THE IMPLEMENTATION OF LOCAL ECONOMIC DEVELOPMENT INITIATIVES TO IMPROVE SOCIO-ECONOMIC CONDITIONS IN AGANANG MUNICIPALITY, LIMPOPO PROVINCE

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Bathokwa!
DECLARATION

I, Gadner Tlou Phineas Tefu, herewith declare that;

The implementation of local economic development initiatives to improve socio – economic conditions in Aganang municipality, Limpopo province

is my own work, that all sources used or quoted have been acknowledged by means of a comprehensive list of references and that this dissertation has not at anytime been submitted in its entirety or part thereof, for any degree at any university or any other tertiary institution.

Gadner T P Tefu
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<tr>
<td>ABET</td>
<td>Adult Basic Education Training</td>
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<td>ADR</td>
<td>African Development Report</td>
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<td>ANC</td>
<td>African National Congress</td>
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<td>AUSAID</td>
<td>Australian Aid</td>
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<td>BRAIN</td>
<td>Business Referral and Information Network</td>
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<td>CDM</td>
<td>Capricorn District Municipality</td>
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<td>CLGFR</td>
<td>Commonwealth Local Government Forum Report</td>
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<tr>
<td>CMDA</td>
<td>Cato Manor Development Association</td>
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<tr>
<td>DPLG</td>
<td>Department of Provincial and Local Government</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>HRDC</td>
<td>Human Resource Development Corporation of Canada</td>
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<td>IDAs</td>
<td>Individual Development Accounts</td>
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<td>IDASA</td>
<td>Institute for Democracy in South Africa</td>
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<tr>
<td>IDP</td>
<td>Integrated Development Planning</td>
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<tr>
<td>IDPNC</td>
<td>Integrated Development Planning Nerve Centre</td>
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<td>ISRDS</td>
<td>Integrated Sustainable Rural Development Strategy</td>
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<td>LED</td>
<td>Local Economic Development</td>
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<td>LEDF</td>
<td>Local Economic Development Forum</td>
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<tr>
<td>LTDP</td>
<td>Long-term Development Plan</td>
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<td>NVTC</td>
<td>Noordhoek Valley Training Centre</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
</tr>
<tr>
<td>PMS</td>
<td>Performance Management System</td>
</tr>
<tr>
<td>RDP</td>
<td>Reconstruction and Development Programme</td>
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<tr>
<td>SEDI</td>
<td>Social Enterprise Development Innovations</td>
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<tr>
<td>SMMEs</td>
<td>Small, Medium, Micro Enterprises</td>
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<tr>
<td>SRDC</td>
<td>Social Research and Demonstration Corporation</td>
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<tr>
<td>TLC</td>
<td>Transitional Local Council</td>
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CHAPTER 1: THE IMPLEMENTATION OF LOCAL ECONOMIC DEVELOPMENT INITIATIVES TO IMPROVE SOCIO-ECONOMIC CONDITIONS IN AGANANG MUNICIPALITY, LIMPOPO

1.1 BACKGROUND TO AND REASON FOR STUDY

Local economic development (LED) is about local people working together to achieve sustainable economic growth that brings economic benefits and improves quality of life for all in the community (World Bank, 2002:3).

The role of local government has always been to develop local economies to uplift the local communities (Ishmael et al, 1997:3). As stated in the Integrated Sustainable Rural Development Strategy (ISRDS) document, local government must, amongst other objectives attain socially cohesive stable rural communities with viable institutions, sustainable economies and access to social amenities so to contribute to the growth and development of local communities.


The Local Economic Development programme established by the Department of Provincial and Local government is an outcome-based initiative driven by local stakeholders. It involves identifying and harnessing local resources, ideas and skills to stimulate economic growth and development. The aim of LED is to create employment opportunities that will benefit all local people.

The South African Local Government White paper on local government defines local government as a sphere of government that 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 their quality of life. Needs of the community should be responded to and the community has to be seen as taking the lead.

According to the 1996 Census, 55 per cent of South Africa’s population lives in urban areas, with a significant component living in metropolitan areas. On the other hand, the spatial distribution of poverty is such that 75 per cent of South Africa’s poor live in rural areas. Given these realities local governments cannot abrogate responsibility in the economic development process and poverty alleviation (HSRC, 2000)

This study seeks to identify challenges in local economic development support for rural local governments and to further explore current local economic trends in selected international countries. It is furthermore important to establish whether the Local Economic Development programmes address the following:

- LED programmes initiatives throughout implementation stages;
- Existence of monitoring and evaluation systems of LED programmes;
- Local Economic development pilot programmes; and
- Local initiatives with the context of the National Framework of Local Economic Development.

Currently there is no effective form of monitoring and evaluation of poverty alleviation programmes and local economic initiatives in most local municipalities. The strategic management of LED programmes aimed at reducing poverty and inequalities in rural communities requires the establishment of such a system.
1.2 STUDY OBJECTIVE

The central objective of this research is to examine the national framework of local economic development and determine its impact on rural communities. The study will look into local economic development in an international context, a South African context and more specifically the Municipality of Aganang. The study will furthermore examine the role and impact of local economic development programmes relating to rural community development in Aganang Municipality. Suggested guidelines for implementation of local economic development programmes in Aganang municipality will be provided. After completion of this study the community of Aganang should be able to use the results for LED programmes initiatives. This includes providing support in innovative and creative mechanisms for poverty alleviation, job creation and economic development.

1.3 PROBLEM STATEMENT

Despite all government initiatives in local economic development, rural areas are still lagging behind in essential services and poverty alleviation initiatives.

1.3.1 Hypothesis

Rural municipalities with proper local economic development frameworks and complementary implementation plans will alleviate or improve the following:

- Socio-economic conditions and poverty alleviation in rural communities;
- Provision of sound economic development infrastructure and support facilities for poverty alleviation;
- Job creation and collaboration with the private sector; and
Promotion of consultation between municipalities and ordinary rural citizens on expansion of rural economic development.

1.4 METHODOLOGY

The study will focus on the rural Aganang municipality within the jurisdiction of the Capricorn district in the Limpopo Province. A quantitative form of research was undertaken to determine the impact of Local Economic Development initiatives on the community of Aganang. Documentary sources were used as primary research material for the purpose of the study. Acts of Parliament, economic development strategies, local municipal strategies and relevant manuals and policies were used for this study. The study has sought to understand how LED is applied by the municipality in addressing the local economic challenges and what the measures of success are in this regard.

1.4.1 Sampling Framework

Data will be gathered data from officials of the municipality. Twenty respondents will be taken as a sample for the research from officials and community representatives in the municipality. Officials are employees of the municipality while community representatives are councillors or ward representatives.

1.4.2 Questionnaire

A questionnaire will be used to collect data or information from all respondents. This qualitative approach will reduce uncertainties in the study. The questionnaire broadly covers the understanding, participation role and outcomes of the LED programmes.
1.5 APPROACH TO LOCAL ECONOMIC DEVELOPMENT

Research has shown that there is no single approach to LED that can be applied to every local area particularly to alleviate poverty. Every local authority has a unique set of challenges therefore an LED strategy or a combination of strategies have to be developed that will respond specifically to local needs. Local Government has to play an important role in eradicating poverty by creating employment opportunities for local inhabitants.

A number of sources particularly primary (LED policy) sources were used in the literature study for this research. LED manuals, policy documents of national and provincial departments of local government, newspaper clips and the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) form the basis of this research.

1.5.1 Observation and survey

This is an objective orientation study that should contribute to the alleviation of societal ills relating to poverty. Observations are objective.
1.6 CLARIFICATION OF TERMS

Constitution
This document outlines the political principles and structures of power such as Parliament and the Presidency as well as national, regional and local forms of government. It does include a Bill of Rights, which is a document containing essential and basic rights for society as a whole.

Municipal officials
Officials that are employed by the municipality

Community representatives
Representatives that are elected by the community to represent them in various community forums viz councillors and ward representatives

Integrated development plans
Five year development plans by municipalities that are adopted and reviewed annually

Local economic development (LED)
Local Economic Development that has local people working together, to achieve sustainable economic growth that will bring economic benefits and quality-of-life improvements for all in the community.
Although the concept of Local Economic Development (LED) is relatively new in South Africa, it enjoys wide acceptance and credibility. It is currently initiated in variations which range from typical, northern style “urban entrepreneurial approaches” implemented in major cities to a host of community and NGO initiatives which have much in common with strategies pursued throughout the developing world. LED is in line with the post-apartheid government’s pursuit of an economic strategy and a commitment to devolve powers of government to
local level, and to support community-based endeavours (ANC, 1994; RSA, 1996a)

**Reconstruction and Development Programme**

The Reconstruction and Development Programme is a policy launched as a post-1994 White paper on Reconstruction and Development designed to provide a broad framework for South Africa’s new development vision, priorities and operational procedures and it aimed to lay a basis for subsequent laws and actions to address extreme social and spatial inequalities resulting from years of the apartheid policy, and to promote overall development (ANC 1994).

**Metropolitan area**

In terms of Section 1(1) of the Local Government Transition Act, (Act 209 of 1993) a metropolitan area is defined as comprising the areas of jurisdiction of multiple local governments. It is densely populated and has intense movement of people, goods and services within the area, is extensively urbanized and has more than one central business district, industrial area and concentration of employment.

**Rural area**

A rural area in apartheid South Africa was essentially an area that was “urban without services”. It had a high concentration of people living in an area where the economic base was some distance from the city. A rural area is an area that have the lowest of services, and greatest average distance to the nearest service points (Rural Development Strategy, 1995:13). A rural area often has a population that is spatially dispersed. Agriculture is often the dominant, and it is an exclusive economic sector.
**Poverty**
Poverty can be defined as the inability to attain minimal standards of living
determined by factors such as low income, human under-development, social
exclusion, lack of capability and functioning, vulnerability and lack of basic needs.

**Socio-economic conditions**
Socio-economic conditions can be defined as conditions in rural communities
that require an integral strategy to facilitate sustainable economic growth for
meeting the people’s needs. These include underdevelopment, poverty and lack
of economic opportunities.
CHAPTER 2

LOCAL ECONOMIC DEVELOPMENT WITHIN THE GLOBAL CONTEXT

2.1 INTRODUCTION

It has been widely reported that the majority of the people in South Africa, in particular, and the world, in general, are poor. This is mostly true of the African continent. By the year 2001 the African economy had grown moderately with Gross Domestic Product (GDP) estimated at 3.4 percent as compared to 3.2 percent in 2000. The high rate of unemployment, lack of services delivery to local communities and unclear structural cohesion for emerging entrepreneurs contribute to the legacy of poverty. (African Development Report, 2002:1)

Local governments globally have to respond to the economic challenges in order to improve and sustain local economies.

According to the local economic development forum report (Taylor, 2002:1) municipalities have been challenged to respond to three main categories, viz, global competitiveness, job creation and poverty alleviation.

Most 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. These strategies are sometimes called business retention and expansion strategies. The range of initiatives that support local business is vast. (World Bank, 2002:15)

According to Hawkins (1997:445) economic growth has increasingly become associated with new technologies rather than with dependency on raw materials
and energy. Production has become less material-intensive and less labour-intensive. More skills, knowledge and technologies have fostered a much greater degree of integrated production.

This chapter deals with the global trends in local economic development in various countries since LED has become a prominent force in economic intervention in South Africa and globally. This has tended to take on two key forms in pro-market or pro-poor development.

2.2 LOCAL ECONOMIC DEVELOPMENT IN SELECTED COUNTRIES

According to the World Bank (LED) report,(2002 : 33) Local Economic Development Agencies were set up in Europe at the end of the 1950s. Local Economic Development Agencies are promoted by various European governments, as well as by the International Labour Organisation (ILO) with specific objectives to:

- Foster the economic development of the territory where it works;
- Tap the endogenous potential of a territory;
- Capitalize endogenous resources and concentrate on support for those groups that have the most complex access to regular economic and financial circuits;
- Foster integration of and co-ordination with local institutions and associations to engender a shared vision of local economic development;
- Promote local small and medium-sized business;
- Create an entrepreneurial climate;
- Plan and establish a system of services to public and private organizations that can support local economic development;
- Pay special attention to identifying the most vulnerable social groups and poverty traps;

For the purpose of this study both Canada and Australia have been used to assist the researcher to draw on a global approach when addressing local needs
and implementing local economic development initiatives. Further -more it has broadened a global understanding of Local Economic Development.

The local economic development programmes in both Canada and Australia are discussed.

2.3. CANADA

The government of Canada has a parliamentary system of government with a constitutional monarchy. The powers and functions of local municipalities are largely decentralized with limited central control. However, the functioning of provinces is directly linked to municipal programmes since no matters or bills that have a direct bearing on a municipality can be passed by any minister without consultation with the affected municipality.

Canada has about 20 municipalities, comprising 13 cities, 6 regional municipalities and 1 metropolitan community. The municipalities of Canada are clustered in a structure known as Federation of Canadian Municipalities (FCM). (See appendix B)

According to the FCM quality-of-life report of 2005, a global perspective on the role of municipalities with respect to the environment and economy is important, since cities and communities are connected by the movement of large amounts of materials and energy across ecosystems.

In terms of the report the number of urban dwellers in Canada increased by 50 percent, from 16-24 million, during the 1971 to 2001 period. As a result, Canadian cities have experienced varying degrees of population growth, as well as economic development. A few urban regions, such as the greater Vancouver and the greater Toronto area, have had to contend with a rapid pace of population growth. Communities across Canada have experienced and will continue to experience the benefits associated with growth. These benefits include vibrant diversified economies, higher education institutions, arts, culture and recreational opportunities.
On the other hand, increasing emphasis on educational, cultural and environmental amenities in a continually expanding city can also result in a reduced quality of life. In turn, the ability to attract and retain high trained, educated and creative entrepreneurs and employees may be reduced. This can compromise the long term sustainability of economic growth in any given place.

2.3.1 Local governance and economic development in Canada

The central challenges that faced the municipalities in Canada entailed managing population growth and economic growth.

Municipal governments are increasingly called upon to bring about changes in the way local initiatives are managed within the context of economic growth.

In terms of the Canadian model municipal charter, 2005, the intergovernmental relations are as follows:

- Every minister responsible for an applicable provincial or territorial matter is obliged to give written notice and consultation opportunity to the municipality if the matter will directly and specifically affect the municipality in the following matters:
  - Introducing a bill in the Legislative Assembly;
  - Making, amending or repealing a regulation, or starting, changing or eliminating a provincial / territorial government programmes

- The provincial/territorial government may not transfer new powers, duties or responsibilities to the municipality, or require the municipality to act in relation to a matter in respect of which the provincial/territorial government acts or otherwise exercise power at the time the law comes into force. The minister responsible first has to give notice and provide consultation
opportunity to the municipality in respect of the provision by the provincial/territorial government of financial or other resources required by the municipality to perform the new duty or function or to take the required action.

- The municipality’s by-laws (including by-laws imposing taxes, fees, levies, changes and assessment) apply to provincial / territorial crown corporations and agencies.

- The charter requires assent of the electorate in each targeted municipality, therefore there will be no amalgamation.

### 2.3.2 Local Economic Development Programmes

The Canadian municipalities developed various programmes and policies to address the long-term economic challenges facing local communities. Plans were meant to address the Individual Development Accounts (IDAs) of various municipalities within the context of Canada’s Social and Enterprise Development Innovation (SEDI) plan (OECD, 2003:3).

Until 2001, Canada had only two community-based IDA programmes, one in Calgary (Alberta) and the other in Kitchener-Waterloo (Ontario) which proved to be successful. The Toronto-based non-profit group, Social and Enterprise Development Innovation (SEDI) decided in 1997 to research the potential of a significant IDA demonstrations project. Various initiatives in deferent cities emerged through government funding from the Human Resource Development Fund of Canada (HRDC).

The five-year Learn /Save project targeted 3675 low-income Canadians with IDA accounts. The programme was run by community partners in ten sites around the
country. The HRDC provided funding whilst the Social Research and Demonstration Corporation (SRDC) took responsibility for the evaluation, including research designs built into the operational side of the project (OECD Policy Debate, 2003).

The city of Edmonton approved implementation of recommendations contained in a long term plan called Smart Choices for Developing our Community. The document sets out strategies to manage local economic growth through re-development, re-investment and building on existing infrastructure. Plan Edmonton, the city’s municipal developmental plan, ensures balanced growth based on several strategies. The plan supported development adjacent to existing developments in order to accommodate growth in an orderly and efficient fashion, promote development around transportation corridors and employment areas and support increased densities of land use through Smart Choices for Developing our Community (SCDC) development plan that takes into account existing developments.

The Regina municipality’s major development plan was to share the increased population with neighbouring municipalities, and to maintain population in the city central area. The development plan prohibited ‘leapfrog’ development, supported the preservation of agricultural land and established a density target that supported efficient use of infrastructure, school and transport services. Other policies provided incentives for residential conversions in the downtown area, and new-home and model-housing construction in designated inner-city neighbourhoods.

Peel Region’s official plan contained a “Zozi Regional Urban Boundary” which divided the region into an urban section and a rural section. Development within the urban system was to be phased in using growth management strategies prepared by the region’s lower tier municipalities.
The rural system’s economic growth was directed to three “Rural Service Centres”. The region was also engaged in various growth management initiatives that would create policies to guide urban development and ensure a consistent response to growth pressure. In particular, there was a need to maintain a firm urban boundary in the face of rapid population and employment growth pressure, and to develop nodes and corridors in the Greater Toronto Area to increase population densities and a public transport system, as well as to alleviate traffic congestion.

York Region’s official plan called for the creation of compact, well-designed communities to protect agricultural lands, rural countryside and green spaces. To achieve this objective, the region had to recognize the need to direct a significant portion of its growth to existing urban areas. A key part of this strategy is the creation of the system of regional centres linked by rapid transport in regional corridors. Developing regional centres and corridors necessitated working closely with local municipalities’ partners and the private sector, as well as the people of the York Region and provincial and federal governments.

Ontario municipalities worked within a new development policy environment as a result of steps taken by the provincial government in 2004. Bill 136 of The proposed places to grow policy Act, enabled the province to designate any area of land as a growth plan area and to initiate a growth plan. Municipalities were required to ensure that official plans conformed to the growth plan. Bill 135, the Greenbelt Act, protected valuable natural resources and outlined where growth should not occur designating permanent, protected greenbelt area of continuous countryside on south-Ontarian.

The economic development programmes of Canada were aimed at ensuring that the quality of life of Canadian citizens would be enhanced in municipalities through the following overall objectives:
- Develop and maintain a vibrant local economy;
- Protect and enhance the natural and built environment;
- Offer opportunities for the attainment of community goals, hopes and aspirations;
- Promote a fair and equitable sharing of common resources;
- Enable residents to meet their basic needs; and
- Support social interaction and the inclusion of all residents in community life.

The report on Growth, the Economy and Urban environment provided greater detail on a narrower set of trends, evident from 1991-200, that affected the local economy in the municipalities of Canada.

2.4 AUSTRALIA

Australia is a constitutional democracy based on a federal division of powers. It is primarily governed by both state and territory constitutions founded on the Commonwealth Constitution. Local government is an important component in the Australian federation, delivering a broad range of key services at local level.

Local government has a limited constitutional position in Australia, falling under state or territory legislation on broadly similar lines across Australia. Each state and territory has a number of local government areas, known variously as cities, municipalities, boroughs and districts. The generic local body established for a local municipality is called a council. By October 2004 there were 717 local councils. In each local council area various local services are provided. However there are many variations between states as well, as between urban and rural councils. (Australian Bureau of Statistics Report, 2005). (See Appendix C)
2.4.1 Local governance and economic development

Australia’s long term approach has been to help weaker states to address development, economic security and political issues in a comprehensive and sequenced way. According to the AusAID (Australia’s Aid Report of 2004) Australia’s local governance and economic development are based on the following elements:

- Building sustainable government institutions
  Australian government is central to the building of an affordable institution suited to individual country municipalities, where good governance can flourish. While Australia agencies give practical in-country advice to local governments, AusAID is fostering deep institutional and personal links between government departments in Australia.

- Strengthening political governance and target corruption
  Australia is working with recipient government (municipalities) to improve administrative systems in many Pacific nations. The main purpose is to ensure greater accountability and stable functioning of the democratic processes. Australia Aid Programmes support grassroots civic education and political accountability.
  Tackling corruption effectively and visibly is essential to maintain public confidence in reform. Improved political accountability can only be achieved by demand for reform from within a country.

- Providing opportunities to stimulate economic growth
  The majority of the poor in most fragile states live in rural areas. Australia is supporting activities to revitalize agriculture, forestry and fisheries, with particular emphasis on sustainable management of natural resources. It is also looking at other ways for people living of land and water to make a better living by using local technologies
• Maintaining the delivery of services to minimize the impact of system failures on the poor
Australia helps to provide basic health and education services that would otherwise not reach poor and rural communities. Australia helps community and church organizations to maintain basic services, particularly where government systems have broken down.

• Investing analysis
Australia continues to foster a practical approach to understand what works in fragile states and how to prevent future fragility. Australia has set up a dedicated unit comprising officials drawn from different government agencies to promote an integrated cross-government approach.

2.4.2 Economic Development Programmes

According to the (AUSIDS report: 2001) the Australian Aid Programme for good governance and economic development targets four priority areas:

• Improving economic and financial management (23%);
• Strengthening law and justice (8%);
• Increasing public sector effectiveness (28%); and
• Developing civil society (41%)

Local government plays a central role in reducing poverty, through local economic development, effective community planning and improved service delivery.
Increasing the capacity and preference for local government can generate major benefit, both within the sector and in the wider economy. These include:
Benefits to local communities through more efficient and expanded essential services and infrastructure, as well as increased local employment opportunities;

Benefits to the provincial and national government through more efficient allocation of public sector resources; and

Benefits to the private sector and national economy, through increased investment opportunities and more efficient use of resources.

According to the (Australia SEQ Regional plan: 2005) a number of local economic development initiatives are geared towards establishing the following initiatives in local councils of Australia;

- Sustainable land for large scale industries and logistics with adequate separation from sensitive land uses;
- Good freight transport links to state and national highway and rail networks;
- A workforce with the appropriate mix of skills for local industries;
- Location of heavy, difficult to locate or large footprint industries at Ebenezer, and investigation of the opportunity to develop the Wacol institution’s precinct to provide a major gateway development for the western corridor;
- Development of an industry cluster and partnership to target industries relevant to the regions competitive advantages and market opportunities;
- A positive regulatory environment for business;
- Target development of high value-added and knowledge-based industries;
- Business support programmes, including grant-based schemes, such as the Smart State Research Facilities Fund and the Targeted Industry Grants programme, as well as specific industry programmes such as
those detailed in the plan which sets out the agenda for continuing
development in the manufacturing sector;

- Allocation of funds on a competitive basis to stimulate research and
development, commercialization and technology diffusion through
programmes such as the Innovation Building Fund, Innovation Projects
Fund and Innovation Skills Fund.

2.5 CONCLUSION

The structures for international forums on Local Economic Development and
Local Governance seek to fill the capacity building and economic growth of the
developing countries in particular and the world in general. It further stimulates
the exchange of expertise between relevant municipality/local governments
globally.

Local development structures learn effectively from one another lessons from the
partnership experiences. This helps to make the best use of good practice and to
avoid costly failures. (OECD, Local partnership for better governance, 2001).

According to the Commonwealth Local Government Forum Report of 2001 a
healthy inclusive local government structure is at the heart of an active
democracy. This is the level at which citizens most engage in or disengage with
decision-makers.

Local government can play an important role in reducing poverty, through local
economic development, effective community planning and improved service
delivery.
More broadly, increasing the capacity and enhancing the performance of local government can generate major benefits, both within the sector and in the wider economy. These include:

- Benefits to local communities through more efficient and expanded essential services and infrastructure, as well as increased local employment opportunities;
- Benefits to provincial and national government through more effective allocation of public sector resources; and
- Benefits to the private sector and national economy, through increased investment opportunities and more efficient use of resources.

Canada and Australia are actively involved in local Economic Development (LED) programmes through various drives that seek to:

Ensure that the local business environment is conducive to major business and sectors in the area;
Support small and medium-sized businesses (SMMEs);
Encourage new enterprises;
Attract investment from elsewhere (within the country and internationally);
Invest in physical infrastructure;
Support the growth of particular clusters of business;
Target particular parts of the city for regeneration or growth (spatial targeting);
Target disadvantaged groups.

In Canada the rapid increase in the number of local municipalities is the result of a need to respond to local economic development (LED) challenges. The Australian government has also seen an increase in local governments that work closely with state and territory institutions to implement local economic development.
CHAPTER 3
LOCAL ECONOMIC DEVELOPMENT INITIATIVES IN SOUTH AFRICA

3.1 INTRODUCTION

Meeting the basic needs of communities is one of the critical challenges local governments in South Africa face. This issue has been at the core of the local government system since its advent in 2000. The first democratic local government elections were held on 05 December 2000. Municipalities have focused primarily on growing local economies and extending the provision of services to areas that were previously neglected (Project Consolidate, 2005).

Local Economic Development (LED) represents an approach to economic development which encourages local people to work together to achieve sustainable economic benefits and improved quality of life for all the residents in a local municipal area. The LED programme is intended to maximize the economic potential of all municipal areas around the country and to enhance the macro-economic growth through increased local growth, employment creation and development initiatives within the context of sustainable development (DPLG, 2004).

The implementation of LED programmes often requires broad-based, comprehensive initiatives through public/private sector partnerships that are strongly driven or led by the local municipalities. The private sector is often keen to manage initiatives aimed at improving vitality and viability of town centres, or to become involved in business development initiatives. Community groups may seek to lead initiatives to improve health, housing and economic conditions of the target group of disadvantaged individuals (World Bank Report: 2000).
3.2. THE NATIONAL FRAMEWORK FOR LOCAL ECONOMIC DEVELOPMENT

It is estimated that nearly one million jobs were lost in the 1990s as a result of poor economic performance, global competition and industrialization, which affected the gold mining industry detrimentally (Lester et al, 2000; Wakeford, 2000). Within this context a variety of employment generating strategies has been investigated and experimented with by the state and private organizations. One of which has enjoyed considerable attention, though it has yet to really prove itself in practice, is that of Local Economic Development (LED) in South Africa (Nel, 2001).

Local Economic Development programmes aim to maximize the economic potential of all municipal areas in the country and to enhance the resilience of macro – economic growth through increased local growth, employment creation and development initiatives within the context of sustainable development. The word "local" in economic development indicates that the political jurisdiction level is often the most appropriate place for economic intervention as it carries with it the accountability and legitimacy of a democratically elected body (DPLG LED Report, 2005).

The National Department of Provincial and Local government LED programmes provides support in the following areas:

- Development and review of national policy, strategy and guidelines for LED;
- Provision of direct and hands-on support to provincial and local government;
- Management of the Local Economic Development Fund;
- Management of and Technical Support for Nodal Economic Development planning;
- Facilitation, coordination and monitoring of donor programmes; and
- Assistance with LED capacity-building processes.
These interventions and resource mobilizing, local role players and interest groups are set to attain economic growth and to create jobs thereby reducing poverty.

By 1999 the National, Provincial and Local spheres of government had included LED national imperatives in their development frameworks with specific reference to redistribution, job creation, poverty alleviation and public participation. As a result Integrated Development Plans were put in place in terms of the Local Government Transition Act, Second Amendment, Act 97 of 1997 (IDASA, 1999:3).

Integrated Development Planning (IDP), as spelt out in the Local Municipal Systems Act, Act 32 of 2000, is a process by which municipalities prepare 5-year strategic plans to be reviewed annually in consultation with communities and local stake-holders. These plans foster an implementation approach and seek to promote participatory economic development by balancing social, economic and ecological pillars of sustainability without compromising the institutional capacity required for the implementation and co-ordination of sectors and spheres of government (Business Referral and Information Network BRAIN, 2005).

Within the national framework for local economic development, the Department of Provincial and Local government has the responsibility to develop and promote systems and structures of effective governance, particularly at the local level of government. Furthermore the department has a responsibility to develop and promote a system of integrated governance among the three level of government.

3.2.1. Strengthening local government for service delivery

The new developmental local government system was put in place following the passing of the Local Government: Municipal Systems Act of 2000, (Act 32 of
The Act affords South Africans the opportunity to participate in matters of governance and development of their communities. (DPLG Report, 2006)

In terms of the Municipal System Act of 2000, (Act 32 of 2000) government introduced a practical and developmental third level of government by amalgamating and integrating previously segregated communities and municipalities. Before 2000 there were 843 local authorities. After the first democratic municipal elections held in 2000, these were rationalized into 284 municipalities. In 2000, government adopted an approach to manage and support local government transformation process, namely through a phased approach that focused on establishment, consolidation and sustainability of municipalities.

3.2.2. Intergovernmental relations regarding sustainable development at local level of government

Through the Intergovernmental Relations Act, Act 13 of 2005 all government departments across the three levels are now able to interact and to consolidate their efforts to improve the lives of South Africans. Municipalities stand to benefit from an improved system of co-operation between national, provincial and local government that in turn should lead to accelerated service delivery. Through this collective government effort, municipal capacity to deliver services will be improved.

According to the DPLG report of 2005 municipal services have to be provided to all people and business, therefore they are important in contributing to economic development that will benefit all citizens.
3.2.3 Integrated development planning (IDPs)

Integrated development planning as laid down in the Municipal Systems Act, 2000, (Act 32 of 2000) is aimed at promoting intergovernmental planning. The process is meant to help reconcile local development with national and provincial legislation, policy, plans and programmes. (Business Referral And Information Network, 2005)

In pursuing the goal of shared development objectives the national and provincial levels are in turn, required to consider IDP process outputs, extend support and assistance to municipalities and involve local government in any plans and policies which affect municipalities.

According to the Department of Provincial and Local government report, the five-year Integrated Development plans are meant to address among others, the following:

- How municipalities will grow their local economy and create jobs;
- How municipalities will manage their environment and natural resources;
- How the municipality plans to facilitate community access to government information, programmes, services.
- How the municipalities will involve communities in matters of local government and service delivery; and
- How the municipality will extend basic infrastructure and services to all residents living within the municipal area.

3.2.4 The Reconstruction and Development Programme

The RDP was launched as the main ANC policy document before the elections in April 1994. It was formalized in September 1994 as the new government’s “White Paper on Reconstruction and Development”. It was designed to provide a broad framework for South Africa’s new development vision, priorities and operational
procedures, and it aimed to lay a basis for subsequent laws and actions to address the extreme social and spatial inequalities entrenched by years of apartheid, and to promote overall development (ANC, 1994). In a radical break with the past, the RDP was promoted essentially as a people-driven process, focusing on our people’s most immediate needs, and relying on their energies to drive the process of meeting these needs (ANC, 1994:5). The RDP also placed considerable emphasis on grassroots empowerment, implying that development is not about the delivery of goods to a passive citizenry, but rather about active involvement and growing empowerment which integrates ‘all levels of the state together with non-governmental organizations and community-based organizations’ (ANC, 1994, p5). The RDP emphasized fundamental links between participation and pro-poor development.

The Reconstruction and Development Programme was designed to tackle inequality and poverty through the need for ‘an integrated and sustainable programme. The RDP brings together strategies to harness all our resources in a coherent and purposeful effort that can be sustained into the future. These strategies will be implemented at national, provincial and local levels by government, parastatals and organizations within the civil society working within the framework of the RDP’ (ANC, 1994)

3.2.5 Essential laws on local government development role

The various laws impacting upon ‘developmental local government’ and LED are located within the general Acts, pertaining to local government matters and the Constitution and build on the thinking detailed in the preceding policy documents.


The basis for all laws in the country is the national Constitution of the country, which is the supreme law upon which all other laws are based (RSA, 1996). In
terms of local government affairs, the Constitution recognizes them as a distinctive level of government and mandates them to give priority to the basic needs of the community, and to promote the social and economic development of the community, and participate in national and provincial development programmes’ (RSA, 1996a, p. 82). The constitution makes provision for different categories of local government, which the Local Government White paper (RSA, 1998a) defines as:
- Metropolitan Councils, i.e. large conurbations with multiple business districts;
- Municipal Councils, i.e. non-metropolitan local councils; and
- District Councils which oversee groups of Municipal Councils in urban and rural areas.

(b) Local Government Transition Act, 1993 (Act 209 of 1993)
Although the more recent legal provisions pertaining to the development role of local government have been based on the 1998 Local Government White Paper (RSA, 1998a), pre-1998 Acts have also served as a basis for this new role. The Local Government Transition Act (RSA, 1996c) assigned various powers and duties relating to service provision to local governments and specifically required metropolitan councils to promote integrated economic development, the equitable distribution of municipal resources and the delivery of services with a developmental focus in mind.

(c) The Development Facilitation Act, 1995 (Act 67 of 1995)
A key local government planning and development instrument is the Development Facilitation Act (RSA, 1995), which introduced measures to facilitate and accelerate the implementation of reconstruction and development programmes and projects in relation to land, laying down general principles to govern land development throughout the country. Local governments are empowered to develop what are known as ‘Land Development Objectives’. This Act was formulated to rationalize the complex apartheid geography of the
country, to redress development imbalances and accelerate development through more efficient utilization of land.


The Local Government Municipal Demarcation Act (RSA, 1998c), determined new municipal boundaries throughout South Africa. This process was undertaken between 1998 and 2000. This Act sought to eliminate small and ineffective local councils by combining neighbouring or close local authority areas under a single jurisdiction, while also assigning rural areas surrounding urban centres to the control of the latter.

(e) The Municipal Structures, 2000 (Act 33 of 2000)

The Municipal Structures Act (RSA, 2000), with the Systems Act, extends and develops the provisions of the Local Government Transition Act of 1996 (RSA, 1996c). The Act also allows for participation of traditional leaders within local government administration in the areas in which they reside. It also mandates district councils to assist municipalities lying within the areas under their jurisdiction through integrated development planning, major infrastructural development, capacity development and the equitable distribution of resources.


This piece of legislation has had the most direct impact on popular participation in local-level development. The Municipal Systems Act (RSA, 2000a) provides for the core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of communities, and ensure universal access to essential services that are affordable to all. This particular Act has very defined implications for LED in terms of the operational procedures, powers and management systems, which in
themselves can be regarded as mechanisms to promote pro-poor development. Municipalities are specifically required to involve communities in the affairs of the municipality (RSA, 2000, a)

3.3 LOCAL ECONOMIC DEVELOPMENT (LED) INITIATIVES IN SOUTH AFRICAN MUNICIPALITIES

The new municipal boundaries that were drawn in terms of the Local Government: Municipal Demarcation Act, Act 27 of 1998 cut across the old apartheid divisions of municipalities and cities. The Department of Provincial and Local government LED programmes provide support in the following areas:

- Development and review of national policy, strategy guidelines for LED;
- Provision of direct and hands-on support to provincial and local government;
- Management of a local economic development fund;
- Management and technical support for nodal economic development planning;
- Facilitation, coordination and monitoring of donor progress;
- Assistance with LED capacity-building programmes.

These interventions and resources, mobilize local role players and interest groups to achieve economic growth and create jobs thereby reducing poverty (DPLG LED website, 2004)

The interventions of various cities in South Africa, highlight the three essential aspects of LED: global competitiveness, job creation and poverty alleviation.
3.3.1 Metropolitan and large urban areas

3.3.1.1. Tshwane Metropolitan Municipality

In Tshwane the Centre for Business Information and Support (CENBIS) was initiated in the 1990s in response to a municipal Small Medium Micro Enterprises (SMME) survey during a critical period of job losses in the Centurion area. CENBIS, a registered Sec 21 Company separate from the City Council, offers comprehensive business support services and access to finance and training to small-scale entrepreneurs in partnership with Khula, Department of Trade and Industry and ESA -T. Satellite centres were established in several outlying areas of the city in order to serve communities where the service was needed.

Tshwane’s (Pretoria) LED Strategy aims to be the leading international African capital city through being:

- Globally competitive;
- Having a strong, growing and sophisticated economy; and
- Being technically advanced.

It aims to empower local communities through social development and poverty alleviation as well as general economic development. The objectives include promotion of a sustainable and globally competitive economy, job creation, particularly in the area of SMMEs and removal of obstacles that affect the poor and historically disadvantaged. These initiatives include the development of strong partnerships, and promotion of Black Economic Empowerment.

(Nel, Workshop: 2002)
3.3.1.2. Durban Metropolitan Municipality

Durban’s Long-Term Development Plan (LTDP) was adopted to guide the transformation process. It has three key points:

- Meet basic needs;
- Build local skills and technological competence; and
- Strengthen the economy.

Major challenges were to address backlogs on basic services, stimulate slow economic growth, alleviate poverty and unemployment, HIV/AIDS, crime and lack of security. The inclusion of almost half a million rural residents into the newly demarcated municipal area and the lack of customer focus in government presented new challenges.

Based on business and community feedback, the city engaged in five major programmes and projects to kick-start Local Economic Development:

- Enhancing and repositioning the “platform” for economic growth by upgrading development and support for existing developments such as inner city development, point waterfront development and coastal tourism resources;
- Providing service and support to key customers e.g. sub-regional business centres;
- Supporting the industrial sector e.g. tourism marketing, and improving logistical support for manufacturing;
- Empowering existing structures e.g. overhauling Council procurement system, enhancing existing SMME support networks; and
- Building partnerships and capacity e.g. initiate formalization of key stakeholder partnerships structure to drive economic programmes.
The Cato Manor Development Association (CMDA) in Durban

The Cato Manor Development project was designated as a Presidential lead project of the RDP in 1995. It aimed to create an efficient and productive “City within a City”, targeting the poor and marginalized residents. This was done by providing housing and security of tenure, reducing existing infrastructure and service disparities, establishing a safe and secure living and working environment with ample economic opportunities.

- The LED Programme comprises:
  - Land and building development;
  - Information and marketing assistance;
  - Training and employment;
  - Financial support; and
  - New planning and organizational structures.

- The LED Project consists of:
  - Construction SMMEs;
  - Business management skills;
  - Urban agriculture; and
  - Job opportunities bureau (2000 trainees).

The Cato Manor Development Association attempted to use their location advantage to attract investment. They initiated the most crucial projects, enabling private/public projects that had the best chance of success so that they could ensure recovery and re-investment of funds. Local participation and ownership were maximized by a selection of economic investment opportunities that range from very small to large.

(Ngwenya, Workshop : 2002)
3.3.1.3. Cape Town Metropolitan Municipality

The economic vision of the city of Cape Town is to be ‘an opportunity city for all’ which means the city aims to be:

- A globally competitive, visitor and business-friendly city;
- Economically expanding city with vibrant entrepreneurship, job creation and increasing per capita income;
- A city with rapid improvement in quality of life, levels of living and skills, particularly for the poor; and
- A city with key-role players co-operating through partnerships between communities and the private sector.

LED strategies:

- Building global competitiveness;
- Providing a business-friendly environment;
- Ensuring economic opportunities for all; and
- Leading through partnership.

The city of Cape Town assists economic development by providing leadership to stakeholders who forge sustainable partnerships to meet its developmental duties and responsibilities. The city further provides support to businesses through a variety of business support activities that assist companies who wish to invest. These create an enabling environment for businesses to grow. The city also supports key economic sectors that facilitate investment in the city.

The Noordhoek Valley Training Centre (NVTC) is an innovative South African partnership providing supportive skills training that assists poverty-stricken communities to become economically active. The success of the South Peninsula College/Febdev partnership initiatives is attributed to an active working relationship between different partners with a shared vision.
The Two Oceans Crafts and Culture Centre (TOCCC) was established in response to the need for an outlet for the end products produced by the learners of the NVTC (Noordhoek Valley Training Centre) and the emerging entrepreneurs in incubators. In its various business units, it also offers on-the-job-training opportunities and face-to-face interaction with business tourism.

This effective intervention relies on four essential components:

- Accredited skills training and development and learner support such as job placement;
- Enterprise training, development and business support;
- Interaction of trainees with the world of work and business through incubators, business hives and in-service training; and
- Access to external market opportunities provided by trained individuals.

The success of the programme is quantifiable in terms of the income that has been generated. Hundreds of thousands of rands have flowed into the community from employment opportunities provided by the project itself, products/business innovations and development as well as job placement. Recently a special award from the Business Trust was made in recognition of the contribution made to poverty alleviation through the outdoor company project partnership.

*(Fouldien, Workshop: 2002)*
3.3.2. Non –metropolitan Centre

3.3.2.1 Welkom

The Gardenette Agricultural project aims to produce organically grown vegetables and other high-income agricultural products such as paprika, flowers, herbs and spices for local and export markets. It will be run by a trust.

The Gardenette project that is still in the early stages of development and is based on an independent, competitive and profitable model for job creation and empowerment in South Africa. It is run on sound business principles and aims to create employment in the region, as well as to address poverty alleviation. The project is a joint effort between the community, government and related service organizations, including the business sector therefore it can be considered to be a leading project of Matjhabeng City Council for Local Economic Development.

Paprika production in the Free State Goldfields development centre provides opportunities to move from staple crops to high-yield crops, while simultaneously establishing a vibrant sector of emerging farmers. It could also provide better utilization of vast tracts of commonage or mining land that currently lies fallow. The Free State Gold Fields provided the infrastructure necessary for an incubator-type project where farmers would receive training and experience to become fully fledged commercial farmers. Spain is a ready market since existing contacts have already been established.

These examples of LED projects measure up to the strategies of poverty alleviation and job creation. There is a possibility of a Goldfields International Cargo airport which will act as the export and air-cargo logistics and distribution hub for the region, attract investment and make the area globally competitive.

(Nieuwoudt, Workshop:2002)
3.3.2.2 Nelspruit

Although the local economic development unit in the Mbombela Municipality was established very recently, most of the projects had already been initiated with the community and were running. Each area has its own dynamics. The Nelspruit area has had above-average economic growth. The newly demarcated municipal boundaries has brought about a considerable increase in population and added a rural component to the existing urban areas.

LED projects under Mbombela Municipality:

- Shabalala community project concerned with sewing, baking, bedding, carpentry, poultry, etc. is government-LED funded. It was initiated by a local entrepreneur and the challenge is to sustain it with effective marketing.
- N4/7 Informal Traders provide for 150 beneficiaries in a business hive that was developed through co-operation among Council, Provincial government, Private companies and German government funding. The formation of a co-operative to run the hive effectively has promoted co-operation and stopped unhealthy competition.
- One-day markets provide for 105 beneficiaries.
- Daantjies bakery has 36 beneficiaries funded by the Local Economic Development Fund (LEDF).
- Recycling waste employs 100 beneficiaries (in progress) as part of the council’s waste strategy.
- Small scale farming with 100 beneficiaries who grows strawberries for export. This project is linked to the International Airport project.
- Technology incubator also linked to the International Airport aims to export flowers. The floriculture project is concerned with mentorship of emerging farmers.
- Link between land ownership and development promotes formal ownership to stimulate interest and integration into the economy.

(Kotze, Workshop: 2002)

3.3.2.3 Kimberley

Mining that has led economic activities in Kimberley in the past is now in decline. This negatively affects business in the city. The municipality is attempting to provide facilitative business support, as well as to attract big business to the city on the one hand, and establish lead development sectors on the other. The strategy is based on the results of an economic regeneration survey.

The LED projects encompasses both job creation and poverty alleviation. Some of the LED projects currently underway are:

- Hawkers’ project;
- Compose manufacturing contracted to produce compost for the city’s parks department, the GWK farming co-operation, households, etc;
- Recycling project producing tourist artifacts from waste;
- Area based development in Harrow Street, housing and micro industries;
- Car wash operation which includes SMMEs’ development, play park, newspaper selling, shoe polishing service and small internet café with Doreago’s as an anchor tenant.

(Siganda, Workshop: 2002)
3.3.2.4 Stutterheim

Stutterheim was one of the first towns to implement a development programme in South Africa. The funding agency was the Stutterheim Development Foundation, which was registered as a section 21 company in 1992 and has Town Council representation. Its primary purpose was to manage the projects identified by the community. To date 32 projects have been implemented and the following development philosophy has evolved:

- Development must be people-centred. Development is about growing human capacity therefore is not an event but a process;
- Small towns and settlements are an integral part of rural South Africa. (because development needs to involve all)
- Development is not a condition which can be granted “from above”, but must be self-generated and entrepreneur-driven.
- Development must be holistic.

Three other aspects of development support have been established

- The Stutterheim Business Advice centre, provides entrepreneurial and business skills training and support to Stutterheim and surrounding villages. Manufacturing based on rural resources is encouraged and the growth and retention of existing small and medium enterprises is considered to be vital. The youth are one of the main groups targeted to assist entrepreneurs to start and grow their own businesses to make profits and create jobs.
- Kei Development Trust provides loan finance for home improvements, small business and study.
- Stutterheim Education Trust, operates in 41 rural schools in the Stutterheim Magisterial district. Education projects include pre-schools,
English language teaching, computer and technology training, entrepreneurship and assistance with maths upgrading.

(Ferreira, Workshop : 2002)

3.4 CONCLUSION

With the changing role of local government LED has to operate according to business principles. The inherited legislative context within which local authorities operate is often not conducive to local government developmental activities. In many instances local development is inhibited by inappropriate bye-laws and legislation that contains time-consuming processes. Many local authorities have circumvented bureaucratic hold-ups by establishing Section 21 Companies to act as development agents, and use them to channel funding into development projects, while providing the necessary information and/or training of SMME support.

The present approach to local economic development outside the metropolitan areas has largely resulted in small-scale community initiatives that have not created sustainable jobs.

The South African government has put in place a suite of legislative and inter-governmental structures since 1994 to ensure that the objective of reconstruction and development is achieved.

The Department of Provincial and Local Government has established the IDP Nerve Centre (IDPNC), which will enable municipalities and departments to share key planning, programme and project-based information.

All municipalities in South Africa are required to draw up five year plans, called Integrated Development Plans (IDPs).
As the National and Provincial governments are obliged to support local economic development and poverty alleviation, effective co-ordination among the three levels of government is the cornerstone of every locally driven anti-poverty plan.
Chapter 4
The Current State of Local Economic Development in Aganang Municipality

4.1 Introduction

Since the establishment of the Aganang Municipality five years ago, the municipality has concentrated on the establishment phase which aimed to establish systems, controls and a policy framework for municipal operation. Within the establishment phase challenges over land tenure, land use management and local economic development emerged, yet systems, controls and a policy framework are in place. There is a dire need for a sense of urgency and commitment to speed up service delivery to the community (Masehela, 2006:1)

Aganang Municipality is rural. Like any other municipality in South Africa, it inherited a system characterized by the legacy of apartheid. A huge backlog in basic services such as; water, electricity, waste removal, roads housing and health services exists. The Municipality has to establish systems for land-use management, integrated development planning and intergovernmental relations (Masehela, 2006:2)

The state of Aganang Municipality’ financial situation is influenced by agriculture which forms a major part of the local economic development Programme. In the 2005/6 financial year the municipality put in place a Local Economic Development plan with the focus on poverty alleviation and the development of small, medium and micro enterprises.
4.2 THE STRUCTURE OF AGANANG MUNICIPALITY

Aganang municipality is a self-reliant and growing municipality in South Africa. The municipality lies demarcated within the Capricorn District municipality and it is the successor in title of the former Moletjie-Matlala and Maraba-Mashashone Transitional Local Councils (TLCs). It comprises four tribal areas i.e. Moletjie, Matlala, Maraba and Mashashane. It has ninety-six villages and three farms with a total population of 147 000. The municipality offices are in the former Agricultural Training Centre located on Cornelia farm which is 40km west of Polokwane. (www.aganang.org.za)

(See Appendix D)

In terms of section 18(3) of the Municipal Structures Act, 1998 (Act 117 of 1998) the municipal council of Aganang consists of 36 councillors. The Demarcation Board has divided the municipality into 18 wards in terms of schedule 1 of the Act (Delimitation Schedule, 2005:1)

The Aganang Municipality Council was inaugurated on 5 December 2001. It comprises 36 councillors each of whom represents a ward.

- **Vision of Aganang**
  The vision of Aganang is
  ‘A unified and effective municipality with sustainable quality of life for all’

- **Mission**
  The mission of the municipality is: ‘To provide integrated quality services to all communities through community participation, good governance, efficient administration and local economic development’
• **Value Statement**

*Mmogo re tla kgona* (Together we can)
(www.aganang.org.za)

In terms of the Municipal Demarcation Act, 1998, (Act 27 of 1998) Aganang municipality has been graded as grade 1. This Act has sought to eliminate small and ineffective local councils by amalgamating neighbouring or nearby local authority areas under a single jurisdiction, also assigning rural areas surrounding urban centres to the control of the latter. This strategy has been implemented to ensure economic efficiency. Within municipal boundaries a municipality would be capable of fulfilling its constitutional obligations, including the promotion of social and economic development, integrated development, effective local governance and the incorporation of poorer communities under the jurisdiction of wealthier local authorities. Thus this Act indirectly lays a basis for community upliftment to ensure fairer spatial distribution of resources.

**FUNCTIONS: The following aspects constitute the core business of Aganang Municipality:**

a. Water  
b. Electricity  
c. Roads  
d. Sanitation  
e. Transport  
f. Lost-cost housing  
g. Land and tenure  
h. Waste management  
i. Health and education  
j. Town development  
k. Sport  
l. Telecommunications
m. Safety, pollution and environmental health
n. Fencing of grazing camps

4.3 A NATIONAL AND PROVINCIAL LOCAL ECONOMIC DEVELOPMENT APPROACH

In South Africa, the mandate for LED is derived from the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). This obliges municipalities to promote the economic development of local communities. The mandate is reinforced by the Municipal Systems Act, 2000 (Act 32 of 2000) in which the Department of Provincial and Local Government is expected to build institutional capacity within Municipalities to provide LED. Aganang Municipality benefited from the DPLG initiative. The White Paper on Local Government of 1998, introduced ‘developmental local government’. This is defined as local government committed to working with citizens and groups within the community find sustainable ways of meeting their social, economic and material needs and improve the quality of their lives.

The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) outlines a vision for developmental local government as a municipality that is able to govern its affairs on its own initiation by demonstrating the financial and administrative capacity to:

- Provide democratic and accountable government;
- Ensure the provision of services to communities in a sustainable manner;
- Promote social and economic development;
- Promote a safe and healthy environment, and
- Encourage community involvement.

Given this background, LEDs undertaken by district municipalities such as Capricorn District Municipality (CDM) and local municipalities such as Aganang are a legal imperative. (Aganang municipality, LED PLAN, 2005:4)
4.4 Present State of Local Economic Development in Aganang Municipality

Local Economic Development is about local people working together to achieve sustainable economic growth that brings economic benefits and quality of life improvements for all in the community (LED – World Bank report). LED is an outcome-orientated programme based on local initiatives by local stakeholders. The broader aim of LED is to create employment opportunities for the Aganang community, alleviate poverty and redistribute resources and opportunities for the benefit of all residents (CDM Integrated LED Plan, n.d).

Based on the LED World Bank definition, it is expected that Aganang community work together to achieve sustainable economic growth to improve quality of life. Quality of life within the LED framework is determined by:

a. Poverty eradication;

b. Employment opportunities; and

c. Literacy boost

Given the three socio-economic factors/indicators, Aganang municipality is no exception, hence LED process to improve the socio-economic conditions of the people. (LED Plan, Aganang municipality, 2005:2)

There have been numerous strategies and initiatives by local government and local stakeholders.

In brief LED is a bottom-up socio-economic instrument within a broader IDP and Provincial Growth and Development Strategy to create conducive business environments to improve their competitiveness. LED in this context is community driven through individuals and sectors. The sectors referred to are local government, business and civil sectors. The three sectors aim to impact on individual communities within the municipal jurisdiction.
4.5 SOCIO – ECONOMIC, HEALTH AND INFRASTRUCTURAL CHALLENGES

According to the 2005 LED plan of the Aganang Municipality the following facts constitute the socio – economic, health and infrastructural challenges:

- Aganang has a total population of 147 000 according to 2001 census.

- Dwelling types are mostly formal houses with limited rooms, with more than two people occupying the same room. Rooms are also used for multiple purposes.

- The housing backlog indicates that there is a house of three rooms per household.

- The figures reveal high levels of illiteracy and therefore there is a need for targeted literacy and intervention in the form of further education programmes. This high illiteracy rate is due to being previously disadvantaged owing to a lack of educational facilities and resources. However, there are attempts to eradicate the legacy of the past. Presently there are a total of nine ABET centres catering for a total of two hundred and forty three (243) learners.

- The challenge of low employment rate in areas of technical discipline is caused by lack of learnership programmes, because the national skills development programme has not been implemented in the municipality. Due to a high demand for elementary education, there are more people working in community projects and private households, than in agriculture, construction and financial industries. This at present adversely affects economic development in the municipality. As a result most people are unemployed.
The annual household income shows that people with low-income status are in the category of between none - R19 200.00 (income brackets in 2000 and in 2001 statistics).

Illiteracy and an inactive labour force have a bearing on this household income problem.

90% of the people still have to walk from one point to another because of a lack of adequate transport. A poor road network also contributes to this problem.

The statistics reveal that 45% of the households do not have electricity. Only 55% of the households have electricity. Only 55% of the households which are connected use electricity because among those households which are connected, many cannot afford to pay for the service. Not being in a position to use electricity defeats the purpose.

No refuse removal service is provided. The current practice of piling refuse at street corners exposes the community to high health risks. 100% of the households have a pit latrine. This is below the RDP standard. As there are still households without any form of sanitation, this presents health hazards.

The Municipal statistics show that there are a sizeable number of people who do not have access to telephones. Public telephones are a distance away with a distance of approximately 15km.

Although the statistics show that every yard has a water connection all these connections are informal. There is a serious wastage of water due to these informal connections. Besides those who use water from informal
connections inside their yards, there are a sizable number of people who draw water from the rivers and ponds. This practice exposes them to health hazards.

- The community members who need health care, have to pay high transport costs. As the clinics serve communities within a radius of 25km to the communities, community members pay R10.00 to R20.00 for transport. This negates the idea of free medical services. As all clinics do not have doctors, most of the people who want to see a doctor travel to one hospital, W.F. Knobel which serves communities within a radius of 50km. The transport costs to this hospital vary from R20.00 to R70.00 for a return trip. This is costly for an ordinary member of the community who struggles to make ends meet.

4.5.1 Welfare

These services seem to be accessible to many though they have costs implications. The satellite offices have been opened in all tribal offices in Aganang. The community members have to travel to the satellite offices at a cost not less than R10.00 return.

4.5.2 Roads

The Aganang roads are divided into three, namely; provincial, district and municipal roads. All the municipal roads are used to connect one village to another. These roads are mainly gravel and at present the Department of Public works is responsible for maintaining them. The district roads are also 99% gravel except provincial roads, which although tarred, still need reconstruction to cope with heavy transport vehicles that commonly use the road from the city, cutting across Aganang to the Botswana border.
4.5.3 Settlement patterns

Aganang settlement patterns make cost-effective delivery services very difficult. This is due to the distances between villages and the relative sizes of those villages.

4.6 AN INTEGRATED DEVELOPMENT PLAN AND PERFORMANCE MANAGEMENT SYSTEM FOR AGANANG

The IDP is an implementation plan for development that has been adopted and is reviewed annually. Both projects are funded by the municipality, by other departments or government institutions. The IDP therefore guides developments. Community consultative meetings are held to ensure meaningful participation [Aganang LED report, 2005:13].

According to the 2005 Aganang municipal report (LED Report) numerous plans have been developed to form a comprehensive strategy towards poverty eradication and development of informal economic sectors.

The commitment and co-ordination of IDP by all stakeholders, amongst others, provincial government departments and non governmental institutions (NGOs) including the municipal council are critical. Plans in the IDP raise expectations in the communities hence funding is a challenge and a critical focal point.

A performance management system (PMS) is developed to measure and evaluate implementation of projects identified in the development plan. Subsequent to the adoption of IDP, a Performance Management System framework was adopted and this has led to the signing of agreements among all managers in the year 2004/2005. The progress-tracking system is in place.
4.7 AGANANG ECONOMIC POTENTIAL PROJECTS

According to the IDASA LED Report of 1999, municipalities had no systems that linked the economic and anti-poverty policies. In most cases there were no explicit anti poverty strategies in place. As a result there was a real danger that economic growth simply re-enforced existing inequalities and benefited established interests.

4.7.1 Tourism and heritage sites

The Magoshi Mountain and heritage site of Ga-Matlala area were previously used as nature reserve, in which there were different were species of wild animals. Of interest are footprints on the rocks, different types of soil on the top of Magoshi Mountain, the burial site of Magoshi and the traditional rituals which have to be followed while climbing the mountain and other heritage attractions which can be viewed from the top of the mountain.

Previously the Bakwena or Bahlaloga tribes were dependent on the Bakone tribe for the types of cereals to be planted during the ploughing season. The Bakone received their instructions or guidance from their ancestors on the Magoshi Mountain. They disseminated the information to the broader community.

Utjane dam is currently attracts tourists who enjoy fishing. They visit the dam in large numbers. There is also a beautiful rocky outcrop facing the dam, which is being designed as a lapa.

Ratang-Baeng was also known as the holy place where the so called Mamogaswa (holy snake) was staying, on top of the rock. If the beginning of summer the water spills from the rock, this is an indication that the rains will come.
The small mountain adjacent to the village called Juno is also said to be an ancestral site. Two rocks that touch each other make different sounds and rhythms. There are also caves which require you the visitor to perform a traditional ritual to find your way around or find your way out.

4.7.2 Agriculture

According to the Aganang municipality LED report of 2005, the municipal area, is characterized by shrubs and dense forests where live stock farming is being practiced. The communities were previously prosperous live-stock farmers where an individual could have 100 to 200 head of cattle. Milk was produced locally by almost every household. The situation deteriorated over time due to poor rainfall and other related factors like drought.

The soil is fertile so a variety of crops and fruits are cultivated. Fruits such as ‘Marula’ are used by most women to manufacture Morula. The money generated from the sale of Morula products is used to pay school fees and for the children’s clothes.

Crops such as potatoes, sweet potatoes, sunflower, vegetables, maize, sorghum, and ground nuts are doing well. These crops will place the community in an advantaged position to overcome poverty challenges, especially once farmers have been given the resources to kick-start the agricultural projects.

In terms of the Municipality LED feasibility study report of 2005, an area such as Fair-Lourie village which has a good supply of underground water, that can be utilized for intensive commercial agricultural projects fertile loam soil will ensure that the sunflower project can make great economic impact once it has been started. This would be advantageous to the Aganang community.
Mohlajeng village is producing a large quantity of potatoes, tomatoes, pumpkins, and other agricultural products. Other areas which have not been mentioned also have considerable potential for agricultural crops.

4.7.3 Land

A tribal undertaking was given by Kgoshi Moloto III for a 120 hectares of land for the purpose of township establishment. The land is currently under cultivation.

4.7.4 Mining

The Aganang municipality also has minerals which include marble and platinum, but these have not tapped in the Ga-Matlala area.

4.7.5 Water

The district municipality is currently responsible for supplying water but the appointment of Aganang as the water service provider is under way. Transfer of staff from DWAF (Department of Water Affairs and Forestry) is in progress. The supply of water to 57 villages is below RDP standards whilst the supply of water to 25 villages is at RDP level.

4.7.6 Electricity

The Department of Minerals and Energy is responsible for supplying electricity, Eskom is the only distributor. The municipality does not possess a licence at the moment. 45% of households did not have electricity by 2001 but by the end of the 2003/2004 financial year an additional 10% had electricity, which left 35% of households still without electricity.
4.7.7 Roads

A 5km road from Kalkspruit to Lepotlako has been built by the Limpopo Road Agency (LRA). Applications have been made to extend the road by 25km to Tibane but at the moment the road agency has not agreed to fund extensions. A 3.4 km road from Ceres to Kalkspruit has been budgeted for in the current financial year and the application for the remaining kms has been submitted for funding. Other roads have been identified for tarring but although funding has been requested there is no guarantee of approval. A total of 45km on the following roads were re-graveled: Kalkspruit Main Street, Ceres to Rammetlwane, Lonsdale to Mabilwane, Mashashane-Moshate to Madiba and Moletjie Moshate to Kanana.

4.7.8 Transport

Representations were made to establish a testing ground and a traffic station. Discussions are still in progress with the Department of Transport. Devolution of power in terms of transport matters is still outstanding. One junior traffic station has been established at Rampuru with the aim of training learners to read road signs.

The municipality has established 3 taxi ranks at Tibane, Rammetlwane and Maraba to assist commuters. All the taxi ranks are operational. Three other sites for ranks have been identified.

4.7.9 Housing

Nine hundred (900) disaster housing units were constructed for flood victims, 1400 units were allocated for rural housing of which 1350 units were completed and 212 units were allocated for a public housing project in the year 2004/2005.
Completion was promised by December 2004. 10 villages will benefit from the project.

4.7.10 Waste Management

A study is being undertaken by the Capricorn District Municipality (CDM) but Aganang municipality is still awaiting the results so that the project can be implemented.

4.7.11 Health

There is only one hospital to serve the entire municipality. However, eight clinics have been constructed of which six are operational. Only four operate on a 24-hour basis. The travel distance in between Aganang villages is currently at 25km radius and one clinic is serving +/-18 people per day.

The residents still depend on pit latrines. 350 VIP latrines have been built with the assistance from both the Mvula Trust and the Capricorn District Municipality. 880 units were allocated for 2004/2005 financial year.

4.7.12 Education

No fewer than 40 classrooms were constructed in the previous financial year.

4.7.13 Sport

Two sports facilities at Tibane and Mohlonong have been constructed but they are not up to standard. Further phases of the project are still to be funded.
4.7.14 Telecommunication

All villages have access to public telephones provided by Telkom. Disappointingly, limited access due to distance and vandalism remains a problem.

4.7.15 Safety

There is one police station and one mobile magistrate’s office within the Aganang area. The Common crimes affecting the community are housebreaking and stock theft.

4.7.16 Free basic services

Seventy-five percent (75%) of households receive free basic water through the provision of diesel and payment of electricity. This service is not being evaluated due to erratic service provision. Although the service is regarded as free, it is not adequate.

A total of 662 households benefit from free basic electricity. The municipality has identified 2000 beneficiaries who cannot benefit as a result of Eskom system.

Since there is a backlog on infrastructure provisioning, 53% of the FBE allocation will be used to provide infrastructure.

The local economic development (LED) plan of Aganang municipality is looking to establish a nodal point to attract more investors, as well as the creation of job opportunities and other economic opportunities for the community of Aganang. This plan will promote the development of SMMEs and support the sustainable livelihood initiatives of the communities (Aganang Municipality IDP, 2005:3)
4.8 CONCLUSION

The newly developed local economic development plan of Aganang has triggered the municipality’s economic potential and capabilities. This should ensure being proactive in tracking the economic changes and dynamics, as well as assessing patterns and trends relating to the external environmental factors. These could have an impact on realizing broader economic growth within the municipal area. The local economic development plan of Aganang is looking to different stakeholders to provide more holistic intervention mechanisms to address economic backlogs and provide initiatives.
CHAPTER 5

INTERPRETATION OF QUESTIONNAIRE AND STUDY RECOMMENDATIONS

5.1 INTRODUCTION

During the research, officials of Aganang Municipality completed questionnaires to assist the researcher in gathering information on the implementation outcomes of the local economic development (LED) programme. The key question that the research posed was to establish the role that municipal officials play / were playing to support LED initiatives in Aganang municipality either directly or indirectly through pro- economic development activities and/or in collaboration with other partners.

The anticipated outcomes of the questionnaire are discussed in this chapter as well as recommendations to improve the socio-economic conditions of Aganang Municipality residents. The integration of different sources and reference material will provide a comprehensive analysis of the study.

Key elements for a new approach to Local Economic Development initiatives by Aganang municipality are provided in this chapter.

5.2 DATA ANALYSIS

The questions used during the compilation of questionnaires were categorized as follows

- Background of officials;
- Knowledge of local community structures; and
- Understanding of policies and (planning) process.

See Annexure C (Study questionnaire)
5.2.1 Realization of sample

The sample as used for this research comprises officials of the Aganang Municipality. According to Mouton, 1990:212 in the research literature it is generally accepted that a return of 70% of the questionnaire constitutes a reliable sample.

5.2.2 Responses to the questionnaire

For the purpose of this study only relevant and significant information gained from the responses to questionnaires was used to recommend improvements for the socio-economic conditions in Aganang Municipal area.

5.3 RESEARCH FINDINGS

The findings of the research were focused on the following study hypothesis:

- Socio-economic conditions and addressing issues of poverty alleviation in rural communities;
- Provision of economic infrastructural support to alleviate poverty;
- Job creation and collaboration with the private sector; and
- Promotion of a consultation mechanism between municipalities and the ordinary rural citizens when considering expansion of rural economic conditions.

Categories indicated in the questionnaire (annexure A) are analyzed by representing the results in percentages. Results are used to test the study hypothesis stated in chapter 1.
5.3.1 Background information

The questions related to gender, age groups and the level of education of officials.

The background information was used to by the researcher to ascertain whether the respondents understood the socio-economic development policies that prevailed in Aganang Municipal area.

Table 5-1 Level of education of respondents

<table>
<thead>
<tr>
<th>Valid Primary (Grade 7)</th>
<th>Frequency</th>
<th>Percentage (%)</th>
<th>Valid (%)</th>
<th>Cumulative (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondary (Grade 12)</td>
<td>16</td>
<td>40</td>
<td>51.6</td>
<td>51.6</td>
</tr>
<tr>
<td>Tertiary qualification</td>
<td>15</td>
<td>37.5</td>
<td>48.4</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>77.5</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Questionnaires not returned</td>
<td>9</td>
<td>22.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall Total</td>
<td>40</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5-1 indicates that about 51.6% of the interviewed officials had a grade 12 certificate (matric). A significant number of about 48.4% had an educational level above grade 12 (matric).

5.3.2 Information on community structures

It was evident that officials generally participate at ward committee and political level. There was a clear need to ensure that the following did in fact take place:
- Development of community structures in various villages across the Municipal area;
- Views on community development can be traced to allocated and dedicated funds from donors; and
- Development of initiatives to address community development challenges.

There were no formal structural networks for public-private partnerships in Aganang municipality. The municipality did not have a clear-cut framework regarding development disputes in community-driven municipal projects.

<table>
<thead>
<tr>
<th>Table 5-2 Involvement of officials in community structures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency</td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td>Ward committees</td>
</tr>
<tr>
<td>Community-based opportunities</td>
</tr>
<tr>
<td>Civil organization</td>
</tr>
<tr>
<td>Church leaders</td>
</tr>
<tr>
<td>Political organization</td>
</tr>
<tr>
<td>Others</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Questions not completed</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

Table 5-2 shows that about 64.5% of the officials interviewed participated in ward committee structures. A low percentage participated in structures outside the ward committees.
5.3.3 Planning process

Officials generally participated in planning processes of the IDP and LED process through facilitated workshops and training. The involvement of community structures was not very effective as the municipality was generally slow to implement new ideas.

Table 5-3 Involvement of officials in integrated development planning

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage (%)</th>
<th>Valid (%)</th>
<th>Cumulative (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid Yes</td>
<td>27</td>
<td>67.5</td>
<td>87.1</td>
<td>87.1</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>10</td>
<td>12.9</td>
<td>100</td>
</tr>
<tr>
<td>Questions not completed</td>
<td>9</td>
<td>22.5</td>
<td>29</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>77.5</td>
<td>100</td>
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</tr>
<tr>
<td>Overall total</td>
<td>40</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5-3 indicates that 87.1% of the respondents were involved in integrated development planning of the municipality.

5.3.4 Policies

The municipality had developed various strategies to deal with challenges of socio-economic conditions in the municipality which included: local economic development plan and integrated development planning.

The challenges in the implementation of developed strategies and programmes were:

- Lack of capital investment;
- Skills shortage; and
– Access to market.

**Table 5-4 Availability of LED policies/strategies**

<table>
<thead>
<tr>
<th>LED implementation plan</th>
<th>Frequency</th>
<th>Percentage (%)</th>
<th>Valid (%)</th>
<th>Cumulative (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>31</td>
<td>77.5</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
</tbody>
</table>

Table 5-4 indicates that 100% of the respondents were aware of the existence of LED implementation plan in the Municipal area.

**Table 5-5 Employment creation**

<table>
<thead>
<tr>
<th>Employment creation</th>
<th>Frequency</th>
<th>Percentage (%)</th>
<th>Valid (%)</th>
<th>Cumulative (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>2</td>
<td>5 72.5</td>
<td>6.5</td>
<td>6.5</td>
</tr>
<tr>
<td>No</td>
<td>29</td>
<td>93.5</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 5-5 shows that 93.5 % of the respondents indicated that employment creation strategies were not in existence in the municipal area.
5.3.5 Resources and support services

The municipality is very slow to develop resources and infrastructure. Funding for implementation of municipal strategies came largely from the Municipal budget with very little coming from donors and grants.

Table 5-6 Resources and support

<table>
<thead>
<tr>
<th>Funding of LED activities</th>
<th>Frequency</th>
<th>Percentage (%)</th>
<th>Valid (%)</th>
<th>Cumulative (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal budget</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>31</td>
<td>77.5</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

Table 5-6 indicates that 100% of LED initiatives were funded by the budget of the municipality with no donors and grants.

5.4 RECOMMENDED GUIDELINES FOR LOCAL ECONOMIC DEVELOPMENT IN AGANANG MUNICIPALITY

As South Africa shows similarities with both first and third world countries economically, it is inevitable that LED is experienced in various forms ranging from urban entrepreneurialism to rural survival strategies. In many cases where LED was in its early stages, government and municipalities were often still in the first phases of policy development and application, therefore it would be difficult to claim significant, concrete results.
5.4.1 Financial support

Financial support is important for the development of and support for local economic initiatives therefore the following are recommended:

- Below market rate loans and revolving credits for small entrepreneurs need to be established;
- Tax incentives need to be offered for small businesses and entrepreneurs;
- Investment packages for prospective investors are essential considering the rural nature of Aganang municipality;
- Community banking and group loan schemes need to be established by the municipality.

5.4.2 Land and infrastructure development

The following recommendations are based on the findings on land and infrastructural support:

- The need for provision of infrastructure and land development strategies in order to enable economic development;
- A structured and formal agricultural support for small scale rural farmers in the municipality; and
- The essential need to provide workshops on land use, agricultural support and establishment of small industrial premises.
5.4.3 Information and marketing assistance

The establishment and development of business nerve centres can be achieved through the following:

- The development of municipal nerve centres in the heart of communities will ensure the provision of single, web-based information system that will allow for multiple stakeholder involvement in municipal service delivery;
- Nerve centres will also assist in the supply of information and advice for community members;
- The promotion of commercial exporting of locally produced materials will ensure great economic prosperity.

5.4.4 New planning and organizational structures

The municipality has not established any community development corporations except for the rigid/less functional prescribed ward committees as provided for in the Municipal System Act, Act 32 of 2000. Ward committees provides for community participation through integrated development planning guidelines. New structures need to be developed to assist with the comprehensive planning strategies of the municipality that has to deal with challenges of socio-economic development of local communities.

5.4.5 Training and development

Aganang Municipality has developed the local economic development plan for the municipality. Without the deployment of resources for a local economic enabling environment, the strategy remains merely a plan. Lobbying for financial grants/loans is very important for the success of LED.
5.4.6 Intergovernmental relations

Integrating poverty alleviation strategies with the local economic development process is an undertaking that cannot be handled by local government alone. Improved intergovernmental liaison will mean that national and provincial governments can play a role in supporting local economic development and poverty alleviation. Effective co-ordination among the three levels of government is a cornerstone of a locally driven anti-poverty focus. It is important for the municipality to ensure that it plays a meaningful role in targeting the poor, instituting programmes that are synchronised with national and provincial programmes and in addressing service delivery issues that are particular to their own communities.

5.4.7 Lessons learnt

- Canada

In countries like Canada as discussed in chapter 2 of this study, local authorities developed strategies that offered development incentives such as tax related incentives. The incentives involved the development of new businesses by employing strategies which would build demand for locally produced goods and provide support for emerging enterprises.

- Australia

In Australia the majority of the poor in underdeveloped states live in rural areas as discussed in chapter 2. It is important to note that in order to deal with this challenge, the Australians strongly supported activities to revitalize agriculture, forestry and fisheries, with particular emphasis on sustainable management of natural resources.
5.5 CONCLUSION

From this study it is can be concluded that the integration of local economic development and poverty alleviation is not an easy task.

As far as governance is concerned, it is essential not to underestimate the impact of the political process on the policy-making process. The impact has an influence on access to public resources, particularly given the important role of local governments in the service-delivery process. As local municipalities look inward at their own resources and skills to promote local economic development, they often seek a unique place for themselves in an increasingly global economy and society. We live in an era of rapid change which is giving rise to important major shifts in society and economic activity and the way in which we understand them.

The results of the study also indicate the limitations in capacity of officials regarding policy development and implementation. This study has not turned up much evidence on the impact of the current LED programme in Aganang Municipality.

Of major importance is the reality that in many parts of the country, local governments are dealing with an “unfounded mandate”. They lack the power, resources and capacity to implement plans while many local authorities have LED strategies; very few are actively implementing them.
6. LIST OF SOURCES


LED (Local Economic Development). 1999. Local Economic Development performance management and measurement techniques


LED News. 200. Municipalities are new battleground in the fight against poverty, Pretoria News, 30 January


Republic of South Africa (RSA), 1993: Local Government Transition Act, Act No 209 of 1993


Statistics South Africa. 2000: Measuring Poverty in South Africa

Appendix A

TSHWANE UNIVERSITY OF TECHNOLOGY
QUESTIONNAIRE
Aganang Municipality

BACKGROUND INFORMATION

1. Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>1</td>
</tr>
<tr>
<td>Male</td>
<td>2</td>
</tr>
</tbody>
</table>

2. Age Group

<table>
<thead>
<tr>
<th>Age Group</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>25 and Below</td>
<td>1</td>
</tr>
<tr>
<td>26 - 35</td>
<td>2</td>
</tr>
<tr>
<td>36 - 45</td>
<td>3</td>
</tr>
<tr>
<td>46 - 55</td>
<td>4</td>
</tr>
<tr>
<td>56 and Above</td>
<td>5</td>
</tr>
</tbody>
</table>

3. Highest level of education

<table>
<thead>
<tr>
<th>Education Level</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Grade 7</td>
<td>1</td>
</tr>
<tr>
<td>Secondary Grade 12</td>
<td>2</td>
</tr>
<tr>
<td>Tertiary Qualification</td>
<td>3</td>
</tr>
</tbody>
</table>

INFORMATION ON COMMUNITY STRUCTURES

4. To which community structure do you belong in Aganang municipality?

<table>
<thead>
<tr>
<th>Community Structure</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ward committee</td>
<td>1</td>
</tr>
</tbody>
</table>
5. What other structure(s) do you think should also be established in Aganang Municipality?


6. What is the general situation regarding community development in Aganang municipality?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Good</td>
<td>1</td>
</tr>
<tr>
<td>Bad</td>
<td>2</td>
</tr>
<tr>
<td>Not yet in place</td>
<td>3</td>
</tr>
</tbody>
</table>

7. What measures/initiatives has Aganang put in place to address community development challenges, if any?


8. Are those initiatives/measures part of the Aganang Municipality's Local Economic Development Initiatives?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
</tr>
</tbody>
</table>

9. Are there any community structures that are involved in such LED initiatives of Aganang?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
</tr>
</tbody>
</table>

10. If any, what are their roles?


11. Are you aware of any conflict resolution mechanism for development disputes in the area?
12. What are the public-private partnerships that exist in this municipality?

PLANNING PROGRESS

13. Are you involved in the IDP process in the Aganang Municipality?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
</tr>
</tbody>
</table>

14. If yes, what is your role?

15. Which community structures are involved in the integrated development planning process?

<table>
<thead>
<tr>
<th>Community Structure</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ward committees</td>
<td>1</td>
</tr>
<tr>
<td>Community-based organizations</td>
<td>2</td>
</tr>
<tr>
<td>Youth organizations</td>
<td>3</td>
</tr>
<tr>
<td>Churches</td>
<td>4</td>
</tr>
<tr>
<td>Local businesses</td>
<td>5</td>
</tr>
<tr>
<td>Political parties</td>
<td>6</td>
</tr>
<tr>
<td>Others</td>
<td>7</td>
</tr>
</tbody>
</table>

16. How is LED planning linked to the IDP process in the municipality?

17. Are there any problems or difficulties relating to integrated development planning in Aganang Municipality?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
</tr>
</tbody>
</table>
### Policies

18. Does Aganang Municipality have specific policies/strategies to promote/support the following in this area (specify in each case)

<table>
<thead>
<tr>
<th>Area</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>LED implementation</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>SMME support</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Spatial Development plan</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Employment creation</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Other strategies</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

### Resources and Support Services/Facilities

19. How does Aganang Municipality fund LED activities?

<table>
<thead>
<tr>
<th>Source</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Government</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Municipal budget</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Donors</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Business sector</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Other sources</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>
20. Are there any local business service centres to support SMMEs in Aganang?

<table>
<thead>
<tr>
<th>Yes</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>2</td>
</tr>
</tbody>
</table>

21. Are there any credit facilities available for SMMEs in Aganang Municipality?

<table>
<thead>
<tr>
<th>Yes</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>2</td>
</tr>
</tbody>
</table>

22. Is there enough land to accommodate further development in the municipal area?

<table>
<thead>
<tr>
<th>Yes</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>2</td>
</tr>
</tbody>
</table>

23. Is there any marketplace in the area where people can sell their products?

<table>
<thead>
<tr>
<th>Yes</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>2</td>
</tr>
</tbody>
</table>

Thanks for your co-operation
Compiled by: G.T.P. TEFU in fulfillment of a Master’s degree in Public Management at Tshwane University of Technology