Local Economic Development and Local Government:
A case study of the Ingwe Municipality

by

Samantha Lee Gardyne

Submitted in fulfilment of the academic requirements for the degree of Master of Science in the Discipline of Geography, School of Applied Environmental Sciences University of Kwa Zulu-Natal

Pietermaritzburg
October, 2005
DECLARATION

The research presented in this dissertation was carried out in the School of Applied Environmental Sciences, University of KwaZulu-Natal, Pietermaritzburg from January 2003 to December 2005, under the supervision of Dr Trevor Hill.

This research represents original work by the author and has not otherwise been submitted in any form for any degree or diploma to any other University. Where use has been made of the work of others, as well as the author’s work used for external publications, it is duly acknowledged in the text.

Signed:                      Date: 31/01/2006

S L Gardyne (candidate)                      Date: 31/01/2006

Signed:                      Date: 31/01/2006

Dr Trevor Hill (supervisor)
ABSTRACT

On a global scale, the challenges of confronting poverty and inequality continue to dominate the development agenda. The ability of local economic development to empower local people has earned favour with national governments and development theorists. The imperative facing South Africa to achieve a more equitable and sustainable economy is essentially the challenge to adopt and implement a development approach that will reduce poverty and inequality to the greatest extent. It is within this context that the South African government has sought to incorporate local economic development into their economic development framework, predominantly through the decentralisation of development control and planning to the local government level.

This dissertation seeks to examine the potential for South African local government to have a positive impact on economic development through fulfilling the roles and responsibilities provided in the government’s mandate for developmental local government. The analysis focuses on the local economic development strategy adopted by the Ingwe Municipality, with specific attention given to the diversification of their economy through the tourism sector. The dissertation seeks to identify key lessons and contributions for local economic development that Ingwe has to offer, as well as providing recommendations for the Ingwe municipality’s benefit.

An extensive range of research methodologies, including interviews, questionnaires, secondary data analysis and literature reviews, were employed in this study. Analysis and evaluation of the Ingwe Municipality’s local economic development strategy was achieved using the Sustainable Livelihoods Framework and the guidelines set out by Nel (1999).

This dissertation revealed the potential that does exist within local government to play a developmental role. The Ingwe experience illustrates the benefits gained when local leadership and vision is extended on behalf of the local communities. Through the acquisition of funds and the formation of public and private partnerships, the Ingwe Municipality has created an economic environment conducive to further economic growth through the avenue of tourism. While success cannot be guaranteed, the Ingwe Municipality is evidence of the potential that does and can exist within local government to embark on innovative pro-poor development initiatives.
ACKNOWLEDGEMENTS

I would like to express my gratitude and appreciation to the following people:

- My supervisor, Dr Trevor Hill, for his continued guidance, support and patience. Thank-you especially for your continual encouragement and reassurance.

- Thank-you to Prof. Etienne Nel for the opportunity to work in the World Bank project, from which I gained invaluable experience

- Dudley Smith for being so willing and generous with his time and resources - it was such a privilege to work with you and learn from you. Thank-you for taking such a keen interest in my work and for always being so supportive and co-operative regarding all my needs and requests.

- The staff at the Ingwe Municipality, especially Lindsay Heiner the Municipal Mayor. Thank-you for always being so accommodating and supportive of my research. The Ingwe Municipality is an outstanding example of efficiency and transparency and I was truly privileged to work with you.

- My thanks is also extended to the DANIDA project team for their input during our workshop sessions. At this point, I would also like to acknowledge the financial assistance provided by DANIDA and extend my gratitude and appreciation.

- Thank-you to my family for supporting me throughout my life and allowing me to believe in myself. Thank-you for the privileged education that you have worked so hard to give me. I owe so much of who I am and what I have achieved to you. Thank-you to Rich who has become my family this year – thank-you especially for your patience, love and understanding. I love you all so much.

- Finally, and most importantly, my Father in Heaven. Everything I am is because of You. I truly am nothing without You. Thank-you for the blessing of being Your child.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABSTRACT</td>
<td>iii</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENTS</td>
<td>iv</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td>v</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>xiii</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>xiii</td>
</tr>
<tr>
<td>LIST OF PLATES</td>
<td>xiii</td>
</tr>
<tr>
<td>LIST OF APPENDICES</td>
<td>xiv</td>
</tr>
<tr>
<td>ABBREVIATIONS</td>
<td>xv</td>
</tr>
</tbody>
</table>

## CHAPTER ONE: INTRODUCTION

1.1 Contextualising the study
   1.1.1 Inequality and poverty in the international context 1
   1.1.2 Poverty and inequality in South Africa 2
   1.1.3 Local economic development as a means of confronting the challenges of poverty 3

1.2 Motivation for research 4

1.3 Aims and objectives
   1.3.1 Research question 6
   1.3.2 Aims and objectives 7

1.4 Relevance to Geography 7

1.5 Structure of the dissertation 8

## CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction 11
2.2 Development theory
  2.2.1 Deconstructing the poverty crisis in Africa
  2.2.2 Origins of the development concept
  2.2.3 Neo-liberalism
  2.2.4 Neo-liberalism in the South African context
  2.2.5 Critique of neo-liberal development
  2.2.6 Sustainable development
    2.2.6.1 Inherent contradictions
    2.2.6.2 Clash of the paradigms
  2.2.7 Conclusion

2.3 Rural development
  2.3.1 The rural context
  2.3.2 Approaches to rural development
  2.3.3 Major paradigm shifts within rural development
    2.3.3.1 Development from below
    2.3.3.2 Development from within
    2.3.3.4 Sustainable livelihoods
  2.3.4 Rural development in the South African context
  2.3.5 Conclusion

2.4 Local economic development theory
  2.4.1 Broad overview of the concept
  2.4.2 Local economic development in a neo-liberal context
  2.4.3 The pro-poor / pro-market debate
  2.4.4 Applied local economic development
    2.4.4.1 Role of government in local economic development
    2.4.4.2 Local economic development in rural areas
    2.4.4.3 The role of small, medium and micro-enterprises
    2.4.4.5 Tourism-based local economic development
  2.4.5 Local economic development within the South African context
    2.4.5.1 Pro-market / pro-poor debate in the South African context
CHAPTER THREE: DEVELOPMENTAL LOCAL GOVERNMENT

3.1 Introduction

3.2 Local economic development and local government

3.3 New beginnings for local government

3.4 Local government and the Constitution

3.5 Democratic local governance
   3.5.1 Community participation and traditional leaders
   3.5.2 Democratic decentralisation

3.6 Developmental local government
   3.6.1 Achieving development local government
   3.6.2 Development outcomes of local government
   3.6.3 Vuna Awards

3.7 Conclusion

CHAPTER FOUR: RESEARCH METHODOLOGY

4.1 Introduction
   4.1.1 Research setting
5.3.1 The municipality’s vision for economic development 114
5.3.2 Tourism as an opportunity to diversify the economy 115
5.3.3 Local economic development initiatives 117
  5.3.3.1 Thatch grass harvesting 117
  5.3.3.2 Woodhurst farming co-operative 118
  5.3.3.3 Rail and Mission tourism 119

5.4 Conclusion 129

CHAPTER SIX: CASE STUDY EVALUATION

6.1 Introduction 131

6.2 Vulnerability context 132
  6.2.1 Trends 133
    6.2.1.1 Neo-liberal trends 133
    6.2.1.2 Pro-poor governance and developmental local government 135
    6.2.1.3 Harnessing the potential within tourism 137
  6.2.2 Shocks 138
    6.2.3.1 Diversification through tourism 138
    6.2.2.2 Empowerment through small business ownership 139
    6.2.2.3 Political instability 139
  6.2.3 Seasonality 140

6.3 Livelihood assets 141
  6.3.1 Natural capital 142
  6.3.2 Social capital 145
    6.3.2.1 Cultural heritage 145
    6.3.2.2 Community participation 145
    6.3.2.3 Political relations 146
    6.3.2.4 Partnerships 147
  6.3.3 Human capital 147
    6.3.3.1 Municipal staff 148
6.3.3.2 Promotion of labour and employment opportunities 148
6.3.4 Physical capital
   6.3.4.1 Provision of facilities 149
   6.3.4.2 Access to services and infrastructure 150
6.3.5 Financial capital 151

6.4 Transforming structures and processes 151
   6.4.1 National local economic development policy 152
   6.4.2 Developmental local government
      6.4.2.1 Commitment to integrated development planning 155
      6.4.2.2 Involvement in the Vuna Awards 155
      6.4.2.3 Inter-governmental department relations 156

6.5 Livelihood strategies and outcomes 157
   6.5.1 Economic sustainability 158
      6.5.1.1 Partnerships 158
   6.5.2 Employment and training 161
      6.5.2.1 Job creation to date 162
      6.5.2.2 General assessment of long term sustainability relating to employment provision 163
      6.5.2.3 Monitoring and evaluating employment opportunities through tourism 165
   6.5.3 Community participation and empowerment 166
   6.5.4 Services and infrastructure 168
      6.5.4.1 Support for emerging businesses and entrepreneurs 168
      6.5.4.2 New station and civic offices 169
      6.5.4.3 Use of equitable share for infrastructural developments 169
   6.5.5 Potential for the desired outcomes to be reached 170

6.6 Conclusion 172
CHAPTER SEVEN: DISCUSSION AND THEORETICAL CONSIDERATIONS

7.1 Introduction 174

7.2 Key lessons learnt from the Ingwe Municipality 175
   7.2.1 Vision, leadership and the role of the local champion 176
   7.2.2 Accountability and transparency 178
   7.2.3 Creating an enabling economic environment 178
   7.2.4 Formation of partnerships 179
      7.2.4.1 Partnerships with government departments 179
      7.2.4.2 Private partnerships 180
   7.2.5 Dealing with political instability 181
   7.2.6 Research 182

7.3 Theoretical considerations 183
   7.3.1 Local economic development and rural development theory 183
   7.3.2 Local economic development and neo-liberalism 184
   7.3.3 The pro-poor / pro-market debate and local economic development 185
   7.3.4 Tourism based LED 188

7.4 Recommendations 189
   7.4.1 Community participation and empowerment 190
   7.4.2 Sufficient market demand for sustainable employment creation 192

7.5 Conclusion 193

CHAPTER EIGHT: CONCLUSION

8.1 Introduction 195

8.2 Re-visiting the aims and objectives 196

8.3 Limitations and strengths 201
8.4 Overall conclusion

REFERENCES

APPENDICES
LIST OF TABLES

Table 4.1  List of reviewed documents 84
Table 4.2  Matrix of interviewees and use of interview schedules 88
Table 4.3  Interviews held with the LED Councillor 90
Table 5.1  Highest education levels attained by those over 20 years of age 109
Table 5.2  Occupation categories during 2002 110
Table 5.3  Funds acquired by and provided by the Ingwe Municipality 124
Table 5.4  Projected monthly financial profits for the Weaving Studio 128
Table 6.1  Positive and negative factors of the Ingwe Municipality’s assets 143
Table 6.2  Employment outcomes of the local economic development strategy for the 2003-2004 financial year 162
Table 6.3  Use of Equitable Share for local economic development initiatives 170

LIST OF FIGURES

Figure 4.1  Sustainable livelihoods framework 97
Figure 5.1  Location of the Ingwe Municipality 107
Figure 6.1  Dynamic relationships between trends influencing vulnerability in the Ingwe Municipality 134
Figure 6.2  Livelihoods assets pentagon for the Ingwe Municipality 142

LIST OF PLATES

Plate 5.1  Rail Tourism in Ingwe 121
Plate 5.2  New Ingwe Municipality offices and station 121
Plate 5.3  Coffee station – restored old station 121
Plate 5.4  Ingwe and Sisonke politicians with the Sisonke Railway District’s locomotive for the Alan Paton Express 126
Plate 5.5  Restored carriage 126
Plate 5.6  Centecow Mission building being restored into the Bhengu Art Centre and Weaving studio 126
## LIST OF APPENDICES

<table>
<thead>
<tr>
<th>Appendix</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appendix 1</td>
<td>Interview guide for LED Councillor and Municipal Mayor</td>
<td>220</td>
</tr>
<tr>
<td>Appendix 2</td>
<td>Interview guide for stakeholders</td>
<td>223</td>
</tr>
<tr>
<td>Appendix 3</td>
<td>Interview guide for community members</td>
<td>224</td>
</tr>
<tr>
<td>Appendix 4</td>
<td>Interview guide for participants</td>
<td>225</td>
</tr>
<tr>
<td>Appendix 5</td>
<td>World Bank research questionnaire</td>
<td>226</td>
</tr>
<tr>
<td>Appendix 6</td>
<td>Personal Communication</td>
<td>231</td>
</tr>
<tr>
<td>Appendix 7</td>
<td>Performance Management System for LED in the Ingwe Municipality</td>
<td>232</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Full Form</td>
<td></td>
</tr>
<tr>
<td>--------------</td>
<td>-----------</td>
<td></td>
</tr>
<tr>
<td>ANC</td>
<td>African National Congress</td>
<td></td>
</tr>
<tr>
<td>DBSA</td>
<td>Development Bank of South Africa</td>
<td></td>
</tr>
<tr>
<td>DFID</td>
<td>Department for International Development</td>
<td></td>
</tr>
<tr>
<td>DEAT</td>
<td>Department of Environmental Affairs and Tourism</td>
<td></td>
</tr>
<tr>
<td>DPLG</td>
<td>Department of Provincial and Local Government</td>
<td></td>
</tr>
<tr>
<td>ERS</td>
<td>Economic Regeneration Study</td>
<td></td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
<td></td>
</tr>
<tr>
<td>GEAR</td>
<td>Growth, Employment and Redistribution</td>
<td></td>
</tr>
<tr>
<td>HIV/AIDS</td>
<td>Human Immuno-Deficiency Virus / Acquired Immuno-Deficiency Syndrome</td>
<td></td>
</tr>
<tr>
<td>IDP</td>
<td>Integrated Development Plan</td>
<td></td>
</tr>
<tr>
<td>IFP</td>
<td>Inkatha Freedom Party</td>
<td></td>
</tr>
<tr>
<td>IRDS</td>
<td>Integrated Rural Development Strategy</td>
<td></td>
</tr>
<tr>
<td>KPI</td>
<td>Key Performance Indicator</td>
<td></td>
</tr>
<tr>
<td>KZN</td>
<td>Kwa Zulu-Natal</td>
<td></td>
</tr>
<tr>
<td>LED</td>
<td>Local Economic Development</td>
<td></td>
</tr>
<tr>
<td>LEDF</td>
<td>Local Economic Development Fund</td>
<td></td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
<td></td>
</tr>
<tr>
<td>PDI</td>
<td>Previously Disadvantaged Individual</td>
<td></td>
</tr>
<tr>
<td>pers. com</td>
<td>Personal communication</td>
<td></td>
</tr>
<tr>
<td>PMS</td>
<td>Performance Management System</td>
<td></td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
<td></td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
<td></td>
</tr>
<tr>
<td>UNCED</td>
<td>United Nations Commission on Environment and Development</td>
<td></td>
</tr>
<tr>
<td>UNICEF</td>
<td>United Nations International Children’s Education Fund</td>
<td></td>
</tr>
<tr>
<td>RDP</td>
<td>Reconstruction and Development Programme</td>
<td></td>
</tr>
<tr>
<td>RSA</td>
<td>Republic of South Africa</td>
<td></td>
</tr>
<tr>
<td>SAP</td>
<td>Structural Adjustment Programme</td>
<td></td>
</tr>
<tr>
<td>SDI</td>
<td>Spatial Development Initiative</td>
<td></td>
</tr>
<tr>
<td>SMME</td>
<td>Small, Medium and Micro Enterprises</td>
<td></td>
</tr>
<tr>
<td>TKZN</td>
<td>Tourism Kwa Zulu-Natal</td>
<td></td>
</tr>
</tbody>
</table>
1.1 Contextualising the study

1.1.1 Inequality and poverty in the international context

"For approximately one-sixth of mankind, the march of human progress has now become a retreat...after decades of steady economic advance large areas of the world are sliding back into poverty...The slowing down of progress and the reversal of hard won gains is spreading hardship and human misery on a scale and of a severity unprecedented in the postwar era... for...Africa... almost every economic signal points to the fact that development has been derailed" (Taylor, 1992: 216 quoting UNICEF, 1988:1)

The challenges of poverty and increasing inequality have captivated centre stage of global concerns. Despite fluctuations in global responses from Rostow's modernisation to the dependency theory and back to neo-liberal structural adjustment; from state control to free-market capitalism: the focus of all such endeavours on poverty alleviation and the achievement of equality have remained firmly established (Rist, 1999; Korten, 2001). In spite of worldwide efforts to curb this pattern of increasing inequality, poverty and inequality have intensified. In contradiction to those claiming that globalisation is having a convergent effect, Potter, Binns, Elliot and Smith (2000:103) illustrate the divergent effect of globalisation by commenting that, “the world may effectively be getting smaller, but the majority of its population does not yet have access to a telephone”.

The international scene is characterised by a chasm between the industrially advanced and wealthy developed nations and the developing nations ravaged by poverty. The following statistics by Gates (1999) illustrate the severity of current inequality:

- The United Nations Development Program (UNDP) reported in 1998 that the world's 225 richest people now have a combined wealth of $1 trillion, which is equal to the combined annual income of the world's 2.5 billion poorest people; and
- The wealth of the three most wealthy individuals now exceeds the combined gross domestic product, GDP, of the 48 least developed countries.

In response to this reality, endeavours to curb increasing inequality and alleviate mounting poverty find themselves at the heart of nearly all international affairs. The Political Declaration from the World Summit on Sustainable Development in 2002 acknowledged
that “eradicating poverty is the greatest global challenge facing the world today and an indispensable requirement for sustainable development, particularly for developing countries” (Gardiner, 2002:1) and current negotiations concerning the new World Bank president have been marked by developing nations concerns for continued foreign aid and development assistance as they seek to tackle poverty in their countries. Due to the enormity of the inequality challenge facing the country, South Africa has been pro-active in bringing forth the concerns of the developing world to the World Bank presidency (World Bank, 2005).

1.1.2 Poverty and inequality in South Africa
The first world cities of South Africa find themselves dispersed amidst a country crippled by poverty and inequality. South Africa ‘boasts’ one of the most unequal societies in the world: a society where income inequality has remained relatively consistent over the past thirty years and is second only to Brazil, the world’s most unequal society (Adelzadeh, Alvilar and Mather, 2001). Furthermore, despite significant processes associated with the Reconstruction and Development Programme, RDP, such as the delivery of water, electricity and free primary education to many previously disadvantaged communities, many South African households still experience unsatisfactory access to clean water, education, energy and health care (Bond, 2002; Maharaj and Narsiah, 2002). The majority of South African households experience outright poverty or the continued vulnerability to becoming poor, largely because many dynamics and distortions from the apartheid period continue to reproduce poverty and inequality (May, 2000; Bond, 2005).

May (2000) describes apartheid to be the historic force behind the present situation where many are unable to satisfy essential needs while the minority enjoy abundant prosperities. Apartheid was a state driven process that involved the dispossession and exclusion of the majority of the population from assets such as land and livestock. This was achieved by denying them the opportunities to acquire these assets through limiting access to markets, infrastructure and education. It can be concluded that apartheid operated to produce poverty and extreme inequality in South Africa (Tomlinson, 1990). The persistence of poverty is in itself, a major constraint to sustainable growth in South Africa. In order to achieve sustainable growth, it is imperative that South Africa achieves a more equitable income distribution.
1.1.3 Local economic development as a means of confronting the challenges of poverty and inequality

In response to this challenge, the international arena has found itself immersed in the concept of development. The imperative facing South Africa to achieve a more equitable and sustainable economy is essentially the challenge to adopt and implement a development approach that will reduce poverty and inequality to the greatest extent. Approaches based on neo-liberal economic principles advocating a free-market, the retreat of state, privatisation and trade liberalisation have grown to dominate popular perceptions. In a global setting firmly entrenched in the modern paradigm of meta-theory, linear models and all-encompassing solutions, the western solution of neo-liberalism became the panacea solution for development challenges. However, faith in the market’s ability to empower and uplift the poor has been tarnished by increasing critiques illustrating the opposite effect. The age of the macro-development theory has been surpassed by the post-modern era of questioning, critique and relativity (Cosgrove and Domosh, 1993), and with that, the idea of alternative development has found increasing favour. Disillusionment and distrust with the neo-liberal development as a panacea solution has led developmentalists to seek new development strategies, specifically those that are more locally relevant.

The concept of local economic development (LED) has received considerable attention in the search for alternative development initiatives. LED refers to locally driven development that uses local resources, knowledge and technologies with the aim of directly benefiting the local communities (Blakely, 1994; Nel, 1999; Rogerson and Visser, 2004). The continual failure of externally facilitated development to have a genuine impact on the poverty crisis at a grass roots level has forced individual localities to pursue and implement locally relevant strategies. The focus of local economic development, LED, on local control and participation, the use of indigenous knowledge and resources, and its relevance to each unique locality has been met with increasing satisfaction and approval. LED’s ability to empower local people through economic development has earned favour with national governments and development theorists (Nel, 1999). It is within this context that the South African government has sought to incorporate LED into their economic development framework. The commitment to locally driven development is evidenced by the decentralisation of development control and planning to the local government level. As stated by Nel and Binns (2005), the new and enhanced status given to South African authorities, who are now constitutionally mandated to promote social and economic
development, renders them active agents in the process of transforming South Africa’s society and economy in the post-apartheid era.

The picture painted by Nel and Humphrys (1999:284) for South African small towns and rural communities and municipalities is a desperately bleak one incorporating “desperately high levels of poverty, near starvation in the poorest areas and weak and ineffective local government” resulting in a situation where the “pressure central government is placing on local authorities to embark on economic and social development is being met with disbelief in many small centres”. Despite these fears and seemingly insurmountable obstacles and shortages, the first five years of local government in South Africa have witnessed the challenge of embracing social and economic development by these institutions (World Bank, 2004). The huge backlog of poverty and inequality inherited by the first democratic government from the apartheid era, posed a great challenge to local governments who have been tasked with the responsibility of developing and fostering economic development within their municipalities – especially considering the fundamental need to meet the needs of the poorest through providing economic opportunities.

Within this framework, this study will focus on a rural municipality, the Ingwe Municipality, and their LED strategy, which is currently being developed. The Ingwe Municipality provides an interesting example of the relationship between local government and LED for many reasons. In 2003 they were awarded second place in KwaZulu-Natal province in the local municipality category of the Vuma Awards, which recognises municipal local government service excellence. In 2004 they earned first place in KwaZulu-Natal and third place in South Africa (DPLG, 2003). What does such a small, under-resourced rural municipality have to offer us as we seek to understand the role local government has in promoting socio-economic development in South Africa? More specifically, during this time of increasing focus on improving conditions and opportunities for the poor, what lessons and inspiration does this municipality have to offer other rural municipalities facing similar challenges?

1.2 Motivation for research
In response to the theory discussed in 1.1.3, I proceed to focus on the LED strategy currently being developed by the Ingwe Municipality. From the outset it must be acknowledged that the focus of the dissertation is on Ingwe’s tourism based LED strategy.
Although LED within the Municipality extends into smallholder agriculture, construction and potential small-scale industrial opportunities, it is their approach towards creating a tourist industry that has captured interest and set them apart from their contemporaries. Although set apart in terms of the success they are achieving, Ingwe is representative of a typically rural South African municipality. The municipality is relatively densely populated, most of which is rural, uneducated and unskilled. They experience enormous obstacles and challenges due to 90% of their population being considered poor and the severe shortage of employment opportunities available for their many unemployed inhabitants. There are three small service centres whose economies are stagnant or in decline. Although the households within these urban centres are fairly well serviced in terms of services and infrastructure, their rural counterparts are inadequately serviced and lack access to most forms of infrastructure.

The purpose of the dissertation is not to provide a comprehensive analysis of all economic development initiatives within the Municipality, but rather, through assessing the tourism initiatives, to illustrate the unique lessons Ingwe has to offer. As opposed to assessing and evaluating the separate initiatives within the LED strategy, this dissertation will seek to evaluate the Municipality’s response to the mandate given to local government through the lens of their LED strategy.

The concept of LED has proved itself to be instrumental in responding to the development challenges facing South Africa today. In response to South Africa’s constitution’s commitment to address the problems of development and inequality, Nel and Humphrys (1999:280) state that “the challenge for the South African government is how to utilise the limited resources it can afford to apply to LED, in order to maximise the resulting benefits for the large numbers of its inhabitants who are disadvantaged.” The geographical inheritance from apartheid is one where huge disparities exist between urban and rural areas. Poverty levels are greatest in the predominantly rural provinces such as the Eastern Cape, KwaZulu-Natal and the Northern Province and it is reported that there are, proportionately, double the number of poor people in rural areas as in urban areas (Nel and Humphrys, 1999). This reality emphasises the need to embrace economic development within rural areas as the government seeks to confront the poverty reduction challenge. Research into related initiatives is therefore of fundamental importance.
Nel and Rogerson (2005) emphasise the need for further research into LED in South Africa, especially considering the attention given to the LED experience within post-apartheid South Africa. LED emerged as one of the more significant post-apartheid development strategies and has been embraced both nationally and locally. The South African experience has, therefore been regarded as a “laboratory for experimentation, innovation and learning” (Nel and Rogerson, 2005: 2). More specifically, Philander and Rogerson (2001) state that there is a limited body of research that investigates the challenges and realities of rural LED in a developing world context. Considering that it is often within this context where it is most desperately needed, research into rural based LED is a necessity. This is especially relevant for a country such as South Africa with huge discrepancies between developed urban areas and drastically poor rural areas.

Although LED studies in South Africa have grown exponentially, it seems as though tourism-based LED has been bypassed and is thus significantly underrepresented and insufficiently discussed (Rogerson, 2002; Rogerson and Visser, 2004). As stated by Rogerson (2005a:298), “despite the growth of research and the popularity of LED studies in South Africa, one notable theme that is markedly under-represented and little discussed within the existing literature is that of tourism-led LED”. The value of tourism-based LED to South African rural areas is mounting in importance, especially considering the rapid rate at which tourism has been adopted as the most popular solution to poverty-related problems. This is evident within South Africa where large capital investments are increasingly directed towards promoting tourism (Rogerson, 2005). However, this unanimous support and faith in tourism is often given without a comprehensive understanding of the necessary processes and associated limitations, and thus, extensive research into the practical experiences of such endeavours has become a necessity (Rogerson and Visser, 2004).

1.3 Aim and objectives
1.3.1 Research question

This dissertation seeks to answer the following question:

*Does LED, specifically that driven by rural local governments, present a genuine solution to the challenges of poverty and inequality experienced within South Africa?*
1.3.2 Aims and Objectives

In response to the above, the following aim and objectives apply to this dissertation.

Aim:

To critically examine the potential for South African local government to have a positive impact on economic development within their municipalities through fulfilling the roles and responsibilities provided in the government’s mandate for developmental local government

Objectives:

1. To examine the theoretical context within which LED is presented as an alternative and to discuss the potential existing within LED for poverty reduction
2. To illustrate the research benefits of participatory observation
3. To represent the dynamics of the Ingwe LED strategy
4. To evaluate the Ingwe example in terms of local government’s ability to facilitate LED
5. To engage in the relationship between theory and practice by assessing how the Ingwe example fits into the broader theoretical context of LED
6. To offer key lessons learnt through the Ingwe experience for other South African municipalities in particular

1.4 Relevance to Geography

Daniels and Lee (1996:8) describe geography to be the study of how spatial organisations influence social processes and the organisation of our daily lives: “Human life is inherently social and so is shaped at particular times and places by the prevailing sets of social relations into which we are born”. These relations are said to be the “consequences of the struggle to create a social environment amenable to a particular way of life” (Daniels and Lee, 1996:9). Contemporary society today is structured, to a large degree, by striving for economic development based on neo-liberal principles, which has been associated with a distinctive rise in uneven development. Any discussion, therefore, of economic development and its influence on social relations is, therefore, inherently geographical in nature (Unwin, 1992).
Magi, Maharaj and Fairhurst (2002) comment on the debate and change that has characterised intellectual geography over the last three decades. These debates and changes have occurred within the realm of philosophies, concepts, and methodologies because of the increasing dissatisfaction with the dominance of the positivist legacy and the Anglo-American influence. This dissatisfaction lead to demands for theoretical research to take into account the human relevance of social, economic, political, environmental and global realities. Geographic theories and methodologies were therefore modified to create a more meaningful and relevant understanding of social processes. McCarthy and Rogerson (1992) describe geography in the 1990's to be much more diversified and challenging in comparison to its positivist counterpart of the 1970's.

During the 1980’s South African geography progressed drastically to embrace topics focused on understanding and grasping the social and political relationships that were shaping both space in apartheid and the approaching revolutionary changes (Rumutsindela, 2002). Geography was “metamorphosed to a more indigenous and post-colonial discipline, which addressed the contingent geographical realities of South Africa’s ordinary or common people” (McCarthy and Rogerson, 1992:3). This change has produced a more pluralistic discipline that approached the diverse aspects of South African geography from diverse and, more appropriate, angles. Maharaj and Narsiah (2002) illustrate how the major urban challenges of reconstruction, development and planning, implications of privatisation, new social movements and land reform became the dominant foci. Today geography in South Africa takes a critical look at processes such as globalisation and the related policies in relation to their implications for all population groups, especially those marginalized.

1.5 Structure of the Dissertation

According to Hill and Nel (2004:130), “the role of universities should be to not only link theory and practice but also to allow for potential transformation, act as watchdogs of society, and be responsible to the broader community outside of formal educational frameworks”. In keeping with this theme, they continue to expand on the role of rural development researchers in highlighting the current development debate. The controversy ingrained in any development discussion cannot be ignored as it is inherently integrated within LED theory and practise in South Africa (World Bank, 2004). It is the responsibility
of researchers to engage in this debate, to present truth and to provide alternative ways forward.

The primary concern of the literature review is that of contextualising LED, with specific reference to that driven by local government. Therefore, chapter two begins within an in-depth analysis of the global economic system that has come to dominate development discourse. Current discourse is characterised by disillusionment and doubt, which has created opportunities for alternative development theories. Within this context, the relationship between theory and practise is investigated through the experience of rural development. This establishes the context into which LED is introduced. Development discourse highlights the need for alternative initiatives and progression in rural development depicts the principles required for genuine empowerment.

The general discussion of LED illustrates its potential to satisfy the requirements needed by an alternative approach to neo-liberal development. This is depicted through the role of LED in rural communities through tourism based LED. With the greater context of LED in place, discussion focuses on LED in South Africa. In order to contextualise the case study, specific reference is once again made to tourism-based LED and its relevance to rural communities. The current context of LED in South Africa leads to the topic of the role and responsibility of local government, which is discussed in chapter three. Specific focus is given to the developmental role set out in the White Paper on Local Government, which promotes local economic development within and lead by each municipality.

Chapter four bridges the gap between the theory and practical by explaining the research methodology utilised in this study. Specific attention is given to the use of participatory methods in social research as this formed the foundation of the research experience. This chapter introduces the reader to the case study, which is discussed in chapter five.

Chapter five presents the LED strategy developed and adopted by the Ingwe Municipality. An extensive exploration into the LED activities of the Municipality provides an excellent example of the practises related to local government delivered LED. The following chapter evaluates the Ingwe experience using evaluation measures as presented by Nel (1999) and incorporates the use of the sustainable livelihoods framework (DFID, 2004).
With reference to the evaluation set out in chapter six, chapter seven provides the discussion of the Ingwe experience. This chapter seeks to identify key lessons and contributions for development theory, as discussed in chapter two, that Ingwe has to offer, as well as providing recommendations for the Ingwe municipality’s benefit. Specific focus will be given to linking the experience of Ingwe with LED in the broader South African context.

The dissertation concludes with chapter eight, which summarises the work presented as a holistic enquiry into LED, specifically that which is driven by local governments. This is achieved by re-visiting the aim and objectives set out for the dissertation and discussing how these have been achieved through the literature review and case study. This process renders the dissertation as a comprehensive source, which can be added to the mounting resource of LED research in the South African context.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

"The failure of successive generations of imported, Western development strategies and projects to deliver meaningful reductions in poverty and achieve basic needs in Africa, has provoked a deep questioning of Western concepts and methodologies of development ... In a world where post-modern thinking encourages a rejection of all-encompassing models and a greater focus on local uniqueness, LED is clearly an expression of a broader paradigm shift in both the social sciences and global reality (Binns and Nel, 1999:391).

In contrast to the eager acceptance of the “grand development narratives” (Binns and Nel, 1999:389) during the 1960’s and 1970’s, the late decades of the twentieth century were marked by increasing doubt and questions concerning the validity and effectiveness of these modernist theories. Sceptical critics referred to “The Shipwreck of Grand Society” (Latouche, 1993:1); the “myth of development” (Rist, 1999: I); the presence of a “development impasse” (Binns and Nel, 1999:389) and the horrors of a world ruled by corporations (Korten, 2001). Common to all these criticisms was the emphasis on the desperate need to move away from meta-theories and universally applicable linear models and embrace alternative understandings and concepts of development (Pieterse, 2001).

Within this context of debate, controversy and disillusionment, an opportunity for more locally relevant and people-centred development rose to the fore. Although these concepts are often in opposition with neo-liberal principles of current global economics, Binns and Nel (1999) state that concepts of locally initiated and driven development strategies are still gaining in prominence due to their emphasis on independent economic action and response. However, despite debate and rhetoric, reality is that where development theories and initiatives have failed to deal with the challenges of poverty, poor communities have no other option but to take charge of their own situation. A paradox therefore exists, where despite continued dominance of neo-liberal economics, the concept of locally driven development, where initiatives are centred on empowering and uplifting the poor, are fast becoming the preferred approach to development aimed at poverty alleviation.
The reason why LED is currently being received with such enthusiasm and eagerness is because of the disillusionment and distrust associated with the neo-liberal development paradigm (Nel, 1999; Philander and Rogerson, 2001). The theoretical review of this dissertation will focus on how and why development has been scrutinised to the extent that the door of opportunity has opened for alternative theories such as LED. This review does not claim to be an extensive analysis of the development debate. Rather it seeks to explain why there is a need for alternative development. The need to contextualise the rise of LED within the context of disfavour with previous notions of development requires that the researcher risks the appearance of bias in favour of the development critique.

The purpose of this chapter is to unpack the development discourse discussed above. Central to this aim is understanding why third world poverty and inequality do not only persist in their existence, but are increasing in their severity. The chapter begins with the origin of this grand, meta-narrative of development, with specific attention given to the initial aims and goals. In keeping with the aim of establishing the current context in which local economic development is gaining prominence, discussion shifts to focus on the failures and shortcomings of the modernist development discourse. In order to fully understand the value and relevance of local economic development today, it is essential to seek out and understand the faults and shortcomings of the predecessor. The contradictions and critique associated with sustainable development emphasises the need for alternative means of economic development. In order to stay relevant to the case study, theory is viewed from a developing world context, with specific relevance placed on the African and South African context.

Controversy and debate within academic fields truly gains value and worth when it impacts and transforms practical, everyday living (Hill and Nel, 2004). The transforming power of this debate has revealed itself in the context of rural development. Therefore, the discussion progresses to illustrate the practical impacts of theoretical paradigm shifts through the context of rural development in the developing world. The chapter will illustrate the effect of the development debate on rural development theory, concluding with an analysis of how the present sustainable livelihoods paradigm is providing a genuine solution to problems of rural poverty. Local economic development is flourishing as a rural development concept as it seeks to address poverty through achieving the aspirations of community participation and empowerment as set out in the sustainable livelihoods
approach (Ashley and Maxwell, 2001; Miles, 2001). It is also within this context that local government driven LED is gaining in prominence because the reality faced by most rural communities is one where leadership and access to resources is severely limited (Rogerson, 2001).

With this development context firmly established, the chapter will progress to deal with the focus topic of LED. The discussion of rural and tourism based LED in particular, will illustrate how the concept and practical application of LED satisfies the requirements of an effective and sustainable alternative development paradigm, as well as staying true to the sustainable livelihoods approach to rural development. Once the concept of LED has been established, discussion will focus on the issues of rural LED, tourism-based LED and LED in South Africa. Specific attention will be given to national LED policy and the emergence of developmental local government.

2.2 Development theory

2.2.1 Deconstructing the poverty crisis in Africa

Despite claims during the early nineties by the World Bank and its proponents that development was being successfully attained in Africa, Taylor (1992:215) states that there is little doubt that the quality of life experienced by most Africans declined in both absolute and relative terms during the previous decade: “For many parts of Africa there is no compelling evidence that ‘development’, however defined, is taking place. Increasing degradation would be a better description... for the current trends”. The challenge of reducing poverty is possibly the greatest challenge facing Africa today.

Before attempts to provide a means of reducing poverty can be achieved, it is essential that the root causes of the poverty problem are analysed. One of the major problems in current approaches to solving poverty is that poverty is itself perceived as the problem. On a global scale, there is little attempt to analyse or question the dominant paradigms and systems that are instrumental in the cause of the current poverty crisis. To be able to effectively tackle poverty through economic and rural development, it is essential that we understand these paradigms and their influence on the practical application of poverty alleviation.

For Ayittey (2002:62), Africa’s continued poverty is the result of corrupt governments and the associated unsustainable practises: “If politicians are serious about eradicating poverty,
they should start by returning the money they have stolen”. For years, African leaders revelled in their positions as victims. However, in the 1980’s a new generation of frustrated Africans emerged who, frustrated with blaming colonialism, confronted the leaderships’ inability to take responsibility for their own failures. Today, many Africans recognise the role that corrupt leadership has played in creating a poverty stricken Africa (Ayittey, 2002).

From the World Bank’s perspective, Africa is responsible for their continued economic crisis. It is due to their political instability, structural imbalance between rural and urban areas and in income distribution; continued population increase and corruption and misdirection of human and financial resources, ineffective economic strategies and management and the persistence of social values and attitudes that are not conducive to development that have led to their continued economic decline. However, the World Bank does also acknowledge the role of external factors such as increasing protectionism on first world countries’ products, high interest rates and the high debt servicing ratios (Mackenzie, 1992).

While acknowledging the role of corrupt governments, Bond (2002:xvii) maintains the position that African governments are operating in a system too large for them to comprehend or fight against, “they are not their own masters, and merely play their role in a script written by forces far beyond their control”. Although the eradication of corruption in African governments is essential to confronting poverty, the reality remains that African governments are often merely pawns in a greater game of economic chess.

An economic phenomenon exists where a minority are reaping the benefits and advancing at an ever-increasing rate at the expense of large areas of the world, especially Africa, who are sliding further and further into the grips of poverty. This phenomenon have led United Nations, UN, development experts to observe that the world is heading toward "grotesque inequalities," concluding: "Development that perpetuates today's inequalities is neither sustainable nor worth sustaining" (Gates, 1999:2). What is it that characterises development that perpetuates today’s inequalities and how and why has it come to evoke such intense criticism?
2.2.2 Origin of the development concept

The promotion of economic production and growth in developing countries, which is proposedly achieved through the provision of technical assistance, free multilateral trade and foreign investment, has dominated the development agenda. Development is essentially an economic matter of production and capital accumulation that is based on private investment and external assistance (Rist, 1999; Bond, 2001; Korten, 2001).

Defining development is no simple task. This is because development theory is fraught with controversy and debate as illustrated by the two definitions provided below:

- Development is “generally agreed to include a series of components such as increased economic growth, equity and distribution of the fruits of that growth, control of the population of its own destiny and the achievement of qualitative transcendental values” (Taylor, 1992:214).

- “Development consists of a set of practices, sometimes appearing to conflict with one another, which require – for the reproduction of society – the general transformation and destruction of the natural environment and of social relations. Its aim is to increase the production of commodities geared, by way of exchange, to effective demand” (Rist, 1999:13).

The process of understanding development and the controversy surrounding its definition, purpose and impact, requires a return to its origin. Although development in the developing world can be traced back to early western influence through colonisation (Korten, 2001), for the purpose of understanding the context we find ourselves in today, this discussion will focus on the origin of the term ‘development’, and therefore, the beginning of the concept of ‘under-developed’.

According to Rist (1999) the origin of development as an international concept was President Truman’s Inaugural Address after the Second World War in January, 1949. Point Four of his speech stated that America would extend technical assistance to poorer, non-communist countries:

“Fourth, we must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and
growth of underdeveloped areas...I believe that we should make available to peace-loving peoples the benefits of our store of technical knowledge in order to help them realise their aspirations for a better life...Our main aim should be to help the free peoples of the world...to produce more food, more clothing, more materials for housing, and more mechanical power to lighten their burdens...Greater production is the key to prosperity and peace...we hope to help create the conditions that will lead eventually to personal freedom and happiness for all mankind.”

(Rist, 1999, quoting from Public Papers of the Presidents, January 20, pp. 114-115).

It is obvious that initial intentions for development were to bring equality to all people – to remove poverty through the transfer of skills, technology and resources between the first and third world. The key factor influencing how this would be achieved was greater production through economic development (Bond, 2002). From the outset the assumption existed that it was through the western economic system that problems of the third world could be reduced. The last fifty years have witnessed the growth of this concept to a position of global dominance. This dominance exists within both political and economic sectors in the form of neo-liberalism. However, despite neo-liberal rhetoric aimed at alleviating poverty through reducing inequality, the gap between the poor and rich continues to increase (Korten, 2001).

Reflecting on his early experiences in development work, Korten (2001:17) illustrates the role of these assumptions and the inherent fallacy that needs to be acknowledged:

“We were drawn to these far-away regions in the early 1960’s by a belief that they were the locus of the development problems... We had set out to solve for others the problems we perceived to reside in them by making them more like us. We now come back home to help our own compatriots better understand the ways in which the United States has contributed to placing the world, ourselves included, on a self-destructive course”. A precarious position therefore exists where the process of questioning underlying assumptions and dominant concepts of neo-liberal development cannot be ignored.

2.2.3 Neo-liberalism

The critique of development is essentially a process whereby the assumptions inherent within neo-liberal economics receive scrutiny and exposure. Neo-liberalism is an economic system that seeks to maximise GDP through the application of the free-market principles of
capitalism. Neo-liberal development is that which promotes neo-liberal restructuring as the means by which a poor country can progress from poverty and inequality to an advanced society characterised by mass consumption and relative equality (Rist, 1999; Bond, 2002).

Neo-liberal restructuring includes changes intended to improve economic conditions in Third World countries. Restructuring takes the form of deregulation of labour markets, privatisation, modernisation and economic stabilisation through World Bank-type structural adjustment programmes, SAPs (Gilbert, 1994). However, as Geddes (1997) illustrates, the increasingly flexible and deregulated labour market has led to a significant decline in employment opportunities. The globalisation of trade, economics and industry according to these free market principles, has been associated with successive recessions due to the introduction of capitalist-intensive production methods that have expelled under-skilled workers from employment.

During the 1980's average incomes fell by 10% in most of Latin America and by over 20% in sub-Saharan Africa. Not only is there a drop in wages, but as recession puts companies out of business and as privatisation increases, many people will lose their jobs as companies cut-back on employees in order to increase profits. This reduction of purchasing power diminishes even further their capacity to pay for improved housing or services (Cairncross, Hardoy and Satterthwaite, 1990; Gilbert, 1994). The trend towards privatisation as part of World Bank SAPs has played a significant role in the growth of unemployment.

It is therefore apparent that although the intended aim of neo-liberal free market principles was to promote economic growth, restructuring has brought economic decline to most developing countries. In Africa and Latin America economic decline has been the dominant force causing changes in urban economics and societies leading to urban poverty (Gilbert, 1994). The most debt-ridden countries have had recession thrust upon them as governments in Africa can only obtain funding if they accept a new set of development rules from international bodies such as the International Monetary Fund and the World Bank (Korten, 2001). South Africa provides a prominent example in this regard because of the abandonment of their initial, socially-orientated approach to dealing with poverty in favour of their current macro-economic policy that is indicative of classic World Bank, neo-liberal principles (Maharaj and Narsiah, 2002).
2.2.4 Neo-liberalism in the South African context

Launched in 1995, the South African government's RDP formed a key part of the African National Congress's (ANC) strategy for a new democratic South Africa. The RDP emerged as the key strategy to address the social and economic inequalities of apartheid and the facilitation of the transition to a non-racial democracy (Cheru, 2001). It was drawn up by the ANC in consultation with progressive labour and non-government organisations and, therefore, had a strong basic needs and social justice orientation. The RDP emphasised the need to integrate reconstruction, development and redistribution. However, in 1996, the RDP was abandoned and replaced with a new macro-economic policy (Maharaj, 2002).

Since 1996, post-apartheid planning has been influenced by significant shifts in the government’s macro-economic policy with the adoption of the Growth, Employment and Redistribution, GEAR, strategy (RSA, 1996a; Cheru, 2001). The influence of the World Bank was clearly evident in the GEAR strategy as evidenced by the description, “a home grown structural adjustment programme” (Maharaj and Narsiah, 2002:93).

GEAR is based on neo-liberal principles as stipulated by the World Bank and emphasises that economic development will be lead by the private sector, as the market is deemed more efficient than the government. This means that there will be privatisation of state owned enterprises and government expenditure will be reduced, especially that pertaining to social services. The neo-liberal policies also encourage relaxed exchange control regulations and a more flexible labour market (Bouare, 2001; Maharaj and Narsiah, 2002). Although South Africa has taken this route of privatisation, reduced government expenditure and flexible trade markets, there exists a concurrent move back towards the more socially orientated principles associated with the RDP (Cheru, 2001; Nel and Rogerson, 2005). This is evidenced in their support of both pro-poor and pro-market development (Rogerson, 2002; Bond, 2005), which will be more extensively discussed in conjunction with local economic development in South Africa.

In terms of its ability to reduce widespread poverty, GEAR is based on the neo-liberal ‘trickle-down’ assumption. However, according to Adelzadeh et al., (2001), the trickle-down theory of economic development has proven itself to be an inappropriate framework for the achievement of sustainable livelihoods in South Africa. This is because it fails to acknowledge the need for a domestic market in achieving truly sustainable growth, ignores
the obvious links between better income distribution and growth, and it reduces the role of government in favour of increasing the private sector in economic transformation. Whereas GEAR reduces investment in public infrastructure, recent evidence suggests that investment in public infrastructure and human resources positively effects growth because of the larger output and employment multipliers that are associated with government capital expenditure (Adelzadeh et al., 2001; Bond, 2001; Maharaj and Narsiah, 2002). This innate contradiction, which has become tantamount with neo-liberal development, has been met with fervent critique (Bouare, 2001).

2.2.5 Critique of neo-liberal development

Yapa’s (1996) view is congruent with all that has already been said in relation to SAPs, privatisation and restructuring: that the present economic solutions provided for poverty, in reality have the opposite effect. Instead of reducing poverty and uplifting all people, these policies and solutions provide benefits for a few at the expense of the marginalized masses. Contrary to assumptions of wealth being shared through the trickle-down effect, reality has depicted a situation where the walls encompassing prosperity have been significantly increased through trade liberalisation and free market principles so as to avoid any spillage what so ever (Bond, 2002; Maharaj and Narsiah, 2002).

Development seems to be synonymous with deception: “The strength of the ‘development’ discourse comes from its power to seduce, in every sense of the term: to charm, to please, to fascinate, to set dreaming, but also to abuse, to turn away from truth, to deceive” (Rist 1999:1). What appeared to be a genuine means of improving poverty conditions was in fact, a system of domination far more exploitative than any other. It is the subtle nature of development that has rendered it the most devastating domination system in history. Whereas slavery and colonialism occurred in physical realms, development has its power in the minds of the people it oppresses. For Latouche (1993:55), the belief that “continuous growth will eventually benefit even the workers” has so captured imaginations that “even its victims are cheering for its continued dominance”.

Development takes away the privilege of choice, and that is where the oppression lies. “From 1949 onwards, often without realising it, more than two billion inhabitants of the planet found themselves changing their name, being officially regarded as they appeared in the eyes of others, called upon to deepen their Westernisation by repudiating their own
values" (Rist 1999:79). The concept of development deceived the world into believing that economic growth was the only route to happiness. Development is all about money because money is the language of the colonialists. They gained power because they reduced the many languages of the world to their language. Added to this, because it appeared to be based on the moral-high-ground of wanting to help the needy, it became impossible to question such a system (Latouche, 1993; Connelly and Smith, 1999; Cosgrove and Domosh, 1993; Korten, 2001). The enigma therefore exists where: “call a thing immoral or ugly, soul destroying or a degradation of man, a peril to the peace of the world or to the well being of future generations; as long as you have not shown it to be uneconomic you have not really questioned its right to exist, grow and prosper” (Shumacher 1973:37).

This disillusionment with meta-theory created opportunities for alternative theories to emerge. In recognition of the futility and destructive nature of previous development concepts, the concept of sustainable development gained immense support and popularity (Korten, 2001; Connelly and Smith, 1999). The debate concerning sustainable development has embellished the alternative development cause, as it aggravates the urgency for development that is people centred, operates at a community level and questions current global economics.

2.2.6 Sustainable development

The late 1970s and 1980s were unique from previous decades in that they were marked by the first genuine global concerns for the environment. These concerns lead to the initiation of the sustainable development concept. According to the Brundlandt Report of 1987, “Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Connelly and Smith, 1999:2). The concept was developed primarily in response to the environmental crisis but also contained a component focusing on the betterment of many marginalised groups. The concept stated that development should not degrade the environment nor should it marginalise poor people. Essentially, development should be compatible with environmental protection. This was to be achieved by making economic development sustainable.

The concept of sustainability is multi-faceted. Essentially, it advocates a state of equilibrium where economic needs and advances exist in a stable relationship with the
natural environment. Environmentally sustainable development is that which uses natural resources in such a way that present demand does not exhaust future reserves (Korten, 2001). Tourism, especially nature-based, has been heralded as a prime example of sustainable development as it requires the preservation of the natural environment for it to succeed (Hill, Trotter and Nel, 2003). A second aspect of sustainability refers to the nature of the project management – will the project continue to operate efficiently and successfully if and when the original key players leave? These considerations are integral to alternative development ideals that aim to empower communities through participation in management and decision-making processes (Bond, 2002).

Pro-environment principles are those that change unsustainable patterns of production and consumption, protect and manage natural resources and, which, are inherently focused on poverty eradication. Poor people and their needs should be at the heart of the sustainable development concept. Creating stable, sustainable societies requires more than a stable economy – it is reliant on meeting basic needs, slowing unprecedented population growth and protecting our valuable natural resources (Worldwatch, 2002).

Sustainable development further highlighted the notion that dealing with poverty is inherently related to the concept of environmental sustainability. In poverty-stricken countries, unless the current inequality prevalent within and between human societies is addressed, environmental concerns will continue to be displaced as second-rate concerns (Gardiner, 2002). Caring for the environment is a luxury afforded only by those who have their basic needs satisfied.

In response to this concept, development projects were geared towards empowering communities so that the work done would be environmentally sustainable and would sustain the communities once the agent of development had left the project. Sustainable development also focused on the responsibility to future generations for the first time. In 1992 this concept was elaborated on at the Rio Summit, also known as the United Nations Commission on Development and the Environment, UNCED (Connelly and Smith, 1999).

This importance of dealing with poverty related problems in conjunction with natural resource management was illustrated at the World Summit on Sustainable Development held in Johannesburg in 2002. This was evident in the key objective, which was to find
practical ways to better the lives of all human beings while protecting the environment (Riley, 2002). In relation to poverty, the UN Secretary General, stated: “We now have unequivocal evidence that the goals of human progress and environmental protection are co-dependant” (Mail and Guardian, 2002:12).

Despite sustainable development’s achievement as possibly the most successful alternative development theory to date, its existence within the hostile world of development discourse has not been without debate and controversy. On the one side there are those who state that sustainable development has failed because it fails to challenge existing economic practices, which are the reasons provided for continued environmental degradation (Connelly and Smith, 1999; Rist 1999; Khor, 2002). These critics face opposition from those such as Morris (2002) who seem appalled at the idea that we should focus not on promoting economic development but on restricting it – typically in the name of protecting the environment (Morris 2002:2).

Morris (2002) claims that sustainable development will only ever be achieved when global governance regulations are removed and the market economy is liberalised. It is only when we allow formal ownership of property and entrepreneurial activity free of regulations that people will have the incentives necessary to create sustainable societies. These societies will be characterised by procreation and conservation of their natural resources. Basically, it is only through promoting current economic growth that we can attain true sustainable development.

2.2.6.1 Inherent contradictions
In response to this argument, critics expand on the inherent contradictions within the sustainable development controversy. This exposition reveals the failures of the neo-liberal economic paradigm to effectively solve the environmental and poverty related crises facing the world today. Neo-liberalism is a discourse that is based on free-market principles of maximising GDP, paying only passing attention to associated environmental problems. The domination of market values has resulted in the commodification of nature. Nature’s value is determined according to its economic value despite the fact that it is the economic system that is causing environmental degradation. Neo-liberalism has also supported the export of pollution from the first world to the third world where environmental laws are lax.
Essentially, where a neo-liberal approach to development is favoured, economics becomes the highest priority despite the environmental and social costs (Bond, 2002).

Amidst such rife accusations, how has this concept of sustainable development survived, and experienced such widespread acceptance, within a neo-liberal setting? Connelly and Smith (1999) state that the reason this concept has found favour with neo-liberals is because of the inherent contradictions, which allow for the dominant acceptance of the ecological modernisation interpretation as opposed to one that places people and the environment at the centre of development discourse. Ecological modernisation involves re-enforcing economic growth for environmental protection. It has remained the dominant interpretation because it allows for the continuation of economic growth and related production and consumption patterns that are merely modified to reduce their adverse environmental impacts. Current practices and values remain unchallenged. Added to this, Rist (1999) states that sustainable development is inherently flawed because the growth policy that is supposed to reduce poverty and stabilise ecosystems is practically identical to the policy that originally opened the gulf between the rich and the poor and which led to such enormous environmental degradation. What is required is a questioning of the sovereign, global capitalist systems because under such conditions, poverty and environmental considerations will never be given priority where they conflict with capital accumulation (Connelly and Smith, 1999).

A paradox therefore exists where on the one hand there is a call for increasing reliance and focus on economic growth as the solution and in opposition there are those advocating economic growth as the cause of the poverty and environmental crises experienced today. However, in a world where the clash between neo-liberal economics and environmental considerations is heavily weighted in favour of neo-liberalism, such questioning is not accepted with great enthusiasm or approval.

2.2.6.2 Clash of the paradigms
Khor (2002:1) refers to this reality as the ‘clash of the paradigms’: the clash between the free market paradigm and the sustainable development paradigm. The two cannot exist side by side and sustainable development has been crushed by the market paradigm’s victory. The crucial tests of whether development practices are genuinely sustainable are tests of power and need. In virtually all high-profile examples since 1994 corporations have got
their way because of greater power, and the needs of the environment and the poor have been denigrated. This does not necessarily mean that it is impossible to achieve synergy between the two and that the relationship between economic development and the natural environment will always be an antagonistic one. However, it does emphasise the importance of questioning the underlying assumptions if synergy is to be achieved.

Bordessa (1993) and Korten (2001) verify this line of thinking by stating that it is insufficient to merely adjust economic practices when what is desperately needed is a fundamental shift of position in moral thinking amongst modernist progressives. The present political-economic approach to dealing with the problem does not confront the root cause of the present environmental crisis. They identify the root cause to be the overuse of natural resources to satisfy the insatiable demand for material growth by a continuously growing population. In the same way, the problem of poverty and increasing inequality can only begin to be solved when the root of the problem is challenged. Connelly and Smith (1999), Rist (1999) and Korten (2001) focus repeatedly on the role of capitalism in environmental degradation. They continue to specify the capitalist global economy as the sovereign body that requires radical change. According to Khor (2002), the clash of the paradigms is inherently uneven and that while the market paradigm has such huge advantage over its counterpart, the environmental and poverty crises will never be effectively confronted.

The Rio process, which is often held in esteem as a benchmark in the environmental movement, is exposed as a “sham” as it failed to deal with the crucial issues concerning the structure of the capitalist system (Connelly and Smith, 1999:206). “What was unsaid at UNCED eclipsed what was said” (1999:205). The environmental crisis is a warning bell that our current global system is a pathway to disaster, and that the current capitalist system needs to be challenged. Unless we change the fundamental system paradigm that is dominating global economics, we will never successfully reduce the environmental and poverty crises that are so rife today (Korten, 2001, Cross, 2003).

2.2.7 Conclusion
The debate and controversy concerning development, and more specifically sustainable development, have lead to the scenario where, “more critical analyses of development are emerging …. They go beyond pre-ordained paradigms and ask fundamental questions about
the way in which key questions are framed, how problems are delineated and what kinds of solutions are offered to the problems" (Miles, 2001: 424).

Rist (1999) stresses that the time has come to completely rethink the theory and practices of development. This will involve honestly challenging the belief behind the process. The time has come to move from the current realisation of failure to an act of rejection. We need to take a step out of illusion and into reality. “Only a new paradigm can alter, not the way things are, but our way of conceiving them” (Rist, 1999:237).

What impact does such questioning have at a grassroots level? Does the theoretical dissection of development discourse have any relevance for local communities struggling to survive everyday? Possibly one of the clearest examples of the impact theoretical questioning has on reality is that of rural development. As a result of major paradigm shifts within theoretical understandings, the application of rural development has been significantly transformed into an approach that is far more relevant to local communities.

2.3 Rural development
2.3.1 The rural context
Ashley and Maxwell (2001) make us aware of the ambiguity of the term ‘rural’. The most important aspect of rural is its heterogeneity and diversity – no place is the same. Generally, they are identified as those areas that have the lowest level of services and the greatest average distance to the nearest service points (RSA, 2001). Rural areas are those in which local communities practise subsistence farming or depend on natural resources. This includes villages and small towns as well as large rural clusters in the former South African homelands that largely depend on migratory labour and pension remittance for their survival (Rogerson, 2001).

Within rural areas there are many obstacles to the transformation from poverty-stricken scenarios into those that are economically productive and socially stable. Innes (2000) lists the following scarcities that present themselves as obstacles: skills, capital, fertile land, electricity, clean water, communications, decent housing, schools, health care facilities, functional roads, transport services and accessible markets. It is rural people, specifically rural women, who find themselves at the bottom of the wealth and poverty scale. It is for this reason that one of the greatest challenges facing Africa today is that of rural
development. With specific reference to the South African situation, a history of ineffective apartheid-based strategies enforces the challenge to implement successful and sustainable rural development.

2.3.2 Approaches to rural development

Hill and Nel (2004) argue that rural poverty persists due to largely unsuccessful development initiatives. In keeping with this idea, Hill and Nel (2004) agree with Ashley and Maxwell (2001) that there is a need for a new approach to rural development. However, it is essential that we first understand the history of rural development if we are to move towards constructing an effective approach to rural development.

Ellis and Biggs (2001) provide a simplification of rural development ideas and dominant themes in rural development. Although acknowledging that reality is far more complex and cluttered and that there are variations of ideas across time and space, they nevertheless sought to identify dominant themes that have impacted upon rural development since the 1950’s.

The resultant themes for each category can be broadly classified as community development in the 1950’s overlapping with small-farm growth that dominated the 1960’s and 1970’s. The 1970’s saw the beginning of the integrated rural development framework followed by the market liberalisation’s approach characteristic of the 1980’s and 1990’s. In keeping with market liberalisation’s call for government retreat as opposed to state control of the 1970’s, the 1990’s and 2000’s saw the rise of participation and empowerment in rural development. The emergence of the sustainable livelihoods approach during the late 1990’s has lead to a focus on the role of rural development in poverty reduction strategies during the last few years (Ashley and Maxwell, 2001 and Ellis and Biggs, 2001). A dominant transition that reveals itself is that from the state-led approach of the 1970’s to the structural adjustment approach characteristic of market liberalisation that has dominated rural development from the 1980’s onwards. The changes in approaches to rural development discussed above are reflective of paradigm shifts taking place at the theoretical level.
2.3.3 Major paradigm shifts within rural development

Taylor (1992) and Ellis and Biggs (2001) comment specifically on two paradigm shifts concerning approaches to rural development. The first is that of the 1960's where small-farm agriculture switched from arbitrary peasant activity with no apparent benefits, to being considered as the very engine of growth and development. The most significant transition here was the beginning of a western acknowledgement of value in rural communities and their knowledge. The 1950's had been dominated by dual-economy theories based on arrogant western assumptions that the rural subsistence sector offered negligible prospects for improving productivity or growth and that, therefore, the only role they had to offer was a passive one of supplying resources to the more modern sector of society (Ellis and Biggs, 2001).

2.3.3.1 Development from below

However, as Ellis and Biggs (2001:440) acknowledge, “the accomplishment of a serious change in intellectual direction does not result in the immediate demise of the set of ideas which is being replaced”. Thus, although recognition of the value of indigenous knowledge was beginning, the autocratic top-down approach continued to dominate rural development strategies as modernists maintained control over uneducated and unskilled rural communities.

The idea of a bottom-up approach to rural development arose out of criticism for the previous top-down approach (Chambers, 1983). A criticism for both the neo-Fabian approach of the 1970’s and the neo-liberal approach of the 1980’s was that they paid insufficient attention to realities at the local level. Both started with a focus on the macro aspect, economics and the view from the corporate world, instead of focusing on realities at the micro, people-centred and rural level. The result was that the solutions were standard as opposed to locality specific, and ultimately, completely irrelevant and destined to fail. It was essential that priorities be shifted from the developer to those of the local community and that a more participatory approach be incorporated (Taylor, 1992).

The resultant concept of ‘development from below’ gained popularity during the 1980’s due to realisations as to the inherently flawed ‘top-down’ approach to development. Those in favour of development from below exhibited an inherent distrust in the ‘trickle-down’ or ‘spread-effect’ assumptions characteristic of previous and current development policies. In
contrast, ‘development from below’ policies were aimed directly at the problems of poverty, and motivated control by those directly impacted by poverty and policy. This approach to development was fundamentally based on maximising use of each area’s natural, human and institutional resources so that the basic needs of the communities might be met. These alternative strategies were basic-needs oriented, labour intensive, small scale, regional-resource based, centred in rural areas and argued for the use of appropriate technology rather than the latest technology available (Mackenzie, 1992). Essential to this approach was the concept of empowerment through knowledge (Friedmann, 1992).

2.3.3.2 Development from within
The 1980’s played a crucial role in re-writing rural development policies. However, as Mackenzie (1992) points out, there were many flaws in the ‘development from below’ policies that called for serious rethinking to ensure that development theory gained greater historical and social specificity within Africa. This led them to publish their ideas of ‘development from within’ which strove to take into account unique characteristics of rural Africa. The term ‘within’ seeks to create greater flexibility as opposed to the rigid set of policies and ideas that had emerged out of the 1980’s. As Taylor (1992) specifies, it is only through greater complexity and diversity that rural development strategies can become more stable and sustainable. The enormous diversity in Africa means that development can only be effectively addressed at the local level. Hill and Nel (2004) and Cosgrove and Domosh (1993) argue that inappropriate development models have originated from methodologies that failed to appreciate the holistic reality of rural communities and failed to acknowledge local people’s perceptions, needs and understandings.

A greater appreciation for the individual needs of each rural community was the precursor for the second major shift in rural development thinking. The result of increasing flexibility, appreciation for diversity and complexity and the inherent need for community participation in development, set the stage for the sustainable livelihoods paradigm.

2.3.3.4 Sustainable livelihoods
The current paradigm shift involves the move from heavy reliance on small farms to that of creating sustainable livelihoods. In contrast to the primacy role of agriculture, the sustainable livelihoods approach calls for diversification of rural economies. The sustainable livelihoods approach seeks to combine participatory development and the need
to embrace diversity. Although not mentioned by Ellis and Biggs (2001), it is within this framework that tourism, particularly nature-based tourism, has experienced increasing popularity (Hill and Nel, 2004).

The concept of sustainable livelihoods has been integrated into the poverty reduction projects that have come to characterise most recent rural development strategies. Rural development has a broad concern with incorporating health, education, participation and social protection. In terms of the sustainable livelihoods approach, rural development needs to incorporate all the various assets rural people have access to and the structures and processes that determine how these assets are transformed into income and various outcomes (Ashley and Maxwell, 2001).

The practical outworking of the sustainable livelihoods paradigm is an example of where development initiatives have been transformed to an extent whereby they now offer greater hope of genuinely confronting the problems of poverty and inequality. The following concepts are firmly established within the sustainable livelihoods approach and offer, for perhaps the first time, a genuine means of confronting rural poverty:

- **Livelihood / economic diversification**: Vaughan (1997) calls for an approach to rural development that is focused on maximising economic opportunities through recognising and understanding socio-economic realities. A new narrative for rural development has to include the rural, non-farm economy in keeping with the ideals of diversification, multifunctional households and livelihood diversification (Hill and Nel, 2004).

- **State intervention**: Hill and Nel (2004) acknowledge the failure of the African state to genuinely promote sustainable development and effective environmental management within their countries and how this has created an air of disillusionment with bureaucratic government institutions. However, there still appears to be a need for government intervention, particularly due to constraints constructed by the market. The reality of many rural development initiatives is that, despite new opportunities, patterns of inequality are reproduced. This is often due to inequality that is entrenched to such a great deal that it requires structural change before those marginalized can break free and take advantage of opportunities presented to them.
Central to their idea of development from within, is government support for grass roots initiatives. Mackenzie (1992) states that reinforcing national economic management is the key to restructuring Africa. Policies need to promote local decentralisation, grass roots initiatives and community self-management. These initiatives need to be based on genuinely active partnerships between the government and people that exist at the national, local and community level. Taylor (1992) states that the role of government is crucial in terms of providing a suitable social, economic and political environment, which is able to protect and nurture local initiatives.

- **Sustainability:** Sustainability requires a holistic approach to rural development. In keeping with the related idea of creating sustainable livelihoods, rural development needs to encompass health, education, participation and social protection. Initiatives and strategies need to impact structures and processes involved with resource use, creation of income and governance (Hill and Nel, 2004).

- **Community participation and empowerment:** If there is any concept that dominates recent and present discussions on rural development it is that of community ownership, empowerment and participation. The basic objective of development needs to allow local people to become the subject, not the object of development strategies (Chambers, 1983; Khosa, 2001). Despite views that rural people are unable and incapable, research has shown that given the opportunity to do so, rural people have shown their ability to provide for themselves. Innes (2000) reports on the South African government’s commitment to community participation as a determining factor of successful rural development; Nel and Hill (1996) state that in reference to LED, it is through community participation and ownership that sustainable development occurs and Dewar (1994: 357) states that “development cannot and will not be delivered from above. It depends on ... the preparedness of individuals and groups to take control of their own destinies”.

The possibilities inherent within the sustainable livelihoods approach to rural development present us with possibly, one of the most effective means of confronting and solving the problems of poverty to date. Attention now turns to the specific case of South Africa, where the application of the sustainable livelihoods call for integration and participation within rural development is discussed.
2.3.4 Rural Development in the South African context

Rural areas in South Africa are characterised by a serious deficit in the provision of water, electricity, health care, education, housing and employment. The government's latest response to this crisis is the Integrated Rural Development Strategy, IRDS. This strategy is the government's programme for rural development that aims to foster an empowered and productive rural sector that can actively contribute to the country's economy (Innes, 2000).

The IRDS is the result of policies based on the RDP's commitment to grassroots involvement of people. Despite favouritism extended towards GEAR instead of the RDP in South African economics and development, the principles set out in the IRDS are based on priorities of helping rural people set their own targets for development and to create greater equality in resource utilisation such as land, water and finances. In addition to this, the IRDS seeks to improve the spatial economy of rural South Africa and to ensure the safety and security of rural communities (Hill and Nel, 2004).

Central to the IRDS is community participation and ownership. The document emphasises that development must be a community exercise so that the people will take responsibility for their own development. It is argued that projects that are locally initiated and managed have a far greater chance of reaching sustainability than larger projects imposed by external agencies. The document emphasises the need for community participation where local structures and traditional leaders work together with the government (Innes, 2000).

The IRDS recognises that successful rural development is reliant upon joint actions between rural people, local governments and provincial and national agencies. It emphasises the right that rural people have to call on their local government to provide assistance to gain information, for planning and implementing initiatives and for financial help. In particular, the IRDS views the role of local government to be vital to the development process in rural areas. Through local governments, the IRDS plans to allow rural people to set their own development agendas and to influence investment in infrastructure and service delivery; involve local communities in planning and managing projects and to provide capacity building programmes to assist local government and community organisations in the development process (RSA, 2001).
2.3.5 Conclusion
Within the context of Ellis and Biggs (2001), Hill and Nel (2004:132) pose the question, "are rural people aware of these shifts, are these shifts meaningful to anybody other than researchers?" The researcher doubts whether the average rural individual is actively aware of the theoretical shifts in rural development, however, there is little doubt that these shifts are meaningful to rural people. Although initially on a global level, the switch from state intervention to market liberalisation has had disastrous effects on poor individuals. One would be foolish and naïve to believe that occurrences on a global scale are separate from everyday life experiences of ordinary people. Those sitting in conference rooms debating which approach is best are probably most protected from the impacts of their decisions. Time and time again we see how global decisions effect poor and marginalised rural communities who have no power to change their realities.

The previous section has fulfilled the objective of setting the context in which LED is emerging and gaining prominence. The critique of development, aided by the sustainable development controversy, has verified the urgent need for an alternative means of development that challenges current economic assumptions and practices. The exposition of paradigm shifts within rural development thinking has illustrated the constructive impact theoretical debate can have on the application of development principles.

The sustainable livelihoods approach to rural development is one that embraces sustainability, economic diversification, state intervention and community empowerment and participation. It is within this scenario that LED is finding increasing support as a means of confronting the poverty-related problems experienced by rural communities. LED is founded on similar principles and therefore satisfies the aims and goals of the sustainable livelihoods approach. The following section discusses LED as an alternative means of development. More specifically, it looks at how South Africa has incorporated LED into development planning and policy.

2.4 Local economic development theory
As discussed in the previous section, the modernist borne meta-theory of development that dominated global thinking for the second fifty years of the previous century, failed to bring adequate relief from poverty for the vast majority of the world's poor and marginalised. Despite aspirations of Western development and globalisation bringing everyone to the
same level, the progression of development ideals proved to further exclude and marginalise the poor from ever sharing in the luxuries afforded by their rich counterparts (Latouche, 1993). Growing dissatisfaction with previously heralded ideals and models, opened the door for debate and for the idea of ‘alternative development’ to be embraced (Pieterse, 2001).

Within the spectrum of alternative means of development, opportunities for more locally relevant and people-centred development have risen to the fore (Nel and Rogerson, 2005; Bond, 2005). Experience in rural southern Africa has indicated a survival response to the poverty crisis that involves local communities returning to self-reliance, indigenous technology and locally based developments as the solutions to their economic struggles (Binns and Nel, 1999). In order to maintain relevance to the case study, the discussion of LED will focus specifically on South African examples.

2.4.1 Broad overview of the concept

Over the last decade, LED has been recognised as a key response to challenges of poverty and underdevelopment (Nel, Hill and Eising, 2004; World Bank, 2004). More specifically, LED has been associated with increasing decentralisation of power and decision-making processes to the local government level (Nel and Binns, 2005).

LED can be defined as “the process in which local governments or community-based organisations engage to stimulate or maintain business activity and/or employment. The principle goal of LED is to stimulate local employment opportunities in sectors that improve the community, using existing human, natural and institutional resources” (Blakely, 1994: xvi). This understanding of LED is evident in South Africa’s policies concerning LED as evidenced by the Provincial Growth and Development Strategy for KwaZulu-Natal’s definition which states that, “Local economic development should be seen as a process of deliberate intervention in the economy of a particular locality to stimulate economic growth by creating a local business climate, which fosters sustained private investment” (Vaughan, 1997:47 citing The Development Planning Management Committee for KwaZulu-Natal, 1996:26). The definition given by Nel and Humphrys (1999) emphasises that this process of using local resources to modify or expand the local economy, must be achieved to benefit the majority of the community. Vaughan (1997) identifies these benefits as jobs, revenue, investment in social infrastructure and long-term
prosperity. It is therefore evident that the key focus of LED concerns partnerships, economic sustainability, job creation and an increase in the quality of life shared by the local communities (Philander and Rogerson, 2001; Nel and Rogerson, 2005; Bond, 2005).

In response to this understanding of the concept, Binns and Nel (1999) and Nel and Humphrys (1999) emphasise the importance of local control and empowerment through fostering community reliance on local initiative and resourcefulness. Effective and sustainable LED rests on the degree to which local people seize the initiative to promote and develop economic and social improvements within their communities. The most effective means of achieving sustainable LED is through partnerships and joint endeavours with other communities, the private sector and relevant authorities such as local government. In agreement, Philander and Rogerson (2001) concede that within local communities LED should be understood as a partnership between the key actors such as those in local government and stakeholders representing the private sector, community and non-governmental organisations, NGOs. The role of a local champion who takes the initiative to form and maintain such partnerships is often of paramount importance. Previous research into LED has illustrated the negative consequences associated with external domination and control, and thus the participation of the local community, is essential for long-term sustainability (Nel and Rogerson, 2005).

Vaughan (1997) emphasises the need to create opportunities to develop multiple livelihoods for rural people and provides LED initiatives as a potential solution. Sitai (2001) reiterates this concept by stating that employment is crucial for addressing poverty. The LED concept is a key element in the 1995 National Rural Development Strategy as well as featuring in the 1996 Provincial Growth and Development Strategy for KwaZulu-Natal (Nel and Hill, 1996 and Vaughan, 1997). Nel and Hill (1996) illustrate that where communities with vision, leadership, and confidence in their abilities have adopted LED, significant results have been obtained and where communities have seized the initiative and taken ownership of development, sustainable livelihoods have been created.

These central principles of LED satisfy the requirements of many development critiques as discussed above. However, despite critique and disillusionment, neo-liberal economics still dominate global economics. It is therefore necessary to consider LED within the context of global economics.
2.4.2 Local economic development in a neo-liberal context
As has been indicated above, LED has been recognised as a key response to challenges of poverty and underdevelopment (Nel, Hill and Eising, 2004). More specifically, LED has been associated with increasing decentralisation of power and decision-making processes to the local government level (Nel and Binns, 2005). This has been largely due to forces such as globalisation, which promotes the retreat of central state in economic affairs, the rise of local leadership and innovation and the failure of macro-economic policies to adequately impact upon the poor at a grass roots level (Maharaj and Ramballi, 1998).

South Africa’s macro-economic strategy, GEAR, is aimed at enhancing South Africa’s ability to embrace forces of globalisation as they seek to re-enter and prosper within the global economy through foreign investment and growth in the private sector (RSA, 1996a; Philander and Rogerson, 2001). This lure of international investment and co-operation has resulted in the displacement of responsibility for local development and planning from national government to sub regional and local levels, specifically local government (Nel, Hill and Eising, 2004). Developmental local government (RSA, 1998) is therefore responsible for meeting the challenge of restructuring local economies and administration to meet the challenges of operating within a global economy, while ensuring that local communities are not neglected or relegated as the ‘forgotten’ (Philander and Rogerson, 2001; Nel and Binns, 2005).

Increasing recognition states that it is virtually impossible to distance one’s economy from the global capitalist system (Bouare, 2001). If one cannot break free from such a system and its devastating effect on the poor, surely the next viable option is to create the most effective means of working within that system to benefit those marginalised by it? LED has provided a means of empowering participation at the lowest levels of the capitalist system (Binns and Nel, 1999). LED is development aimed at promoting self-help and thus, according to Nel and Humphrys (1999), is able to achieve social and economic objectives at a grass roots level. LED incorporates the use of underutilised economic capacity, labour and resources in order that additional wealth may be created. Should this wealth expand through multiplier effects, an increasing proportion of the local economic will benefit, which in turn, benefits the nation. Concurrent to these economic benefits, economic development based on local participation and initiative boosts the morale of the
communities – their involvement in increasing their quality of living boosts levels of self-esteem and personal validation.

However, how best to achieve such an approach is often fraught with debate as indicated by the pro-poor / pro-market debate (Rogerson, 2002). Should LED be seen as a break-away from neo-liberal economics because of its people-centred focus or does LED yield the best results when it is merely a form of restructuring within a neo-liberal context?

2.4.3 The pro-poor/ pro-market debate

Two broad strategic approaches towards LED exist internationally, the market-led or pro-market approach and the market-critical or pro-poor approach (Rogerson, 2005b). The pro-market approach focuses on the attainment of economic growth through attracting investment from large-scale economic corporations and macro-economic policy based on neo-liberal principles. In comparison, the pro-poor approach focuses on the community, grassroots level of economic development and are often highly critical of pro-market approaches (Binns and Nel, 1999; Hill and Eising, 2004; World Bank, 2004).

- **Pro-market approach**: The focus within such an approach is geared towards enabling local economies in terms of adjusting to and benefiting from macro-economic reforms and structures. Philander and Rogerson (2001) and Rogerson (2005b) list individual self-reliance, entrepreneurship, market expansion, increased and effective competitiveness, maximum employment and sustainable growth as the emphasis of this approach.

- **Pro-poor approach**: In comparison to the above, the objectives of a pro-poor approach is to seek to achieve local self-reliance, empowerment, community participation and cooperation and sustainability (Rogerson, 2005b). These factors take precedence over dealing with unemployment because without these factors sustainability and the ability to tackle unemployment effectively are seriously constrained (Philander and Rogerson, 2001; World Bank, 2004). As with all pro-poor approaches, all development needs to be orientated towards the poor such that it is the poor who directly benefit from economic activity (Ashely and Roe, 2002).

Nel, Hill and Eising (2004) argue that instead of debating between the benefits and short falls of the two, seemingly opposing approaches, the best approach is one where both
approaches are pursued in conjunction with each other. The combination of both approaches’ strengths can lead to a situation where the needs of all stakeholders are met and that meaningful economic growth can be achieved for smaller emerging business sectors through the capital generating market approach.

However, reality is often such that what appears theoretically feasible is often far more complicated when applied to everyday life situations. As stated previously, theory and application have to be viewed in conjunction with one another. An analysis of applied LED reveals some of the issues, limitations and complications that arise in the practical application of LED initiatives, as well as illustrating the large potential existing within LED.

2.4.4 Applied local economic development
An extensive review of applied LED led Nel (1999) to classify applications of LED as consisting of two major groups: authority-based and community-based.

- **Authority-based** applications are genuinely ‘top-down’ in nature (Mackenzie, 1992). This is often experienced as direct control from a local authority or facilitation and control from an external, private agency. Local Authorities, often through consultation with key stakeholders or community leaders, decide on development options for their region. Within South Africa, this is often the case for the larger metropolitan areas such as Cape Town, Johannesburg and Durban (Rogerson, 1997; Maharaj and Ramballi, 1998; Nel, 2001).

- **Community-based** applications follow the concepts of the ‘bottom-up’ approach to development as discussed by Mackenzie (1992) and Taylor (1992). These are common to smaller centres where communities, under the leadership of a local leader, NGO or community committee, initiate and facilitate development within their area (Nel, 1999).

Due to the abuse and exploitation of power that has characterised so many top-down approaches to development (Mackenzie, 1992; Connelly and Smith, 1999; Nel, 1999), the pendulum has swung to a situation where any top-down approach is met with disdain and disapproval. However, for many under-resourced and struggling communities, the assumption that community-led development is their means to prosperity is often misleading and futile. As Nel (1999) has shown, many community-led initiatives are unable
to maintain sustainability and very often find themselves struggling to survive on weak and fragile foundations.

The major set back facing most locally driven economic initiatives, is the severe challenges they face regarding economic, resource and human capital constraints. In the developing world where many national governments are held back by such limitations, the situation faced by localities is even more desperate. For many rural areas, the greatest hurdle to be overcome when attempting to initiate economic development is the lack of a trigger factor or catalyst. It is for this reason that external support is often crucial in the early stages of LED development.

2.4.4.1 Role of government in local economic development

Nel and Humphrys (1999) emphasise that although the post-modern trend is to promote local economic autonomy and independence, the reality is that most rural areas or small towns require a significant degree of support, facilitation and finance from an external source. Despite global economic preference for the market, in many cases this external source is the government. In the developing world especially, it is imperative that one acknowledges the need for a combination of top-down and bottom-up approaches when seeking to address economic development. The importance of authorities in this process cannot be over-emphasised. Neo-liberal assumptions of trickle-down effects and local autonomy have failed poor communities as they did not recognise that inclusion into a market-driven production and economic system, to the point of independence of state aid, cannot happen without active implementation and action from an external source – the odds against the poor are too great.

The responsibility facing national government is to create social, economic and political conditions through which external support and facilitation structures are established for local communities. It is within these structures that the context of LED operates to its greatest potential. National governments need to structure their systems of public ownership, equity investments and welfare distribution and subsidies in such a way so as to promote opportunities for local development as opposed to achieving greatest economic returns on investment for national benefit. What is increasingly viewed as the most effective structure for achieving these means is the use of local government as the initiator and co-ordinator of LED. Local government is able to interact with communities on a grass
roots level as well as operating as a channel through which central government can support communities at the local level (Nel and Humphrys, 1999). For this reason, the trend has evolved whereby there is a devolution of central government authority and the responsibility and function of local development to local governments (Hill, Trotter and Nel, 2003). This has been especially relevant to rural communities whose development is often severely threatened due to the constraints and challenges pertaining to their situation such as limited access to finances, resources and expertise.

2.4.4.2 Local economic development in rural areas

Binns and Nel (1999) emphasise that when comparing LED initiatives in the first world to a third world situation, the dichotomy must be made between increasing growth through the big business approach of the former and the survivalist strategy adopted by the latter. Mackenzie (1992) and Taylor (1992) associate first world LED with big-business investment, private sector support and initiation and large project development. In comparison, LED in a characteristic third world scenario such as a rural setting, is more likely to incorporate community-based initiatives, indigenous skills and resources and survival goals as opposed to achieving global status. Economic growth has a history of benefiting those at the top who are already wealthy (Vaughan, 1997; Sitai, 2001) and thus LED in rural areas has to be constantly monitored and evaluated with regards to whom is benefiting. In addition to this, in understanding the diverse and complex nature of rural areas, it is often pertinent to question whether LED is the best option and if so, what form of LED should be applied.

As is so often the case with concepts teeming with possibility and opportunity, the situation arises where concepts are adopted without careful consideration and planning. A wise approach to LED, specifically that pertaining to rural development, is one that recognises the pre-requisites and requirements necessary for sustainable LED to take place before it is adopted. With reference to the provision of government support in the early stages of implementation (Nel and Humphrys, 1999), help is provided once certain assumptions have been fulfilled. Successful LED is evident when the local economy becomes self-supporting from a long-term perspective (Nel, 1999) and thus, there must be evidence that the local community has the potential to ensure this factor of sustainability.
In addition to community leadership and vision (Nel and Hill, 1996), indicators of this potential include potential entrepreneurs, available financing and the ability to acquire capital to continue running the development initiative. Over and above these considerations, it is fundamental that a sufficient market demand exists to maintain long term economic sustainability. In terms of internal dynamics, political stability and structure needs to be in place that supports LED. This can often be determined according to the emphasis placed on education and training for local people as well as the preparation of management systems to ensure long-term sustainability (Nel and Humphrys, 1999). The most successful and sustainable rural LED initiatives are those that promote the growth and success of local micro-enterprises as opposed to restructuring the local economy for growth (Philander and Rogerson, 2001).

2.4.4.3 The role of small, medium and micro-enterprises
According to Rogerson (2001), the promotion of small, medium and micro-enterprises (SMMEs) has been recognised as a key economic strategy needed for reconstruction and development in poor communities. The reality of substantial decreases in agricultural employment expected in future years, creates a substantial challenge for governments in terms of finding alternative sources of employment in rural areas. It is against this backdrop that the potential significance of SMMEs has been recognised.

With reference to economic strategy, Koch, De Beer and Eliffe (1998) explicitly state that viable small and micro businesses do not emerge as a result of a trickle-down effect from some greater market-based process such as tourism or as spontaneous responses to market forces. Specific opportunities need to be identified and promoted during the early stages of economic development planning and implementation. Rogerson (2001) continues to stress that for sustained growth to occur, it is essential that SMMEs are integrated into a long-term strategy. Short-term strategies geared to alleviate poverty by creating immediate jobs in the near future are most often not sustainable. What is required is vision to promote long term processes that emphasise the gradual elimination of poverty through sustained growth in employment, productivity and income. This process often relies heavily on the role of local government in stimulating and sustaining the rural SMME economy, especially through policy interventions that enhance a community’s capacity for initiating local economic development (Rogerson, 2001).
In response to tourism-based LED, Rogerson (2002) comments that it is essential that SMME development in disadvantaged communities confronts the obstacles of economic, educational, skills and resource constraints facing the local communities. Where project beneficiaries are limited to white-owned tourism enterprises, the effective empowerment and progression experienced by the broader community remains illusive. However, if correctly managed and planned, tourism-based LED provides multiple opportunities for SMME development that provides employment and empowerment opportunities for local people. In addition to this attribute, Odendal and Schoeman (1990) promote the development of tourism to enhance and stimulate the economic competence and independence of rural areas as it permits a creative combination of the utilization of natural and cultural resources on an economically sustainable basis for the benefit of the local communities.

2.4.4.5 Tourism-based local economic development
According to Philander and Rogerson (2001), the most distinguishing feature of rural LED planning is the emphasis placed on the utilisation of natural resources. Traditionally, rural economic restructuring through LED initiatives has been built with the aim of strengthening the agricultural sector, diversifying the local economy through attracting new production options, creating or strengthening the tourism market and promoting public expenditure in favour of the poor.

Rural development has expanded to include a greater variety of industries that are able to provide sustainable livelihoods for local communities. It is widely accepted that tourism provides opportunities to earn foreign currency as well as creating employment opportunities. In many rural settings primary and secondary activities no longer provide employment nor sustainable livelihoods and thus tourism is increasingly viewed as the only ecologically viable opportunity for socio-economic development (Odendal and Schoeman, 1990). Tourism is perceived to have the greatest growth potential and is thus considered a key factor in the development of many rural areas exhibiting a rich natural or cultural heritage (Innes, 2000).

Due to the rich natural and cultural heritages, which are most often a rural community’s greatest asset, nature-based tourism is increasingly viewed as the preferred medium for economic development in rural areas (Hill and Nel, 2004). Current trends indicate that rural
communities are attempting to diversify their economies by adopting the concept of eco-tourism and / or nature based tourism. These brands of tourism are classified as pro-poor, which is one of the latest strategies promoted in tourism theory (Roe and Urquhart, 2001).

Ashley and Maxwell (2001) discuss tourism as an example of the potential for the rural non-farm economy to increase benefits to the poor. Research in southern Africa has shown how pro-poor tourism initiatives were able to increase incomes for the poor, to strengthen community institutional capacity, protect the environment and create new commercial and political partnerships, which involve poor people (Nel and Humphrys, 1999, Rogerson, 2005a). Although all different from one another, each initiative depended on state intervention to some degree in terms of policies, regulation and co-ordination. Governments were involved in providing infrastructure, legislation for secure tenure and encouraging private operators to make and implement pro-poor commitments and partnerships (Nel and Humphrys, 1999).

Rogerson (2002) illustrates how LED, specifically within South Africa, has been geared towards trends such as increasing production and / or manufacturing, promoting business and attracting new investment. In comparison to these trends, tourism-based LED provides an opportunity to promote economic development founded on consumption as opposed to production-based growth and development. In addition to this, tourism has been internationally acclaimed as a catalyst for job creation, and thus, is now considered an essential factor in promoting economic development within South Africa. Where opportunities for emerging entrepreneurs exist, initiatives should be pursued as well as seeking to develop closer business linkages with larger, more established tourism enterprises (Rogerson, 2005a).

However, despite the increasing trend to promote localities as centres of consumption rather than production through the avenue of tourism, certain factors need to be in place for successful tourism to succeed. Rogerson (2005a) considers three critical factors required for any destination to emerge as a successful tourism space: the development and marketing of a competitive tourism product based on the resources available to the destination; the development of both physical infrastructure and economic strategies to support the tourism market; and effective management and planning processes to ensure the long-term sustainability of the tourism product.
In terms of developing a successful tourism product, it is also essential that the local community is made aware of the potential associated with tourism in terms of economic opportunities. Local leaders and authorities must realise the potential existing within tourism so that they can detail local leadership and vision (Nel and Hill, 1996; Rogerson, 2002). Roe and Urquhart (2001) provide the following benefits of tourism, specifically from a pro-poor perspective:

- The industries’ diversity increases opportunities for broader participation and inclusion and development of the informal sector;
- The customer travels to the product thus providing opportunities for linkages. This also solves the isolation problem faced by many rural areas; and
- Tourism is often developed around natural and cultural assets – very often the only assets available to poor communities

However, although tourism, specifically eco-tourism, is often heralded as the epitome of sustainable development, Odendal and Schoeman (1990) remind us that there is often a vast difference between the needs of the tourist industry and those of the local people – especially in third world countries. Keeping this in mind, it is possible to design tourist initiatives that enhance the development of rural areas such that the local people experience the benefits.

Odendal and Schoeman (1990) and Koch et al., (1998) highlight some of the other problems associated with tourism-led LED:

- Huge disparities in employment levels during the on-season compared with the off-season. Many employees cannot rely on a constant income;
- Employment growth in menial and/or poorly paid jobs. This is especially evident when external people are brought in to occupy the higher paid managerial and administrative positions;
- Economic leakages to larger, external tourism markets;
- Mobilisation of the private sector investment which has the potential to exclude or reduce local participation and decision making processes; and
- Environmental impacts of tourism: although considered by many as a safe alternative, eco-tourism exposes remote areas to tourists and thus makes them vulnerable to human impacts and intervention.
In response to these challenges, Koch et al., (1998) encourage small-scale, locally driven and owned enterprises and activities. Locally owned businesses are likely to utilise a far greater percentage of local resources, to create an effective multiplier effect within the community and to reduce leakages to external markets.

According to Rogerson (2001), it is for these reasons that the promotion of small, medium and micro-enterprises (SMMEs) has been recognised as a key factor in the local economic development strategy developed for reconstruction and development in South Africa. The principles behind SMMEs are congruent with current understanding of LED in South Africa, which emphasises the process whereby local initiative combines skills, resources and ideas in stimulating local economies to respond innovatively and competitively to changes in national and global economies. The aim of this process is to move towards the goals of job creation, poverty alleviation and redistribution (Philander and Rogerson, 2001).

In addition to the more specific and practical solution given above, Rogerson (2005a) also discusses the major themes associated with the success or demise of tourism. Tourism needs to be inclusive and democratic, especially regarding the involvement of local communities in the decision-making processes. This is especially relevant considering that tourism development often requires public financial resources to be directed away from social facilities and services in order to fund the relevant initiative or product. It is therefore important that the distribution of costs and benefits extends to the local communities and not just to the private sector. In response to this reality, partnerships between the private and public sector need to ensure that local communities are not excluded from these partnerships, but rather stand to benefit from the partnerships created for the tourism industry.

Essential to this process of community involvement is the principle of community support. The community needs to understand and support the concept of tourism, especially its potential to bring economic growth and development to the area. Support from the community is essential to the long-term sustainability of any tourism based LED strategy or initiative. In terms of ensuring sustainability of the tourism venture, it is also imperative that tourism is integrated into a broader economic strategy to avoid heavy reliance and dependence on one economic sector. Finally, once the tourism based LED strategy is
functioning, it is essential that effective monitoring and management systems are put in place to ensure future sustainability (Rogerson, 2005a).

2.4.5 Local economic development within the South African context

An extensive overview of LED research in South Africa is provided in a recent study of the role of local government in promoting LED (World Bank, 2004). This overview considers the rise of LED research from the perspective of national development planning, LED in major urban centres, LED implementation in small and rural towns and finally, thematic or sectoral investigations. For the purpose of this dissertation, the theoretical focus will be placed on the occurrence of LED in rural circumstances, the related rise of tourism-based LED and the development of LED policy. With reference to the role of policy, an extensive discussion regarding the creation of local government as a principal facilitator of the LED process will follow.

South Africa has been heralded for its initiatives taken concerning its approach to LED within the country since 1994: “South Africa is one of the pioneers in the planning for LED in the contemporary developing world and the most advanced example of LED initiatives in Africa” (Philander and Rogerson, 2001:76). Specifically, they have been acknowledged for their policy measures that have been designed to encourage LED initiatives at both the urban and rural level (Philander and Rogerson, 2001 and World Bank, 2004). As is the usual procedure, initial thinking regarding LED in South Africa was influenced by Eurocentric concepts and experiences, specifically those of Britain, Australia and the USA. However, the focus has shifted to a more indigenous approach as debates over township and rural development have risen to the fore (Philander and Rogerson, 2001; Maharaj, 2002).

The transformation from apartheid to the democratic South Africa incorporated the relegation of previous top-down approaches to development planning and embraced the logic of local economic development initiatives. The previous ten years have been characterised by consistent urgency for the need to overcome poverty and inequality in South Africa. LED has gained support and prominence due to its ability to incorporate grassroots level participation and decision-making processes (World Bank, 2004). As emphasised in the RDP (ANC, 1994), the focus of development in South Africa is to
empower local people, alleviate poverty and to ensure that those who are most vulnerable are fully incorporated into the development process.

In light of this discourse, central government’s control over local development planning was shifted in favour of local authorities and involvement in regional and local development. This relegation was in response to central government’s awareness of their inability to adequately deal with and provide social, welfare and economic services and support at a grassroots level. This carried particular emphasis to rural, poverty stricken areas within the country (Maharaj and Ramballi, 1998). In response to this reality, central government has provided avenues of support for poverty stricken nodes of development. The Local Economic Development Fund, LEDF, introduced in 1999 and administered by the Department of Provincial and Local Government, DPLG, is targeted specifically at poverty alleviation projects. The LEDF is a central government scheme that was established to provide funding for community driven economic development. Specifically, the LEDF finances employment-generating projects in the smaller and under-resourced local authority areas (Nel and Binns, 2005).

Commitments from central government such as the LEDF, illustrate that within South Africa LED is seen as an outcome-based, local initiative that needs to be driven by local residents. In keeping with the objective of providing services and economic opportunities for rural communities, the aim of LED needs to be employment for local residents, poverty alleviation and resource redistribution (Philander and Rogerson, 2001). It is at once noticeable that the apparent favour given to LED is not completely in line with the country’s macro-economic policy, which is based on neo-liberal economics. As opposed to retreat of the state, privatisation and market-led economics, LED offers local government facilitation, the provision of services and resource distribution. How does the promotion of LED as a poverty alleviation scheme fit into the greater economic strategy adopted by the country? Does it even have a place? Is South African LED specifically pro-poor or pro-market?

2.4.5.1 Pro-market/ pro-poor debate in the South African context
According to Philander and Rogerson (2001); Nel, Hill and Eising (2004) and the most recent World Bank study on LED (World Bank, 2004), South Africa exhibits elements of both the pro-market and pro-poor approach to LED. However, despite this reality, the
distinctive emphasis placed on poverty alleviation as a means of redressing the legacies of apartheid is evident in relevant policies favouring the pro-poor approach (RSA, 2000; DPLG, 2002).

Despite the pro-poor allegiance evident in national development policies, it must be noted that these pro-poor policies exist parallel to the pro-market macro economic strategy and, therefore, pro-poor development finds itself co-existing with other economic trends within a broader national development structure. While this combination of development foci is often encouraged and thought to have a mutually symbiotic effect (Nel, Hill and Eising, 2004), the practical application is often more complex. For example, South Africa is yet to have completed a formally approved LED policy. The 2002 draft (DPLG, 2002) was unashamedly pro-poor in focus and thus did not meet the full requirements of those aligned with pro-market ideologies. This reality reminds us that “it must be borne in mind that there are often conceptual and applied dissimilarities between the strong pro-poor pronouncements in LED related documents and the reality of an economy and economic policies strongly focused around pro-market/neo-liberal practises” (World Bank, 2004:4). As has been previously stated, it is during the application of theory that complexities will arise.

**2.4.5.2 Applied local economic development in South Africa**

Complexity is inherent within the application and implementation of theory. Central to the critique of development discourse is the recognition of diversity and the need for flexibility (Taylor, 1992). It is naïve to assume that all LED applications within South Africa follow the same structure and process. However, while embracing diversity and the complex dynamics unique to each locality, there is still a place for categorising general applications as this makes the analysis thereof, far less complicated.

Within the South African context, Nel (2001) has further broken down the dichotomy between authority and community based LED and identified four variants of LED that are currently being applied in South Africa. These four variants are defined according to the means or agency by which they are initiated and / or facilitated. The first three variants most often apply to an authority-based approach, whereas the fourth is the only true community-based approach:

- Formal local government initiatives;
- Top-down LED (provincial government, national organisations, private business);
- Section 21 Development Corporations (Non-profit organisation); and
- Community-based / small town initiatives (often linked to NGO support)

This dissertation will be analysing a formal local government approach to LED by evaluating the role played by the Ingwe Local Government in initiating and facilitating LED in their municipality. It is therefore necessary to consider the formal local government approach in greater detail. This approach is characterised by local government as the active change agent in the developmental process and the initiatives are most often propelled due to government policy (Nel, Hill and Eising, 2004). Within South Africa, there is unanimous recognition that formal local government initiatives have developed due to changes in policy (RSA, 1998; DPLG, 2002). The role of policy transformation and its effect on LED in South Africa will be extensively discussed in section 6.4.

Due to their vast resources and skills base, the four major metropolitan governments have all illustrated the potential that exists within the formal local government approach (Rogerson, 1997; Nel, 2001). These LED initiatives have generally followed the pro-market approach as they have sought to capitalise on emerging economic opportunities as the country has re-entered a global economic environment.

Johannesburg has launched economic development strategies aimed at transforming the metropolitan area into a world city (Rogerson, 2005b) through marketing strategies, investment in infrastructure and property and through the use and promotion of world class sporting facilities (Nel and Humphrys, 1999). Cape Town is widely recognised for its Victoria Waterfront development which is heralded as a world class tourist destination, which placed Cape Town on the map as an internationally competitive city (Rogerson, 1997). In addition to this, the Cape Town metropolitan has embraced the opportunities lying latent in international interest in traditional culture and experiential tourism (Nel and Binns, 2005). Durban has placed herself on the map through their International Convention Centre and the beginnings of the Point Waterfront Project (Maharaj and Ramballi, 1998) including the uShaka Marine World in 2002.
However, while the major metropolitan governments have enjoyed success, these opportunities have not been grasped in all South African cities. Most towns and cities find themselves lacking the resources needed to successfully implement LED initiatives and still rely on central government for guidance and support (Rogerson, 1997; Nel, 2001). This has been especially relevant to small towns in rural areas.

Philander and Rogerson (2001) state that while LED planning was embraced during the late 1990's in the four major urban areas, rural economic initiatives remained comparatively underdeveloped. Although Nel’s (1999) exposition of LED in the Eastern Cape brought attention to the challenges of rural LED in South Africa, rural LED initiatives remain limited in comparison to their urban counterparts. Nel and Humphrys (1999) observed that there was little tangible progress concerning locally initiated LED strategies in rural areas and small towns. Failure of rural LED initiatives to achieve impressive success or sustainability can be attributed to lack of external support, the current weak nature of local government and serious resource shortages (Philander and Rogerson, 2001).

Whereas the larger metropolitan councils have pursued activities geared to promote macro-economic growth through establishing themselves as global centres (Nel and Humphrys, 1999), small towns and rural communities have focussed on community-based enterprises aimed at targeting and impacting at a local level (Nel, 1999). In comparison to the International Convention Centre in Durban characteristic of a pro-market approach to LED (Maharaj and Ramballi, 1998), one of the more successful rural based LED initiatives is the community initiated, pro-poor development example of Stutterhem, which sought to oversee housing provision, small business support, job creation and educational improvements (Nel, 1994).

From a more critical perspective of the pro-poor approach, Bond (1998) discusses the problems experienced due to South African municipalities’ inability to adequately provide the services promised and the resultant influence of privatisation, which further isolates the poor and is often at the cost of local democracy. According to Hemson (1998:1), there is pressure for local government to focus on “ensuring service delivery as opposed to directly providing services”. However, although privatisation is widely accepted and implemented on an international scale, it often leads to the incapacitation of local government in poorer contexts. This is especially relevant in rural South Africa.
2.4.5.3 The case of rural areas and small towns in South Africa

The stark reality faced by most small towns and rural areas in South Africa is one of economic decline and stagnancy, absent private sector support and investment, a declining local tax base, population fluctuations due to migrant labour and a critical shortage of professional and accountable staff members. Local authorities have to face the challenge of starting from a low or zero resource base, a challenge not found in cities. The pressure placed on local authorities to create and promote economic and social development is therefore a heavy burden for struggling authorities (Nel and Humphrys, 1999; Hill, Trotter and Nel, 2003; Nel, 2005). Within the small towns and rural communities of South Africa, LED is most pertinent to dealing with economic decline, severe poverty and limited resources. It is no surprise therefore to discover that most rural based LED initiatives encompass a pro-poor orientation (World Bank, 2004).

The predominant pro-poor focus of such strategies is a necessity – issues of ‘development from below’ (Taylor, 1992) and local ‘self-reliance’ (Chambers, 1983) are not merely approved rhetoric, but vital fibres essential to the continued sustainability and success of development (World Bank, 2004). Within the IRDS, LED is identified as a tool for local governments to confront the challenges of social and economic development. More specifically, local governments are encouraged to embrace economic diversification, training, service provision and housing (Nel and Humphrys, 1999).

Early rural LED strategies focussed on harnessing the more apparent and traditional rural assets such as small-scale farming and community based initiatives as illustrated by the Stutterheim (Nel, 1994) and Hertzog (Nel and Hill, 1996) examples. However, economic diversification is becoming increasingly important to rural communities due to the stagnation of South Africa’s manufacturing economy and the loss of jobs in the agricultural sector due to mechanisation. The decline in economic performance in both these sectors has resulted in high levels of unemployment across the country (Ashley and Maxwell, 2001; Rogerson, 2001). In addition to this, the migratory labour system, firmly established within South African economics, has deprived rural areas of their local people and led to the virtual collapse of its agricultural base (Hill and Nel, 2004). Rural areas therefore face huge risks related to changes in external markets and are increasingly vulnerable to the seasonal fluctuations experienced within the agricultural sector.
In response to these realities, the rural non-farm economy (Start, 2001) is gaining in prevalence due to its ability to combat risks and vulnerabilities associated with livelihood insecurity (Devereux, 2001). The sustainable livelihoods approach encourages a multiple-livelihoods approach to economic development (Ellis and Biggs, 2001). It is through diversification that risks and vulnerabilities can best be dealt with. In response to this need for economic diversification and revival, the transition towards tourism-led development has gained popularity with small towns in South Africa (Binns and Nel, 2002; World Bank, 2004). According to Nel (2005:263) small towns incorporating tourism into their LED strategies seem “to be riding the crest of a newfound wave of prosperity and local expansion which has enabled such towns to experience unprecedented levels of growth”.

2.4.5.4 Tourism-based local economic development within South Africa
As part of the government’s agenda to tackle the challenges of poverty inherited from apartheid, tourism-based initiatives were initiated and promoted as a means of supporting economic development across the country (Rogerson, 2002; Burrows, 2003). Faith in tourism to achieve economic development was based on its potential ability to boost the economy through job creation, foreign investment attraction, rural development and black economic empowerment: “there are obvious reasons for linking tourism with poverty in southern Africa: the tourism sector is large and many southern Africans are poor. The growth of one should be harnessed for the reduction of the other” (Ashley and Roe, 2002:63).

Therefore, since 1994, greater resources have been allocated towards creating an environment that supports tourism growth (Roe and Urquhart, 2001; Burrows, 2003). Binns and Nel (2002) emphasise that both the LEDF, and the Department of Environment and Tourism’s (DEAT) Poverty Relief Fund acknowledge the role of tourism endeavours in alleviating poverty. In addition to this, the Poverty Relief Fund was established to financially support and facilitate tourism infrastructure and product development.

In addition to these funds, tourism-based economic development is further being promoted in South Africa through the concept of development initiatives known as Spatial Development Initiatives, SDIs (Koch et al., 1998). The SDIs identified a combination of potential areas that could be developed through tourism to create opportunities and a framework for spatial development within the country. The most popular examples of these
corridors include the Wild Coast in the Eastern Cape and the Lubombo Development Corridor extending across the north east of the country. In terms of community empowerment and economic development in marginalised and isolated areas, infrastructure, employment, education and training are an expected outcome of these development initiatives (Koch et al., 1998; Khosa, 2001). Parallel to this nationally driven initiative, the country has also witnessed locally driven initiatives, which have aimed to use tourism as their means of promoting economic development in their regions or communities (Rogerson, 2002).

According to Rogerson (2005a) there is an increasing trend for local authorities, often in partnership with the private sector, to choose tourism as the lead economic sector in the process of pro-actively confronting the challenges of poverty and economic stagnancy. In these cases, LED is developed by using a locality’s natural, built or cultural resources to market it as a tourist destination. In addition to the urban tourist initiatives of Cape Town, Johannesburg and Durban, tourism-based LED is also being developed in smaller towns, the best examples of these being Stilbaai and Lambert’s Bay.

In reference to locally driven tourism-based LED, Rogerson (2002) urges a greater commitment towards creating and promoting a pro-poor tourism policy. Social and welfare planning need to be incorporated within tourism planning to ensure long-term sustainability and tangible benefits for the local communities. This will require forming local partnerships and networks (Nel and Humphrys, 1999) to ensure the benefits of tourism are directed locally and not lost due to leakages to an external market. In addition to this, it is imperative that local programmes are developed to build-up the local asset and skills base and that access to finance, land and training is firmly established. Roe and Urquhart (2001) state that the belief in tourism as a poverty reduction strategy, compels the government to adopt a pro-poor approach to tourism.

Ashley and Roe (2002) substantiate the importance of a pro-poor orientation that increases the benefits to poor people as a result of the relevant tourism development. Tourism’s ability to include women and provide opportunities for the informal sector, its enhancement of natural and cultural resources and its applicability to rural areas renders it more conducive to pro-poor growth than many manufacturing alternatives (Roe and Urquhart, 2001). A pro-poor approach is characterised by social, environmental and cultural benefits.
as well as economic growth. This is achieved through a perspective that prioritises poverty-related issues as it aims to enhance the tourism initiative’s contribution to sustainable poverty reduction. Unlocking opportunities for the poor through tourism is deemed more important than overall economic growth for the tourism sector.

The success of pro-poor tourism in rural areas rests on the greater context within which it is initiated. Pro-poor initiatives of any kind cannot be viewed as stand-alone initiatives. Especially in the case of small-scale, locally driven initiatives, the existence of a greater support structure is essential for long-term sustainability (Ashley and Roe, 2002). As discussed previously, this is of unequivocal importance when considering that these initiatives have to survive in a neo-liberal context driven by big business and profit gains. The presence of South Africa’s supportive national policy structure is inherently related to the sustainability and success of all small-scale pro-poor initiatives.

2.4.5.5 National policy

"South Africa’s pursuit of LED is noteworthy in international terms because of the very high level of legal and policy endorsement which it enjoys and the apparent pro-poor focus which has been a defining characteristic of LED policy and thinking in the country" World Bank, 2004:3.

Although the majority of LED interventions in South Africa have been centred towards pro-growth and pro-market interventions, an increasing fascination towards pro-poor interventions has been evident in recent years. In response to the challenges of addressing the social and economic disparities inherited from the previous regime, the principle of pro-poor development has become central to development planning in South Africa. As indicated in the recent World Bank study, “the policy shift which is taking place in South Africa is clearly of significance and, if managed correctly, could lay a valuable basis for addressing the country’s very serious development challenges” (World Bank, 2004:33).

However, it must be noted that pro-poor planning in South African politics exists within a neo-liberal macro-economic strategy. Despite the promotion of a pro-poor, redistributive growth focus during 1994 and 1995, 1996 saw the government adopt the GEAR strategy which is based on neo-liberal politics and economics (Cheru, 2001). This has been previously discussed in section 2.2.4.
As with pro-poor tourism (Roe and Uruquart, 2001), pro-poor development is envisioned to occur directly through specific economic strategies or indirectly through adjusted local government activity whereby service provision and development planning prioritise the needs of the poorest. Within South African policy, the idea of pro-poor development is characterised by an emphasis on the need to refocus municipal functions and activity so that service provision and economic planning initiatives are geared around prioritising the needs of the poorest. Practically, this requires creating social and economic conditions that facilitate the creation of employment opportunities for the poorest of the poor. The development of pro-poor policy in South Africa can be traced through the following documents:

- The Reconstruction and Development Programme (ANC, 1994)
- The Local Government White Paper (RSA, 1998)
- The Local Government Systems Act (RSA, 2000)
- Draft LED Policy (DPLG, 2002)

These documents set out the parameters for pro-poor economic development by establishing the fundamental developmental role of local government and the authority that has been delegated to them in order that, through participatory planning, the needs of the poorest will be met (World Bank, 2004). These documents all emphasise the importance of promoting developmental local government, which has the authority to take on the social and economic challenges facing their communities (Philander and Rogerson, 2001).

**Reconstruction and Development Programme**

The principles of the RDP were summarised by the ANC as follows: “An integrated programme, based on the people, that provides peace and security for all and builds the nation, links reconstruction and development and deepens democracy” (ANC, 1994:7). The RDP was the first South African document that served to address the challenges of poverty and inequality and proposed community-based development as the means by which the poorest and most disadvantaged sectors of society could be empowered (Binns and Nel, 2002). The RDP was initially constructed as the ANC’s policy document prior to the 1994 elections. Subsequent to the elections in September of 1994, it became the first established policy document in the form of the new government’s ‘White Paper on Reconstruction and Development’ (Maharaj and Narsiah, 2002; World Bank, 2004). In an increasingly
globalised world where neo-liberal principles were becoming the bond of the developed nations, the RDP stood out due to its claim to be a “people-driven process” which focused on meeting the people’s most basic and immediate needs (ANC, 1994:5).

The RDP was implicit in stating that the concepts of grassroots empowerment and active participation by all levels of society were fundamental to addressing development in South Africa. The emphasis placed on development planning encompassing all levels of state, integrating with NGOs and community based organisations, emphasised the government’s dedication to community participation and pro-poor development (Khosa, 2001; Maharaj and Narsiah, 2002). Through the commitment to integrated and participatory development planning, the RDP also led the way for the concept of developmental local government. This was based on the recognition that central government did not have the means to effectively tackle poverty reduction at a grass roots level (ANC, 1994). The RDP was therefore, instrumental in laying down the conceptual framework needed for the integration of LED, and more specifically pro-poor LED, into South Africa’s development planning and policy.

The White Paper on Local Government

The White Paper on Local Government (RSA, 1998) is explicit in terms of laying out the role to be assumed by local governments. Essentially, local governments need to be developmental. They must pro-actively exercise their powers and functions in a way that maximises the social development and economic growth of their relevant communities. The Paper calls on local governments to provide leadership and vision and to creatively adopt new approaches associated with partnerships, increasing the efficiency of planning processes and encouraging social ownership and responsibility. Suggested strategies include investment support, assistance to small firms and emerging entrepreneurs, labour-based development, land release, research and training. Generally, smaller towns have proven to be more innovative and responsive to these challenges as opposed to the larger centres that have shown gradual progression (Nel and Humphrys, 1999; World Bank, 2004). The White Paper endorsed basic service subsidies, support to community organisations and emphasises the need for policies that directly linked economic growth with redistribution and community development, specifically for the poor (Bond, 2005). The White Paper was significant as it represented a fundamental break from past concepts concerning the role and responsibility of local government.
The Local Government Systems Act of 2000

The Local Government Systems Act (RSA, 2000), also known as the Municipal Systems Act, was the last fundamental piece of legislation in the process of establishing the principle of participation in local governance and development. This policy implicitly defined operational procedures, powers and management systems with respect to facilitating pro-poor LED (World Bank, 2004). This Act was instrumental in setting out the principles required to establish local government as a principal delivery agent for LED. This will be discussed more extensively in section 3.6.

Draft LED policy

The Draft LED policy of 2002 has been referred to as “probably one of the clearest statements on pro-poor LED in the World” (World Bank, 2004:13). Its title, ‘Refocusing Development on the Poor’ is indicative of the policy’s pro-poor approach (Bond, 2005). The document argues that in response to the problems of poverty and inequality, which are entrenched in the country’s social and economic fabric, a pro-poor approach to development must be harnessed and acted upon (DPLG, 2002).

The document proposes that local governments can attain pro-poor development through the achievement of the following goals and objectives:

- To establish an environment conducive to economic growth;
- To implement sustainable rural development and urban renewal; and
- To focus development on the poor and disadvantaged – a holistic approach to LED that is centred on redistribution in favour of the poor (World Bank, 2004).

As has been discussed previously, pro-poor development is achieved when development is based on community participation, where redistribution occurs between rich and poor areas, where there is investment in human capital and where the delivery of infrastructure and services is integrated into development planning. Once again, the need to reduce leakage to external markets is identified as well as the need to expand and diversify economic activity (Ashley and Roe, 2002; Hill, Trotter and Nel, 2003; World Bank, 2004; Bond, 2005). In addition to this, the Draft Policy calls for the establishment of LED units...
within the structure of local government. LED units would serve to co-ordinate and manage LED strategies and to monitor the progression of projects (DPLG, 2002).

This LED policy document places great importance on the socio-environmental impacts of development. The policy adheres to the National Environmental Management Act of 1998 by emphasising that while LED should be committed to job creation, it must do so while simultaneously protecting the environment. Development of any form should be pursued in a manner that is consistent with national government’s commitment to environmentally sustainable development. This has specific implications for tourism-based LED, specifically that which is based on using natural and cultural resources as the dominant tourist attraction (DPLG, 2002; Rogerson, 2005a). It is important to bear in mind the tremendous and complex conflict that usually arises between economic development and environmental protection. Within this controversy, two considerations need to be central to all development that seeks to be sustainable:

1. Within the sphere of rural development, and specifically that of tourism, the long term sustainability of such endeavours is inherently related to the continued protection and conservation of the natural heritage; and

2. As stated in the introduction, environmental concerns will continue to remain second rate while poverty remains a pressing, everyday reality.

2.5 Conclusion

This chapter has realised its initial aim of setting the scene for LED within South Africa. The development debate, aided by the controversy inherently related to the concept of sustainable development, illustrated the theoretical disarray in which LED has presented itself as a viable alternative form of development. The current sustainable livelihoods approach dominating rural development thinking has emphasised the need for locally driven, people-centred development. An analysis of LED theory and application identified its intrinsic potential to meet the needs of poor people, specifically those of rural communities. For this reason, LED has become a significant factor in South African development planning and policy. With reference to rural South Africa, the rise of tourism-based LED is progressively being favoured as the solution to rural economic decline and poverty. Due to national policy support for pro-poor development, policy has equipped and empowered local government with the task of facilitating and delivering LED for the benefit of their local communities.
The recent World Bank study on LED and local government in South Africa (World Bank, 2004:3) acknowledges the reality that “on the ground, noble ideas are often thwarted by funding difficulties and applied shortages”. This is very often the case as there are not sufficient support structures set in place to maintain and facilitate the continued growth and sustainability of LED. It is clearly evident within South African policy that local government is seen as a fundamental facilitator in LED. It is therefore imperative that while seeking to understand national LED policy, we consider the support structure created in local government. In reference to the policies and their pro-poor development focus discussed in this chapter, the following chapter seeks to determine how the structure of South African local government will enable it to fulfil these obligations to the best of its capabilities.
CHAPTER THREE
DEVELOPMENTAL LOCAL GOVERNMENT

3.1 Introduction

"Within this context of devolution, global integration and increasing responsibility in terms of socio-economic transformation, it is timely to examine South African local authorities as they respond to the challenges of their radically altered powers and responsibilities" (Nel and Binns, 2005:38).

In response to LED initiatives in the Eastern Cape, the majority of which refer to small towns and rural areas, Nel (1999) comments that it is difficult to determine that one type is more effective or beneficial than another. With respect to the small towns and rural areas studied, it appeared as though community based schemes have experienced greater response from the communities and have achieved greater success. In comparison, many of the authority-based schemes seemed to encourage an unhealthy degree of dependence on the external source and thus, have experienced less success. However, Nel (1999) also argues that this experience is contrary to the experience of the developed world and that perhaps there is a lesson in that for South Africa.

Perhaps the lesson lies in the form of or role played by the relevant authority. It is interesting that in his study, Nel (1999) refers to the influence of local authorities in the community based or bottom-up strategies selected. The role of local authorities is therefore not synonymous with external control or influence and can be a form of community participation. Perhaps this is why Nel (2001) further divided the applied variants of LED to differentiate between the influence of a local government approach and a traditional ‘top-down’ approach. As illustrated earlier, the many constraints facing rural authorities have made their responsibility to embrace social and economic development one that is fraught with obstacles and challenges. It is therefore obvious that they would take longer to produce tangible results than their urban counterparts, as well as making it obvious that they require some form of external aid or catalyst. Perhaps local government is in the best position for this task as they are essentially part of the community, or at least supposed to be representative of the community, while simultaneously enjoying the benefits of access to support, finance, resources and human skills afforded to governmental departments.
The process whereby local governments are adopting a developmental role in terms of assuming, or being given, the responsibility of addressing the fundamental social and economic challenges facing their communities is a trend rapidly becoming conducive to the progress of LED in the developing world (Nel and Binns, 2005). However, while noting this trend, it must be acknowledged that the potential for local governments in the third world to fulfil their development mandates is more constrained than in developed countries due to weak institutional capacity and a shortage of financial and administrative resources. This carries specific relevance for rural local governments who find themselves on the scarcity side of the resource scale (Philander and Rogerson, 2001).

South African policy is indicative of the importance placed on local government as a principal facilitator of LED in the country: “It was at a local level that apartheid was ... implemented and it is at local level that its eradication will be measured” (Pimstone, 1998:133). The Constitution laid the grounds for the transformation of local government from a passive service delivery institution to one that is actively involved in the social and economic upliftment of local communities. Two key concepts have been crucial to this conceptualisation: democratic local government and developmental local government.

This chapter seeks to address how the government has created an institution capable of actively meeting the needs of their local communities. This is achieved by highlighting policy support from the Constitution as well as discussing the implications and responsibilities placed on local government through the concepts of democratic and developmental local government. The chapter begins with respective discussions concerning the relationships between local government and LED and the Constitution, before continuing to discuss democratic local governance and developmental local government.

3.2 Local economic development and local government

Pedersen (1997) and Dewar (1994) stress the need for greater interaction between local government, local business community and other interest groups in the area. Local government needs to change from a predominantly administrative role to one where they become active partners in development (Nel, Hill and Eising, 2004; World Bank, 2004). A direct result of previous apartheid policies, which favoured predominantly white urban areas at the expense of black rural areas, is the inherited legacy of economically crippled
rural municipalities. The weak resource base experienced by these local governments emphasises the need for integration with local private businesses and NGOs initiatives to create new, local institutions, which are able to lobby for resources within the region, state and internationally. Increasingly, local economic development is seen to rest on the ability of development workers to interact and collaborate with local authorities, business and communities (Philander and Rogerson, 2001; Ashley and Roe, 2002; Hill, Trotter and Nel, 2003).

For Pedersen (1997), a policy aimed at developing rural towns and their hinterlands, should aim primarily at a better utilisation of local resources and market potentials by promoting a more diversified economic structure, which allows for both small and large enterprises and for different forms of organisations ranging across the public and private spectrums. This will require decentralisation of national-development programmes, thereby enabling local governments to interact with external institutions. This should lead to a public sector that embraces a diverse range of development initiatives ranging from large-scale private organisations to community based, formal and informal enterprises.

The opportunity to implement LED initiated by local authorities in South Africa is, therefore, a complex one, requiring radical restructuring from a national perspective and drastic changes in the conception of the role and responsibility of local government. The functions and activities detailed above require that local government be given the authority to make development related decisions and the authority to enter into and maintain both public and private partnerships. In addition to this, the developmental role of local government needs to be incorporated into previous service-centred conceptualisations of the institution. In response to this reality, the 1990’s witnessed “a sea of change in the political landscape in South Africa. The axis of political activity shifted from the politics of opposition and confrontation to the politics of negotiation and incorporation. The onset of negotiations for a new non-racial Constitution generated a dramatically new form of national and local politics” (Khosa and Muthien, 1998:1). Central to this new form of politics was the creation of local government.

3.3 New beginnings for local government
A dominant characteristic of the transformation of the South African government in the 1990’s was the process of establishing regional governance in South Africa. The
Commission on the Demarcation/ Delimitation of States undertook the task of establishing the new regions within the country between May and November in 1993 (Khosa and Muthien, 1998; Buthelezi, 1998). By 1996 the previously racially separate areas had been amalgamated to form transitional local councils. This transitional phase saw its completion in 2000 when these councils were combined to create enlarged local and metropolitan municipalities. The number of local government authorities was reduced from 843 to 231 local municipalities and six metropolitan councils. In addition to these authorities, 47 district municipalities were created to act as intermediate facilitators. District municipalities were tasked with overseeing and assisting local municipalities, specifically those in previously disadvantaged areas (Nel and Binns, 2005).

The division was motivated by the new government’s unequivocal commitment to redistributive democratic governance for South Africa. At the heart of this process was the formation of local governments due to their potential proximity to the life experiences of ordinary South Africans. Local government was to be the grassroots level of democracy (Pimstone, 1998; Dladla, 2000). As stated by Nel and Binns (2005), the new development mandate tasked to local government placed South African local authorities at the forefront of transformation and change.

This commitment to democratic governance rejects the illusion that democracy can be “equated with an occasional mark on a ballot paper” (Pimstone, 1998:132). Although formal electoral power is essential, it is insufficient on its own. Democratic governance requires active engagement between government and people founded on a commitment to equality (Pimstone, 1998). In keeping with the government’s commitment to equality, the Constitution (RSA, 1996b) stresses the duty and responsibility of local government to address the basic needs of communities, provide services and engage in social and economic development (Nel and Humphrys, 1999).

3.4 Local government and the Constitution

It is within the Constitution that transformation of the local government is first evidenced. According to sections 152(c) and 153(a), local government is given the responsibility of promoting social and economic development and must therefore, structure administration, planning and budgets so that meeting the basic needs of their communities becomes a genuine priority (RSA, 1996b; Rogerson, 2001). With this function in mind, the
Constitution identifies local government as a sphere of government in its own capacity and is, therefore, no longer a function of national or provincial government (World Bank, 1994).

The concept of spheres, as opposed to tiers or levels, illustrates the shift towards government in which each government sphere has equivalent status, is self-reliant and possesses the ability to define and express its unique character (Vil-Nkomo, 1998). This assures local government an element of independence in decision-making and greater freedom in carrying out policy, which enables municipalities to evolve variations within the structural scheme. Essential to this process is the ability to develop public-private partnerships. However, this concept also places a greater responsibility on local government. In keeping with the goals of democracy, local government is required to use creative mechanisms to determine effective means of community participation. It is the role of local authorities to establish structures to encourage and facilitate public access and participation. It is in this way that local government is intimately connected to the social and economic aims of the Constitution (Pimstone, 1998; Vil-Nkomo, 1998; RSA, 1996b) and the presence of genuine participation that is central to democratic local governance.

3.5 Democratic Local Governance

The concept of democratic local governance is intrinsically related to development because of its role in including and empowering local people: “The challenge to local democracy to represent more fully the needs and interests of socially excluded groups could hardly be a more vital one. If democracy cannot do this, it forfeits its main progressive claim to offer something other than the market can deliver” (Geddes, 1997:219). According to Pimstone (1998), democratic local governance is accountable – answerable and recallable by the people. Accountability should be the very essence of democracy. Essential to accountability is transparency. Democratic local governance needs to be open to scrutiny and criticism and accessible and informative. For this to be genuine and effective, local governments require a participatory system – an integrated system that facilitates ongoing participation between government and communities. The democratisation of local government is only genuine when community participation in municipal decision-making and implementation is a reality.
3.5.1 Community participation and traditional leaders

"Without non-racial, representative and accountable local government structures, a participatory approach to projects affecting disadvantaged communities will not ensure that the wishes and decisions of the communities will be implemented" (Sowman and Gawith, 1994:569).

Mohammed (2000) concludes that effective community participation is ultimately dependent on proper resolve and will among the political leadership. Without this, participatory processes will often falter and fail to achieve significant social and developmental outcomes. Essential to the process is extending the depth and scope of public involvement in decision-making processes orientated towards the achievement of social goals and aims. It is only through effective community participation that the poor will be able to influence policy and begin the process of breaking the cycle of poverty and inequality.

The Constitution’s emphasis on community participation in municipal activities introduces the issue of traditional leadership. The Constitution is fairly vague when dealing with the issue of traditional leaders and local government. It merely states that national legislation may provide roles for traditional leadership as an institution at a local level concerning matters affecting the local communities. This vague statement means that local governments still face the dilemma surrounding traditional leadership (Pimstone, 1998; Ntsebeza, 2000). Chief Patekile Holomisa blames the ANC’s lack of political direction for hampering rural development and service delivery on the grounds that they “skirted the issue of what constitutional role to award African royalty in the governance of this country” (Holomisa, 1999:43).

Pimstone (1998) adds that one cannot ignore the benefits of inclusion of traditional leaders. Traditional leaders are closest to rural communities and their leadership often provides a voice for the rural poor. In many rural areas, traditional leadership is the only form of authority and their influence extends way beyond the limitations of the bureaucratic system. Ntsebeza (2000) states that the general claim of rural people that councillors are neither available nor accessible has led some to consider traditional authorities as a better option. This is based on the grounds that the chiefs and headmen live in the rural areas and are known by and accessible to the people. The Congress of Traditional Leaders of South
Africa, has consistently maintained that the government cannot ignore the centrality of traditional authority in the lives of most South African people (Holomisa, 1999).

The irony is that it is the attainment of democracy that introduces the idea of incorporating traditional leadership and yet it cannot be disputed that traditional leadership and democratic requirements are at odds with each other. This tension is evident in the ANC’s struggle between trying to dismantle tribal authorities in rural areas by introducing elected councillors while simultaneously recognising the institution of traditional leadership (Ntsebeza, 2000). However, despite traditional leaders’ wishes that land be transferred to Tribal Authorities and that rural government be constructed around tribal law and authority (Ntsebeza, 2000), the ANC remains committed to local government authority gained through democratic decentralisation.

While South Africa has gained an outward appearance of community participation as discussed in this section, Chipkin (1996:230) argues that it is the “contestational nature of democracy” that is really at stake. It is the freedom to support different political outcomes that is at the centre of community participation. This freedom refers to the institutional capacity that allows for the contestation of their very notions and ideals within development discourse. It is within this freedom that true participation is realised.

3.5.2 Democratic decentralisation

Democratic decentralisation has been heralded as the pathway to achieving effective means of meeting the needs of society – especially previously marginalized rural communities (Nel and Humphrys, 1999; Philander and Rogerson, 2001). Free market principles advocate the retreat of the state and control by market forces. Free-market solutions often encourage private market and community self-help schemes, which shifts the cost from the state to poor communities. This view depoliticises the development discourse on poverty and inequality and thus removes responsibility from government institutions (Bond, 2001).

Despite competition from the market, Mohammed (2000) and Vil-Nkomo (1998) maintain that democratic decentralisation is the correct political response to South Africa’s present development crises. This is due to local government’s ability to:

- Strengthen economic development at the local level particularly with respect to natural resource management and utilisation;
• Take decision making to the point of action thereby facilitating transparency and accountability; and
• Allowing for the development of a strong civil society.

However, while this may be true, it is essential that local government be equipped to achieve these goals. Unless local government is given a developmental role, which insists that they achieve the aims above, decentralisation of government will become yet another grand political idea. In promoting decentralisation, it is essential that the government also establishes an enabling framework, insuring that local government becomes actively involved in development planning and implementation.

3.6 Developmental local government

Despite the Constitution’s commitment to political, social and economic freedom experienced through access for all South Africans to adequate housing, health care, education, food, water and social security, reality is far from this ideal - especially in the rural context. Many rural communities are still divided and millions continue to live in dire poverty, isolated from services and opportunities (Bond, 2005). In the past, local government has achieved little to reverse this trend. The concept of developmental local government aims to place local government at the centre of poverty alleviation and the promotion of empowerment and freedom for South Africans (World Bank, 2004).

The 1998 White Paper’s aim was to complete the final restructuring of local government with the aim of solving problems encountered. This aim would be achieved by focusing on developmental local government (Dladla, 2000). The White Paper on Local Government (RSA, 1998:6) stresses the developmental role of municipalities,

"Developmental local government is local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and to improve the quality of their lives”.

The White Paper specifies that a developmental local government should seek to maximise social development and economic growth, integration and co-ordination of activities and communities, democratising development and promote leading and learning within the municipal structure as well as within local communities (Philander and Rogerson, 2001,
Nel, Hill and Eising, 2004; World Bank, 2004). The desired outcomes from such an approach include:

- Provision of household infrastructure and services;
- Creation of liveable and integrated cities, towns and rural areas; and
- Community empowerment and redistribution.

An essential factor to this challenge is the integration of rural local government with other local municipalities in order to enable a more effective distribution of resources. In addition to this is the central vision of always working with local communities to establish sustainable methods of meeting basic needs and improving the quality of rural life (Dladla, 2000).

### 3.6.1 Achieving developmental local government

The question now arises as to how this should be achieved. The White Paper, and subsequently The Municipal Systems Act of 2000 (RSA, 2000), outlined four interrelated characteristics as a guideline for how to achieve the major aims of developmental local government:

- Maximising social development and economic growth;
- Integrating and co-ordinating;
- Democratising development; and
- Leading and learning.

**Maximising social development and economic growth**

The powers and functions of local government need to focus on growth of the local economy and impacting social development for communities, with particular focus on enabling poor people to meet their basic needs (World Bank, 2004). Local governments need to use their access to rates, their control of the use and development of land and their ability to set the agenda for local politics to influence local economies. It is therefore essential that local governments have a clear vision for their local economy and work in partnership with local business to maximise job creation and investment (Nel and Hill, 1996; World Bank, 2004). The White Paper (RSA, 1998) stresses that local governments are not directly responsible for creating jobs, but rather, for taking active steps to create an environment conducive to the creation of employment opportunities.
• Integrating and co-ordinating
This involves linking the various agencies involved in development within various communities. These include national and provincial departments, trade unions, community groups and private sector institutions. Developmental local government needs to provide vision and leadership for all those who have roles to play in achieving local prosperity. This involves actively developing ways to obtain resources and investment needed to reach development targets from the public and private sectors (RSA, 1998; Nel, Hill and Eising, 2004).

Central to this characteristic of integration is that of integrated development planning. The government realised that in order to meet the needs and improve quality of life for local communities, municipalities need to understand the dynamics operating within their region. Once this is achieved, it is necessary to develop a vision for their municipality as well as strategies for how this vision will be achieved. In response to this need, Integrated Development Plans, IDPs, were designed to provide municipalities with the tools needed to facilitate and co-ordinate economic and social development within their locality. IDPs should empower municipalities to prioritise and strategically focus their activities and resources through strategic planning. The Development Facilitation Act was developed to guide municipalities in their approach to building integrated, liveable settlements (RSA, 1998, RSA, 2000 and World Bank, 2004).

• Democratising development, empowering and redistributing
This focuses on the role the municipality plays in promoting citizen and community groups involvement in the design and delivery of municipal programmes – in essence it deals with community participation and empowerment. While the previous regulatory role adopted by municipalities still remains, there is an additional focus on leadership, encouragement, practical support and resources for community action. In particular, municipalities can play roles in supporting individual and directing community initiatives into projects and programmes which benefit the area as a whole (Nel, 2001; Ashley and Roe, 2002).

Due to the legacy of apartheid, local government needs to play an active role in diffusing divisions within communities through the promotion of an inclusive approach that focus on community participation, especially pertaining to previously marginalized and excluded groups. These processes will take years to occur naturally, if ever, and therefore it is
imperative that local governments act as trigger instruments, yet without forcing the process (Philander and Rogerson, 2001). This factor co-insides with the participatory emphasis of democratic local government as discussed above.

- **Leading and Learning**

Due to the rapid rate at which the global world is changing and advancing, localities are frequently facing the challenge of finding and creating new and innovative ways to sustain their economies, build their communities, protect their environments and reduce poverty (Cashdan, 2002 and Rogerson, 2002). The principle of developmental local government requires that local governments adopt a strategic and visionary approach to development that allows them to play a central role in the development process (Nel, Hill and Eising, 2004). This is particularly important in terms of their roles as policy makers, thinkers and innovators. Basically, a developmental municipality should play “a strategic policy-making and visionary role, and seek to mobilise a range of resources to meet basic needs and achieve developmental goals” (RSA, 1998:8).

When practised correctly, the government believes that these four guidelines should enable developmental local government to achieve their aim of sustainable LED. The resultant challenge is monitoring and maintaining these developmental outcomes.

**3.6.2 Development outcomes of local government**

In the current South African context, the Municipal Systems Act of 2000 identifies local economic development as a desired outcome from developmental local governments (RSA, 2000). It is essential that local governments play an active role in promoting job creation and boosting the local economy. An essential aspect of this process is a continuous effort to ensure that the goals and outcomes pertaining to each municipality are coherent with one another. Developmental local government will fail to reach the desired goals and outcomes as set out in national policy if they are not pro-active in monitoring the outcomes of their policy. For this reason, the Municipal Systems Act encourages local government to review existing policies and procedures (RSA, 2000). The DPLG has developed a performance management system to aid local governments in this process. In terms of encouraging and inspiring local governments to be pro-active in this regard, the Vuna Awards were established to reward those local governments who were successfully fulfilling their responsibilities (DPLG, 2003).
Reviewing existing policies and procedures to enhance employment and investment

Businesses rely on local government activity in a number of ways as well as being subject to municipal regulations. A review and simplification of municipal procedures and regulations can have a significant impact in terms of creating opportunities for the economies growth, diversification and expansion (RSA, 2000):

- Procurement procedures can be revised to maximise the impact of municipal purchasing on job creation and the local economy. In particular, preference can be given to local suppliers and small enterprises;
- Labour intensity and affirmative action can be introduced. It is essential that in these cases, selection criteria and procedures are clear and transparent to avoid abuse of the system;
- Support can be given to emerging contractors through training and provision of information;
- Simplification of the rezoning requests and applications for building permits; and
- Efficient and effective customer management and billing.

Performance management systems

Municipalities are required to prepare plans that meet the requirements of various state departments such as the Department of Water Affairs and Forestry, the Department of Transport and the Department of Environmental Affairs and Tourism, DEAT. In order to monitor and evaluate this process so that accountability is increased and public trust in the local government system is enhanced, key performance indicators have been developed. Performance monitoring indicators need to be carefully designed in order to accurately reflect the efficiency, quality and value of municipal services and developments. Performance management systems exist on national, provincial and municipal levels (Vuna Workshop, 2003).

The Municipal Systems Act (RSA, 2000) established a system for local councils to report on their performance. This is achieved through the application of the principles set out in the Performance Management Systems, PMS, and the grading system. Performance is measured according to outcomes and impacts in relation to the priorities set out in each IDP, by their ability to monitor plans and projects, their ability to reach set targets and how effectively each municipality improves and corrects inherited problems. Municipalities are graded according to Key Performance Indicators, KPI’s. KPI’s are provided for categories
such as service delivery, municipal transformation, institutional development, economic development, and financial viability. Central to all evaluations is the topic of community involvement: has the municipality implemented active involvement, taken heed to opinions, promoted and achieved genuine participation and, through these aspects, created opportunities for genuine empowerment (RSA, 2000).

3.6.3 Vuna Awards
The word ‘Vuna’ is the Nguni word for harvesting and has been chosen because of the government’s recognition that “it is time for the country and the public to begin harvesting the benefits of the new system of local government” (Vuna Workshop, 2003 : 1). The Vuna Awards is the name given to South Africa’s Municipal Performance Excellence Awards (Vuna Workshop, 2003). It has been established by partnerships between the DPLG the Development Bank of Southern Africa, DBSA, the National Productivity Institute and the South African Local Government Association. The awards commenced in 2003 and take place on an annual basis (DPLG, 2003).

The Awards have been established to identify and reward good practises and to facilitate shared learning among South African municipalities. A secondary aim is to motivate and inspire all municipalities to continuously seek to improve their performance (Vuna Workshop, 2003). More specifically, the awards aim to publicise good practises, promote a cultured of excellence, establish a performance benchmarking system and to promote the commitment to social and economic development (DPLG, 2003).

The mandate used to establish the nature and focus of the Awards is the Municipal Systems Act of 2000. The Awards offer both financial and non-financial recognition as well as prestige and publicity (DPLG, 2003). Every year there is a winner and two runners-up in each province and these municipalities then compete for three national awards (Vuna Workshop, 2003). The criteria used to assess applicants are based on the PMS, using KPI’s as the means of reference. Therefore, municipalities are assessed against the following criteria:

- Service delivery: This includes delivery strategies, successful projects and community participation in the implementation of new systems;
- Local economic development: the focus is on activities and strategies developed to promote LED and therefore, contribute to job creation;
Municipal transformation and institutional development: emphasis here is placed on transformation with respect to leadership, policy and partnerships;

- Financial viability: this aspect refers to accountability for municipality spending as well as their use of money gained and earned; and
- Municipal governance: this criterion will focus on the roles, powers and functions of various municipal positions and the degree of accountability and transparency.

(Vuna Workshop, 2003; DPLG, 2003)

3.7 Conclusion

The responsibility of addressing the backlogs rife within social and economic development has been placed, to a large extent, on the shoulders of local government. Their development mandate requires that they face the challenges of meeting human needs, addressing spatial distortions, and planning for a sustainable future. It is only through working together with local citizens, communities and businesses that they will meet these needs on a sustainable basis. In addition to this, they are required to adopt a developmental approach that enhances their capacity as policy and planning centres, which will enable local government to mobilise and manage a range of development initiatives, resources and processes (RSA, 1998).

The challenge facing local governments in South Africa is to embrace this responsibility and pro-actively implement development initiatives that will improve the quality of life for their residents. They have been given ample guidance, support and direction through national policy and the responsibility to act on realising democratic and developmental local government now rests with the relevant councillors. The next ten years will be crucial in determining, if, in fact, local government should be a principle facilitator and deliverer of LED within the country.

It is within this context that the case study of the Ingwe Municipality exists. The Ingwe example provides the opportunity to witness local government and LED theory in practise. The analysis of the Ingwe experience will seek to determine, among other factors, what contribution this case study can provide for current understanding of LED and developmental local government in South Africa.
CHAPTER FOUR
RESEARCH METHODOLOGY

4.1 Introduction

Research is the process of enquiry and discovery. In human geography, the specific focus of research is to discover and understand the relationships that exist between humans, space, place and the environment. The role of the human geographer is to put forward an interpretation that advances our understanding of our interactions with the world (Kitchin and Tate, 2000). This is achieved by following a programme, known as the research design, which guides the researcher through the processes of collecting, analysing and interpreting observations and information. The research design is the result of a series of decisions made that are based on the knowledge of academic literature, the research questions chosen, our conceptual framework and our knowledge of various techniques (Valentine, 2001).

The chapter is divided into four main sections. Once the research setting has been defined, the chapter progresses to discuss the relevant and applicable theory for the chosen methodology. With this theoretical foundation in place, the chosen research methods are outlined, after which, the method of assessment is detailed.

4.1.1 Research setting

A key objective for this dissertation was to investigate the potential for local government in South Africa to promote economic development in previously disadvantaged and poor areas. It was therefore necessary to choose a research setting, which incorporated these factors. The researcher chose the Ingwe Municipality because of the evident initiative taken by the Municipality in terms of creating LED in a previously underdeveloped rural area. Ingwe provides an excellent example of a municipality faced with the task of creating an environment conducive to economic growth from a previously marginalized situation.

In keeping with the aim of the dissertation, the fieldwork component focused on assessing the Ingwe Municipality’s response to the government’s mandate to promote pro-poor development as part of the responsibility associated with developmental local government. The evaluation and analysis is concerned with their response to this mandate as opposed to assessing the success of individual initiatives.
4.1.2 Time dimension
This dissertation is fairly unique as it followed the project from its early development stages. The investigation has, therefore, been a longitudinal study, as the researcher interacted with the Municipality throughout the pre-implementation stages of the project. Research in the field was undertaken over a period of two years (May 2003 to May 2005), during which the approach adopted towards LED by the Ingwe Municipality was assessed. Throughout the two years, repeated interviews were held with the LED Councillor and municipal mayor during which updates on the LED strategy were provided. During this time, the researcher also met with the various role players, government officials, other project managers and stakeholders who were involved in developing the LED strategy. Where applicable and necessary, follow-up interviews were conducted.

During the period of research, the LED strategy was still being drafted and developed by the Municipality and therefore, field research pre-dominantly involved meeting with the LED Councillor and municipal mayor in order to be updated on recent developments. This procedure was facilitated by opportunities to be directly involved with the Municipality through events such as the Vuna Awards. This situation allowed the researcher to establish good relations with the municipal officials. The level of trust and transparency reached facilitated the research process as the researcher was considered as part of the process and not as an external researcher. This position provided many opportunities to participate in the LED strategy as well as being exposed to genuine perceptions held by the various officials as it unfolded. Repeated interviews with a few specific officials also enabled the researcher to acquire an extensive knowledge of the Municipality and their approach to their LED strategy. However, on the negative side, the researcher acknowledges the potential bias that could have influenced the research as a result of so few participants in the research process.

4.2 General theory on research methodology
This next section discusses the theoretical background to the research methods employed in this dissertation. The previous thirty years have witnessed significant paradigm shifts in the theoretical development of research methodologies, which have represented themselves through the rise of qualitative research methodologies.
4.2.1 Theoretical development of research methodologies

"Discourses of meaning are implicated in struggles for power and dominance between humans. Theories of hegemony suggest that this occurs through a process of naturalising specific discourses, suppressing others and thus legitimising uneven distributions of power" (Cosgrove and Domosh 1993:29).

Research conducted previous to the 1970’s was dominated by a positivist approach characterised by the authority of science. Positivism was established on the premise that characteristics of the human world were similar to those of the natural world and, therefore, could be studied using the same scientific methods. Science was heralded as the only form of knowledge and facts as the only possible objects of knowledge. Research was therefore dominated by quantitative approaches that claimed objectivity (Unwin, 1997; Rumutsindela, 2002).

The 1970’s were characterised by an increasing dissatisfaction with the use of scientific methods to explain human phenomena. Increasingly, researchers realised that research related to understanding relationships within and between societies could not avoid subjectivity from the researcher, could not be quantified and that relevant research needed to acknowledge the central position of the human agent and the influence of human cognition and intentions on their behaviour. These humanistic approaches to research radically altered the means by which social studies were conducted (Cosgrove and Domosh, 1993; Kitchen and Tate, 2000).

Dwyer and Limb (2001) discuss the influence of these humanistic approaches to the discipline of geography. In response to increasing dissatisfaction with the prevailing spatial science approach to geography, human geographers sought to critique the domination of the positivist approach to studying human societies. In contrast to the mechanist and objective approaches associated with the positivist approach, human geographers provided new alternatives, which emphasised the importance of values and meanings held by both the researcher and the researched. Human geographers stressed the need to recognise and embrace inter-subjective encounters during the research process as this allowed researchers to gain a far more genuine understanding of the realities and complexities faced by the individuals and communities studied.
As Cosgrove and Domosh (1993:28) state, this realisation has significant implications for academics because it implies that "the scientific way of knowing is no longer regarded as a privileged discourse linking us to truth but rather one discourse among many". The dominance of the authority given to science allowed for research techniques that promoted complete control by the researcher, and ultimately, the western agenda. The impact of this type of research was evident in the top-down approaches to development as discussed by Ashley and Maxwell (2001); Ellis and Biggs (2001). The authority of science created what Cosgrove and Domosh (1993:28) refer to as "a crisis of authority" for it promoted the continued domination of western understandings concerning traditional cultures.

The realisation of this "crisis of authority" rose from critiques that questioned the underlying production of knowledge, specifically those concerning marginalised groups, and precedes the concept that we are experiencing a "crisis of representation" (Cosgrove and Domosh, 1993:28-29). Central to this critique is the question of the role of the researcher and whether or not they exert a unequal power-relationship as they attempt to interpret the lives of others, as well as the question of to what extent the researcher can accurately interpret another’s reality. This is illustrated by feminist geographers who challenge unequal power relations constructed during the research process. Feminist geographers argue for research methodologies that are collaborative and non-exploitative (Dwyer and Limb, 2001).

This theoretical transition has great relevance to current research concerning rural communities such as those discussed within this dissertation. The paradigm shift towards humanistic approaches resulted in the practical paradigm shift towards development from below. As already discussed in chapter two, this shift has rendered approaches to rural development that are far more relevant and effective than their predecessors. The transition towards research that insists upon community participation acknowledges that relevant research must recognise that human reality is like "shards of reflecting glass which at once illuminate, reflect and distort – in sum, represent- the world of individual and intersubjective experience" (Cosgrove and Domosh, 1993:29).

In reference to community participation within cross-cultural research and attempts to avoid power relations within such research, Skelton, (2001:89), states that we have to acknowledge that, “we are not neutral, scientific observers, untouched by the emotional and
political contexts of places where we do our research. We are amalgams of our experiences... part of our honesty and integrity as researchers must be based upon considerations about ourselves, our positionalities and our identities and what role they might play in our research”. As is always the case, the evidence for theoretical shifts occurs in the practical realm. In the case of the shift towards more humanistic approaches, the evidence was the rise of qualitative research.

4.2.2 Qualitative research

“We hope to show that qualitative methodologies are a means by which the... complexity of everyday life can be explored by using research methods that do not ignore such complexity but instead engage with it” (Dwyer and Limb, 2001: 2)

The relevance of the paradigm shifts in research theory is that researchers are now afforded the privilege of choice between qualitative and quantitative approaches. Quantitative approaches involve the deduction of empirical data and the use of statistics in analysis. In comparison, qualitative approaches involve inductive reasoning. This refers to the analysis and interpretation of experiences, perceptions and feelings of other people as well as attempting to understand the complex relationships that exist within societies (Kitchin and Tate, 2000).

One of the most significant aspects of qualitative research is that it is not based on the assumption that there is a pre-existing reality that can be measured or known. Rather, the desire to understand the social world is based on the understanding that societal realities are dynamic – always being reconstructed through interaction between cultural, economic, social and political processes. The emphasis when using qualitative approaches is, therefore, to seek to understand lived experiences. As opposed to statistical descriptions or generalized models, qualitative approaches seek subjective understandings of localised social realities (Dwyer and Limb, 2001).

Dwyer and Limb (2001) further illustrate that while humanistic approaches to geography have undergone serious critique, qualitative methodologies have gained increased importance regarding research within human geography. In particular, qualitative methodologies have been significant in the emergence of post-modern and post-structuralist approaches to geography that focus on local knowledge and understanding localities in
their specific contexts as opposed to attempting to understand all research through the lens of a dominant meta-theory. This view is further expressed by Nel (1999: 63) who construes the popularity of qualitative research to be due to an increasing “sense of disillusionment with conventional, normally quantitative methods of data collection and what was regarded as the superficial, biased, rural research of the past”.

However, it must be noted that although subjective approaches allow for greater and more genuine understanding of social realities, there are limits and pitfalls that the researcher needs to be aware of. The researcher needs to guard against excessive self-reflection as this will cause the final written product to be flawed or exclusionary due to unwarranted self-justification and self-centeredness. Another accusation that is made to qualitative research concerns the danger that the information produced is gained from unrepresentative samples or from biased choices of quotes and interviews. It is therefore imperative that theory is held accountable to the fieldwork and that a thorough approach is adopted towards the process of analysis. Accountability towards analysis requires that the researcher explicitly illustrate the process of fieldwork and analysis. In addition to this, researchers need to be open to and aware of the unexpected and to the necessity to challenge preconceived assumptions and expectations (Dwyer and Limb, 2001; Parr, 2001).

The research methods employed in this dissertation are reflective of the theoretical paradigm shifts discussed above. The dissertation is concerned with understanding the social and economic relationships that exist between the local government and their local communities. The reliance on qualitative methodologies is indicative of the need to understand social and economic relations that cannot be genuinely understood, nor reflected through quantification.

4.3 Major research methods employed in this research
In specific reference to researching LED initiatives, Nel (1999:51) states, “the evaluation of LED programmes, particularly those which focus on the achievement of social objectives, requires specific research methods which permit the objective assessment of both social and economic achievements”. The increasing recognition of the importance of understanding social achievements such as empowerment, unified communities and improved quality of living, leads Nel (1999) to conclude that previous standardised evaluation measures that focus solely on quantitative, economic scores are of limited
relevance. Particularly when seeking to understand complex relationships involving rural communities, it is essential that the researcher adopt appropriate assessment methods that are relevant to LED initiatives.

In this section, the major research methods that were employed in this case study are discussed and outlined. The techniques chosen include a literature review, participatory observation, documentary analysis, interview guide and informal interviews and questionnaires. The literature review formed the conceptual foundation against which the information gained from documentary analysis and interviews were analysed.

4.3.1 Case study

"Case studies usually involve... direct observation of community or organisation member's activities, or both...case studies are unique and beneficial because they require that researchers immerse themselves in the lives and concerns of the persons, communities, or organisations they study, or all of these" (Miller and Jones 2000:243).

One of the strands of humanistic geography that emerged during the 1980's drew on phenomenological principles and ethnographic methodologies. Emphasis was placed on developing grounded theories through more localised studies characterised by participation and observation and an understanding of the realities and experiences of those researched. This research has been conducted during the first term of office for the new municipalities in the new democratic South Africa. Research conducted in these municipalities during this period plays a fundamental role in terms of developing grounded theories concerning the role of local government in the new South Africa.

Bulmer (1983) places case studies in the realm of humanistic studies by referring to their focus on ethnographic research and participant observation. Bouwers and Courtright (1984:39) define a case study to be that form of research that involves "careful observation of independent and dependant variables in their natural settings with no attempt to manipulate the independent variables". It results in a theory grounded in data from direct observation. According to Dixon, Bouma and Atkinson (1987) the aim of case studies is to provide a description or illustration of the relationship that exists between the relevant variables. Although not ultimately testing a hypothesis, case studies provide an initial test of an hypothesis as it leads to a conclusion as to whether or not a relationship exists
between the specified variables. Case studies therefore provide the basic building blocks of research design.

The unique character of case studies as provided by Bulmer (1983) and Miller and Jones (2000), are their in-depth focus on a particular village, association, organisation or individual as opposed to random samples of individuals drawn from a wider population. Case studies use a collection of methods to gather data such as interviewing, participation and observation in order to obtain a holistic view of the subject of research.

Problems associated with case studies are usually related to data analysis. This is a consequence of analysis being largely influenced by the position and interpretation of the researcher, often leading to biased results. The data obtained is qualitative and therefore runs the risk of the influence of bias (Sproull, 1995; Kitchin and Tate, 2000; Miller and Jones, 2000). However, there is merit in providing examples of theories in order to validate the principles one aims to achieve (Bouwers and Courtright, 1984). Another limitation of case studies expressed by Bulmer (1983) is their potential lack of reliability. Reliability is determined by the ability of the results to be reproduced under different circumstances. A frequent criticism of case study research is its low reliability as so much depends on the capacity and personality of the researcher. Interviews and questionnaires, which are common in case study research, do not guarantee reliability because of misunderstandings and misinterpretations, failure to respond and the occurrence of socially acceptable answers that are not true for the respondent (Sproull, 1995; Miller and Jones, 2000). It is therefore essential that all data be cross-checked between methods and with secondary sources to increase the validity of the research.

However, case studies are considered beneficial due to their explanatory power to answer why questions. Case studies are often preferred to quantitative studies using census data and statistics because they reveal beliefs, opinions and values that drive human action (Bulmer, 1983). This is achieved most successfully through participation and observation.

4.3.2 Participation and observation

The advantages of participation and observation include the production of rich detail and descriptions concerning the people and their everyday lives. The researcher has a greater chance of observing natural behaviour, and therefore, more truthful observations. Whereas
an interview provides information from a particular perspective, participation and observation enables the researcher to gain a more holistic and genuine overview of the situation at hand. In many cases, the researcher may observe circumstances that would not normally be spoken about in an interview context. However, this process is susceptible to bias representations of the circumstances and thus it is important to consider how information has been observed, recorded and interpreted in the relevant context. The participatory approach method is also limited in terms of the time and effort it takes to negotiate access to the community and it often takes time to become fully immersed in a community. There is also far less control of what information is obtained and the researcher has less control over activities and schedules (Punch, 2001).

Participation and observation involves a systematic recording of events and behaviours in a social setting. Data is acquired through observing conversations and overt behaviour. More specifically, observation focuses upon people’s behaviour in an attempt to understand the meanings behind their actions. Therefore, observation is classified as an inductive method of data generation (Skelton, 2001). According to Dowler (2001), possibly one of the greatest strengths is the ability to study behaviour in its natural setting as people are more at ease and therefore, are more likely to provide reliable responses. In addition to this, active participation over time allows for a greater depth of understanding. Skelton (2001) adds that participation allows the researcher to observe what people do as opposed to merely listening to what they say. This often exposes the genuine feelings, opinions and experiences that are at play as opposed to the answers given in an interview.

There is a potential threat to the validity of the findings when using this method due to observer bias. Cultural knowledge and personal theoretical opinions and beliefs can affect what is selected for observation and how it is interpreted, recorded and evaluated. Kitchin and Tate (2000) warn that observation techniques have long been documented as suffering from bias as people are observed from a selective position adopted by the researcher. The researcher’s individual feelings and experiences affect how and why they interpret a particular situation. Sproull (1995) adds that the presence of an observer may cause those being observed to change their behaviour. Crosschecking for validity with previously published data and observations from other data collection methods is essential to factor out the influence of the observer’s personal bias. In cases such as this, secondary sources of data are vital to prevent inaccurate and biased conclusions.
A further constraint to this methodology concerns the sample size used (Dowler, 2001). Participation and observation normally involves spending large amounts of time with a relatively small group of people and thus the sample size is small. This means that information obtained can be biased and one-sided and it is often very difficult to generalise in such instances. It is therefore essential that the researcher incorporate other methodologies that allows for verification of the data (Dowler, 2001; Punch, 2001). Once again, it is within this context that documentary analysis and interviews with non-community member participants are essential.

Another common problem is the loss of detachment, which is the result when the time with a group of people is over an extended time period, allowing close and personal bonds to form. It is of utmost importance that the researcher is aware of this potential downfall and makes a concerted effort to present their research as objectively as possible. As Dowler (2001:158) states, “when one will knowingly distort the data one is collecting... we are no longer speaking of detachment, but of research fraud”. Punch (2001) emphasises that it is necessary to continually write-up observations and interviews so as to avoid personal bias from skewing the presentation of the research. It is important to record verbatim quotations to the greatest degree possible, specifically when writing up interviews and discussions.

In addition, it is also essential that the researcher is aware of the potential ethical problems that could arise from using information that has been given in trust and confidence. Dwyer and Limb (2001) stress that due to the subjective nature of qualitative research, researchers have to recognise the responsibilities they have to those who they have formed relationships with through their research. These include questions of confidentiality and the processes by which information is obtained and respondent participation is secured. It is therefore essential that the researcher discuss with the respondents what and how information will be used. It is also important to consider the ethical implications of the research and to recognise that it is not always possible to predict what impact the research might have. For this reason, the researcher chose to use descriptive titles when referring to personal communication (pers. com), with the personal details of the interviewees restricted to Appendix 6.

Much of the research undertaken for this dissertation took the form of participation and observation. During 2003, the researcher participated in the Vuna Awards process for the
Ingwe Municipality. This involved attending the presentation of the Vuna Awards procedure, which preceded the process of writing up the Municipality’s application. Participation in the process required the researcher to work in the municipal offices with the Municipal Mayor, which provided opportunities to observe the municipal mayor and LED Councillor in terms of their involvement in and belief in Ingwe’s LED strategies as well as their response to the government’s mandate for developmental local government. It also exposed some of the issues that exist between the various role players within Ingwe as well as between the Municipality and the surrounding municipalities, the district council and various stakeholders.

This experience proved invaluable from the perspective of gaining a thorough understanding of the processes and initiatives that exist in Ingwe. It also served as a form of pilot study in that it provided extensive exposure to the LED initiatives and the related concepts and issues. This allowed for an assessment of their situation and the relevance to this dissertation. This experience was repeated during the 2004 Vuna Awards (Ingwe, 2004a) application process as well as through a World Bank funded research project (World Bank, 2004) dealing with the relationship between local government and LED in South Africa. These opportunities for participation created a non-threatening context within which the research took place.

The discussion regarding case studies, participation and observation stressed the importance of verifying and cross-checking field research with other methodologies to avoid personal bias and lack of reliability. In response to this warning, the researcher also employed research methods using secondary sources within the literature review as well as through document analysis.

4.3.3 Literature review and documentary analysis theory
The role of a literature review is greater than merely providing a summary of the major studies in that particular field of research. The aim encompasses taking a critical look at previous research, which involves identifying both the strengths and weaknesses and what areas require greater detail. The aim is not to replicate information but to add to the existing literature. This is best achieved when the researcher asks different questions, chooses different research methods and contexts and approaches the topic from a different philosophical perspective (Valentine, 2001).
A central purpose of the literature review was to provide a conceptual framework for the need for LED, specifically that driven by local governments. Literature sources consulted included journals, books, dissertations, papers presented at professional society meetings and conferences as well as government documents and policy reports. In addition to this, use was made of newspaper and magazine articles as well as the use of internet web pages, particularly government agency web pages. In reference to documentary analysis, Kitchin and Tate (2000) emphasise that before a secondary data source is used, its usefulness should be assessed according to its authenticity, credibility, degree of representation and meaning. The following table (Table 4.1) lists the documents provided by the Ingwe municipality that were considered useful for the dissertation.

Table 4.1 List of reviewed documents

<table>
<thead>
<tr>
<th>Date of publication</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 2001</td>
<td>Report on LED Fund project – Thatch Harvesting</td>
</tr>
<tr>
<td>June 2002</td>
<td>Ingwe Integrated Development Plan</td>
</tr>
<tr>
<td>March 2003</td>
<td>Ingwe Economic Regeneration Study</td>
</tr>
<tr>
<td>June 2003</td>
<td>Review of the Integrated Development Plan</td>
</tr>
<tr>
<td>August 2003</td>
<td>Interim Draft report for the Sisonke District Railway Tourism project</td>
</tr>
<tr>
<td>August 2003</td>
<td>Vuna Awards Application</td>
</tr>
<tr>
<td>October 2003</td>
<td>LED Marketing Plan – Phase 1 report: Situation Analysis</td>
</tr>
<tr>
<td>March 2004</td>
<td>LED Marketing Plan: Marketing goals and strategies</td>
</tr>
<tr>
<td>May 2004</td>
<td>Sisonke Rail Tourism Project: Summary Motivation</td>
</tr>
<tr>
<td>June 2004</td>
<td>Review of the Integrated Development Plan</td>
</tr>
<tr>
<td>June 2004</td>
<td>Letter to Dept of Tourism and Culture</td>
</tr>
<tr>
<td>July 2004</td>
<td>Request for support for Rail Tourism initiative of the Sisonke District</td>
</tr>
<tr>
<td>August 2004</td>
<td>Vuna Awards Application</td>
</tr>
<tr>
<td>October 2004</td>
<td>Business Plan for Sisonke District Rail Tourism project:</td>
</tr>
<tr>
<td></td>
<td>Operationalising the initiative at Creighton, Ingwe.</td>
</tr>
</tbody>
</table>
Kitchen and Tate (2000) continue to state that those secondary sources that are deemed useful should then be used in conjunction with participation and observation, questionnaires and interview analysis.

4.3.4 Interview theory

The combination of a variety of methods ensures a more holistic and accurate enquiry. Sproull (1995) states that for any research involving people’s opinions, attitudes, values or desires, the best source of information is people. This verifies the researcher’s choice of participation and observation, documentary analysis and interviews as the most effective research methods. However, Sproull (1995) also warns against the use of interviews as people do not operate under absolute truths. Data from interviews may be biased or inaccurate due to respondents lying, omitting information, inaccurate recall, insufficient information and knowledge and due to pre-conceived beliefs that they must only write socially acceptable answers. It is therefore important to cross-reference data collected with secondary sources. In addition to this, the manner in which questions are asked, what questions are asked and in what context or setting the interview is held, must be kept as constant as possible to limit discrepancies.

The interview method allows the researcher to produce a complex and varied data set that is acquired in a less formal setting. As opposed to the questionnaire that seeks specific information, the interview allows for a more thorough and broad examination of the interviewee’s experiences, feelings and opinions that can not be captured through a questionnaire. Interviews provide rich sources of data on people’s experiences, opinions, aspirations and feelings (Wilson, 1996).

There are five basic interview classifications; the closed quantitative, the structured open-ended, the interview guide approach, informal conversational interview and the group discussion. The main differences between the different types concerns the degree to which the interviewer controls the conversation and the degree to which the discussion is directed (Kitchin and Tate, 2000). In terms of the field research for this particular dissertation, the interview guide approach and informal conversational interview were considered to be the most applicable for the information required and most relevant for the situations at hand.
Interview guide approach: This is also known as the semi-structured approach by authors such as Sproull (1995) and Wilson (1996). This approach is far less structured and allows for greater freedom to explore specific avenues of enquiry that appear to be relevant to particular interviewees. However, due to the free-form nature of the interview, there is the possibility that important topics could be omitted, especially in the case where sensitive issues are at stake. The flexibility in sequencing and wording used also makes it more difficult to compare and analyse data at a later stage. This style of interview was used with the various stakeholders, politicians and community members because of its less structured approach and the resultant opportunities to focus on those topics that are particularly relevant to the interviewee. Although seeking the less structured approach, it was important to maintain a degree of structure to allow for comparison, and thus it was preferred over the informal conversational approach.

There were three interview schedules compiled. Due to the substantial influence of Nel’s (1999) evaluation criteria, preferential consideration was given to his interview schedule. In addition to this, Nel’s (1999) method of identifying the relevant evaluation criteria and using these as the basis for formulating the interview questions, was applied to the principles and concepts as laid out in the Sustainable Livelihoods Framework (DFID, 2004) and the Municipal Systems Act of 2000 when designing the interview schedules.

The first schedule compiled was an exhaustive list of questions that were only administered with the project leader (LED Councillor) and municipal mayor because of its extensive nature (Appendix 1). Following this process, this schedule was refined and condensed into a format more suitable for interviews with the stakeholders (Appendix 2). In addition to this, the common principles and concepts gained from the literature review were also taken into consideration. The third schedule was administered to the community members (Appendix 3). Due to the limited involvement of community members, this schedule was condensed even further and served to identify their knowledge of the LED strategy and their opinions concerning general economic development in the area.

Interviews were also held with the participants involved in individual initiatives (Appendix 4). The research period focussed on the development of the LED strategy during its pre-implementation stage and thus the only participants actively involved in any of the initiatives were the two ladies running the coffee shop at the Municipal offices and station.
complex. Interviews were also held with the Weaver’s Hut weavers at Donnybrook. Their participation in the LED strategy involves training the weavers for the Weaving Studio at the Gerard Bhengu Art Centre in Centecow (see section 5.3.2.3). This interview schedule served to determine their relationships and experience with the Ingwe Municipality as well as determining their level of understanding regarding LED in the Municipality.

- *Informal conversational interview:* This approach lacks any formal structure and is usually associated with the scenario where the researcher is attempting to understand the general situation. Although this form does provide a detailed and rich data set, the information gained can vary substantially from one respondent to another. It is also very difficult to analyse and sort data obtained in this manner. This style of interview was used extensively with the LED Councillor and the Municipal Mayor due to the frequent nature of interviews held and because of the participatory nature of the research. Participation in the two Vuna Awards processes provided many opportunities for informal conversations regarding the municipalities LED strategy.

In addition to the interview schedules compiled by the researcher, the researcher’s participation in the World Bank research project on LED and local government in South Africa required an extensive questionnaire to be completed by the Municipality (Appendix 5). The researcher was responsible for administering this questionnaire with the Ingwe Municipality. This process provided an opportunity for an extensive questionnaire to be completed as well as follow-up interviews to clarify various responses.

Table 4.2 lists the municipal officials, stakeholders and community representatives interviewed. In addition to those involved in the project, representatives who are involved in current research pertaining to the Ingwe Municipality’s LED strategy were also interviewed. The table indicates the correlation between those interviewed and the type of interview schedule used in order to illustrate the ability to triangulate and cross reference information gathered.
Table 4.2 Matrix of interviewees and use of interview schedules

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Interview schedules and Questionnaire</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Project leaders (interview)</td>
</tr>
<tr>
<td><strong>Organisation / representative</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Municipal Officials:</strong></td>
<td></td>
</tr>
<tr>
<td>Ingwe Municipal Mayor</td>
<td>X</td>
</tr>
<tr>
<td>Ingwe Mayor</td>
<td></td>
</tr>
<tr>
<td>Ingwe LED Councillor</td>
<td>X</td>
</tr>
<tr>
<td>Ingwe Technical Director</td>
<td></td>
</tr>
<tr>
<td>Ingwe Financial Manager</td>
<td></td>
</tr>
<tr>
<td><strong>Stakeholders:</strong></td>
<td></td>
</tr>
<tr>
<td>Sisonke District LED Co-ord.</td>
<td></td>
</tr>
<tr>
<td>Weaver’s Hut Owner (1)</td>
<td></td>
</tr>
<tr>
<td>Weaver’s Hut Owner (2)</td>
<td></td>
</tr>
<tr>
<td>Architect</td>
<td></td>
</tr>
<tr>
<td>Killy Campbell</td>
<td></td>
</tr>
<tr>
<td>Museum Services</td>
<td></td>
</tr>
<tr>
<td>Catholic Father</td>
<td></td>
</tr>
<tr>
<td>Tourism Kwa-Zulu Natal</td>
<td></td>
</tr>
<tr>
<td><strong>Community Members:</strong></td>
<td></td>
</tr>
<tr>
<td>Two Rivers Tourism</td>
<td></td>
</tr>
<tr>
<td>Creighton Farmers Ass.</td>
<td></td>
</tr>
<tr>
<td>Creighton businessman</td>
<td></td>
</tr>
<tr>
<td>Donnybrook Farmers Ass.</td>
<td></td>
</tr>
<tr>
<td>Donnybrook Businessman</td>
<td></td>
</tr>
<tr>
<td>Tribal Authority (1)</td>
<td></td>
</tr>
<tr>
<td>Tribal Authority (2)</td>
<td></td>
</tr>
<tr>
<td>Hlanganani Social Welfare</td>
<td></td>
</tr>
<tr>
<td><strong>Research Consultants:</strong></td>
<td></td>
</tr>
<tr>
<td>KZN Wildlife</td>
<td></td>
</tr>
<tr>
<td>LED Consultant</td>
<td></td>
</tr>
</tbody>
</table>
4.3.5 Interview Schedules

4.3.5.1 The local champion

A unique characteristic of this research was that it focused on the planning and pre-implementation stages of the Municipality’s LED strategy. This developmental stage of the strategy was co-ordinated by one particular individual, the LED Councillor, who is therefore considered as the local champion with respect to LED in the Municipality. Due to the small size of the Municipality and the reality that it is a rural-based and therefore highly undeveloped, the Ingwe municipality was desperately under-resourced and lacked human capital. It was primarily due to the initiative taken by the LED Councillor that the LED strategy was developed and thus this one individual has driven the process to date. The impact on the research process was that there was a dominant focus on the LED Councillor as, in most circumstances, he was the dominant person involved in and driving the strategy.

Many extensive interviews were held with the LED Councillor throughout the research period. The interview methods employed included the interview guide approach and the informal conversational interview as discussed above (Kitchen and Tate, 2000). Table 4.3 details the number and nature of interviews the researcher held with the LED Councillor. The opportunities for extensive participation allowed for many opportunities for informal conversations, which allowed the researcher to gain important insight into the realities experienced within the Municipality.
Table 4.3: Interviews held with the LED Councillor

<table>
<thead>
<tr>
<th>Dates</th>
<th>Interviews conducted</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>23 May 2003</td>
<td>Informal conversational</td>
<td>Introduction to LED strategy</td>
</tr>
<tr>
<td>8-10 August 2003</td>
<td>Informal conversational</td>
<td>Vuna Awards preparation</td>
</tr>
<tr>
<td>21 October 2003</td>
<td>Informal conversational</td>
<td>KZN Tourism Annual Conference</td>
</tr>
<tr>
<td>22 March 2004</td>
<td>Informal conversational and interview guide approach</td>
<td>Update and interview</td>
</tr>
<tr>
<td>6 May 2004</td>
<td>Interview guide approach</td>
<td>Project leader interview schedule</td>
</tr>
<tr>
<td>23 June 2004</td>
<td>Informal conversational</td>
<td>Preparation for Minister Singh</td>
</tr>
<tr>
<td>6-7 July 2004</td>
<td>Informal conversational</td>
<td>Update and tour to renovations</td>
</tr>
<tr>
<td>23-26 August 2004</td>
<td>Informal conversational and interview guide approach</td>
<td>Vuna 2004 Awards preparation</td>
</tr>
<tr>
<td>05 October 2004</td>
<td>Interview guide approach</td>
<td>World Bank Questionnaire</td>
</tr>
<tr>
<td>16-19 November 2004</td>
<td>Informal conversational</td>
<td>Follow-up research for World Bank</td>
</tr>
<tr>
<td>12 March 2005</td>
<td>Informal conversational</td>
<td>Final update</td>
</tr>
</tbody>
</table>

The initial interview and visit to the Ingwe Municipality followed an informal conversational approach during which the researcher played a particularly passive role. The object of this interview was to gain as much information regarding the Municipality and their LED strategy as possible in order to provide the researcher with a solid foundation of what type of research would be required. This visit provided the researcher with a broad, and comprehensive, understanding of the process the Municipality was embarking upon. The visit also provided the researcher with extensive documentation such as the IDP and proposed business plans that formed the foundation of the LED strategy development process. The result was, that by the subsequent visit to the Municipality, the researcher had a comprehensive knowledge regarding the LED strategy.

The second visit to the Municipality coincided with the Vuna Awards application process. The Ingwe staff requested the assistance of the researcher to prepare the required
documentation. This scenario provided opportunities for the researcher to ask preliminary questions that had been previously prepared concerning the LED strategy. This marked the beginning of the analytical process for the researcher. The types of questions asked were based on the principles and concepts gained from the literature review concerning rural development and LED.

Both the researcher and the LED Councillor attended the Tourism KwaZulu-Natal’s (TKZN’s) Annual Provincial Conference, which provided an excellent opportunity to discuss the role of tourism in the Ingwe Municipality’s LED strategy. Discussion centred around recent tourism developments within KwaZulu-Natal, as discussed at the conference, and how the Ingwe Municipality’s LED strategy aimed to promote economic development and expansion within the Municipality through tourism.

The first guided interview focused on general questions relating to LED as outlined by Nel (1999). This was followed by a second guided interview, which was far more extensive and used the interview schedule compiled for the project leader. This interview was conducted as a set of guided questions where the researcher was aware of certain information she required while simultaneously, allowing the conversation to cover broader issues and concepts not previously selected. This process yielded more specific information that related directly to the evaluation criteria. A follow-up to this interview was conducted in order to clarify uncertain information and to acquire information regarding criteria that were inadequately covered during previous interviews. Subsequent visits to the Municipality allowed for further informal conversational interviews.

Involvement in the Vuna Awards, 2004, allowed the researcher to assess the Municipality’s progress during the previous year. As a result of the new application format, it also exposed the researcher to smaller LED projects that had not featured or been mentioned in earlier interviews.

The researcher was also responsible for writing up the chapter on the Ingwe Municipality in a World Bank funded project (Gardyne, 2005). This experience allowed further intensive interviews and questionnaires, specifically concerning the pro-poor inclination of the Municipality’s LED strategy. The World Bank research required an extensive questionnaire to be completed with the relevant municipalities. The researcher was able to administer the
questionnaire in an interview format with the LED Executive Councillor, which enabled
the researcher to probe deeper with various questions posed.

Throughout the research period, the researcher was consistently updated by the LED
Councillor concerning recent developments within the LED strategy. Although these
interviews followed a particularly informal approach, the researcher was constantly aware
of the evaluation criteria and what information was needed for analysis and therefore
guided conversation so as to cover information relevant to the study.

4.3.5.2 Other key role players and stakeholders
A key person in this group was the Ingwe Municipal Manager. The researcher met with the
Municipal Manager throughout the research period, during which both the interview guide
approach and informal conversational interviews were used. The Municipal Manager
provided invaluable information regarding the Municipality's experiences during the initial
transition period into local government status in 2000, the developmental role of local
government and how Ingwe has approached this responsibility and relations existing
between Ingwe and various spheres of government.

Initial contact with the Municipal Manager was made during the first Vuna Awards
process, during August 2003. Whereas the LED Executive Councillor had provided an
extensive outline of the Municipality's vision for LED within the Municipality, the
Municipal Manager provided extensive insight regarding the relationship between Ingwe's
commitment to promoting economic development and the national government's mandate
to promote pro-poor development. Working closely with the Municipal Manager provided
the researcher with a clear understanding of the dynamics involved in fulfilling the
responsibilities mandated to developmental local government. During this time, informal
conversational interviews were also held with the Municipal Financial Manger and
Technical Director. These interviews helped to clarify and verify the information gained
from the Municipal Manager and LED Executive Councillor.

During March and May 2004, more formal interviews were held with the Municipal
Manager and Mayor, which co-incided with those held with the LED Executive Councillor.
These interviews were in the form of an interview guide-approach. The same questions
were posed to the LED Executive Councillor and the Municipal Manager using the
interview schedule compiled for the project leader. As with the LED Executive Councillor, this process yielded more specific information required for the evaluation. The interviews held in May allowed the researcher to follow-up on various concerns or questions that arose from the interviews held earlier in March. This process also enabled the researcher to condense this interview schedule into a format suitable for many interviews with the various stakeholders.

During August and September 2004, interviews were held with the various stakeholders and municipal officials (table 4.2). The use of structured open-ended questions allowed the researcher to gain information relevant to the evaluation criteria as well as allowing respondents the opportunity to elaborate on certain aspects they were more familiar with. The structured nature of the question schedule allowed for comparison and cross-reference between the various role players. The information identified and collected could be used in conjunction with the evaluation criteria in the analytical process. The open-ended nature of the schedules permitted the acquisition of information not previously anticipated as well as providing opportunities to probe further into problem or conflict areas. This was achieved through extensive discussion with each of the respondents.

This interview schedule was also administered with those conducting research in the Ingwe Municipality. KwaZulu-Natal (KZN) Wildlife had completed extensive research concerning the relationship between the Municipality’s IDP and environmental impacts associated with economic development. The researcher also interviewed the LED consultants who were approached by the Ingwe Municipality to help them evaluate their strategy as it existed, as well as developing a strategic plan for the following five years.

The researcher’s participation in the World Bank research provided further opportunities for gaining information regarding the Ingwe Municipality’s approach to their LED strategy. This opportunity was particularly important as it provided invaluable guidance concerning the relationship between the government’s mandate to promote pro-poor development and the Ingwe Municipality. The questionnaire provided for this research project enabled the researcher to gain more specific information that was particularly relevant to this relationship and which had been overlooked by the researcher during previous interviews. The researcher administrated the questionnaire in October 2004. Due to the comprehensive response provided by the Municipal Mayor, a follow-up interview was conducted in
November with the Municipal Mayor to further discuss the issues raised by the questionnaire.

4.3.5.3 Community members

A small selection of community members were interviewed in order to expose the researcher to general opinions regarding the Municipality’s LED strategy. These interviews served to provide a general understanding of how local people understood their local economic situation, what they considered to be opportunities for improvements and their general assessment of the LED strategy being developed by the Municipality. Interviews were conducted with representatives from the business sector, farming community, tourism enterprises and social services. These interviews also served as an indication of how effectively the Municipality was communicating with the general public concerning their plans and projects.

The interviews with the community members were considered to be of secondary importance because of the severely limited role played by these members in the development of the LED process. Although the community have been kept informed they have not played an active role in the development strategy. Contrary to community based LED initiatives, the Ingwe example is one pertaining to a municipality as a whole, which incorporates over 100 000 people dispersed throughout the municipal boundaries. The opportunities available for community participation are, therefore, limited. The strategy is still in the pre-implementation stage and therefore, opportunities for community participation within the LED initiatives are also limited.

In addition to this, the dissertation is not concerned with the success of individual projects but rather with the Municipality’s response to the government’s mandate to promote pro-poor economic development. The primary focus of the research is, therefore, the actions and functions pertaining to the Municipality. In light of this, attention now turns to the Ingwe Municipality’s response to the developmental local government mandate as evidenced by the development of their LED strategy.

4.4 Assessing the local economic development strategy

The LED strategy was assessed using the sustainable livelihoods approach. This analysis occurred on two levels. Firstly, the strategy was analysed according to the projected impact
to be experienced at the community level. On a second level the strategy was analysed in
terms of its value as a LED initiative. This was achieved with the use of the sustainable
livelihoods framework.

4.4.1 An introduction to the sustainable livelihoods strategy

The term livelihood refers to the material and social resources, human capabilities and
relevant activities required for an individual to provide the means for living. A livelihood is
considered to be sustainable when it is able to cope with and recover from shocks and
stresses experienced due to both internal and external circumstances and influences (Ashley
and Maxwell, 2001). The livelihoods approach draws on studies of rural poverty and
focuses attention on individuals and the household economy, which exist within the
community setting. The process of understanding rural livelihoods requires the researcher
to understand how people who are excluded from the formal urban economy obtain the
resources necessary to provide for their households and how they cope with crisis. The
livelihoods approach broadens our understanding of these processes by drawing attention to
the multiple influences on livelihoods including the natural and built environment,
institutional policies, and the processes operating at the household, community, local,
national and even global level (Mulqueeny and Caister, 2004).

Adelzadah et al., (2001) emphasise the need for a thorough understanding of poverty and
livelihoods in order to facilitate the promotion of sustainable livelihoods. This is because
the development and maintenance of employment opportunities is closely linked to the
concept of creating sustainable livelihoods. The sustainable livelihoods framework (DFID,
2004) promotes a thorough understanding of poverty due to its explicit emphasis on the
need for participatory research (Skelton, 2001).

The sustainable livelihoods framework (figure 4.1) was developed as a tool to help improve
understanding concerning the dynamic concept of livelihoods, especially those experienced
by the poor (DFID, 2004). Unlike models characteristic of the twentieth century, the
sustainable livelihoods framework does not suppose a linear transgression of development,
but rather seeks to represent a complex and dynamic reality. The framework is centered on
people and aims to represent the dominant factors impacting people's livelihoods and the
interaction between these factors. The framework is intended to improve development
planning and management systems and processes. Use of the framework should enable
facilitators of development to confront poverty more effectively by helping them identify the underlying causes of poverty and how to overcome these obstacles (DFID, 2004). Although the framework is applicable to all levels of social structure, from household to national, focus will be given to the community level.

While acknowledging the value and necessity for the sustainable livelihoods framework in understanding the factors influencing poverty, Mulqueeny and Caister (2004) warn against replacing all other approaches with the sustainable livelihoods approach. Potential weaknesses include limited focus on the role of policy and governance and the focus on assets at a household level can detract from issues of community participation. In addition to this, the framework does not include historical, cultural and belief factors, which influence community activities and functioning. Inherent within these factors are also issues of power and power relationships such as the position and authority of woman. The framework is therefore most effective when used in conjunction with alternative approaches, whose strengths balance its weaknesses.
Figure 4.1 Sustainable livelihoods framework
(Department for International Development, DFID, 2004)
4.4.2 Understanding the framework

As is indicated in figure 4.1, the sustainable livelihoods framework is composed of the following categories:

- Vulnerability context
- Livelihood assets
- Transforming structures and processes
- Livelihood strategies
- Livelihood outcomes

- **Vulnerability context**

This context refers to the external environment in which the community exists. Communities are especially vulnerable to trends, shocks and seasonal changes in their external environment. This is because they have limited, if any, control over these fluctuations yet, whether directly or indirectly, their livelihoods are impacted. This has specific relevance for poorer communities who have the least influence or control over external circumstances. Poor people often find themselves caught in a vicious poverty cycle where their fragile existence limits their control of external circumstances, therefore making them more susceptible to fluctuations, which often leaves them in an even more fragile position and increasingly vulnerable.

- **Livelihood assets**

The livelihoods framework identifies five key categories of assets upon which livelihoods are built, namely: human, social, physical, financial and natural capital. The asset pentagon illustrated in figure 4.1 visually represents the variety of assets required by people to achieve sustainable livelihoods. In terms of schematically representing access to assets, the centre point of the pentagon represents no access and, conversely, the outer perimeter represents maximum access. Each individual community can therefore construct their own pentagon reflecting their unique situation relating to each of the following factors:

- Human capital represents the skills, knowledge and ability to work available to a household or community;
- Social capital indicates the social resources available to a community, which can be used to pursue their livelihood objectives. Social resources are those available through networks, partnerships and membership to formal groups;
Natural capital refers to environmental resources. This resource is strongly related to the vulnerability context because the dynamic relationship between resource and shocks can be particularly volatile and uncertain;

Physical capital comprises the basic infrastructure and goods available to or needed by the livelihoods strategy adopted by a community; and

Financial capital represents the economic resources available. This asset is fairly complex and includes available savings, flows of money and monetary exchange due to production and consumption. In most cases, the main objective is promoting more secure access to financial resources.

Transforming structures and processes

This section of the sustainable livelihoods framework refers to the institutions, organisations, policies and legislation that shape livelihoods. These factors are often instrumental in creating the broader framework within which a community operates to achieve their desired livelihood status. There is a direct link to the vulnerability context as policy decisions implemented through various structures can work to increase vulnerability due to changes in the external realm, or, they can be pro-active in helping communities to cope with environmental or economic shocks. Similarly, policies and institutions can either work to increase or decrease access to assets, as well as their choice of livelihood strategies. This relationship within the framework extends to livelihood outcomes because of the indirect influence political structures have on communities. For example, pro-poor policies facilitate developmental outcomes by extending social services to disadvantaged areas.

Livelihood strategies

Central to the livelihoods approach is the goal of promoting choice, opportunity and diversity with respect to livelihood strategies. This is central to understanding the unique opportunities and dynamics relevant to each locality (Taylor, 1992). The concept of creating sustainable livelihoods seeks to develop an understanding of each situation in order to effectively reinforce positive aspects and mitigate constraints or negative influences. Diversity of choice is vital as it empowers communities to embrace opportunities for self-determination and the flexibility to adapt as their external context changes.
**Livelihood outcomes**

Livelihood outcomes refer to the achievements or outputs resulting from the chosen strategies. Essential to understanding the framework is the recognition that previous, narrow-minded concepts of ‘successful’ outcomes needs to be replaced with an appreciation for the richness of potential outcomes that are locally relevant. The outcomes listed in the framework are a guideline and many vary between situations. Not all the outcomes listed are relevant to every situation. The following is a brief explanation of each outcome:

- More income is accepted as a means of increasing economic sustainability;
- Increased well-being refers to issues of empowerment and community esteem such as identity, the degree of control over their own destiny, health status, access to services and cultural pride;
- Reduced vulnerability can be an instrumental outcome in terms of increasing the sustainability of livelihoods;
- Improved food security is essential in terms of overcoming vulnerability. Its importance verifies its presence as a separate factor; and
- A more sustainable use of natural resources refers to increased environmental sustainability.

Due to the incipient phase of the Ingwe Municipality’s LED strategy, the ability to evaluate their strategy as a livelihood strategy and in terms of the outcomes gained is limited. However, despite this limitation it is still important to consider the strategy in terms of its value as a LED strategy and the potential outcomes that are proposed.

**4.4.3 Evaluating the potential for Ingwe Municipality’s strategy to achieve sustainable local economic development**

As Nel (1999:52) so aptly states, “the urgent need for appropriate, developmentally orientated research obliges researchers to adopt techniques acceptable to both the communities under consideration and research requirements”. This renders many of the international LED evaluation criteria (Blakely, 1994) insufficient or of limited relevance as they focus solely on economic factors and ignore the social development aspect of LED. It is therefore important that the criteria chosen are appropriate for evaluating LED initiatives that have a strong community development orientation and which, are therefore, relevant to the South African context.
In keeping with this need to be relevant to the South African situation, I have chosen to follow guidelines provided by Nel (1999). The criteria chosen by Nel (1999) are based on guidelines provided by Stohr (1981; 1990), Blakely (1994), Henderson (1991) and Foley (1992). Furthering the concept of relevance to South Africa, the research objectives seek to answer how the Ingwe Municipality’s LED strategy will enable them to fulfil their role and responsibility as a developmental local government. In order to evaluate this question, the dominant principles proposed by the White Paper on Local Government (1996) and the Municipal Systems Act, 32, of 2000 were used to formulate the evaluation criteria.

The following criteria are therefore taken from the principles explored in the theoretical review of rural development, local economic development and developmental local government. These criteria were chosen because they were given importance in all three theoretical spheres as evident in the literature review:

- Economic sustainability;
- Employment and training;
- Community participation and empowerment; and
- Service and infrastructure.

```
• Economic sustainability

The economic success of an LED initiative is related to its ability to increase production (Stohr, 1981) through increased private sector investment and confidence as well as increasing the turn-over and investment made by local firms. In keeping with the principle of community development, it is essential that the initiative allows for a redirection of income within the poorer communities to enable genuine empowerment for those previously marginalized (Blakely, 1994).

Vaughan (1997) describes economic diversification and the introduction of new products as indications of a successful LED project. This is in agreement with the principles of the sustainable livelihoods approach that has come to dominate most rural development schemes (Ashley and Maxwell, 2001; Ellis and Biggs, 2001).
```
Employment and training

The aim of any LED initiative is to increase the number of jobs available to the various communities through the creation or encouragement of enterprise and business activity (Hill and Nel, 2004). However, genuine success is indicated by more than mere job creation. It is important that local entrepreneurial resources are mobilised so that the jobs created can be occupied by the local, poorer communities (Blakely, 1994).

However, possibly the most important questions to ask concerns the nature and sustainability of the jobs created as indicated by Odendal and Schoeman (1990). It is important that previously unemployed people now have employment, that the job security is not threatened, that there is an improved quality in terms of employment options, and that new and relevant skills are taught. Central to these concepts is the ability of the local people to take control of the relevant development initiatives and that through their involvement in the initiative the local people become more employable (Nel, 1999).

Odendal and Schoeman (1990) discuss the factors they feel are necessary to ensure long-term sustainability. In reference to training, they state that in order to avoid past failures due to the implementation of technology that was completely foreign to the local people, technology should be familiar. Either the local people should already have the skills required or they should be sufficiently trained. In addition to training and skills, the type of technology used should be affordable. The sustainability of the project depends on the community’s ability to maintain the project once all external and initial agents have moved on. It is therefore essential that the community are self-reliant with regard to maintaining and managing the relevant developments.

Community participation and empowerment

As Nel (1999) emphasises, the notion of empowerment is an essential ingredient in any LED initiative as is evidenced by a community’s ability to gain local control of the development process and initiative (Miles, 2001). Blakely (1994) states that genuine empowerment requires new organisational forms such as democratic decision making forums, facilities for local co-operation and initiatives and decentralisation of control. For some traditional communities, this might entail the revival of old communal decision making structures (Stohr, 1981).
Central to the concept of empowerment is also that of self-sufficiency (Friedmann, 1992; Dewar, 1994; Blakely, 1994). It is important that opportunities for skill development and job upgrading lead to community ownership, decision making powers and improves the social fabric of the community. For Friedmann (1992), genuine empowerment exists when local people are involved in community economic development; have control over resource utilisation and decision making processes; exhibit confidence in using agencies such as social services; are aware of local activities and experience strong social interaction within the community.

**Services and Infrastructure**

Service improvements as a direct or indirect result of an LED initiative are good indications of the benefits experienced by the relevant communities. For Stohr (1981), this refers to increased access to land, restructuring of transport systems and the support of rural-urban linkages. In addition to these indications, Blakely (1994) comments on the provision of quality goods and services, specifically those of education opportunities. In addition to this, LED strategies should incorporate the maintenance of existing services as well as the provision of new and improved services and infrastructure, which enable communities to meet their needs.

**4.5 Conclusion**

The paradigm shifts experienced in the theory of research methodology have had a significant impact on the practical application of development theory. The progression from a scientific approach towards social sciences to that which is people centred has facilitated the shift from top-down, dominating development models to those that are participatory and aimed at empowering local communities. In terms of research, participatory observation has yielded research that supports community-based research, as well as being able to accurately represent the life experiences of local communities to a greater degree than before. The sustainable livelihoods framework is an effective guideline for effective participatory observation and allows the researcher to determine the impact of development initiatives from a community perspective.

This chapter has outlined and provided theoretical support for the research methods to be employed in this dissertation. The methods chosen are those, which are deemed most applicable for acquiring the information needed to effectively analyse and evaluate the
LED strategy developed by the Ingwe Municipality. The following chapter will describe the study site and the LED strategy before progressing to chapter six and seven where analysis and discussion will be achieved.
5.1 Introduction

The economic development strategy being investigated in this dissertation is an example of where a local government, the Ingwe Municipality, has engaged in a process with the aim of stimulating economic growth that will lead to employment creation for the local community (Blakely, 1994). The case study considers the potential of tourism-based LED to promote pro-poor economic development. The Ingwe municipality has sought to diversify their economy to include the tourism sector through the use of their cultural and natural heritage as their tourist attraction (Philander and Rogerson, 2001; Roe and Uruquart, 2001).

The municipality’s commitment to focusing all development on the poor, their endless efforts to ensure the poor benefit from all economic benefits - both financially and in service provision - and their commitment to grassroots empowerment is all evidence of the explicitly pro-poor approach they have adopted. Their commitment to forming partnerships with local community members and organisations, external stakeholders and local authorities has allowed the development of a pro-poor LED strategy with genuine potential for genuine empowerment and sustainable employment opportunities (Ashley and Roe, 2002; Nel, Hill and Eising, 2004).

According to the four variants of LED identified by Nel (2001), the Ingwe Municipality has adopted a formal local government approach to LED. This can be attributed to:

- The role of the local government as the lead change agent in the process - the entire LED process is driven by the local government, and
- Their commitment to government policy as a major motivating factor

The Ingwe Municipality has deliberately intervened with the intention of diversifying the existing economy so that it can better serve the interests and needs of the local communities (Nel and Humphrys, 1999). This response is directly related to the to promote developmental local government (Municipal Mayor, pers. com, 2003). This chapter introduces the Ingwe Municipality and describes the LED strategy developed by the municipality. This includes the municipality’s vision for local economic development, the
potential for tourism to diversify the economy and a comprehensive description of the various LED initiatives to date.

5.2 Introduction to the Ingwe Municipality

The Constitution of South Africa (RSA, 1996b) recognises local government as a distinct sphere of government, which is tasked with the responsibility of meeting their communities' basic needs through social and economic development. Within this framework, the constitution makes provision for three categories of local government, which have been defined by the White Paper on Local Government (RSA, 1998) as Metropolitan Councils, Municipal Councils and District Councils. Municipal Councils are those who are non-metropolitan local councils and who fall within greater District Councils. The Ingwe Municipality falls into the Municipal Council category.

The municipality (KZ 5a1) is one of the five municipalities forming part of the Sisonke District Municipality (figure 5.1). This municipality is located in the KwaZulu-Natal Midlands as illustrated in figure 5.2. The villages of Donnybrook, Bulwer and Creighton are small local service and commercial centres, established during the nineteenth century to serve the needs of the commercial farming industry. The Ingwe Municipality was first established during 2000, following the Municipal Demarcation process. The new municipality incorporated the previous local council of Creighton and the uMsekeli tribal-administered area of Bulwer (Ingwe, 2003a).

The capital of the municipality, Creighton, is a commercial agricultural town. The town developed as a result of the need to service the white commercial farmers living in the broader area (Ingwe, 2003a). The diversion of manufacturing and commercial functions to larger towns and cities has significantly reduced the economic role and activities of these towns. However, although connections between small rural towns and their hinterlands have weakened, these towns still provide some social and commercial services to the surrounding areas. It is significant to note that the economic decline of many rural towns in South Africa has not been accompanied by population decreases. Job losses on farms due to mechanisation, and corresponding political uncertainties and unemployment in the cities have resulted in increasing populations in many rural towns. This growth has led to increased poverty, unemployment and inequality. The challenge to reconstruct small rural towns is an urgent and fundamental to sustainable rural development (Dewar, 1994).
Figure 5.1 Location of the Ingwe Municipality
(Cartographic Unit, University of KZN, Pietermaritzburg)
In the case of Creighton, despite the presence of successful dairy and timber agricultural operations, the majority of the population do not benefit from these sectors and thus alternative economic opportunities need to be provided. According to the Creighton Farmer’s Association, the huge differentiation between successful commercial farmers and poverty stricken rural farmers is central to the poverty problems experienced within the Municipality. The rural areas are generally not provided for by any means, whereas the urban areas experience adequate service and infrastructure provision (Ingwe, 2002; Creighton farmer, pers. com, 2004).

Despite efforts to reduce inequality across the rural–urban spectrum, the pattern of poverty in South Africa is still evident geographically. Two-thirds of the poor live in the dominantly rural provinces of the Eastern Cape, Limpopo and KwaZulu-Natal while the wealthiest people are found concentrated within the four metropolitan areas (Adelzadeh et al., 2001). Congruent with this national trend, the greatest struggle facing the Ingwe municipality is the desperate levels of poverty experienced by their people. According to their IDP (Ingwe, 2002), 39% of households receive no income, only 11% of people between the ages of 20 and 65 are employed and 90% of the population are from previously disadvantaged communities who suffer from illiteracy and poverty as a result of no infrastructure and limited opportunities. It is, therefore, no surprise that the IDP recognised poverty reduction as one of their key issues relating to development within their municipality. The Municipality has recognised that unless they can facilitate the creation of a sustainable economic base across the municipality, the problem of poverty will continue to increase. Their hope is that by creating an economic system from the grass roots up, they can provide local people with job opportunities leading to greater and more sustainable household incomes (Municipal Mayor, pers. com, 2004).

In summary, the major initial challenges to be faced are:

- Financial viability;
- Large rural population of which 90% were considered poor;
- The need to promote local economic development;
- Service provision backlogs; and
- Limited staff capacity.

(Ingwe, 2002).
The concurrent challenges of poverty, severe financial and human capital shortages and limited service provision, render the creation of local economic development a particularly complex challenge. How does a municipality engage in creating local economic development when many, if not all, of the required trigger factors are non-existent? In addition to absent catalysts, most rural municipalities in South Africa face huge obstacles in terms of dealing with backlogs inherited from the apartheid era (Bond, 2002). This situation is indicative of the scenario facing most rural municipalities in South Africa. It is therefore important that we examine the approach taken by the Ingwe Municipality in terms of how they have attempted to overcome these obstacles to development.

5.2.1 Population dynamics

Ingwe has a large rural population of approximately 108 000 people (Municipal Demarcations Board, 2002), the majority of whom reside in relatively populated traditional authority areas under communal tenure. The eleven traditional authority areas cover approximately 26% of the municipality (Ingwe, 2002). The total population of Ingwe constitutes 42% of the Sisonke District’s population, which is substantial considering that there are five municipalities within the district (Ingwe, 2003a). As with most rural areas in South Africa, the IDP (Ingwe, 2002) highlights the continued influence of the biased apartheid education system. The lack of good education in the rural areas continues to impact negatively on the level of education in most rural schools. According to the 2001 census, as illustrated in Table 5.1 below, 31% of those over twenty years old have no education experience and only 7.4% have a Matric (school leaving certificate).

<table>
<thead>
<tr>
<th>Education Levels</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>No education</td>
<td>14 218</td>
<td>31</td>
</tr>
<tr>
<td>Primary</td>
<td>16 576</td>
<td>37</td>
</tr>
<tr>
<td>Secondary</td>
<td>9892</td>
<td>22</td>
</tr>
<tr>
<td>Matric</td>
<td>3396</td>
<td>7</td>
</tr>
<tr>
<td>Tertiary</td>
<td>1403</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>45 485</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: 2001 Census (Municipal Demarcation Board, 2002)
According to the figures obtained from the 1996 census, the IDP (Ingwe, 2002) estimates that 47% of those employed in Ingwe are unskilled labourers and 37% were considered as skilled or semi-skilled workers who work within the agricultural, trade and social service sectors. Only 15.6% of the population were considered to be professionals or in senior management positions. Table 5.2 below illustrates the occupational distribution during 2001 and therefore, demonstrates that low levels of skills still persist within the municipality.

Table 5.2: Occupation categories during 2002

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Officials</td>
<td>191</td>
<td>3</td>
</tr>
<tr>
<td>Professional</td>
<td>150</td>
<td>3</td>
</tr>
<tr>
<td>Clerks</td>
<td>260</td>
<td>4</td>
</tr>
<tr>
<td>Craft and Trade</td>
<td>326</td>
<td>6</td>
</tr>
<tr>
<td>Service Related</td>
<td>418</td>
<td>7</td>
</tr>
<tr>
<td>Plant / Machine Operators</td>
<td>498</td>
<td>8</td>
</tr>
<tr>
<td>Technicians</td>
<td>602</td>
<td>10</td>
</tr>
<tr>
<td>Agricultural / Fishery</td>
<td>639</td>
<td>11</td>
</tr>
<tr>
<td>Undetermined</td>
<td>1081</td>
<td>18</td>
</tr>
<tr>
<td>Elementary</td>
<td>1758</td>
<td>30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5923</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: 2001 Census (Municipal Demarcation Board, 2002)

In addition to this, the Economic Regeneration Study, ERS, (Ingwe, 2003a) highlights the significant numbers of pensioners within the municipality. The poverty crisis facing the municipality is further illuminated when one considers that according to the 2001 census, only 10% of those between the ages of 15 and 64 are employed and of those earning money, 91% earn less than R1600 a month (Municipal Demarcations Board, 2002).

5.2.2 Economic sector analysis

The three small towns of Bulwer, Creighton and Donnybrook service the Ingwe municipality. Despite the relatively strong backward and forward linkages with the larger
commercial areas of Underberg, Ixopo and Pietermaritzburg; the three service centres do not provide an adequate or sustainable economic base for the municipality on their own. Without the external linkages, the small towns are unsustainable. This is evident in the heavy dependence on migratory work. Due to extremely limited employment and economic opportunities, most families, especially within the rural areas, are reliant on external sources of employment. However, in response to the broader national and provincial decline in economic opportunities, there has been growth in the informal sector as people struggle to find alternative livelihood strategies (Ingwe, 2003a).

The current employment sectors that dominate are farming (30%) and social services (20%). Current economic practices are heavily reliant on the well-established commercial farming sector. The dominant farming practices are semi-intensive beef, dairy, potatoes and timber. The dominant agricultural activity in the traditional settlement areas is cattle ranching. However, as is often the case, returns are limited due to overgrazing and soil erosion. Other forms of subsistence farming include maize, potato, vegetable and dry bean farming (Ingwe, 2002). It is important to note that the products from the softwood sawmills are sold outside the municipality and thus there is limited local beneficiation. The hardwood timber is also processed at pulp mills and timber treatment plants outside the local municipality (LED Councillor, pers. com, 2003).

Commercial activity is centred within the small towns of Bulwer, Creighton and Donnybrook. However, commercial services are insufficient to fulfil the needs of the local residents and thus most trading takes place within the surrounding towns of Ixopo and Pietermaritzburg (Ingwe, 2002). In terms of the informal sector and small business development, trading and transport have been the two dominant sectors targeted by rising entrepreneurs (Ingwe, 2003a).

The discussion of population dynamics and economics relating to the Ingwe Municipality highlights the desperate need for economic growth. In addition to a high population, the majority of whom are poverty stricken, the Ingwe Municipality does not have an existing economic base that could be used as a platform for further economic growth. The challenge of confronting these obstacles will require innovation, leadership and determination.
5.3 Local economic development in Ingwe

The responsibility of promoting and creating LED in the municipality belongs to one of the four councillors from the Executive Committee. Since 2000, this responsibility has expanded to include a LED steering committee, and, in January 2005, an official position, LED and Tourism Manager, was incorporated into the Municipality’s employment organogram. The position was advertised in regional and local newspapers and twenty-nine applicants were interviewed by the Municipal Council. As a result of a full council resolution, the previous LED Executive member was hired for the position. The contract stands for five years (Municipal Mayor, pers. com, 2004).

This position is extremely significant as it is the beginning step in the process of protecting the responsibility of LED from political instability. While the responsibility of developing and maintaining economic development initiatives within the municipality remains that of a political figure, the long-term sustainability of strategies and projects are threatened by changes in political rule. At present, the strongest political party in Ingwe is the Inkatha Freedom Party, IFP. However, should power shift towards the ANC in the 2005 municipal elections, councillor positions are most likely to change. The LED Councillor played an essential role in promoting LED within the municipality. His transference from a political position in the Executive Council to a permanent staff position, guarantees his involvement in co-ordinating LED irrespective of political changes.

In keeping with the principles set out in the Municipal Systems Act 32 of 2000, the Ingwe Municipality undertook their first IDP in 2002. The IDP was instrumental in initiating the current expansion of LED within the Municipality. Ingwe has been faithful in ensuring that IDP reviews took place in both 2003 and 2004 (Municipal Mayor, pers, com. 2003).

In response to the reality that 90% of the Ingwe population are from previously disadvantaged communities who suffer from illiteracy and poverty as a result of no infrastructure and opportunities, the Ingwe Municipality’s IDP (Ingwe, 2002) identified poverty alleviation as one of the major challenges facing the municipality. Inherently linked to this challenge, is that of economic development. Ingwe’s commitment to local economic development was also spurred by their commitment to the Municipal Systems Act’s call to create ‘developmental local government’ as well as by the concern for the dire
poverty levels experienced by the majority of their local population (LED Councillor, pers. com, 2004; Municipal Mayor, pers. com, 2004).

Due to the IDP’s strong emphasis on the need for LED within the municipality, an Economic Regeneration Study, ERS, was completed in March 2003 (Ingwe, 2003a). The ERS provided a general analysis of the municipality in terms of demographics, infrastructure and service provision. It also provided an analysis of the current economic situation including an evaluation of current development initiatives existing both within the municipality and within the greater district. Tourism was identified as having potential for successful economic expansion due to the natural and cultural resources available to the municipality. The results from the IDP and the ERS combined, substantially influenced the LED strategy adopted by the municipality (LED Councillor, pers. com, 2003).

The ERS (Ingwe, 2003a) suggested objectives, strategies and projects the municipality could embark on in terms of their LED strategy. Through further consultation with the municipality, it was decided that the opportunities listed below presented the greatest potential for LED in the region:

- Biodiversity, Cultural and Historical Tour
- Potatoes and Cabbages Farming
- Carpet weaving at Centecow

The Council decided that these projects were deemed those with the highest potential to promote economic regeneration in the area. These projects were to be viewed as catalysts to economic growth and development by creating an environment conducive to economic growth. These projects should open the doors to greater opportunities as well as encouraging a culture of entrepreneurship amongst the people of Ingwe (Ingwe, 2004a). The ERS concluded by providing comprehensive business plans for these three LED initiatives. Central to each business plan was the need for steering committees in the development and management of each project. Following the ERS, the municipality has taken the initiative to produce further business plans for their various LED projects (LED Councillor, pers. com, 2004).
5.3.1 The municipality’s vision for economic development

During the initial IDP process, the following vision for the Ingwe Municipality was formulated:

“The Ingwe Municipality will strive to promote a quality social and economic environment that is sustainable and competitive while providing opportunities for all residents to grow and prosper. It will seek to achieve this by strengthening the unique social, economic and environmental potentials of the Local Municipal area while protecting the natural resources base for succeeding generations” (Ingwe, 2002).

The municipality’s commitment to economic development was founded on the understanding that employment provision had to occur through the diversification of the local economy, which would allow for a progressive transfer of capacity and opportunity to previously disadvantaged people within the municipality. The high priority placed on economic development was further emphasised by the formulation of a specific economic development vision, namely:

“To promote economic diversification and investment in the Ingwe Municipality. This should be based on sound economic development policy and a marketing strategy that focuses upon the key economic sectors within the Ingwe Local Municipality” (Ingwe, 2002).

As discussed in section 5.2.2, the major economic activities in the region consist of timber-related and dairy agriculture. According to local businessmen, these sectors, combined with the natural resources available in the area, provide opportunities for economic growth through industrial expansion – especially in the areas of Creighton and Donnybrook that are serviced with efficient rail services (Donnybrook businessman, pers. com, 2004), and through partnerships with the larger timber corporations (Tourism businessman, pers. com, 2004). The Municipality may also have a role to play in reducing mechanisation and promoting high-density labour, especially through partnerships with contractors. In addition to this, the municipality has an important function to play in terms of bridging the gap between the location of people and work opportunities (Tourism businessman, pers. com, 2004). However, these economic activities are related to already existing markets and thus it is difficult to create alternative beneficiation projects that result in additional employment opportunities (Ingwe, 2004b).
The IDP (Ingwe, 2002) therefore emphasised the need for economic diversification and expansion if sustainable economic growth was to be achieved. The diversification of agriculture and tourism were identified as the main opportunities for local economic development, with specific emphasis placed on tourism.

5.3.2 Tourism as an opportunity to diversify the economy

"Any meaningful economic growth within our municipality will require the establishment of a new industry. This is fundamentally because the previous industries [dairy and timber agriculture] ... are already part of an existing chain of supply of food and fibre to an established market" (Ingwe, 2004c:2).

The Ingwe Municipality currently has the opportunity to create a tourism industry that is globally competitive, environmentally sensitive and integrated to promoting socio-economic development, especially within the rural communities (LED Councillor, pers. com, 2003). The international trends towards eco- and cultural tourism provide an excellent opportunity for tourism development to contribute to the creation of sustainable livelihoods within the municipality. In addition, by adopting a pro-poor focus to all development initiatives, the municipality hopes that significant benefits will devolve to the poor communities (Gardyne, Hill and Nel, 2005).

The IDP (Ingwe, 2002) identified the beautiful scenery, unique bird species and water and mountain related adventure sports as areas of tourism that Ingwe could capitalise on. The two rivers, Umzimkulu and the Umkhomas, flow through the municipality and provide an excellent resource for adventure and sports related tourism. However, the municipality is severely limited in terms of accommodation and infrastructure. In addition to this, the municipality faces difficult competition with the well-established tourist markets in Underberg and the Midlands Meander. Tourism in Ingwe needs to be well driven in terms of marketing and advertising to combat these challenges (Donnybrook businessman, pers. com, 2004; Ingwe, 2004d).

Some of the problems identified within the IDP in relation to tourism included:

- A lack of high quality accommodation and a low level of catering;
- Limited staff training;
- Lack of co-ordinated industry organisation and low service levels; and
Limited integration, marketing and creativity (Ingwe, 2002).

Despite these challenges and obstacles, tourism was selected as the foundation for their new LED strategy. Economic opportunities available to rural municipalities are generally limited due to their lack of access to external markets and infrastructure, minimal existing economic activities and limited staff capacity. In terms of services, infrastructure, finance and economic activities, rural areas are normally seriously under-resourced. However, contrary to their urban counterparts, rural areas possess vast natural resources with enormous potential. For most rural municipalities, the quest to reduce poverty through economic development rests on their ability to manage and use their natural resources to their full potential (Hill and Nel, 2004).

As discussed in section 5.3.1, new agricultural developments are severely constrained in Ingwe, especially in terms of benefiting local communities. According to the LED Councillor (pers, com, 2003), Mayor (pers, com. 2004) and Municipal Mayor (pers, com. 2003), the most efficient and effective utilisation of Ingwe’s natural resources is through the creation of a tourist industry based on their natural and cultural heritage. In addition to this, tourism is viewed as a means of diversifying their economy through the introduction of an industry that will provide opportunities for job creation and employment opportunity expansion. The Municipality acknowledges that their responsibility is to create an economic environment that will enable and promote long-term employment creation, as opposed to providing short-term jobs. For this reason, tourism was chosen due to its ability to diversify the local economy and create jobs in multiple sectors.

While acknowledging the benefits related to diversifying the economy, it is important that the introduction of a new economic sector is not undertaken to the exclusion of already existing sectors. It was interesting to note that during interviews with community members, very few acknowledged tourism as a potential avenue through which to promote economic development within the municipality (Social Welfare, 2004; Tribal Authority 1 pers. com, 2004; Tribal Authority 2, pers. com, 2004).

The agricultural sector forms the existing base of the economy and thus it is important that the LED strategy deals with the agricultural and tourism sectors as mutually beneficial
partners. The Creighton Farmer’s Association expressed the desperate need for infrastructural developments and technical support for poverty-stricken rural farmers, and thus, emphasise the need for the tourism-based strategy to incorporate improving infrastructure and opportunities for these farmers (Creighton farmer, pers. com, 2004). The municipality is currently committed to improving the road network in order to increase access to tribal areas (Municipal Mayor, pers. com, 2004).

5.3.3 Local economic development initiatives
This section will discuss the central projects currently being developed by the municipality. As stated in the introduction, emphasis will be placed on the tourism related initiatives as these are deemed the most important, and unique, aspect of the municipality’s LED strategy.

5.3.3.1 Thatch grass harvesting
One of the LED projects that commenced in 2000 was the Thatch Grass Harvesting project. Prior to 2000, farmers had an agreement with the rural women that they could harvest the surplus thatch on their farms and halve the harvest with the landowner. However, during 2000 and 2001 the Council approached the Creighton Farmer’s Association and requested that the farmers allow all their thatch to be harvested by the woman at no charge. The foundation of this project was the receipt of grant funding to the amount of R 110 000.00, gained from the LEDF, which was utilised to construct a large shed. The construction of this shed was in support of the project and would enable the storage of thatch grass, which occurs in abundance in the Municipality (Ingwe, 2003b).

The skill to cut, comb and bundle thatch already existed in the resident rural women who live in the area and who are unemployed. An informal partnership was thus established between the local women, the farmers, the municipality and the purchasers and exporters of the product. The shed was utilised seasonally to store thatch grass that had been harvested on the farms until such time as the maximum price could be obtained via the local and export markets. During the season when thatch was in short supply, the women were able to sell their stored thatch with a 50% mark-up. During the 2002/2003 financial year, total income earned through the project reached R40 000, which provided each of the eight ladies with R5000 each (LED Councillor, pers. com, 2004). This initiative provided the women with a means of earning income using their traditional skills as well as a sense of
accomplishment and pride (Harvesters, pers. com, 2004).

Unfortunately, during 2004 the project ceased operation. The key farmer involved in motivating and facilitating the project sold his farm. The result was that other farmers abandoned the project and the women were unable to harvest thatch. (Municipal Manager, pers. com, 2003). This left the women with no source of income and no alternative means of employment or income generation (Harvesters, pers. com, 2004).

5.3.3.2 Woodhurst farming co-operative

The objective of this project is the establishment of a locally managed and owned farming co-operative that will be responsible for the farming, cropping and harvesting of potatoes and cabbages in the Ingwe Municipality area. The project is aimed predominantly at the local beneficiaries from the Mjila location who reside adjacent to the site. The farm was bought by the municipality from the previous farmer in 2003 (Ingwe, 2003b).

The project is seen as the first phase of a long-term 20-year vision for growth and expansion. In its formative years only 30 hectares of the 80-hectare farm will be utilised for vegetable production as this portion of the site has existing infrastructure to establish the project within a short space of time. Long-term opportunities include dry land agriculture such as maize, soya bean, timber and leasing the land for grazing purposes. At present, 30 beneficiaries have been selected. Applicants had to show that they were residents of the Mjila location, that they had been previously disadvantaged and are currently unemployed (Ingwe, 2003a; Mayor, pers. com, 2004).

The project is currently at a stand still due to stalled negotiations between the Department of Land Affairs, DLA, and the Department of Agriculture, who have taken over the project (LED Councillor, pers. com, 2004; Mayor, pers. com, 2004).

5.3.3.3 Rail and Mission Tourism

The most successful aspect of Ingwe’s LED strategy has been their approach to rail and mission tourism. Two of the initial projects identified, the biological, historical and cultural tour and the carpet-weaving project, have been combined to form the foundation of this strategy. In terms of poverty reduction, the municipality understands its role to be that of creating an economic environment that will provide employment opportunities as opposed
to providing direct jobs. Although in the short term results appear to be illusive, long-term sustainability is the primary aim of the strategy and thus, LED initiatives are geared towards creating opportunities for economic expansion (LED Councillor, pers. com, 2004; Municipal Mayor, pers. com, 2004). Therefore, in each of the initiatives discussed below, the aim is to create opportunities for further employment.

i) Rail Tourism

Ingwe aims to create a unique brand of tourism for their municipality, and neighbouring municipalities and districts, based on the concept of rail tourism (LED Councillor, pers. com, 2004). The municipality identified the vast natural resources their municipality has to offer (endemic bird life, wetlands, forests) as a potential tourist attraction and combined this idea with that of rail tourism. They identified a tourist railway potential between Underberg (KwaSani Municipality) and Creighton as a potentially unique attraction for the area. In this way, the Ingwe Municipality is able to tap into the already established tourist sector developed around the Southern Drakensberg World Heritage Site. This project, initially known as the Biodiversity, Cultural and Historical Tour, has since been re-named the Amakuze Tourism route.

The Amakuze Tourism route will begin with a train ride from the Underberg station, through the Ingwe Municipality to the Creighton station. The tour continues by taxi through the Amakuze tribal areas until its completion back in Underberg. The aim of this tour is to provide tourists with a unique experience of the Amakuze tribal areas that captures its culture, history and natural heritage (plate 5.1). In achieving this aim, the return trip incorporates stopovers at the Bhengu Art Centre and Weaving Studio situated at the Centecow Mission as well as visits to scenic waterfalls and bird viewing (Ingwe, 2004a).

Initially this project will provide jobs for two tour guides and an administrator. Employment positions are reserved specifically for local residents, with particular emphasis on those previously disadvantaged (LED Councillor, pers. com, 2003). The aim is that as the project grows and expands, more job opportunities will be provided – both directly and indirectly through the avenues of accommodation, craft selling and general employment in the retail and service sector (Ingwe, 2003b).

Contrary to the notion of pro-poor development, this project does not seem to provide
initial benefits directly to the poorer communities. However, the commitment to maintaining a pro-poor focus is evident in the aim that as the project grows with envisaged success, more opportunities for employment and ownership will result from spin-off operations. The municipality’s intention is to first create a successful project, which will become a solid foundation for pro-poor development through the tourism industry. Although the project is not yet fully operational, significant groundwork has been accomplished to develop a sustainable foundation for pro-poor development (Gardyne, et al., 2005).

Competition for tourists requires that a destination possess a significant attraction to draw tourists. Local businessmen recognise that for a small town such as Creighton, this poses both an enormous challenge and potential (Donnybrook businessman, pers. com, 2004). The vision for the rail tourism initiative is to draw train enthusiasts from around the world to view the unique selection of diesel drawn, steam locomotives operating in the Natal Midlands area.

The first step towards attaining this vision required a First World standard railway station. Illustrating their ability to adopt integrated planning techniques and efficient budgeting styles, the municipality decided to capitalise on their station idea and incorporate the desperately needed new municipal offices into the same building (Plate 5.2). The previous station building has been renovated into a Coffee Shop, which will be run as a small business as part of the Amakuze Tourism route (Plate 5.3). Using the funding acquired by the municipality from the Provincial Poverty Relief Fund, the municipality has paid for all the buildings and their interior furnishings as well as ensuring that they are fully equipped for the current needs of the municipality.
Plate 5.1: Rail Tourism in Ingwe

Plate 5.2: New Ingwe Municipality offices and station

Plate 5.3: Coffee station – restored old station
Therefore, “at a time when small railways all over South Africa are closing, the town of Creighton, in the remote south of the province, has just opened a magnificent one” (Voice, 2003:10). This innovative thinking earned Ingwe the following compliment, “The small municipality of Creighton... might have come up with a winning tourist attraction and solved its office accommodation problems” (Natal Witness, 2003a). Ingwe were further complimented for their “unconventional thinking needed to address backlogs in development” by the KZN Traditional and Local Government Affair’s Minister, Inkosi Nynga Ngubane (Natal Witness, 2003b). The Municipality has since also taken the initiative to help the Kwa-Sani municipality to upgrade their Underberg train station (LED Councillor, pers. com, 2004).

The Coffee Shop (Plate 5.3) will also accommodate a collection of historical artefacts. These will complement the ambience and contribute toward the success of the enterprise. Two ladies have already been identified as beneficiaries for this project. The application procedure, run by the municipality, required the applicants to prove Ingwe residency, previously disadvantaged status and experience in food / cooking. A short list was compiled for interviews and two ladies were selected. The Coffee Shop is not yet functioning as a separate entity. However, the Ingwe Municipality has employed the women as their in-house caterers. This period will provide the women with training in culinary, administrative and managerial skills. The old post office, on the same site, is currently being upgraded and will be used as a tourist information centre (Ingwe, 2003a).

Proposed income generated relies on a fee of R250 per person. This figure was set in comparison with other steam train trips charging R150, but without the added attraction of the mini-bus tour through the tribal areas and incorporating the Gerard Bhengu Art Centre and Weaving Studio visit. The annual income for the tour is based on an estimation of 100 operating days, excluding tours organised through clubs such as birding and steam enthusiasts. The break-even number for the train is 40 people, the expected number is 60 and maximum capacity is 80 (Ingwe, 2003a).

Based on the assumptions above, the 5-year projections provided in the ERS project that profits will range between R116 000 and R146 000. The two tour guides and the administrator will each receive R10 000 in salary for their projected 100 days of work. Each staff member will be given a further R15 000, which will be paid via a dividend.
payout. A further 15% of the profits will be retained to build up capital reserves. Further profits ranging between R20 000 and R40 000 will be placed in a trust fund to be used for community development projects for those communities whose members participate in the tour (Ingwe, 2003a).

In terms of long-term economic sustainability, the Ingwe Municipality recognised that a simple train tour through their municipality alone would not provide a sufficient ‘critical mass’ in terms of tourist attractions (Donnybrook businessman, pers. com, 2004; LED Councillor, pers. com, 2004). Ingwe has, therefore, taken the initiative to extend the concept of rail tourism into the surrounding municipalities through the Sisonke Rail Tourism Project (Ingwe, 2004b). This project aims to develop a journey that extends throughout the district, crossing over borders into adjacent municipalities. In order to initiate this process, Ingwe have organised funds and initiated the business plans for a similar train tour in the adjacent Ubuhlebezwe Municipality (Ingwe, 2004c). Ingwe have also ensured the provision of, and restoration of a Garret GG11 narrow-gauge steam locomotive (a declared national monument) (plate 5.4, pg 126), to draw the Alan Paton Express that already operates in the surrounding hills of the Ubuhlebezwe Municipality (Natal Witness, 2003a; Voice, 2003:11). The Sisonke Distinct acknowledges the role of the municipality in initiating and driving this project to the extent that it is accepted as Ingwe Municipality’s project despite its District coverage (Sisonke District LED Co-ordinator, pers. com, 2004).

The Ingwe municipality have played a substantial role in terms of acquiring funding and capital investments for the rail tourism project (Table 5.3). In addition to the Garret GG11 locomotive mentioned above, the municipality has also restored a Class 19D Steam Locomotive No. 2669, donated by Transnet Heritage, for use in the Amakuze Tourism route. Through negotiations with Spoornet, Ingwe were also donated three abandoned carriages valued at R200 000 each. Ingwe invested a further R200 000, and the Sisonke District R1,5 million, towards refurnishing and refurbishing the carriages (Plate 5.5, pg 126). These carriages will be used in the Amakuze Tourism route and provide the following facilities: a small kitchen, a bar facility and lounge-style seating; standard bench and table seating; and an observation car (Ingwe, 2004b; LED Councillor, pers. com, 2004).
Table 5.3 Funds acquired by and provided by the Ingwe Municipality

<table>
<thead>
<tr>
<th>Project</th>
<th>Amount</th>
<th>Source of Funding</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Railway station and municipal offices</td>
<td>R4 million</td>
<td>Provincial Poverty Relief Fund</td>
<td></td>
</tr>
<tr>
<td>Railway station and offices</td>
<td>R600 000</td>
<td>LEDF</td>
<td></td>
</tr>
<tr>
<td>Rail tourism feasibility study</td>
<td>R250 000</td>
<td>DBSA</td>
<td></td>
</tr>
<tr>
<td>Creighton locomotive</td>
<td>Donated</td>
<td>Transnet Heritage</td>
<td></td>
</tr>
<tr>
<td>Restore Locomotive</td>
<td>R200 000</td>
<td>Ingwe Municipality</td>
<td>Class 19D, No 2669</td>
</tr>
<tr>
<td>Three carriages</td>
<td>Donated</td>
<td>Spoornet</td>
<td>Each carriage valued at R200 000 – R600 000 in total</td>
</tr>
<tr>
<td>Interior re-furnishing and re-furbishing of coaches</td>
<td>R 200 000</td>
<td>Ingwe Municipality</td>
<td></td>
</tr>
<tr>
<td></td>
<td>R1 500 000</td>
<td>Sisonke District</td>
<td></td>
</tr>
<tr>
<td>Sisonke District Railway Tourism Plan</td>
<td>R4 Million</td>
<td>TKZN</td>
<td>Upgrading of stations at Ixopo and Underberg, restoration of NGG11 Garret Locomotive</td>
</tr>
<tr>
<td>Upgrade railway line</td>
<td></td>
<td>Spoornet</td>
<td>Restoring passenger line status to 120km of railway line</td>
</tr>
<tr>
<td>Centecow Mission building</td>
<td>R1,6 million</td>
<td>DPLG Poverty Relief Fund</td>
<td>Restoration of building into Art Centre and Weaving Studio</td>
</tr>
<tr>
<td>Country Life Marketing</td>
<td>R120 000</td>
<td>Ingwe Municipality</td>
<td>Two years (2005, 2006) advertising and marketing</td>
</tr>
<tr>
<td>Woodhurst Farm Co-operative</td>
<td>R1 million</td>
<td>DEAT</td>
<td>Bought farm, establish small scale cabbage and potatoes farm</td>
</tr>
</tbody>
</table>

The Sisonke District has also approved a capital budget of approximately R920 000 (Table 5.3) for essential maintenance facilities such as an inspection pit, passenger coach shed, locomotive shed, locomotive water points at Creighton, Donnybrook and Underberg and a locomotive turning circle at Creighton (Ingwe, 2004a). The turning circle requires more funding and Ingwe have approached various government departments with business plans for further funding (LED Councillor, pers. com, 2004).

Due to inadequate maintenance, in December 2003 Spoornet issued a notice banning all passenger train operations on all railway lines from Pietermaritzburg, which included the section between Creighton, Donnybrook and Underberg (Ingwe, 2004c). In response to this, the Ingwe municipality embarked on negotiations with Spoornet to upgrade the lines and re-instate passenger train status for these lines. Ingwe’s dedication and continuous commitment to strenuous negotiations, was rewarded by Spoornet agreeing to upgrade the relevant 120km of line stretching between Creighton and Underberg and re-instating passenger train status (LED Councillor, pers. com, 2005).

This section on rail tourism has illustrated how the municipality has taken the R4 million given by Tourism KwaZulu-Natal, TKZN (Table 5.3) towards the Sisonke Railway District Tourism plan, and effectively channelled and administered the funds so that they now have a rail tourism package worth in excess of R20 million (TKZN official, pers. com, 2004). Recognising the need for a greater rail tourism initiative, Ingwe were also responsible for encouraging TKZN to research rail tourism. The result being that R350 000 has been put aside for research into rail tourism in their 2004 / 2005 budget (TKZN official, pers. com, 2004, LED consultant, pers. com, 2005). The results of this research could lead to the development of a greater rail tourism initiative that would extend throughout KwaZulu-Natal, further stabilising long-term sustainability of rail tourism in Ingwe.

The Municipality has sought to increase the economic sustainability of the tourism initiative by incorporating a cultural and experiential aspect to the rail tourism initiative. This aspect should increase the appeal of Ingwe as a tourist destination to a broader range of tourists. The central component of this experience is the Gerard Bhengu Art Centre and Weaving Studio, which will occupy a restored and renovated building at the Centocow mission (Plate 5.6).
Plate 5.4: Ingwe and Sisonke politicians with the Sisonke Railway District’s locomotive for the Alan Paton Express

Plate 5.5: Restored carriage

Plate 5.6: Centecow Mission building being restored into the Bhengu Art Centre and Weaving Studio
ii) Gerard Bhengu Art Centre and Weaving Studio

In return for the restoration of the building by the municipality, the Catholic Church will not be charging rent for the use of this facility (Catholic Father, pers. com, 2004). The restored building at the Centecow Mission Station will become the Gerard Bhengu Art Centre and Weaving Studio. The three floor levels will incorporate an eatery serving home cooked food prepared by local women, the weaving studio and craft centre, and a collection of Bhengu’s art on display (Ingwe, 2004b).

Gerard Bhengu Art Centre

Research by the Ingwe LED Councillor concerning the history of the Centecow area, led to the discovery of the African artist, Gerard Bhengu. Bhengu worked for a missionary doctor who recognised his artistic talent and encouraged him to develop his talent further. His initial project was to illustrate a book the doctor wrote on medical history. He was then further encouraged to paint his cultural history. Today these paintings are well known and Bhengu is heralded as one of the most famous South African artists. The Ingwe Municipality approached the managers of the Killy Campbell Collection at the University of KwaZulu-Natal, who have a total of 130 of his paintings. These are being digitally copied and made available to Ingwe. The top floor of the building will be designated for his work as a means of celebrating the human endeavour of the mission and the people – their lifestyle, culture and history (Killy Campbell representative, pers. com, 2004; LED Councillor, pers. com, 2004).

Weaving Studio

The municipality’s vision for the Weaving Studio is to establish a viable and sustainable extension of the Weaver’s Hut project in Donnybrook, resulting in further employment creation, income generation and wealth distribution in the Ingwe Municipal area (Ingwe, 2003). The Weaver’s Hut became operational fourteen years ago. It’s primary objective was, and still is, to provide employment and skills development for the upliftment of local poverty-stricken women. This is achieved through the skills of carpet weaving. The success of the carpets’ produced has increased to the extent that earlier this year the Weaver’s Hut was awarded the contract for the Constitutional Court’s new hanging carpet range. It has sustained the families of an average of 25 women over the years (Weaver’s Hut owner 1, pers. com, 2004; Weaver’s Hut owner 2, pers. com, 2004). For many of the current weavers at the Donnybrook project, the income earned from their carpets is the only income within
their households (Weavers, pers. com, 2004).

The first objective of the project is the establishment of a locally managed and owned weaving business. The project is primarily aimed at rural women and is labour intensive, using basic weaving techniques (LED Councillor, pers. com, 2004; Weaver’s Hut owner 1, pers. com, 2004 and Weaver’s Hut owner 2, pers. com, 2004). Twenty women from the local tribal areas will be trained by the owners of the Weaver’s Hut in the skill of weaving. The municipality is also committed to training the women involved in terms of management and administration skills (Ingwe, 2004a). The projected figures for the carpet-weaving project at the Gerard Bhengu Art Centre and Weaving Studio (Table 5.4) are calculated using figures pertaining to the established Weaver’s Hut. Research into the Weaver’s Hut project has illustrated that all carpets produced are purchased. These figures are based on 10 weavers and thus each woman would earn approximately R2 300 each month.

Table 5.4 Projected monthly financial profits for the Weaving Studio

<table>
<thead>
<tr>
<th></th>
<th>Quantity</th>
<th>Costs</th>
<th>Income</th>
<th>Surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Carpeting wool</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,5 x 1,1m</td>
<td>9</td>
<td>3 460,50</td>
<td>5 899,50</td>
<td>2 439,00</td>
</tr>
<tr>
<td>1,8 x 1,2m</td>
<td>3</td>
<td>1 352,12</td>
<td>2 340,86</td>
<td>988,74</td>
</tr>
<tr>
<td>2 x 1,5m</td>
<td>2</td>
<td>1 350,00</td>
<td>2 200,78</td>
<td>850,78</td>
</tr>
<tr>
<td><strong>Karukul wool</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,5 x 1,1m</td>
<td>30</td>
<td>13 110,00</td>
<td>19 665,00</td>
<td>6 555,00</td>
</tr>
<tr>
<td>1,8 x 1,2m</td>
<td>23</td>
<td>13 262,88</td>
<td>19 897,31</td>
<td>6 632,44</td>
</tr>
<tr>
<td>2 x 1,5m</td>
<td>15</td>
<td>11 737,50</td>
<td>17 606,25</td>
<td>5 868,75</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>44 274,99</td>
<td>67 609,70</td>
<td>23 334,71</td>
</tr>
</tbody>
</table>

Source: (Ingwe, 2003: 85)

The Gerard Bhengu Art Centre and Weaving Studio is seen as the pivot from which economic opportunities may emerge and grow. It is noted, that the weaving project is not dependant on tourists for its success - rather it will be enhanced by it (LED Councillor, pers. com, 2004).
iii) Further opportunities

The Centocow Mission also envisions opportunities to expand on mission tourism and religious pilgrimages. Centocow forms part of the greater Marrianhill Missions complex and could be incorporated into a missions tourism initiative. The Mission staff believe that the unique combination of European religion and the African traditional way of life creates great potential for tourism, especially as Europeans interest in the African way of life increases (Catholic Father, pers. com, 2004). This concept is supported by TKZN who aim to promote the experience of the Zulu culture as well as the unique experience of many diverse cultures living in close proximity (TKZN official, pers. com, 2004). Museum Services are eager to support the project because of their current emphasis on creating awareness for the concept of ‘African Museums’. It is essential that Ingwe embrace the cultural context of the mission amidst traditional African settlement (Museum Services Director, pers. com, 2004). The process will also benefit the local people because it can foster community pride as well as protecting their culture and identity (Catholic Father, pers. com, 2004; Museum Services Director pers. com, 2004).

5.4 Conclusion

The challenge of poverty reduction in rural areas is crucial to the future of South Africa. For many, the extensive problems and obstacles paint a bleak picture for the future. The Ingwe Municipality exists within this category of weak economic structure and mass poverty. However, despite the seemingly insurmountable obstacles, the municipality has embraced their position as a developmental local government and sought to tackle poverty head-on. The Ingwe municipality has- as a result of vision, dedicational and commitment from the municipal staff- developed an LED strategy, with the potential to begin tackling the challenges of poverty experienced by 90% of their population.

As opposed to focusing on a series of limited micro-interventions, the municipality sought to create an enabling economic environment through the diversification of their economy. Through the promotion of the tourism sector, the municipality aims to “allow for a progressive transfer of capacity and opportunity to previously disadvantaged people within the municipality” (Gardyne, et al., 2005:7). Through the avenues of rail and mission tourism specifically, the municipality has focussed on addressing the issues of poverty and unemployment by facilitating the establishment of catalytic economic initiatives.
This chapter has succeeded in describing the processes and strategies adopted by the municipality that have earned them such remarkable applause. The following chapter seeks to analyse their LED strategy with the purpose of understanding where, how and why they have succeeded, as well as highlighting the weaknesses and potential threats that face economic development in Ingwe.
CHAPTER SIX
CASE STUDY EVALUATION

6.1 Introduction
The municipality's commitment to promoting LED is evident in their attempt to create a third economic sector, namely tourism. The most significant aspect of their LED strategy is the development of their municipality into a tourist destination through the brands of rail and mission tourism. The municipality has invested significant finance, human capital and planning into developing this tourism based LED strategy (Ingwe, 2004; LED Councillor, pers. com, 2004). Whereas the previous chapter sought to describe the LED strategy adopted by the Ingwe Municipality, the purpose of this chapter is to evaluate and discuss this strategy in accordance with the assessment methods discussed in chapter four.

The sustainable livelihoods framework (figure 4.1, pg 97) will be used to evaluate the LED strategy in terms of its potential to create livelihood opportunities for the poor. From the outset it must be acknowledged that this evaluation is not an exhaustive analysis of livelihood creation in the Municipality. The principal focus of this evaluation is on the Municipality's response to the government's mandate to promote pro-poor development through developmental local government. This evaluation is not, therefore, about assessing each strategy, but rather about assessing their response to the roles and responsibilities tasked to developmental local government. The sustainable livelihoods framework is used as a tool to guide the evaluation in terms of identifying the relevant factors that need to be considered when evaluating the Municipality's response to economic development.

Initially, the LED strategy is evaluated according to its ability to reduce poor communities' vulnerability to external trends, shocks and seasonal fluctuations. The focus of the evaluation then shifts internally and assesses the strategy's impact on the livelihood assets available to the poor in their pursuit of sustainable livelihoods. Once this has been established, the Ingwe Municipality is evaluated according to how they have utilised the relevant transforming structures and processes available to local government to promote an enabling environment in which further employment opportunities can be created.

With this foundation in place, the evaluation progresses to discuss Ingwe's LED strategy in terms of the potential for it to promote successful and sustainable economic growth. The
process of evaluating the strategy and the proposed outcomes is achieved through the use of principles provided by Nel (1999). These principles provide the parameters required for a LED strategy to achieve the desired goals of sustainable economic development. Although these principles cannot guarantee success, they are effective indicators that can help determine the proposed effectiveness of an LED strategy.

6.2 Vulnerability context

The vulnerability context describes the external environment in which communities live (DFID, 2004). The purpose is to identify the factors existing, which constrain local communities from achieving their objectives, and then to find ways to overcome these obstacles. A central aim of the sustainable livelihoods approach is to empower communities to become more resilient to external factors and to capitalise on the potential available to them. The issue of vulnerability is emphasised by the reality that in most cases the influencing factors lie outside of the community’s control.

According to DFID (2004) an analysis does not have to be exhaustive to be effective. Often, the most effective analysis is one that identifies the trends, shocks and seasonality factors that are of particular importance for a specific livelihood strategy. Factors are selected because of their direct impact upon a community’s asset status and on the livelihood options that are available to them, and therefore, are either directly or indirectly responsible for the hardships faced by poor communities (Mulqueeney and Caister, 2004). In terms of evaluating the Ingwe Municipality’s LED strategy, this analysis will identify the relevant factors and will evaluate the proposed strategy’s ability to overcome these obstacles.

Due to the vulnerability poor communities experience towards external factors, they often find themselves in a vicious poverty cycle whereby they are unable to cope with stress, which worsens their situation, further preventing or limiting their ability to cope with stress. This inherent fragility due to vulnerability means that when external trends move in positive directions, the poorest of the poor are most often unable to benefit from these trends (DFID, 2004; Mulqueeney and Caister, 2004). A successful livelihood strategy is one that breaks this cycle in whatever capacity possible and empowers poor communities to have greater influence over their economic situation. The question therefore exists as to the
potential for the LED strategy developed by the Ingwe municipality to empower poor people to benefit from external trends.

6.2.1 Trends
For the purpose of identifying and evaluating the trends impacting by the Ingwe Municipality, figure 6.1 lists the relevant factors related to population, economic and governance trends and illustrates the dynamic relationships that exist. These trends will be discussed holistically as the dynamic system in which they operate.

The result of an increasingly globalised world (Potter et al., 2000) is that no place is excluded from global dynamics. Although the general life experiences of the small rural communities in Ingwe may appear to be completely distant and separate from global economics and politics, their lives are impacted upon in some form or another by global occurrences and international economic trends.

6.2.1.1 Neo-liberal trends
As discussed in chapter two, global economic trends favour neo-liberal principles of privatisation, retreat of the state, flexible labour markets and trade liberalisation. The issue of poverty in Africa is a constant presence on the global economic agenda, and the promotion of neo-liberal principles have been the dominant solution provided and supported by international agencies such as the World Bank (Korten, 2000; Bond, 2001).

The influence of neo-liberal principles in South Africa is evidenced by their macro-economic policy, GEAR. This policy advocates privatisiation and free-market principles as the means by which economic growth, and therefore a reduction in poverty, can be achieved (Maharaj and Narsiah, 2002). However, despite structural adjustment in line with World Bank neo-liberalism (Geddes, 1997), unemployment rates have risen and some consider the poor to be worse off now than under the apartheid system due to the influence of neo-liberal principles (Bond, 2002).
Population Trends
1. Densely populated
2. Predominantly rural
3. 90% considered poor
4. Low household income
5. High unemployment (89%)
6. Low education levels (Table 5.1)
7. Low skills base (Table 5.2)

International Economic Trends
1. Neo-liberalism
   privatisation, government retreat, trade liberalisation
2. World Bank Structural Adjustment

National Economic Trends
1. GEAR (Pro-market)
2. Drop in employment rates
3. Pro-poor emphasis on LED
4. Tourism-based LED

Trends in South African Governance
1. Creation of local government within the 'spheres of government' context
2. Devolution of authority and responsibility of economic and social development to the local government level – developmental local government
3. Commitment to democratic governance
4. Financial assistance through funds such as the LEDF and Poverty Relief Fund

Economic trends in Ingwe
1. Dominant commercial farming sector (30%)
2. Insufficient commercial activity in the small towns
3. Reliance on external links with larger commercial centres
4. Migration of men to large urban centres for work
5. Growth in informal sector

Figure 6.1 Dynamic relationships between trends influencing vulnerability in the Ingwe Municipality
The combination of these national and economic trends creates a situation in which poor communities find themselves increasingly vulnerable to high unemployment rates. The pro-market influence of GEAR encourages privatisation, mechanisation and increased commercialism on a large scale (Gilbert, 1994; Geddes, 1997). Poor, rural communities therefore find themselves excluded from the market due to their isolation from urban centres and because they lack the skills and education required by most employment opportunities. The only place of entry available to them is the bottom level of elementary employment, which requires the lowest levels of skills and education, and which is associated with the lowest levels of income.

This reality is evident in the Ingwe Municipality where the combination of a largely rural, uneducated and unskilled population has resulted in the high levels of unemployment in the Municipality, which are further entrenched due to the economic dominance maintained by commercial dairy and timber enterprises (Creighton farmer, pers. com, 2004). Employment opportunities are rare due to the weak economic activity in the three small towns and are limited to predominantly agricultural activities. For this reason, many skilled individuals have to migrate into the surrounding urban centres such as Pietermaritzburg and Durban to find work, leaving the less skilled behind (Ingwe, 2003a).

Poor communities within Ingwe are therefore vulnerable to international and national economic trends. The question persists as to whether or not the LED strategy promoted by the Municipality will enable them to overcome their inherent fragility and vulnerability through an increased access to and ownership of assets and through strong institutions working in their favour (DFID, 2004). Will the livelihood opportunities presented within the LED strategy enable poor communities in Ingwe to overcome the factors that constrain them from achieving their objectives?

6.2.1.2 Pro-poor governance and developmental local government

The irony within South Africa is that while their macro-economic policy is inherently neoliberal, the South African government also illustrates a strong preference for pro-poor approaches to economic development as indicated by their commitment to creating developmental local government. The strong pro-poor focus is evident in the government’s mandate, which requires local government to embrace the tasks of providing social services and promoting economic development for their poor communities. The government
actively seeks to support such endeavours through the provision of funding (RSA, 2000; World Bank, 2004).

The greatest achievement by the Ingwe Municipality has been their pro-active response to the government’s mandate concerning developmental local government. The trends in South African governance towards increased democracy and decentralisation have many positive aspects in terms of reducing poor communities’ vulnerability to external trends. The pro-poor focus of governance is most definitely a trend that needs to be harnessed and utilised for the poor. The Ingwe Municipality responded to their developmental role and responsibility quickly and with great initiative and determination. The result of their commitment to bringing economic development to their communities is that they preceded their contemporaries in their response to their responsibility as a developmental local government. Ingwe took early advantage of the funds available from central and provincial government. In addition to this, they used the authority and influence given to them as a local government to create partnerships with both the private and public sector, which provided the capital needed to embark on their strategy.

One of the dominant factors increasing poor communities’ vulnerability to external economic trends is their inability to access markets and their limited opportunities for inclusion within the private sector. In a situation where there is insufficient money to provide food and shelter for all the members in a household, the probability of surplus finances that can be used to start an economic initiative is almost impossible. The Ingwe Municipality understood these constraints and used their position as a local government to acquire capital, through government funding and partnerships (Table 5.3, pg 124), and to establish an infrastructural foundation upon which economic initiatives can be based. It is through the initiatives and activities of the local government that the new station and surrounding buildings have been built and upgraded, that the Centecow Mission building is being renovated, that the various locomotives and carriages have been bought and restored and that the equipment and materials needed for the Gerard Bhengu Art Centre and Weaving Studio have been acquired. The result is that the initial beneficiaries of the LED initiatives have access to the assets required.
6.2.1.3 Harnessing the potential within tourism

In addition to capitalising on the trend of pro-poor governance, Ingwe has also sought to exploit the potential found within tourism as an avenue for economic development. Tourism provides many opportunities for the poor through the use of natural and cultural resources (Rogerson, 2002; Colvin, 2004). In particular, the sustainable use of natural resources as an incentive for tourism has enabled many poor, rural communities to develop successful economic initiatives (Hill and Nel, 2004). The current LED strategy combines the natural and cultural heritage of the area in an attempt to promote tourism in their municipality. The objective is that by introducing the tourism sector to the Municipality, employment opportunities will be created through multiplier effects in the hospitality, craft and service industries (Gardyne et al., 2005). This will be discussed further during the discussion on natural capital in section 6.3.1.

While this is a positive aspect due to the multiplier benefits of tourism (Roe and Urquhart, 2001), concern exists with regard to saturation levels within the tourism sector as well as the number of people who will benefit from the industry. Tourism is not always the ideal solution it is assumed to be (Odendal and Schoeman, 1990; Koch et al., 1998; Roe and Urquhart, 2001). Successful tourism will depend on the Municipality’s ability to harness the downstream initiatives relating to the rail and mission strategy so that they have a genuine impact on poverty in the Municipality, as opposed to only benefiting a few people who are directly involved.

However, while concerns do exist, the Ingwe Municipality has exhibited its ability to exploit the positive trends of pro-poor governance in South Africa to provide an opportunity for poor communities to reduce their vulnerability to external trends. Poor communities are rendered helpless in the face of neo-liberal economics because of their inability to influence or manage the private sector. The result is high levels of unemployment and related poverty. The LED strategy seeks to reduce this vulnerability by providing access to assets required for economic development as well as providing strong institutional support from the local government.

The evaluation now progresses to discuss the strategy’s ability to reduce vulnerability by reducing the adverse impacts experienced due to external shocks.
6.2.2 Shocks

Poor communities are particularly vulnerable to shocks and changes in the market when neo-liberal principles of privatisation and flexible labour markets are in control. The retreat of the state in economics and the freedom for market principles to determine the structure of the economy creates a situation in which poor communities have very limited, if any, influence over their economic position (Geddes, 1997). Poor communities require strong institutions working on their behalf to protect them from economic shocks and fluctuations (Bond, 2005). Bond (2002) illustrates extensively how, when left to the mercy of the private sector, poor communities are repeatedly exploited and abandoned in favour of profit gains. This evaluation discusses the potential for LED strategy to reduce the vulnerability experienced due to external shocks by diversifying their economy and by empowering local people through ownership.

6.2.3.1 Diversification through tourism

The dominant economic activity within the Ingwe Municipality is farming, specifically timber and dairy. In addition to this, the majority of the population, who are unemployed, survive on subsistence farming (Ingwe, 2002; Ingwe, 2003a). The majority of livelihoods are therefore extremely vulnerable to natural shocks such as drought or livestock diseases. It is for this reason that rural development theorists (Ashley and Maxwell, 2002; Hill and Nel, 2004) advocate the diversification of livelihoods to include economic activities that exist outside of the agricultural industry. Although the Municipality does plan to incorporate agricultural development within their LED strategy in the form of the Woodhurst Farming Co-operative, the most important aspect of their strategy is the diversification of the economy by introducing tourism as an economic sector (Ingwe, 2004a; Municipal Mayor, pers. com, 2004).

Those who are able to benefit from the employment opportunities available within the tourism sector will become less vulnerable to natural shocks. As the tourism sector grows and creates indirect opportunities for employment (Gardyne et al., 2005), the Ingwe economy should become more resilient to natural shocks and therefore the poorer communities will be less vulnerable to natural occurrences. The success of the current LED strategy will have both a direct and indirect impact on poor communities’ livelihood options by creating further opportunities outside of the agricultural industry. In addition to this, the tourism-based strategy aims to create opportunities for local ownership.
6.2.2.2 Empowerment through small business ownership

Due to globalisation of economics (Potter et al., 2002), South Africa is particularly vulnerable to international shocks, and therefore, indirectly, so are the poor communities in Ingwe. In a situation such as in Ingwe where most employment is in the form of elementary labour for commercial dairy and timber farms, poor people are especially vulnerable to shocks in the country’s economy as they have little control or influence over their employment position. The LED strategy seeks to reduce this vulnerability by empowering poor people through ownership. Within each initiative lies the aim of creating a small business that can be owned and managed by the local people themselves (LED Councillor, pers. com, 2004). Through individual ownership, local people will have a greater degree of control and influence over their economic position and will be less vulnerable than those left at the mercy of large corporations (Korten, 2001).

6.2.2.3 Political instability

However, in terms of shocks, the greatest threat facing economic development in Ingwe is political instability. The discussion on poor communities’ vulnerability to external trends revealed that the poor in Ingwe are particularly reliant on the activities of their local government to empower them to overcome their fragile position. At present, the entire LED strategy is dependent on the driving force of the Municipality, and in particular that of the previous LED Councillor who is now the LED Official (Municipal Mayor, pers. com, 2004; Weavers Hut owner 2, pers. com, 2004). The dependency of LED in Ingwe on the LED Councillor is indicated by the collapse of the thatch harvesting project and the stagnant position of the Woodhurst Farming co-op once the LED Councillor was no longer driving the projects.

It is imperative for the government to realise that any development delivered and facilitated by local government will be vulnerable to changes in political structure. This is of essential importance when considering the political strife that exists between political parties such as the ANC and IFP (Sisonke District LED Co-ordinator, pers. com, 2004). While the presence of the local government’s support has reduced livelihood vulnerability within the Municipality, it has simultaneously created vulnerability related to dependence on the local government for their stability. In a country where local government politics changes every five years and where there are so many personal agendas influencing political decisions,
poor communities are especially vulnerable to political shocks, as well as the seasonality of politics.

While political instability evidently plays an important role in terms of vulnerability to external shocks and seasonality, the evaluation of the LED strategy's response to this threat will be evaluated under the section on transforming structures and processes (section 6.4) to avoid unnecessary repetition. Therefore, while the seasonality of politics is recognised as a threat to sustainable livelihoods, the following section on seasonality will focus on that relating to tourism.

6.2.3 Seasonality

In terms of seasonality, tourism-based LED is often congruent with seasonal employment fluctuations. As Koch et al., (1998:908) state, although the employment pattern relating to tourism suggests "good multiplier effects, the downside of reliance on a tourism driven economy is demonstrated in the off-season when there is widespread suffering and poverty because there are no alternative sources of income". In response to the vulnerability experienced by poor communities, Ashley and Roe (2002) emphasise the need for pro-poor tourism strategies to take into account the effects of seasonal tourism on the poor. As previously discussed, the fragile nature of most poor communities' livelihoods makes them especially susceptible to shocks and stresses, especially those out of their control (DFID, 2004). The huge disparities in employment levels between the 'on' and 'off' tourist seasons (Odendal and Schoeman, 1990), can cause increased vulnerability for poor communities involved in the relevant initiatives. Poor people are not usually familiar with financial planning and budgeting (Ashley and Roe, 2002), and do not have the capital reserves to sustain them through the periods when employment levels are limited.

This reality is definitely a cause for concern when considering the Ingwe Municipality’s LED strategy. Although the Municipality played an instrumental role in the current research into rail tourism in KwaZulu-Natal by TKZN (TKZN official, pers. com, 2004; LED consultant, pers. com, 2005), there is currently limited information regarding the seasonal fluctuations of rail tourism. At present, the Municipality is unable to provide secure, year round employment for those involved in the tourism based strategy. The seasonal nature of tourism employment is therefore a great concern for the Ingwe Municipality regarding employment provision (Municipal Mayor, pers. com, 2004).
However, while acknowledging the vulnerability poor communities will experience due to the seasonal nature of tourism, it is also important to recognise that they will be no more vulnerable than they are now. At present they have no alternative employment options and 89% of the Municipality are unemployed (Ingwe, 2002). It is important to understand economic development from a long-term perspective. The Ingwe Municipality have embarked on a long-term plan to diversify their economy so that more sustainable employment opportunities may be created. This process is a journey where each step leads towards the desired goal. Therefore, although the tourism-based initiatives do not free poor communities completely from their vulnerable status, it is a step in the right direction in that it does open the doors for more employment possibilities. The diversification of the economy with the addition of tourism also presents the opportunity to promote tourism during the seasons when employment in the agricultural sector is low.

It is evident that the Municipality is embarking on a strategy that has enormous potential to reduce their communities' vulnerability to external trends, shocks and seasonal fluctuations. Without detracting from the importance of this process, the evaluation continues with an internal assessment. While the above discussion referred to the indirect factors influencing the pursuit of livelihoods through employment and economic development, the following section focuses on the direct impact of access to assets. There is little point in reducing vulnerability to external influences if the local people do not have access to their immediate needs.

6.3 Livelihood assets
The livelihood assets pentagon illustrated in the sustainable livelihoods framework (figure 4.1, pg 97) schematically represents the variation in access to assets. Central to the understanding of the sustainable livelihoods framework is that communities require a range of assets to achieve positive and sustainable livelihoods. An analysis of the various forms of capital available to a community allows the researcher to identify entry points for further developments. In terms of the Ingwe example, the pentagon will be used to represent their strengths and weaknesses, as well as providing a framework against which the LED strategy can be analysed according to its ability to overcome the Municipality’s weaknesses and challenges. Intrinsic to this analysis will be an evaluation of the degree to which the LED strategy increases poor people’s limited access to assets. Table 6.1 summarises the
main points that were used when considering the assets pentagon in reference to the LED strategy.

A description of the various forms of capital available to the Municipality indicates an obvious strength in the area of natural resources and threatening weaknesses with regard to financial capital. The pentagon for the Ingwe Municipality, in reference to the promotion of LED, would therefore take on the form of figure 6.2.

![Legend](image)

| S | Social capital |
| H | Human capital  |
| N | Natural capital|
| F | Financial capital|
| P | Physical capital|

Figure 6.2 Livelihood assets pentagon for the Ingwe Municipality

### 6.3.1 Natural capital

Ingwe's greatest strength is their natural resources. A positive aspect of the LED strategy is that it utilises the natural and social capital as an entry point for further economic development within the Municipality. It is particularly important to note that through tourism, the natural resources are been utilised in an alternative means to agriculture. This is of considerable significance when one considers that many of their endemic species are threatened due to loss of their natural habitat to farming (KZN Wildlife representative, pers. com, 2004). As Connelly and Smith (1999) emphasise, the utilisation of natural resources as tourist attractions is a far more environmentally sustainable use of resources as opposed to their agricultural alternative.
Table 6.1 Table listing the positive and negative factors of Ingwe’s livelihood assets

<table>
<thead>
<tr>
<th>Human</th>
<th>Natural</th>
<th>Financial</th>
<th>Physical</th>
<th>Social</th>
</tr>
</thead>
<tbody>
<tr>
<td>POSITIVE</td>
<td>1. Highly skilled Municipal staff</td>
<td>1. Natural grasslands</td>
<td>1. Vast capital resources gained through funding</td>
<td>1. Cultural heritage – Gerard Bhengu and missions</td>
</tr>
<tr>
<td>POSITIVE</td>
<td>2. Craft, weaving and cookery skills</td>
<td>2. Endemic bird species (blue swallow, blue crane Cape parrot)</td>
<td>2. Restoration of Centecow building</td>
<td>2. Good relations and communication between politicians and traditional Leaders</td>
</tr>
<tr>
<td>POSITIVE</td>
<td></td>
<td>3. Endangered Oribi</td>
<td>3. Restoration of abandoned railway line</td>
<td>3. Active NGO at Centecow</td>
</tr>
<tr>
<td>POSITIVE</td>
<td></td>
<td>4. Miss-belt forests</td>
<td></td>
<td>4. Effective ward communication</td>
</tr>
<tr>
<td>POSITIVE</td>
<td></td>
<td>5. Waterfalls</td>
<td></td>
<td>5. Good relations with central and provincial government</td>
</tr>
<tr>
<td>POSITIVE</td>
<td></td>
<td>7. Adjacent the Drakensberg World Heritage Site</td>
<td></td>
<td></td>
</tr>
<tr>
<td>POSITIVE</td>
<td></td>
<td>8. Good agricultural conditions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NEGATIVE</td>
<td>1. Aids</td>
<td>1. Loss of natural habitat to commercial farming and settlement</td>
<td>1. Very low rates base economy in urban centres</td>
<td>1. Political strife between Ingwe IFP and Sisonke ANC</td>
</tr>
<tr>
<td>NEGATIVE</td>
<td>2. Unskilled</td>
<td></td>
<td>2. Insufficient economy in urban centres</td>
<td>2. Isolated rural communities</td>
</tr>
<tr>
<td>NEGATIVE</td>
<td>3. Undereducated</td>
<td></td>
<td>3. 89% poverty</td>
<td>3. Limited community participation</td>
</tr>
<tr>
<td>NEGATIVE</td>
<td></td>
<td></td>
<td>4. Reliance on commercial farming</td>
<td></td>
</tr>
<tr>
<td>NEGATIVE</td>
<td></td>
<td></td>
<td>5. Five % of homes have electricity and 68% rely on candles for light</td>
<td></td>
</tr>
<tr>
<td>NEGATIVE</td>
<td></td>
<td></td>
<td>6. limited road structure to rural areas</td>
<td></td>
</tr>
</tbody>
</table>

The Ingwe Municipality recognised the great value and potential they possessed in their vast natural resources and made a decision to capitalise on them through the tourist industry (Ingwe, 2002; LED Councillor, pers. com, 2003). The Amakuze Route travels through the scenic countryside and offers opportunities to view the wetlands, forests, rivers and endangered and endemic wildlife. In addition to this, the Municipality took the initiative to incorporate the tourists visiting the Drakensberg by linking the Underberg Railway Station into their rail tourism initiative (Ingwe, 2003b). Therefore, in addition to creating further employment opportunities, the strategy has also introduced a far more sustainable means of utilising their natural resources for economic development, which is able to preserve the natural environment to a far greater extent than its agricultural counterpart. In this way, the Municipality’s most important asset is protected.

Natural capital is often closely related to the vulnerability context because of their reliance on natural resources, while simultaneously having very little control over their natural environment (DFID, 2004). This is especially relevant considering the seasonal fluctuations within the agricultural industry as well as the serious ramifications that are associated with natural disasters such as flooding, fire or drought. The tourism-based LED strategy harnesses a different aspect of the natural resources compared to agriculture and therefore diversifies access to and benefits from the natural environment for the Ingwe communities. By diversifying the utilisation of the natural resource base, the LED strategy is in effect increasing access to the Municipality’s most important asset – its natural environment. This increased access has been converted into alternative livelihood opportunities for poor communities within the LED strategy.

While recognising the value of tourism as a more sustainable means of natural resource use, the Municipality also acknowledges the agricultural potential offered by their natural resource base. This is evident in their decision to take the initiative to buy a previously commercial farm and convert it into a farming co-operative. Although this project is currently at a standstill, it does illustrate forward thinking on behalf of their poor communities by the Municipality. It is confirmation of the Municipality’s commitment to increasing their poor communities’ access to assets and resources.
6.3.2 Social capital

6.3.2.1 Cultural heritage

The Ingwe Municipality has broadened the appeal of their tourism strategy by combining their natural resources with their social assets. Possibly the greatest social asset being utilised by the Municipality is their cultural heritage. It is significant that the story of Gerard Bhengu was not familiar to the local communities (Mayor, pers. com, 2004), but instead required the initiative taken by the LED Councillor for this section of cultural history to be recognised as a valuable cultural asset. The potential for direct and indirect employment opportunities created by the Gerard Bhengu Art Centre can be entirely attributed to the effort and determination of the Ingwe Municipality (Architect, pers. com, 2004; Catholic Father, pers. com, 2004; Museum Services Director, pers. com, 2004).

The Gerard Bhengu Art Centre will be a service to both tourists and local people. The Catholic Father from the Centecow Mission emphasised the immense value of school tours and community awareness programs that could be centred around the Art Centre. He has already noticed an increased sense of community pride and self-worth as the local people have come to realise the value of their culture. Although difficult to quantify, the importance of community pride and worth is possibly one of the greatest assets a community can possess.

6.3.2.2 Community participation

The essence of social capital is networking and connecting, both within and outside of the greater community. Social capital refers to the social resources available to poor communities as they pursue their livelihood objectives (DFID, 2004). Although the Municipality has effective communication within each of the wards and between traditional leaders and politicians (Municipal Mayor, pers. com, 2004; Tribal Authority 1, pers. com, 2004), the evolution of the current LED strategy has experienced limited community participation. Although the steering committee does exist, within which ideas and development are communicated and discussed, there has been little evidence of community participation in the initial phases of developing ideas and plans as well as in the decision making processes (Creighton Farmer pers. com, 2004; Social Welfare, pers. com, 2004; Tribal Authority 1, pers. com, 2004; Weaver’s Hut owner 2, pers. com, 2004). However, it must be stated at this point that discussions with the Municipality revealed that community members, specifically those of the farming community, have not taken the opportunities for
involvement presented by the Municipality (LED Councillor, pers. com, 2004; Municipal Mayor, pers. com, 2004). Interviews revealed that the farming community appeared to be largely disinterested in tourism in Ingwe and interviews with the Tribal Authorities revealed a lack of understanding concerning the relationship between economic growth and tourism.

Community participation is essential for community ownership to take place (Nel, 1999), and thus the concern does exist as to whether or not the community wants the current LED initiatives or whether they will take ownership of them (Architect, pers. com, 2004; Weaver’s Hut Owner 2, pers. com, 2004). However, despite their limited involvement in the decision making processes, the Municipalty’s methods of communication with their communities seems to be highly effective as illustrated by the many applications they have received for the Coffee Shop and for the Woodhurst Farming co-operative. Central to this factor is the relationships that exist between politicians and traditional leaders.

6.3.2.3 Political relations

Social capital refers to relationships that exist both within and outside of the relevant community. Within the local government context, importance must be placed on relationships with traditional leaders within the community and with politicians from other spheres of governance. Especially when considering the exploitation and conflict that arises when politicians and traditional leaders oppose and challenge each other (Pimstone, 1998; Holomisa, 1999), the Ingwe Municipality has a valuable social asset in the good relations that exist between their politicians and traditional leaders. This has had a profound impact in terms of the avid support that the LED Councillor has received regarding each of the LED initiatives.

The Municipality ensured that effective communication has been maintained throughout the LED process between politicians, stakeholders and traditional leaders through the medium of a representative Steering Committee (Weaver’s Hut owner 2, pers. com, 2004; Municipal Mayor, pers. com, 2004). In addition to this, the Municipality enjoys exceptional support from central and provincial government as evidenced by the significant financial support they have received and through correspondence with the Minister of Tourism and Culture (LED Councillor, pers. com, 2005). This support from higher government has
proven to be an invaluable asset, both in terms of funding and in terms of influencing decisions such as the upgrading of the railway line.

However, as discussed previously in the section on vulnerability to shocks in the external environment, political opposition does exist between the IFP members within the Ingwe Municipality and the ANC members of the Sisonke District (LED Councillor, pers. com, 2004; Municipal Mayor, pers. com, 2004; Sisonke District LED Co-ordinator, pers. com, 2004). In comparison to Ingwe’s in-depth understanding of the relationship between tourism and LED and the potential that exists for employment creation, interview discussions revealed that the Sisonke District has an alleged lack of understanding concerning micro-projects based on LED and tourism. Business plans ‘get lost’ during administration processes possibly due to political hidden agendas and certain projects are favoured over others. This has huge ramifications for Ingwe’s LED strategy in terms of lack of support and funding as well as incompetent dealings with business plans (Sisonke District LED Co-ordinator, pers. com, 2004).

6.3.2.4 Partnerships
Despite the set backs experienced with their district government, the Municipality has sought to create a substantial network of partnerships incorporating both the public and private sectors. Although these partnerships will be discussed more extensively in section 6.4, it is important to note that through these partnerships the Municipality has increased their access to intellectual assets such as knowledge and innovation as well as increasing their access to financial assets. The partnerships between the Weaver’s Hut, Museum Services and the Killy Campbell Institute have all added valuable knowledge and innovation to the Gerard Bhengu Art Centre and Weaving Studio. The continued involvement of these organisation increases long-term access to ideas, technical expertise and field experience, which increases the chances for long term sustainability (Killy Campbell representative, pers. com, 2004; Museum Services Director, pers. com, 2004; Weaver’s Hut owner 1, pers. com, 2004). Through ensuring their access to knowledge and expertise, these partnerships have increased the Municipality’s access to human capital.

6.3.3 Human capital
Human capital is closely related to social capital as it represents the skills, knowledge, labour and good health that is available in terms of fulfilling various livelihood objectives
The formation of partnerships discussed in social capital is inherently related to human capital because of the increase in access to knowledge, skills and support. This is essential within a poor, rural municipality such as Ingwe, where poverty is rife and where most of the population are not formally educated and are relatively unskilled.

6.3.3.1 Municipal staff
One of the greatest, and most unique, aspects of human capital in Ingwe already existed internally. Whereas most local and district government staff are divided due to politics and personal agendas, the Ingwe Municipality are an exemplary example of staff committed to the greater benefit of the communities (Architect, pers. com, 2004; Sisonke District LED Co-ordinator, pers. com, 2004). The role of the LED Councillor in particular has been a great asset to the Municipality. His role will be further discussed in section 6.5.3, however it must be stated that through his dedication and commitment to promoting LED within Ingwe, he has significantly increased access to and options available for the pursuit of sustainable livelihoods. Although he has been the local champion, the continual support he received from the municipal staff has been instrumental to the success of the current strategy (Mayor, pers. com, 2004).

6.3.3.2 Promotion of labour and employment opportunities
i) Use of traditional skills
The LED strategy is effective as it provides livelihood options for local people in the fields in which they are skilled. Although the local people are not educated or skilled in a western sense of the word, they do possess skills in cooking and weaving. The Coffee Shop and eatery at the Gerard Bhengu Art Centre and Weaving Studio aim to harness the women’s skills in traditional cooking while the Weaving Studio incorporates the skill of weaving (Ingwe 2003). The municipality recognises that the success of the initiatives requires further skills that many of the people do not possess such as managerial, administrative and technical skills. The municipality has therefore taken it upon themselves to provide the necessary training for those concerned (Ingwe 2003b; Ingwe 2004a, Weaver’s Hut Owner 1, pers. com, 2004).

ii) Marketing
In addition, the Municipality has also taken the responsibility to ensure that their LED initiatives are linked to external markets through strategic marketing deals. A rural
community’s ability to market their products is severely limited due to limited access to finance, technology, transport and communications (Catholic Father, pers. com, 2004; Weaver’s Hut owner 2, pers. com, 2004). In response to this reality, the Municipality has ensured a contract with an established outdoor magazine for two cover stories and adverts in every issue for the next year, as well as featuring in numerous newspapers articles since 2003. In addition to this, the role of the Weaver’s Hut in marketing the woven carpets will surely prove to be invaluable in terms of maintaining sustainability. Through partnerships and governmental relations, local governments have access to these markets to a far greater extent than isolated rural communities and therefore have an essential role to play in terms of promoting sustainable economic growth for the communities.

**iii) Health and labour**

Health and labour are key aspects of human capital. Although not directly related to the LED strategy, the threat posed by the Human Immuno-Deficiency Virus / Acquired Immuno-Deficiency Syndrome (HIV/AIDS) cannot be ignored because of its influence on the ability to work and earn a living. The Municipality have recognised the threat posed by HIV/AIDS and have acted accordingly. An HIV/AIDS sector plan has been developed which incorporates training, awareness and counselling for the local communities (Mayor, pers. com, 2004; Municipal Mayor, pers. com, 2004).

### 6.3.4 Physical capital

Physical capital refers to infrastructure and goods needed to support various livelihoods (DFID, 2004). In addition to improving access to employment through the utilisation of skills and marketing, the municipality has been successful in increasing the available access to physical assets that provide opportunities for increased employment opportunities.

#### 6.3.4.1 Provision of facilities

The Municipality has acquired large amounts of funds and significantly upgraded and restored two building complexes (Ingwe, 2003b; Ingwe, 2004b). In addition to the provision of the building for the Gerard Bhengu Art Centre and Weaving Studio and the new Station and Municipal buildings, the Municipality has taken the responsibility of providing all the hardware that will be needed for these initiatives to operate. The Municipality has paid for the looms and initial wool for the weaving initiative (Weaver’s Hut Owner 1, pers. com, 2004), they have provided all the necessary equipment for the
coffee shop (Municipal Mayor, pers. com, 2004) and are currently acquiring a full set of copies of Gerard Bhengu's art work as well as other cultural artefacts for the Art Centre (LED Councillor, 2004). This is evidence of the Municipality's recognition that the immense poverty within their municipality requires significant capital investments from external sources for sustainable economic development to begin and continue. As opposed to focusing on micro projects, the Municipality have aimed to set up an extensive framework from which further economic development can expand and grow (Gardyne, et al., 2005).

However, while acknowledging the increased access to assets provided by the Municipality, this issue also raises the question of value and ownership from a community perspective. Is there a danger in providing too much with no or little cost to the community? While it is acknowledged that the community is unable to provide these assets, it is also important for local people to feel they have earned their place within the LED strategy. In many instances, genuine value and appreciation requires previous sacrifice and hard work. The Municipality must be aware of the need for the local communities to participate in earning the benefits of LED.

6.3.4.2 Access to services and infrastructure

Access to transport, water, electricity and reliable housing is imperative in the pursuit of sustainable livelihoods (DFID, 2004). Currently, the majority of the rural communities in the Ingwe Municipality have severely limited access to efficient infrastructure of any kind (Ingwe, 2002). Although not directly related to the LED strategy, the provision of services and infrastructure is an integral aspect to promoting economic development within the Municipality. The Municipality has therefore embarked on extensive service delivery projects:

- Construction of water reservoirs for new housing developments,
- R1 million to be spent on a new bulk electrical line;
- Initiated a solid waste removal initiative;
- Extensive upgrading of rural roads;
- Seven housing projects;
- Construction of community halls; and
- Upgrading of rural schools.

(Ingwe, 2004a; Municipal Mayor, pers. com, 2004)
6.3.5 Financial capital

The financial capital available to the Ingwe Municipality is their weakest asset and one of their greatest threats. Although they have been able to overcome this challenge through the acquisition of external funding, the continued success of LED within the Municipality cannot be founded on external sources and therefore, the Municipality faces a huge obstacle in terms of a weak financial base. The municipality has a particularly low rates base and is heavily reliant on external funding and government grants (Ingwe Financial Manager, pers. com, 2004). Due to the presence of agricultural corporations within the Municipality, the majority of economic gains are filtered out of the Municipality as opposed to being circulated within the Municipality’s economy (Ingwe, 2004c).

The limited circulation of capital within the Municipality’s economy is a direct correlation with the low employment levels and the weak economic structure of the small urban centres. The desperate lack of employment opportunities severely limits access to finance for the majority of the population (Ingwe Financial Manager, pers. com, 2004). Of those employed, the majority are labourers and thus access to finance is restricted according to their employers. The Municipality’s LED strategy aims to overcome this weakness by introducing the tourism sector, which will have a multiplier effect on employment opportunities. Essential to this process is the creation of opportunities for ownership by the local people, which corresponds with increased access to and control over personal finances (LED Councillor, pers. com, 2004). However, if this process is not effectively managed, this too could become a liability to the financial stability of the LED strategy.

Access to assets and reduced vulnerability are best achieved by local communities when working together with institutions, particularly those involved in policy formation and market regulation (DFID, 2004). The Ingwe Municipality’s success in promoting reduced vulnerability and increased access to assets, can be largely attributed to their response to their responsibility as a developmental local government. The Ingwe local government has effectively harnessed current structures and processes currently operating in South Africa to promote economic development within their municipality.

6.4 Transforming structures and processes

The discussion on vulnerability to external trends, revealed the importance of harnessing positive trends to empower the poor to take control of their own livelihoods. Government
in South Africa is currently embarking on democratisation and decentralisation of central government to the provincial and local level. If effectively harnessed, this trend has the potential to yield significant results in terms of empowering poor communities (Khosa and Muthien, 1998).

DFID (2004) emphasises the importance of structures and processes within the livelihoods framework because they refer to the institutions, organisations, policies and legislation that shape opportunities for and the success of sustainable livelihoods. In keeping with the focus of this dissertation, the analysis of the role of transforming structures and processes in the Ingwe LED strategy will focus on the Municipality’s response to the governmental mandate of adopting a role as a developmental local government. This analysis will seek to identify the extent to which this local government has harnessed the current trends in governance and related policies in their attempt to provide an economic environment in which poor communities can pursue sustainable livelihoods. In terms of processes, the evaluation will consider their response to national policy and in terms of structures, their response to the structures set out for developmental local government.

6.4.1 National local economic development policy

The South African Constitution (RSA, 1996b) introduced the concept of local government as a sphere of government with its own element of independence, authority and influence. It is evident from Ingwe’s LED strategy that the Municipality has embraced the new freedom and authority given to local government in order that they might promote social and economic development within their municipality. The Ingwe Municipality has been able to obtain vast sums of funding as well as the formation of significant partnerships that would have been extremely difficult to acquire without the political influence of their local government status. Whereas many NGO’s are limited in their progress, the authority and influence associated with local government status was harnessed by Ingwe to achieve their impressive results. In particular, the success achieved with Spoornet, in terms of the restoration of the railway line and the carriages they acquired, is indicative of their use of political influence.

As discussed previously in chapter two, the national policy documents that have had the greatest influence on LED in South Africa are: The RDP, the Local Government White Paper, the Local Government Systems Act and the Draft LED Policy. Through the
establishment of developmental local government, these documents have aided the process of pro-poor economic development. The process of evaluating Ingwe’s response to their role and responsibility as a developmental local government requires a discussion of their response to these policy documents.

Although not actively influential during recent years, the principles and concepts presented in the RDP (ANC, 1994) have continued to dominate pro-poor approaches to development in South Africa. The Ingwe Municipality exhibits a pro-poor mindset, especially in their commitment to confronting the challenges of poverty at a grassroots level through the empowerment of poor communities (ANC, 1994; Ingwe LED Councillor, pers. com, 2004). However, the Municipality needs to incorporate a greater degree of active community participation in development planning and implementation processes. Yet, despite this flaw, the Municipality’s response to national policy is indicative of a pro-active response to pro-poor, developmental local government.

In response to the White Paper on Local Government (RSA, 1998) and the Local Government Systems Act (RSA, 2000), the Municipality’s commitment to promoting economic development in their municipality is founded on their acknowledgement of their responsibility as a developmental local government as well as their recognition of the extreme levels of poverty experienced within their municipality (Municipal Mayor, pers. com, 2003). Within the Municipality, there is a common recognition that economic development incorporates growth of the existing economy through added value as well as establishing alternative, sustainable economic sectors and opportunities (LED Councillor, pers. com, 2004; Municipal Mayor, pers. com, 2004).

Their understanding of their developmental role is also firmly based on the necessity of a pro-poor approach to development as expressed in South Africa’s Draft LED policy (RSA, 2002). The municipality acknowledges that poverty alleviation is not always synonymous with economic growth. Although there is emphasis on the need for economic growth due to the potential concurrent provision of job opportunities, the prevailing understanding is that economic growth does not necessarily meet the needs of the poor nor take their needs into consideration. Their focus on economic development targeted at alleviating poverty through the empowerment of the local poor people. The municipality therefore places significant emphasis on job creation. It is through the creation of sustainable employment
opportunities, through infrastructural expansion and encouraging entrepreneurial thinking, that the Municipality aims to achieve sustainable economic development (LED Councillor, pers. com, 2004; Municipal Financial Manager, pers. com, 2004; Municipal Mayor, pers. com, 2004; Municipal Technical Director, pers. com, 2004). The LED strategy is evidence of the Ingwe Municipality’s commitment to their responsibilities as a developmental local government. They have pro-actively sought to maximise the social and economic development of their relevant communities, despite the seemingly insurmountable obstacles of poverty (RSA, 1998; RSA, 2000).

6.4.2 Developmental local government

When considering whether Ingwe has successfully fulfilled their responsibilities as a developmental local government (RSA, 1998; RSA, 2000), one needs to consider the extent to which they have met the challenge of restructuring their local economy and administration so that they can more effectively meet the challenges of operating within a globalised economy (Philander and Rogerson, 2001). The municipality’s commitment to promoting pro-poor LED is evident in their strive to develop an environment conducive to economic growth (RSA, 1998); in their investment in infrastructural improvements and developments, and in their support of SMMEs and Previously Disadvantaged Individuals, PDIs. LED in Ingwe is focused on providing employment opportunities at the individual level in an attempt to have an impact on as many households as possible. In terms of their aim to promote sustainable job creation through improving the local business climate, the Municipality offers relief of rates with respect to newly established businesses for a period of three years. In addition to this rates rebates offered as a means to attract inward investment, the sale of Municipal land at favourable prices is also sanctioned (Ingwe, 2004a; Municipal Mayor, pers. com, 2004). The municipality has also undertaken vast housing projects, endeavoured to provide free basic services through co-operation between the Municipality and the Sisonke District, supported the development of an HIV/AIDS awareness campaign, and invested in infrastructural and service upgrades.

The concept of developmental local government was established in an attempt to prevent previous failures by placing local government at the centre of poverty reduction and community empowerment (Dladla, 2000). Ingwe’s response to national policy illustrates their commitment to the process of pro-poor development. The following evaluation will discuss their response to the structures that have been put in place to help local government
achieve these aims. The discussion also aims to evaluate to what degree these structures have enabled the Ingwe Municipality to design a LED strategy that offers genuine opportunities for employment.

6.4.2.1 Commitment to integrated development planning
A fundamental structure advocated by the Local Government Systems Act (RSA, 2000) is the IDP. The Ingwe Municipality completed their first IDP in 2002 and continued to complete reviews in both 2003 and 2004 (Ingwe 2002; Ingwe, 2003c; Ingwe 2004e). The IDP and reviews enabled the Municipality to identify and understand the dynamics operating within their region, which led to their vision for their municipality as well as the strategies for how their vision would be achieved (RSA, 2000). Ingwe took the initiative to further develop the strategies identified in the IDP into business plans. This was achieved through their ERS (Ingwe, 2003a). Subsequent to their ERS, Ingwe have completed numerous other business plans which have enabled the strategies identified in their IDP to become achievable initiatives. The process of completing their IDP and ERS enabled the Municipality to prioritise tourism-based LED as they realised the necessity to diversify their economy and to create an environment conducive to sustainable economic growth.

6.4.2.2 Involvement in the Vuna Awards
The Vuna Awards were set in place to serve as an incentive for local governments to reach their social and economic goals (Vuna Workshop, 2003). The Ingwe Municipality has actively engaged in the Vuna Awards process and has been subsequently rewarded in both years (DPLG, 2003; LED Councillor, pers. com, 2005). The municipality has incorporated the performance management system into their municipal functions by setting key performance indicators for each of the five categories identified by the Vuna Awards. This has allowed them to monitor the outcomes of their various initiatives and projects (Municipal Mayor, pers. com, 2004). During 2003 they received second place in KwaZulu-Natal and in 2004, first place, in their category of municipal government. During 2004 they also received third place at the national level. These awards earned them financial benefits as well as recognition, publicity, pride and prestige (LED Councillor, pers. com, 2005; Municipal Mayor, pers. com, 2005).
6.4.2.3 Inter-governmental department relations

With respect to co-operative government, a crucial element that effects local government is that of inter-governmental relations [RSA, 1996b, Section 41(1)(h)]. The constitution requires that all spheres co-operate with each other in mutual trust and with good faith. This is to be achieved through good relations, assistance and support and through consultations regarding matters of common interest. National and provincial government are therefore compelled to support and strengthen the capacity of municipalities to perform their functions (Pimstone, 1998; Vil-Nkomo, 1998).

The greatest influence in terms of cross-border relations is that of the Sisonke District Railway Tourism initiative. The Ingwe Municipality recognized that the creation of a tourism based economy in Ingwe would only be sustainable if it was incorporated into a much larger, cross-border tourism initiative involving the entire district, and potentially, the province (LED Councillor, pers. com, 2004). The success of rail tourism at a district and provincial level is essential for sustainable tourism in Ingwe.

The relationships that exist between the Sisonke District and the Ingwe Municipality are strained due to political hostility – whereas Ingwe is predominantly IFP, the Sisonke District is ANC (Municipal Mayor, pers. com, 2004; Sisonke District LED Co-ordinator, pers. com, 2004; LED Councillor, pers. com, 2004). In comparison to Ingwe’s in-depth understanding of the relationship between tourism and LED and the potential that exists for employment creation, interviews with the stakeholders revealed that the Sisonke District has an alleged lack of understanding concerning LED and tourism. This has huge ramifications for Ingwe’s LED strategy in terms of lack of support and funding as well as incompetent dealings with business plans.

In comparison to the strained relations with the district, the Municipality enjoys good and co-operative relations with provincial and national government, the major benefit of which has been funding. Considerable capital has been provided through the national and provincial poverty relief funds as indicated in chapter five. At present, the Department of Tourism and Culture are in negotiations concerning funding for the tourism initiatives in Ingwe. In addition to the tourism based LED strategy, DEAT has provided R1 million towards the Woodhurst Farm Co-operative (Ingwe, 2003; LED Councillor, pers. com, 2004).
The Ingwe Municipality has illustrated a commitment to embracing the opportunities available through governmental structures and processes to transform their economy. Their pro-active response to national policy, specifically that pertaining to developmental local government, has enabled them to develop a livelihood strategy that seeks to reduce the vulnerability context experienced by local communities by increasing their access to a wide range of assets. The dynamic relationship existing between the vulnerability context, access to assets and transforming structures and processes, reaches its climax in the livelihood strategy chosen to achieve the desired outcomes. Taking each of the previous aspects of the framework into consideration, the livelihood strategies are evaluated according to their potential to deliver the outcomes necessary for sustainable livelihoods.

6.5 Livelihood strategies and outcomes

The evaluation of the LED strategy is centred on the concept of its ability to promote choice, opportunity and diversity. Essentially, this section incorporates the factors discussed in the previous sections and presents them as an integrated and dynamic system through which communities are able to pursue their livelihood strategies. This section builds on the issues previously raised and illustrates how, through the LED strategy, the Ingwe Municipality plans to achieve its aim of promoting social and economic development. This is inherently related to the sustainable livelihood framework as social and economic development occurs when communities experience reduced vulnerability and increased access to assets because of the influence and support of strong institutions working on their behalf (Philander and Rogerson, 2001; RSA, 2000; DFID, 2004).

Chapter four clarified the evaluation of Ingwe’s LED strategy using the principles provided by Nel (1999). Due to the early stages of implementation the two final aspects of the sustainable livelihoods framework, strategies and outcomes, will be evaluated as a single unit. Nel (1999) discusses the necessary parameters required within a LED strategy in order that the desired outcomes of increased income, well-being, food security, environmental sustainability and decreased vulnerability can be achieved (DFID, 2004). These parameters include economic sustainability, employment and training, community participation and empowerment, and services and infrastructure.
6.5.1 Economic sustainability

The Ingwe Municipality’s commitment to promoting economic development in their municipality is founded on their acknowledgement of their responsibility as a developmental local government as well as their recognition of the extreme levels of poverty experienced within their municipality (Municipal Mayor, pers. com, 2003). Within the Municipality, there is a common recognition that economic development incorporates growth of the existing economy through added value to the existing economy as well as establishing alternative, sustainable economic sectors and opportunities (LED Councillor, pers. com, 2004; Municipal Mayor, pers. com, 2004). The sustainability of economic development in Ingwe has been established through the formation of an extensive partnership network incorporating both the public and private sector.

6.5.1.1 Partnerships

The accomplishments achieved in the tourism-based LED strategy, can be largely attributed to the partnerships formed. Success at both the 2003 and 2004 Vuna Awards has assisted the Municipality significantly due to the increased publicity and acknowledgement gained from the various stakeholders (Municipal Mayor, pers. com, 2005). The following stakeholders (not including government departments) are central to the success of the strategy and illustrate the mutual beneficiation aspect of the partners:

- The Catholic Mission
- The Weaver’s Hut
- Spoornet
- Tourism KwaZulu-Natal

i) Catholic Mission

The Ingwe Municipality and the Catholic Mission have entered into a partnership regarding the use of one of the buildings at the Mission station as in section 5.3.3.3. From the Municipality’s perspective, they have acquired the use of a building without having to provide large capital investment. In addition to this, the aspect of mission tourism has been added to their tourism strategy (LED Councillor, pers. com, 2004).

The Catholic Mission also runs a NGO, Zandla Zothando, which is a community-based organization. Both the Catholic Father and the LED Councillor expressed the understanding that the role of the NGO is to combat emergency situations by direct
involvement with local, poverty stricken people. In comparison, the Municipality needs to focus on more long-term strategies that combat poverty in the area (Catholic Father, pers. com, 2004; LED Councillor, pers. com, 2004). The municipality needs to use their access to funds and resources to create opportunities for the local people. Whereas the NGO has to gain permission from the Amakhosi (chief) before they can act, the Municipality has higher authority and is less limited from that perspective. It is therefore important that the two organisations work together to provide a holistic solution for the local people (Catholic Father, pers. com, 2004).

The continued survival of this NGO is largely connected to the support provided by the Municipality. The partnership between the NGO and the Municipality will open up opportunities for the people through the tourism industry (Municipal Technical Director, pers. com, 2004). This is already evident in the 20 women to be trained for the weaving project and the potential for an eatery run by four local women at the Gerard Bhengu Art Centre and Weaving Studio. The Catholic Mission supported this project because they identified the potential they saw for promoting economic opportunities for the local people through tourism, the potential for mission tourism to expand and the opportunity for communities to gain a sense of pride in their traditional way of life. The NGO hopes that once the project is functioning, partnerships can be formed between the local people and the Municipality in terms of facilities and opportunities to sell their crafts through the centre at Centecow (Catholic Father, pers. com, 2004).

ii) Weaver’s Hut

The Weaving Studio at Centecow is made possible because of the partnership of the Ingwe Municipality and the Weaver’s Hut. The owners of the Weaver’s Hut have taken on the responsibility of equipping the weaving studio with looms and yarn as well as undertaking the training of the 20 women from the local area (Weaver’s Hut owner 1, pers. com, 2004). The cost of training the women is included in the R1, 6 million funding received by the Municipality from the DPLG Poverty Relief Fund (Table 5.3, pg124).

The Weaver’s Hut’s participation in the project is essential to ensure its sustainability. It is crucial that after the women have been trained they are not left in isolation. Once the women have been trained, the Weaver’s Hut will take on the role of marketing the products. The success of the Weaving Studio depends on their ability to access capital and
external markets, and this ability would be severely limited without the participation of the Weaver’s Hut. At present, from a production point of view, the Weaver’s Hut relies exclusively on the production of a few ladies in Donnybrook and thus is severely limited in terms of orders they are able to accept and the rate at which their business can expand. The introduction of the Weaving Studio at Centecow opens the potential for expansion through mutual co-operation. The Weaver’s Hut envisages a future whereby carpet weavers in the region will be able to link together and take on larger orders – especially those for export. This will be essential for the sustainability of the project, especially in terms of growth leading to more employment opportunities (LED Councillor, pers. com, 2004; Weaver’s Hut owner 1, pers. com, 2004; Weaver’s Hut owner 2, pers. com, 2004).

iii) Spoornet

A fundamental partnership formed with respect to the tourism based LED strategy, was that with Spoornet. Through this partnership, Spoornet donated three passenger coaches and have improved 120km of line from Pietermaritzburg to the Creighton region. This is including the railway branch to Underberg which has also been upgraded to passenger-train standards (LED Councillor, pers. com, 2004). As mentioned earlier, the partnership with Spoornet has been instrumental to the rail tourism project.

iv) Tourism KwaZulu-Natal

As a result of negotiations with the Ingwe Municipality, TKZN has received R350 000 from the Development Bank of Southern Africa, DBSA, to undertake research and feasibility studies regarding the potential for a provincial Railway Tourism Plan. In addition to this, the Ingwe Municipality received R4 million for the Sisonke District Railway Tourism initiative.

The common denominator featuring in every partnership discussed is the aim of increasing the potential for economic growth and employment provision within the Ingwe Municipality. While the various stakeholders have provided infrastructure, funding and expertise, the major responsibility facing the Municipality is to ensure that the benefits from each partnership and tourism-based initiative reach the local communities. This will require a pro-active commitment to the provision of employment and training opportunities.
6.5.2 Employment and Training

The core focus of Ingwe’s LED strategy is pro-poor: “LED is the driving principle of the Municipality and the creation of sustainable employment with the interest of poverty relief underlining all municipal initiatives” (Municipal Mayor, pers. com, 2004). The following projects have been / are being initiated to provide direct employment opportunities for previously disadvantaged people, specifically women:

- Thatch Harvesting
- Woodhurst Farming co-operative
- Weaving Studio
- Home cooking initiative at the Bhengu Art Centre and Weaving Studio
- Museum and Station coffee shop

The tourism-based strategy will also provide jobs in the form of tour administrators and train drivers. The municipality is in the process of finalising an agreement with a New Zealand volunteer-based company who will provide a train driver as well as training opportunities. The New Zealand company will pay for a fully qualified train driver to come and work in Ingwe for two years, during which time he will train two local people to take over. The municipality is also seeking to create jobs through the training of tour administrators and guides (Ingwe, 2004a).

With the exception of the Woodhurst Farm and the thatch harvesting projects listed above, all the other initiatives form part of the Tourism based LED strategy. The foundational principle of this strategy is that it is not sufficient to merely create jobs. The strategy is geared towards equipping local people to manage their own small enterprises so that economic growth will be sustainable and will increase exponentially as new opportunities arise (Ingwe, 2004a; LED Councillor, pers. com, 2004; Municipal Mayor, pers. com, 2004).

In order to ensure that the LED strategy maintains its pro-poor focus, all projects are aimed at providing direct and indirect employment opportunities for the local people within the Municipality. The municipality has already taken steps to ensure that the profits of the various LED projects go directly to the local people. This has been achieved through a process of establishing the institutional structure of each project. After research and consultation with private companies (Ingwe, 2003a), decisions were made ensuring that
individual LED projects (e.g., Weaving Studio and the Station Coffee Shop) will have Closed Corporation status (Ingwe, 2003b). The Municipality has also taken the initiative to acquire external funding from sources such as the LEDF, TKZN and the DBSA (Table 5.3, pg124), so that initial profits are reaped by the local people and not used to pay-back debts (Ingwe, 2003a). The Municipality has formed a Section 21 company, which will be responsible for driving the Rail and Mission Tourism project during its first five years. This will be a non-profit organisation whose role will entail management and administration.

6.5.2.1 Job creation to date
Participation in the 2004 Vuna Awards process illustrated the Municipality's success in their pro-poor orientation towards LED. Their success should be seen as encouragement to persevere in improving their LED strategy with frameworks that focus on the practical aspects of job creation. Table 6.2, adapted from the 2004 Vuna Awards application (Ingwe, 2004a), illustrates the current practical application of the LED strategy:

Table 6.2 Employment outcomes of the LED strategy for the 2003 – 2004 financial year

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contract work</strong></td>
<td></td>
</tr>
<tr>
<td>Total value of contracts awarded</td>
<td>R 5 815 473</td>
</tr>
<tr>
<td>Total value of contracts awarded to SMME's &amp; BEE's</td>
<td>R 5 710 473 (98%)</td>
</tr>
<tr>
<td>% of contracted work awarded to women</td>
<td>23%</td>
</tr>
<tr>
<td>% of contracted work awarded to youth</td>
<td>15%</td>
</tr>
<tr>
<td>% of contracted work awarded to the disabled</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Job creation</strong></td>
<td></td>
</tr>
<tr>
<td>Number of jobs created by municipal LED activities</td>
<td>229</td>
</tr>
<tr>
<td>% of these jobs allocated to women</td>
<td>39%</td>
</tr>
<tr>
<td>% of these jobs awarded to youth</td>
<td>36%</td>
</tr>
<tr>
<td>% of these jobs awarded to the disabled</td>
<td>1%</td>
</tr>
<tr>
<td>No of jobs created by municipal capital projects</td>
<td>75</td>
</tr>
<tr>
<td>% of these jobs allocated to women</td>
<td>60%</td>
</tr>
</tbody>
</table>

(Source: Ingwe, 2004a)

(jobs are defined as employment for an individual earning minimum wage or above, for at least three months)
Despite significant evidence that the Municipality is carrying out the aims and goals stated in their Procurement Policy through preference to Black Economic Empowerment (BEEs), enterprises, SMMEs, youth and women, it is inherently obvious that a major limiting factor in the LED strategy is the extremely low number of jobs created during previous years. In addition to this, table 6.2 illustrates that the majority of jobs created are contract, short-term employment. Out of the 229 jobs created, 212 were through contract work in short-term housing, roads, halls and school construction projects (Municipal Technical Director, pers. com, 2004). This short-term trend appears to be a general problem with this approach as the nature of construction work is seasonal. However, there is still a transfer of skills and equipping of local people that can be harnessed for future initiatives of a more permanent kind.

There is an obvious need for the creation of permanent, long-term employment opportunities. Local businessmen recognise that, despite the benefits of contract work, sustainable economic development has to be focused on creating long term employment (Donnybrook businessman, pers. com, 2004). It is evident that despite the strong emphasis on the need for job creation, the Municipality has been unable to contribute significant opportunities in this area. The municipality has focused on acquiring large amounts of funding and dedicating its emphasis to the creation of Ingwe as a tourist destination as opposed to instant job opportunities. Although this process may not provide obvious results in the short term, it is applauded for its potential to create a far more sustainable base from which further economic growth and opportunities can develop in the long term in a more sustainable manner. This approach has required that the Municipality pro-actively tackles the challenges presented with creating employment provision that is sustainable in the long term.

6.5.2.2 General assessment of long term sustainability relating to employment provision

Limited human skills are possibly the greatest resource threat facing the Municipality. Long-term sustainability is heavily dependant on dynamic human resources and thus the challenge facing the Municipality concerns how to invest in their people (LED Consultant, pers. com, 2005). Adult education and skills development aimed at developing entrepreneurs is essential in this extremely under-developed municipality (Donnybrook businessman, pers. com, 2004). The municipality also needs to think in terms of long-term
sustainability and invest in the many under-resourced and under-utilised schools in the region. Opportunities exist for the Municipality to subsidise schools with respect to improving the quality of teachers and providing a means for poorer children to continue attending school. This role needs to be viewed as essential to the long-term sustainability of economic development within the Municipality (Tourism businessman, pers. com, 2004).

In relation to outcomes versus strategy, the question concerning the sustainability of tourism in Ingwe is essential. This is a contested topic, especially as there is very little experience of tourism within the Municipality. On the one hand, the tourism-based strategy breeds doubt as to what impact it will have at a grass roots level. The number of actual jobs produced appears to be severely limited and thus, only a limited number of people might benefit from projects. Will it prove to be yet another case of grand ideas benefiting a few, if any (Sisonke District LED Co-ordinator, pers. com, 2004; Donnybrook businessman, pers. com, 2004; Weaver’s Hut owner 2, pers. com, 2004)? In contradiction, others exhibit great confidence in the potential for a thriving tourist market within the Ingwe Municipality (Catholic Father, pers. com, 2004; Museum Services Director, pers. com, 2004; Tourism businessman, pers. com, 2004).

Two Rivers Tourism, an NGO working in the Sisonke District, expressed confidence in the potential for tourism to flourish in Ingwe, as well as confidence in the Municipality as the primary driving force. The tangible progress evident at the Bhengu Art Centre and Weaving Studio as well as at the Creighton Station and the evident commitment of the Municipality staff towards promoting and supporting tourism development, are considered proof of the Municipality’s ability to drive an effective LED strategy in the Municipality. There is also confidence in the Municipality as the right organisation to be the driving force of tourism development (Social Welfare representative, pers. com, 2004; Tourism businessman, pers. com, 2004).

The Municipality has evidently enjoyed much favour and success during the development stages of their LED strategy. However, it is not sufficient to merely plan well. Indeed, possibly the most influential factor determining the long-term sustainability of employment opportunities and continued economic growth, is the presence and effectiveness of the monitoring and evaluation system applied by the Municipality.
6.5.2.3 Monitoring and evaluating employment opportunities through tourism

In terms of monitoring and evaluation, the Ingwe Municipality has adapted the general guidelines set out in the Performance Management System to their specific situation (Appendix 7). With respect to monitoring and evaluating local economic development related to tourism, the two relevant KPI's are job creation and tourism. The key objective related to job creation is to promote economic growth and development. This will be evaluated according to the number of jobs that are created through the various initiatives and projects. This will be monitored and evaluated quarterly using project reports and wage schedules as the source of information. The current target that the Municipality has set is the creation of 75 new jobs for the 2004/2005 financial year.

With respect to the tourism KPI, the dual objectives stated are to develop the railway and mission tourism brands in a manner that compliments existing tourism enterprises in the greater area so that a sustainable tourism industry can be created. Linked to this objective, is the necessity to ensure that the Municipality monitors the tourism market and adjusts their relative products accordingly. The progress and success of the tourism sector will be monitored and evaluated according to endorsements from stakeholders, numbers of tourists and visitors and the experiences shared by tourists. At present, the exact details of how these will be practically measured are still being developed, although the Municipality has indicated that this process will operate on a municipal survey format. The municipality will need to ensure that they instil efficient and effective practical measures that ensure the tourism sector is monitored and evaluated closely. This is especially important during the first five years in order to ensure greater long-term sustainability for the tourism initiatives. Tourism is a highly volatile enterprise and thus, needs to be constantly monitored so that challenges and weaknesses can be identified early.

As was discussed in chapter two (Ashley and Maxwell, 2002; Ellis and Biggs, 2002; Hill and Nel, 2004), many initiatives fail to empower and impact the communities originally designed to benefit. An essential component of the monitoring and evaluation process concerns the ongoing presence of effective community participation and empowerment. This is imperative to avoid external leakage of benefits, as well as preventing the all too familiar situation where the dominant beneficiaries are an elect few.
6.5.3 Community participation and empowerment

According to the four variants of LED identified by Nel (2001), the Ingwe Municipality has adopted a formal local government approach to LED. This can be attributed to their commitment to overall government policy goals as a major motivating factor. The municipality’s commitment to creating a permanent staff position, the LED and Tourism Manager, is also evidence of this approach.

In addition to the local government approach, the type of LED being initiated is characteristic of the top-down approach as identified by Nel (2001). Contrary to popular perception and expectation, the Municipality has not engaged in substantial community participation in terms of decision-making processes and ideological developments (Architect, pers. com, 2004; Donnybrook businessman, pers. com, 2004; Weaver’s Hut owner 2, pers. com, 2004). Although steering committees do exist that include all the relevant communities leaders, the LED strategy has been almost entirely driven by the Municipality itself up to this point, although this is set to change as detailed below. Although communities have been informed of activities, they have played little or no role in the decision making processes and thus can claim very little ownership, if any, to the projects at present. Stakeholders question whether or not the community even want the opportunities being created such as the weaving studio (Architect, pers. com, 2004; Weaver’s Hut owner 1, pers. com, 2004; Weaver’s Hut owner 2, pers. com, 2004).

Although tribal authorities are represented in the various steering committees, there are concerns that they do not fully understand the implications, nor the importance, of the LED initiatives. Although they are present at the meetings, interviews with various stakeholders indicated that their participation appears limited due to lack of understanding as well as a focus on personal agendas as opposed to community benefits. This reality is illustrated by certain tribal authority officials’ lack of understanding regarding the concept of economic development and its relation to the Municipality, as well as limited knowledge concerning the tourism initiatives currently being developed by the Municipality.

Initial reactions to this reality are normally characterised by criticism due to the limited nature of community participation. TKZN stated that sustainable community development is dependant upon community ownership (TKZN official, pers. com, 2004), and Museum Services consider community buy-in, ownership and effective representative structures to
be critical for successful initiatives (Museum Services Director, pers. com, 2004). However, despite the relevance thereof, the rapid growth and success experienced by the Municipality is largely attributed to the driving force of specific individuals (Architect, pers. com, 2004; Municipal Financial Manager, pers. com, 2004; Museum Services Director, pers. com, 2004; Weaver’s Hut owner 1, pers. com, 2004). The top-down aspect of their approach has proven to be essential in terms of providing an effective catalyst for economic development in the Municipality and thus, the Ingwe Municipality persuades us to perhaps re-evaluate the current disdain with any form of top-down approaches and recognise the value in strong leadership.

The role and fundamental importance of the LED Councillor’s contribution cannot be overlooked when assessing Ingwe’s LED strategy. The success of the Municipality in acquiring vast funding and stock resources can be almost entirely attributed to the driving force provided by the LED Councillor. The vision to create a railway and mission tourism brand in the Municipality and greater district began with the LED Councillor, and the relatively rapid and substantial progress that the strategy has enjoyed is largely due to his dedication and commitment to transforming a vision into reality. For a rural municipality such as Ingwe where human resources, experience and expertise are seriously lacking, the role of a motivated and competent leader cannot be over-emphasised. The Municipality’s support and acknowledgement for his vision and determination was evident by their decision to award the position of LED and Tourism manager to the LED Councillor. This decision also indicates the Municipality’s acknowledgement of what the position requires in terms of job description and capabilities (Mayor, pers. com, 2004; Municipal Mayor, pers, com, 2004; Sisonke District LED Co-ordinator, pers. com, 2004). His experience and expertise has influenced and inspired those staff members within the Municipality. His leadership has played an important role in terms of empowering decision-makers within the Municipality. As staff capacity increases within the Municipality, opportunities will emerge for human resource developments to occur in the greater community.

However, the Municipality are also aware of their limitations due to limited community involvement and have therefore embarked on developing a strategy for the next five years that incorporates community participation. The process of developing the next step in their strategy will be focussed around community workshops and meetings. This is due to an increased recognition of the role that community members have to play in terms of
contributing ideas, concepts and criticism; in the position of management and administration; and in terms of success due to community empowerment and ownership of the projects (LED consultant, pers. com, 2005).

In relation to community empowerment, the Municipality also recognises that not every individual will directly benefit from the opportunities created by the LED strategy. However, the provision of services and infrastructure as a direct result of economic growth, achieved through LED, can ensure that a large majority of the population indirectly benefit from economic activities within the Municipality. In addition to this, the provision of infrastructure and services for the LED activities can also be made available to the local communities.

6.5.4 Services and infrastructure
Although not directly related to the LED strategy, the discussion on physical capital (section 6.3.4) as an asset for livelihoods defined the relationship between economic development and the provision of services and infrastructure. The discussion on physical capital focused on the indirect benefits of the LED strategy in the fields of service delivery and infrastructure. This section will focus on service delivery and infrastructural improvements that are related specifically to economic development within the Municipality.

6.5.4.1 Support for emerging businesses and entrepreneurs
The Municipality utilizes its Municipal buying power to assist SMME’s and to foster the creation of new businesses. Their Procurement Policy is weighted towards the use of local businesses (BEE’s and SMME’s), youth, women and the disabled. The Municipality also ensures contractual obligations to all partners to use local labour, specifically PDI’s (Municipal Mayor, pers. com, 2004; Municipal Technical Director, pers. com, 2004). The dominant focus of the tourism strategy is the creation of employment opportunities for local women through initiatives such as the station coffee shop, carpet weaving studio and eatery at the Bhengu Art Centre and Weaving Studio. In addition to this, all construction has been awarded to BEE initiatives specifically focusing on youth empowerment (Ingwe, 2004a).
6.5.4.2 New station and civic offices

"We took a strategic decision. We saw an opportunity in railway tourism to create economic benefits for our people. We needed civic offices so it made sense to construct them right here on the railway platform and create an attraction right away" (Voice, 2003: 11 quoting the Ingwe Mayor)

The most significant infrastructural commitment to date has been the upgrading of the Municipal offices and station as part of the tourism strategy. In addition to the new buildings, the Municipality has also upgraded the old station building with the intention of creating a coffee shop to be run and owned by four, previously disadvantaged local women. The Coffee Shop will also accommodate a collection of historical artefacts. The old post office, on the same site, has also been upgraded and will be used as a tourist information centre. The municipality has also undertaken the responsibility of acquiring and upgrading a triple story building at the Centecow mission station (Ingwe, 2003a).

The municipality has also acquired, restored and upgraded two locomotives and three coaches as indicated in table 5.3, pg124. In addition to this, a partnership with Spoornet ensured the upgrading of 120km of railway line (Ingwe, 2004c). In terms of actual expenditure by the Municipality to promote LED initiatives, the following pertain:

- Restore Locomotive: R200 000
- Interior re-furbishing and re-furnishing of coaches: R200 000
- Marketing agreement with Country Life Magazine: R120 000
- Thatch Harvesting storage shed: R110 000

(LED Councillor, pers. com, 2003; Ingwe, 2004b).

6.5.4.3 Use of Equitable Share for infrastructural developments

The following table, table 6.3, illustrates the Municipality’s use of their Equitable Share grant from government to promote LED activities and infrastructure for the financial year 2003 / 2004:
In addition to the tourism strategy, the Municipality has also undertaken the building and upgrading of roads, libraries, schools, sports facilities and community halls (Municipal Mayor, pers. com, 2004). The municipality invested 70% of the balance of their Equitable Share - after administration and running costs - towards the construction of much needed new roads in order to increase the number of local communities with access to a road network (LED Councillor, pers. com, 2005). In addition to this, the Municipality funded the construction of taxi ranks at each primary node. The R500 000 award received at the 2003 Vuna Awards was used to contribute towards the costs of relocating and building the Maliyavuza Primary School as part of a new housing project situated at Creighton. In 2003 the Municipality purchased the Creighton Agricultural Hall for community purposes and a similar project involving the construction of a community centre including a municipal library has been commissioned for Bulwer (Ingwe, 2004a).

This concludes the analysis of Ingwe’s LED strategy according to the principles discussed in chapter 4. However, while there are significant benefits to analysing a strategy according to theoretical principles, the success of a LED strategy ultimately depends on its ability to produce the desired outcomes and goals.

### 6.5.5 Potential for the desired outcomes to be reached

The discussion of the strategy indicates that despite the major obstacles of poverty and the challenges of increased community participation, the Ingwe municipality has designed a LED strategy that has the potential to achieve the desired goals associated with sustainable
livelihoods. In particular, the LED strategy provides the potential and opportunities for the following outcomes to be realised:

- **Increased income**: The municipality has created opportunities for increased income through the tourism-based initiatives as well as the Woodhurst farming co-operative. In addition to this, the development of the tourism industry provides the potential for further employment opportunities created through tourism's multiplier effect. The partnerships created, together with policy reform with the Municipality, establishes a firm foundation for the sustainability of increased income.

However, while the 229 short-term jobs created in Creighton are significant for a small town, there is concern that there is no guarantee that a feasible number of jobs will be generated for there to be a significant impact on the widespread poverty experienced within the Municipality (Gardyne, et al., 2005). In addition to this, the success of the tourism industry currently hinges on the assumption that the concepts of rail and mission tourism will be sufficient to draw in enough tourists to reach the critical mass needed for sustainable economic development.

- **Increased well-being**: Although difficult to measure, the communities have been empowered through a new awakening to the value of their culture and the possibilities that do exist for them. Opportunities for ownership also provide the chance to control their own economic destinies. The indirect benefits relating to improved services and infrastructure have also improved the quality of life experienced by many rural communities. However, the process of ensuring this outcome necessitates increased community ownership and participation.

- **Reduced vulnerability**: The LED strategy has the potential to reduce vulnerability by creating opportunities for local ownership within the various initiatives. More importantly, the support and commitment provided by the local government to surrounding poor communities has provided the communities with opportunities to benefit from the pro-poor development trend that is gaining popularity within South Africa. The local government has responded to their role as a developmental agent by creating an economic foundation upon which further economic growth can develop.
More sustainable use of the natural resource base: The inclusion of the tourism industry into Ingwe's industry has provided the opportunity for a more sustainable use of the natural environment. Whereas agriculture requires the transformation of the natural environment—which leads to drastic losses of natural habitat—tourism harnesses the natural state of the environment for economic development. The success of the tourism strategy rests on the protection of the natural environment and is therefore, a more sustainable use.

It can be concluded that the Ingwe LED strategy does present a response with the great potential for meeting challenges of poverty existing within their rural communities. Ingwe illustrates that despite facing extreme marginalisation and poverty, where vision and leadership exist, it is possible to create development endeavours with the potential for poverty reduction through increased access to sustainable livelihood opportunities.

6.6 Conclusion
This chapter has shown how the Ingwe Municipality aims to improve opportunities for the pursuit of sustainable livelihoods through the promotion of LED. This response is indicative of their commitment to achieving the responsibilities mandated to developmental local government.

The LED strategy provides opportunities to empower poor communities to become more resilient to external factors and to capitalise on the potential available to them. The LED strategy effectively reduces vulnerability through harnessing the potential for pro-poor development in the current trends associated with developmental local government and tourism-based local economic development. Through the diversification of their economy, the LED strategy reduces the effect of economic and environmental shocks and seasonal fluctuations on their local communities.

In addition to this, the strategy has increased local communities' access to assets by harnessing the latent potential of their natural and social assets and developing their unique brand of rail and mission tourism. The municipality has sought means of compensating for their weak human and financial asset base and has begun to improve their limited physical resources. However, analysis has shown that despite significant achievements, the
Municipality has partially failed to incorporate effective community participation in their strive to improve access to assets.

This flaw is also evident in the evaluation of their response to transforming structures and processes, which is of particular importance considering the current progression in democratic governance. However, the Municipality has proven to be an exemplary example of a local government that has approached the task given to developmental local government with vision, initiative and commitment. It is largely this response that has led Ingwe towards success.

Their response to the government's mandate to create developmental local government is effectively illustrated in their LED strategy. The LED strategy has the potential to achieve its aims and goals as it incorporates the necessary factors required for economic sustainability, employment and training provision, community empowerment and for increased service delivery and infrastructural developments. Success within each of these parameters indicates genuine potential to reach the outcomes associated with sustainable livelihoods. A successful livelihood strategy is one that breaks this cycle, in whatever capacity possible, and empowers poor communities to have greater influence over their situation. The evaluation has identified the relevant factors that will determine this strategy's ability to overcome obstacles and challenges relating to poverty.

The following chapter will discuss the potential success of Ingwe in relation to the current South African situation in terms of lessons that can be learnt. The discussion will also incorporate recommendations for the future as well as linking the Ingwe experience to current theory.
7.1 Introduction

Contrary to trends noted by Rogerson (2001), the Ingwe Municipality is achieving success, especially in terms of fulfilling their responsibility as a developmental local government. Rogerson’s (2001) research on rural SMMEs in South Africa illustrated a bleak picture for local governments. The over-riding theme was that of weak and ineffective local government involvement as illustrated by the following general characteristics:

- Few local government plans for local development due to lack of leadership;
- Insignificant roles played by local government due to no apparent plans to promote local economic development;
- Local governments did not consider issues of local economic development as high-priority; and
- No strategy developed for SMME development due to lack of knowledge of the subject and isolation from the key role players (Rogerson, 2001).

In comparison to these findings, the Ingwe Municipality has demonstrated the huge benefits and progress made associated with dynamic and effective leadership with respect to cultivating a vision for economic development and transforming this vision into practical applications. The Ingwe Municipality have embraced their responsibility towards developing LED and have thus, placed LED as an essential priority in their municipal functions.

The Ingwe case study illustrates the enormous potential for the role local governments can play in terms of promoting pro-poor LED in their municipalities. Especially when considering rural municipalities, the role that local government can play in terms of accessing funds, expertise and marketing experience through partnerships cannot be underestimated. If local government can maintain transparency and accountability in terms of a genuine pro-poor focus, local government driven LED may prove to be a key means of empowerment and poverty relief for many poverty-stricken communities in South Africa.

The focus of this chapter is on the lessons Ingwe has to offer and the verification of theoretical concepts as opposed to evaluating Ingwe, which was achieved in the previous
chapter. The discussion aims to highlight the lessons learnt from the Ingwe experience that can be added to current research and understandings of LED, specifically those concerning development in marginalised rural municipalities. In addition to this discussion, this chapter seeks to link the theoretical considerations discussed in chapters two and three with the experience of the Ingwe Municipality as outlined and evaluated in chapters four and five.

7.2 Key lessons learnt from the Ingwe Municipality

Central to the remarkable success achieved by the Ingwe Municipality has been the role played by leadership and partnership formation. The support gained from Spoornet and the Weaver’s Hut; collaboration with other local, provincial and national authorities; and the vision, dedication and commitment of their local leaders has been instrumental in the process of rejuvenating economic development. The determining factor for the future will be establishing how significant the benefits are in terms of reaching their greater community. At this point, the LED strategy has achieved an impressive degree of success through drawing in funds and support, providing a limited number of employment opportunities and in the degree of establishment already achieved. Gardyne et al., (2005:10) list the following factors that have had a direct consequence on securing the potential for the LED strategy to become a sustainable source for future economic development:

- Cross-sectoral and cross-municipal engagement and involvement;
- Partnership formation with both the private and public sector, in particular with key local, provincial and national stakeholders;
- Willingness to commit municipal financial resources to ensure the success of the venture, indicating local confidence and commitment to the strategy;
- Ability to motivate for and secure significant external grants and funding to establish the initial foundations;
- Spin-off activities both locally and across municipal boundaries, thereby creating a clustering of rail tourism initiatives;
- Development of local capacity, vision and understanding in terms of negotiating with national role-players; and
- Ability to accept the national government’s pro-poor development mandate, and then to apply it in a locality-specific manner which promises to be both cost-effective and sustainable’
These factors form the essence of the key lessons that can be taken from Ingwe’s experience. The following sections will discuss these factors in more detail, highlighting both the positive and negative experiences and lessons learnt.

7.2.1 Vision, leadership and the role of the local champion

The White Paper on Local Government (RSA, 1998), stressed the need for local government to embrace their role as visionaries and leaders. With respect to their role as initiators of economic development aimed at benefiting the poor, it was deemed essential that local government provide the vision and leadership needed to initiate and develop sustainable strategies (Nel and Hill, 1996; Nel and Humphrys, 1999; World Bank, 2004). The evaluation has illustrated how effectively the Ingwe Municipality has shown the way forward in terms of embracing vision and leadership.

The Ingwe Municipality seized the initiative to promote and develop social and economic strategies (Binns and Nel, 1999) in their region long before many of their contemporaries. The Ingwe example is, therefore, a verification of the significant results that can be attained when communities with vision and leadership adopt LED (Nel and Hill, 1996). It was also this early pro-active action that allowed them to capitalise on the generosity afforded by the LEDF and Poverty Relief Funds (Binns, 2002) before limitations were put in place due to widespread interest from competing municipalities. According to Nel and Binns (2005), although the LEDF continues to provide meaningful financial support to many local authorities, funding is limited and the application process has become increasingly complex and competitive.

The Municipality’s success in providing visionary and creative leadership within LED, can be almost entirely attributed to the involvement of the previous LED Councillor. During interviews with the various stakeholders, every interviewee commented that should the LED Councillor be removed from the process, the entire project would fall apart due to lack of vision, support and commitment, which is currently provided predominantly by the councillor (Architect, pers. com, 2004; Sisonke LED Co-ordinator, pers. com, 2004; Weaver’s Hut owner 2, pers. com, 2004). Although the LED Councillor is a representative of the community and has acted on behalf of the community, his dominant influence in the LED process does suggest that the Ingwe Municipality has employed a top-down approach.
to their LED strategy. The Ingwe experience therefore combines elements of a top-down approach while still maintaining a bottom-up approach in that the Municipality is still considered part of the community. This scenario is relatively unique to the local government situation.

Reactions to previous top-down methods of development (Mackenzie, 1992; Ellis and Biggs, 2002) caused theorists to swing to the opposite extreme of the pendulum as evidenced by the focus on bottom-up development. Although bottom-up development through the avenues of community participation is not refuted here, the case for external involvement needs consideration. Repeated studies on genuine community based LED initiatives (Nel, 1999) indicate that in many cases sustainability is questioned due to lack of skills, expertise and resources. The majority of the Ingwe population are unskilled, undereducated and do not have access to financial or infrastructural assets. If left to their own devices, the possibilities for local economic development would probably have fallen into the scale of small, locally managed community initiatives. While significant value does exist within such initiatives for poverty reduction, the potential for further economic growth and expansion is severely limited when compared to the process of diversifying the economic base of the Municipality.

The aim of sustainable economic development, which will have an impact on the majority of the Ingwe population, required a drastic transformation of their current economy. The process has been successfully initiated due to the role played by the LED Councillor. Without the continual commitment and dedication exercised by this local champion, Ingwe would not have achieved this level of success. Using his political influence as a local government councillor, his skills gained from previous business experience and his unique vision for the Municipality; the LED Councillor has facilitated the creation of a third major economic sector, tourism. Although top-down in nature, this process has created the potential for local communities to embrace local economic development initiatives. The Ingwe example causes us to consider the benefits gained when working with an amalgamation of top-down and bottom-up approaches.

The tendency to reap the benefits of the top-down approach is evident when greed and corruption retard the effectiveness of local government’s ability to promote economic development that genuinely empowers and impacts their communities. In the context where
there is a combination of both top-down and bottom-up approaches, the realisation of the benefits associated with the bottom-up approach depend on the degree of accountability and transparency achieved and maintained.

7.2.2 Accountability and transparency
In terms of the role that the Ingwe local government has played, and will continue to play, in supporting pro-poor LED in their area, a key lesson is the enormous potential that exists when local governments remain true to their responsibility to remain accountable and transparent (RSA, 2000). Due to their position as a local government and the resources they are therefore able to access, the Municipality has developed a LED strategy worth over R20 million in only four years. Table 5.3, pg124, illustrates the vast resources the Municipality was able to access and account for, due to their standing as a local government (LED Councillor, pers. com, 2004). In a world of rife corruption in politics and government, this example of accountability and transparency is a lesson for all. Pro-poor strategies will only ever fully achieve pro-poor status if those in power remain accountable and transparent.

Vision and leadership, combined with accountability and transparency, significantly increases the potential for local government to have a substantial impact on their economic situation. Local governments access to resources and expertise can be used to implement LED with far reaching impacts and benefits. This is evident in Ingwe's approach to LED that embraces the creation of an enabling economic environment.

7.2.3 Creating an enabling economic environment
Local governments need to recognise that creating an environment that supports and enables economic growth should be their primary aim as opposed to investing in small-scale projects. The role of local government is to create an economic environment in which micro economic projects can emerge and succeed. In terms of long-term sustainability and providing pro-poor economic opportunities for the majority of their population, focus has to shift towards a more macro approach that seeks to improve the economic environment.

The Ingwe Municipality is fast becoming a flagship in this regard. Despite the pressure to quantify numbers of jobs provided, as illustrated in the application manual for the 2004 Vuna Awards (Ingwe, 2004a), the Municipality has maintained their commitment to developing an economic environment that will provide economic and employment
opportunities in the long term. This process requires vast financial resources and thus, in their endeavour to achieve their aims, the Ingwe Municipality has become an inspiration in terms of taking the initiative to raise financial support. In addition to funding from the LEDF and Poverty Relief Funds, the Municipality has increased the financial value of their strategy through the formation of partnerships.

7.2.4 Formation of partnerships
Ingwe have shown the formidable impact that local government can have when they seek out partnerships with community members, private business and other spheres of government. What is fundamental to these partnerships is that none exist on the premise of financial obligations from Ingwe’s behalf. This has allowed the Municipality to benefit substantially from financial and infrastructural resources, skills, expertise and business support without having to enter into agreements where future profits will be leaked out to external markets (Nel and Humphrys, 1999).

7.2.4.1 Partnerships with government departments
South African LED experts have long emphasized the need for support and funding by central government in order to ensure successful implementation of LED at local government level (Nel and Humphrys, 1999; Rogerson, 2001, Nel and Binns; 2005). Possibly the greatest lesson that can be learnt from Ingwe is the role that local governments can play in terms of accessing funds through governmental funding and partnerships. The Ingwe experience is indicative of the success that can be achieved through integrated co-operation between central and local spheres of government. Without doubt, the central element of success and sustainability in Ingwe’s LED strategy is the partnerships formed between the Municipality, the private and public sectors and central government. The role of central government has proved to be instrumental with respect to providing policy frameworks to guide the process and their financial provision through funding.

Local government has access to vast state funds that can be used as capital catalysts. Chapter five discussed the funding acquired by the Municipality for their LED strategy through partnerships formed. Most rural municipalities face severe financial shortages and thus require extensive aid from external sources. The process of creating an enabling economic environment that will maintain long-term sustainability requires extensive initial capital investments. Ingwe has illustrated the benefits of harnessing funds available through
various governmental departments. The Ingwe Municipality was one of the first municipalities who benefited from governmental funding support as they embraced the opportunity and took the initiative to develop business plans and apply for funding. This considerable source of external funding was of paramount importance as it has enabled them to develop an extensive LED strategy despite their severely limited access to capital.

Initial business plans led to the acquisition of government funds which allowed for further plans to be completed by consultants in terms of improving their LED strategy, further developing existing business plans and creating a LED Policy and Marketing strategy for the Municipality (Ingwe, 2003a; Ingwe, 2004e). The process of out-sourcing their business plans and LED strategy proved to be of extreme importance during the early phase of the LED strategy. The Municipality lacked the relevant skills and expertise necessary and thus, the financial expenditure for professional assistance has contributed to their significant success.

However, not all inter-government interactions have enjoyed good relations and positive results. Economic development across the Sisonke District has been constrained by political instability between political parties, corrupt politicians and limited understanding of economic development and how to implement development that genuinely benefits local people. Sisonke District officials acknowledge that the Ingwe Municipality is leading the way for local economic development within the District, specifically regarding tourism. Whereas the Sisonke District and other municipalities are focusing on small, fragmented projects - often incorporated into 'personal favours'- Ingwe has taken the lead in developing the tourism sector from a relatively macro perspective. Tourism as a District function has been further constrained due to racial perceptions that it is a white business and therefore, funding is withheld or withdrawn and co-operation is hindered.

7.2.4.2 Private Partnerships
According to Nel and Humphrys, (1999:280), “Local governments increasingly enter into a partnership arrangement with private sector business, community groups, non-governmental organizations, local development agencies, churches and other institutions present in the area to access unique skills and resources for successfully undertaking of LED”. In accordance with these international trends, Ingwe has embraced partnerships to acquire the skills and resources lacking in their municipality but essential to the success of
their LED strategy. The Municipality recognised that alone they could achieve very little and therefore targeted the creation of partnerships. The success of the rail tourism and Gerard Bhengu Art Centre and Weaving Studio initiatives can be largely attributed to the partnerships with Spoornet, the Weaver’s Hut, Museum Services, the Killy Campbell Collection and the Department of Tourism and Culture. It is through these partnerships that the Municipality has assured training opportunities, infrastructure, rolling stock, funding and expertise for their projects.

Due to the investment from external stakeholders, their projects have a greater chance of long-term sustainability as there are more people committed to ensuring success and because the projects are not based entirely on local government involvement. The foundation of their LED strategy is multi-faceted and incorporates a diversity of skills, strengths and resources. Without the influence, manpower and time afforded by the Municipality and various stakeholders, the area could never have accomplished what they have achieved to date. The reality is that the local people are isolated in almost every sense: geographically, financially and socially. Without the support and initiatives of the Municipality and stakeholders, the local people would not have the opportunities that will now be available to them in their local areas (Sisonke LED Co-ordinator, pers. com, 2004; Weaver’s Hut owner 1, pers. com, 2004; Weaver’s Hut owner 2, pers. com, 2004). However, although the formation of partnerships greatly increases the future sustainability of the LED strategy, economic growth in the Municipality is still vulnerable to the influence of political instability.

7.2.5 Dealing with political instability

As discussed previously, the Municipality’s greatest strength is also their greatest threat in terms of coherence between policy and practise. Their greatest strength is the LED Councillor, who has developed the LED strategy and undertaken the processes necessary to acquire the vast amounts of funding required to date. However, local government finds itself in the thick of political instability and thus his current position in the Municipality is not secure. As previously discussed, the project is entirely dependant on the LED Councillor’s continued driving force.

This weakness is related to political instability and change, which is possibly the greatest weakness of local government’s involvement in economic development. This is especially
evident in a situation such as Ingwe where the entire project depends on the continued involvement of one person. Should he have lost his position through the municipal election in 2005 and a change of political power, the entire LED strategy and all the invested time and money, would most probably collapse within a few years. In response to this reality, the Ingwe Municipality incorporated an official staff position, LED and Tourism Manager, into their municipal organogram. The position provides more security and stability to the process of developing and maintaining LED in their municipality. The LED Councillor was awarded this position during 2005. This process of moving LED related functions outside of direct politics could prove to be a fundamental success factor for the sustainability of local government controlled LED. This is because a permanent staff position still allows access to municipal privileges and contacts yet removes, to an extent, the threat of losing key personnel due to changes in political power and positions.

7.2.6 Research
Finally, the Ingwe Municipality illustrates the role that local governments can play in terms of researching possibilities and funding feasibility studies. Thorough research prior to any development is central to the success and sustainability of the project. Due to the position of a Councillor entirely dedicated to developing LED in the area, extensive research into tourism and economic development, as well as many feasibility studies, has promoted the development of a LED strategy that has incorporated aspects of long-term sustainability.

This process of taking time to research each option has provided many opportunities for the Municipality. Firstly, the impressive business plans and feasibility studies were instrumental in securing funding from governmental departments and services such as the LEDF and TKZN. Secondly, the LED strategy has greater potential for long-term sustainability because of the thorough research that has been undertaken concerning each initiative. Other municipalities are encouraged to learn from this process of taking time to ensure that the project has realistic potential to provide long-term employment and an environment conducive to future economic growth. This approach has far greater potential for sustainability in comparison to the immediate job creation projects that have characterised certain rural development in the past (Ashley and Maxwell, 2001).
7.3 Theoretical Considerations

The discussion now turns to consider the relevance of the Ingwe experience to current rural development and local economic development. The purpose of this section is two fold. On the one hand the discussion aims to link theory and practise in order to place the Ingwe example within the context of greater research and theory. On the other hand, the purpose is to highlight the contributions made from this experience for research and theory, particularly that pertaining to economic development within South Africa.

7.3.1 Local economic development and rural development theory

In terms of the concept of ‘development from below’ (Stohr and Taylor, 1981), the Ingwe experience is a clear example of development that is aimed directly at the problems of poverty, although not controlled by those directly impacted by poverty and policy. Although those driving the project are not directly affected by poverty, they have maintained a pro-poor focus in all development initiatives through seeking to utilise the natural, human and institutional resources in such a way that development that meets the basic needs of the poor communities might be achieved. In keeping with the grassroots approach of development from below, Ingwe’s LED strategy is basic needs oriented, labour intensive, small scale and based on the utilisation of regional resources as illustrated by the Gerard Bhengu Art Centre and Weaving Studio (Stohr and Taylor, 1981; Rogerson, 2001).

In keeping with the principles of ‘development from within’ (Mackenzie, 1992; Taylor, 1992), the Ingwe LED strategy has embraced creativity as they have created an economic development plan which is unique to their municipality. As opposed to taking the popular route of adventure tourism, the Ingwe Municipality acknowledged the complexity and diversity inherent within their culture and history and sought to create a unique tourism brand, rail and mission tourism.

Central to the sustainable livelihoods approach is the principle of economic diversification (Ashely and Maxwell, 2002; Hill and Nel, 2004). The Ingwe Municipality is an excellent example of how this can be achieved. The Municipality is experiencing a transition from an economy dominated by agriculture to one where the creation of a new sector, tourism, is providing new opportunities for economic expansion and diversification.
The Municipality has also proven to be an example of the need for state intervention as emphasised by the sustainable livelihoods approach. Within the rural areas of South Africa in particular, inequality is entrenched to such an extent that poor communities require structural change and intervention before they will be able to break free from the poverty cycle they find themselves in (Hill and Nel, 2004). The Ingwe Municipality has provided the financial resources, human skills and expertise and development planning skills needed to create an economic environment that is more supportive of emerging entrepreneurs. In addition to this, the Municipality has formed active partnerships with both government departments and private companies to secure a more sustainable future for the development initiatives.

The Municipality’s ability to promote economic development that has greater potential to impact local communities is also due to their close proximity to the everyday lives of the local people. As opposed to the market-dominated approach of neo-liberal economics, the involvement of local government in economic development has led to the creation of a LED strategy that has the potential to directly benefit poor communities living in the Municipality.

7.3.2 Local economic development and neo-liberalism

In comparison with neo-liberal emphasis on the private sector, privatisation and capital intensive production methods (Gilbert, 1994; Geddes, 1997), LED provides an alternative that focuses on people centred development. LED is implemented on a smaller scale seeks to empower communities at a grassroots level (Vaughan, 1997; Nel and Humphrys, 1999; Philander and Rogerson, 2001). As opposed to neo-liberal principles that herald the market as more efficient than government (Bond, 2001; Maharaj and Narsiah, 2002), LED acknowledges the necessity for government involvement especially at a local level (World Bank, 2004).

Within the Ingwe context, the presence of major timber corporations have done relatively little in terms of empowering the poorest of the poor or increasing employment opportunities in the Municipality. It is Municipality who has stepped in and begun the process of changing the economic reality for the local poor communities. It has been due to government involvement at the local level that employment opportunities, which offer opportunities for genuine empowerment, are slowly being created. As opposed to faith in
large-scale, economic development initiatives, the pro-poor approach adopted by the Ingwe Municipality has shown to provide a more sustainable future for economic development within the Municipality.

The greater potential latent within LED, as opposed to neo-liberal restructuring, has been clearly illustrated by the Ingwe example. However, the irony of the situation is that while the pro-poor approach of the LED strategy is required to genuinely impact local communities, the LED strategy cannot achieve sustainability or significant economic growth without being incorporated into the global neo-liberal economy.

7.3.3 The pro-poor / pro-market debate and local economic development

The controversy surrounding the pro-market verse pro-poor discourse is evidenced within the LED strategy currently being developed by the Ingwe Municipality. Although the Ingwe experience provides more support for the pro-poor side, the influence of the government’s drive towards a pro-market emphasis is evident. Nel and Humphrys (1999) commented that it is increasingly common for local areas to seek to enhance their growth potential through participation in the global economy. This is evident in the Municipality’s commitment to creating a brand of tourism that will be competitive in the global tourist market. The rail and mission tourism brands adopted by the Municipality are directed more towards the rail and mission enthusiasts of the developed world than of those resident in South Africa. Essentially, for tourism in Ingwe to take off, it is essential that it find success in the international market. The Ingwe experience is therefore one that utilises a pro-market approach to trigger economic growth, which is inherently pro-poor by directing benefits to the poor.

The value of using a combination of a pro-market and pro-poor approach advised by Nel, Hill and Eising (2004) is illustrated by the Ingwe example. While pro-poor approaches satisfy the community centred focus of most alternative development theories, in reality they are often just not possible nor successful. This is because despite the criticisms of a pro-market approach to development, the reality is that communities exist and operate within a global neo-liberal economic structure. While aspirations of smaller scale, community driven economic development promote a ‘feel good’ response to development, repeated experiences have shown that they are not sustainable in the long term (Nel, 1999).
Ingwe’s LED strategy has a greater chance of long-term sustainability because it is integrated into, and seeks to benefit from, the greater neo-liberal economic system within which South Africa exists. The Ingwe Municipality recognised that while the initiatives need to be pro-poor in terms of the beneficiaries, they simultaneously need to be integrated into the international economy. The economic sustainability of the LED strategy is essentially pro-market as it is reliant on the international tourist, therefore enabling it to provide genuine and sustainable empowerment and employment for the local, poor communities. The pressure to maintain economic stability and sustainability is directed outwards to an external market as opposed to falling on the shoulders of local communities. Ironically, the pro-market approach adopted by the Ingwe Municipality has greatly increased their ability to create a LED strategy that will effectively benefit the poor.

Despite the pro-market approach taken by the Ingwe Municipality, their experience remains pro-poor in terms of their desired outcomes and goals. The evaluation and discussion of the Ingwe example is, therefore, of great significance and relevance to pro-poor theory. The example of Ingwe confirms the case stated by Nel and Humphries (1999); Philander and Rogerson (2001); Ashley and Roe (2002) and Nel, Hill and Eising, (2004) that the decentralisation of power and decision-making processes to the local government level is in fact, the most effective means of dealing with social and economic challenges to date. The Ingwe example verifies the concepts laid out in the RDP (ANC, 1994) that for local people to be empowered through the development process and for poverty to be reduced, development needs to be aimed at benefiting the poor.

The LED strategy developed by the Ingwe Municipality has the potential to bring sustainable economic development to the Ingwe local inhabitants at a grass roots level. Despite the presence of the timber and dairy economic sectors, poverty has continued to increase and, although jobs have been provided, local people have not been empowered through these economic activities. The reality is, as is so often the case with the private sector and big business, economic benefits are experienced by those at higher levels in the economic chain (Philander and Rogerson, 2001; Hill, Trotter and Nel, 2003).

However, in this example, the motivation is not to increase economic gains for the individuals initiating and facilitating the process. The motivation is one of duty and fulfilling responsibility, which has been tasked to the local municipality by central
government, and thus the motivation is genuinely pro-poor. In practical terms, the LED structure is designed to ensure economic benefits remain within the community, are distributed within the relevant communities and are used to benefit the quality of life for local Ingwe residents (RSA, 2000; LED Councillor, pers. com, 2004; Ingwe Mayor, pers. com, 2004).

In keeping with the guidelines set out by Nel and Humphrys (1999), it has been shown how the Ingwe Municipality has structured their systems of public ownership, equity investments and welfare distribution in such a way that opportunities for local people have been created. Through the Ingwe example it has become apparent that when local governments effectively incorporate these structures into their economic strategies, the potential existing within local economic development can be harnessed for the benefit of the poor. Simultaneously, the role of local government as a facilitator for LED is further established. This is especially evident in their commitment to support small and emerging businesses and in their pro-active commitment to create opportunities for local people to own small businesses.

This focus on creating small businesses has provided tangible opportunities for employment through the LED strategy. The Ingwe local government recognised the need to create specific opportunities for small and micro enterprises within the early stages of economic planning (Koch et al., 1998). Their focus on small enterprises such as the Coffee Shop and Weaving Studio as part of their greater tourism-based economic initiative is an example of where SMME’s can be integrated into a long term economic strategy (Rogerson, 2001). They also provide opportunities for skills development and training and, due to their status as Section 21 companies, ensure that economic gains are distributed within the community and not lost through external leakages (Rogerson, 2002).

For the many rural economies in South Africa struggling to rise out of economic stagnancy and decline, Ingwe have illustrated the potential that lies in using natural and cultural resources to diversify the economy and create employment opportunities. Their ability to provide jobs for women and to open the door for the informal sector to expand illustrates Roe and Uruquart’s (2001) preference for pro-poor tourism as economic growth catalyst. The nature of Ingwe’s tourism-based LED strategy has also illustrated the benefits related to the consumption nature of tourism (Rogerson, 2002). Rail and Mission tourism in Ingwe
will bring tourists to the local people, thereby overcoming the challenge of isolation and distance faced by so many rural economies.

7.3.4 Tourism based LED

The Ingwe example is a further example of where a small town has encouraged LED through tourism. This is in line with the trend noted by Nel (2005) that global growth in tourism has positively impacted small towns who have used their environmentally attractive resources to develop themselves into a tourist destination through active place-marketing and tourism development initiatives.

Rogerson (2005a) lists key principles that are required for successful tourism based LED. The evaluation of the Ingwe Municipality illustrated the factors and aspects of the LED strategy that relate to these principles. The Ingwe experience can therefore be used as an example of how and why these principles need to be in place and the benefits derived from achieving the aims and goals set out by Rogerson (2005a):

- The Ingwe experience is an example of how a destination can creatively and proactively market themselves as a viable tourist option using the physical and cultural resources available to them and through accessing and directing funds towards improvements to existing infrastructure;
- The Ingwe Municipality has illustrated the enormous benefits associated with integrating tourism based economic development with social and environmental development. The Municipality illustrates the necessity of understanding that tourism must be incorporated with community development and empowerment;
- The Ingwe LED strategy is an exemplary example of how LED can be used to bring tangible benefits to the poor. This has been achieved through their firm commitment to creating pro-poor policies that seek to enhance opportunities for the poor;
- Their commitment to creating an enabling economic environment is a clear indication of the benefits associated with a holistic approach to tourism which acknowledges linkages and seeks to synergise tourism with existing economic activities;
- The tourist package offered by the Ingwe Municipality encourages tourists to engage in a richer learning experience, which offers opportunities for meeting local people and obtaining a greater understanding of the local culture as well as instilling a greater sense of pride in the local communities;
The LED strategy developed by the Ingwe Municipality also illustrates the advantages of focusing on smaller scale projects and SMME's that are managed by local people, and which will grow as the capacity for local management grows;

- The creation of partnerships through local networks has been instrumental in the development of the Ingwe strategy and, therefore, illustrates the need for networking within the local community to avoid external leakages of profits and benefits;
- In terms of community involvement, the Ingwe experience has illustrated that while participation needs to be maximised, there are limits to community participation; and
- Finally, the Ingwe Municipality is an excellent example of the progress and success that can be enjoyed from good governance and institutional cooperation concerning the effective development and implementation of tourism based LED.

The Ingwe Municipality's experience is a good example of the principles and practices that need to be integrated into LED planning. However, as with every situation, while there is much to be praised there are also shortcomings concerning the LED strategy. The researcher therefore progresses to discuss recommendations, derived from this research experience, which serve to help improve the strategy even further.

7.4 Recommendations

Many economic projects related to rural development fail because communities are left without adequate preparation and ability to maintain the respective development projects (Vaughan, 1997). According to Nel (1999), successful LED is evident when the local economy becomes self-supporting from a long-term perspective. Evidence of this potential includes:

- Potential entrepreneurs;
- Available financing and the ability to acquire capital;
- Sufficient market demand; and
- Political stability

Although Ingwe has managed to succeed in each of these aspects, the potential to achieve to a greater degree is always present. The following sections discuss recommendations for the Ingwe Municipality in order that they might better achieve the factors listed above, with the aim of achieving greater success with their LED strategy.
7.4.1 Community participation and empowerment

The common thread woven into all theory of and approaches to local economic and rural development is that of community participation (Taylor, 1992; RSA, 1998; RSA, 2000; Philander and Rogerson, 2001; Ashley and Maxwell, 2002; Ellis and Biggs, 2002; Hill and Nel, 2004). Yet, it appears to be the one major area where the Ingwe Municipality have not achieved a substantial degree of success. Although their strategy is well networked with local stakeholders, provincially and nationally, fieldwork indicates that the local community has not been sufficiently or effectively drawn into the development process. Scheyvends (2002) warns that unless the planning and decision making processes associated with tourism-led development is intentionally fully community empowering and embracing, benefits are often directed elsewhere, apart from the local communities.

The most significant recommendation for the Ingwe Municipality is therefore to take the necessary steps to increase local communities’ participation in the development process. This involves increased communications as well as involvement in the generation of ideas and in the decision making processes. Workshops for the discussion of new and existing ideas and plans could facilitate this process. The Municipality may have an enormous creative resource, which to date has not been realised nor utilised.

Increased community participation and empowerment is also essential to build their weak human capital base. One of the main factors limiting community participation is the lack of knowledge and skills regarding the development process. However, support to the accumulation of human capital has to coincide with community willingness and commitment (DFID, 2004). Local people need to be committed to attending the relevant training sessions, schools and/or workshops. The Municipality needs to assess the areas of greatest need and provide training and skills development within those areas. Currently, the greatest needs are administrative and managerial skills, especially considering their goals of creating small, locally owned Section 21 companies. Due to the high occurrence of poverty, the Municipality needs to provide the capital requirements for such training programmes. The Municipality also needs to provide support structures for the new and emerging businesses, both financially and in terms of mentorship. However, although results will not be directly measurable, with respect to long-term sustainability, human skills development is an essential foundation. This recommendation is in agreement with Nel and Binns (2005) who state that while most local authorities have responded to their
developmental mandate, the majority face serious logistical constraints, most notably the capacity of personnel.

The desired goal of training and empowerment workshops and sessions needs to incorporate the inclusion of local people in the development process. This process needs to be intentional to the degree that positions are created within the municipal framework and LED strategy for the next generation of councillors and officials. The current LED Councillor needs to be training a local person, or people, in the skills required for his position. The process of setting up each of the current and future initiatives needs to incorporate local people. This process of transferring knowledge and skills is fundamental to the long-term sustainability of local economic development within the community. Whereas many economic development initiatives only provide menial, poorly paid jobs, the Ingwe Municipality needs to focus on incorporating managerial and administrative positions for local people.

It is also the first step towards creating a culture of entrepreneurship within the local communities. This is a predominantly western concept and often not present in traditional communities. However, the Municipality’s aim of creating an environment conducive to economic growth will be more successful if a culture of entrepreneurship is developed simultaneously. Initially, the onus will lie with the Municipality to provide the vision, leadership and funds for such a venture. However, as previously stated, the long term sustainability of any initiative rests with the attitude and ability of the local communities and is therefore of paramount importance. Initial interest in entrepreneurialism can be achieved through street theatres, interactive workshops and youth development programmes (LED Consultant, pers. com, 2004). In the long term, the Municipality also needs to consider establishing a formal business support structure.

The responsibility placed on the Municipality to promote community participation and empowerment often appears to be excessive. It is often necessary to approach civil society and to gain their support in the process (Korten, 2002). Churches, NGOSs, agricultural organisations and community organisations can facilitate and support the Municipality in their endeavour to achieve their aims and goals.
7.4.2 Sufficient market demand for sustainable employment creation

The success of economic growth and expansion in Ingwe currently rests on the assumption that the rail and mission tourism brand will be sufficiently attractive to draw in a critical mass of tourists so that sustainable employment opportunities can be created. In response to this assumption, a second major concern is the ability of the LED strategy to acquire sufficient market demand to trigger economic growth that will impact upon poverty in the greater Ingwe Municipality and not just for a few beneficiaries. Ingwe have already taken the step of initiating research into a provincial rail tourism initiative (LED Consultants, pers. com, 2005). In the meantime, Ingwe needs to lobby the support of local and adjacent communities and ensure that there is an urgent awareness of the potential associated with tourism so that the maximum success can be harnessed (Rogerson, 2002).

In addition to this, the issue of market seasonality is inherently related to that of market demand. While there are limited responses to the seasonal nature of tourism, the Municipality can be pro-active in providing the training and support mechanisms necessary to equip the local people to cope with such fluctuations in income. The training and skills development workshops discussed above could incorporate the knowledge required for effective budgeting and saving systems.

However, the Municipality will also need to tackle the challenge of market demand and seasonality directly. One option is to promote tourism ventures during seasons when the agricultural industry is at its lowest, so as to incorporate as many people as possible. Tourism ventures in the Municipality could include community festivals, which would provide an added incentive for visitors. The increasing popularity in experiential tourism (TKZN representative, pers. com, 2004) could be effectively harnessed by allowing visitors to spend a few days in the traditional settlements, which would diversify the options available for tourism. This could prove to be especially inviting to the younger breed of adventure seeking and back-packer tourists (Visser and Barker, 2004).

The potential for adventure tourism in the Ingwe Municipality has been recognised (Ingwe, 2003a; LED Consultant, pers. com, 2004), and although not currently part of the strategy, does provide an opportunity to broaden the tourism base (Donnybrook businessman, pers. com, 2005). The presence of the two rivers dissecting the Umkhomas Valley provides multiple opportunities for adventure tourism such as canoeing, paragliding, hiking and
mountain biking. The Municipality could harness this resource and therefore, combat the threat of insufficient market demand from the rail and mission tourism initiative. This diversification of the tourist industry would provide a more stable and sustainable base from which further economic growth could occur. In addition to this, the creation of community owned and managed initiatives (Colvin, 2004) would further empower local communities economically and socially.

7.5 Conclusion

"Even though the LED initiatives of the Ingwe Municipality are still in their establishment phase, what is planned and what has been achieved to date is clearly of considerable significance within the context of pro-poor development and pro-poor tourism planning in the country" (Gardyne et al., 2005:12)

The Ingwe Municipality have adopted a unique blend of pro-market and pro-poor approaches to development and created a strategy that ensures future employment opportunities for their poor communities. In response to the government’s mandate to embrace the concept of developmental local government, the Municipality has both allocated and acquired significant resources and funds to the process of empowering their communities to benefit from the development process. Ingwe has embraced the concept of pro-poor development, through their use of culture and nature-based tourism, and incorporated the local skills of weaving and art to create an economic structure that is conducive to further growth and expansion. Within this economic structure, their continuous commitment to ensure that the primary beneficiaries are members from poorer communities illustrates their commitment to providing the social and economic needs of their municipality.

The Ingwe example is an indication that pro-poor local economic development initiatives, specifically those relating to pro-poor tourism, have the potential to directly impact on the economic and employment needs of local communities. The creative vision and leadership modelled by the Ingwe Municipality is an inspiration of what can be achieved by identifying, and harnessing, the potential that exists within every community to empower their people. The experience in Ingwe is one that needs to be harnessed to encourage other South African municipalities to seriously tackle the challenge tasked to developmental local government. In response to prevailing negativity concerning the potential for rural
South African local government to effectively achieve the task of social and economic development, Ingwe has proved that the barriers are not insurmountable and that with determination, vision and commitment, success can be grasped.
CHAPTER 8
CONCLUSION

8.1 Introduction
The challenge of poverty reduction in rural areas is crucial to the future of South Africa. For many, the extensive problems and obstacles paint a bleak picture for the future. It is for this purpose that stories of hope, such as that of Ingwe, need to be told and the lessons learnt incorporated. In 2001, the Auditor-General stated that the “Ingwe Municipality will cease to function should they rely only on their rates raised. Without the annual equitable share grant from government, this entity faces a serious concern risk” (Municipal Manager, 2003). It is, therefore, remarkable to note that despite the odds, in 2003 the Ingwe Municipality was portrayed at the KwaZulu-Natal Provincial Parliament as “another small municipality that is a shining example” due to their ability to create effective administration and an environment that attracts investment (Keys, 2003). Ingwe were further complimented for their “unconventional thinking needed to address backlogs in development” by KZN Traditional and Local Government Affairs (Natal Witness, 2003b).

The experience of the Ingwe Municipality is an inspirational one – it is a story of how a municipality with limited resources is being transformed into a major success story for our country. The case study of Ingwe is instructive with regards to the role that local government can play in fostering economic growth and development as part of their developmental responsibility. Through creatively embracing the challenge as a developmental local government, Ingwe progressed significantly along the road of maximising social development and economic growth, democratising development and promoting leadership and learning within the Municipality. This dissertation has sought to document and examine the process taken by the Ingwe Municipality that has earned them such praise and success.

This chapter revisits the aims and objectives of this research, highlighting the key findings and conclusions. Acknowledging the capacity of this research, the chapter progresses to identify the limitations and strengths of the research methods employed as well as the research experience itself. Finally, the chapter presents the final conclusion in response to the initial question raised in chapter one, the introduction.
8.2 Revisiting the aims and objectives

Aim:
To critically examine the potential for South African local government to have a positive impact on economic development within their municipalities, through fulfilling the roles and responsibilities provided in the government’s mandate for developmental local government.

This dissertation achieved this aim through the evaluation of the Ingwe municipality’s response to the government’s mandate of developmental local government as evidenced by the development of their LED strategy. The critical examination revealed both the negative and positive aspects of their response, which have provided valuable lessons for other South African municipalities in particular. The research indicated that although there are many obstacles and challenges, local government does indeed possess the potential to address the challenges of poverty reduction through economic development in South Africa. The innovative response to the roles and responsibilities given to developmental local government by the Ingwe Municipality has provided an exemplary example of this potential.

Objectives:
1. To examine the theoretical context within which LED is presented as an alternative and to discuss the potential existing within LED for poverty reduction

Relevant literature was reviewed and examined in order to contextualise this dissertation. The literature review established the current controversy concerning development theory through the avenues of its origins and how it has been applied through the context of sustainable development and within the realm of rural development. This review illustrated how neo-liberal principles favouring free market principles and the retreat of the state has further entrenched poverty and inequality as opposed to achieving the stated goals of poverty reduction. Increasing dissatisfaction with the meta-theory of neo-liberalism has created an opportunity for more locally relevant and people-centered development theories. The literature review presented LED as an alternative, pro-poor means of development that is inherently participatory and focused at the community level.

Specific to the rural South African situation, the role of tourism-based LED has gained popularity due to its ability to incorporate natural resources within community-based
economic development. Tourism is increasingly viewed as the only ecologically viable opportunity for socio-economic development as well as having the greatest potential for growth. It is for this reason that tourism-led LED has gained popularity within South Africa.

South Africa has been heralded for its pioneering work in incorporating LED within its economic development framework. LED has been embraced as a means of dealing with the challenges of poverty and inequality inherited from the Apartheid era. The review of LED examples in South Africa presented an interesting combination of both pro-market and pro-poor approaches to LED. Generally, large towns and cities adopted more pro-market approach as opposed to the pro-poor approaches advocated for smaller towns and rural areas. In addition to the practical experience, South Africa has been pro-active in promoting policies for the implementation of LED. Central to this process is the mandate for local government to adopt a developmental role. It was within this context specifically that the potential for local government to implement LED as a means of poverty reduction was examined.

2. To illustrate the research benefits of participatory observation

Preceding the evaluation of the Ingwe municipality, chapter four discussed the research methods employed. In accordance with the theme of community participation and empowerment discussed in the literature review and in the case study evaluation, the research methodology chosen was one that encompassed these principles. The literature review examined the role that theory has played in determining and shaping development initiatives and illustrated how paradigm shifts in theory significantly influenced the application of theories. Fundamental to this process of shifting theoretical paradigms is the process through which information is gathered, analysed and presented.

Chapter four discussed how social research methods have progressed from a scientific bias to one that places humanity at the center of social research. Previous positivist methods encouraged top-down, meta-theory development that led to dominance from external agencies. In comparison, the influence of humanism has supported more community-based and people-centered development. As a result of the progression from positivism to humanism, qualitative research methodologies have gained significant popularity and
within this process, participation and observation have risen to the foreground of effective research methodologies.

This research experience has illustrated how, through participatory observation, an intensive and accurate representation of reality was accomplished. The researcher’s participation with the Municipality removed the illusion of an external researcher as well as removing the position of power so often held by the researcher. This created an environment within which the participants interacted freely with each other and spoke openly and honestly with the researcher. The opportunities to participate in municipal functions provided the opportunity for far greater insight into the Municipality than interviews could afford.

3. To represent the dynamics of the Ingwe LED strategy

Chapter five provided an extensive description of the Ingwe municipality’s LED strategy. This description illustrated how such a small municipality, which was so desperately limited in terms of access to physical, social, human and financial resources, has used their natural and cultural resources to develop an effective LED strategy with the potential to positively impact the poverty experienced by their people. The Ingwe municipality is an excellent example of a municipality who recognized their unique features and utilized them to promote economic development within their region. The description also highlights their creative and innovative response to LED. This innovation and creativity can be mostly attributed to the vision and leadership on their local champion, the LED Councilor and therefore, provides an example of the possibility that does exist when local government responds to the mandate to embrace their developmental roles and responsibilities. In addition to this, the case study description also provided an example of how tourism can be used to initiate LED as well as a means of diversifying a traditional rural economy.

4. To evaluate the Ingwe example in terms of local government’s ability to facilitate LED in their municipalities

The evaluation of the Ingwe municipality’s response to the developmental mandate for local government was achieved by analyzing their LED strategy with the use of the sustainable livelihoods framework. The evaluation found that the local communities were increasingly vulnerable to external economic and political processes but that the LED strategy reduced this vulnerability by harnessing their natural and cultural assets to create
an economic development strategy that promoted local ownership of the initiatives. By actively adopting their role as developmental local government, the Ingwe municipality has acquired significant funds, which have been used to develop a stable foundation from which the tourism sector can grow.

Although still in the incipient phases, the LED strategy presents itself as one, which will achieve the goals of economic sustainability, employment and training opportunities for local people, community participation and empowerment and the provision of services and infrastructure. The municipality has maintained a pro-poor focus, which is evident in their commitment to providing economic opportunities for their poorer communities. However, the Municipality does show limited commitment to active community participation in the planning processes. Increased participation by local people has been shown to be essential to the future success and sustainability of the LED strategy.

5. To engage in the relationship between theory and practice by assessing how the Ingwe example fits into the broader theoretical context of LED

As opposed to the ‘either / or’ position adopted by many development theorists concerning the pro-poor / pro-market debate, the Ingwe example is evidence of a combination of both approaches. The LED strategy targets a pro-market through rail and mission tourism with the aim of initiating pro-poor development within their municipality. In terms of their pro-poor approach, the Ingwe municipality has effectively demonstrated how LED can be used to create employment and ownership opportunities. While acknowledging the role of pro-market development, the Ingwe example emphasizes the need for pro-poor approaches to empower the poor. Pro-poor LED that is directed towards local ownership has a far greater potential to impact the lives of the poor than development controlled and facilitated by external corporations or authorities.

The Ingwe experience has also provided an illustration of the sustainable livelihoods approach that has gained popularity within rural development theory. This has been especially evident in their attempt to diversify their economy by introducing the tourism sector. In addition to this, the sustainable livelihoods approach emphasizes the need for government intervention. The Ingwe example is evidence of the huge role that government needs to play in terms of promoting economic development for poor people. Local government has access to external markets, support and funding that is way beyond the
reach of most poor communities and therefore, they have a vital role to play in terms of accessing these resources and making them available to poor communities.

6. To offer key lessons learnt through the Ingwe experience for other South African municipalities in particular

The creative approach taken by the Municipality and the early success they have achieved, places Ingwe in a position from which many lessons can be learnt. This research highlighted their commitment to promoting an enabling economic environment as opposed to concentrating on distinct, micro-projects. The long-term sustainability of an environment conducive to further economic growth has the potential to provide far more sustainable employment opportunities to far more people than a few scattered initiatives would have done. Although it is taking the Municipality longer to achieve tangible results, they are developing a solid foundation from which exponential economic growth can occur. Central to this process has been the importance placed on partnerships with both the private and public sector. It is through the partnerships formed that the Municipality has gained the financial resources, skills, expertise and infrastructure required for their LED strategy. The involvement of many other stakeholders also contributes to the long-term sustainability of the project.

One of the key findings of this dissertation relates to political instability. The LED strategy is the product of the vision, initiative and drive of the local champion. While this has shown many positive aspects and has been vital to the success of the strategy, it also places LED within Ingwe in a particularly vulnerable position. This dissertation found that while enormous potential does exist within developmental local government concerning the implementation of LED, vulnerability exists concurrently due to political instability. A key lesson learnt from the Ingwe municipality is the removal of the LED coordinator from a political position to a staff position, thereby protecting the position from political changes to a greater degree. Although instability and vulnerability still exist, the Municipality has taken preliminary steps to attempt to reduce this threat.

While these findings and lessons are considered to be the most relevant and important, it must be acknowledged that certain limitations within the research prevented a thorough assessment. It is acknowledged that while this dissertation has presented key findings and conclusions, it is by no means an exhaustive analysis.
8.3 Limitations and strengths

The reality for any research is that certain constraints and limitations will be experienced in conjunction with the strengths of the chosen methodology. Specific to this dissertation, the incipient stage of the LED strategy posed many constraints for research, such as the time period. Although the researcher was involved with the Municipality for a period of two years, the LED strategy has yet to reach the implementation stage and thus it was difficult to determine the outcomes of the strategy. In addition to time, the incipient phase of the strategy meant that there were only a few people who were actively involved in the process or currently employed in any of the initiatives. The information gathered was therefore specific to a few individuals. While this can be seen as a negative due to the influence of bias, it must be stated that this situation did allow for an extensive and in-depth evaluation of the project because of the relationships formed with the few involved individuals. However, specifically from a community perspective, the avenues for research were severely limited. Although aware of the plans for LED, a minimal number of community members have been impacted by the strategy. The opportunities for engaging with the various communities in terms of their experiences with and perspectives of the project were therefore greatly limited. In addition to this, being female and English speaking, the researcher had limited access to the communities for safety and language barrier reasons.

However, while the pre-implementation phase of the strategy posed many limitations, research into this process also provided valuable opportunities. South Africa finds herself on the threshold of new forms of development, especially with their focus on developmental local government and pro-poor development. When embarking on new endeavors, it is essential that the ground-work processes are fully understood. There so often appears to be a jump to demand quantitative outcomes and tangible results, yet the sustainability of such results rests on the foundational work that is required. This dissertation has afforded the privilege of an in-depth look into the foundational processes that need to occur for developmental local government to successfully implement and deliver sustainable economic development within their municipalities. As more municipalities embrace their developmental role and tackle economic development, they will require guidelines and frameworks to increase their capacity to perform their relevant tasks. This dissertation has provided an extensive description of the process followed by Ingwe as well as an evaluation yielding the lessons learnt. In a country where many local
governments are embracing this challenge for the first time ever, the knowledge and experience gained from the Ingwe Municipality is invaluable.

8.4 Overall conclusion

At the beginning of this dissertation, the following question was posed: “Does LED, driven by developmental local government, present a genuine solution to the challenges of poverty and inequality experienced within South Africa?”. Has the dissertation, and research involved, achieved the objective of answering this question? As is so often the case with social research, the capacity to answer research questions is always limited and some aspects of the given query remain unanswered or require further research to be fully grasped. In addition to this, new and unforeseen questions are also created, which provides opportunity for further research.

While LED in Ingwe does present itself as a viable and beneficial approach to economic development, it is necessary to emphasize that as a result of financial, skills and resource constraints, not all municipalities will be able to achieve their LED objectives. As Nel (1999) concludes, despite the faith given to LED in South Africa, it cannot be considered as the panacea solution. In addition to this, while the concept of developmental government does possess enormous potential for tackling the challenges of poverty, it does not present itself as a panacea solution.

The Ingwe experience is evidence of what can be achieved by a local government that embraces their developmental role and responsibility. Their inherent pro-poor approach to LED has led to the creation of a LED strategy with the potential to benefit poor communities at a grass roots level. This examination of the Ingwe municipality’s approach to LED seems to suggest that LED that is driven and delivered by local government can most definitely be taken as a potential solution for poverty, specifically within smaller, rural municipalities in South Africa.

However, the Ingwe municipality is a unique example of a local government that is genuinely accountable and transparent and one, which has proven commitment to their poor communities. The ability of developmental local government to effectively tackle poverty through LED depends on the absence of corruption and personal agendas as evidence by the difference between the Ingwe Municipality and the Sisonke District’s
approaches to LED. It would not be wise to place unconditional faith in all local
governments as a result of this dissertation. What this dissertation has shown is the
enormous potential that does lie within developmental local government that adheres to the
principles set out in national policy.

The increased international prominence awarded to LED is the result of shifts in
development paradigms and strategies, which have occurred due to the continued global
economic crises evidenced by increasing poverty and inequality. The search for more
locally relevant and people-centered development has infiltrated international development
discourse. Within this context, LED has found its place among those approaches claiming
an alternative route to genuine development. The strength of the LED case is its focus on
empowering local communities through participation and decision making processes. LED
satisfies the need for the creation of sustainable livelihoods through economic
diversification, participation and state intervention; thereby meeting the requirement of
current rural development paradigms. Its focus on local control over resources and
initiatives ensures favour with the sustainable development theorists as it promotes long-
term sustainability through community ownership and empowerment. However, due to its
limited nature and limited success experienced particularly in the third world, it cannot be
regarded as a panacea solution for all poverty and development related problems.

The concept of developmental local government has been well supported through support
structures from both provincial and national levels. In addition to this, comprehensive
policy has been put in place to guide local government in the process of adopting their
developmental role. Local government has an essential role to play in South Africa due to
their accessibility to the everyday life experience of local communities and the government
has been wise to incorporate them into the development process. This dissertation has
served to encourage this current process and has verified the faith placed in the process of
local government driven LED.

In the process of coming to a conclusion, it is often beneficial to reflect back on the
preliminary position and determine where the journey of research has taken one. This
dissertation commenced on a bleak note with the scenario that, “almost every economic
signal points to the fact that development has been derailed” (Taylor, 1992: 216 quoting
UNICEF, 1988:1). Is this the reality for South Africa? Is there really no hope for
development or do alternative approaches to development pose new opportunities and possibilities for confronting poverty and inequality? In response to the research covered in this dissertation, the conclusion takes on a far more positive note. In answering the questions posed in chapter one, the researcher finds herself in agreement with Nel and Binns (2005:53) that: “only a decade after South Africa’s first democratic government came to power, and given the recent local government transformation, it is apparent that significant progress has taken place in local authority development and planning”.

The challenges of poverty and inequality often appear to be insurmountable. This is especially true when viewing the situation from a global, or even national, perspective. However, closer attention to the grass roots level is often met with pleasant surprise due to the significant progression achieved by various communities, and in this case, local authorities. Global poverty and inequality seem to persist relentlessly, with few signs of hope. However, while a global, panacea solution seems elusive, a small rural municipality in KwaZulu-Natal are enjoying significant progress as they confront the challenge of poverty. While international poverty may not come to an abrupt halt during 2006, a collection of families living in the Ingwe Municipality will find themselves empowered to gain greater control of their economic destiny. The Ingwe experience teaches us that there is indeed still hope and that it resides in the selfless use of vision and leadership.
REFERENCES


DPLG (Department of Provincial and Local Government) (2002) Draft Local Economic Development Policy, Pretoria


Ingwe (2003b) Vuna Awards application, Creighton

Ingwe (2003c) Review of the Ingwe Municipality Integrated Development Plan, Creighton

Ingwe (2004a) Vuna Awards application, Creighton

Ingwe (2004b) Interim Draft report for the Sisonke District Railway Tourism project, Creighton

Ingwe (2004c) Motivation for influential support for the Rail Tourism Initiative in the Sisonke District, Creighton

Ingwe (2004d) LED Marketing Plan: Marketing goals and strategies, Creighton


Municipal Demarcation Board (2002) *SA Explorer* (computer disk), Creighton

Natal Witness (2003a) Railway Brings Tourism to Creighton Area, 12 March 2003


Appendix 1

Interview guide for LED Councillor and Municipal Mayor

A. Factors influencing adoption of a LED strategy
1) What factors contributed to the Municipality adopting an LED strategy?
2) Who initiated the current LED strategies?
3) What leaders are involved in the strategy?
4) Why were these specific initiatives chosen? What pre-existing factors influenced the nature of LED strategies chosen? (political, social, economic)
5) What are the goals and aims of the current LED strategy?
6) Do you feel confident about Ingwe's approach to LED?

B. Economic Sustainability
1) Are there any long-term strategies in place to ensure long-term survival and sustainability of the initiative?
2) Does the LED strategy promote partnerships with local businesses?
3) How will / has the LED strategy diversified economic opportunities?
   - types available
   - people groups they are available to (previously disadvantaged)

External Support
4) What external support was given in terms of funding, advice and support?
5) How was this external support accessed? Any future commitments?
6) What was the relevance of this external support?
7) What policies are in place concerning the LED strategy and how were they drawn up?

C. Employment and Training
1) Where and how does the LED strategy provide employment opportunities?
2) What type of employment opportunities are being created?
3) Is there any specific focus on previously disadvantaged or excluded groups?
4) Has the municipality provided training for the new employees? If yes, what kind and by whom?
5) Were those who received training, previously trained in any sector?
6) Does the municipality propose any further or extended training opportunities?
7) What employment policies are in place and how were they drawn up?

D. Community Participation and Empowerment
1) Who controls the LED strategy in Ingwe?
2) How were leaders chosen?
3) Does the LED strategy provide opportunities for local and community ownership?
4) Does the LED strategy provide opportunities for a redistribution of wealth and opportunities in favour of the poor?
5) What influence will / has the LED strategy have on community life as a whole in the Ingwe Municipality? (sense of belonging, pride, recreational facilities, community cohesion...)
6) In your opinion, what form of leadership has the municipality taken in terms of promoting community participation in the LED schemes?
7) (policy process, decisions, community organisations, stakeholder forums)
8) How would you describe the relationship between the local government and the Traditional leaders?
9) What role and function do the traditional leaders play with respect to the LED strategy?

E. Services and Infrastructure
1) How has the LED strategy influenced service provision in the greater municipality?
2) Any improvements or new developments?
3) What future benefits will the LED strategy provide?
4) Does the Municipality offer or provide access to any services to emerging small businesses?
5) What marketing role has the LG played - complete
6) Have any infrastructure improvements occurred as a direct result of the LED strategy?
7) Will any land or buildings be released for future development or economic opportunities?
8) Have any buildings been bought back into use? Where and for whom?
9) Are there any long term plans or strategies in place for further infrastructure development as a result of the LED strategy?
G. Local Government

1) What structure does the Local Government follow and how did each leader gain his position?

2) How would you describe the municipality’s relationship with neighbouring municipalities, the district council and provincial departments?

3) Has the municipality worked together with various government departments?

4) Has the municipality taken a leadership role in terms of developing the greater area of which they are apart?

5) In your opinion, to what degree is the municipality fulfilling its role as a developmental local government?

6) To what degree do you think the municipality is achieving accountability and transparency?
Appendix 2
Interview guide for stakeholders

1. What is the nature of your partnership with the municipality?

2. Please describe your involvement with the Ingwe Municipality's LED strategy.

3. What are the aims and goals of the municipality's LED strategy?

4. Do you think the municipality will reach those goals and aims?

5. What are some of the challenges and obstacles facing the municipality in terms of promoting LED through this strategy?

6. How would you rate your confidence in
   a) the LED strategy as a whole, and
   b) the initiative you are involved in?

7. Do you think this initiative will be able to sustain itself in terms of continued employment provision, financial independence and growth and expansion?

8. What employment and training opportunities will this initiative provide? Who will be the beneficiaries of these opportunities?

9. What impact will the initiative have on the community?

10. How would you describe your dealings with the local government?

11. In your opinion, how effectively is the local government approaching LED in their area?
Appendix 3
Interview guide for community members

1. How would you describe the current economic situation in the Ingwe Municipality?

2. What ways are there to improve the economy? What strategies would you encourage?

3. Are you aware of any current initiatives to improve the economy?

4. Are you aware of the municipality’s tourism based LED strategy?

5. If yes, what is your opinion regarding this strategy?

6. Have you been involved in any way? If so, please describe.

7. How would you describe your dealings with the local government?

8. In your opinion, how effectively is the local government approaching LED in the municipality?
Appendix 4

Interview guide for participants

1. What procedure did you follow to get this position?

2. Were you previously employed?

3. Did the Ingwe Municipality provide any training for this work?

4. Does the Ingwe Municipality monitor your work?

5. How would you describe your dealings with the Ingwe Municipality?

6. What do you understand by the term local economic development?

7. What is your understanding of tourism and its relation to economic development?

8. In your opinion, how effectively is the local government approaching LED in the municipality?
Appendix 5
World Bank research questionnaire

### 1  Defining the municipality

<table>
<thead>
<tr>
<th>Name of municipality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location of HQ of municipality</td>
</tr>
<tr>
<td>Person completing questionnaire Name:</td>
</tr>
<tr>
<td>Title:</td>
</tr>
<tr>
<td>Phone number: Email:</td>
</tr>
<tr>
<td>Population (2001 census)</td>
</tr>
</tbody>
</table>

#### Economic sectors:

| What are the 3 leading sectors in the local economy: |
| In terms of economic turnover (GGP) |
| In terms of employment |
| What are the 3 main sectors in decline/stagnant |

### 2  How is support for economic development organised

#### 2.1 How is economic development defined in the municipality?

#### 2.2 What internal structures are there for LED (eg LED Unit etc)

#### 2.3 Please give details of key contacts for these if not you?

| Name: |
| Title: |
| Phone number: Email: |

#### 2.4 How do these units fit within the structure? (eg which directorate..)

#### 2.5 What external mechanisms have you established? eg economic development agency, business forums, PPP.....

| For economic planning |
| For implementation |

#### 2.6 Please provide details of any interdepartmental LED teams and what their focus is

#### 2.7 At what level is LED overseen

| Politically |
| Management |

#### 2.8 Does the LED Unit interface with other spheres of government. If so, which Departments

<p>| |</p>
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
</table>
### 3 What LED-specific policies and focus do you have?

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 What is the focus of your economic development approach (please insert from strategy or IDP)</td>
<td></td>
</tr>
<tr>
<td>3.2 What are the main approaches to addressing poverty in other departments of the municipality? Which departments?</td>
<td></td>
</tr>
<tr>
<td>3.3 Do you see addressing poverty as distinct from promoting growth? Comments?</td>
<td></td>
</tr>
<tr>
<td>3.4 Do you differentiate LED from economic development? If so how?</td>
<td></td>
</tr>
<tr>
<td>3.5 To what degree is community involvement integrated in LED planning and implementation?</td>
<td></td>
</tr>
<tr>
<td>3.6 What are the main strategies you are using to promote economic development in priority order - 1 = highest (draw from IDP, or Economic Strategy)</td>
<td>1.</td>
</tr>
<tr>
<td>3.7 What other key government economic development programmes are operating in your municipality (eg URP, ISRDP...)</td>
<td>Name: 1.</td>
</tr>
<tr>
<td>3.8 What other key stakeholders are providing economic services in the area, eg Chambers of Commerce, NGOs?</td>
<td>Name: 1.</td>
</tr>
</tbody>
</table>

### 4 Operationalising LED

<table>
<thead>
<tr>
<th>Question</th>
<th>Y/N</th>
<th>Please specify</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the municipality support any of the following? Promoting an enabling</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

227
<table>
<thead>
<tr>
<th>Environment by:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of economic strategy</td>
<td></td>
</tr>
<tr>
<td>Improving the local business climate e.g., improving processes and procedures for business registration, taxation, etc., within the Municipality</td>
<td></td>
</tr>
<tr>
<td>Privatisation to improve services</td>
<td></td>
</tr>
<tr>
<td>Grants/rebates to attract inward investment</td>
<td></td>
</tr>
<tr>
<td>Grants/rebates to attract local investment/expansion/retention</td>
<td></td>
</tr>
</tbody>
</table>

**Promoting infrastructure:**
Investment in hard strategic infrastructure, e.g., transport infrastructure, utilities.
Investment in industrial and commercial sites and premises.

**Supporting MMEs:**
Support for procurement by SMMEs from large organisations.
SMME support centres.
Subsidising general business advice for SMMEs.
Support for creation of new businesses.
Support for growth of existing businesses.

**Targeting groups/areas:**
Development of specific sectors (and business clusters).
Schemes to support the informal sector.
Schemes to support urban agriculture.
Schemes to support particular groups, e.g., disadvantaged groups/workers:
- Women
- Youth
Special employment schemes e.g., EPWP.
Special development zones (IDZs, inner city, BIDs...).

**Providing support in:**
Research and information re economic development.
Support for export/marketing/quality.
Marketing of the area.
Non-financial support in promoting inward investment.

**Other support (specify):**

---

228
5 Funding (please attach detailed budget showing programmes and projects)

<table>
<thead>
<tr>
<th>What funds are allocated (R, 000) Please put source underneath.</th>
<th>Operational</th>
<th>Operational</th>
<th>Capital</th>
<th>Capital</th>
<th>Comments/details</th>
</tr>
</thead>
<tbody>
<tr>
<td>To LED units</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To partnership structures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To specific economic structures (eg bus centres, incubators...)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To other specifically LED-related services/activities?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004-5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005-6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6 Impacts (please send copies of any impact evaluations that have been conducted)

<table>
<thead>
<tr>
<th>6.1 What have been the overall impact on growth in the area</th>
<th>Growth in GDP: From when to when: What evidence do you have:</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.2 Do you have targets for reduction of poverty. If so what are they? These could be regeneration targets, geographic targets (not just industrial zones, but other areas needing targeting too, marginal housing areas etc) (probably from IDP)</td>
<td></td>
</tr>
<tr>
<td>6.3 What have been the overall impact on levels of poverty in the area</td>
<td>% of households with incomes less than R1500/m²: From when to when: What evidence do you have: Nutrition²: Skills levels:</td>
</tr>
<tr>
<td>6.4 What have been the overall impact on levels of employment in the area</td>
<td>Impact on unemployment: From when to when: What evidence do you have:</td>
</tr>
</tbody>
</table>

¹ Check with SSA on poverty datum line to use
² Check with SSA on poverty datum line to use

229
<table>
<thead>
<tr>
<th>Question</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.5 What have been the overall impact on levels of inequality in the area</td>
<td>Can we pick up changes in Gini coefficients</td>
</tr>
<tr>
<td>6.6 Please insert details of specific programmes or projects which have been successful in terms of addressing poverty</td>
<td></td>
</tr>
<tr>
<td>6.7 What is your personal evaluation of LED in your municipality? Is it living up to its targets? Has it experienced difficulties and what can be done in the future to improve its impact?</td>
<td></td>
</tr>
</tbody>
</table>
## Appendix 6
### Personal Communication

<table>
<thead>
<tr>
<th>Title</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Killy Campbell representative</td>
<td>Winters, Y (2004) Killy Campbell Art Gallery, Durban</td>
</tr>
<tr>
<td>LED consultant</td>
<td>Kruger, T (2005) Iyer Rothaug Collaborative, Durban</td>
</tr>
<tr>
<td>Tribal Authority 1</td>
<td>Kubheka, L (2004) Tribal Authority, Bulwer</td>
</tr>
<tr>
<td>Tribal Authority 2</td>
<td>Ndlovu, B.L. (2004) Tribal Authority Bulwer</td>
</tr>
</tbody>
</table>
### Appendix 7

**Performance Management System for LED in the Ingwe Municipality**

<table>
<thead>
<tr>
<th>KPIs</th>
<th>KPis</th>
<th>OBJECTIVE</th>
<th>MON</th>
<th>LIVES</th>
<th>SOURCES</th>
<th>FREQUENCY</th>
<th>TARGET FOR PERIOD</th>
<th>ACTUAL FOR PERIOD</th>
<th>REASONS FOR PERFORMANCE STATUS</th>
<th>CORRECTIVE ACTION PROPOSED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td><strong>Local Economic Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Agriculture</strong></td>
<td>To promote a relationship between the existing commercial agriculture and Council</td>
<td>No.of meetings held with英格农业协会 and the timber industry</td>
<td>Process</td>
<td>Attendance Register</td>
<td>Bi-Annual</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>To facilitate the establishment of a farming enterprise at Woodhurst</td>
<td>Enterprise successfully established</td>
<td>Output</td>
<td>ID/Dpt of Land Affairs</td>
<td>Annual</td>
<td>0</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>To promote the establishment of local agri-processing unit around the growing and processing of snack beans</td>
<td>Completion of feasibility plan</td>
<td>Output</td>
<td>Feasibility Plan</td>
<td>Annual</td>
<td>0</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Commercial and Manufacturing</strong></td>
<td>To expand the manufacturing sector in Ingwe particularly focussed on bi-products from existing agricultural enterprises</td>
<td>Completion of feasibility plan</td>
<td>Output</td>
<td>Feasibility Plan</td>
<td>Annual</td>
<td>0</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Job Creation</strong></td>
<td>To promote economic growth and development</td>
<td>The number of jobs created through municipality's local economic development initiatives including capital projects</td>
<td>Output</td>
<td>Project reporting/wag e schedules</td>
<td>Quarterly</td>
<td>75</td>
<td>75</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Tourism</strong></td>
<td>To develop brand based tourism that will compliment existing tourism assets around which a tourism industry can be developed</td>
<td>No. of endorsements from key stakeholders</td>
<td>Process</td>
<td>Municipality</td>
<td>Annual</td>
<td>12</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>No.of tourists using railway initiative</td>
<td>Output</td>
<td>Municipal Survey</td>
<td>Quarterly</td>
<td>0</td>
<td>550</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>No.of visitors to missions in Ingwe</td>
<td>Output</td>
<td>Municipal Survey</td>
<td>Quarterly</td>
<td>0</td>
<td>460</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>To ensure that the Municipality monitors and adjusts tourism products to the market</td>
<td>Satisfaction levels monitored in respect of tourist expectations</td>
<td>Outcome</td>
<td>Municipal Survey</td>
<td>Quarterly</td>
<td>0</td>
<td>Medium</td>
<td></td>
</tr>
</tbody>
</table>