophical assumptions about what constitutes accuracy and valid research and which research method(s) is/are appropriate for the development of knowledge in a given study. The researcher utilised the interpretivism paradigm which acknowledges and explores the cultural and historical interpretation of the implementation and sustainability of pro-poor LED in the King Cetshwayo District Municipality. This assisted the researcher to understand and interpret the initiatives that exist within this municipality and how they address issues that are affecting the poor, which include poverty and unemployment. Interpretivism is sometimes referred to as constructivism because it emphasises the ability of the individual to construct meaning. At a more philosophical level the interpretivist paradigm is comprehensively influenced by hermeneutics and phenomenology.

The definition of ontology is to discover multiple realities that can be explored and constructed through human interactions and meaningful actions. In relation to this study, ontology will discover how people benefit from LED initiatives and make sense of their social worlds by sustaining them in a manner that will empower them economically and allow them to be financially independent. This can only be achieved through the sustainability of pro-poor LED initiatives. Many social realities exist due to varying human experiences, including people's knowledge, views, interpretations and experiences. There are multiple realities. Reality can be explored and constructed through human interactions and meaningful actions. Other research projects on the subject have, however, not been conducted specifically on the implementation and sustainability of pro-poor LED, particularly in the case of those communities perceived as being at the periphery.

For instance, Koma (2014) conducted a study on the implementation of LED policy focusing on the Emakhazeni municipality in Mpumalanga province. In his study he states that LED serves as an important strategy to boost the local economy, to address the high level of poverty and unemployment and examine inequalities but his study does not articulate on the sustainability of LED strategies for the benefit of the poor whereas this study examined the sustainability of Local Economic Development strategies in the King Cetshwayo District Municipality. This study also examined the real lives of poor people in semi-urban areas, and experienced first-hand how the implementation and sustainability of pro-poor LED initiatives would benefit them, and was able to get an understanding of how they perceive government efforts in terms of curbing poverty and empowering the poor through LED initiatives, as well as the challenges, attitudes and aspirations that they think hinder the implementation of pro-poor LED initiatives.

4.4 Research design

Research design refers to a plan or protocol of accomplishing something (Maxwell, 2012:2). Levy (2017:10) defines research design as the process of building a structure and a plan for a research project providing the overall framework for collecting data to answer a research question or solve a particular problem. Marée *et al.* (2016:72) state that research design is a strategy or plan of action to specify the approach, the selection of the particular data gathering method to be used and the data analysis to be done in order to answer the

research question. The research design includes qualitative, quantitative and mixed method, which also reflect the purpose of the inquiry that can be characterised as exploratory, descriptive and explanatory (Marée, 2016:53). In other words, the research design articulates what data is required, what methods are going to be used to collect and analyse this data, and how all of this is going to answer your research question. Cooper, Schindler and Sun (2006) stipulate that the choice of research design is informed by the research question and the kind of data required to answer the research question and to address the research problem. According to Van Wyk (2015) types of research design may be categorised as generating primary data (case studies and experiments) and analysing existing data (content analysis and historical studies). Two case studies from the King Cetshwayo Municipal District were used in the study. These include the uMhlathuze local municipality and the uMfolozi local municipality and this resulted in a comparative and comprehensive analysis of practical findings for rural development (uMfolozi local municipality) and urban/semi-urban development (uMhlathuze local municipality).

According to Yin (2003), case study research refers to an empirical inquiry about the existing phenomenon set within a real-world context especially when the boundaries between phenomenon and context are not clearly evident. Mariano (2001) maintains that the purposes of case-study research maybe exploratory, descriptive, interpretive or explanatory. Stake (1995) and Yin (2003) base their approach to case study research on the constructivist paradigm that recognizes the importance of the subjective human creation of meaning but does not reject outright some notion of objectivity. Moreover, case study research provides a holistic picture and depth of understanding of participants rather than a numerical analysis of data (Stake, 1995). It also enables the researcher to gain an overview of experiences, attitudes, opinions, suggestions, expectations and behaviour towards some issues of the targeted group (Babbie, 2000).

A case study research method was employed in this study because it allowed for intensive and integrated investigation of a certain unit, which in this study is a specific local government institution in South Africa. Furthermore, Babbie (2001) Mouton (2001) Van Wyk (2015) and Yin (2003) reveal that research design focuses on the purpose of enquiry and can be organised into various groups which include exploring a new topic, describing a social phenomenon, explaining why something occurs, and describing people's insights,

predictions and evaluations. Babbie (2001) and Mouton (2001) defined research design as a plan or blueprint of how one intends to conduct a research. It explains the what, where, when and how much of an enquiry or research study and also by what means an inquiry or a research study will be conducted. Therefore, the nature of the problem and the research question for this study requires the demonstration of thematic analysis using interpretive research. Thematic analysis was used to explore and interpret empirical evidence on peoples' insights, socially constructed beliefs, norms and facts with regard to their perceptions of the government officials and local communities about the implementation and sustainability of pro-poor LED in the King Cetshwayo District Municipality. Marée *et al.* (2016) indicate that an exploratory case study explores those situations in which the intervention being evaluated has no clear, single set of outcomes. Creswell (2014) indicates that exploratory research is research conducted for a problem that has not been clearly defined. It often occurs before we know enough to make conceptual distinctions or to posit an explanatory relationship. Rubin and Babbie (2014) explain that exploratory studies are mostly done for three purposes: firstly, to satisfy the curiosity and desire for better understanding, secondly, to test the feasibility of undertaking a more extensive study and lastly, to develop a model to be employed in any following study.

An exploratory research design was used through the use of focus groups and in-depth interviews to explore the implementation and sustainability of LED initiatives in the King Cetshwayo Municipal District. To understand the epistemology, the community members have to relate to the events that occur through the mental processes of interpretation that are influenced by interaction with social and economic contexts. Those active in the research process socially construct knowledge by experiencing the real-life or natural settings. Inquirer and the inquired-into are interlocked in an interactive process of talking and listening, reading and writing. Both non-empirical and empirical research were used to answer the research questions.

4.4.1 Non-empirical research

Both the empirical and non-empirical research in this study is qualitative in nature and the non-empirical research that was used consists of the following:

- **Literature review:** In the review a comprehensive analysis of the information that already exists in the study field was conducted. The review involved a theoretical analysis of the study grounds, definitions and a model. According to Marée *et al.* (2016) a literature review provides an overview of scholarship in a certain discipline through analysis of trends and debate. It describes past and current research on a particular topic. It is characterized as being critical and integrative, using mainly inductive reasoning. The main purpose of conducting a literature review was to provide a rigorous and rational review of previous research in the area of study, and to identify gaps in existing literature and it positioned the research in a wider context, to ensure that important variables likely to influence the study were not left out of the study, to help develop the theoretical framework and hypotheses for testing and to avoid reinventing the wheel, while trying to rediscover what is already known. Various literature sources were consulted which include books, journals, theses, articles, internet sources, relevant policies and legislation concerning pro-poor LED. The review served as a theoretical foundation for the analysis of implementation and sustainability of pro-poor LED initiatives aspects to assist poverty alleviation in the King Cetshwayo District Municipality.
- **Document or textual analysis:** The second tool for collecting data was to review documents such as policy documents, LED strategy and Integrated Development Plan documents. Bowen (2009) defines document analysis as a systematic procedure for reviewing or evaluating documents including both printed and electronic materials. Like other analytical methods in qualitative research, document analysis requires that data be examined and interpreted in order to produce meaning, gain understanding and develop practical knowledge. Researchers normally analyse documents as part of their study and include that information in their reports. Documents are a source of data, requiring the researcher to rely on the description and interpretation of data that is rich and argumentative. Document analysis is less time-consuming and more efficient than other research methods as it requires data selection, instead of data collection (Bowen, 2009). This study also used documents as a data-gathering technique by

focusing on a written report which included a LED strategy, and other reports that were published by the municipality based on LED initiatives.

- **Models:** A model to assess the implementation and sustainability of pro-poor LED was also used and it forms the basis of the research questions.

4.4.2 Empirical research

The empirical section of this research consists of interviews and focus group discussion. Interviews were conducted with identified officials in two local municipalities, namely, the uMhlathuze local municipality and the uMfolozi local municipality. The focus was on existing initiatives and an assessment of their impact in poverty alleviation, skills development and creation of employment opportunities. Focus group discussions were also conducted with community members and community organisations in both local municipalities.

4.4.2.1 Interviews

This study used in-depth interviews as the instrument for collecting data. An in-depth interview is a qualitative research technique that involves conducting intensive individual interviews with a small number of participants to explore their perspectives on a particular idea, programme or situation (Babbie, 2014). This instrument assisted the researcher to collect relevant information from the participants and to explore the participants' perspectives with regard to the implementation and sustainability of pro-poor LED in the King Cetshwayo District Municipality. Marée *et al.* (2016: 92) indicated that the interview is a two-way conversation in which an interviewer asks questions to collect data and to learn about the ideas, beliefs, views, opinions and behaviours of the participants. The aim of the qualitative interview is to see the world through the eyes of the participants. It allows the interviewer to pose some open-ended questions and the interviewee to express his/her own opinion freely (Hashemnezhad, 2015).

This type of interviewing was chosen because if a participant does not understand a question during the interview, the researcher can explain the question to the participant, or if the researcher senses that the respondent is not answering fully enough, the researcher can probe for data that is more complete by providing follow-up questions (Hashemnezhad, 2015). A recorder was used during the conducting of interviews.

However, conducting an open-ended interview is time consuming and expensive as it requires face-to-face contact with the participants. Interviews were conducted in the uMhlathuze local municipality and in the uMfolozi local municipality. These municipalities were selected because the surrounding areas include people who are living in extreme poverty and are living in rural areas. These interviews have been crucial for the research in terms of getting a practical and theoretical view of the realisation of LED strategies and programmes and how they aim to benefit the communities. In order to interrogate the LED strategies within these municipalities, it was important to map the area to know about the spatial opportunities and constraints that exist.

Furthermore, data regarding socioeconomic conditions in the area was collected from secondary sources, analysed, interpreted and compared. The focus was on levels of poverty, skills and views of local government office bearers with regard to rural communities. Interviews with the LED manager, the municipal manager, and the mayor in both local municipalities (uMfolozi and uMhlathuze) falling under the King Cetshwayo District Municipality were conducted in order to determine the existing views regarding LED initiatives, challenges and opportunities in the two areas. The LED strategies and agricultural plans of both local municipalities in the area were also analysed.

4.4.2.2 Focus groups interview

Secondly, the researcher conducted fourteen focus group discussions in the form of in-depth interviews with community members in five different areas, namely: Ngwelezana, Vulindlela, eNseleni, kwaMbonambi and kwaSokhulu. Focus group discussion (FGD) is a form of qualitative research in which a group of people are asked about their perceptions, opinions, beliefs and attitudes towards a product, service, concept, advertisement, idea or package. Questions are asked in an interactive group setting where participants are free to talk with other group members (Krueger and Casey, 2014). Marée *et al.* (2016) further stipulate that FGD is based on the theory that group interaction is productive in spreading a range of responses, activating forgotten details of experiences and releasing inhibitions that may otherwise discourage participants from disclosing information.

FGD was undertaken to collect data from community organization such as co-operatives to understand their perspectives in terms of the LED initiatives that are implemented in each area and whether they are sustainable or not. In the uMhlathuze municipality six

focus group discussions were conducted in three different areas (Ngwelezana, Vulindlela and eNseleni), and in the uMfolozi municipality four focus group interviews were conducted in two areas (kwaMbonambi and kwaSokhulu). This method of data collection enables the participants to build on each other's ideas and make additional comments to provide an in-depth view not attainable from individual interviews. Comments raised by other members lead to debates and arguments between the researcher and the group but what was noticeable was that members within the group supported each other's answers and added more ideas in response to a comment from a member. These comments added value to this study and most members within each group participated and contributed new perspectives.

4.4.2.3 Case studies

A case study specific analysis was conducted as follows:

- Case studies focused on the local townships in each municipal area. Primary research was conducted through focus group discussions, personal observations and in-depth interviews.
- Globally, case studies conducted in different countries was used to provide a picture of the implementation and sustainability of pro-poor LED initiatives in different countries.

4.5 Statement of the problem

Bryman (2007) defines a research problem as a definite or clear statement about an area of concern, a condition to be improved upon, a difficulty to be eliminated or a troubling question that exists in scholarly literature, in theory or within existing practice that points to a need for meaningful understanding and deliberate investigation. Bryman (2007) further indicates that a research problem does not state how to do something, offer a vague or broad proposition, or present a value question. Therefore, within the South African context the problem of economic development has been and remains a priority for a responsive government. This has been a priority for the democratic South African government since the problem was inherited from the apartheid regime with all its negative socio-economic factors.

The obstacles to South Africa's economic growth and development include high levels of unemployment, extreme poverty, a shortage of skills and the ineffective and unsustainable implementation of economic development policies. Tomlinson (2003) and the World Bank Group (2011) assert that the main purpose of LED is to reduce the level of poverty by building up the economic capacity of a local area through the utilisation of local resources to improve its economic future and the quality of life for all. The implementation of economic development policies seemed to be a persisting problem and it hinders Local Economic Development in South Africa.

Koma (2014) stipulates that local government is a sphere closest to local communities and conveniently placed to identify, drive and implement programmes aimed at addressing unemployment, poverty alleviation and other developmental challenges facing South Africa. According to the King Cetshwayo IDP document (2012/2013:27) the main challenges facing the King Cetshwayo District Municipality are to provide basic services such as water and sanitation provision to the local communities while stimulating pro-poor LED by creating jobs and the growth of small and medium business enterprises (SMMEs). The need to address poverty is one of the most critical issues. The IDP document also outlined that in Mbonambi, Mhlathuze and Nkandla, where the vast majority of residents live in rural homesteads, unemployment stands at about 50% and there is high level of poverty. Therefore, having stated the challenges that are faced by the King Cetshwayo District Municipality and South Africa as a country this study examined the role of local government in supporting pro-poor LED. It further examined the strategies used to enable the implementation and sustainability of Local Economic Development policies with reference to the King Cetshwayo District Municipality.

4.6 Research questions

Research questions refers to the principal questions a research project is intended to answer. They are not questions developed for a survey or an interview protocol. Questions are part of dealing with the unknown and are used to obtain new information. Research questions emanate from a research problem and they are linked to research objectives. The researcher conducts research out of curiosity about a particular unknown phenomena and research questions will assist in finding out about the unknown so that in the end answers can be provided and new knowledge added to existing knowledge.

Research questions are part of the fundamental means of answering questions about the unknown and obtaining new knowledge. This research study attempts to determine whether or not the King Cetshwayo Municipal District has implemented sustainable pro-poor LED strategies for the benefit of the poor. Equally significant, if such initiatives do exist, the study seeks to determine the extent to which they have been strategically implemented and to establish whether they have the potential to ensure the socio-economic independence of the local people.

The study further seeks to understand the extent to which these initiatives are organised, assessed and reviewed by government as the implementing agent, so as to measure the progress, if it exists, in an effort to meet the needs of the poor local people for sustainability and reasonable self-support for a long term. The significance of this study has been drawn from a background literature review which covered previous academic research around LED and poverty, as well as from policy documents that were enacted in South Africa and which indicate how government has prioritised the issues of marginalised people particularly by attempting to address the issues of social and economic development. In addition, a brief encounter that the researcher had with municipal officials in the two local municipalities, both falling under the King Cetshwayo Municipal District led to an interrogation of the role of local municipalities in ensuring the implementation and sustainability of pro-poor Local Economic Development initiatives. Research questions underlying this study are:

How does local government and how do other stakeholders support pro-poor LED? Are the LED strategies effectively implemented and sustained in rural areas? If that is not the case, what are the challenges hindering the success of LED at local level and which includes the promotion of growth, income and livelihoods of poor people with specific reference to King Cetshwayo District Municipality in KwaZulu-Natal province. What is the role that is played/ can be played by local government to support pro-poor LED? What are the strategies used to enable the implementation and sustainability of Local Economic Development policies with reference to the King Cetshwayo District Municipality?

4.7 A detailed description of the study area

The study was conducted in the King Cetshwayo District Municipality in KwaZulu-Natal province in South Africa. The KwaZulu-Natal province accommodates twenty-three percent (23%) of the South African population, with an estimated 10, 9 million people (Statistics South Africa, 2015). The King Cetshwayo District Municipality is a Category C (which denotes a district municipality that shares executive and legislative authority with a category B local municipality) municipality and is located in the north-eastern region of the KwaZulu-Natal province on the eastern seaboard of South Africa. Its contribution to the economy of the province is estimated at 10.2 percent (KZN Treasury, 2016). The King Cetshwayo District Municipality covers an area of approximately 8213 square kilometres, from the agricultural town of Gingindlovu in the South, to the uMfolozi River in the north and inland to the mountainous rural Nkandla region (IDP 2012/2013).

The district consists of five local municipalities: uMhlathuze, uMlalazi, Mthonjaneni, Nkandla and uMfolozi. It has the third highest population in the province and is the second highest GDP contributor after the eThekweni Metro (Durban) and the uMgungundlovu District (Pietermaritzburg and surrounding areas). The King Cetshwayo Municipal District faces challenges in terms of service delivery, which are exacerbated by the geographical characteristics of mountainous terrain, large distances between rural areas and the urban centres, and prolonged periods of drought (IDP, 2012/2013).

4.7.1 Target population

There are three different categories of municipalities in South Africa. These categories are explained in Chapter 7 of the Constitution of Republic of South Africa (1996) and the Local Government Municipal Structures Act (1998). Category A is a metropolitan municipality which is a municipality that executes all the functions of local government for a city. This is different in areas which are primarily rural, where the local government is divided into district municipalities and local municipalities. This type of local government is to be used for conurbations, "centres of economic activity", and areas with "strong interdependent social and economic linkages" (Cloete and Thornhill, 2014). They must be established in densely populated areas where there is an intense and extensive

development of businesses. A category C municipality is a municipality which executes some of the functions of local government for a district. The district municipality in turn comprises several local municipalities, with which it shares the functions of local government, and powers and functions may be shifted from district to local level and vice versa.

These categories (C&B) may share the responsibility to make by-laws since category B municipalities share municipal executive and legislative authority in their areas of jurisdiction with category C municipalities whereas category C (King Cetshwayo District Municipality) municipalities have municipal executive and legislative authority in the areas that include more than one Category B municipality (uMhlathuze Local Municipality and uMfolozi Local Municipality). Within the study area the target population for this study was LED officials, LED managers, the mayor, the municipal manager, community members and community organisations of the uMhlathuze and uMfolozi Local Municipalities under King Cetshwayo District Municipality. UMhlathuze Local Municipality covers Richards Bay, Empangeni, eSikhaleni, Ngwelezane, eNseleni, Felixton and Vulindlela. It also covers the rural areas under traditional authorities such as the Dube, Mkhwanazi, Khoza and Zungu traditional leaders. On the other side, the uMfolozi municipality covers the kwaMbonambi, kwaSokhulu, Mapelane and Mhlana areas. Therefore, this study used semi-urban areas which include the Ngwelezana, Vulindlela, and eNseleni townships and also used rural areas which include the KwaMbonambi and KwaSokhulu areas.

4.8 Sampling strategies

According to Unrau, Gabor and Grinnell (2007) in Strydom (2011) a sample comprises elements, or a subset, of the population considered for actual inclusion in the study, or it can be viewed as a subset of measurements drawn from a population in which we are interested. In quantitative descriptive and explanatory studies, a key issue is whether the sampling procedures used are likely to yield a study sample that is really representative of the larger population to which the study seeks to generalize (Rubin and Babbie, 2011). However, the researcher is of the view that the ultimate purpose of sampling is to select a set of elements from a target population to such an extent that descriptions of those elements precisely depict the total population from which the elements are selected.

Sampling is also defined as a technique employed to select a small group with a view to determining the characteristics of a larger group (Brynard, Hanekom and Brynard, 2014). Sampling is a small part or a representative part selected for inspection or analysis (Kateman and Buydens, 1993). Forman *et al.* (2008) state that sampling in qualitative studies is typically purposeful. Participants are selected for in-depth study because they are considered to be the best available, and to provide information that is rich and is an analytically useful source for answering research questions (Forman *et al.*, 2008:767). There are two types of sampling methods, namely, the probability and non-probability methods. Under probability methods the following are the most commonly used methods:

- **Simple Random Sampling:** In the simplest case of random sampling each member of the population has the same chance of being included in the sample. For example, in a sample of 50 multimillionaires from the population of all multimillionaires in South Africa, each multimillionaire, irrespective of sex, race, age, religion and so on, will have an equal chance of being included.
- **Stratified Random Sampling:** This method involves dividing your population into homogenous subgroups and then taking a simple random sampling in that group. It ensures that key subgroups of the population are represented. Each subpopulation is a stratum. The division into groups may be based on a single variable such as gender (so that there are two strata: men and women). It may also involve a combination of more than one variable, for example, gender and age (so that there are strata such as young adult males, young adult females and so on).
- **Systematic Random Sampling:** There are specific steps that need to be followed to achieve systematic random sampling. For example, suppose we need to obtain a sample of n members from a population of N elements that are numbered from 1 to N . In systematic random sampling we would include every N/n th element.
- **Cluster Random Sampling:** In large-scale surveys it is difficult if not impossible to obtain a list of all the members of the population, therefore sampling can be divided into clusters or areas.

The difference between non-probability and probability sampling is that non-probability sampling does not involve random selection and probability sampling does. In some instances, certain members may have no chance at all of being included in a non-probability sample. For non-probability sampling the following methods are commonly used:

- **Purposive/Judgemental sampling:** the researcher selects a sample with a purpose in mind. The researcher usually has one or two predefined groups he/she is looking for.
- **Snowball Sampling:** is when the researcher approaches a few individuals from the relevant population; these individuals then act as informants and identify other members from the same population for inclusion in the sample and those members then identify further relevant individuals — therefore the sample rolls or snowballs.
- **Accidental/Convenience sampling:** is the most convenient method of collecting members of the population that are nearby and readily available for the research purpose. However, researchers should consider using accidental samples only if they have no other option.
- **Haphazard Sampling:** this involves selecting haphazardly those cases that are easiest to obtain for the sample such as persons interviewed in a shopping centre for a television programme or for a new product on the market

Non-probability sampling was employed in this study. The study used purposive sampling, which means the members of the sample were selected with a specific purpose in mind which was to represent a particular location, and people's relation to key issues (Maruster, 2013). Qualitative research involves non-probability sampling methods which are often referred to as theoretical and judgmental sampling methods. Theoretical sampling is concerned with constructing a sample which is theoretically meaningful, because it builds in certain characteristics which help to develop and test the researcher's theory and explanation (Mason, 2006).

The researcher employed purposive sampling and this constitutes the non-probability sampling technique which was used for municipality officials selected for theoretical reasons to provide the researcher with information on how they ensure effective implementation and sustainability of pro-poor LED initiatives. The purposive sampling assisted the researcher to generate rich and insightful information from the targeted group with regard to the research topic. The study purposively targeted five areas which include the Ngwelezana, Vulindlela, eNseleni, kwaMbonambi and KwaSokhulu areas. In these areas groups that are involved in community projects such as cooperatives and non-governmental organisations and community-based organisations in the area of the study

were interviewed and they provided insightful data since they were working on different projects and they indicated how those projects were enhancing pro-poor Local Economic Development. The research topic targeted people who work and have experience in pro-poor LED programmes/projects and people located where LED projects are promoted, implemented and experienced. Participants in this study have knowledge of the current situation of pro-poor LED initiatives. Samples were drawn from the existing list of co-operatives and 10 co-operatives were interviewed as a group. Furthermore, four focus group discussions with community members were also conducted to get their perspectives on the implementation and sustainability of pro-poor LED projects and to enquire about what make them succeed or fail.

Table 4.3: King Cetshwayo District Municipality

Targeted Municipalities	Informants/ Population	Nos
Umhlathuze local municipality	Mayor	12
	Municipal manager	
	LED Manager	
	LED official	
	Community organizations in three areas (six focus groups)	
	Community members in three areas (two focus groups per area equal to six focus group discussions)	
uMfolozi municipality	Mayor	10
	Municipal manager	
	LED manager	
	LED official	
	Community organizations in two areas (four focus groups)	
	Community members in two areas (two focus group per each area equal to four focus group discussions)	
TOTAL	Eight municipal officials + 14 focus group discussions	22

The researcher conducted eight in-depth interviews with municipal officials and interviewed fourteen (14) focus groups selected from community organisations and community members. Focus group discussions were conducted from the cooperatives and semi structured/in-depth interviews from the municipal officials. Table 4.3 below indicates municipalities that were targeted, participants and the number of participants

who participated in this study. It indicates the number of municipal officials that were interviewed and the number of focus group discussions that were undertaken during the data collection period.

4.9 Accuracy and trustworthiness

In a qualitative study, validating the findings refers to the researcher determining the accuracy or credibility of the findings. Assessing trustworthiness is the acid test of data analysis, findings and conclusions. Guba (1981) indicates four criteria that should be considered by qualitative researchers in pursuit of a trustworthy study namely: credibility, transferability, dependability and confirmability.

- **Credibility:** Deals with the question as to how the findings correspond with the reality. Why should the reader believe my findings? In this study credibility was ensured through a well-defined research method, a research design that fitted the research question and theoretical perspectives that spoke to the study objectives. Furthermore, in-depth interviews and focus group discussions were used to ensure the use of detailed in-depth descriptions about the implementation and sustainability of pro-poor LED initiatives in the King Cetshwayo District Municipality.
- **Transferability:** Qualitative research discards generalisation as a goal as it hardly aims to draw probability or randomly selected samples. Denzin (1983) highlights that every instance of human interaction represents a “slice from life-world carrying layered meaning”, applicable to that slice of the life-world. To ensure transferability the researcher focused on the careful selection of the participants and the context of the study by ensuring that the participants were people who were involved in pro-poor LED initiatives and they had understanding, experience and vast knowledge with regard to the topic of this study. This was also supported by the instruments, sampling method and research documents that were used to elicit detailed descriptions relating to the study.
- **Dependability:** This concept is used in qualitative research in preference to reliability. The researcher checked the accuracy and the dependability of the findings by checking the content of the instruments; and the way in-depth interview and focus group discussions questions were constructed was tested to ensure that they collected the required information. Since this study was

qualitative in nature it also ensured dependability by collecting a fair, credible, honest and balanced account of social life experiences from the people being studied. The researcher also ensured that the researcher's approach and findings spoke to the research questions and the research problem pertaining to this particular research project. The researcher used different data collection techniques to collect authentic data from relevant participants, and those tools were focused group discussions and in-depth interviews. Preliminary investigation was used to check whether participants understood the questions, and whether they provided the information that was required. Moreover, data that was collected during the preliminary stage was not used for the presentation of actual findings; its purpose was to check the appropriateness of the instruments and correct mistakes, if there were any, before the actual data collection began. This ensured the dependability, accuracy and trustworthiness of the research design and its implementation.

- **Confirmability:** This is described as the degree of objectivity and the extent to which the findings of the study are informed by the participants and not by researcher bias, motivation or interest (Lincoln and Guba, 1985). Researchers develop relationships with the research participants and they are tempted to see what they want to see and genuinely miss things that do not conform to their expectations. The researcher ensures confirmability by being honest and keeping information confidential when the research report is written up.

4.10 Data analysis

Marée *et al.* (2016:110-112) state that qualitative data analysis tends to be an ongoing and iterative process, implying that data collection, processing, analysis and reporting are intertwined and not merely a number of successive steps. There are different types of qualitative analysis tools which include content analysis, thematic analysis, discourse analysis and conversational analysis. Thematic analysis through an interpretive approach was used to analyse data for this study. Thematic data analysis is undertaken through selecting themes that are important to the explanation of the research problem, research questions and research objectives. A thematic analysis organises, brings meaning, interprets and describes data collected from the participants in a comprehensive manner. However, frequently it goes further than what is explained above and interprets various

aspects of the research topic. Thematic data analysis is a search for themes that emerge as being important to the description of the phenomenon (Daly, Kellehear and Gliksman, 1997 in Fereday and Muir-Cochrane, 2006). Further to this, Boyatzis (1998) explains thematic analysis as “encoding qualitative information”. Thematic analysis fits the research questions related to people’s experiences, opinions, attitudes, feelings and perceptions. The thematic analysis was performed through the processes of carefully reading and rereading themes to create and establish meaningful patterns. Rubin and Bubbie (2011) further explain thematic analysis as the most common form of analysis in qualitative research. It emphasises pinpointing, examining and recording patterns (or “themes”) within data.

Themes are patterns across data sets that are important to the description of a phenomenon and are associated with a specific research question (Spradley, 1999). Clarke and Braun (2013) state that thematic analysis is a system of “identifying, analysing and reporting patterns (themes) within data”. It minimally organises and describes your data set in (rich) details. For this study, the key themes or variables that informed the data analysis evolved around the issues of implementation and sustainability of pro-poor Local Economic Development initiatives in the King Cetshwayo District Municipality. The logical steps that are used by researchers to perform thematic analysis are to firstly familiarize themselves with the data, secondly generate initial codes, thirdly search for themes amongst the codes, review themes, define and name themes and lastly produce the final report.

This study also followed these steps to analyse data that was collected in the King Cetshwayo District Municipality. Furthermore, qualitative data that was collected was analysed through the use of the computer software program *ATLAS.ti*. This programme analyses both interviews and focus group interview questions according to different themes. Although the results that produced by this computer software mainly dependent on how the researcher has defined and coded data, but it has the advantage of organising and grouping data collected using in-depth interviews and focus group discussions.

4.11 Research ethics

Research ethics relates to what is right or wrong when conducting research. The right or wrong of scientific research should conform to generally accepted norms and values

(Brynard, Hanekom and Brynard, 2014). Bless, Higson-Smith and Kagee (2006) indicate that researchers should accept responsibility for protecting their participants. To be ethical is to conform to and follow processes for conducting professional research practices. It is generally known that it is unethical for researchers to harm anyone in the course of research, especially if it is without the person's knowledge and permission. This includes deceiving the participant about the true purpose of the study, asking the participant questions that cause him/her extreme embarrassment, causing emotional turmoil by reminding him or her about an unpleasant experience causing guilt, or invading his or her privacy (by asking sensitive questions).

Researchers can also act unethically when analysing data i.e. by revealing only part of the facts, presenting facts out of context, falsifying findings, or offering a misleading presentation (Bailey, 1994). Research should be based on mutual trust, acceptance, cooperation, promises and well-accepted conventions and expectations between all parties involved in a research project (Sarantakos, 2000). Practice has, though, shown that this freedom can have adverse effects on participants and the community in general (De Vos *et al.*, 2011). In this study participants were first required to give an informed consent: they were given a chance to voluntarily participate in the study, and were told that the study was being conducted for academic purposes to avoid causing any harm to the participants. Furthermore, participants were told that their participation would not be exposed to any other party to ensure that they were free to give information that is relevant and related to the study. The ethical measures adopted in this study were: informed consent, voluntary participation, permission was given by letters issued by the municipalities, privacy, confidentiality, assurance of anonymity and the right to withdraw from the study at any time – and these ethical measures were shared with the participants before data was collected.

In research it is crucial to obtain ethical clearance from an ethics committee when human (or animal) subjects are involved in any kind of research of an empirical nature. Ethical clearance was granted by the research committee within the institution. Ethical considerations in research are concerned with professionalism in conducting the study. The researcher took steps to protect the subjects of the study from all forms of harm. The fact that human beings are the object of this study requires that the researcher exhibits an expected level of respect. The researcher must protect the participants from psychological, social, mental and financial harm. The research did not bring about, or

cause, any financial obligation to the participants, language that was used was not jargon but was simple and understandable, no participant was coerced to participate in the study. The researcher ensured that as far as possible any potentially harmful situation was avoided by not asking sensitive or embarrassing questions or interviewing participants in a manner that could cause discomfort.

4.11.1 Beneficence

The term beneficence is concerned with maximising the benefits and reducing harm to the respondents. Beneficence is promoting the safety of the participants and providing them with information and knowledge that will be of use after the study (De Vos *et al.*, 2011). In data collection, beneficence means that the participants are trained on how to answer questions arising from the interviews. The principle (also) focuses on what information the research will unearth that will be of benefit to the participants, so as to bring about permanent change, in their physical, social or even economic spheres.

4.11.2 Justice

Research should ensure that it justifies its ethical principles. In this study the privacy and confidentiality of the participants was respected. The researcher explained the importance and the aim of the study to the participants. The researcher also obtained permission from the authorities to conduct the study and the application for the ethical clearance certificate was obtained. Respect for persons involves that prior to their participation in the study participants know what the process of their participation entails (Kumar, 2014). Obtaining the participants' consent to participate in the study ensures that participants are aware of and agree to the times, dates, nature of data collection and expectations of the study. A detailed consent form explaining the details of the study was given to the participants. Participants who fully understood and were willing to participate in the study were asked to sign an informed consent before answering the study questions. Participants were assured that their names and personal details would not be revealed in the research report. Participants could also choose whether or not to provide their personal details but were assured this information would not be revealed in the analyses.

4.12 Delimitations of the study

Delimitation of the study refers to setting conceptual and geographical boundaries regarding the subject matter of the study area, and is about giving clarification or meaning to the concepts that are continuously used in the study. This study focuses on spatial

delimitation. The study was limited to two local municipalities (uMhlathuze and uMfolozi) under one district municipality on the north cost of KwaZulu-Natal province in South Africa. It focused on the implementation and sustainability of LED initiatives within the King Cetshwayo District Municipality, therefore, it would be difficult to generalise the study by considering other district municipalities.

4.13 Summary

This chapter commenced with the introduction of the research methodology in the context of social scientists. For the purpose of this study research methodology was defined as the “how” of collecting data and processing it within the framework of the research process. Usually there are two basic methodologies for collecting data, namely the quantitative and qualitative methods. This study used the qualitative method and also discussed the research design adopted, the data collection methods employed, the research approach, the research problem, the population and area of the study, the data analysis strategy, etc. A qualitative research design was selected as a mode of inquiry. The data was collected through both non-empirical and empirical data which included document analysis and in-depth interviews and was analysed using the thematic analysis strategy.

CHAPTER FIVE

DATA ANALYSIS AND INTERPRETATION

5.1 Introduction

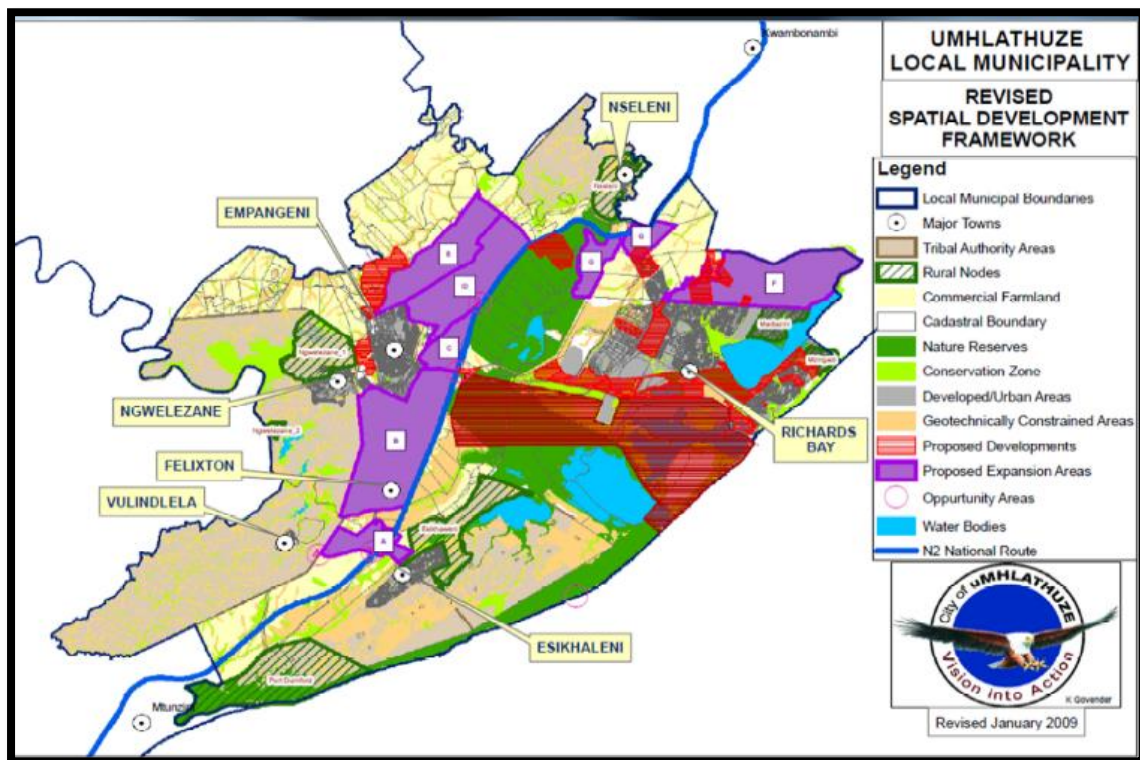
This chapter provides an in-depth analysis of the key findings from key stakeholder focus group discussions, the detailed literature review and interviews with critical stakeholders. It presents the analysis data that was collected from participants interviewed using both in-depth interview questions and focus group discussions as discussed in the previous chapter. Face-to-face interviews were conducted with municipal officials as well as community members and community organisations. In-depth semi-structured interviews allowed both the researcher and the participants to elaborate on points made when answering research questions. This tool assisted the researcher to conduct intensive individual interviews with a small number of participants to explore their ideas on the implementation and sustainability of LED initiatives in the King Cetshwayo Municipal District. The researcher had ten questions of which five were designed for municipal managers, the mayor and LED officials and the other five were designed for community members including community organisations. The findings were analysed and presented in the form of themes which emanated from the research questions and objectives.

5.2 Background to the study

The King Cetshwayo District Municipality (KCDM) is constituted in terms of the Constitution of the Republic of South Africa, 1996 as a Category C municipality that shares municipal executive and legislative authority with Category B municipalities with in a specific area. The King Cetshwayo District Municipality has developed different strategies for the district, including the 2006 LED strategy, the SMME strategy (2010) and the Benchmark Implementation Plan (2013). The 2016 LED strategic plan indicates that this District Municipality has prioritised manufacturing, mining, mineral processing, agriculture and agri-processing, tourism, maritime, blue economy, skills development and revitalization of the township economy in order to meet the national targets. From the Spatial Development Framework, it can be seen that most of the area in the King Cetshwayo District Municipality is available for development with 59 percent of the land having high to good potential. In this study two Category B municipalities were used that

fall under the King Cetshwayo District Municipality (Category C municipality) namely, the uMhlathuze local municipality and the uMfolozi local municipality. Local municipalities are municipalities that are closer to the people, they are a service delivery vehicle for the people and their main goal is to improve the quality of life of the people through service provision. The uMhlathuze local municipality has a growing population with a relatively high density and a fairly high level of urbanisation. The uMhlathuze and uMfolozi local municipalities are the only municipalities in the King Cetshwayo District that have experienced a net population increase between 2001 and 2011. Their population increase has been significantly more than 14 percent with the uMhlathuze local municipality at 15.65 percent (LED Strategy Review, 2016).

Figure 5.1: Development plan for the uMhlathuze municipality



Source: Economic Development Strategic Plan, 2016

The uMhlathuze Local Municipality, which is located within the King Cetshwayo District, north-east of Kwazulu-Natal has the most developed economy and has the largest population within the district which is estimated to 370 579 (Census, 2016). This municipality is faced with a number of development challenges which include unemployment with the rate of unemployment remaining unacceptably high. Other primary economic challenges within the municipality include low income, disinvestment

and business closure (uMhlathuze LED Strategy, 2013-2017). It is on this basis that the uMhlathuze local municipality has prioritized the three key areas namely, economic development, economic transformation and job creation. Figure 5.1 above illustrates the areas where developments have taken place and in some areas the development is still in progress. South Africa is currently facing and is projected to continue facing very serious economic challenges in the forthcoming year. The year 2016-2017 saw an unresolved global economic crisis with features that threatened the growth and productivity of many economies including South Africa. However, the uMhlathuze municipality is trying to resolve the economic crisis within the area by developing a strategic roadmap for job creation, and economic development and transformation.

Nwankwo and Ozor (2008) highlight that development is a means to further the human potential recognized in all people and aims to strengthen the abilities of people in addressing their own problems in harmony with the community environment. Local Economic Development is founded on the idea of stimulating local employment opportunities in sectors that improve the standard of living of the local community, using existing human, natural and institutional resources (Storey, 2010). uMhlathuze is largely a young municipality, considering that four in every ten residents (40 percent) are teenagers (under 19 years). Also, when the age band is expanded, roughly three quarters (72 percent) of the population is aged below 35 years. Only 4 percent have reached retirement age (65 and above) and this indicates the need for employment opportunities particularly for young people as they are dominant in this municipality.

UMfolozi local municipality is a rural municipality that is situated in an environment suitable for industrial and residential development. The only urban zone in this municipality is KwaMbonambi which is situated approximately 33km north of Richards Bay. Its economy constitutes 18 percent of that of uMhlathuze and only 12 percent of that of the King Cetshwayo District Municipality. The total population is estimated to 124 889 of which the majority is classified as youth, 50 percent of the young people are unemployed and only 30.3 percent of the population in this municipality have matric. The uMfolozi municipality review strategic plan (2015) highlights that LED in the uMfolozi local municipality seeks to utilise existing resources to promote sustainable livelihoods and this is in agreement with Storey (2010) who stipulated that LED is about stimulating the local economy using existing resources. The 2006 LED strategy of the uMfolozi municipality identified six sectors to develop their economy and they are presented in

Table 5.1 below. Some of the projects listed below are still part of the current implementation strategy of the uMfolozi municipality and there are some other additional new projects that the municipality is implementing that will be presented under the Results section. There are different stakeholders that are working with the municipality to implement these projects, such as different governments departments, government agencies, community-based non-profit organisations, cooperatives, private companies and Local Economic Development Agencies.

Table 5.1: Projects identified in the LED strategy

Sector	Project
Agriculture	Vegetable production
Manufacturing	Sewing
Tourism	Craft Emporium projects
Informal Economy	Mechanics Catering Spaza shops
Formal Businesses	Fuel filling stations Containers
Construction	Building Road construction

The 2015/16 uMfolozi IDP identified challenges hindering LED in the uMfolozi municipality which include the following:

- Low level of access to running water
- Poor road infrastructure
- Poor use of arable land
- Inadequate research on agri-business development
- Lack of funding for the establishment of value-added initiatives
- Inadequate youth and women empowerment
- Inadequate environmental management capacity.

The field research work was done over a period of three days at the offices of both municipalities (uMhlathuze local municipality and uMfolozi local municipality) and

another three days were spent collecting data from community organisations and community members from 28 June - September 2017. The process of collecting data took longer than expected because of focus group discussions held for community members and cooperatives. This study also involved a document review of various official documents developed by the municipalities including, the uMhlathuze Strategic Plan (2016), the uMfolozi LED Strategy Review Plan (2015), the IDP Review Document for the 2016-2017 financial year, the Spatial Development Framework – SDF Review and the Tourism Development Strategy (2017). The first section of the data analysis contains the participants’ demographic data which is described in the form of a table, and the following section presents the responses from the participants pertaining to the research questions, and the findings are presented according to themes which emanated from the research objectives.

5.3 Demographic sample

Twenty-two in-depth interviews from different local municipalities in the King District Municipality in KwaZulu-Natal province were conducted in this study.

Table 5.2: Research sample

Profile of participants	Number of participants
(uMhlathuze Municipality)	
Mayor	1
Municipal Manager	1
LED Manager and an official	2
Cooperatives	6 Focus group discussions
Community members	2 Focus group discussions
uMfolozi Municipality	
Mayor	1
Municipal Manager	1
LED Manager and an Official	2
Cooperatives	4 Focus group discussions
Community members	2 Focus group discussions
TOTAL	22

The profile of the above-mentioned research participants clearly shows a diversity of views, understanding and insights with regard to the implementation and sustainability of pro-poor LED initiatives within their municipalities. The participants included both internal staff members represented by senior municipal officials, community organisations represented by cooperatives in different areas, and community members. As already indicated above the focus group discussions were only able to be concluded once various challenges that prolonged the data collection process were resolved.

Table 5.3: Response rate

	Actual Sample Size	Responses Obtained
Number of Interviews	8	8
Number of Focus Group Discussions	14	14
TOTAL	22	22

The researcher was able to interview or hold discussions with the targeted number of participants. Participants, particularly municipal officials, were able to avail themselves at a convenient time and the interviews were conducted in their offices. Although some participants had to reschedule their appointments eventually all the interviews were conducted as planned. In terms of community organisations and community members the researcher was unable to convene a large number of focus group members as envisaged. Data was then collected from groups of 4-6 people per discussion but the researcher was able to collect sufficient data from those people. The participants were required to answer five open-ended questions and this enabled the researcher to obtain information from the perspective of the participants after first hearing from the officials and this prevented the findings from being biased according to a certain group of people. Below is the analysis of responses categorised according to themes which emanated from the research objectives.

5.4. Objective 1: Examine how the implementation and sustainability of pro-poor LED is organised in KCD – responses from municipal officials.

In order to examine how the implementation and sustainability of pro-poor LED initiatives was organised, each participant was asked if there were any pro-poor LED initiatives currently under way in their area, were any stakeholders involved, and how are these initiatives organised to ensure implementation and sustainability. From the uMhlathuze local municipality participant number one gave a brief background to the LED situation where he indicated that *economic development facilitation is divided into two units which include Business units and Property Admin units. Under Business there is tourism, agriculture and training investment, and under Property Admin there are property evaluation and poverty alleviation projects.* Participants further mentioned that *less budget is allocated to LED initiatives and LED initiatives are informed by means of a road map transformation plan although other people call it an LED strategy but they have not yet began implementing it as they are still developing sector strategies that will guide implementation.*

This year (2017) they were developing a tourism marketing strategy and an agricultural plan mainly because communities are rural based and dependent on farming/agricultural projects and these strategies will enhance Local Economic Development within the uMhlathuze local municipality. Participants also indicated that *although the strategic plan has not yet been implemented they are already responding according to people's needs and they do have pro-poor initiatives where they are assisting farming communities with input that can assist their farming projects to grow, and they also released land to the community cooperative in Ngwelezana township for farming.*

The cooperatives in Ngwelezana were also interviewed and they mentioned that *the municipality had given them land and uniforms; however, they were not happy about other things such as tunnels for growing of tomatoes and funding.* They indicated that *their application for funding was rejected and the municipality didn't provide them with tunnels.* Participants also mentioned that they *had released 12 hectares of land in John Ross for a women-owned co-operative, and donated farming tools to various co-operatives in uMhlathuze. The municipality is prioritising young people and women when it offers support and opportunities. The municipality amended its supply chain policy in July 2016 and set aside 40 percent of the budget for women, youth and people living with*

disability. What the uMhlathuze municipality is doing is not informed by existing guidelines or the 2016 LED strategy but they respond case by case and in doing so they adjust their budget because there is no agricultural plan hence they respond according to the needs of the people. Furthermore, participants indicated that in a strategic document there is an implementation plan and an agricultural plan will help them in implementing their strategy. Moreover, participants highlighted that, they do not have the capacity to plan as they have poor communities, and unemployed youth and government needs to respond on these challenges. They can't tell the community that they are still planning but they respond and implement projects without strategies to assist and support poor people.

There are more initiatives and creativities than actual strategies, and all the strategies, particularly those in the business unit, that the uMhlathuze municipality intend so implementing will happen in due course. Pro-poor development is about responding directly to people's needs while a strategy is more bureaucratic. In Ntambanana (a rural area falling under the uMhlathuze municipality) they needed tunnels to grow their tomatoes. They use the supply development model in all activities implemented in uMhlathuze, whether private or public, to take advantage of the value chain, and unlock the value chain for other people to come on board. In identifying key opportunities within the supply/value chain, key supplies, activities, customers/service providers of the municipality, where does the municipality procure the services? Are they procuring the main services locally or not and if they are not, what are the key challenges and how can they intervene in something with FOSKOR and RBM who are their main suppliersare those suppliers procuring locally or not and do they talk to skills development and enterprise development?

Last year they trained unemployed youth on fitting and turning, and welding and that training was not informed by the strategy. They train according to what is reflected by information statistics and observation. They collect data on a quarterly basis and based on the data collected they then organise training. Strategies were created a long time ago and they are not working. In the uMfolozi local municipality participants indicated that through the office of the mayor, LED units have a budget to implement poverty alleviation programme/projects which some call mayoral projects, such as the chicken project where community members are farming chickens and selling them for a living, fencing gardens (sponsored by the Department of Agriculture, Rural Development and the King

Cetshwayo District Municipality), making garden tools, planting seeds and doing bead/craft work. The participants indicated that *these projects emanated from the people, they are not sustainable projects*. Furthermore, the uMfolozi municipality has an LED strategy where they implement **sustainable projects** that differ from poverty alleviation projects in the sense that they are sustainable while poverty alleviation projects are only short-term projects. The municipality is in the process of developing an agricultural strategy because of where is situated and they serve a rural community. They are planning to conduct a scientific study to determine what is suitable for their soil so that they can produce organic food that is sustainable. Within the uMfolozi municipality they have famers who are supplying their produce to the Empangeni fresh produce market and they help those famers to sustain their businesses so that they can supply according to the demand for fresh produce.

The participants also mentioned that *they also support **Small Medium Enterprises (SMEs)** where the municipality is providing training for SMEs such as training on business management skills and financial management skills so that they will be able to manage their finances. They also teach them how to write a proposal plan and a funding proposal*. It was also highlighted by participants that *what is happening to SMEs in uMfolozi is that the municipality gives them (SMEs) capital to start their businesses only to find when they do a review that the business is no longer functioning because there is no stock and they were unable to use the capital in a sustainable manner hence it is crucial to provide training to empower SMEs with skills to manage their businesses in a sustainable manner*.

Participants from the municipality also indicated that *SMEs tend to see the municipality as a charity organisation and since they are unable to invest in their businesses they would rather use all the capital and once it is finished they go back to the municipality to ask for more money or stock. Therefore, it is important to offer training to these people so that when the municipality gives them money or stock they will know how to use it sustainably. The municipality also runs the **local contractor development programme** where they call local business people and tell them about the opportunities that the municipality has and inform them about what is required from them in order to qualify to do the business with the municipality, such as having tax certificates, how to complete a tender form etc (it is information sharing with local businesses to inform them about opportunities and how one can access them). To empower local business people, they*

also range their tenders according to the value of the tender, for instance a tender up to R100 000 is targeted at local businesses but only if they qualify and apply for such tender. Besides local contractor development programmes the municipality also has a LED initiative called a **business SME fair initiative** where once a year they call local business people and different companies, (such as RBM, Mondi, SARS, CIDD) government departments and NPOs within the Richards Bay area to inform local business people with regard to business opportunities they have for local businesses in their companies' information sharing from different stakeholders. Participants further mentioned that the new resolution going forward is to have this initiative on a quarterly basis and not once a year and it should not be centralised, it should rather rotate to different wards currently this initiative is centralised within the offices of the uMfolozi local municipality. Furthermore, the municipality has developed a **market and exhibition initiative** where the municipality transports local people to exhibit their products where there is an event or gathering.

Sometimes, even if there are no events scheduled, the municipality provides a tent and stands for the local people to enable them to exhibit their produce to certain targeted people, for example, in areas near schools and government departments. This is a way of finding markets for local people; for instance, the municipality cannot only teach the people how to do craft work only to find they are not able to market their work as the objective is for poor people to be able to sell their work and earn money to sustain themselves. This also assists them to network with other people who are doing the same work and have access to markets.

The other initiative is a **tourism development programme**. The municipality formulated a Tourism Development Strategy in June 2017 and this indicates the importance of the tourism industry and its ability to contribute to socio-economic development in the form of employment, small business development and income generation/creation. The municipality adopted nine (9) steps as an approach to developing a tourism development strategy and they are presented in figure 4.2 below. The municipality further developed a brochure indicating how many Bed and Breakfast (B&B) establishments they have in their municipality, where those B&Bs are situated, and telephone numbers so that tourists can easily find accommodation and more tourists can come and stay in the municipality and by so doing there will be growth in Local Economic Development, more people will be employed and that will lead to poverty reduction within the area.

The participants further mentioned that *they do have the brochure but the municipality is experiencing challenges in terms of marketing and investment plans; however, the brochure is available on the uMfolozi website and at the municipality's offices. The development of the tourism marketing strategy will provide the uMfolozi local municipality with a tool to drive tourism marketing initiatives and attract investments. In the uMfolozi local municipality there are some fine potential tourism sites such as: The Nine Mile Beach in the Mbonambi area, Dawson's Rock Development in KwaSokhulu, iSimangaliso Wetland Park, uMfolozi Game Reserve and Lake Natural Reserve, north of KwaMbonambi. Developing a strategic marketing plan will assist in defining the targeted tourism segments and also provide a clear marketing plan on how to attract tourists.*

Participants emphasised that the following points should be considered in the marketing strategy:

- *Ongoing communication with stakeholders as involved participants not as external observers; these include government, local communities, the private sector and marketing entities.*
- *Having a positive statement that can be used to promote the destination to targeted tourism market segments.*
- *The communication strategies must ensure that the marketing messages clearly emphasise the strengths of the tourism products and the experiences within the area.*
- *Objectively examine what tourists are looking for in the uMfolozi local municipality as a tourism destination through extensive market research and investigate how their requirements can be met.*
- *Conducting a comprehensive uMfolozi municipality tourism product audit to assess the conditions of tourist products within the area, their diversity and their capacity.*
- *Articulating the uMfolozi municipality tourism destinations identifying and highlighting unique selling points, cultural significance and natural landscape.*

Participants further indicated that *the role-players need to work together to ensure that the project is implemented successfully. Government, host communities and private sector bodies should integrate the economic, social and environmental*

objectives required to achieve sustainable tourism development within the uMfolozi municipality.

Figure 5.2: Steps to develop a Tourism Development Strategy in the uMfolozi municipality



Source: UMfolozi Tourism Development Strategy, 2017

5.4.1 Responses from cooperatives and community members with regard to Objective number 1

In order to hear the response of community members and cooperatives, participants were also asked about the pro-poor LED initiatives and their understanding of Local Economic Development. Participants in focus group discussions indicated that *pro-poor LED is where local people are employed and earning an appropriate income or running sustainable businesses. The uMhlathuze local municipality normally organises events such as sports events and entertainment events where different celebrities come and perform in the municipality and this benefits local business people, hotels, B&Bs and street vendors and also contributes to the local economy. In South Africa we were able to achieve political freedom and now we are fighting for economic freedom and the uMhlathuze local municipality is supporting national government on radical economic development within the town. Some members within a group mentioned that the uMhlathuze local municipality is prioritising local young people whenever they are looking for contractors and that 40 percent of the work must be done by the youth, women and people living with disability.*

*Currently there are fifteen (15) jobs that were awarded to young people and those people have employed a minimum of thirteen (13) people per contractor which means a minimum of 195 people are employed as part of these initiatives. This initiative is called **storm water pipe projects** and in each area in uMhlathuze municipality people are busy installing these pipes along the roads. Although these storm water pipe projects contracts are only for two years short term projects, these young people are given the opportunity to work and invest some of the money as these projects are worth more than a million rand per contractor. Furthermore, these people per month they are able to make a profit of more than R50 000 per month therefore it is up to them to see how they can utilise this money for future purposes – self sustainability.*

Participants further mentioned that the uMhlathuze local municipality is also working together with the National Youth Development Agency (NYDA) and they have NYDA offices within the municipality in Empangeni for easy accessibility particularly for young people. Some participants were also aware that the municipality is planning to have a one-stop shop where small businesses and young people can be assisted by different organisations. Furthermore, the focus groups indicated that *most of the areas within the*

uMhlathuze local municipality which include Vulindlela, Ngwelezana, eSikhaleni, Nseleni, Port Durnford have Thusong centres that are used by the people who do not have space to work when conducting their businesses. They further indicated that a Thusong centre is a municipal property where electricity is paid for by the municipality and the property is secured. People who are using these centres only pay R74 per month to the uMhlathuze local municipality. In Richards Bay the municipality has built a centre for small business people for them to have an office space for infrastructure development. Information is communicated through community meetings and the councillors are compelled to have community meetings and IDP road shows. Further to that, each year the municipality supports young people who are disadvantaged but have good results with R6 000 to register at higher learning institutions and after registering they can then apply to NSFAS for bursaries.

Participants also spoke about the EPWP where they mentioned that *the municipality also has an Expanded Public Works Programme (EPWP) that helps young people to be employed and put food on the table. The EPWP enhances LED because these projects involve the municipality's building infrastructure for people, for instance, the offices for small businesses that have been built in Richards Bay. Environment, culture, social and economic development are short-term projects but they enhance the skills of young people who are getting money out of them and although these projects are not sustainable, they enable self-sustainability. Participants further stipulated that EPWP gives opportunities to those who are willing to volunteer and recognize the importance of developing their skills and become productive in society by utilizing skills that they have attained.*

On the other hand, some participants' in these focus groups indicated that *the EPWP is only seen as a short-term opportunity attempting to eradicate unemployment in a particular season. The EPWP does not create sustainable opportunities, they rather create seasonal employment that requires people to work during a particular season but after the job has been done people remain unemployed.*

5.5 Objective 2: Determine how the implementation and sustainability of pro-poor LED is assessed in the KCDM – responses from municipal officials

In order to understand how the implementation and sustainability of pro-poor LED is assessed, each participant was asked to indicate in the context of the local economy whether the stakeholders that are involved are able to strategize for the future and investigate the Strengths, Weaknesses, Opportunities and Threats of both local municipalities within the King Cetshwayo District Municipality. Participants from uMhlathuze local municipality stated that *the long-term vision of the uMhlathuze local municipality is to become “the Port City of uMhlathuze offering improved quality of life for all its citizens through sustainable development”*. *The municipality intends to achieve this through sustained socio-economic development and distribution of opportunities for the benefit of all communities in an efficient and cost-effective manner*. Furthermore, participants mentioned that *agriculture is very important for this municipality as there is a large amount of arable land that can be used and poverty in uMhlathuze is linked to an inability to sustain agricultural projects*.

Participants further mentioned that *sustaining small-scale famers is their focus and they have advisers - the mayoral advisory panel who are advising them in terms of initiatives that can help to deal with issues of food security*. *The municipality is currently working on an initiative that was initiated by provincial government called RASET (Radical Agrarian Social Economic Transformation) but it is implemented at local government level*. *This initiative is focused on sustaining small-scale famers to become sustainable commercial farmers in order to grow the economy and empowering the poor to become financially independent*. Furthermore, participants stated that *in Richards Bay a range of key stakeholders, and the business sector in particular, are active in the LED process*.

Participants indicated that *LED initiatives in the uMhlathuze local municipality are intended to stimulate both the enhanced **growth of the local economy** (pro-growth) and to address concerns of **persistent poverty** (pro-poor)*. *Richards Bay is one of South Africa’s key industrial centres and transport nodes*. *Within Richards Bay there is an Industrial Development Zone (RBIDZ), which further enhances the status of the city as an export-orientated industrial node*. *The participants also mentioned that the Industrial Development Zone is growing day by day as it recently signed agreements with different investors, both international and local*. *They mentioned that the IDZ together with other*

stakeholders including the municipality have put in place measures to assist SMMEs to benefit from IDZ activities. Furthermore, the participants indicated that the uMhlathuze Municipality has identified key projects through the established Industrial Development Zone (RBIDZ) to fuel those drivers which have been proposed for the identified land in the spatial development framework (SDF). The following are key projects that are being implemented by RBIDZ:

- Manufacturing of plastic piping for bulk water transportation
- Paint manufacturing
- Machinery and equipment assembly and repackaging
- Manufacturing of solar water heater geysers
- Manufacturing of energy storage and micro grid systems
- Cement blending and production facility
- Establishment of caustic soda/ chlorine chemical production plant
- Manufacturing of stainless steel cookware
- Manufacturing of products that use nano-precipitated calcium carbonate
- Manufacturing of tomato paste
- Manufacturing of agricultural supplements
- Manufacturing of titanium dioxide pigment
- Pulp manufacturing
- Generation of 60 megawatts green electricity
- Establishment of a metallurgical coke production facility
- Aluminium beneficiation
- Manufacturing of welding electrodes

The uMhlathuze local municipality is economically stable because of industries, and the harbour and is flourishing in comparison with other cities within the province (KwaZulu-Natal). Moreover, participants mentioned that as much as there have been numerous industrial developments that have taken place in Richards Bay, only a few citizens have benefited and the unemployment rate remains high including the unemployment rate for graduates. There is a very real need to enhance and support the local economy of the district through different activities including agriculture as an important activity and small business development, to reduce poverty and empower people with skills.

*The uMhlathuze local municipality is focusing more on pure economic development in respect of building **sustainable entities owned by the youth** whether in farming or construction, and making them sustainable. “Youth is our main focus because we believe that young people are the future of this country hence they deserve more opportunities and they are in the majority in uMhlathuze and South Africa at large, and section 217 of the Constitution provides protection for those who were discriminated against, which include women, the youth and the disabled”. In construction incubators the municipality is partnering with SEDA and CIDB this is a work in progress. The municipality in their strategic plans prioritised nine (9) key sectors listed below:*

- *Manufacturing*
- *Mining and mineral processing*
- *Agriculture and Agri-processing*
- *Tourism*
- *Maritime*
- *Blue economy*
- *Revitalisation of the townships (Township economy)*
- *Wholesale, retail, trade and services*
- *ICT and innovation*

*It was further explained by the participants that in each of these key sectors, a detailed implementation plan has been developed highlighting key projects/ interventions. In addition to the industry-specific interventions, the strategic roadmap has identified priority projects/ interventions that are sector-wide as well. Some of these include the development of a one-stop shop for business development, creating a local business finance fund, and a green economy. In the KCDM most of the area is available for development with more than 55 percent of the land having high to good potential. Participants indicated that within the KCDM there is the District Growth and Development Plan (DGDP) and **agricultural production has been set as the main priority** for development within the district.*

However, there are various constraints in most of the proposed expansion areas, mainly relating to conflict between the expansion areas and areas of high agricultural potential, as identified by the Department of Agriculture, conflict between the expansion areas and “Mineral Rights” as identified by the Department of Mineral Resources, and availability

of bulk engineering services has not yet been assessed, as areas owned by the Ingonyama Trust have been excluded as possible expansion areas. The Council is not the land owner and does not have control over the decision-making processes, a number of the proposed expansion areas are subject to long term leases in favour of, amongst others, forestry interest groups and some identified expansion areas are not geo-technically suitable for the proposed projects.

The uMhlathuze municipality has planned to grow employment in line with the National Development Plan (NDP). The key economic drivers identified to achieve this target as well as economic growth are;

- *Substantial public investments in infrastructure both to create jobs in construction, operations and maintenance as well as production input and indirectly by creating efficiency across the economy.*
- *Targeting more labour-absorbing activities across the main economic sectors: agriculture and mining value chains, manufacturing and services.*
- *Exploring the knowledge and green economy (new economies).*
- *Leveraging social capital in the social economy and the public service.*
- *Fostering rural development and regional integration (Spatial Development).*

*Furthermore, participants indicated that it is similarly imperative that education and wellbeing matters be discussed in order to provide a pool of abilities for both future self-employment and the necessary skills required to enhance local economic activities. Participants again further alluded to RBIDZ by indicating that the RBIDZ report shows that some of the above-mentioned projects are already committed (signed) and ready to start while others have been approved in terms of feasibility and implementation. Additionally, strategic prioritized projects of the Richards Bay port are critical for economic growth and transformation of the local economy. Many of these projects have been prioritized **in Operation Phakisa**, which is a national priority to unpack the potential of the sea economy for South Africa. Some of the key projects relating to Richards Bay include:*

- *Ship and rig repairs*
- *Establishing a liquid natural gas cluster*
- *Enhanced container handling capacity*
- *Improving the cruise terminal facility and*

- *Development of the waterfront.*

One of the participants alluded to the Spatial Development Framework (SDF) by stating that the long-term vision of the uMhlathuze local municipality is:

“The Port City of uMhlathuze offering improved quality of life for all its citizens through sustainable development.”

In support of the above municipality-wide (IDP) vision, the uMhlathuze local municipal Spatial Development Framework Vision is:

“Progressive and sustained socio-economic transformation poised for equal distribution of opportunities to all citizens.”

In line with basic service delivery, infrastructure provision and Local Economic Development key performance areas, the following was noted:

- *Promote socio-economic balance and improve quality of life for all citizens through sustainable development;*
- *Provide guidance for spatial distribution of desirable land development and promote densification;*
- *Promote spatial justice and an efficient land use management system.*

Participants further mentioned that the uMhlathuze local municipality is *the heart of industrial development and investment, and it must therefore position itself as a strategic driver and supporter of economic development initiatives for the benefit of local enterprises, job seekers, aspirant entrepreneurs and the local economy. To ensure that economic development within the city is achieved, the LED strategic plan is in line with the Richards Bay Industrial Development Zone master plan, the Port Expansion Plan etc. on how these strategic investments could promote balance and shared growth, and innovative governance systems in order to drive the economy of the City to greater heights.*

The uMfolozi local municipality is different from the uMhlathuze local municipality in that it is mostly surrounded by rural communities and there are no industries like in Richards Bay. Participants indicated that *uMfolozi’s economy is generally vulnerable. Excessive dependence on the manufacturing sector poses a major risk to the municipal economy.* Participants indicated that one of the reasons for the vulnerability of the

economy relates to the underdeveloped food security sub-sector within the broader agricultural sector, which still relies on climate conditions. What this means is that skills are concentrated in the mainstay sector - manufacturing - and under the current economic trajectory unemployment and poverty reduction relies heavily on the expansion of the manufacturing sector. Furthermore, participants indicated that the vision of the municipality is to:

“Improve the quality of life of all people of the uMfolozi municipality by creating an economically viable and sustainable development.” And the proposed LED vision is “to achieve a high standard of living, a highly skilled population and a highly diversified green economy”. The proposed LED mission is “to promote employment and job creation through facilitating the design and implementation of high labour impact and environmentally conserving economic initiatives”.

Affordability, socio-economic development, efficient resources utilisation, area marketing and public participation are critical factors in the municipal vision.

5.5.1 Responses from community members and cooperatives on Objective number 2

Participants stated that *small businesses must be encouraged by different stakeholders, for instance, by providing guidance, technical support, information and resources to help individuals to set up their own businesses in the form of sole traders, partnerships and cooperatives.* Participants further mentioned that *it is also crucial to **provide financial support for new businesses** and it serves as the key to enable businesses including cooperatives to start up their own businesses. Micro-enterprise financing is a specialist area; however, the uMhlatuze municipality does not give businesses grants to start their businesses and participants stated this in a focus group discussion.*

It was stipulated by the participants *that local municipalities must be involved in the arrangement by meeting with small businesses to assess the types of support they need and the proper method of collaboration, or working as a team. Municipalities’ primary role is to identify the needs of the community and provide support, and encourage institutions and the private sector as major stakeholders to also intervene. Therefore, it may be possible to establish small grant or loan programmes to encourage, for example,*

investment in modern technology. Care should be taken with these to ensure fairness, equity and transparency.

Participants further mentioned that *a continuous provision of technical advice on business management can sustain the business. Normally people who are starting their businesses are young people with no experience of managing the business therefore, if they establish a new business, the business owner should be able to understand finance, business planning, marketing, aspects of the law including employment, taxation, safety at work, environmental legislation and general business procedures. The provision of access to informal training and support in these areas meets a basic need and can be provided through “one-stop shops” and the uMhlathuze municipality is in the process of establishing “one-stop shops”. As in most areas of technical assistance, municipalities work with service providers to provide support to small business people, and one-stop shops will also include different companies that will provide support to businesses.*

Furthermore, participants also stipulated that *it is important for local municipalities to **establish and implement formal and informal business networks**. Dynamic participation in business networks is important for developing customer bases, obtaining intellect for growing small businesses, and developing collective relationships with businesses in the same segment. These networks can enable small businesses to learn from each other and that can grow and sustain their businesses. Participants also mentioned that emerging businesses need to be involved in a mentoring programme. They suggested that new and small business owners must be linked with established businesses to grow and benefit all businesses involved. These need not be formal networks. In addition, informal networks of mentors and new businesses can create further benefits by developing supplier linkages and establishing a critical mass for specialist training.*

*Much of local economic growth is generated by small and medium-sized businesses that are already established in the community. Encouraging local business growth involves providing advice, support and resources to enable these existing local businesses to grow. The range of initiatives to support local businesses is vast. Participants also stated that it is important for municipalities to **visit and conduct surveys on the performance of small businesses**. This can assist in identifying challenges that they encounter, determine the cause of underperformance and create opportunities for expanding the business.*

5.5.2 Strengths, Weaknesses, Opportunities and Threats Analysis (SWOT) of the uMfolozi local municipality

As much as the uMfolozi local municipality has a vulnerable economy, there are also strengths and opportunities within this municipality. Participants indicated the **Strengths** as follows:

- *Location of the municipality at close proximity to an export point (Richards Bay.)*
- *Reliable connectivity network, the N2, which easily links uMfolozi to Richards Bay and Durban.*
- *Crèches and schools are well distributed throughout the municipal area.*

Weaknesses

- *Lack of sufficient institutional capacity to implement LED*
- *Settlements are scattered across the municipality, making it highly challenging to deliver basic services.*
- *Lack of enough sports facilities especially in the north-western part of the municipality, notwithstanding the young population.*
- *Health facilities and community halls are not sufficiently distributed and therefore some areas lack these facilities.*
- *Poor water quality in the western side of the municipality*
- *Manufacturing industries in uMhlathuze place a high demand on water systems around the area.*
- *The coastline is largely inaccessible from the N2.*
- *Only 15 percent of the land is owned privately (and just along the N2 corridor) and over 60 percent (along the coastline) is owned by the Ingonyama trust*
- *Only 5.39 percent of the municipal land area has been settled following land claims.*

Opportunities

- *The municipality has a coastline which could be exploited.*
- *Relatively young population which could be easily skilled*
- *The uMfolozi and uMhlathuze rivers and lakes provide an opportunity for irrigation.*

- *Ground water is of good quality and therefore boreholes can be considered.*
- *High potential agricultural land to the east of the N2*
- *Good air quality which provides an opportunity for formal residential area expansion*
- *Potential for industrial development and expansion on the south-western border of the municipality.*

Threats

- *The economy over-relies on manufacturing.*
- *Environmental degradation practises such as overgrazing*
- *Low levels of awareness on protection of wetland areas*
- *High level of unemployment*
- *High population density over 200 people per square kilometre especially in the western semi-formal settlements. These can easily be translated to sprawls.*
- *A number of settlements are situated along the coastline which is an environmentally protected area.*

5.6 Objective 3: Ascertain the LED development strategies in the implementation and sustainability of pro-poor LED in KCDM – responses from municipal officials

This objective mainly focuses on the development of the LED strategy to implement pro-poor LED in both municipalities. In order to achieve this objective, participants were asked whether they have an action plan to implement their LED strategy. How do they ensure that their strategy will lead to the achievement of the pro-poor LED vision and mission? Participants responded by firstly indicating that *over the past three financial years including the current year, R58 443 000 has been budgeted for, to provide access to and opportunities for social and economic development within the City for many people. This amount is earmarked for Local Economic Development, marketing and tourism, human settlement programmes and economic development facilitation. Well-planned LED is increasingly used by municipalities to strengthen the local economic capacity of an area, improve the investment climate, and increase the productivity and competitiveness of local businesses, entrepreneurs and workers.* Participants further indicated that *the ability of communities to improve their quality of life, create new*

*economic opportunities and fight poverty depends upon them being able to understand the processes of LED, and act strategically in the changing and increasingly competitive market economy. A participant further mentioned that as much as they respond to people's needs, rather than using the LED strategic plan, they are currently in the process of establishing a **one-stop shop for SMMEs** in Empangeni. The one-stop shop is going to accommodate NYDA to address issues of access to funding, working together with ABSA to address issues of enterprise development and procurement because even if they wanted to do business, some of our emerging entrepreneurs including municipalities don't know how to supply goods and address issues of financial management.*

Participants indicated that in developing a LED strategy, this process entailed the following:

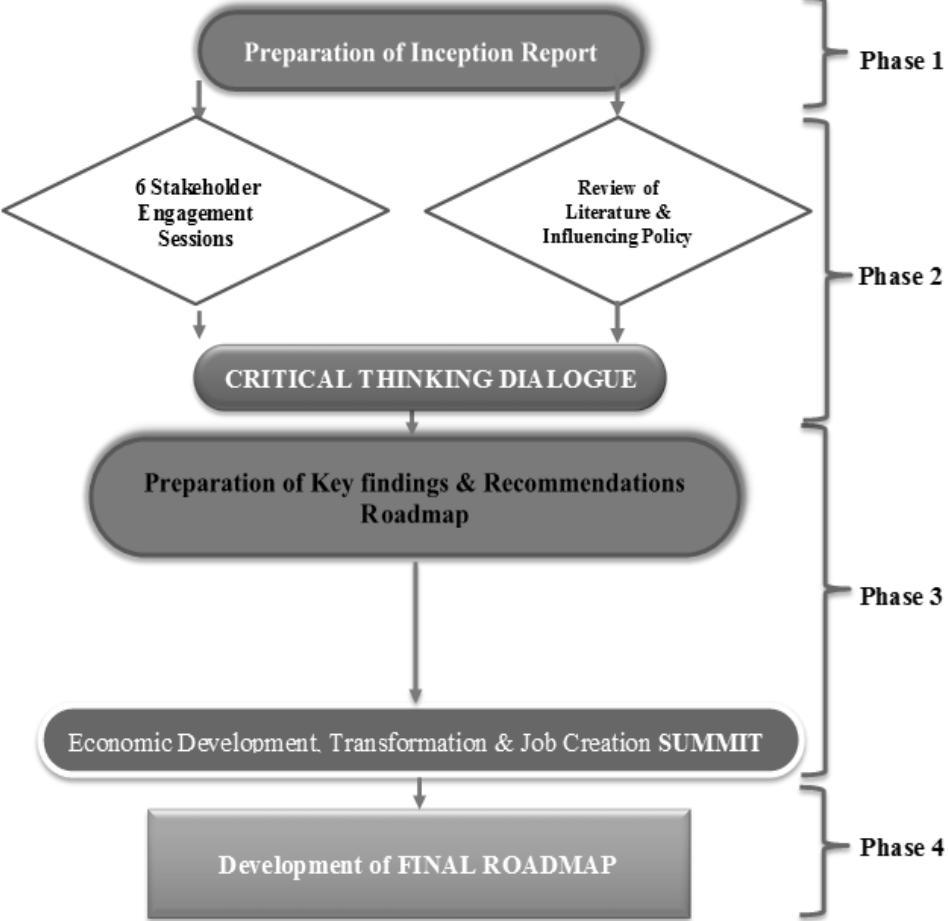
- *Review of key influencing policies and documentation*
- *Analysing and unpacking key economic trends*
- *Engaging of key stakeholders*
- *Alignment of stakeholder thinking to economic policy influences*
- *Developing practical implementation steps/action plan that would form the basis of a strategic plan.*

*Participants further mentioned that their approach is inclusive of a synthesis of economic policy review as well as engagement with key stakeholder groupings within the economy of the uMhlathuze local municipality. Stakeholders include local business people, sector specialists, communities marginalized from the economy as well as management from the municipality. The approach to develop the LED strategy/road map is presented in figure 5.3 below. Participants further mentioned how they assist cooperatives in their projects by indicating that *co-ops in Ngwelezane have been in business since 2012 and the municipality gave them two tunnels and they received a contract with Spar in 2015 to supply tomatoes but they lost the contract because there was no sustainability - meaning that they were not delivering according to the demand. Then they went back to the municipality to ask for support so that they could expand to meet the demands of Spar but the municipality refused because they were given support in the initial phase.**

Participants further indicated that in 2015 when their business was going well they were supposed to invest the money so that they could fund their projects, and that why there is a need for a one-stop shop to assist emerging entrepreneurs in terms of financial

management, and present weekly workshops on different courses which would include financial management, marketing etc and those workshops would be conducted by their stakeholders. SEDA, programmes like early socialisation in business, what it means to be an entrepreneur and the municipality has already signed with an institution of higher learning (University of Zululand (UNIZULU)) a Memorandum of Understanding (MoU) with regard to those programmes. They will get people from UNIZULU to teach co-ops, emerging entrepreneurs, and young people about the basic principles of entrepreneurship; including pensioners would also be included because once they receive a pension they want to start a business but they never been in business.

Figure 5.3: Approach for developing LED strategy/Roadmap in the uMhlatuze municipality



Source: 2017 uMhlatuze strategic plan

Participants from the uMhlatuze local municipality further mentioned that *they are planning on aggregating co-ops so that they can continuously supply fresh produce for*

the market and the fresh produce market will supply government department such as the health, education school nutrition programme and correctional service departments. In other words, these departments will procure fresh produce from the co-operatives, that's why the municipality is looking at aggregating co-operatives. Aggregating them will enable them to sustain each other and produce food required by the market. It is also crucial to have a one-stop shop that will assist young people to fill in tender documents, to comply with SARS, and to monitor their cash flow situation. Participants also mentioned that it is crucial to establish a forum which includes procurement for the private sector such as FOSKOR, RBM and advertise opportunities for suppliers on one database.

From the uMfolozi local municipality respondents stated *that the agricultural sector continues to underperform and the tourism sector is not packaged for optimal performance and in developing an LED strategy they have to look at these issues. There are different tourism assets which are yet to be developed into a tourism portfolio to attract visitors particularly business and leisure tourists. Furthermore, participants indicated that not much consideration has been given to the quality of tourism assets as a factor impacting on the competitiveness of this sector in uMfolozi. Poor agricultural development has led to a low level of food security and this has been caused by a lack of community-based and indigenous approaches to sustainable food production. They further stated that the agricultural system within this municipality is not diversified and the slow pace of land reform processes, inadequate programmes to improve soil fertility and poor access to international markets impede agricultural development.*

In the uMfolozi local municipality participants indicated that in order to develop LED projects they have a plan, budget and timelines that are presented in table 5.4 below.

Table 5.4: Approach for developing LED programmes in uMfolozi local municipality

Strategic Cluster	Programme	Project	Estimated Budget	Full time Jobs to be created	Responsible Stakeholders	Timeframe
1. Nodal Development	1.1 Spatial Roadmap and development	Establish at least one multipurpose service centre per ward	R3 Million	8	MLM	2015-2020
			R500 000	N/A		2015-2017

		Conduct Land Audit to determine current land use and potential			MLM, DEDTEA	
		Formulate and implement urban precinct plan for KwaMbonambi town	R70 Million	N/A	MLM, COGTA	2015-2020
		Develop a Rural Development Strategy	R300 000	N/A	MLM,UDM	2015-2017
	1.2 Business Development	Conduct a feasibility study for a retail complex along N2	R300 000	N/A	MLM, UDM, Private sector	2015-2017
		Set up mid-sized retail centres (1000m2)	R40 Million per centre	85 Jobs	MLM, UDM Private sector	2015-2018
		Conduct a feasibility study for a fuel station	R300 000	N/A	MLM, UDM	2015-2017
		Develop LED Business plan	R200 000 p.a	N/A	MLM, SEDA	2015-2017
		Conduct informal economy survey	R300 000	N/A	MLM, COGTA	2015-2017
		Develop informal economy policy	R300 000	N/A	MLM, COGTA	2015-2017
2. Economic greening and diversification	2.1 Economic greening	Establish a tree planting day twice a year	Internal municipal task	N/A	MLM	2015-2020
		Roll out solar geyser in PPP model	Internal	N/A	MLM	2015-2017
		Establish a weekly sewage removal service (truck) covering all the wards	R250 000	8	MLM	2015-2017
	2.2 Economic diversification	Feasibility study of an agri-processing plant	R300 000	N/A	MLM, DEDLR	2015-2017
		Create database for all farmers in the municipality	Internal municipal task	N/A	MLM, DRDLR	2017-2017
		Set up irrigation facilities in all primary and secondary agricultural zones	R30 Million	35	MLM, UDM, DoA	2017-2020

		Implement a hydroponic project in mixed farming agricultural zones	R15 Million	15	MLM, UDM, DoA, DRDLR	2017-2020
		Establish boreholes in each of the six main settlements	R180 000	N/A	MLM, UDM, DoA, DRDLR	2017-2020
		Establish an incubation programme for small-scale manufacturing households and businesses	R4 Million	10	MLM, UDM, DEDTEA	2016-2018
		Facilitate training on Arts and Crafts	R500 000	N/A	MLM, SEDA, DoAC	2015-2020
		SMEs	Annually	N/A	MLM	2015-2020
3. Local Area Marketing	3.1 Area marketing for business attractions	Develop a marketing strategy	R300 000	N/A	MLM, TKZN	2016/17
		Compile an investment guide for the municipality	Internal municipal task	N/A	MLM	2016/17
		Market the municipality in light of its proximity to St Lucia Estuary, Hluhluwe-uMfolozi Game Reserves	Internal municipal task	N/A	MLM, TKZN	2015-2020
	3.2 Tourism Packaging and Marketing	Conduct an audit of all tourism products	R200 000	N/A	MLM, DEDTEA	2016-2019
		Develop a tourism strategy	R300 000	N/A	MLM, CoCTA	2017-2019
		Set up signage to all tourism sites	R750 000	N/A	MLM, TKZN	2016-2020
Provide an interactive map of tourism sites on the municipality website		R15 000	N/A	MLM	2016/17	
4. Institutional Alignment and Development	4.1 Organizing LED stakeholders	Facilitate formation of cooperatives in every sector	Internal municipal task	N/A	MLM, COGTA	2016-2019
		Organise cooperatives around public assets	Internal municipal task	N/A	MLM, COGTA	2016-2019
	4.2 Reviving stakeholder forums	Re-establish the uMfolozi LED forum	Internal municipal task	N/A	MLM	2015-2018

	4.3 Expanding the capacity for the LED unit	Recruiting at least two additional LED staff	R360 000	N/A	MLM	2016-2019
5. Human Resource Development	5.1 Skills Development	Conduct a Skills Audit	R300 000	N/A	MLM, TIKZN	2017/18
		Facilitate Internship Programmes with the Owen Sithole College of Agriculture	Internal municipal task	N/A	MLN, DoA, OSCoA	2015-2020
		Establish a forum for small and medium scale farmers and the OSCoA	Internal municipal task	N/A	MLM, SEDA, DoA, DRDLR, OSCoA	2017-2019
	5.2 Skills attraction	Provide incentives for big businesses	Internal municipal task	N/A	MLM, TIKZN	2015-2020
6. Livelihoods Assets Optimization	6.1 Developmental and sustainable use of assets	Conduct assets audits	R500 000	N/A	MLM, DRDLR, CoGTA	2017/18

5.6.1 Responses from community members on objective number 3

Community members indicated that *what is lacking in developing LED strategy is a good relationship between the local municipality and traditional leaders; the municipality has a responsibility to build a good relationship with traditional leaders because most of the areas within the uMhlathuze local municipality are under traditional authority.* Community members further mentioned that *there are companies such as Tronox, RBM etc that are situated under traditional authority trust and these companies contribute to the traditional leaders' trust and the municipal council has no control over decision-making processes.* If there is a good relationship between these two stakeholders it will assist all parties involved because projects from these companies will not be championed by one stakeholder but each stakeholder will get a share. *There are no grants to support small businesses to start their own businesses - the only support that is coming from the municipality for cooperatives are working uniforms, garden equipment/tools and training. It would help if the municipality could build malls in every township like they have done in eSikhaleni as people from KwaDlangezwa have to travel to eSikhaleni to do their shopping.*

Moreover, community members mentioned that *most of the youth end up doing crime and experimenting with drugs because they are unemployed and there are no initiatives that target unemployed young people within the municipality. Most of the female teenagers participate in sexual activity at an early age and have unplanned pregnancies which is also the reason for the increase in the spread of HIV and AIDS.* Participants further indicated that *youth unemployment has an extremely negative impact both on the local economy and the economy at large. It decreases the pace of economic growth and increases social illness. It decreases the worth of the country and as a result both young and the old people suffer.*

It was also mentioned in the focus group discussion that *some of the unemployed young people are educated and **education directly improves the skills and knowledge** of young people and as a result they deserve to be employed.* They also indicated that ***entrepreneurship** is the solution to improve the youth unemployment crisis since if there are supporting structures they can help young people to grow their business. Unemployed people face serious financial problems that ultimately lead to economic hardship which in the end constitute the root cause of a variety of human hardships. The increasing and continued rate of unemployment leads to higher levels of poverty. The cost of doing business is high on account of poor coverage of key infrastructure such as power, water, roads, and transport as well as the long distances to markets and suppliers. There is no incentive in place to attract investment into the areas. Various barriers impinge on the cost of production. There is not sufficient investment in human capital through programmes of nutrition, public health, disease control and literacy. Budget votes on key infrastructure projects are being rolled over. Delays of such proportion only serve to entrench the poverty in the area and extend the suffering of the people. The demonstrable lack of a sense of urgency on the part of some government departments is a contradiction to the pronouncements that emanate from our political leaders.*

In the uMfolozi municipality participants mentioned that *they lack a supply of water on a daily basis, and they also noted the issue of poor maintenance of infrastructure such as roads and other buildings that need to be maintained by the municipality as being a challenge.* Furthermore, participants revealed that *there is poor management of LED programmes by the municipality which means they are not able to make a success out of their projects. The participants noted that they are affected by a lack of accountability, corruption, maladministration, an unskilled labour force, a low level of literacy within*

the community, and poor public consultation by the councillors and the municipality with regard to the affairs that affect the public and poor public participation were cited as contributors to poor management of LED projects.

Participants further indicated that in both municipalities *there are thousands of schoolchildren, many of whom are orphans and they walk long distances to school. Hundreds go hungry and there is a lack of feeding scheme programmes. Many may drop out of school and others may not further their studies, because of a lack of finance. Food output is falling. Some small farms are successful and some are not because the area suffers from drought. People have only smallholdings and small plots to utilise. Soil in some other areas is exhausted, with resultant poor yields. Households go hungry. If there is a drought, households face the risk of death, because of severe malnutrition.*

5.7 Objective 4: Understand the implementation of the pro-poor LED initiatives in the KCDM – responses from municipal officials

In order to understand how sustainable pro-poor LED is implemented, each participant was asked to mention one specific outcome of a LED project and the institutions that were/are involved in the implementation plan. This objective is also linked to objective number 3 above that discussed the development of LED strategies. Participants from the uMfolozi local municipality stated that *they implement sustainable projects such as the charcoal project that they are busy working on and they have a budget for that project. However, sustainable projects are scarce because most people start a project but they fail to sustain them. Therefore, most of the projects are pro-poor projects and they are short-term projects because they are not sustained.*

Participants also mentioned that *there is a lack of training which means that people start the project together as a group but after a certain period only two or three people will be left because of some disagreement amongst themselves. **Poverty alleviation projects are reducing poverty but they are not sustainable**, for instance, if the municipality distributes food parcels on a specific day people will eat for a few days but after a few days they will again not have food, meaning that these projects are not sustainable.* Participants in the uMfolozi local municipality also indicated that *they work together with provincial government in ward 1 (Emathokothwa) on agricultural projects planting bananas, and sweet potatoes in a plantation situated across the river and the people were trained to build boats and use them to cross the river and sustain their projects. Also,*

Emathokothwa ward 1 in the uMfolozi municipality now have a machinery to supply water to their gardens and the provincial government also gave them a boat to cross the river. They supply their produce to a fresh produce market. Agricultural projects that supply produce to fresh produce markets are sustainable projects because there is market demand.

UMfolozi local municipality participants also stated that they are clear about their responsibilities to create a favourable environment through the establishment of infrastructure. However, most of the public spaces are still not attractive to either tourists or local people. They stated that an assessment should be conducted to identify specific urgent needs relating to areas where a lack of capacity, infrastructure and service delivery could lead to an outbreak or spread of diseases. This assessment could include aspects related to sanitation, the provision of potable water, waste removal and access to medical facilities and services.

The results of this assessment should be used to identify urgent development needs and prioritize infrastructure development projects. Moreover, the participants outlined that an assessment should not only focus on the development of new infrastructure, but should also identify needs or challenges associated with the maintenance of existing infrastructure as well as the low levels of service delivery in already serviced areas. If not already implemented, a GIS-based disease monitoring and surveillance system should be developed to record the occurrence of diseases. The required contingency plans with regard to the outbreak of diseases should also be developed. These plans should not only cover the response to known diseases such as cholera, but also allow for responses to diseases such as emergent influenza and pandemic-related diseases. Implemented and existing programmes relating to the prevention and management of HIV/AIDS should be continued, and the impact of such programmes should be assessed in order to determine the effectiveness of the current programmes.

Participants stated that local government experiences problems in extending service delivery into isolated rural areas because of the distances involved and it is difficult to allocate resources and drive the delivery of infrastructure. Since these areas are situated some distance away from markets and a water supply and can only be reached by travelling over mountainous and rocky terrain, it is difficult for municipalities to establish economic infrastructure and basic needs in these communities. The municipality should

work together with traditional leaders particularly when the land belongs to the traditional authority so that they can fast-track the process of implementing LED initiatives. Moreover, the participants mentioned that most of the initiatives that are supported by the government are seldom as successful as the LED initiatives implemented by individuals or private initiatives because they (the government initiatives) do not receive funding and are only supported by the provision of working materials.

For example, the planting of sweet potatoes initiated by individuals in the KwaSokhulu area is more successful than those initiatives funded by government. Participants further stated that most of the people in this area are unemployed and they depend on social grants and money they generate through selling sweet potatoes. The beneficiaries of the LED initiatives revealed that local government provides assistance to certain initiatives but does not monitor the process of implementation and evaluate whether funding and other things are used properly; furthermore, the growth of the initiative is not monitored to ensure that it reaches its full potential and the common goal in terms of which it was implemented. There are some long-term LED initiatives that have successfully been sustained and in these cases other members of the community are eager to join these initiatives only to find that it causes conflict within the community and with the beneficiaries of the initiatives.

5.7.1 Future spatial development of the uMhlathuze Local Municipality.

Participants indicated that *spatial development programmes also affect LED issues which include **job creation***. They mentioned that to create jobs *consideration should be given to the protection of potentially highly productive agricultural land. However, (they realised that) land needs to be set aside and opportunities have to be created to foster industrial development. It is very likely that a conflict will develop between the use of land for productive agriculture versus industrial related/supportive activities. To address this, consideration must be given to spatial planning principles as presented in the Spatial Development Framework (SDF) review, 2016/17. **Investment in human and community development** has to be informed by government principles and all human beings have to be provided with basic services irrespective of where they live and there should be investment in human capital in areas that offer lesser economic opportunities. Planning for sustainable human settlements is contained in the Municipal Human Settlements Plan.*

*Moreover, the spatial implications of the proposed **Richards Bay port expansion** project have been deliberated by the municipality and the proposed port expansion and the associated impact on infrastructure and the affected environment has been given due consideration in the municipal SDF. The uMhlathuze local municipality drafted a climate change strategy based on two main principles which include mitigation and adaptation through the implementation of the Climate Change Municipal Action Plan. Participants also stated that Spatial Equity requires the promotion of spatial concentration as well as integrated land management and spatial planning. The principles upon which the uMhlathuze SDF has been drawn up are based on principles of integration, densification and efficient land use. To this end the municipal Land Use Management System is also undergoing a review at present.*

5.7.2 Responses from community members and cooperatives with regard to objective number 4

The participants, particularly cooperatives, outlined their disappointment with the municipality to take action pertaining to LED implementation which include the following,

- *No action has been taken by the municipality in terms of giving grants to cooperatives as capital to start their projects.*
- *There is high level of inequality where some projects are being supported and others are not.*
- *Some of the implementation decisions taken have been challenged.*
- *There is lack of provision of support from the stakeholders or drivers of Local Economic Development including the municipality.*

Some community members indicated *that the municipality is failing to give cooperatives money to start their businesses.* The participants also outlined *that there is a problem with implementing the decisions and the programmes that the community and municipality had agreed to adhere to as a way of supporting SMMEs and cooperatives.* The participants stated *that the effectiveness of LED is hindered by the lack of support from the municipality.* Cooperatives indicated *that they end up being assisted by other stakeholders such as NYDA, the Department of Agriculture etc.*

It was noted by the participants, *that community participation in government's affairs is one of the objectives of local government in a democratic state. LED implementation processes lack community participation and that is a challenge because community members end up not knowing what is happening within their municipality. The implementation of LED was (presumably) introduced to develop the local economy and uplift the standard of living of the local people. If this is indeed the case, the municipality must find ways of involving community members and community organisations in the affairs of the government. It was noted by the participants that there is lack of community participation in issues regarding development within both municipalities. When communities participate in the development process and decision making, they will become aware of how to negotiate and interact with their local municipalities for available opportunities. It should be noted that the success of the LED strategy depends on proper planning and the effectiveness of citizens' participation.* Participants further outlined the reasons for involving community members in the LED process, which include the following:

- *Community members are the main stakeholders within a local municipality.*
- *Community members need to be knowledgeable about LED initiatives.*
- *Involving community members will improve communication between the municipality and the community.*
- *If community members are involved it will be easy for them to take part in decision-making.*

Participants also mentioned that *it is the responsibility of local government, as the tier of government that is closest to the people, to ensure that municipalities have adequate capacity to ensure that people are aware of what is happening within their municipality and what (economic) opportunities they can benefit from.* It was also indicated by the participants that *citizens should elect community leaders who understand the dynamics and the importance of the Integrated Development Plan and Local Economic Development. Not all LED initiatives will positively benefit the community, therefore relevant knowledge about progressive initiatives must be applied by the parties that are involved.*

Participants mentioned that *maladministration and poor financial management are the main challenges that hinder the implementation of pro-poor LED. However, these*

challenges are contrary to the principles of good governance which are guaranteed by the Constitution in respect of elected and appointed officials. Furthermore, participants also alluded to ethical behaviour, integrity and good governance as the cornerstones of responsible governance. They further revealed that most of the LED projects do not reach the implementation stage and other projects collapse, and the possible reasons for this are not only the misuse of funds and corruption by the municipality but also the lack of necessary skills possessed by stakeholders to run such initiatives.

The retention of skilled labour is very low because the people initiating business migrate to urban areas in order to sustain their markets, with the result that there is a lack of skills development in these initiatives and people without the necessary business knowledge and financial management skills to ensure project sustainability are left to run projects. Participants indicated that within both municipalities (uMfolozi and uMhlathuze) they have a list of projects that are assisting community members to eradicate poverty, which include agricultural projects, brick-making projects, manufacturing projects, road maintenance projects, craft or beadwork projects, chicken farming projects and vegetable planting projects. Participants indicated that these projects were initiated by the municipality and if they want to start their own projects it would be difficult to get support and funding from the municipality.

These projects are also stipulated in the municipality's LED strategic plan in order to fight poverty and create job opportunities. Participants further indicated that *the dominant projects that are sometimes long-term or sustainable projects are small gardens facilitated by women and the Department of Agriculture has assisted these women by giving them seeds and the municipality has provided these women with tools and uniforms. Participants further mentioned that if SMMEs could also get support they could reduce the socio-economic challenges that are affecting the municipality such as unemployment, income generation for local participants, skills development empowerment and crime reduction; however, this can only be achieved if there is ongoing support from the different stakeholders including the municipality. Participants further stated that there is growing friction between foreigners and South African entrepreneurs because South African citizens perceive that foreigners are in South Africa to take their jobs and opportunities that belong to them. They also think that foreigners have come to steal resources. However, participants also conceded that some South African entrepreneurs do not have the necessary skills and competences that foreigners have, for*

example, these people from other African countries come to South Africa with previous experience in managing businesses in their countries, and they agreed that South African entrepreneurs are not unified in terms of working together and buying stock in bulk which would prevent stock shortages or running out of stock.

They further revealed that there are ways of creating jobs in this municipality such as spaza shops but they are mostly owned by foreigners. These shops are regarded as being “survivalist” and part of the informal sector that is not registered. Furthermore, most of the people within the uMhlathuze municipality believe that LED units exist to support and initiate cooperatives, support small businesses and create job opportunities. However, as much as pro-poor initiatives exist they are not yet serving the purpose of creating permanent jobs that generate a sustainable income. People are employed on a short-term basis and after the completion of the project people remain unemployed. Moreover, participants mentioned that LED initiatives operating within these municipalities are not exceptional, or significant, in that they do not have access to markets to sell the goods produced and they are also vulnerable to strong competition.

Most of Local Economic Development initiatives focus more on activities and common sectors of the economy with low growth potential and only have the capacity to accept limited returns. Participants both community members and municipal officials further stated that the uMhlathuze municipality is known as a city that has different industries which include but are not limited to the following companies: Rio Tinto, Richards Bay Minerals, BHP Billiton’s South 32, Bell Equipment, Foskor, Mondi, Tongaat Hulett, and Tronox mining operations. Yet there is still a high rate of unemployment and people who are most affected are poor people and include women, young people and the disabled.

Participants also indicated that it is important to prioritise and match industry skill requirements with academia because it will assist in reducing the rate of unemployment and improve the economic participation of youth in the economy. Participants in both municipalities also mentioned that there are other fundamental economic challenges within these municipalities such as receiving low income and that affects mostly young people because they still need to improve their standard of living and businesses closing down is a challenge but this has mostly happened when young entrepreneurs lack support and the necessary skills to grow their businesses.

According to the participants, *LED exists to build and strengthen the economic capacity of a local area in order to improve its economic future and the quality of life of the citizens. However, local development can only occur when there is economic development, meaning that since it is the aim of LED to develop the economy of the local area, the citizens will also benefit because there will be job creation, and small businesses within the local community will improve and employ local people.* The participants also explained that *the main purpose of LED is to provide good governance to the people, and requires that a government will prioritize benefits to the general public rather than benefits directed to selected individuals. The municipality has an important role to play in improving the local economy through ensuring the provision of infrastructure and quality services.* Participants further mentioned that *crime, unemployment and HIV and AIDS still remain the dominant factors contributing to poverty in the rural areas of both municipalities. When people are unemployed they commit crime in order to get something to eat, and they are also vulnerable to HIV and AIDS as they have limited access to primary healthcare and methods of contraception including condoms and hence (generally) do not practise safe sexual intercourse.*

5.8 Objective 5: Determine how the implementation and sustainability of pro-poor LED initiatives is reviewed in the KCDM

Monitoring and evaluation practices assist to measure whether the desired outcomes of the implementation of LED projects have been achieved, and also determine the improvements and adjustments needed to achieve the desired outcomes. This means that reviewing LED strategy assists local government (municipalities) to control and determine the progress or mistakes made in the implementation of LED strategy and how these mistakes can be corrected. In order to achieve the above objectives participants were asked how often they reviewed their projects and the strategy they use to monitor and evaluate LED projects. Participants within both municipalities mentioned that *monitoring and evaluation of projects is still a challenge to municipalities in terms of reviewing these projects and sometimes it is not done and that implies that projects could lapse. Each year they issue LED strategic review documents to check the progress of the projects and to make adjustments where there is a need.* Participants advocated for *feedback from previously held meetings to be prioritised and that participation of the people in projects from the planning stages, through to implementation and up to the very last stages also be prioritised.*

Municipal officials indicated *that monitoring and evaluation (M&E) is an important element in the LED implementation plan. Indicators should be clearly laid out at project level to measure inputs, outputs, outcomes and impacts for each project. This could help to determine the success of the programme and provide an overall assessment of the LED strategy.* They further stated that *they have regular annual meetings to discuss results as part of the checking progress, and the ongoing planning and learning process.* In both municipalities participants indicated that *they still experience challenges in monitoring LED programmes from the beginning through to the end. Currently they do not have an M&E timetable including scheduled reviews of content and process indicators.*

5.9 Summary

The purpose of this chapter was to present data collected from interviewed participants in the form of common themes. The chapter commenced with a background to the case study of the King Cetshwayo District Municipality, particularly two local municipalities which are uMhlathuze and uMfolozi on the north coast of KwaZulu-Natal. Participants were able to elaborate on their answers from objective number one to objective number four; however, objective number five didn't receive much response from the participants. The results show that numerous initiatives are being undertaken by the municipality to address issues of poverty and unemployment; however, most of these initiatives are only for short periods and they are not sustainable.

The results revealed that the uMhlathuze local municipality is currently in the process of implementing strategic plans that correspond to the needs of the community. The findings show that community projects supported by the municipality should be taken through a series of customized training programmes in keeping with the level of the participants' experiences and the type of business venture to encourage growth and sustainability of the business or project. This chapter also revealed that the uMhlathuze municipality is economically stable because of industries that are situated within the surrounding areas; however, this municipality still experiences a high rate of unemployment and poverty.

The results also indicate that both municipalities need to strengthen the monitoring and evaluation strategies to ensure continuous progress of LED projects. This chapter also outlined the strategies that need greater attention with regard to the implementation and

sustainability of pro-poor LED in both municipalities which include the establishment of one-stop shops in the uMhlathuze municipality, decentralising some of the LED activities that were centralised in both municipalities, creating an enabling environment which includes infrastructure and financial support for SMMEs and cooperatives, and developing and maintaining good relationships with all the role-players including traditional authorities. The next chapter discusses the results.

CHAPTER SIX

DISCUSSION OF FINDINGS

6.1 Introduction

This study intends to make a crucial contribution to the implementation and sustainability of LED initiatives at local government level with special reference to the King Cetshwayo District Municipality. It undertook significant and timely research on the impact of LED on poverty and unemployment reduction. Goldman (2005) stipulates that the purpose of LED is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. Pro-poor LED is also a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation. Swinburn, Murphy and Goga (2006) highlight that pro-poor LED is increasingly used by communities to fortify the local economic capacity of an area, improve the investment climate, and increase the productivity and competitiveness of local businesses, entrepreneurs and workers.

In order to have the ability to improve the quality of life, create new economic opportunities and fight poverty, poor people working together with local government need to understand the processes of LED and they need to use it effectively to access economic opportunities for the improvement of their own lives. This was supported by Warth and Koparanova (2012) who revealed that the social and economic success of communities require access to economic opportunities, where people are economically independent and come up with their own solutions to problems they encounter. However, sustainable development is one aspect that should be considered when implementing pro-poor LED initiatives and in dealing with the ownership and use of the resources. LED means more than just economic growth; it means providing opportunities for women and men to obtain decent work at local government level. Pro-poor LED is people-centred, promoting participation and local social dialogue, connecting people and their resources for more and better employment and a higher quality of life for all.

This study is grounded on the predication that social and economic development cannot be separated. The process of pro-poor LED, which is used to gain access to social and economic development, becomes crucial in the sense that it allows poor people to be self-dependent and fight poverty rather than depending on government through social grants.

Poor people understand that government has a responsibility to provide for its citizens; however, it is also important for citizens to work together with the government and support government's efforts through ensuring the sustainability of development undertaken by the government, though long term development and making use of natural resources that are available to develop themselves, such as the use of land for agricultural projects especially in rural areas (White paper on local government, 1998 and National Development Plan, 2013). Chapter 5 revealed that by working together, the local community, the private sector, CBOs and NPOs can collectively hold themselves responsible for sustaining pro-poor LED instead of solely blaming the government for allowing projects to lapse. This chapter focuses on the discussion of the results presented in Chapter 5. The chapter discusses the results by incorporating them with the theory (World Bank Model) as well as literature, and the results are discussed based on five (5) stages of the LED strategic planning process (World Bank Model, 2005).

6.2 Stage 1: Organising

The first stage in developing LED strategy is to organize the LED effort. An individual or organization such as the municipality needs to take the lead in initiating the LED strategic planning process. The results from both local municipalities (uMfolozi and uMhlathuze) reveal that there are different role-players or stakeholders that are involved in organising pro-poor LED initiatives in these municipalities. This was supported by Meyer (2013) who stated that the service delivery triangle relating to LED consists of government, the private sector and local communities; however local government takes a leading role. Swinburn, Goga and Murphy (2006) also pointed out that successful Local Economic Development requires the collaborative effort of public (governmental institutions), private (business) and non-profit organisation (NPOs, trade unions, social, civic, religious etc) sectors. Their study further indicated that the strategic planning process begins by identifying the people, public institutions, businesses, industries, civic organizations, professional organizations, think-tanks, training institutions and other groups that comprise and/or impact the local economy. In the uMhlathuze local municipality participants indicated that their LED strategy has not yet been implemented but they are responding to people's needs using the available resources and by doing so they are involving different sectors in a process of empowering poor people to be financial independent by creating jobs and giving people business opportunities.

Ramukumba (2014) states that partnerships focus on managing existing resources so that they can create jobs and stimulate the economic growth of an area. This is also supported by Koma (2014) who states that LED initiatives are seen as being important for various reasons, for example, to create jobs and create other new economic opportunities, to increase income levels thereby enabling municipalities to pay for services and broaden the tax and revenue bases of the municipality. LED initiatives are intended to empower the most vulnerable, marginalized and poor sectors of local communities to raise sufficient income to meet their basic needs and aspirations. Identifying partners that will play a role in the implementation of pro-poor LED initiatives is part of the organising stage which is the first stage of the World Bank Model and this stage also reveals that municipalities with limited resources might start with a less ambitious LED team. The LED team should be a multi-disciplinary team that is able to work across traditional departmental lines, as well as across governmental and non-governmental lines. Where appropriate mechanisms of municipal transparency and accountability exist, an LED team may involve the participation of professionals and volunteers from outside the municipality.

It is important to strengthen the capacity of the LED team to communicate with non-governmental organizations and business sectors, and this will require good facilitation skills and the use of creative communication techniques. In some municipalities, this may be the first time that truly interdepartmental working has occurred. Given the broad scope of LED and the necessity to develop relationships with the private, public and non-governmental sectors, true and genuine leadership of the team is necessary. Such leadership will provide the team with optimum conditions for devising and delivering an LED strategy. There are number of ways that LED can be managed and developed by a municipality. Blakely and Leigh (2013) support the findings of the study by indicating that LED has the promise of better jobs, more income and wealth for the local people, and more available opportunities for personal gain and fulfilment.

Blakely and Leigh (2013) further explain when, where and how new opportunities for employment can be multiplied. This posits that when local areas embark on planning and implementing LED, the motivation must be to improve the locality so that the desired outcomes of the implementation of LED are visible. LED is implemented to create better job opportunities for local people and alleviate poverty, whether by bringing industrial activities into the local area or motivating and encouraging the local people to start their

own initiatives using local ideas and resources. The KZN Department of Cooperative Governance and Traditional Affairs (2015) indicates that municipalities can play a role in and promote LED as a coordinating body through the IDP to draw together the developmental objectives, priorities, strategies and programmes of a municipality to ensure that LED initiatives are coordinated within and with other municipal programmes linked to national and provincial initiatives.

Municipalities should serve as facilitators to improve the investment environment in the area and as stimulators for business creation or expansion. Seduma (2011) and Madumo (2015) state that LED activities are legally mandatory for every municipality in South Africa as an important part of the municipal Integrated Development Plan (IDP). The uMhlathuze local municipality and the uMfolozi local municipality should continue engaging LED stakeholders and communities in IDP review so as to ensure that economic development priorities are understood and accommodated in the budget processes of the municipality. For instance, the findings of this study revealed that both municipalities work with companies around Richards Bay such as Foskor and RBM as their stakeholders. Furthermore, this enables the municipalities to comprehend community-driven economic initiatives that will contribute meaningfully to the economic development of the area. The success of LED projects in South Africa has been fairly widely implemented but findings of the study reveal that sustainability is still a challenge.

The World Bank (2014) indicates that where LED is a new function for a municipality, it is important to undertake an institutional assessment of the key departments that are involved in LED. This assessment assists in identifying the necessary individual skills, organizational resources and performance conditions that need to be strengthened for the LED process to be effective. Nel (2007) highlights that it is important to identify the planners who will constitute the organisational structure of the team that will head up the LED process. The organisational structure, according to Rogerson (2009), needs to have strong organisational capacity and must always ensure extensive community participation, where full participation of all the critical sectors of the community must participate. Furthermore, Nel (2007) stipulates that there has to be a drive from the organisational team to empower local leadership through capacity building and allowing local people to acquire leadership skills that may be used for future projects.

The results as indicated above show that the activity of LED in South Africa and in particular in the King Cetshwayo District Municipality is conceptualised generally as a form of partnership or coalition undertaken between the key actors in a local community and involves the development of partnerships between the private sector, government and civil society. Local government has been described as the “hands and feet” of Reconstruction and Development in South Africa. The traditional powers and responsibilities assigned to municipalities provide them with the ability to exert a great influence over the social economic well-being of local communities. The results further reveal that in the absence of effective local delivery structures and stakeholders, government cannot implement its policies and provide services to the communities, thereby highlighting the critical role of municipalities as key role-players in the creation of Local Economic Development. When beginning the Local Economic Development process, two major issues have to be taken into consideration before the planning process can begin. The first is the organisation or grouping of institutions responsible for the implementation or coordination of the economic change, and the second is the geographic scope of the plan which, according to Blakely and Leigh (2013), must be determined before embarking on the process of LED.

This is in line with Blair and Carroll (2009) who point out that the LED idea involves an initial briefing meeting with all stakeholders involved in the LED process. Furthermore, it is also important that all stakeholders understand the municipal IDP and its processes since LED operates within the Integrated Development Plan of the municipality, which is a guiding tool through which the municipality plans, prioritises and renders services as required by the constituencies of that particular municipality. The briefing gives clarity to all parties involved about the methods of cooperation between the consultants and the clients (the benefiting stakeholders) to outline and put together the scope of work, the objectives and all other important details needed for the LED planning and implementation. Hague, Hague and Breitbach (2011) indicate that once the abovementioned (briefing) is done, then stakeholder consultation and capacity building follow. This has not been the case with regard to the King Cetshwayo District Municipality since while there are stakeholders involved, no capacity building has been organised. Hence capacity building is important because stakeholders and role-players become partners in the process of LED and a plan to transfer meaningful skills and knowledge should occur during the planning and implementation of LED.

The organising stage involves identifying service providers who will play a role in the facilitation of the LED process, whilst the municipality and other representatives have to facilitate and implement the strategy once it is completed. The results presented above show that both local municipalities identified different stakeholders to assist the communities in implementing their projects such as the Departments of Agriculture and Rural Economic Development, RBM, NYDA etc. However, the results do not indicate whether communities were involved in the process of identifying leaders, because community members also play a role in the implementation of LED projects and receive direct benefits from the strategy and the whole process of LED.

It is therefore important for the King Cetshwayo District Municipality to get an overview of the problems faced by the community and then compile a perspective of the development required for the surrounding community and also identify trends related to development in the area. It is also important to conduct both an internal and an external analysis to gather basic information which is critical to and required for economic development planning in both local municipalities. Leigh and Blakely (2016) point out that knowing the opportunities the locality has on sectoral potential and identifying sectoral comparative advantages of a local area determines the potential of growing the economic growth of the local area. The results above show that the uMhlathuze and uMfolozi local municipalities *have famers/cooperatives that are supplying their produce to the Empangeni fresh produce market and both municipalities support those famers to sustain their businesses so that they can supply according to the demand of the fresh produce market.* This is achieved through the identification of supply and demand factors which assist in the assessment of the market opportunities based on the gap between existing and future levels of development potential.

However, the results further show that some of the cooperatives are unable to meet the demand of the market because of the low production of their produce. Available resources with the potential of growing the local economy and creating employment opportunities must be analysed based on their location, the extent to which they can be exploited, and whether the opportunity to exploit them exists. It is further noted that the growth potential of the existing available sectors must be determined and the potential structural impacts of known and planned development initiatives must be identified. This includes of economic growth trends and performance of the local area, constraints to development, skills availability and linkage opportunities within different sectors. This ensures that the

LED process develops a strategy that addresses the recent trend in the economy of the local area, and aligns priorities for the locality which support the vision and strategic direction of the municipal IDP. The results above further ensure that LED sections in both municipalities respond according to the needs of the surrounding communities particularly in the implementation of poverty alleviation projects. In line with the above, Nel (2005) pointed out that appropriate institutional structures that can facilitate the development of pro-poor LED process are key to the successful implementation of sustainable pro-poor LED. Furthermore, once the LED strategy has been designed, institutions with the responsibility of implementing the strategy have to be hands on and ready for the establishment and implementation of an economic development programme in support of the local people and local economic growth.

The results of this study indicate that *both the uMhlathuze and uMfolozi local municipalities are prioritising local young people whenever they are looking for contractors and 40 percent of the work must be done by the youth, women and people living with disabilities.* Capello (2007) supported the above by stating that LED implementation has to be in the form of projects which must target, prioritise and utilise opportunities for Local Economic Development and invest in the local communities by prioritising local people for economic opportunities. From the above discussion it is important to establish solid working relationships and organizational structures that support the strategy planning process to create beneficial long-term, public, private and non-profit partnerships for the benefit of the local people. These working relationships can range from relatively informal working groups to semi-formal, loosely aligned networks to the establishment of a regional development agency or a legally constituted public-private partnership.

6.3 Stage 2: Conducting LED assessment

The above section discussed the first stage of LED strategic planning (Goldman, 2005) in connection with the results of this study that were presented in Chapter 5. It revealed the importance of involving stakeholders in the LED planning process and how it can affect the implementation and sustainability of pro-poor LED. Meyer (2014) supported stage one of LED strategic planning by pointing out that the service delivery triangle relating to LED consists of government, private sector and local communities; however, local government must take a leading role. Stage two of LED strategic planning is where

the stakeholders that were discussed in stage one conduct LED assessment. It is crucial to know about and understand the characteristics of the local economy to help the stakeholders to strategize for the future and make the best possible programme and project choices that will benefit the people. The results of this study show that both local municipalities (uMfolozi and uMhlathuze) understand their strengths and their weaknesses hence they are able to focus on LED projects that best suit their locality.

For instance, it was mentioned by the participants that they are focusing on *supporting small-scale famers and they have advisers the mayoral advisory panel who are advising them in terms of initiatives that can help deal with issues of food security. They are also working on a project that was initiated by provincial government called RASET (Radical Agrarian Social Economic Transformation) to sustain small-scale famers to become sustainable commercial farmers.* These findings are supported by Ramukumba (2014) who states that partnerships with different stakeholders' focus on managing the existing resources so that they can create jobs and stimulate the economic growth of the local area. This is done in order to grow the economy and to empower the poor to become financially independent. The community should therefore be as informed as possible about its own town, city or region and its role in the regional, national and international economy (Goldman, 2005).

The analytical boundaries of the local economy assessment should not be limited by an administrative jurisdiction such as a municipal boundary, but rather by the economic relationships in a geographical area such as a district region, travel-to-work area, or a city and its rural hinterland. In order to achieve economic development, poor and marginalized people must be included in the LED projects so that they can be empowered with economic opportunities. Knowing the characteristics of the local economy is critical if stakeholders are to identify and agree on a realistic, practical and achievable LED strategy. The results of the study reveal that both local municipalities know and understand their local economy because they were able to state their existing economic relationships and activities within their local area. The results further show that these municipalities make use of the availability of the industries within the city of Richards Bay to support SMMEs. For instance, *within Richards Bay there is an Industrial Development Zone (RBIDZ), which further enhances the status of the city as an export-orientated industrial node. The IDZ together with other stakeholders including the municipality have put in place measures to assist SMMEs to benefit from IDZ activities.*

This shows that the surrounding industries are involved in LED activities that are taking place within the uMhlatuze local municipality. Furthermore, the local municipality is partnering with these industries to support small businesses within the area. This is in line with Rogerson (2006) who points out that local governments and stakeholders have a crucial role to play both as policymakers and as institutions of local democracy and are urged to become strategic, visionary and ultimately influential in the way they implement and support LED initiatives.

Moreover, Human, Marais and Botes (2008) maintain that the main role for local government regarding LED is to create an enabling environment that can assist in the social and economic development of local people. This can also be done by conducting an analysis of local economic information and the industrial sector can provide an insight into how the local economy is performing and is interlinked, which sectors are prospering, which sectors are declining, where business development opportunities exist, and the aggregate value of local productive chains. The World Bank (2005) points out that an analysis of local economic information can also assist in providing the profile and the skills levels within different industries, and it can also show whether there are skills shortages, a skills decline or LED developments that contribute positively in the development of people's lives.

The results show that the *UMhlatuze local municipality is economically stable because of surrounding industries and the harbour and is flourishing in comparison to other cities within the KwaZulu-Natal province*. As much as the participants indicated that the economy within the city is stable, it also appears that there is a high rate of poverty and unemployment and poor people are affected. Hence conducting an LED assessment can be used to identify labour market deficiencies, barriers to labour market entry, employment take-up and potential workforce programmes, as well as to identify industrial sectors that can be assisted to encourage poor people in the area. Warth and Koparanova (2012) indicate in the literature that the shortage of capital, skills, ineffective policies and poor governance lead to failure of LED projects. Moreover, Nel (2005) also points out that poorly trained, poorly motivated staff, skills shortages, and overstaffing hinder the success of LED projects.

LED assessment can also identify specific groups of people who are unemployed which can help to direct which LED actions are necessary to support such people. In line with

the above, Greenwood and Holt (2010) point out in the literature that it is crucial for local government and partners to develop a Local Economic Development programme that supports entrepreneurship and creative thinking in small businesses and that can develop an entrepreneurial culture and self-employment. By doing so unemployment and poverty can be reduced and small businesses can be sustained because of the creativity behind them. Participants further stated that the *uMhlathuze local municipality is focusing more on pure economic development in respect of building a **sustainable entity owned by the youth** whether in farming or construction, and being sustainable*. The above contradicts the literature of Garcia-Amado *et al.* (2013) who indicate that most of the projects are temporary and they are not sustainable, (they are a) riskless source of income and they do not provide new income options after the project ends.

However, the uMhlathuze municipality is focused on ensuring that their LED projects are sustainable and the majority are owned by young people. Blumenfeld (2013) supports these findings by mentioning that unemployment in South Africa, especially youth unemployment, is found to be at an extreme level when measured using the unemployment ratio to ascertain how many of the employed people are youth. Dlodlo and Dhurup (2010) also point out that local government is there to assist existing and start-up LED projects to enable more sustainable and effective development.

Furthermore, the Constitution of the Republic of South Africa (1996) supports these findings by indicating that local development should address the basic needs of poor communities and it should provide community services and give support to local businesses in a sustainable manner. These results are supported by Rogerson (2006) who points out that LED involves supporting sustainable economic activities in the municipalities and integrating the second economy into the first economy.

The findings also reveal that ***agricultural production has been set as the main priority for development within the district***. This was done because of the location of both municipalities; however, agriculture is not the only focus as that municipality is also focusing on manufacturing, tourism, blue economy, mining, wholesale and retail, township economy etc. New Growth Path (2011) is supporting labour-absorbing activities, particularly agriculture, light manufacturing and other services, to generate large-scale employment, while creating a set of incentives and support mechanisms to encourage the private sector to invest in new ventures. Ashley and Haysom (2008)

support these findings when they mention that small-scale agricultural producers are often members of the poorest income groups in rural areas, and the supply chains can be regarded as pro-poor links between tourism and agriculture. Karriem and Hoskins (2016) further indicate that in rural areas in particular, people are denied access to the overall basic needs and fertile land for agriculture. The findings show that agriculture remains the key economic opportunity in the King Cetshwayo District Municipality. The commercial agricultural sector can be a major employer in both local municipalities and forms the economic anchor of these municipalities but subsistence agriculture is by far the most important source of sustenance for rural households. In order to achieve a reduction in unemployment and poverty both municipalities need to grow and transform the commercial agricultural sector and improve the links between commercial agriculture and subsistence agriculture.

Furthermore, the findings in the previous chapter revealed that it is *imperative that education and well-being matters be addressed in order to provide a pool of abilities for both future self-employment and the necessary skills required to enhance and sustain local economic activities*. It seems that education is a necessity in the sustainable implementation of pro-poor LED and this is shown in both the findings and the literature of this study. Hagedoorn *et al.* (2015) agrees with these findings by pointing out that participants in projects should be empowered through education and access to resources in order to maintain the sustainability of projects and maximise their ability as agents of change in their communities.

Todaro and Smith (2015) suggest that education is a strong tool that can develop poor people and they indicated that education can promote the bright future of the community both socially and economically and they further revealed that a more educated person is more likely to obtain employment and be more productive in performing duties at the work place. Boni and Walker (2016) point out that the legacy of the apartheid education and training system still exists because the country is facing a skills shortage crisis. The findings show that the uMhlathuze local municipality *is situated in the heart of industrial development and investment, and it must therefore position itself as a strategic driver and supporter of economic development initiatives for the benefit of local enterprises, job seekers, aspirant entrepreneurs and the local economy*. One of the core initiatives that should be developed in the uMhlathuze local municipality is labour absorbing industries that generate value-added activities that should benefit local people. The participants

clearly mentioned that there is evidence of industrial development but the poor are not benefiting from such development. Hence it could be suggested that investments in infrastructure, in education and in skills development are significant components of the initiative to capacitate those who are marginalised. Industrial development should not only focus on economic growth but this sector must also cater for the needs of society especially job creation and poverty alleviation. On the other hand, the findings showed that the uMfolozi municipality does not have a stable economy and their economy is generally vulnerable with no industrial development.

6.4 Stage 3: Development of LED strategy/ Strategy making

The above section discussed the results based on the importance of assessing the local economy so that LED stakeholders can be able to strategize in an informed manner. Objective number three of this study is on the development of an LED strategy. This objective intended to find out how the King Cetshwayo District Municipality achieves an integrated approach to Local Economic Development. How do they ensure that their strategy leads to achievement of the pro-poor LED vision and mission? The vision is the key element of LED strategy making and it is the first step to strategy implementation. One needs to understand that in visioning and formulating a strategy, practitioners in municipal government and principal stakeholder groups need to balance Local Economic Development with environmental and social needs (Goldman, 2005).

The results of this study reveal that the vision and the mission statement of the uMhlathuze and uMfolozi local municipalities describe the ideal economic future of their communities by stating that their vision is “*to achieve a high standard of living, a highly skilled population and a highly diversified green economy*”, and their mission is “*to promote employment and job creation through facilitating the design and implementation of high labour impact and environmentally conserving economic initiatives*” (Vision and Mission of Umfolozi local municipality). This vision is ideal because the findings in this study show that the standard of living of the majority of people in the municipalities is poor with a vulnerable economy and a high rate of unemployment and poverty. However, there are projects in place to improve the standard of living so that in future their vision can be achieved. This is in line with Rogerson (2006) who highlights that local governments and their stakeholders have a crucial role to play both as policymakers and as institutions of local democracy, and are urged to become strategic and visionary and

ultimately influential in the way they operate. Furthermore, the White Paper on Local Government (1998) states that the powers and functions of local government should be exercised in a way that has maximum impact on the social development of communities in particular, meeting the basic needs of the poor and on the growth of the local economy. The White Paper further indicated that the empowerment of marginalized and disadvantaged groups makes a critical contribution to social development. Hence the above vision and the mission are in line with what is stated in White Paper on Local Government.

The National Framework for LED (DPLG, 2006) also notes that the government has a clear vision for local economies which is stated as “*robust and inclusive local economies exploiting local opportunities, real potential and competitive advantages, addressing local needs and contributing to national development objectives*”. The challenge in achieving these ideal visions is to have an achievable and implementable action plan that should lead to a strong and inclusive economy. The results also reveal that the visions of both local municipalities (uMhlatuze and uMfolozi) are also in line with the provincial (KZN) vision which is to achieve a situation where KZN is “*a province of opportunity, prosperity and quality of life*”. The Pillars of the KZN Provincial Spatial Economic Development Strategy (PSEDS) are:

- Increasing investment in the province
- Improving skills and capacity building
- Broadening participation in the economy
- Increasing competitiveness.

Moreover, the uMhlatuze municipality, through its mission and vision as it is stipulated in the presentation of results “*offering improvement of quality of life through sustainable development*”, intends to contribute to ensuring that the objective of the United Nations (UN) Sustainable Development Goals (SDGs) are realised and implemented (uMhlatuze local municipality: SDF Review, 2016/2017). Their target is to ensure that SDG number eleven which addresses *sustainable cities and communities* is fulfilled by 2020 and 2030. The main development strategies of the city of uMhlatuze include the following:

- Development Strategy 1: Good Governance
- Development Strategy 2: Infrastructure and Services Provision
- Development Strategy 3: Social and Economic Development

- Development Strategy 4: Institutional Development
- Development Strategy 5: Sound Financial Management.

The above development strategies are presented in the SDF Review 2016/2017 but they were not mentioned by the participants (municipal officials) in the empirical findings. These development strategies can only be achieved through a coordinated approach and involvement of all relevant stakeholders and role-players. This can lead to the maintenance of a Local Economic Development culture through overall participation by all members of the society. Not all of the above functions are municipal competencies. The relevant depths, sectors and role-players need to be addressed to put a coordinated effort together to realize the objectives that need to be achieved.

However, local municipalities must thus play a co-ordinating and facilitating role to ensure realization of their economic developmental goals. Karriem and Hoskins (2016) are in agreement with these findings by pointing out that through improved economic policy coordination and implementation, per capita income should be boosted from R50 000 in 2010 to R120 000, and a million jobs created in the agricultural sector, with land reform playing an important role. Koma (2014) also indicates that municipalities have a key role to play in coordinating and promoting pro-poor LED. Moreover, these findings were also supported by Sapkota (2013) by highlighting that LED projects fail to come up with clearly formulated project designs because there are gaps in the capacity, coordination and transparency of LED projects.

The Department of Provincial and Local Government (2000) indicates that municipalities can promote LED as a coordinating body through the IDP to draw together the developmental objectives, priorities, strategies and programmes of a municipality to ensure that LED initiatives are coordinated within and with other municipal programmes linked to national and provincial initiatives. Municipalities should serve as facilitators to improve the investment environment in the area and as stimulators for business creation or expansion. Craythorne (2003) states that LED activities are legally mandatory for every municipality in South Africa as an important part of the municipal Integrated Development Plan (IDP). The findings show that the success of LED projects in South Africa has been partially sustainable and has partially created jobs and business opportunities for the local people. However, the majority of the projects only survive with continued support of public funding (DPLG, 2005).

The findings revealed that municipalities are adopting a *well-planned LED strategy to strengthen the local economic capacity within a particular area in order to improve the investment climate, increase the productivity and competitiveness of local businesses, entrepreneurs and workers*. The literature supports these findings by revealing that local businesses such as SMMEs serve as an enabling pillar of economic growth within society and strengthen pro-poor LED (Munzhedzi, 2014). Malefa and Mashakwe (2008) stresses that there is a need for consolidation between stable enterprises and the emerging enterprises to strengthen economic growth capabilities and this can be supported by the government through providing strategic leadership to attain the mission of the SMMEs.

Furthermore, Meyer and Venter (2013) stipulate that SMMEs have the ability to reduce socio-economic challenges that are affecting the country in terms of reducing unemployment, promoting income sustainability for local participants, transferring skills for development, and combating crime; however, this can be only be achieved if there is clear support from various sectors in the society. Mokoena (2017) states that SMMEs are characterised by formal and informal sectors although these sectors play a predominant role in terms of the economic growth of South Africa. Mokoena (2017) continued to emphasise that the formal sector is a kind of business that is based on a stable, fixed environment and there are regulations that monitor operations. Mohr (2012) suggests that informal business is established by part of the people who can't find sustainable employment and some of the goods that they are selling are illegal goods. The findings further revealed that developing the LED strategy is a process that includes the following:

- *Review of key influencing policies and documentation*
- *Analysing and unpacking key economic trends*
- *Engaging of key stakeholders (focus group discussions and one-on-one engagements)*
- *Alignment of stakeholder thinking to economic policy influences*
- *Developing practical implementation steps/action plan that would form the basis of a strategic plan.*

The literature also pointed out that the main goal of numerous economic policies is to reduce poverty, create jobs and stimulate economic growth. The question one could ask is, since so many economic policies have been enacted since 1994, why have these main goals not been achieved? What is so challenging or so difficult to do in respect of the

implementation of these economic policies in order to achieve the aforementioned goals? Cloete (2012) stresses that policy formulation and implementation affect people in general, therefore it requires the full participation of members of society as well as a monitoring and evaluation framework to ensure that it meets its targets.

Furthermore, Koma (2014) points out that implementing LED policy entails not only the availability of trained staff and funds, but also their commitment, and execution must take place in a professional manner. Koma (2014) further states that there are other important ingredients for any policy or programme implementation to be effective, such as an adequate organizational resources allocation. Literature further points out that the implementation of pro-poor LED policies has a long history but up until now economic policies have not been effectively implemented and they have not addressed the needs of the poorer, marginalised and disadvantaged people. The findings of this study are in agreement with Lin, Quanqin and Jiyuan (2012) who point out that a shortage of capital and skills, together with ineffective policies and poor governance lead to failure of LED projects. Economic policies were enacted to influence social and economic development; however, they have not served the purpose because most people, particularly the youth, are unemployed because of structural unemployment and they are living in poverty.

Terreblanche (2002) indicates that structural unemployment is the inability of the economy to provide employment. Some of the policies such as the GEAR initiative were enacted in order to create a strong economy, democracy, opportunities, community participation and development of the lives of those who were previously marginalized for the better. Kanbur and Svejnar (2009) state that youth unemployment has been rising at a steady rate in South Africa and started in the 1970s. Today, South Africa is ranked as having the fourth highest percentage of unemployed youth in the world. For example, the World Bank (2014) observes that as of 2014, 52.6 percent of people aged 15–24 actively looking for jobs were unemployed. Furthermore, youth unemployment is unequally distributed throughout different segments of the population. Although unemployment among whites' amounts to 14 percent, this number rises steeply to a troubling 70 percent for blacks (Mlatsheni and Rospabé, 2002).

Moreover, the White Paper on Local Government (1998) specifically provides for and mandated local government to play an important role in promoting job opportunities and boosting the local economy. It appears in the presentation of the results that both local

municipalities have an approach to developing LED strategy. The approach that both municipalities have adopted is good because it has short, medium and long-term aims and actions that set out what is going to be achieved. The approach of both local municipalities also indicates an agenda to enhance and develop the local economy, and social and environmental strengths. However, one could ask if the approach is good, why has the desired outcome not been achieved? This indicates that there is really a challenge in the sustainable implementation of the LED strategy.

6.5 Stage 4: Strategy implementation and sustainability

The above section discussed the results based on the importance of developing LED strategy. Objective number four of this study deals with the implementation and sustainability of pro-poor LED strategy. Developing a strategy is incomplete without an implementation plan that is supported by detailed project action plans. The implementation plan sets out the budgetary and human resource requirements, and the institutional and procedural implications of implementing the LED strategy. The implementation plan serves as an integrated programming document to maintain clarity of strategy direction and ensures that programmes and projects do not inappropriately compete for resources and support. With a timeframe of between one and three years, a good implementation plan will result in a more efficient and effective use of existing budgets, and can be used to attract funding from external sources such as national government, bilateral and multilateral donor agencies, and the private sector (Goldman, 2005).

The findings of this study show that the uMfolozi local municipality is trying to *implement sustainable projects such as the charcoal project that they are working on and they have budgeted for that project*. However, the findings further reveal that *sustainable projects are scarce because most people start projects but fail to sustain them*. Therefore, the results show that most of the projects in the uMfolozi local municipality are pro-poor projects and they are short-term projects because they are not sustainable. Implementation of each project should take account of the implementation of each phase of the project, the project's budget, the project's resources and the implementation responsibilities to implement a project to completion. Based on Blakely (2013), LED implementation plan is a single document that comprises all the LED projects and programmes within a strategy. Findings indicate that poverty alleviation projects do

reduce poverty; however, they are not sustainable. For instance, if the municipality is distributing food parcels on a specific day, people will be able to eat for a few days but afterwards they will not have food, meaning that these projects are not sustainable. The Policy Guideline for Implementing LED (2005) stipulates that effective implementation of LED in the second decade starting from 2005-2014 is a critical contributor to government success in growing the national economy and building a single integrated economy that benefits all. Hence, the implementation plan has to outline how each project will be carried out, the budget implications and, if possible, timelines outlining when each project will be implemented.

Findings indicate that to create jobs, attention has to be given to the protection of high potential agricultural land for productive agricultural purposes. The importance of fertile land was also mentioned by Karriem and Hoskins (2016) who point out that in rural areas people are denied access to overall basic needs and fertile land for agriculture. On the other hand, Francis (2002) argues that those who are involved in agriculture and livestock projects are faced with challenges such as monitoring labour, commodity markets are quickly flooded, and they are vulnerable to theft. Nel and Rogerson (2005) acknowledge that the implementation of LED programmes has encountered numerous obstacles such as a poor understanding of local economies, (lack of) support for unsustainable community projects, and capacity and resource constraints.

Kroukamp (2006) states that LED is based on the building of local economies through various initiatives as well as alleviating the levels of poverty that exist within South African local communities. Scheepers and Monchusi (2002) and Tomlinson (2003) agree that LED is a constitutional directive to municipalities to advance social and economic development. LED is supposed to centre on the creation of partnerships, economic sustainability, job creation and enhanced quality of life (Nel and Rogerson, 2005). Canzanelli (2008) describes LED as a process where local actors shape and share the future of their territory. In this study both municipalities believe that they can shape their territory through engaging in different projects, particularly in the agricultural sector. Moreover, the results of this study reveal that LED implementation processes *lack community participation and that is a challenge because community members end up not knowing what is happening within their municipality*. The implementation of LED was introduced to develop the local economy and uplift the standard of living of the local people. If this is the case, the municipality must then find ways of involving community

members and community organisations in the affairs of government. Municipalities must promote community participation which serves as the cornerstone of local democracy. Lack of community participation is a challenge; hence the implementation of LED was introduced to develop the economy and uplift the standard of poor people. Van der Waldt (2010) argues that community participation is the foundation for local democracy, yet the results show that there is a lack of community participation in issues regarding development. When communities participate in the development process and decision making, citizens will be aware of what is happening and how they interact with their local municipalities to their benefit.

It should be noted that the success of LED implementation within the municipality depends on proper planning and the effective participation of its citizens. A study conducted by Kayamandi (2007) reveals that the success of a community today depends upon its ability to adapt to the dynamic local, national and international market economies. Some participants noted that strategically planned LED is increasingly used by communities to strengthen the local economic capacity of an area, improve the investment climate, and increase the productivity and competitiveness of local businesses, entrepreneurs and workers. Mago, Hofisi and Mbeba (2013) support the findings of the study, explaining that the ability of communities to improve the quality of life, create new economic opportunities and fight poverty depends upon them being able to understand the processes of LED, and act strategically in the changing and increasingly competitive market economy.

Findings of this study show that LED involves government, the private sector and civil society and these three sectors are expected to contribute to the employment rate of the country. Meyer (2013) also points out that LED consists of government, the private sector and local communities. Park (2010) indicates that Local Economic Development can be viewed as the process in which local government, the private sector and various community organizations engage in order to stimulate business activities. It is clear that all the stakeholders have responsibilities and roles to play in the process of job creation within a country. As such, the roles and responsibilities of local government as well as civil society in local economic development are indispensable to implement the strategies and policies of LED.

However, local municipalities do have a more direct impact on LED in terms of their potential influence on issues such as by-laws, and tender and procurement procedures. This also includes other regulations such as those governing access to land and the necessary infrastructure and services, as well as promoting a positive image of their area, making their environment more appealing to and welcoming for investors and visitors, facilitating skills development, and being responsive to the needs of the local potential business concerns. Furthermore, findings in this study revealed the importance of monitoring the implementation of the decisions and the programmes that the community and municipality had agreed to adhere to as a way of enhancing pro-poor LED.

Findings also show that the effectiveness of LED implementation is hindered by the lack of support from different stakeholders in the sense that some stakeholders they come to claim the fruits of the success of LED projects which they were not involved in during the planning and implementation processes. Local government cannot effectively implement LED projects on its own, and a study by Kayamandi (2007) concludes that provincial governments are expected to play a leading role in ensuring that economic planning, infrastructure investment and development spending take place in accordance with the principles set out in the National Spatial Development Perspective (NSDP). The findings show that some cooperatives were disappointed about the implementation of LED initiatives within their area.

Khumalo, Mashiane and Roberts (2014) argues that cooperatives are an independent association of people united to meet a common economic ideal and they are a democratically controlled enterprise which requires an equal contribution. Tshishonga (2015) states that a cooperative is an affiliation of people who have a certain goal to achieve bearing in mind the risk and the benefits that are subject to that goal. Cooperatives bring mutual interest to the society and they have the spirit of Ubuntu because they are not profit driven; rather they find a way of sustaining capabilities without focusing on the social status of participants. The findings of this study reveal that the participants (in this case cooperatives) indicated the following disappointments with regard to their municipality:

- *The municipality does not give grants to cooperatives as capital to start their projects*

- *There is high level of inequality where some projects are being supported and some are not.*
- *There are implementation challenges concerning the decisions that are taken.*
- *There is lack of support from the stakeholders, or drivers, of Local Economic Development including the municipality.*

The above findings relate to what has been said by Van Els *et al.* (2012) who notes that community ownership can only be effective when there are clear inputs and the local community has control over the design and execution of the initiative and promotes the cooperative projects. Rogerson (2013) also indicates that identifying cooperative opportunities and strategic planning provides a way to clarify competitive advantages and generate strategies that better address the needs of local communities. Tshishonga (2015) stresses that cooperatives have values that separate them from business. The International joint on Cooperative Democracy (1995) states that cooperatives' ideal values make them unique and different from other businesses by being self-responsible, and they demonstrate solidarity and democratic values in attaining their goals although they are still autonomous and some cooperatives depend on the government when it comes to funding and skills development of the participants.

DTI (2007) agrees with these findings by stipulating that LED has yielded positive results in KZN through the support of the Ithala Development Finance Cooperation by funding 13 920 registered cooperatives since the initiation of the funding. Findings of the community members in the previous chapter indicate that *most of the LED projects do not reach the implementation stage and other projects collapse, and the possible reason for this is not only the misuse of funds by the municipality and corruption but it also relates to a lack of the necessary skills possessed by stakeholders to run such initiatives.* The article by Phago (2005) supports these findings by pointing out that the reason for unsuccessful LED practices in local communities is that there is a lack of capacity and skills in local government.

Moreover, Huang, Shao and Liu (2012) also indicate that the shortage of capital and skills, ineffective policies and poor governance lead to failure of LED projects. Francis (2002) commented that poorly trained, poorly motivated staff, skills shortages, and overstaffing hinder the success of LED projects. Consequently, Koma and Kuye (2014)

assert that a lack of the required skills hinders local economic development today. These findings also concurred with Monkam (2014) who asserts that in general, challenges faced by municipalities in South Africa mainly arise due to service delivery failures stemming from huge backlogs, inadequate revenue collection, corruption and fraud, poor financial management systems, and a lack of highly-skilled personnel. Findings in the previous chapter also reveal that the most dominant projects *that are sometimes long-term (sustainable) projects are small gardens tended by women and the Department of Agriculture has assisted these women by giving them seeds and the municipality provided these women with tools and uniforms*. Stull, Bell and Ncwadi (2016) stress that in the 21st century, farming is very difficult due to limited plot sizes and decreased quality of soils and food production in rural areas has fallen off markedly. It makes it difficult for people to practise agriculture as the land is often infertile and eroded by the overpopulation of people and animals in the rural areas or former homelands. Findings further emphasise the importance of SMMEs.

Participants mentioned that *if SMMEs could get support they could reduce the socio-economic challenges that are affecting local municipalities. SMMEs could also assist with unemployment, income generation for local participants, empowering of skills for development and reducing crime; however, this can only be achieved if there is ongoing support from different stakeholders including the municipality*. These findings were supported by the World Bank (2011) which asserts that the goals of LED are to ensure that the local investment climate is functional for local enterprises, and support small and medium sized enterprises (SMMEs), attract inward investment, and support primary informal sector enterprises in terms of providing leadership or facilitating models and also targets certain previously disadvantaged groups. Munzhedzi (2014) supports these findings by indicating that SMMEs serve as an enabling pillar of economic growth within society and strengthening pro-poor LED.

Schutz (2006) also indicates that the success of enterprise development depends on encouraging investment and growing existing business within an area, especially SMMEs and cooperatives. The results also indicated that LED projects are implemented through the Expanded Public Works Programme (EPWP). Participants indicated that the EPWP *helps young people to be employed and put food on the table. The EPWP enhances pro-poor LED because these projects involve the local municipality, building infrastructure for people, for instance, the offices for small businesses that have been built in Richards*

Bay. Environmental, cultural, social and economic development are short-term projects but they enhance the skills of young people and they are getting money out of it and although these projects are not sustainable, they enable self-sustainability.

Participants further stated that the EPWP gives opportunities to those who are willing to volunteer and recognize the importance of developing their skills and becoming effective members of society by utilizing skills that they have attained. Phillips (2004) explains that programmes that are part of the EPWP sustain LED and those programmes improve infrastructure, and promote environmental, cultural, social and economic development. The EPWP further ensures that there are continuous projects that empower the youth with skills that enable self-sustainability. Nzimakwe (2008) stipulates that the EPWP also gives opportunities to those who volunteer and recognise the importance of developing their skills and becoming effective members of society by utilising skills that they have attained. The EPWP is perceived as a short-to medium term means of alleviating unemployment.

These programmes do not create sustainable opportunities but they rather create seasonal employment that is mostly recruited during the summer season (HSRC, 2007). Nzimakwe (2008) further articulates that the achievements of the EPWP are not progressive because it is failing to reach the target of absorbing at least one million people into the programme as beneficiaries; however, there is a growing number of beneficiaries, both women and the youth, but disabled people are still being neglected. There is a need for the government to intervene. This implies that government should take more steps to create more EPWP projects in order to alleviate poverty and supplement the income of low income households. As much as the EPWP enables employment opportunities and capacity building through programmes aimed at the youth acquiring skills to facilitate their entry into the job market, the challenge is that after acquiring the skills through the EPWP programme young people are still struggling to find sustainable, or permanent, jobs. So these young people end up working for the short-medium term, not for a lifetime.

6.6 Stage 5: Strategy review

Goldman (2005) indicated that effective LED strategy planning includes a review and analysis of the contribution of LED programmes and projects that are already happening in the area. The results of this study indicate that there are challenges in terms of

monitoring and evaluating pro-poor initiatives. The first step in a local economy assessment is to determine what information is pertinent, required and available, and to identify the incomplete or outstanding data that is required for the local economy assessment. The process of LED ends in the strategy review, where the entire LED strategy is reviewed by looking at both the successes and failures of the strategy and paving the way forward to improve the next phase of LED as it is cyclical. Reviewing the strategy enables the municipalities to determine how its LED strategy is progressing, whether it is making any mistakes in implementing its strategy, and how these mistakes can be rectified. The LED strategy should be regularly reviewed to reflect changes in the local economy and lessons learnt from its implementation. Findings show that both municipalities have an LED strategic review each year to check the progress of the projects and to make adjustments where there is a need. The World Bank (2005) points out that reviewing local economic development strategy is normally undertaken on an annual basis and usually in conjunction with the municipality's financial planning cycle.

This review should be guided by a monitoring and evaluation plan that establishes the procedures and indicators for assessing the LED strategy planning process, and the implementation of programmes and projects. Cloete (2012) emphasizes that policy affects people in general, therefore it requires the full participation of the members of the community and a monitoring and evaluation framework to ensure that it meets its targets. A strategy review is critical and it includes reviewing the inputs, outputs, outcomes and impacts of the implementation process and the level of participation. Both the municipality and the steering committee should be involved in the review process. It is important to invite public opinion in assessing the LED strategy implementation processes. Monitoring and evaluation (M&E) is a key component of the LED Implementation Plan.

Indicators should be clearly established at the project level to measure the inputs, outputs, outcomes and impacts of each project. These indicators assist to determine the success of the programme and provide an overall assessment of the LED strategy. For both local municipalities it is necessary to continually have bi-annual and annual meetings to discuss the results as part of the ongoing planning and learning process. The findings reveal that participants from the uMfolozi local municipality mentioned that there are challenges in terms of monitoring and evaluating the implementation and sustainability of pro-poor LED initiatives. Therefore; it is essential to conduct a monitoring and

evaluation strategic workshop at the start of each programme. Goldman (2005) indicated that municipalities should establish an M&E timetable including scheduled reviews of the content and process indicators.

An independent audit of key indicators through repeated municipal and business surveys is crucial to measure the progress made since the baseline local economy assessment. This audit can be quantitative and qualitative in nature. Monitoring should not be done as an afterthought that is undertaken at the end of a LED Strategic Planning Process. It should be incorporated into each stage of the planning process. Evaluation can occur at intervals; however, it can only occur if reliable monitoring information is available. Evaluation should lead to a review of the strategy and its projects. Local municipalities should review their LED strategy together with the Implementation Plan as this results in the stimulation of economic growth, development and the sustainability of substantial economic sectors.

During the monitoring and evaluation, it is important to undertake an analysis of the demographic, social and economic characteristics of the area. This analysis must include an in-depth look into the implications that these characteristics may have for the future development of the area. The inception stage should include the project set-up and preparation of the inception report detailing all deliverables including a work plan of the activities to be achieved during the contract period. Service providers are required to begin by drafting the inception report detailing the overall approach, methodology and expected time frame in which each phase of the project will be completed including the associated costs of each phase. The inception report must then serve as a discussion document and the basis upon which the detailed approach of the project will be agreed.

The inception report is an interim deliverable that is expected to be completed within two (2) weeks from the date of appointment of the service provider. In reviewing the LED strategic plan it is also important to conduct a situation analysis. The analysis of these local municipalities can be done using desktop data as baseline information. Existing information must be consolidated using reports and strategies such as the municipal IDP, Local Agricultural Development Strategy, Local Tourism Plan, Spatial Development Framework etc. These documents should be provided to the service provider by the municipality. This exercise should ascertain the present local economic development climate of the municipality, and should also provide a PESTLE (Political, Economic,

Social, Technological, Legal and Environmental) analysis of the environment affecting the area, a competitor analysis, and an analysis of the marketing environment.

Furthermore, a standard SWOT analysis of the area must be provided. Based on the SWOT analysis provided the key success factors for LED in the area should be identified. An analysis of the business model would be appropriate to promote pro-poor LED in the municipality. The municipalities should then establish key economic sectors and growth sectors within their municipality including the areas of growth potential, comparative and competitive advantages, needs, challenges and opportunities. Municipalities must also research current investment incentives, initiatives and policies as well as investigate future plans and strategies for their municipality. Both municipalities should also identify and hold consultations with relevant stakeholders and industry players to gather information related to their strategies and plans. They must also assess the municipalities' existing capacity financial, infrastructure, human capita and economic thrusts and determine the needs based on identified opportunities and sustainability criteria.

Taking the findings of the situational analysis into account, the service provider should draft the LED strategy making sure it is aligned to the national and provincial strategies and plans such as the National Development Plan, Provincial Growth and Development Strategy, Provincial Investment Strategy, Industrial Development Zones, and the Small Business Development Act. The uMhlathuze and uMfolozi local municipalities' LED strategy should be developed, paying particular attention to the needs as well as the competitive and comparative advantages of the local municipality. It should clearly detail and explore the following, among others:

- Identification and prioritization of projects.
- Allocation of time frames and possible funders for the identified projects.
- Analysis of business trends in the local municipality.
- Identification of approaches necessary to grow and attract and retain investments within the local municipality.
- Organising and conducting stakeholder engagements in the LED Strategy Review.
- Specify the municipality's target sectors and the relevant municipality's comparative and competitive advantages.
- Develop an enterprise development and investment model.

- Identify investment opportunities within the main growth sectors within both local municipalities.

The uMfolozi and uMhlathuze local municipalities should further develop the LED Strategy Implementation Framework and Monitoring and Evaluation Framework for their municipalities. Findings of the study show that both local municipalities have an implementation plan that is clear and practical and outlines steps to be followed to grow the local economy. Moreover, their implementation plans further indicate the breakdown of the interventions/ projects into a comprehensive plan of action, outlining projects with the envisaged dates, and detail the roles of government, private sector and other relevant stakeholders as well as the anticipated financial requirements (see Table 4.4 of the previous chapter). However, the results show that both municipalities lack a monitoring and evaluation framework that should outline the specific timelines for the interventions and indicators to measure performance against the projects' objectives. The implementation framework should detail the level of involvement of LED role-players in both local municipalities.

Table 6.1 Summary of major findings

Specific Objectives	Interview Questions	Main Findings
To understand how the implementation and sustainability of pro-poor Local Economic Development initiatives is organised in the King Cetshwayo District Municipality	Are there any pro-poor LED initiatives currently in operation in the area?	In King Cetshwayo District Municipality, particularly the uMfolozi and uMhlathuze local municipalities there are: Poverty alleviation programmes; Sustainable projects that differ from poverty alleviation projects; Supporting small-scale farmers to become sustainable commercial farmers; Supporting Small Medium Enterprise (SMEs); Supporting local contractor development programmes;

		<p>RASET (Radical Agrarian Social Economic transformation) initiatives;</p> <p>Access to market and exhibition initiatives;</p> <p>Focus on pure economic development in respect of building sustainable entities owned by the youth;</p> <p>Business SME fair initiative and Tourism development programmes.</p>
	<p>Are there any stakeholders involved?</p>	<p>In the above initiatives both municipalities work together with different private companies (such as Mondi, ABSA, FOSKOR, RBM), government departments (Department of Agriculture, provincial government, and SARS, SEDA, RBIDZ, NYDA).</p>
	<p>How are these initiatives organised to ensure implementation and sustainability?</p>	<p>They are organised through analysing and unpacking key economic trends; Through engaging with key stakeholders (focus group discussions and one-on-one engagements); Through alignment of stakeholder thinking on economic policy influences; and Developing practical implementation steps/action plans that would form the basis of a strategic plan.</p>

<p>To determine how the implementation and sustainability of pro-poor Local Economic Development initiatives are assessed in the King Cetshwayo District Municipality.</p>	<p>How would you describe the context of the local economy within your municipality?</p>	<p>The uMhlathuze local municipality is economically stable because of industries, the harbour is flourishing in comparison to other cities within the province (KwaZulu–Natal). The uMfolozi economy is generally vulnerable. Excessive dependence on the manufacturing sector poses a major risk to the municipal economy.</p>
	<p>Are stakeholders that are involved able to strategize for the future and investigate the Strengths, Weaknesses, Opportunities and Threats within your municipality?</p>	<p>Strengths Location of the municipality at close proximity to an export point (Richards Bay); Reliable connectivity network; The N2 which easily links uMfolozi to Richards Bay and Durban; Crèches and schools are well distributed throughout the municipal area.</p> <p>Weaknesses Lack of sufficient institutional capacity to implement LED; Settlements are scattered across the municipality, making it highly challenging to deliver basic services; Lack of enough sports facilities especially in the north-western part of the municipality, notwithstanding the young population; Health facilities and community halls are not sufficiently distributed and therefore some areas lack these</p>

		<p>facilities; Poor water quality in the western side of the municipality; Manufacturing industries in uMhlathuze place high demand on water systems around the area; The coastline is largely inaccessible from the N2; Only 15% of the land is owned privately (and just along the N2 corridor) and over 60% (even along the coastline) is owned by Ingonyama Trust; Only 5.39% of municipal land area has been settled following land claims.</p> <p>Opportunities</p> <p>The municipality has a coastline which could be exploited; Relatively young population which could be easily skilled; The uMfolozi and uMhlathuze rivers and lakes provide opportunities for irrigation; Ground water is of good quality and therefore boreholes can be considered; High potential of agricultural land to the east of the N2; Good air quality which provides an opportunity for formal residential area expansion; Potential for industrial development and expansion on the south-western border of the municipality.</p> <p>Threats</p> <p>The economy over-relies on manufacturing; Environmental</p>
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		<p>degradation practices such as overgrazing; Low levels of awareness on protection of wetland areas; High level of unemployment; High population density (over 200 people per square kilometre) especially in the western (semi-formal) settlements and these can easily become sprawl; A number of settlements are situated along the coastline which is an environmentally protected area.</p>
<p>To ascertain the Local Economic Development strategies used in the implementation and sustainability of pro-poor Local Economic Development initiatives in the King Cetshwayo District Municipality.</p>	<p>Do you have an action plan to implement the LED strategy?</p>	<p>Both municipalities indicated that they do have action plans to implement LED strategy (it is presented in chapter 5).</p>
	<p>How do you ensure that your strategy leads to the achievement of the pro-poor LED vision and mission?</p>	<p>They respond based on the needs of the community and in most cases, they introduce projects that can develop the people socially and economically.</p>
<p>To understand the implementation of the pro-poor Local Economic Development initiatives in the King Cetshwayo</p>	<p>Do you implement any sustainable pro-poor projects?</p>	<p>They do have sustainable projects such as the charcoal project that they are busy working on and they have a budget for it. However, sustainable projects are scarce because most people start projects but fail to sustain them.</p>

District Municipality.	What are the specific outcomes of those projects?	<p>Training is lacking; people start the project together as a group but after a certain period only 2 or 3 people will be left because of some disagreements amongst themselves, hence some projects are not sustainable.</p> <p>There are poverty alleviation projects; however, they are not sustainable.</p>
	What are the challenges in the implementation plan (from the community members' perspective)?	<p>No action taken by the municipality in terms of giving grants to cooperatives as capital to start their projects.</p> <p>There is high level of inequality where some projects are being supported and some are not.</p> <p>There are implementation challenges in respect of the decisions that are taken.</p> <p>There is a lack of support from the stakeholders or drivers of Local Economic Development including the municipality.</p>
To determine how the implementation and sustainability of pro-poor Local Economic Development	How often do you review your projects?	Both municipalities mentioned that monitoring and evaluation of projects is still a challenge, and reviewing of these projects is sometimes not done and that leads to the death of projects.

<p>initiatives is reviewed in the King Cetshwayo District Municipality.</p>	<p>What strategy do you use to monitor and evaluate LED projects?</p>	<p>They have regular annual meetings to discuss the results as part of the checking progress, and there is an ongoing planning and learning process.</p> <p>Currently both municipalities do not have a M&E timetable including scheduled reviews of content and process indicators.</p>
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6.7 Summary

This chapter has discussed and analysed the results of the findings incorporating the literature and the theory framing the study. The next chapter concludes the study based on the findings and thereafter suitable recommendations are made.

CHAPTER SEVEN

CONCLUSIONS, RECOMMENDATIONS AND LIMITATION

7.1 Introduction

The previous chapter presented a discussion of the findings of this study. It is clear from all the previous chapters that LED is indeed about the local people working together to achieve sustainable economic growth that brings economic benefits and better quality of life, thus improving the environment for all in the community. Reading from the previous chapters, one can state that the current study has been able to achieve the desired outcomes with regard to the implementation and sustainability of pro-poor LED in King Cetshwayo district municipality. This chapter focuses on the conclusions, recommendations and limitations that can be drawn based on the discussion of the results presented in the previous chapter. It also covers the research objectives and research questions underpinning the current study as they are outlined in chapter one.

One believes that in order for local government to be able to promote economic and social development by alleviating poverty and unemployment particularly in respect of marginalised people an LED strategy that is implementable and sustainable is required. The LED strategy is expected to be an important tool in identifying potential LED initiatives with the capability of improving the economic status of the entire area thereby bringing about socioeconomic change and job creation. In doing this, further economic development in respect of improving the overall perspective of the area can be achieved through attracting investment and implementation of the strategy. Hence, the successful implementation and sustainability of a pro-poor LED strategy is an enabling factor in shaping and driving pro-poor LED initiatives for the marginalised people of this municipality.

Moreover, to ensure continuous development requires local government to play a leading role in intergovernmental relations and ensure the involvement of other stakeholders such as the community, business people, and non-profit organisations. The analysis of the current study indicates that in their LED strategies both the uMhlathuze and uMfolozi local municipalities have acknowledged the need for and identified stakeholders that need to be involved in any local economic development endeavours; however, they fell short

of outlining the roles and responsibilities of stakeholders in the delivery of sustainable economic development. The local government sphere is regarded as a sphere fundamental to the accomplishment of development and growth of the local people and it has a legislative obligation to fulfil this obligation. Job creation, poverty alleviation and boosting the local economy are the main aims of implementing and sustaining LED initiatives.

7.2 Objectives of the study

The objectives of this research were to:

1. Examine how the implementation and sustainability of pro-poor Local Economic Development initiatives is organised in the King Cetshwayo District Municipality;
2. Determine how the implementation and sustainability of pro-poor Local Economic Development initiatives are assessed in the King Cetshwayo District Municipality;
3. Ascertain the Local Economic Development strategies used in the implementation and sustainability of pro-poor Local Economic Development initiatives in the King Cetshwayo District Municipality;
4. Understand the implementation of the pro-poor Local Economic Development initiatives in the King Cetshwayo District Municipality; and
5. Determine how the implementation and sustainability of pro-poor Local Economic Development initiatives is reviewed in the King Cetshwayo District Municipality.

7.3 Key Research Questions

Research questions are part of the fundamental means of answering the unknown and of obtaining new knowledge. This study responded to the following key questions:

- How is the implementation and sustainability of pro-poor Local Economic Development initiatives organised in the King Cetshwayo District Municipality?
- How is the implementation and sustainability of pro-poor Local Economic Development initiatives assessed in the King Cetshwayo District Municipality?

- What are the Local Economic Development strategies used in the implementation of pro-poor Local Economic Development initiatives in the King Cetshwayo District Municipality?
- How are the implementation and sustainability of the pro-poor Local Economic Development initiatives established in the King Cetshwayo district municipality?
- How are the implementation and sustainability of pro-poor Local Economic Development initiatives reviewed in the King Cetshwayo District Municipality?

Below is the discussion of conclusions that is drawn from each objective of the study.

7.4 Objective 1: Examine how the implementation and sustainability of pro-poor LED is organised in the King Cetshwayo District Municipality

The findings of this study revealed that both municipalities work with companies around Richards Bay such as Foskor and RBM as their stakeholders. This enables the municipality to comprehend community driven economic initiatives that can contribute meaningfully to the economic development of the area. The success of LED projects in South Africa has been fairly well documented but findings of the study reveal that sustainability is still a challenge. LED in the King Cetshwayo District Municipality is generally conceptualised as a form of partnership or coalition undertaken between the key actors in local government and involves the development of a partnership between the private sector, government and civil society as they are the stakeholders involved in implementation of LED initiative. As much as these stakeholders are involved in the implementation of LED initiative, there is still a need for capacity building that needs to be organised by the municipality.

Hence capacity building is important because stakeholders and role-players become partners in the process of LED and a plan to transfer important skills and knowledge should occur during the planning and implementation of LED. The results further show that the uMhlathuze and uMfolozi local municipalities have famers/cooperatives that are supplying their produce to the Empangeni fresh produce market and both municipalities support those famers to sustain their businesses so that they can supply according to the demand of the fresh produce market. This is achieved through the identification of supply and demand factors which assist in the assessment of the market opportunities based on

the gap between existing and future levels of development potential. However, the results further show that some of the cooperatives are unable to meet the demand of the market because of low production. The uMhlathuze and uMfolozi local municipalities are prioritising young local people whenever they are looking for contractors and 40 percent of the work must be done by the youth, women and people living with disabilities. It is important for the municipalities to establish solid working relationships and organizational structures that support the strategic planning process to create a beneficial, long-term, public- private-non-profit organisation partnerships for the benefit of the local people.

7.5 Objective 2: Determine how the implementation and sustainability of pro-poor LED is assessed in the King Cetshwayo District Municipality

Findings of this study revealed that it is crucial to know about and understand the characteristics of the local economy to help the stakeholders to strategize for the future and make the best possible programme and projects choices that can benefit the people. Within Richards Bay there is an Industrial Development Zone (RBIDZ), which further enhances the status of the city as an export-orientated industrial node. The results also show that RBIDZ together with other stakeholders including the municipality have put in place measures to assist SMMEs to benefit from RBIDZ activities. This means that LED initiatives in the uMhlathuze local municipality are intended to stimulate both the enhanced growth of the local economy (pro-growth) and to address concerns of persistent poverty (pro-poor). The uMhlathuze local municipality is focused more on pure economic development in respect of building sustainable entities owned by the youth, whether in farming or construction, to become sustainable. There is the District Growth and Development Plan (DGDP) where agricultural production has been set as the main priority for development within the district.

Moreover, the results also reveal that strategic prioritized projects at the Richards Bay port are critical for the economic growth and transformation of the local economy. Many of these projects have been prioritized in Operation Phakisa, which is a national priority to unpack the potential of the sea economy to South Africa. On the other hand, results show that the uMfolozi economy is generally vulnerable and mostly dependent on the manufacturing sector which poses a major risk to the municipal economy. The main

findings from cooperatives is that it is crucial to provide financial support for new businesses as it serve as the key to enable businesses including cooperatives to start up their businesses. Local municipalities must establish and implement formal and informal business networks so that emerging businesses can be sustainable. Findings further show that it is important for local municipalities to visit and conduct surveys on the performance of small businesses. This can assist in identifying challenges that they encounter, determining the cause of the underperformance and identifying opportunities to expand the business. The SWOT analysis for both municipalities was presented in chapter five.

7.6 Objective 3: Ascertain the LED development strategies in the implementation and sustainability of pro-poor LED in the King Cetshwayo District Municipality

The progress in implementing local economic development initiatives is hampered by the lack of trained LED champions as well as the lack of funding for such initiatives. The service backlogs in many parts of the country have shifted the focus away from local economic development towards service provision and the development of infrastructure. LED development requires government intervention in the form of facilitation, support and funding. The findings reveal that both municipalities have developed a strategy but they are not working according to the strategy.

This is due to the fact that when the strategy is developed the municipality does not consult the people, hence the projects that they plan for do not fulfil the need of the community. The interview that was conducted with one of the LED officials shows that as much as they do have the strategy, they are not guided by it, and they respond on an ad hoc basis according to people's needs. The development of a LED strategy requires the full participation of community members and other stakeholders so that it is relevant to people's needs. Engagement with key stakeholders including the community is the key to the development of initiatives that will empower people and bring social and economic development. The findings also reveal that it is crucial to understand and unpack the economic trends in the area as this assists in terms of aligning the strategy with local resources and ensuring that people are able to use local resources effectively.

7.7 Objective 4: Understand the implementation of the pro-poor Local Economic Development initiatives in the King Cetshwayo District Municipality

Both the uMhlathuze and uMfolozi local municipalities have established and implemented LED initiatives that respond to the people's needs. Hence, local communities become participants in their own development rather than the objects of development. Community-driven initiatives are established in a way that involves the communities and showcases their skills so that they can earn a living. The implementation plans for both municipalities was presented in Chapter 5 and this indicates that both municipalities have comprehensive planning documents but there are still gaps in both the implementation and sustainability of their LED initiatives. Municipalities have good policies that support the implementation and funding of local economic development but there is a lack of human capital to drive those policies in order to yield sustainable results. Therefore, there is an urgent need to ensure that well-capacitated LED practitioners and other administrative officials are employed so that they can properly interpret the policy documents and follow the guidelines enhance the implementation of pro-poor LED.

It is also crucial for both municipalities to create an environment that is conducive to stakeholders including community members to participate in LED planning to ensure that the relevant initiatives are implemented and to involve them from the initial stages of pro-poor LED. The uMhlathuze municipality launched and opened the one-stop shop on the 26th of June 2018. This SMME one-stop shop serves as a strategic centre to enable the people of uMhlathuze and the surrounding district to go to one place for all their business needs. This was also presented in chapter 5 where participants indicated that the municipality is planning to open a one-stop shop which is now open and functioning. This indicates that the municipality is mindful of the distances that have to be travelled by people, particularly the youth, to seek even minor assistance and they are subjected to being sent from pillar to post, whereas now they will find most of the crucial elements under one roof.

Finding show that both municipalities prioritise mostly young people because they are the centre of the triple scourge that the country is fighting which is unemployment, poverty and inequality. Young people are a key priority in all the efforts of local government, to create employment and creative conducive ground for them to prosper

with their businesses and they are constantly being encouraged to create small businesses, because studies that have been conducted including this study show that the creation of small businesses is one of the key solutions to economic challenges. The National Youth Development Agency (NYDA), National Development Agency (NDA) and ABSA bank are part of the uMhlathuze SMME one-stop shop and their offices assist civil society organisations with a special focus on youth and women, cooperatives as well as NPOs. This initiative was implemented to specifically support small businesses in the King Cetshwayo District Municipality. Besides supporting SMMEs, there are also other pro-poor LED initiatives that are being implemented in the KCDM (they are presented in chapter 5) such as different co-operatives and the Extended Public Works Programme (EPWP), which is one of the strategies adopted by the South African Government to improve households' standard of living and food security and to create job opportunities. One can therefore conclude by mentioning that, to a certain extent in the KCDM, LED does serve as an initiative where local government works together with other stakeholders to achieve economic growth and improve the quality of life of the people; however, some initiatives are still at the initial phase and some, such as co-operatives, were not sustainable.

7.8 Objective 5: Determine how the implementation and sustainability of pro-poor Local Economic Development initiatives is reviewed in the King Cetshwayo District Municipality

It is crucial for both the uMfolozi and uMhlathuze local municipalities to initiate the process of reviewing the LED strategy to fast-track economic development and facilitate sustainable economic growth of the entire area. Findings show that both municipalities fall short in terms of reviewing the LED strategy, the status quo, the visioning and strategy development, project planning and implementation plans. Hence, the review is essential because it focuses on the preparation of the LED strategy and identifies any gaps and necessary improvements. The LED strategy is expected to be an important tool in identifying potential LED initiatives with the potential to improve the economic status, which includes job creation and poverty reduction in the entire area. This strategy can bring about socioeconomic change and empower the poor to be financially independent. In the process of implementing the LED strategies, further economic development with

reference to improving the overall perspective of the area can be achieved through attracting investment and further implementation of the strategy. In reviewing the KCDM LED strategy and to ensure that implementation of the strategy is monitored and reviewed timeously, critical issues need to be attended to and the following questions answered:

- Is the SWOT analysis still valid or have circumstances changed?
- Is there more information at hand that changes the current view on issues?
- Are changes required in the vision, goals or objectives to reflect changing circumstances?
- Are projects achieving what it was hoped they would achieve? If not, what should be done?
- Are the performance indicators being met? If not, why not?
- What changes need to be made?
- Should the performance indicators be changed?
- Should there be more action on projects?
- Should the projects be amended to meet people's expectations or needs?

From the discussion provided in the previous chapters it was noted that LED initiatives form part of the IDP, hence the IDP is reviewed annually in both municipalities. The overall purpose of the LED Strategy is to identify economically feasible development projects at ward level thereby ensuring the ward's economic development. These LED initiatives should be linked to the master strategy of the municipality (IDP) thereby creating an optimal economic environment conducive to employment creation, income generation and the sustainable economic development of the uMfholozi and uMhlathuze local municipalities.

Specific reference to LED is made in the Municipal Systems Act, section 26 (c) where the Act specifies that the Integrated Development Plan of a local municipality must contain its Local Economic Development aims. This awards the municipal LED Strategy legal status as part of the IDP process. Findings of this study show that IDP review has some gaps in terms of analysing and presenting new sets of data especially about LED as the results of LED projects were not prioritised within the IDP. It is clear that LED must be developed within the context of IDP as it is stipulated in the Municipal Systems Act. There are some concerns about the budget allocations and expenditure of the municipalities in terms of economic development. There is also a need to review a

detailed spatial development framework for both municipalities, and on completion this document together with the LED plan can be used to guide and inform planning and development decisions in both municipalities.

7.9 Contribution to the body of knowledge

This study revealed that LED has not been producing the desired outcomes thus the results have been mixed. This study is of relevance in terms of its academic contribution to the relevant body of knowledge and in terms of the practical use of the findings. In terms of its academic contribution, the study showed that pro-poor LED initiatives in the KCDM contribute to development in local government in the sense that local government as well as other stakeholders work together to establish initiatives that respond to people's needs, in particular the poor, young people and other vulnerable groups. Moreover, the stages of the World Bank model are seen as relevant and of important, and to a certain extent most of the stages are being practised in the KCDM; however, there are still some gaps in some of the stages such as the implementation and sustainability of the LED strategy, and in terms of monitoring and reviewing the strategy both local municipalities have indicated that they experience challenges in respect of these stages. In order to achieve the full effectiveness of pro-poor LED that can yield the expected results in terms of poverty reduction and sustainable job creation, these stages need to be fully implemented, and this requires staff to be capacitated.

In terms of socioeconomic value to the community the study has revealed some positive impacts of pro-poor LED initiatives in uplifting the quality of life of the people by empowering them with skills, creativity and innovation and assisting them to be financially independent, and again the results have shown that this is not sustainable. It is worth mentioning that this study further contributes to the achievement of one of the fundamental objectives of local government as stipulated in section 152 of the Constitution (1996), which is to promote social and economic development and this study is grounded on this objective and the process of pro-poor LED is used to gain access to social and economic development in order to promote self-independency. However, sustainability is a concern and in the strategies of both municipalities there is no plan to show how they will ensure that these initiatives are sustainable and will benefit future generation.

7.10 Recommendations

Based on the discussion and findings of the study the following recommendations were established:

- It is recommended that all stakeholders involved in pro-poor LED initiatives including community members must have a plan to show how the LED initiatives are sustainable. This should not be the sole responsibility of local government but from the beginning, during the planning phase (organising stage) issues of sustainability must be discussed to determine the viability of that particular initiative.
- Secondly, partnership with young people, businesses and community organisations must be strengthened in order to address the problem of unemployment. This will open a space for more stable job opportunities for the residents. A certain percentage of outsourced work must be given to the youth who are qualified to do that job, and it must be easy for the youth to get funding when they try to establish Co-operatives, SMEs, Non Profitable Organisations (NPOs) etc. because these initiatives contribute to resolving socio-economic challenges and if they are well taken care of they can generate income and create job opportunities which could lead to poverty alleviation.
- Thirdly, from the literature discussion in this study as well as the findings of this study it became clear that rural communities do not fully understand the meaning of LED hence the majority of people are not involved in LED activities. It is therefore recommended that citizens should be educated about LED and its importance through road shows that outline the benefits of participating in LED initiatives and ward councillors must be encouraged to hold meetings at least on a quarterly basis to share information and initiatives with community members. This will also assist in strengthening the relationship between the community and local government which will lead to seeing more people getting involved in government issues because they know what is happening and feel they are part of their government, and this is part of democratic practice.

- Fourthly, human resources at local municipalities should be reviewed. Qualified employees must be employed and these employees will then be able to implement government policies and will be able to effectively drive the process of pro-poor LED. These people will understand the processes and procedures necessary for effective and the efficient implementation and sustainability of pro-poor initiatives. Municipalities should also do away with “cadre deployment” because deployed candidates only serve fulfil the mandate of their political parties rather than having the collective responsibility to the community. Moreover, administrative office bearers must do their jobs ethically; they must not “play politics” because they are not politically educated.
- Lastly, the municipality should continue engaging with LED stakeholders and communities in the IDP review so as to ensure that economic development priorities are understood and accommodated in the budget processes of the municipality. This will enable the municipality to implement community driven economic initiatives that will contribute meaningfully to social and economic development in the area.

7.11 Recommendations for future research

Given the topical issue of land reform, and taking into account the study that was done by Karriem et al. (2016) that revealed that it is widely accepted that the problems in rural areas were created by colonialism and apartheid, which left people without fertile land to perform productive agriculture and other businesses it will be interesting to conduct a study on making land available for LED initiatives. A future study could perhaps determine whether the availability of land would have a direct impact on economic development. Would it allow communities to implement their own initiatives without any obstacles if appropriate and effective use of land through spatial planning initiatives was planned for and the implementation of the outcomes could enhance pro-poor LED initiatives? A future study could also investigate whether protection of the Municipality’s natural resources including the use of land could enhance economic growth. Efficient land use could facilitate economic growth and development within the municipal area. Does the planning and management of land use in terms of zoning prevent the timeous

development of land? These are some of the broad questions that can be explored in future and they can assist in the implementation and sustainability of LED initiatives.

7.12 Concluding statement

Local government is mandated by the Constitution to take an initiative role in promoting social and economic development. Local Economic Development is everybody's business including the local populace, local business and government. In developing countries such as South Africa, LED is seen as a vehicle to drive solutions to improve the three social challenges in society which include poverty, unemployment and inequality. From the discussion of the findings it can be concluded that LED initiatives that are established in different communities, particularly the KCDM, lack uniqueness and face stiff competition. There is also a lack of skills to manage LED initiatives, a lack of knowledge about the processes and the procedures of LED, and inadequate funding to facilitate and implement LED and there is a need to involve the people, and a request for more community participation. Municipalities have good policies that support the implementation and funding of local economic development but there is still a gap in terms of enforcing those policies which includes fully implementing the stages of the World Bank economic model in order to yield effective and sustainable results.

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APPENDIXES

UNIVERSITY OF KWAZULU-NATAL
School of Management, IT and Governance

Dear Respondent,

DAdmin Public Administration: Research Project

Researcher: Miss N.N Jili (072 639 0115)

Supervisor: Prof TI Nzimakwe (031 260 260 6)

Research Office : Ms. M Snyman (031 260 8350)

I, **Noqiniselo Nokukhanya Jili** a DAdmin student, at the School of Management, IT and Governance, at the University of Kwazulu Natal, would like to invite you to participate in a research project entitled “The implementation and sustainability of pro-poor Local Economic Development initiatives in King Cetshwayo district”. The aim of this study is to: **Analyse the implementation and sustainability of pro-poor Local Economic Development initiatives in King Cetshwayo district.**

Through your participation I hope to understand how developmental local government can be achieved through the implementation and sustainability of pro-poor LED initiative. The results of the survey are intended to contribute to the World Bank Local Economic Development Model (2005) that incorporate five-stage approach to Local Economic Development

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this survey. Confidentiality and anonymity of records identifying you as a participant will be maintained by the **School of Management, IT and Governance, UKZN.**

If you have any questions or concerns about completing the interview or about participating in this study, you may contact me or my supervisor at the numbers listed above. This interview should take about 30-60 minutes to complete.

Sincerely

Investigator’s signature _____ Date _____

PARTICIPANT INFORMED CONSENT

I..... (full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

I hereby consent / do not consent to have this interview recorded

SIGNATURE OF PARTICIPANT

DATE

TOPIC: THE IMPLEMENTATION AND SUSTAINABILITY OF PRO-POOR LOCAL ECONOMIC DEVELOPMENT INITIATIVES IN KING CETSHWAYO DISTRICT MUNICIPALITY

Student Name: N.N Jili (204008634)

Supervisor: Prof T Nzimakwe

Interview questions to municipal officials (LED Manager, LED Officials, MM, and Mayor)

1. As the municipal official, how is the implementation and sustainability of pro-poor Local Economic Development (LED) initiatives organised in King Cetshwayo district?
2. How is the implementation and sustainability of pro-poor LED initiatives assessed in your municipality?
3. What are the strategies used in the implementation of pro-poor LED initiatives in your municipality?
4. How is the implementation and sustainability of the pro-poor LED initiatives done in your municipality?
5. How is the implementation and sustainability of pro-poor LED initiatives reviewed in your municipality?

Focus groups questions for community members and community organisations.

1. As the member of the community/community organisation are you clear about the implementation and sustainability of LED initiative in on your municipality in terms of how is it organised.
2. How is the assessment of the implementation and sustainability done in your municipality?
3. What are the strategies used to ensure implementation and sustainability of LED in your area/organisation.
4. How are those LED initiatives reviewed in your municipality.
5. What do you think can be done to ensure implementation and sustainability of LED initiatives in your area or organisation?



24 May 2017

Ms Noqinisele Nokukhenya Jili (204008634)
School of Management, IT & Governance
Westville Campus

Dear Ms Jili,

Protocol reference number: HSS/0357/017D

Project title: The implementation and sustainability of pro-poor Local Economic Development Initiatives in King Cetshwayo District Municipality

Approval Notification – Expedited Application

In response to your application received on 18 April 2017, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol has been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

Dr Shenuka Singh (Chair)

/ms

Co Supervisor: Professor TI Nzimakhwe
Co Academic Leader Research: Professor Brian McArthur
Co School Administrator: Ms Angela Pearce

Humanities & Social Sciences Research Ethics Committee

Dr Shenuka Singh (Chair)

Westville Campus, Govan Mbeki Building

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Founding Campus: Edgewood Howick College Vredendal School Pietermaritzburg Westville



Our Reference:
KDM/2016/276
Enq. EP Mhathwa
Your Reference:

05 December 2016

BY EMAIL

UNIVERSITY OF ZULULAND
Main Campus, KwaDlangezwa
Attn: Ms N.N. Jibi

Dear Sir / Madam

Re: PERMISSION TO CONDUCT RESEARCH AT KING CETSHWAYO DISTRICT MUNICIPALITY

The above matter bears reference.

I have pleasure in informing you that permission has been granted to you to conduct research on "*The implementation and sustainability of pro-poor LID in King Cetshwayo District Municipality*".

We wish you all the best in your study.

Yours Faithfully

MH NKOSI
MUNICIPAL MANAGER

Postal Address Private Bag X 1025 Richards Bay 3900 **Address** King Cetshwayo District
Municipality House Richards Bay CBD **Tel** (035) 799 2500 **Fax** (035) 789 1409
Web Address www.kingcetshwayo.gov.za



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Your ref:
Contact: Ms SS Masondo

Our file ref:
In response to DMS No: Original
Date: 08 December 2016

ATTENTION: MS NN JILI
UNIVERSITY OF KWAZULU NATAL
(STUDENT NUMBER: 204008634)

Madam

REQUEST FOR PERMISSION TO CONDUCT RESEARCH


Your email dated 01 December 2016 that was sent to the Municipality requesting permission from Council to participate in your research has reference.

You are hereby granted permission to conduct your research within the City of uMhlathuze however, with respect to data information gathering from employees, this must be coordinated by yourself in conjunction with Mr S Morajane (Head of Section: LED). He may be contacted on 035-907 5430.

For other information/records you require, you may also contact the Records Manager Mr C Koekemaer (035- 907 5406).

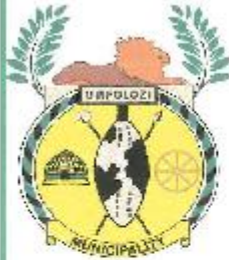
I wish you all the best with your research and await a bound copy of the dissertation upon completion of your studies.

Yours faithfully


Ms SS Masondo
Deputy Municipal Manager: Corporate Services



ALL CORRESPONDENCE MUST BE ADDRESSED TO THE MUNICIPAL MANAGER



UMFOLOZI LOCAL MUNICIPALITY KZ 281

P. O. Box 96
Kwa-Mbonambi
3915

25 Bredelia Street
Kwa-Mbonambi
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Tel: 035-580 1421
Fax: 035-580 1141
Web: www.umfolozi.gov.za

29 November 2016

Enquiries: Office of the Municipal Manager

Ref: 17/1/16

University of KwaZulu Natal
Westville Campus
King George Avenue
DURBAN
4041

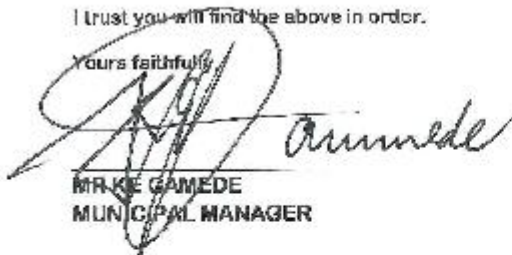
Dear Sir/Madam

RE: PERMISSION TO CONDUCT THE RESEARCH AT UMFOLOZI LOCAL MUNICIPALITY – KZ 281

1. The above matter bears reference;
2. Umfolozi Local Municipality hereby grants authority to Ms NN Jili to conduct the research of the implementation and sustainability of pro-poor Local Economic Development (LED) under Umfolozi Local Municipality for the period of one year (January 2017 to December 2017).

I trust you will find the above in order.

Yours faithfully



MR. KE GAMEDE
MUNICIPAL MANAGER

Tel: 035-580 1421

Fax: 035 580 1141

Call: 083 837 0642

Email: gamedeke@mbonambi.co.za



Pauline Fogg
54 Grundel Road
Carrington Heights
Durban
4001
074 782 5234

15 November 2018

Letter of Editing

This report serves to state that the Thesis submitted by Nokukhanya Noqiniso Jili titled **“The Implementation and Sustainability of Pro-Poor Local Economic Development Initiatives in the King Cetshwayo District Municipality”** has been edited.

The thesis was edited for errors in syntax, grammar, punctuation and the in-text referencing system used.

The edit will be regarded as complete once the necessary changes have been effected and all of the comments addressed.

Thank-you for your business.

A handwritten signature in black ink that reads "P. Fogg".

Pauline Fogg