



**AN EXAMINATION OF BUSINESS PERSPECTIVES ON THE ROLE OF
UMHLOSINGA DEVELOPMENT AGENCY AS AN ECONOMIC DEVELOPMENT
AGENCY**

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Declaration

I, Sinethemba Mthimkhulu declare that:

- i. The research reported in this dissertation, except where otherwise indicated, and is my original research.
- ii. This dissertation has not been submitted for any degree or examination at any other tertiary institution.
- iii. This dissertation does not contain other persons' data, tables, figures and any other information, unless specifically acknowledged as being sources from other persons.
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Abstract

Local Economic Development Agencies (LEDAs) are fast becoming the norm in South Africa and other developing countries. LEDAs have proven in many states to bring great development and rehabilitation in post-war time; hence their popularity and adoption in so many countries. However, despite their popularity, LEDAs are still imprecisely understood. This study documents the Umhlosanga Development Agency in Umkhanyakude district, situated in Northern KwaZulu-Natal in South Africa. The main aim of the study is to examine the business perspectives on the functionality of the Umhlosanga Development Agency as a mechanism for economic development. To address this, research questions included the extent to which local business is aware of the agency's role; and to explore the relationship and communication chain between the agency, its parent district municipality and the business community.

The study adopted a qualitative, interpretative research design. The sample consisted of the Umhlosanga Development Agency managers, district municipal, local municipal LED units and Mjindi Farming members. A total of 11 interviews were conducted, which were then transcribed, and thematically analysed.

The findings show that the relationship between the district, the agency and the business community is not at its best but is a work in progress currently. The agency is constantly in search of funding as this seems to be a big barrier in reaching their objectives. None the less the actual objectives of the agency are still to be realised as many of the projects are in developmental phases. The perspectives of the business community reveal that the agency is slowly beginning to be understood by some of the local municipalities, and this has helped the agency in that their projects receive support from local stakeholders. However, where the agency has not yet undertaken projects in a particular area, the officials' lacked knowledge of the role of the agency. This showed that the agency has not been marketed enough; in fact even at the very introductory phase of the agency there was little awareness on the then potential work of the agency within the district municipality. The communication chains are minimal, transmitted only where it was compulsory. However no communication existed at all between the agency and the community at the lowest level, despite having some interactions with Mjindi Farmers as an intermediary organisation and being a customer to the Mjindi farmers.

With regards to the Public-Private-Partnership between the three stakeholder groups of government, business and the community, there seems to be a consensus on what the broader role of the agency should be. However, in practice, the roles of the agency are relatively different than anticipated by partners, because they are directly impacted by available resources and infrastructure and relationships between the stakeholders. Local Development Agencies are fairly new and the product of their work takes between five to ten years to be discernible. Umhlosinga was established in 2008 and cannot be seen to be any different from other Development Agencies. The agency has had some successes in contributing to Local Economic Development; one therefore can still remain optimistic on the current projects needing implementation. This however can only be obtained if a LEDA such as the Umhlosinga Development Agency works more collaboratively with local stakeholders and there is a constructive understanding between all partners in development that can be converted into practical actions.

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List of Acronyms

CoGTA- Cooperative Governance and Traditional Affairs
CSI- Corporate Social Investment
DEDT- Department of Economic Development and Tourism
DEDTEA- Department of Economic Development and Tourism and Environmental Affairs
DPLG - Department of Provincial and Local Government
DTI - Department of Trade and Industry
EURADA- European Association of Development Agencies
EUSG- European School of Governance
GIZ - German International Development Agency
GTZ- German Technical Corporation
IDC- Industrial Development Corporation
IDP - Integrated Development Plan
ILO- International Labour Organization
ILS- International Liaison Services
IKS - Indigenous Knowledge System
LED – Local Economic Development
LEDA- Local Economic Development Agency
MFMA- Municipal Financial Management Act
MSA- Municipal Systems Act
NDP – National Development Plan
NGO- Non-Profit Organisation
OECD- Organisation for Economic Co-operation and Development
PPP- Public Private Partnership
RDA- Regional Development Agency
SALGA- South African Local Government Association
StatsSA- Statistics South Africa
UKDM- Umkhanyakude District Municipality
UMDA- Umhlosiinga Development Agency

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CHAPTER ONE

INTRODUCTION

1.1 Introduction and Background

Local economic development (LED) has been seen as a slippery concept by a number of authors (D'Arcy and Guissani, 1996, in Mbe.ba, 2012; Syrett, 1995, D'Arcy & Guissani, 1996, in Rogerson, 1999). The LED approach came about as a result of the failure of a 'top down' approach (wherein protocol comes from upper body like national government) development policy (Pretorius & Blaauw, 2008, ILO, 2004; Mountford, 2009).

The process of LED involves highlighting what can be achieved through people leading local LED initiatives and the encouragement of local people to organize themselves for better LED perspectives (Eastern Cape LED, 2013). The promotion of LED calls on enhancing local advantages in order to create employment opportunities and thereby developing economies at root levels. According to Nel (2000, in Pretorius & Blaauw, 2008) LED has three main components, namely: subnational action, local labour market and an applied economic development strategy to address territorial- specific needs. It takes multiple and varied interventions to accomplish what is needed within the realm of LED. So often local government struggles to achieve what is needed in service delivery and the creation of a conducive environment in which communities can live. This potentially leaves LED requirements neglected (COGTA, 2013). This has subsequently resulted in municipalities establishing Local Economic Development Agencies in order to meet the developmental wave that is currently experienced in South Africa. Recently, to achieve these needs more readily, local government has been tasked with establishing development agencies at the district level to provide effective business and investor facilitation and support to reduce regulatory burden. There has thus been a rise of interest in the role of Local Economic Development Agencies (LEDAs) as vehicles of advancing socio-economic development and aiding the institutional capacity of LED units of district municipalities in South Africa, and especially in KwaZulu-Natal.

Cogta (2014) has indicated that LEDAs are future vehicles of economic development at the local and district level. This is a result of development agencies being established as participatory mechanisms of economic development that are steered by different stakeholders with the aim of strengthening institutional arrangements that will allow for productivity within the LED arena. Vasković and Medaković (2014) emphasise the importance of the role played by Local Development Agencies (LDA) saying that the development of local communities is in fact dependent on the actions of agencies and the participatory effects of Regional and Local Development Agencies. Vasković and Medaković (2014) also emphasise the importance of SMME's need of financial and non-financial support in order to thrive, stipulating that development agencies do just this.

The Constitution of the Republic of South Africa (1996) mandates local authorities to act as a catalyst for sustainable economic development, and one of the increasingly popular mechanisms of meeting such objectives are local economic development agencies (Pretorius & Blaauw, 2008). This is not to eliminate the role of local municipalities or local government in LED. CoGTA (2014) pointed out that LED units under municipalities have the role of establishing an environmentally friendly and growing economy. On the other hand, LEDAs have a strong focus on the implementation of catalytic projects that will promote economic development and attract investment.

Much of the rise in popularity of LEDAs is due to the growing consciousness that in order for local economic development (LED) to be effective, it has to be a process that is driven by multi-stakeholder partnerships between the public sector, private sector and communities with the aim of improving socio-economic conditions and create better employment chances (World Bank, 2006). A LEDAs role as catalyst for the creation of public-private partnership is increasingly becoming important in tackling development issues. The partnership is based on the three spheres of government; the- government, private business, statutory bodies and communities, who work collectively in managing the local economy and its development. Such a partnership provides a framework for an enabling relationship between the agency and its key stakeholders. The partnership vision related to LEDAs includes the argument that the key stakeholders should provide a vehicle for collective vision, community action, and collaboration, and for broader stakeholders to input the direction for the LEDA (DPLG, 2008).

KwaZulu-Natal Province is tasked with the goal of becoming a regional economic hub and the gateway to the African continent (DEDT, 2012). In order to achieve this, the local government itself ought to take lead in promoting economic development (DEDT, 2012). The approach of local economic development is one aimed at fulfilling national mandate in order for the province to reach this goal. Development agencies, as municipal entities have to follow the common developmental mandate that the district municipality has tasked them with. The common objectives are derived from Integrated Development Plans and municipal LED strategies.

Highlighting what can be achieved through LED being driven by LEDAs is a hefty task when dealing with communities or an environment that is not aware of the different roles and functions that each and every stakeholder has to play in development matters. The economic development requires the interaction and participation of a wide variety of stakeholders. This study intends to explore the Umhlosanga Development Agency located in Northern KwaZulu-Natal, and presents the perspectives of stakeholders of the agency, particularly focusing on how the agency interacts with its stakeholders as the development mechanism for successful LED. To this end the following section presents the problem statement for this study.

1.2 Problem Statement

This section shall present the problem statement for this research study, providing a discussion of the study area and context.

The world is getting to understand that development matters cannot be tackled by local government alone, and that there is a need to move from local government to local governance in which greater cooperation between stakeholders is required to ensure a satisfactory quality of life in a locality. A local development agency is created to be a catalyst to economic development within a locality by being a platform of partnership and participatory development initiatives (Lawrence, 2013; Malefane, 2011; National DPLG & IDC, 2008). However, in addressing this task, LEDAs can be faced with immense challenges that often hinder the fulfilment of the mandate of partnership and participation with various stakeholders.

In the Umkhanyakude District Municipality, despite many development interventions, the district is still under socio-economic strain. The district is regarded as one of the two most deprived districts in the country, due to the high unemployment rate, limited access to water and electricity and low levels of education (Umkhanyakude district Municipality IDP, 2013/2014). Therefore the researcher chose this district because of its current economic standing which needs attention. A development agency, Umhlosinga Development Agency (UMDA), has been established to address the current socio-economic status of the district, however this has not been an easy process as the agency itself is experiencing different challenges which will be discussed later in this study (UMDA Report, 2011/2012). This study shall focus on UMDA (map of which is below Figure 1.1) as a case for understanding development agencies and the community of stakeholders. A persistent challenge that the agency has faced over the years is being misunderstood by its ‘target group’, and for the purposes of this study this group will be referred to as the stakeholders or ‘community’, interchangeably in reference to the broad spectrum of stakeholders (UMDA Report, 2011/2012). For purposes of this study the stakeholders are referred to as the business community, because in this study the stakeholders are only those within the district, and include those with whom the agency does business with, namely the local municipalities, and local entities. It is this ‘business community’ whose perspective is imperative for the study.

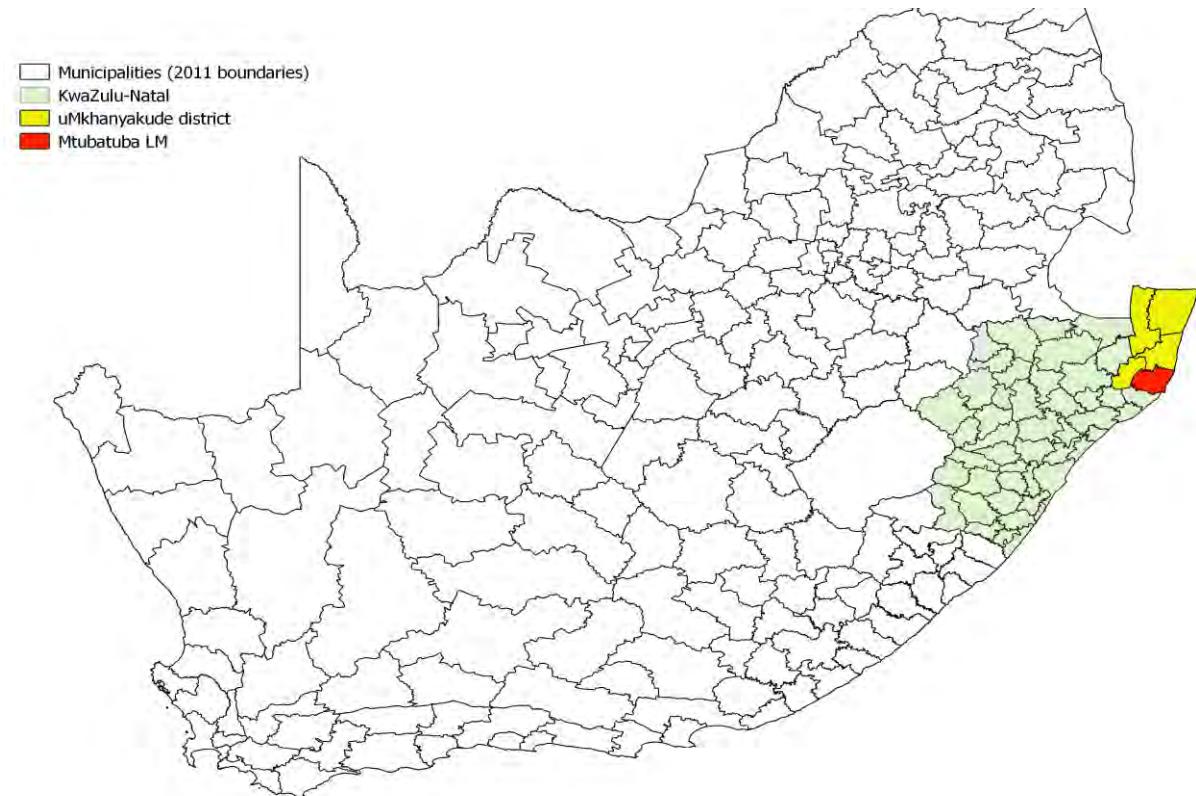


Figure 1.1: Map location UMDA in Umkhanyakude District Municipality

Source: <http://paulberkowitz.co.za/may-6-by-elections-preview-part-2-amathuba-emtubatuba-chances-in-mtubatuba/>

The operational focus of the Umhlosiinga Development Agency currently includes five projects or sectors, namely; agribusiness development, tourism promotion and development, infrastructure development, SMME support that was in the Hlabisa area, and industrial and urban development (UMDA, 2013/2014). Of all five of these areas, agribusiness development and tourism host the greatest potential for interaction with stakeholders. The agency is tasked to perform these five major projects utilising a participatory approach with its stakeholders, however, in the 2010/2011 and the 2011/2012 report of Umhlosiinga Development Agency, the agency's previous chairman of the board of directors Rev/Dr HAS Fakude noted that the agency faces the challenge of their local communities not understanding what the purpose or role of the agency is.

In an attempt to address the above problem this study aimed to examine community perspectives on UMDA as an economic development mechanism at Umkhanyakude District Municipality. This was done by fulfilling the below mentioned objectives.

1.3 Aim and Objectives

The aim of this study is to examine stakeholder perspectives on UMDA as an economic development mechanism at Umkhanyakude District Municipality. Five objectives have been identified in order to meet the aim. These are as follows:

1. To analyse the role of the agency as a participatory mechanism for economic development.
2. Identify to what extent the community is aware of the agency and its socio-economic developmental roles.
3. To understand the communication chain between the agency, the District LED unit and the community of Umkhanyakude district.
4. To explore the relationship between the UMDA and the community of Umkhanyakude.
5. To critically examine the Public Private Partnership between the community and UMDA for achieving LED in Umkhanyakude District.

1.4 Significance of Study

This research project aimed to focus on development agencies as a mechanism for local economic development and how the community the agencies are created for perceive these agencies. This project intends to contribute to the theory and knowledge of Local Economic Development both in academia and practice. The prime reason for studying development agencies is to contribute to a development mechanism based on participatory approach in the age of multi-stakeholder partnerships in LED. Since it has been established from the UMDA report that there is a misinterpretation of the roles and functions of the agency, there seems to be a need

to study the perception that the community of uMkhanyakude holds when it comes to the development agency. In this way, the research will contribute to the theory in large of participatory governance and gain more understanding into the functions of agencies (Mountford, 2009).

The study also aims to build up and contribute to the knowledge about the UMkhanyakude district and also contribute toward drawing some attention in terms of research and development to the area. The research is grounded on the belief that the awareness of the local communities surrounding UMkhanyakude will be enhanced through the interaction of the development agency and its local stakeholders; such as the business community and the informal economy. This, above all, highlights the need for broader public engagement about the role of UMDA and the role that other stakeholders are supposed to play in meeting the development mandate that development agencies have been tasked with.

The stakeholders that are set to benefit from this study are the development agency as the vehicle of economic development in the district. The community of uMkhanyakude stands to benefit the most in that if they are able to organize themselves for economic development. The business sector can also benefit a lot from this study as it would act as a framework of the relationship between the development agency and the local businesses. The local municipalities also stand greater chances of benefiting from this study as it will look at various ways that the capacity of LED can be improved by the relationship between the development agency and the local municipalities. The exchange of information and skills between the two can go a long way in helping shape the economic prospective of uMkhanyakude.

This research will demystify the perception that the community of uMkhanyakude has on the roles and functions of UMDA. Through understanding the perspective of all stakeholders, the researcher will be able to have a clear picture as to what enforces the perception. By doing so, this study will also contribute to finding strategic ways of promoting an inclusive participatory governance that is centred on information sharing. This also includes the role of consultative process that has to exist between all the local stakeholders. Only through a meaningful process of information sharing and consultation can the perception be mitigated and eliminated.

In light of above points, the aim of the study intends to contribute to the theory and practice of partnerships in local economic development, and partnerships being an important aspect of LED in that LED is about involving all relevant spheres of a locality (Pretorius & Blaauw, 2008).

1.5 Limitations of the Study

LEDAs have over the years have been investigated more and more in academia, government and private sector. However despite this growing attention towards LEDAs, there has been a very limited amount of literature in South Africa on LEDAs, and the researcher had difficulty obtaining local academic literature especially. Further the secondary data on the agency was not up to date, more so on websites, as was the case with other state websites, thereby causing a shift in focus of the study which would have been on the business support project. However upon further investigation it was established that the SMME Support sector stopped operation in the middle of 2014.

1.6 Structure of Dissertation

Chapter One of this dissertation presented an introduction and background into the study. This first chapter further stated the aim and objectives of the study in order to introduce the context of the study. Chapter Two shall explore the literature on both local economic development and LEDAs, the chapter will further discuss the background and history of LEDAs. The chapter will also examine the literature on LEDAs in the context of South Africa and briefly in international practice. The chapter will also present at the nature of public, private partnership and whether LEDAs can be described as a PPP. Chapter Three explores the research methods undertaken in order to answer the research questions. Chapter Four provides a presentation of the findings and discussions obtained from both the respondents and secondary data from. Finally Chapter Five presents a summary and conclusion chapter, it provides a conclusion of the study and proposes recommendations for future research.

1.7 Conclusion

This chapter highlighted the background of the research study and presented a discussion of Local Economic Development Agency and until their purpose as implementation vehicles. It outlined the aim and objectives of this study, followed by a discussion of the significance and the limitations of the study. The next chapter provides a literature review of relevant primary data or literature.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

According to Hart (1998), a literature review involves a selection of available published material containing information, ideas, data, evidence and theory that is relevant to the study. The literature review is written from a particular perspective, in order to fulfil certain aims or to express certain views regarding the nature of the topic. A literature review is therefore an evaluation of these documents in relation to the study being fulfilled (Hart, 1998).

For the researcher a literature review could also be regarded as an essential process in an academic discourse because it enables the researcher to discover what exists in the body of knowledge [in this instance, on Local Economic Development Agencies]. Furthermore, this process involved the identification of inconsistencies and the gaps in the knowledge of the phenomenon investigated (Badenhorst, 2008).

In an attempt to fully tackle the task presented by the basis of a literature review, it will discuss the literature on Local Economic Development in South Africa, unpacking its history and key drivers for LED. Further this chapter will look at local economic development agencies, both internationally and in South Africa and an observation of the key traits of LEDAs and challenges they face. In order to address the role of the agency, whether the community is aware of its role and the relationship and PPP that spring forth from this interaction. The last part of the chapter will look at LEDAs as partnership promoters therefore observation of partnerships will be presented before the methodology chapter.

2.2 Local Economic Development

This study's focus is on development agency, a mechanism for bringing forth economic development. In order to be a comprehensive chapter this section will provide a backdrop for LED, by providing a definition, history of this concept, the who and the how. In addressing this

this section will outline broadly who the actors in LED are and LED mandates are met. It shall conclude with a brief discussion of the dynamics involved in applying the mechanism, more specifically politics and funding.

The bottom up approach to LED (an approach that is established by local actors) was therefore adopted. This approach is widely used in US, Europe and Australia. This approach calls for local communities to become participants and not mere objects of their development, for the local actor to shape and have a share in their territory (Canzaneli, 2001, in Pretorius & Blaauw, 2008; Mountford, 2009).

2.2.1 Definition

LED is a rather wide concept with multiple definitions, however a consistency in the concept is emphasis on context and focus on realities or advantages and how they can be utilised for to create healthier economy for the locality (Mbeba, 2012). This approach acknowledges that the local economy is more than just a group of individual enterprises and institutions but is a collection of networks and dynamic systems of interaction; networks and systems involving government and the private sector (in all its forms). The ILO has defined it thus:

"LED is a participatory process which encourages social dialogue and public-private partnerships in a defined geographical area. LED enables local stakeholders to jointly design and implement a development strategy which fully exploits local resources and capacities, and makes best use of the area's comparative advantages." (ILO, 2003, in South African LED Network, n.d).

LED by definition calls on local multi-stakeholder engagement as its focus is on participatory economic development of a locality or region. This major focus on participation, in the process of LED, involving the public, business, NGOs and/ or community based groups, emphasises the importance of actively growing their own economy and taking responsibility for it (Stohr & Taylor, 1981 cited in Xuza & Swilling, 2008). A variety of strategies are adopted to do this, such as municipality having their own business support centres, initiatives like cooperatives (small business often owned by regular public people) encouraged by government and the main focus of the study development agency.

Therefore LED is three-fold in that it is firstly ongoing process that is secondly driven by local actors to (public, business and non-government) and lastly strengthen the locality's economy (better conditions for economic growth and employment generation) (World Bank,2015; Xuza & Swilling, 2008).

The characteristics of LED that emanate from above definitions are intertwined and linked in that it is process driven and shaped by local actors and because it calls upon participation of all actors. LED is a participatory approach that creates motivations and opportunities for partnerships between actors and even beyond public and private sector to social and political groups, to even beyond local borders. This creates a platform where joint implementation of plans and strategies can be realised. The goals of LED is that of creating sustainable jobs with the task of reducing poverty and retaining businesses hence improving and retaining local jobs (Rodríguez-Pose & Tijmstra, 2005).

For purposes of this study we shall focus on the very crucial part of LED of local actors and what happens in this platform of participation, lobbying and partnership; because if the local actors are to be jointly responsible for planning and implementation there is a level of synergy required here. This is because inclusive participation is necessary for developing local economic potential in a balanced manner while it creates a fertile ground for the establishment of new platforms for voice and social dialogue (Rodríguez-Pose & Tijmstra, 2005).

LED is noticed as a process in that it requires repeated action and discussion, which is seeing especially government constantly planning and implementing mechanisms to bring economic development for the locality (Xuza & Swilling, 2008). The main aims of LED are further linked to the present research objectives, and emphasises them; in that this study intends on analysing the role of actors (which is inclusive of institutions) in economic development. Further participation and ownership of local initiatives which are a part of firstly actor's awareness of LED activities; which directly impacts ownership from actors because one will not see themselves as part of something unless they know about it. Lastly the definition and characteristics of LED having mentioned is having potential and spin-off of encouraging partnership and social dialogue. The next section will briefly describe the history of LED.

2.2.2 Brief History of LED

This section will be a brief discussion of the history of LED, this will be done using a generic approach, one not specific to a particular country; and only a short look into the context of LED in post-apartheid South Africa. The section shall conclude with a short reflection of progress or lack thereof of LED in this country.

LED in many developing countries is already alive, perhaps in different forms or under separate terms, but it is being practiced nonetheless. Since 1960s, LED has gone through three phases, sometimes referred to as ‘waves’ and practitioners of LED have become more aware of both successful and unsuccessful programs. The World Bank (2015) recognises that although LED is in the third wave, aspects of both the first and second wave still need to be applied. Over the past two decades, the economic development literature has debated the utility or futility of large-scale, high-stakes state economic development incentives versus newer development strategies.

Initially, LED was focused on marketing of locations via incentives, etc. and infrastructure development (Dario, Canzanelli, Dichter, Del Bufalo, Lazarte, Schlachter, 2000). The focus then shifted to endogenous economic potentials, focusing more on entrepreneurship, business retention and expansion, rural development. However, towards the end of the 1990s efforts became directed toward enhancing an enabling business and community environment (Bradshaw & Blakely, 1999). Encouraging focus on inward investment to support cluster growth and supporting networking and collaboration between business and public-private and community partnerships. LED took more of a pro-growth approach as it aimed to enhance individual business support and sectoral development approaches by making entire business and community environment more conducive to economic development (Rogerson, 2010; Opp & Osgood Jr, 2013).

LED is a result of Integrated Developmental Plans (IDP) and policy and statutory developments. There are various factors that have become a sore spot and great challenge in LED in practice, but due to its objectives there is rising pressure for the local authorities to be the most active in this regard (Nel, 2001). However a lot of transformation has occurred over the years, for example in the year 2000 post-elections, the country embarked on a journey in municipal administration. This occurred around about the time the end of transition phase of post-apartheid in local

government. A phase where local government were expected to play an increasingly prominent role in LED, job creation and meeting the community's needs (Constitution Act 108 of 1996, cited in Xuza & Swilling, 2008; Nel, 1994).

Nel (2010) describes the history of regional and local development in the continent as one accompanied with experiences of disappointment and anxious attempts to cope with effects of marginalization to ambitious supernatural programmes and efforts to achieve unique forms of 'African development'. The ruling political party has also acknowledged that the development policies in place prior the year 2000 did not live up to the anticipated levels of development (Minister Trevor Manuel, Sunday Times, 16 Jan 2000, cited by Nel & Binns, 2001). The biggest challenge appears to have been placed on local government in this shift from providing basic municipal services and minimal economic involvement, as with market liberation and globalization processes (Rogerson, Helmsing, cited by Rogerson, 2006).

This section has presented a brief backdrop of where LED is and as a result provides an understanding of the sections to follow which will look more specifically at the work of LED, its mechanisms. This was important so that when addressing the objectives of the study there can be an understanding of what LED is today.

2.2.3 Actors of Local Economic Development

This following section will unpack the actors of LED and the debate that comes with it because some are of the view that LED is the government's task. Alternatively, others say government should lead LED while others are of the view that government's only role should be creating a playing field where LED initiatives can prosper. This will be done by firstly discussing where various authors place government in the field of LED and where legislation in South Africa places them. Thereafter this section will expand on who the actors in LED are, and how they potentially benefit LED.

Some authors are of the view that LED ought to be a government led approach, however none of the definitions of LED refer explicitly state it as such. It is however government policies and

regulations that have imposed LED as a responsibility of the state. LED is an approach requiring a lot of support, facilitation and funding (Nel & Humphrys, 1999; Triegaardt, 2007).

Contrary to the discussion above, government's role has more to do with creating an enabling environment for economic growth (Nel & Humphrys, 1999; Triegaardt, 2007). The White Paper on Local Government (1998, cited in Triegaardt, 2007) introduced the concept of South Africa as developmental state at the local level especially. This means that local government is not responsible for creating jobs but for creating an enabling environment (Municipal Systems Act of 2000, cited in Triegaardt, 2007) but is responsible for ensuring that economic and social conditions of the locality are conducive for employment creation opportunities.

The constitutional mandate on local government to facilitate LED is rather a confusing point because, the schedule of the constitution does not list LED as one of the functions of municipalities and thereby leaving LED as an unfunded mandate (Triegaardt, 2007). The issue of funding will be discussed later in this chapter.

The challenge, however, in this broad and generic examination is it neglects context. In the big metropolitan and even some rural municipalities, local government owns substantial amount of land and can therefore install infrastructural changes with ease. This is not always the case, more so, in Umkhanyakude District where a large portion of the land is owned by Ingonyama Trust Fund or traditional authority (Umhlozinga Development Agency, 2013/2014). This is the reason for the importance of an inclusive development approach as LED as a multi-stakeholder process can have real positive impacts, especially in localities where traditional authorities own large portions of land.

Within a developmental state, LED can be based on the central idea that mobilizing local actors and resources will result in a concentre of interests around the competitive positive of localities. In addition to this is capacity building for economic actors is necessary so that they may be empowered to take up economic opportunities. This is a process which once again works best in a context of decentralized governmental power, moving from interventionist to enabling governments (Hindson, 2003; Helmsing, 2003). This is to further promote the development of partnerships between local actors (which will be discussed shortly) between local actors.

When speaking of LED one cannot over-emphasise the importance of multi-stakeholder involvement for meeting targets and tackling them in a strategic manner. The reasoning behind this is the fact that LED strategies depend on the formation of role players, and that a particular body of stakeholders will implement different LED strategies. Institutions within LED fall into five categories: NGOs, municipal LED units, LED forums (and mayor's forums), donor agencies and the emerging development agencies (Helmsing, 2003).

The LED practices also contribute to creating new local institutions. Hence identifying, recognising and having key stakeholders can increase the establishment of new forms of local economic governance; that can be made of public, private or partnerships. In various countries there has been an increased existence of local economic development agencies, platforms, joint public-private commissions, etc. that play a role in coordination, promotion and support (Dario, Canzanelli, Dichter, Del Bufalo, Lazarte, Schlachter, 2000).

In summary, because local government has considerably reduced their responsibility for spatial development and the localities themselves are more and more pressured to take responsibility for their own development. There have been many processes that have been developed to do this, which have led to increased range of actors including the government, NGOs, private companies, communities and community formed organisations (Helmsing, 2003). This section was important for addressing the objective of whether the business community in Umkhanyakude District Municipality is aware of the agency. This section has mentioned the actors and logic behind why these are the actors of LED today; the following section will discuss the mechanisms embarked by these actors in fulfilling their role in LED.

For the purposes of this study however the focus will be on development agencies as mechanisms for economic development and what role the agency carries to confront its task as an economic development hand. However, prior to addressing this a thorough understanding of what a development agency is necessary, and it perhaps may be important to note that for this study, the terms Local and Regional are used interchangeably. Although there is a growing

debate about the differences and significance of the difference between region and local¹; the researcher in this study views regional and local as one thing.

2.3 The Local Development Agency

2.3.1 Defining the Local Economic Development Agency

One response to the need to enhance the development of local and regional economies is to establish a focused delivery mechanism that bridges the gap between the private and (local) public sector, economic development agencies are one such mechanism. Puljis (2003) defines Local Economic Development Agencies (LEDAs) as structure which are based on the bottom up approach, that came into being as a response to the incapacity of central or national government in addressing socio-economic challenges of under-developed regions (Malekovic, cited by Puljis, 2003).

Local economic development agencies are “participatory structures established at a local level to encourage sustainable economic growth, income generation, employment creation and decent jobs” (Pretorius & Blaauw, 2008, p. 2; ILO, 2003) set to provide various services to citizens, businesses and institutions of the locality (Canzanelli, 2010). Economic development agencies are unlike local government LED units shaped by both public and private institutions with the goal of realizing policies of development. They focus on allowing access for underprivileged population to employment and income opportunities using economic development instruments within its context (Regional Development Agency, 2007; Pretorius & Blaauw, 2008; Puljis, 2003).

LEDAs are designed to be the main tool and an organisational form of the agreement building process. They are often independent to a large degree, because even when they are state-owned they are registered as a private company and therefore operate as such. Therefore the LEDA is positioned to be instrumental in creating a business simulating environment where LED and

¹ There seems to be a growing debate on whether there should be a distinction and how it would affect practice. See Langenhove, L.K (2013). What is a region? Towards a statehood theory of regions. In Contemporary Politics.

regeneration can be effectively delivered; without the bureaucracy that comes with government work (Clark, et al., 2010; Canzanelli, 2001, Lawrence, 2013).

On the territorial level they are a central component to local development strategy and economic discussion forum for identifying common development objectives. The development strategy for a LEDA is necessary for making effective the realisation of the objectives, strategies and plans shared by local actors, thereby enabling their transformation into concrete, and business proposal or orientation (Canzanelli, 2001; Clark, Huxley & Mountford, 2010). The function of LEDA requires competent resources that networked with other territorial organisations, make their projects feasible and harmonious with objectives. It is important also to note that LEDAs were created because of their potential to develop to success (OECD, cited in Canzanelli, 2001) due to their nature and degree of focus into solely development.

It has been approximately six decades since development agencies were first established and there are 15000 worldwide and they are viewed by European governments as good agents in providing an environment where local actors can make decisions in developing of their own locality (Dario, et al., 2000). However despite its international growing popularity it is still one of the least understood structures, in definition, roles or activities (Canzanelli, 2010; Ateljevic, O'Rourke & Poljasevic, 2013; Koçak, 2010). Currently no precise model of what LEDAs are exists and because such a model needs to be differentiated by scope of operation and it would be impossible to mechanically replicate a model (Puljis, 2003). Each country has its own distinctive historical, political, economic, social and cultural characteristics and those of the different territories within each country are similarly distinctive (Rogerson, 2009). By virtue of their makeup, LEDAs are flexible bodies, capable many tasks dependent on said requirements in developing and addressing economic strategies (Canzanelli, 2010; Clark, Huxley & Mountford, 2010).

There are two types of agencies that exist, the animator and the operator. The operator is tasked to implement and utilise directly the resources of public sector. Funding comes from local government, it may be important to note as well the budget for its functionality is very high. The animator or coordinator agency is a "coordinator" dedicated to the general preparation for

decisions. Designed with logic of "mission", the agency acts to support the definition of strategies and policies implemented by others. Being a tool for decision support (diagnostics, guidelines, evaluations etc.) or assistance to the client, the 'operator' agency may eventually incorporate the tasks of pre-trial or analysis of action on behalf of its constituents. For purposes of this study we shall focus on the LEDA as the operator (Dario et al., 2000).

This section has laid the foundation for the discussion of LEDAs, providing the definitive terms of what LEDAs are and an introduction into their structural make up and history. This will assist in being able to identify the role of a LEDA, more specifically the role of Umhlosinga Development Agency as an economic development hand in the district municipality. The following section will address the roles and characteristics of LEDAs.

2.3.2 Characteristics and Roles

2.3.2.1 Introduction

The characteristics of LEDAs will be discussed below so that it may be possible to have an in-depth understanding of Umhlosinga Development Agency as a mechanism for economic development. This section shall however be very broad in its discussion in that it will merely give an overview of roles and characteristics of LEDAs, so that the researcher presents the international lessons learnt which will be discussed after this.

A LEDA is an organized legal and NPO structure that permits participation of local actors from both the public sector (local administrations, decentralised parts of the national government, services) and the private sphere (associations, chambers of commerce, trade unions, producers' organisations, banks). Its nature as a mixed public-private participation and private administrative status have proved to be one of the factors of success (Canzanelli, 2001), hence the importance of proper participation and knowledge of partners of the agency and its work.

The participation of public institutions and administrations gives the agencies political, institutional and programmatic links with the various institutional expressions of the State at all levels. Having independence from political impact is also a crucial requirement in order to

achieve the long term goals of development because political influence will always call for response to short-term priorities (Canzanelli, 2010), thereby hindering the effect of long term development that has taken time to surface. It is a forum for social dialogue and negotiation where local actors can promote and determine their own processes of economic development as opposed to receiving directives from central authority.

The structuring of a LEDA as a mixed membership permits it to act as a central point, enabling the LEDA to be a locus of negotiation and decision-making. Both the public sector and the private sector have a clear interest in participating. The public sector also plainly stands to benefit from delegating the implementation of policy decisions to a specialised technical structure (Lawrence, 2013). For the private sector, on the other hand, it is a forum for voicing its development demands without go-betweens, in direct dialogue with the agency's management bodies, presenting ideas, projects and practical proposals of the locality (Dario, et al, 2000).

The LEDA is territorially based and this structure enables operation in reduced dimension hence allowing LEDAs to focus and activate a critical mass of natural, economic and human resources for self-sustaining development, and makes it feasible for the population to participate in their activities (Lawrence, 2013; Dario, et al, 2000). The structural nature of LEDA permits it to be closer to society, to popular needs and opinion, and promoting itself with voters. This once again has the potential of strengthening relations with local actors hence allowing participation, one of the most critical aspects of LED.

LEDAs and negotiated development plans are a weapon against poverty and a vital means of guiding exogenous investment toward activities that are compatible with endogenous development. They further perform an important function in rationally orienting international co-operation resources both via the development plans and by carrying out co-operation initiatives themselves (Ateljevic, O'Rourke & Poljasevic, 2013). Since participation in their governing bodies is reserved for organisations, not individuals, the presence of the LEDA in the territory catalyses a process of social organisation, itself a powerful psychosocial stimulus in the fight against poverty (Canzanelli, 2010; Ateljevic et al., 2013).

A LEDA will be truly useful in its business development function, only if the assistance it provides in drafting business plans is coupled with help in financing them. One of the factors of

sustainability and success is a fund for credit operations, usually formed as a revolving fund with resources provided by the co-operation organisations involved. Credit is disbursed on the basis of business plans whose feasibility is thoroughly assessed by its technical experts (Lawrence, 2013; Dario, et al, 2000).

A Local Economic Development Agency co-ordinates local economic development planning and as a first step is should assemble all the actors in order to design a strategy for local economic development. Naturally, the lines of this strategy are not inflexible but are continually revised in the light of collective experience and new opportunities (Canzanelli, 2010; Lawrence, 2013; Dario, et al, 2000).

Sustaining enterprise development in the difficult start-up phase should be one of the central aspects to business support and development as a tool to combat low economy. For these reasons, LEDAs have organised their functions so as to supply enterprises with all-around assistance, including help in formulating reliable business plans, credit disbursement and post-financing assistance (Dario, et al, 2000). This approach has always contributed to enterprise sustainability. This being said it may also be important to note that development agencies differ in function and therefore although for some development agencies business support is a crucial aspect of their functionality, others may focus on infrastructural or urban development as these can be view as catalytic (Canzanelli, 2001).

It is designed to have economic viability and therefore protects and enhances the natural environment. This is especially important because at the Rio Summit. The environment has become a national policy concern in practically every country. LEDAs are further an important tool for capitalising on and protecting environmental resources at a local level because of the location. Therefore have a lot of potential in contributing to environmentally friendly development initiatives (Canzanelli, 2001; Koçak, 2010).

The LEDA can also serve as an additional resource for women because participation of women in elective offices in LEDAs is also ensured. LEDAs are focused in local economic development are job creation and the promotion of SMMEs in a bid to improve the economic status of its territory. However LEDAs operating in different parts of the world try to address different problems and vary in form of establishment, legal status and functions (Koçak, 2010; Canzanelli,

2001). The problems include reduction of poverty and marginality, the improvement of capacities in planning and actions, the safeguarding of the environment, and the empowerment of women capacities in participating to the economic development.

Regardless of the nature of their establishment (that is, by government owned or established) economic development agencies do not function under government administration. Further development agencies are tasked with specific catalytic projects thereby neglecting small scale community economic projects (e.g food gardens and sewing clubs) (Regional Development Agency Conference, 2007). However this is not the case for South Africa therefore as LEDA are government owned entities (Lawrence, 2013; Malefane, 2011). The following sub-section will look at why in South Africa; specifically only certain mechanisms are used within LEDAs.

2.3.2.2 The South African context

This section shall discuss mechanisms and strategies utilised for local economic development, and will therefore set the ground for the development mechanism of the development agency that is central to this study. This will be done by discussing the impact of a community's structure on LED strategy thereafter strategies at a broader scale. The last part of this section will discuss strategy or mechanism most relevant to this study and justify why before going into a full discussion of development agency as a mechanism or strategy for economic development.

LED units and departments at the local level employ various strategies in combating weak economies and in developing the lives of its people at large. Such strategies are mere mechanisms or ways in which economic livelihoods are improved; these include entrepreneurship, urban efficiency and community participation (Bond, 2000). It is however more important that an economic development practitioner is conscious of existing and innovative approaches to alleviate economic distress in communities (Blakely & Leigh, 2010).

Crowe (2007) discusses the choice of LED strategy, and argues that there is a need for communities and local activists to consider a community's network structure prior to deciding on an economic development strategy. Research does also suggest that different networks' qualities impact the success of the economic development strategy. Broadly speaking there are two

economic strategies that exist, namely industrial recruitment and self-development. Industrial recruitment works on attracting businesses to locate to the locality at hand, and this strategy is accompanied by incentives as the key attraction. There are various criticisms of this strategy because the focus on incentives may often lead to low wage payments, short-term success, increased housing prices and rentals and degrading of the local environment (Pellow, 2002; Molotch, 1976, cited by Crowe, 2007).

Therefore communities have preferred the self-development strategy, even the name appears more attractive and for the actual growth of the community. This strategy nurtures activities besides relying on resources to assist development from within the community (Crowe, 2007; Dario, et al, 2000). Furthermore research suggests that this strategy is more likely to cultivate development if supportive businesses of local projects and community –wide fundraising and extra-local linkages to other local governments is more likely to succeed in developing the economic situation (Sharp, et al, cited in Crowe, 2007). However although a number of strengths of this strategy make it seem better, it is also not without disadvantages. In fact the industrial recruitment is faster and creating development and creates a higher number of jobs than would the self-development activity (Crowe, 2007).

However as a constant echo of this study is the actual context of the locality as crucial for choosing the healthier approach. Therefore even in the discussion of LED activities one would have to consider context, for purposes of this study we shall focus on the context best suited for self-development activities. Localities such as those based in areas where cohesiveness of institutions is present and high reliance of existing resources, as imminent potential for investment from outside the locality. Crowe explained this as such:

“A certain level of cohesiveness among community organizations and institutions are favourable for implementing self-development activities. This may be because cohesive ties are effective in lowering the risk of cooperation and thereby making trust and norms possible. Because self- development activities come from within the community and rely on local resources, high levels of trust and norms lower the risk of cooperation that is needed to successfully implement the projects” (2007, p. 485).

Whereas in communities within which bridging and coalitional networks in industrial recruitment activities are required, are those communities with a high level of trust and norms (Crowe, 2007).

The strategy selected ought to be complementary of mechanism to be undertaken. Strategies are beyond forming structures but stretch to poverty alleviation programmes, urban renewal, small business development, tourism, and agriculture, CSI (Corporate Social Investment, like a highly innovative business place programme initiated by Investec focussed on promoting entrepreneurship thereby set up business support service centre) etc. (Xuza & Swilling, 2008). For purposes of this study however the focus will be on development agencies as mechanisms for economic development and what role the agency carries to confront its task as an economic development hand. However prior to addressing this a thorough understanding of what a development agency is necessary, and it perhaps may be important to note that for this study, the terms Local and Regional are used interchangeably.

In concluding on selected mechanisms within LEDAs, the International Link and Services for Local Economic Development focusses on two dimensions of economic development. With one looking at the promotion and support of inclusive governance, providing a platform where common ground can be reached in the search for economic opportunities and solutions to local problems. Within this dimension LEDAs have the potential to provide an opportunity for promoting and recognizing complex projects and partnerships. The second dimension includes enterprise support and development, and LEDAs have the potential to assist in business promotion services, by creating business links (2009).

The very role of LEDAs stems from the needs of a local government and founder of the agency (Medakovic & Vaskovic, 2014) focusing on small entrepreneurs and the poor with entrepreneurial potential in order to meet the needs of its community. LEDA will help to establish identity and visibility of local development and due to its participatory nature.

Broadly speaking the roles of development agencies are (Canzanelli, 2010):

- To develop a local economic development plan, this will assist both its community and prospective investors.

- To create lines of production by means of business support, from assisting entrepreneurs find business idea, develop that idea into business plan, assist financially or access to finance. (Regional Development Agency Conference, 2007).
- To assist entrepreneurs during start-up, even during activity but also in expanding and retaining existing businesses.
- To help align businesses that operates in the sector of the locality's development strength and interest.
- Manage projects (Pretorius & Blaauw, 2008).

Literature however suggests that development agencies give a powerful tool planning and executing development. They are also seen as the most comprehensive LED initiative as they encompass the very definition of LED in creating an atmosphere of both public and private sector to interact and contribute to LED. They represent a tool for planning local development delivery (Canzanelli, 2010).

The advantage of having a LEDA is that they can make quicker decisions and can be closer to the regional executive bodies and less dependent on political attitudes and can combine both public and private sector view in both planning and operation. The most complex objective of development agencies is the economic development of a pre-determined territory. This mission involves territorial and country planning objectives, and business support, and it leads to the creation of wealth or success for the region. (Canzanelli, 2010). Economic Development's services with regard to enterprises a combination of financial and other services are a necessity in order to achieve long-term goals and surviving at least more three years.

According to Regional Development Agency Conference (2007) economic development agencies ought to act in the public interest and be accountable to community in their operational area. Their functionality falls between planning (as local government role) and implementation (private sector) however they do not conduct business themselves but co-ordinate and manage. The World Bank (2011) mentions LDAs as structures which initiate, “runs and supports an endogenous network able to catalyse development.”

After this discussion of local economic development agencies and their generic roles and make-up; the following subchapters will focus on best practice and other biographies of development agencies both abroad, in Africa and in the South African context.

2.3.3 International practice of Local Economic Development

Overall development agencies internationally shows that they emerge only under certain circumstances such as “poor administration, lack of service delivery within government departments, give a specific focus on a programme that can still afford bureaucratic forms of government, to respond to market failures in a specific or dominant industrial/ production sector (UNOPS 2000)” (Xuza & Swilling, 2008, Mountford, 2009). This section will look at international cases and only cases from developmental states because we can see them as closer to home than the developed. The selected cases are also cases that have a similar structure to the South African ones. This will be done with the goal of drawing lessons for South African practice and to further discover why local development agencies in their contexts thrived and what kind of environment was detrimental to the work of the agency.

This section will towards the end discuss whether in the international cases the agency’s business community are aware of the agency, how the agency communicate with its community and father bodies and lastly the PPP relationship that exists for these agencies.

2.3.3.1 The Experience of LEDA for Croatia and some neighbouring countries

In Croatia, an Eastern European country, national policy states that LEDAs are set up in lagging areas that are aging and those where regional development policy did not exist at the time, areas close to borders of Serbia, Hungary and Montenegro and with Bosnia and Herzegovina. These are areas which have experienced tremendous loss, contamination and deterioration of physical infrastructure and there was a piercing decline in economic activity. The areas further have much smaller economic support institutions and the weak organisation of civil society and private institution (Van Empel, 200 cited by Piljuz, 2003; Pretorius & Blaauw, 2008).

In the establishment and operation of the LEDAs in all of these counties, there were demands and challenges that rendered an unfavourable environment for LEDAs. Amongst these were a significant amount of time and effort was required to bring local actors closer to the concept of LED as the function of a LEDA (Piljuz, 2003). This brought to question the awareness of the actors and business community of the LEDAs. Further the main focus in implementation of policy in this state was infrastructural development as opposed to business support, hence the only input of local actors was to identify potential infrastructure, including buildings that needed to be constructed or reconstructed. The actors were familiar with this approach and it required a rather passive participation from them and they became even more passive when it came to searching for alternative instruments for the promotion of development (Piljuz, 2003).

The issue of human resources was quite prominent as well in this context because a most of human resource had already left the areas. Lastly the lack of an entrepreneurial spirit, as this was the LEDAs focus in the areas, left LEDAs to deal with only a limited number of potential clients (Piljuz, 2003).

The first two LEDAs established met the challenge of being misunderstood and in fact seen as an unnecessary tool to the development policy. Overall in this country LEDAs were not seen as a threat or competitive institution. This may have been because the countries had so many challenges, which demanded an immediate intervention, especially when looking at the employment rate which was 15-20 % less than in other areas.

However, these countries had in common with South Africa the lack of understanding of LEDAs (Lawrence, 2013) because they struggled with bringing local actors closer to this concept of LED as the function of LEDA. This point brings us to addressing the awareness of the business community in South Africa in understanding what the role of the agency is. Further the fact that the LEDAs initiatives required entrepreneurial spirit which the localities lacked here draws attention to the importance of harmonising the localities context and the initiatives chosen by the agency.

The process of establishing a LEDA was complicated by the absence of a clearly defined regional development strategy and lack of a national one. The policies which do exist are unclear, underdeveloped. Local actors have found themselves now thinking about development

to identify their strategic objectives, to identify possible fields of cooperation with other local institutions. The process further took longer (Piljuz, 2003).

This is relevant for this study in LEDAs are established and find their identity in the Municipal Systems Act, only in that they are a municipality owned private company that ought to bring about local economic development in line with the needs of their locality. This in itself can have a bearing on what the relationship that is meant to exist between the agency, business community and municipality because lack of clarity can in fact lead to lack of understanding.

In EU RDAs means to cope with inequalities by mobilizing regional resources optimally; in particular in the case of Hungary, the Regional Development Councils constitute the main institution for the participation. At the central state level, the National Regional Development Council was viewed as the most important forum for the new actors, despite its consultative role in policy formulation (Koçak, 2010).

Regional development projects lacked the emphasis on local political and economic actors hence the law of RDDAs give the impression that they are being created primarily for the purposes of administering EU funds. This brings to question whether the agency itself understood what their role is and the law also discusses the failure of past approaches to regional policy in Turkey. The need to adopt a new approach emphasizing endogenous development based on local and regional resources and co-operative network between stakeholders in order to achieve innovative learning regions able to compete in the global economy may be the solution required in these countries (Koçak, 2010).

Henceforward although the motivation of law was met by EU requirements in order to be eligible to apply for funding it seems EU pre-accession process was also proving an opportunity for policy learning based on the perceived failure of past approaches (Koçak, 2010). To maintain necessary integrative forces at regional level, a legislation of RDA that was enacted in 2006 to facilitate and to regulate the establishment of RDAs. These agencies are expected to play critical role in managing regional policy, achieving regional development and mobilizing support & funding regional development projects while integrating the public and private sectors along with NGOs into regional development law stated the aim of RDAs as to institute co-operation between the public and private sectors and civil society institutions in order to mobilise local

resources and to institutionalise a regional development mentality. Another aim of the law was stated as transition from traditional regional policy composed of non-selective incentives and devoid of local economic strategies towards modern and new regional policies which emphasise regional economic competitiveness (SPO, 2006, cited in Koçak, 2010).

From the above analysis of the experience of Croatia and its neighbouring countries it is clear that they have learnt that policy plays a vital role in defining roles of stakeholders. The countries have adopted this view because if the agency itself lacks understanding of what it should be doing, it cannot market itself, nor can it create solid and fruitful relationships with relevant stakeholder.

2.3.3.2 The LEDA Experience for Turkey

Type of regional governance envisaged by the law does not disturb Turkey's (a neighbouring country to Croatia) tradition public administration structure; the law on RDAs institutionalises regions in Turkey for the first time. The institutionalisation of participation of the private sector and civil society, more prominently in metropolitan regions, in decision-making and in consultation processes at the regional level represents potentially the most innovative aspect of envisaged institutional change. However, Turkey still needs to further build and strengthen co-ordination structures not only between central and local authorities, but also with other line ministries, to ensure that the development of regional policies is truly integrated across all sectors of economic activity (Koçak, 2010).

The LEDA Western Slavonia helped to prepare a business plan for a wholesale agricultural market. The finished market will house 60 sellers in sheltered and hygienic circumstances. In the Balkan region problems linked to making the transition to a market economy and the movement away from big conglomerate industrial economies to small enterprises have been addressed successfully. Examples of such LEDAs are found in Bosnia-Herzegovina, Croatia, Albania, and Serbia. In Central America efforts are made to include vulnerable people in the economy and help local actors gain from local resources (Pretorius & Blaauw, 2008).

2.4 Local Economic Development Agencies in South Africa

This section shall look at development agencies in South Africa, the history of how and why policy formed LEDAs in the country and how they are structured. Thereby laying the ground for how LEDAs form public private partnerships and how they themselves are a result of partnerships.

LEDAs in South Africa were established during a time where the country was faced with problems of weak economies capacity and limited institutional support to unlock economic potential in municipal areas. These challenges were linked to the early 2000s, where various implementation challenges emerged and local government was marked with transformation. Common issues around this time related to issues of service delivery and infrastructural backlogs. This challenged the municipalities to strike a difficult balance between service delivery and focussing on creating an enabling environment for effective development (Lawrence, 2013). LEDAs were hence established to practice a variety of services on behalf of municipalities.

Between 1999 and 2003, a partnership between the United Nations Development Program, the United Nations Office for Project Services, and the Department of Trade and Industry underpinned the establishment of a series of LEDAs in various parts of South Africa (Pretorius & Blauuw, 2008). The focus areas for the first South African LEDAs were Limpopo, Mpumalanga, Northern Cape and Eastern Cape provinces. By the year 2000 there existed more than 20 development agencies in the country that were IDC funded, each one of these agencies are unique in their own way and independent of each one another. Agencies exist both at district, metropolitan and local municipality levels, in some district there is an agency both at the district level and within that district there also exists a local municipality development agency and in some cases even all the way down to a town level (Pretorius & Blauuw, 2008; Lawrence, 2013). However for purposes of this study we shall focus on development agencies operating at district level.

Two main legislation underpin the establishment of LEDAs, the Municipal Systems Act (MSA) (No. 32 of 2000) and the Municipal Financial Management Act (MFMA) (No. 58 of 2003) (Lawrence, 2013; Malefane, 2011). It is these pieces of legislation that give LEDAs LEDAs the identity as external mechanisms that has separate legal entity, which can be either a private

company and incorporated in terms of Companies Act 61 of 1973 (Lawrence, 2013; Malefane, 2011). Secondly a LEDA may be registered as a service utility established via by-law or, lastly a LEDA can be multi-jurisdictional service utility, established by written agreement between more than one municipality. The nature of establishment varies from context to context but its role must be incorporated in the IDP's LED policy. District and local municipalities have the liberty to choose between the three different types of municipal institutions. However for purposes of this study we shall focus on the LEDA established as an external mechanism and incorporated hence a private company (Lawrence, 2013).

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(Lawrence, 2013; Malefane, 2011). It is these pieces of legislation that give LEDAs the identity as external mechanisms that has separate legal entity, which can be either a private company and incorporated in terms of Companies Act 61 of 1973 (Lawrence, 2013; Malefane, 2011). Secondly a LEDA may be registered as a service utility established via by-law or, lastly a LEDA can be multi-jurisdictional service utility, established by written agreement between more than one municipality. The nature of establishment varies from context to context but its role must be incorporated in the IDP's LED policy. District and local municipalities have the liberty to choose between the three different types of municipal institutions. However for purposes of this study we shall focus on the LEDA established as an external mechanism and incorporated hence a private company (Lawrence, 2013).

2.4.1 Structure and operation of Local Economic Development Agency in South Africa

2.4.1.1 Introduction

LEDAs are established by politically driven structure and therefore are politically accountable for LED and as a result are not mandated to make policy on behalf of political leaders but may recommend policy (DPLG, 2006b: 5, cited by Lawrence, 2013). This section will look at structure and organogram of LEDAs and their functions in South Africa localities. This it shall do by firstly stating the organogram, then the section shall discuss the basic operational cultures of LEDAs and the last section will look at the debates within its operation.

The general structure of LEDAs is thus represented in figure 1.1 below, this structure is relatively common: a general assembly, head of the LEDA, board of directors and a local manager and team. The board of directors is composed of representatives from the public and private sectors, civil society institutions, universities and local administrations, meeting at least twice a year. The main function of the board of directors is to advise the Administrative Board. The main aim of board of directors is to institute co-operation between different stakeholders and thereby increase regions' "social capital", i.e. norms of reciprocity, trust and networks (Koçak, 2010).

The general assembly consists of the mayor (of the central province in each region, which rotates annually), who represents the LDA. The difference in the composition of Administrative Board between one province (or metropolitan) regions and the rest is that developed metropolitan regions give more access to the private sector and the civil society in the decision-making process. The law justifies this by citing that policies in developed metropolitan regions will emphasise private sector- led development focusing on high technology and innovation, whereas in other regions economic development will be more led by public sector investments. The main functions of the Administrative Board include the approval of annual programmes, revision of the LDA's budget and the selection of projects and activities to be supported (EUSG, 2006, cited by Koçak, 2010).

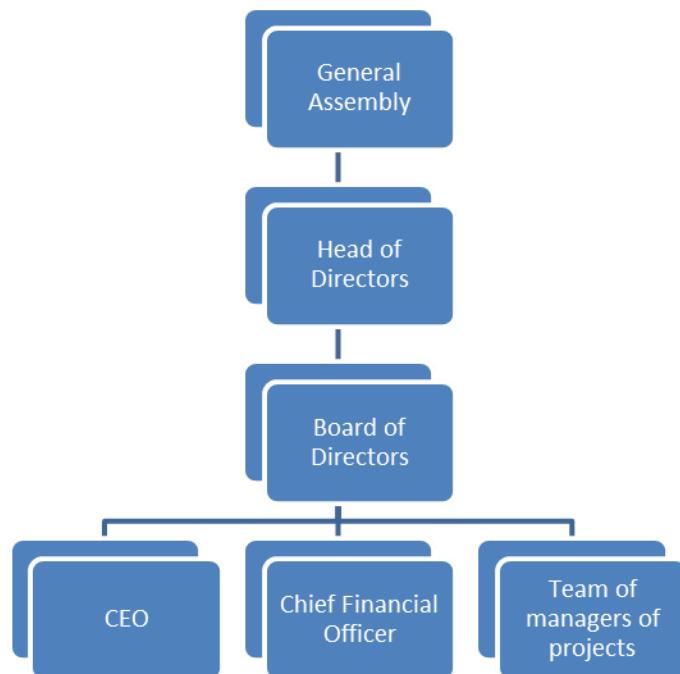


Figure: 2.1: General Structural organogram of LEDA.

Specific activities for LEDAs include but are not limited to championing LED strategy implementation, fundraising for specific projects, coordinating and monitoring services available

in the area and promoting regional activities through collective marketing (DPLG, 2006b, 6, cited in Lawrence, 2013; McKibbin, Binns & Nel, 2012). Municipalities on the other hand are responsible for public funds, and the municipalities ought to be aware of the government LED policy and the LEDA can only recommend policy (DPLG, 2006a:7 & b: 5, Lawrence, 2013).

Therefore the responsibilities of the agency are divided such that, the municipality is responsible for LED and the agency for implementation. It is this balance that is imperative for effective management of LED. It is for this very function that they were established, with local government realising that it lacked capacity to comprehensively address implementation of their plans; LEDAs were in a position to do what municipality could not (McKibbin, Binns & Nel, 2012).

The kinds of functions for LEDAs are dependant therefore on the district municipalities' expectations and needs. "In Africa, LEDAs in Mozambique, Angola and South Africa have extreme poverty high on the agenda. This poses the challenge of empowering local people, especially those marginalised from the regional and national economy" (Canzanelli & Ditcher, 2001, cited in Pretorius & Blauuw, 2008). Therefore the activities performed by LEDAs in a country like South Africa characterised by poverty, high unemployment and minimal entrepreneurial spirit, the kind of initiatives performed by agencies are likely to be directed to firstly poverty alleviation directly.

LEDAs is challenged, further, by several factors including local economic potential, capacity and resource challenges and the institutional readiness of both the agency and parent municipality to manage local development outcomes. Even in the SA context LEDAs are one of the most questioned and least understood areas of LED (Trah, 2004) and most unexplored for its local economic development potential (Lawrence, 2013). The challenges that LEDAs experience are shared by many LEDAs, even abroad. These challenges have been highlighted in international experience mentioned above and are, there is a lack of acceptance from government, and a general lack of understanding of LEDAs and their value added into LED. The following subsection will look LEDAs and their business community (inclusive of municipality) the partnership which exists in the presence of LEDAs.

This section discussed LEDAs in the South African context, discussing its how it is formed and its organisational structure. The last part saw a breakdown of some of the challenges involved in the operation of a LEDA, which helped to further support the importance of the selected objectives for the study. When looking at the above discussion it appears that mix-correlation with LEDAs and their community is a common phenomenon in LEDA practice. The following section will therefore look at partnership and local economic development in order to fully understand what dynamic exist that may be resulting in this mix-correlation.

2.5 Public- Private Partnerships in LED and LEDAs

The global practices of LEDAs is that of a promotion of PPPs, thereby institutionally connecting at national and local levels private and public sectors. Model for LDA was promoted by IDC as it seemed to form a structure that would give a single focus and be somewhat free of political process and bureaucratic (as is the common complaint in dealing with LED, partnerships and local authority) (Xuza & Swilling, 2008). In reality though these two issues have not been avoided; It further appears that that DAs were adopted on a poor understanding of international practice which tends to support more than anything entrepreneurial approaches driven by either NPO/civil society business approach. This section will look at PPPs and how communication ought to interact in such relationships build by development agencies.

2.4.1 Partnerships

LED emphasizes the role of partnerships in the route to economic development; this is possibly because partnership theory sees partnerships as important aspects for dealing with problems of unemployment, social exclusion, promotion of innovative ideas and creating strong governmental systems (Scott & Scopetta, 2013; Beyer, Peterson & Sharma, 2003). The benefits of PPP arrangements also include the broadening of politics to encompass economic realities and putting to use the private sector for capacity building for informing and implementing LED and can be the defining institutional arrangements (Xuza & Swilling, 2008).

Partnerships from the perspective of LEDA mean stakeholders working together in promoting LED, in areas that are economically neglected. The principle of partnerships also emphasized as a mechanism to improve local policy, connect local authorities to stakeholders and create an enabling environment for joint responsibility to development (OECD, 2010) as coordination at engagement level between local authorities and stakeholder is strengthened.

In a study by EURADA that links 150 LEDAs in a network, it was found that one of the keys to success were effective support tool, preferably consisting in competent and flexible partnership. In Mozambique the decision to form partnerships with the private sector and participate in LEDAs has paid off with strategies that enjoy popular support and initiatives that are technically sound. There is an increased awareness that partnership among all the local actors, public and private, produces formidable results is now firmly embedded in the local culture (Pretorius & Blaauw, 2008).

Although public–private partnerships have existed for centuries, it is only within 2007/2008. In 2009 research on PPPs has tended to focus on those producing more tangible results, such as increasing the supply of regional housing or improving access to public medicine. However, there are a growing number of public–private partnerships that focus on the creation of more intangible results, such as the promotion of sustainable growth and regional competitiveness. Despite the growing interest and increasing resources invested in this type of public–private partnership, they have received surprisingly little attention from researchers and practitioners. The concept of public private partnerships (PPPs) has attracted worldwide attention and acquired a new resonance in the context of developing countries. PPPs are increasingly heralded as an innovative policy tool for remedying the lack of dynamism in traditional public service delivery. With authors like Rogerson (2009) describing LEDAs as “a meaningless concept” because of its application to a disparate array of policy initiatives, this of course can have multiple implications in that one can view PPPs as flexible bodies or chaotic entities. However what is clear about the concept of PPP is that mired in a muddle of conceptual ambiguities, possibly due to the fact it is only very recently becoming an area of focus.

Nevertheless, increasingly, the term is seen as an essential assistant of not only local initiatives intended for urban regeneration but also of planning for LED as a whole (Bailey et al. 1995; Blakely and Bradshaw 2002; Mullin 2002). Various stakeholders brought about for local

economic development agency between 1994-2003 argue that, partnerships “have not always been central to LED planning and development” and “only identified as a crucial element of LED at the beginning of the 1990s” (Marais, 2008, p. 1).

The reasons for the private sector to become actively involved in local development can be for market-, resource-, or innovation seeking motivations (Froy, 2009). The consolidation of partnerships between the public sector and private sector is considered now as especially important for the making of successful local economic development. The notion of partnership is regarded as a vehicle for expanding the involvement and role of the private sector in LED. South Africa, attention was drawn to the central role of partnerships in LED planning (Delany 2008; GGLN 2008; Trah 2009). International experience confirms that an “enabling regulatory, legal and political environment is the cornerstone of sustainable private sector participation” (Bennett et al. 1999, p. 18, cited by ILS, 2010).

Overall, in identifying success factors for this LED partnership the special “role of local government and private sector stakeholders during the implementation and management of routes cannot be overemphasized” (Lourens, 2007b, p. 91). Rogerson (2009) views the agency as another kind of CSP arrangement, which is an independent organisation “set up to implement a particular mandate in a given area” (GTZ and IDC 2008, p. 18). South African law defines a PPP as a contract between a public sector institution/municipality and a private party, in which the private party assumes substantial financial, technical and operational risk in the design, financing, building and operation of a project.

Two types of PPPs are specifically defined namely, where the private party performs an institutional/municipal function where the private party acquires the use of state/municipal property for its own commercial purposes A PPP may also be a hybrid of these types. A public-private partnership (PPP) is a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies. These schemes are sometimes referred to as PPP, P3 or P3.

PPPs are complex and government therefore needs to address these complexities in order to embrace this procurement method for infrastructure development. Such as transparency of process, competitiveness of bids, appropriate allocation of risk, developer returns commensurate

with risks, government guarantees & credit enhancements and the development agency is located at a position where it can do this, as it is both a private company, independent of bureaucracy (Malhotra, 1997, cited by Ruuska & Teigland, 2009). PPP for infrastructural development has been big even in industrialized countries like US, EU, Pacific Rim and countries with huge new demand for infrastructure like Latin America where a new electrical production and the development agency also is designed to be flexible enough to execute functions of infrastructural development. However for effective PPP or PPP facilitator is important that communication is taken care of, hence the following subsection will discuss communication in meeting the requirements of the main aims of this study.

However one looks at the situation a legal status has been assumed, even in countries where partnership between public and private-sector bodies is not envisaged in law. In these situations, the setting up of a LEDA has prompted national discussion and positive actions to devise more advanced legislative instruments to confer full recognition on these important entities. In El Salvador the question of drafting new national legislation in this field was raised in Parliament by 14 deputies from Chalatenango Department, all acting as a single lobby regardless of their individual political affiliations.

This section presented a discussion of PPPs and how they relate to LEDAs. The next section however will be looking at the dynamics in PPPs, most importantly communication, and more issues that erupt when you fuse different individual organisations to work towards a goal. This section will also look at how this relationship can affect the goal and work of the partnerships.

2.4.2 Communication and PPP

Applying different perspectives specifically to the process of human communication raises issues that focus on the nature of communication. Provides an indication for potential points of further analysis. Fisher (1987, cited by Akintoye, 2003) characterized different approaches to human communication as mechanistic, psychological, interactional and pragmatic.

Highlighted perspective implies form of conveyance/transportation across space message [travelling from 1 point to another], the channel, the source & receiver, encoding and decoding

[process of transforming a message from one form to another at point of transmission and destination], noise [the extent to which the fidelity of the message is reduced] and feedback [response]

Perceptions of risk are founded within the intra-personal and inter-personal communication networks that exist between stakeholders. Such perceptions can be diverse as they are influenced by value system and hence attitudes, judgements, emotions and beliefs-all components of human communication. Perception is therefore of considerable interest in the field of psychology, more so social perspective of risk cautions against an over-reliance on exclusively mathematical approaches to assessing and modelling risk and against overly mechanistic ‘hard systems of managing risk. And more emphasis is placed on risk communication, especially in the context of PPP in private finance initiative (PFI) project procurement (private sector organisations are directly involved in delivering public services through consortium (Goldsmith, 1997, cited by Akintoye, 2003).

The literature on diverse teams and alliances (Akintoye, 2003; Ruuska & Teigland, 2009), however, suggests that public–private partnerships are faced with significant challenges to achieving shared understanding and collective competence. First, research has found that team members from diverse organizations have underlying differences in their behaviours, values, and attitudes while they not only notice different information but perceive the same information differently. As a result, diverse organizations tend to lack a shared social reality with members and their organizations failing to have a common “here-and-now” and perspective.

Ruuska and Teigland (2009) conducted a study in Sweden, Bygga Villa involving 16 organisations from academia, government and industry to develop an innovative internet portal for private construction industry. With two research questions:

- (1) What are the challenges to developing collective competence in public–private partnerships?
And
- (2) How can these challenges be overcome to achieve project success?

They found that the potential for conflict due to differing goals, resource scarcity, and interdependence of tasks was the greatest challenge for Bygga Villa's ability to develop collective competence.

Projects as a means to organize operations have become increasingly widespread in both the public and private sectors. Yet project-based organizations face many challenges to project effectiveness. Since they are unique, goal-oriented systems where technical, procedural, organizational, and human elements are integrated, they are consequently complex in their nature. A large number of projects are cross-sectoral and include partners from multiple organisations. All projects with goal of developing mutual products or services and in which risk, costs and benefits are shared. PPP projects are generally dispersed in their nature as partners are located in different organizations and in various geographical locations. In addition, partners encounter specific issues such as variability in team composition and multiple relationships between the partners, further increasing the number of challenges for project effectiveness (Ruuska & Teigland, 2009).

2.5 Conclusion

In South Africa LEDAs between 2006 and 2007 LEDAs' existence were characterised by unfulfilled potential and expectations. In spite of the lack of a successful track record, LEDAs in South Africa are still active, to this day. This is due to the findings that suggest that in this country there is an uneven experience of LEDAs established with IDC, however this experience is not unique (see Beer et al. 2003; Clark et al. 2010; Emini and Gorun 2010; Canzanelli 2011a, 2011b). With the most successful being the Amathole District Municipality's Economic Development Agency in the Eastern Cape, followed by Enterprise Ilembe, also noted as best practice (McKibbin et al., 2012).

This chapter has presented a backdrop of Local Economic Development, its history and its actors and theory in South Africa; in order to set the ground for the theoretical discussion on Local Economic Development Agencies and examples and best practice from international cases. The international practice has assisted in comparing if there are shared experiences of Local Economic Development Agencies' role in economic development, the relationships and

communication chain between the LEDAs and their communities. On approaching the end of this chapter the research discussed LEDAs in the South Africa context, which a vital section in putting the study in context. This section was important for drawing on what authors what they say about why and how LEDAs emerged in the country. It appears that there limited literature on LEDAs in South Africa, perhaps because LEDAs are just fledgling, and because they are somewhat limited and not very famed.

The perspectives of role-players and community of a development agency are highly important if a development agency is to reach its goals and actually bring forth economic development. This is seen in how knowledge of the work of the agency and mere understanding of what a DA is can impact on how communication from the agency is received and perceived, which further impact on the relationship that occurs between the stakeholders. The relationship in a PPP is not very different from the relationships that exist in development agencies at the district level and the preceding relationships that come with the operation of an agency with the territory of a local municipality, as is the case where the DA works with local small companies in task to reach objectives of the agency in for example business support or environmentally friendly initiatives requiring a tendering process for companies locally, nationally and internationally should situation permit.

However it is important to note that in as much as perspectives are influenced by power, human interaction and knowledge, many other factors can contribute to success of relationship and inevitable success of projects, such as institutional development, delivery mechanisms, alignment with local, provincial and national programmes or policies, development finance and the legal environment (more so where traditional authority is concerned in this study) under which an agency operates.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter will discuss the methods and design undertaken in the study in order to address research objectives. The chapter will also present at the methods of analysis and limitations in the methods of data collection and analysis.

It is the research methodology itself that directs the entire research journey, controlling the study, and dictates the approach to define and refine the data (Bell & Waters, 2014). Methodology enables the researcher to arrange the data in logical relationships and sets up an approach for refining and synthesizing them, and proposes a structure through which the meaning of the findings ought to be presented. It is therefore in summary safe to say that research methodology has two main functions; “1) to dictate and control the acquisition of data and 2) provides interpretation and analysis of acquired data in order to extract meaning from them” (Leedy & Ormrod, 2014, p. 30-31).

The choice of research method in a study is determined by the research questions because the method is important for determining which kinds of information and techniques of analysis the researcher will base her conclusions. Research methods are varied and can be qualitative, quantitative or mixed methods, all of which have their strengths and special functionality depending on what the researcher hopes to uncover by his study (Cresswell, 2014, Hammond & Wellington, 2013; Saunders; Lewis & Thornhill, 2009). The quantitative method is preferred in the case of statistical, conclusive and causality studies because data is collected in the form of numbers and analysed statistically. Whereas qualitative researchers collect words, spoken and/ or written (including language recorded observations) as data and analyse such by identifying and categorising themes (Terreblance, Durrheim & Painter, 2006; Leedy & Ormrod, 2014). A thorough discussion of research methods follows.

3.2 Research Design and Methods

Research design is crucial in utilising appropriate methods and the main trait of a research design is to explain how answers to the research question will be found. The research design ought to include the study design and all its proposed arrangements, the measurement procedures, sampling methods and strategy of analysis. Selecting research design has great impact findings, and conclusions that are valid (Kumar, 2005).

Miles and Huberman stipulated that "...numbers and words are both needed if we are to understand the world" (1994, p40) and suggested that data cannot be solely qualitative, because should it be purely qualitative then it stands a chance of being subjective thereby affecting reliability and validity. However, should it be purely quantitative then it is positivist and thereby not a true reflection of human phenomenon (Terreblance, Durrheim & Painter, 2006); hence the emergence of the mixed method approach where the quantitative aspect can be in the collection phase or analysis phase (Cresswell, 2014).

The different approaches to research present alternative strategies and not opposing strategies and for this study will use qualitative research design because it allows for in-depth observation. The nature of this study however suggests otherwise because it attempts to look at the role of the development agency in fostering economic development in light of the perspectives of its community and how this affects the agencies functionality. This research question asks if the business community is in fact aware of the agency and its roles, looking at the relationship and communication chains that exist between the agency, its father municipality and its community and how this partnership can be explained. Further this study aims to unravel the discussions of development agencies and rural economic development and qualitative approach is ideal in addressing this because it allows for examination of discourses, connections and inter-relationships.

Unlike quantitative research, in which the researcher collects data as an objective and generally passive observer, many forms of qualitative research (e.g. ethnography, historical research, case studies, and grounded theory testing and development) depend much more directly on the researcher as an active participant in gathering data for the study (Patton, 2002). The researcher is primary instrument for data collection and is therefore a crucial aspect in the research design.

A qualitative study could further be ideal in setting the field and pointing to specific variables. Interpretative hence will take participants subjective experiences seriously. This method is no enemy of truth because of its subjective nature (Terre Blance, et al., 2006) but it allows for empathetic understanding of human experience and realities. This methodology is concerned with process rather outcomes, involves field work, descriptive inductive process as we build concepts, hypothesis and theories from detail moreover unitary realities do not exist.

Qualitative research serve the function of describing, interpretation, verification and evaluation and often does not focus on causality, but herein we shall focus on descriptive because there is a need to reveal the multi-dimensional nature of the development agency and the key role players and community (Leedy & Ormord, 2014; Terre Blanche, et al., 2006). There are five qualitative research designs, namely, case study, ethnography, phenomelogical study, grounded theory study and content analysis. However in response to the research question for this study the appropriate design is viewed as being a case study, which is defined as intensive investigations of particular individuals, ideographic research methods (Leedy & Ormord, 2014; Terre Blanche, et al., 2006; Patton, 2002; Cresswell, 2014). Case studies are descriptive in nature hence the choice as they provide rich information about individual. They further allow new ideas and hypothesis to merge from careful and detailed observation.

This study has undertaken Umhlosanga Development Agency as a case study, and has done this in order to reach a deeper understanding of the agency and its role in economic development in Umkhanyakude District. The researcher has consulted various sources to inform the study and meet its objectives and shall be discussed below.

3.3 Data Sources

Qualitative data is subjective, and is made of words, pictures and sounds but in this study words (Ritchie, Lewis, McNaughton Nicholls, & Ormston, 2013). This section will discuss primary and secondary data sources that were used in the study. The secondary sources emphasise the need for the study while primary data sources will provide a discussion of where the data came from.

It is also important to note that both primary and secondary data must be connected. Recorded interviews, which is what will be used are a good way to make generalisations about the population but not to reaching conclusions, interviews has been said to yield the highest response rates in survey research, and will help clarify ambiguous issues on problem behaviours.

3.3.1 Secondary Sources

Secondary data provides background on what is known about the field, and therefore involves collecting existing knowledge or information that is gathered by institutions or individuals. This kind of data is not used to answer the research question directly but may be used for highlighting general issues in the field by discussion of theoretical framework (Kumar, 2005). The secondary sources in this study were books, journal articles, internet sources and state publications. This assisted the researcher to locate study in the relevant context hence all of the information from here has been incorporated in the background and theory chapter. Due to analysis of theory, the researcher has been able to understand the work of economic development agencies both locally and internationally and further identify the need of the study. The next section will be looking at primary sources.

3.3.2 Primary Data Sources

This research study as previously mentioned a qualitative and interpretive approach, hence the data sources are raw and made up of the data which the researcher has physically collected first hand. There are various kinds of primary data and they include individuals, panels, focus groups and unobtrusive methods. In this study the researcher utilised data which was relevant when conducting a study that follows interview protocol from individuals with relevant knowledge that directly responds to the objectives of the study (Saunders, Lewis & Thornhill, 2003). The researcher sourced the primary data from Umhlosanga Development Agency representatives, Mjindi Farming representatives and farmers and Umkhanyakude District municipality and some of its local municipality LED units via in-depth, face-to-face interviews. Primary data was also sourced from annual reports, feasibility studies from the agency's projects, IDPs and LED

strategy documents, which play a role in increasing the reliability of the research findings. These will be discussed in more detail below.

3.4 Primary Data Collection Techniques

This following section will look at sampling technique, the data collection tool and overall method used for purposes of this study. This study called upon the use of the standardised open-ended interview, which required the researcher to have the questions be worded fully prior the interview. This is to ensure that the questions are standardised for all participants involved.

3.4.1 Unit of analysis and Sampling

Unit of analysis refers to the focus of the study and is defined by the research question (Hammond & Wellington, 2013) and it is from within the unit of analysis where we find the population. Population has been defined as the larger group from which we extract our sample and in theory the population encompasses all of the elements that make up the unit of analysis. The population of this study is therefore Umhlosanga Development Agency and its business community, which are the district and local municipality LED and tourism units and Umjindi Farming; because the agency does not and cannot operate in isolation.

Selection of research participants from entire population, involves the choice of which people, settings, events, behaviour and/or social process to observe. Precisely who is sampled is determined by the unit of analysis. The main concern is representativeness of the sample to the population which is being studied. However representativeness is especially important for descriptive studies, where sample size is also crucial because should the sample be too small then it is not representative of the population hence inferences about the population are not possible. However sample size has its restrictions such as access to participants, funding and time constraints can all reduce the number of participants the researcher can access (Leedy & Ormrod, 2014, Neuman, 2009).

However for purposes of this study we shall focus on qualitative interpretive, constructionist research. Therefore the sample needs not be attained via large or random sampling techniques. Instead qualitative research often uses a purposeful or random sample. With this study the sampling technique selected was purposive because the sample presented an opportunity to enlighten the researcher on the research question being investigated (Leedy & Ormrod, 2014). In this case for instance the experiences of the relationship between the development agency, the district municipality and business community (including local municipalities and Mjindi Farming). Although the in-depth study of this relationship and partnership of the above-mentioned need not be generalizable to all development agencies, [in South Africa, but strong grounds can exist for arguing that the experiences of the tensions in the relations may be similar to other development agencies. This kind of sampling enables an in- depth investigation of their experiences within a single context, and although one cannot argue that results that this study will yield are statistically representative but the findings can show certain themes and issues that are likely to be transferable to similar contexts.

Cluster sampling is where there is multi-stage (researcher has names of organisations and obtains names of individuals, within the organisation or group, and then sample within them) and is ideal when the researcher cannot compile a list of elements that make up the population (Babbie, 2007, by Cresswell, 2014).

Probability sampling is said to be of a particular excellence for high quality research and nonprobability/ convenience sampling strategy is discouraged. This stand ignores the typical way of selecting setting and individuals is neither of the two sampling methods but there should in fact be a third category called purposive sampling (Palsy, 2008. Cited by Maxwell, 2013). This strategy allows for particular settings, persons or activities to be deliberately selected to grant information that speaks to the research question and objectives, which would rather not be received from other choices. Weiss (1994, cited by Maxwell, 2013) argues that many qualitative interview studies do not use samples at all, but chooses people who can provide unique information as they are a direct witness or expert in the event or organisation of interest for the study, which really is a kind of purposive sampling. Random sampling although advantageous for generalisability may be an inadequate for drawing small sample as substantial differences will exist in such samples. There are few instances in qualitative research where random

sampling can be useful, such as the approach taken when selecting the local municipality LED officials for this study, wherein the researcher picked three out of the five local municipalities, leaving out Umhlabuyalingana and Hlabisa Local Municipality.

According to Teddlie & Yu, (2007) the goals of purposive sampling are:

- representativeness or typicality of the settings, individuals or situations
- To capture heterogeneity in the population
- To deliberately select cases or individuals that are critical for testing the theories of the study
- To establish particular comparisons to illuminate the reasons for the differences between settings or individuals
- Lastly to select groups or participants that the researcher can establish the most productive relationships, ones that will best enable researcher to answer the research question, this has been viewed as convenience sampling but it is actually a form of purposeful that is often used, yet rarely discussed. The argument here is that it is purposeful because it is meant to give the best data for the study.

Often selection decisions require knowledge of the context of the study; hence the researcher had to consult various documents of the district municipality and the development agency. Further accessibility of data was taken into consideration, and it was established that data could be accessible from the internet and reaching the participants was possible as the researcher had access to their contact details. A particularly common problem in sampling for qualitative study is ‘key informant bias’ (Pelto & Pelto, 1975, p7, cited by Maxwell, 2014). Qualitative researcher at times rely on a small number of informants for major part of their data, even if they are purposefully selected and the data on its own appears to be valid, it is not guaranteed that their views are typical (Bless, Higson-Smith, 2014).

The sample of the study was sourced from the Umhlosininga Development Agency, its parent district municipality, Umkhanyakude, and three local municipalities in the district and Mjindi

Farming. This sampling technique is suitable for meeting the aims of the study; however it is important to emphasise that results from this sample cannot be used to generalise to the wider community of development agencies or government institutions, both in South Africa and abroad. The researcher had initially anticipated to interview businesses under the business support unit which was listed on the agency's website and annual report (2013/2014), however upon discussions with one of the managers found out that the unit phased out because the funding provided by MTN (CSI- corporate social investment) had come to an end.

For purposes of this study, the researcher's sample was the employees of the agency, individuals within the agency that had the a bird's eye view of the work of the agency and still very much an active part of the agency the Chief Executive Officer, whose role is to see to the management and coordination of LED stakeholders relations through effective communication and Manage the marketing of the district as an investment destination. In addition to this sample the researcher also interviewed individuals such as the operational facilitators. Further the researcher looked at the respondents that were considered important because they were in a position to provide information on the precise and practical role of the agency, and assist in establishing the kind of relationship the agency has with its business community in order to understand better the communication chains between the agency and its business community and explain the PPP between all relevant parties.

The researcher went further to interview the district municipality which is the proprietor of the agency in order to grasp the logic behind establishing the agency and thereby understanding its expected role and makeup. Lastly the researcher approached the business community which the agency interacted with the most at the communal level, and Mjindi Farming was the main one under their agribusiness sector. The municipalities were also selected based on which had the most interaction, hence Jozini and the Big Five False Bay LED units were contacted and only one municipality which had minimal spatial interaction was contacted namely, Mtubatuba Municipality. These business communities assisted in establishing whether the role of the agency was in fact being fulfilled, and whether the community was even aware of the agency and its roles. These respondents further assisted the researcher to establish the relationship and communication chain between the agency and its community

3.5 Data Collection Tools

The study as mentioned above chose in-depth, face-to-face interview collection. Interviews are effective when researcher intends on collecting in-depth information. 12 semi-interviews were conducted and this allowed the researcher to capture the feelings and body language of the participants (Boyce & Neale, 2006). The fact that the interviews were semi-structured meant that the interviews were driven by the responses the researcher received. The interviews were further recorded allowing the researcher the space to fully focus on the interviewee at hand, allowing for human connection and detailed record of the interview. It is also important to note the impact of the respondents' background in responding to the questions because the response of an official municipal officer cannot be the same as that of a farmer, whose entire life has been based in a rural setting (Silverman, 2011). The interview schedule is presented in Appendix A, it was developed by the researcher in line with the objectives and aim of the study. Essentially there were three kinds of interview schedule, one directed towards participants who were part the agency, the second for the district municipality and the last schedule was for the business community (which included local municipality). Below is table 3.1 which pertains interviewee information and table 3.2. That contains data documentation obtained from the website and includes annual reports. During the interview the researcher made notes and recorded the interviewee and the interviews were later transcribed for analysis, this will be discussed later in this chapter.

Over and above the interviews, other primary data collected by the researcher include policy documents formulated by government bodies at both national and provincial level by department and offices such as Department of Cooperative Governance & Traditional Affairs (CoGTA) and South African Local Government Association (SALGA). The documents utilised in the study also included the district's Integrated Development Plan and Annual Report, which accorded the researcher information about the district in order to understand the development agency in context but also to understand the specific role described by existing policy and state documents. The documents selected served the study by providing information which responded to the study's main aim and research questions. The following section will discuss how the data was analysed.

Table 3.1 Interviewee Details

Interviewee Number	Date	Position/incumbent	Institution
ONE	27 August 2015	CEO	Umhlosinga Development Agency
TWO	27 August 2015	AGRICULTURE MANAGER	Umhlosinga Development Agency
THREE	21 October 2015	GENERAL MANAGER	Umkhanyakude District
FOUR	28 September 2015	PERFORMANCE MANAGEMENT SYSTEM OFFICER	Umhlosinga Development Agency
FIVE	8 October 2015	TOURISM MANAGER	Umhlosinga Development Agency
SIX	28 September 2015	TOURISM OFFICER	Mtubatuba Local Municipality
SEVEN	1 September 2015	LED MANAGER	Jozini Local Municipality
EIGHT	2 September 2015	COOP. FACILITATOR	Siyasiza Trust
NINE	2 September 2015	FARMER 1	Mjindi Farming
TEN	3 September 2015	FARMER FACILITATOR	Mjindi Farming
ELEVEN	3 September 2015	UNIT MANAGER	Mjindi Farming

3.6 Data Analysis

Thematic content analysis was used to analyse the interviews. To interpret the data from interviews, because it is a qualitative study it is crucial that we use an interpretative analysis in which an empathetic understanding of the data is necessary to afford the research a thick description (Terre Blance, et al., 2006). Thematic analysis is a widely used method by which themes within the data are identified, analysed and reported (Braun & Clarke, 2006). Thematic content analysis helped organise the data received from the interviews so that it is easier to abstract themes that relate too and answer the research question. Once all the interviews have been completed the researcher followed a six phase approach discussed in Braun & Clarke (2006).

Prior to analysing the data the researcher had to familiarise herself with the data, this was done by transcribing the data, where necessary because due to unforeseen circumstances two of the interviews were conducted through sending emailed questions and participants replied in writing. The transcriptions or interviews were then read more than once, and the researcher noted initial ideas. The second phase involved generating initial codes, whereby the researcher coded interesting features of the data in systematic fashion across the entire data set, and collated data relevant to each code. The third phase included searching themes from the codes, whereby the researcher gathers all the relevant data for each potential theme. The fourth phase undertaken by the researcher is reviewing of the themes, which saw the researcher checked the themes against the coded extracts and thereafter checked the entire data set and generated a thematic ‘map’ of the analysis; grouping the themes accordingly. This allowed the researcher to follow the next or fifth phase which is defining and naming the themes; this was however a continuous analysis where each themes was refined. The last phase was producing a report. Herein the researcher selected some compelling extracts and final analysis of the selected extracts relating back to the research objectives and the literature review (Fereday & Muir-Cochrane, 2006).

This method of analysis is flexible and therefore convenient because it is also not tied to a particular theoretical framework. The method further can prove to be a very useful research tool, which can potentially give detailed and very complex account for data. However this very advantage of the method can be limiting in that it is unlikely to “develop specific guidelines for

higher-phase analysis” (Braun & Clarke, 2006, p. 97) which would aid a researcher deciding on what specific parts of the data to focus on (Fereday & Muir-Cochrane, 2006).

3.6.1 Reliability and Validity

Validity and reliability are crucial parts of all research, therefore it is important to discuss them in this study in terms of assuring that the research is credible and trustworthy (Brink, 1993). This discussion is especially important in qualitative research where the researcher’s subjectivity is often questioned in analysis of the data (Brink, 1993). Validity and reliability are separate terms; qualitative validity refers to checking for accuracy of the findings by taking on certain procedures; whereas qualitative reliability refers to consistency across different researchers and different projects (Gibbs, 2007, Creswell, 2014).

Validity (also known as trustworthiness and credibility) is one of the strengths of qualitative research and is determined on whether the findings are accurate from the point of the participant or researcher (Brink, 1993). Reliability, however, can be better established if the researcher documents the procedures of their case studies, and document as many steps as possible, such that another researcher can easily attempt to follow the procedures (Cresswell, 2014). The researcher has attempted to do this by putting the interview schedule in Appendix A and by cross checking the information provided by study participants against information provided by other participants and related documents.

3.7 Ethical Considerations

The researcher is obliged by research ethics regulations of the University of KwaZulu-Natal. The institution is committed to upholding high ethical principles and issues of conduct of research (UKZN, 2007). This study therefore adhered to all protocols required by the institution’s ethics policy, hence followed the procedure discussed below.

Gatekeepers’ letters were obtained first and foremost, and all principles of informed consent will be adhered to. Prior to initiating the interview all of the participants’ rights were explained. There were minimal ethical issues that could potentially arise from the study; outside that of confidentiality. However because with research, ethics are always imperative hence it is imperative to look into the philosophical principles guiding ethics. TerreBlanche, et al. (2006)

discussed them under the following headings: autonomy and respect for the dignity of persons, nonmaleficence, beneficence and justice. This study has ensured that it is ethical in that written informed consent was obtained from all the participants, further the recordings of the interview and the transcriptions are kept safe and all the participants were requested for permission to be recorded and in deed two refused to be recorded and their choice was respected. The interviews will remain with the researcher and/or those involved in supervision, and the interviewee's name are to be kept confidential, as pseudo names will be used where necessary. With regard to nonmaleficence, first of all because consent will informed the participants will not deceived no part of the study requires any kind of deception and by keeping the interviews safe and not easily accessible. This should minimise most if not all factor that could be cause harm to the participants (Terre Blanche, et al., 2006).

3.8 Conclusion

This chapter presented the methods used for data collection and the techniques applied when interpreting the data. This chapter is of significant importance for the study as it provides guidelines for how and which information that is relevant for the study at hand. The chapter explained the qualitative approach as an approach able to unpack a multi-facet phenomenon that scientifically cannot be measured. The chapter did this by explaining the qualitative approach and explaining the design selected. The following chapter will present the results of the collected and analysed data.

CHAPTER FOUR

FINDINGS AND DISCUSSION

4.1 Introduction

The role of Local Economic Development Agencies in fostering economic development in localities has been highlighted in the previous chapters. Local Economic Development Agencies are fast becoming the ‘go to’ mechanism for localities in dealing developmental challenges. This study focusses on the Umhlosininga Development Agency as a mechanism for economic development within the Umkhanyakude District. It does this through a focussed examination of the perspectives of the business community in order to understand the relationship and partnership that exists between the development agency and its business community. This chapter presents an analysis of the primary in answering the research questions. This chapter will further present the data obtained from the interviews and some policy documents of government departments and the municipality.

The chapter shall begin with a background of the Umhlosininga Development Agency, discussing the underlying principles of LEDAs in relation to the UMDA. The discussion will provide a presentation and analysis of the roles of such LEDAs as economic development mechanisms and the potential developmental role they have. Further a discussion considering the extent to which the community is aware of the role of the agency will be presented. One area of particular focus of the community-LEDA relationship is discussed – this is a consideration of communication. The chapter further provides a comprehensive discussion of the relationship and communication chains that exist between these partners during their interaction. Finally, the chapter concludes with a discussion of the public private partnership of Umkhanyakude District Municipality as it is manifest in the Umhlosininga Development Agency.

4.2 Overview of Umhlosininga Development Agency

Chapter One of this thesis introduced the Umhlosininga Development Agency as a response to the economic challenges which exist in Umkhanyakude District, a predominantly rural district municipality with unemployment rates that are above 40% (Umhlosininga Development Agency 2013/2014; StatsSA, 2011). The development agency is registered as a municipal entity, owned

by the district municipality and it serves this predominantly rural district and region (Industrial Development Corporation, 2011). The development agency has the nature of self-development in that it aims to take advantage of existing resources (Crowe, 2007; Dario, et al, 2000) and UMDA is no different, even from the decision to establish it in the district where careful consideration of the local advantages were considered, therefore, all of its projects focus on taking advantage of the available resources in order to realise its full economic potential source (IDC, 2011; Respondent 4, 28/09/2015). This section presents an overview of the agency and the sectors that exist in its operation as a mechanism for LED. The consideration of UMDA will draw on the policy prescription of its role as a participatory mechanism, obtained from the Integrated Development Plan of the district, the associated LED strategy and guides from the Agency itself.

It is imperative to provide a structural description of the agency in order to understand its functionality within Umkhanyakude District Municipality. Below, therefore, is the organogram of the agency, which presents the structure of the agency. The board can be seen as the main head of the agency. The board is required for all executive decisions, followed by the CEO, under which exists the COO and CFO under these operates the projects and sectors of the agency (Umhlosinga Development Agency, 2013/2014; COGTA, 2013). The Umhlosinga Development Agency's structure is one typical of development agency, as it is headed by a board of directors to whom the CEO reports. The CEO is supported by a PA, the CEO's duties are to promote and market the district as an investment destination, together with the board secure funding for projects and initiatives. Directly under the CEO are the CFO, who oversees the finance and general human resource, and the COO, under whom report the sector managers. The sector managers are divided in task according to tourism, permaculture or agribusiness, airport and business support centre manager (the sectors will be discussed in detail under the roles and functions of the agency. It is further important to note that it is only the tourism and agribusiness sections that have interns and additional staff outside of the managers (Umhlosinga Development Agency, 2013/2014).

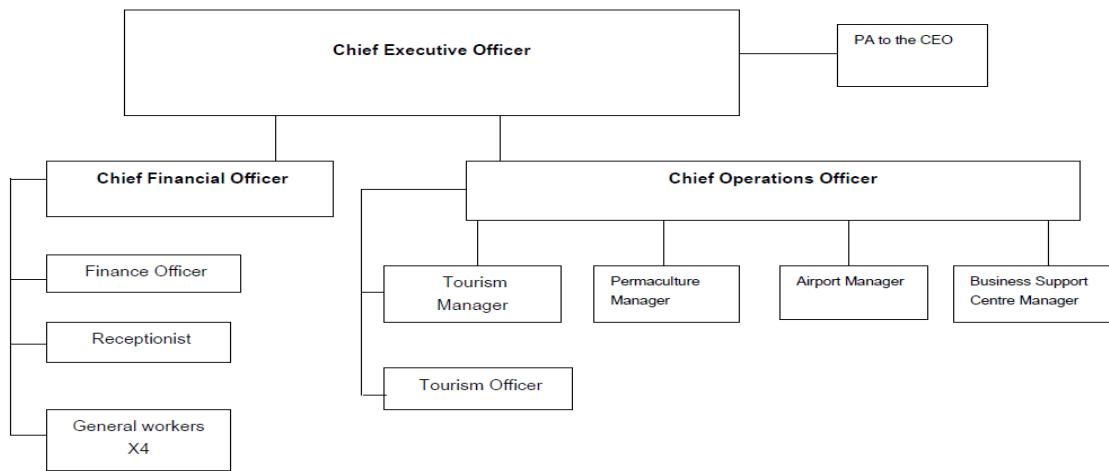


Figure 4.1: Organogram of Umhlosinga Development Agency.

Source: Umhlosinga Development Agency Annual Report 2013/2014, p18.

The agency is required to be working across a number of economic sectors (industry, agribusiness, tourism, aviation and property development) through a host of different projects (Umhlosinga Development Agency, 2014/2015; Umhlosinga Development Agency, n.d.). Currently, though, it is only the aviation and the industry projects that are in fact at the implementation phases. This is due to the fact that between 2008 and 2013 the agency did not have a documented strategy of the phases that projects ought to go through. Since 2013 this procedure has been put in place and is now called the project and programme cycle approach (KZN-COGTA & SALGA, n.d.). One of the respondents from the Umhlosinga Agency articulated this issue in the following manner:

“The projects before had no system until we adopted our strategy in 2013 May which we as officials go through a concept, look at projects for a whole year or 6 months but the CEO prefers 3 months but it can take longer. Where we look what is the project about say, agribusiness; what is that? What is it about? Then from that concept we do business proposals and look for funding, business plan. Then the project enters feasibility, feasibility study then enters accumulating land if needs be, then to business plans, then to

EIA and any studies that needs to be done, then from that study to business plan. Where you now are certain that what it is that you want to and only then it goes to investment promotion then to funding." (Respondent 4, 28/09/2015)

The above quote lists the phases of the project cycle as per the understanding of an UMDA employee. The project cycle is further demonstrated below in figure 4.2 which depicts this six phase cycle, namely: conception, feasibility study, business plan phase, EIA and additional studies, investment promotion and lastly funding. The conception phase is one where a potential project is identified and a concept is developed. The second phase involves a feasibility study, where research is done to assess whether the project can be viable (Gasa, n.d; KZN-COGTA&SALGA, n.d). Once it is established that the project is feasible then the projects are marketed and packaged as investment projects and programmes, as summarised in the table below. However, it is important to note that this system came into operation with the Strategy adopted in May 2013 (Respondent 4, 28/09/2015). The agency only began to implement the cycle in 2014, as it was adopted in the previous financial year, which already had plans in motion (Respondent 4, 28/09/2015).

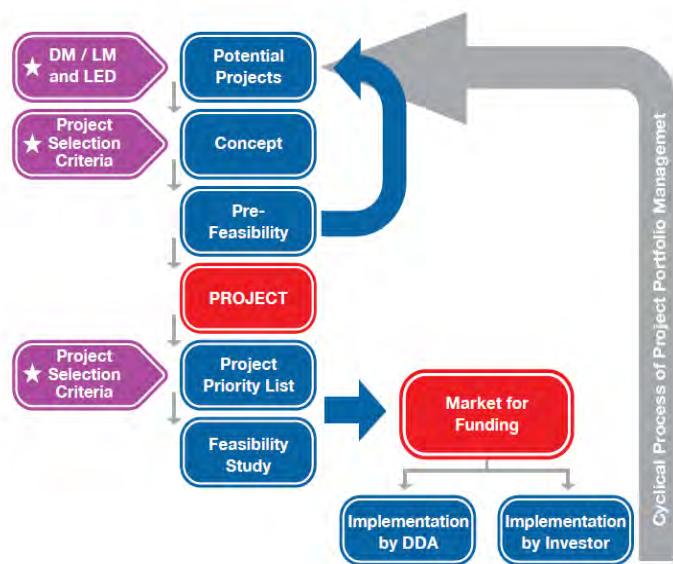


Figure 4.2: The Project Cycle in a LEDA

Source: KZN-COGTA&SALGA (n.d)

The current state of projects of Umhlosinga is post-conceptualisation, and therefore a consensus exists that the projects work, and the agency is now sourcing funding for feasibility studies for the projects. However, the aviation or airport project is fortunately underway, and “...is being developed not as a transport mode only, but rather a product of tourism in the region. The airport is a vital part of the transformation process of the regional economy not only on the tourism front, but the economy in general” and the R10 Million for the project has grown to be over a half a billion project (Umhlosinga Development Agency, n.d; Umhlosinga Development Agency, 2013/2014).

Further to the airport project, the Jozini Hydro-dam project, housed in the agency within the sector for Industry, is another project at a more mature phase compared to other projects. Currently, the dam project is the most mature project plan and is almost ready to be packaged as a tendering project. The project is one of the earliest in the agency, initiated in 2008, and requiring a few licences (water and generation) as it was said to be viable four years ago. This project has thus completed the feasibility study phase and the agency is currently looking for an implementation company that will take over. The main challenge with the project has been getting funding for it, in order to begin implementation (Respondent Four, 28/09/2015).

Therefore the projects designed to lift the economy of the district are, focusing on those industries found to have the most potential, and the agency is steadfast on these projects. Thereby taking the load off local government to implement and investigate the potential of catalytic projects. The next section presents the structure and function of UMDA as a development agency.

4.3 The function and structure of the Development Agency

LEDAs are noted to be a preferred mechanism for economic development because although local government are central in driving economic development of a locality, they often lack capacity and resources to address LED needs (IDC, n.d; Puljis, 2003; Pretorius & Blaauw, 2008). This following discussion stems from these considerations to establish why LEDAs are a preferred mechanism in the Umhlosinga case study, this section will present an overview of the structures and functions of LEDAs and that of the current area of study, utilising data from

respondents and policy. The section will culminate with six success factors recommended by Lawrence (2013).

The LEDA is Chapter Two was discussed as having one of two types of agencies' function that are ideal, namely 'operator' and animator. The development agency which is the 'animator' acts as a coordinator, focussing on pre-arrangements of decisions of LED and providing support in making policy and strategy which they themselves do not implement Crowe, 2007). Whereas the 'operator' is the kind of agency that will directly implement strategies utilising government funds. Often the operator will inject these funds and government- defined programs into a particular entity. In light of the respondents response to the interview schedule, it is important to say upfront that Umhlosanga Development Agency like other agencies in the country are 'operator'-type agencies (Crowe, 2007; Respondent 1, 27/01/2015; Lawrence, 2013; Respondent 4, 28/09/2015; Respondent 10, 03/09/2015; National DPLG & IDC, 2008). In fact five of the respondents emphasised characteristics which clearly point to UMDA being an 'operator' type of agency; in that their responses included how the agency is in fact funded and financially reliant on the district municipality (Respondent 1, 27/01/2015; Respondent 2, 27/08/2015; Respondent 3, 21/10/2015; Respondent 4, 28/09/2015; Respondent 10, 03/09/2015). More so the CEO emphasised this point and went a step further in saying that the agency provides a real opportunity and platform to utilise various instruments, since the agency is partially independent of government characteristics (Respondent 1, 27/08/2015). Further the operator type is more appropriate for territorial interventions and is therefore an effective way to assemble human, natural and infrastructural resources. However an imminent challenge for this type of agency is that since it ought to geographically coexist with other similar and related activities of an operational nature, political acceptance may be limited (Crow, 2007). This political acceptance is reflected in the tensions which exist between the agency and local municipalities in the district, and they will be discussed later in this chapter.

The agency can also be seen as a tool for strengthening the capacity of current LED systems and resources in place within a municipal area as a LEDA requires establishing a formal and legal partnership between different stakeholders to integrate development efforts and overcome problems of duplication and lack of coordination (National DPLG & IDC, 2008). Further it is a possible route to alleviate bureaucratic processes alive within a municipality, promote a more

private-sector culture, accelerating investment and public private partnerships (National DPLG & IDC, 2008).

In terms of their overall functionality, LEDAs fit into the institutional landscape of economic development in a complex manner. LEDAs are required to be both state-owned and semi-external from the state. Thereby, to a large extent, and unlike the LED unit, they are designed to be separate from not only the bureaucracy but also political influences (Respondent 1, 27/08/2015; Respondent 7, 01/09/2015); yet still in a position where it is possible to work with the LED unit (National DPLG & IDC, 2008). Although a LEDA and the municipality's LED unit are similar and share general characteristics of a LEDA, they are different in function and focus. The function LEDA is focussing on implementation of sustainable economic development projects and investment promotion. Whereas the LED and Tourism Unit functioning for policy and strategy, development unit, create an environment that is conducive to economic development (COGTA, 2014). There exists a consensus from the respondents with regard to these specific functions of Umhlosilinga and the local government, with only a single difference which came from the Mjindi farming respondents. These results indicate that local government's LED or Tourism, as sometimes is the case (COGTA, 2014) hold the basic knowledge of what the function of a LEDA is in their district. This basic knowledge however may not amount to sufficient or complete understanding, because some of the municipal officials did not have much contact with the agency and it is highly possible that they uttered hearsay instituted from LED forums or other Umkhanyakude District encounters, in fact one of the officials acknowledged this (Respondent, 28/09/2015; Respondent 7, 1/09/2015; Respondent 10, 3/09/2015; Respondent 11, 3/09/2015).

There is no single approach to local economic development and consequently it is impossible to identify a single organisational structure or model for a LEDA. Each territory (country, region, and locale) has its own distinctive historical, political, economic, social, and cultural characteristics. The LEDA is the arm used by stakeholders to collectively plan and implement initiatives for economic development of the area, identify the most convenient instruments for their realisation and establish a coherent system for their technical and financial support (Respondent One, 27/08/2015; National DPLG & IDC, 2008).

There is no prescription about the type of services the agencies provide, just as there is no single approach to local economic development; Lawrence (2013) mentioned this and the various roles of LEDAs. Lawrence (2013) and the National DPLG & IDC (2008) highlight seven critical success factors of a LEDA. Firstly this should also assist in how each perceives the other because at times agency can be viewed as a duplication of LED units. Further, a success factor is that although the agency ought to be politically free to (influence of operation especially). It must nonetheless attain political buy-in and support because the board of the agency is composed of politicians (National DPLG & IDC, 2008). The nature of an agency is that it permits the potential to be closer to the community of stakeholders and therefore in a better position to have relations and enable the voice for local stakeholder communities in the way the agency is managed, therefore good communication chains are imperative and participatory developed. Fourthly, the agency must have acquired funding for establishment and a plan for its sustainability. This is crucial because as the agency coordinates local economic development and planning and assembles actors to achieve effective partnership. The agency which the study focusses on therefore should include local municipality, stakeholders to attain support and buy-in.

The fifth factor of success involves the agency having clear and distinctive roles between the district and also local municipality so that the agency can add value to the existing LED initiatives and meeting components of the Integrated Development Plan of the district municipality. This further, should assist in how each of the stakeholders perceives the agency, because when the agency is viewed as a duplication of the municipal LED units this reflects negatively on the work of the agency.

This section has been a generic discussion of what LEDAs in Kwazulu-Natal ought to look like, focussing on its function according to policy and responses attained from the primary data. This section ended with a discussion of the seven success factors for LEDAs and these factors are important, as they allow an understanding of the LEDA as a mechanism for economic development. This section was imperative for introducing the answers to the research questions of awareness, whereby social cohesion is a product of public private partnership because the agency is in itself a partnership and the relations that exist in a LEDA and how these can impact on the roles of the agency, as the principle of addressing market failure. The following section will give an overview of Umhlosiinga Development Agency's specific roles and major projects

within the context of Umkhanyakude District Municipality. The discussion will also look into how the agency contributes and relates to public private partnerships, the extent to which the business community is aware of the agency, the relationship that exists between the agency and business community and how the perspective of these business community has impinged on the working relations and goals of the agency.

4.3.1 The Role of Umhlosinga Development Agency and its projects

This section will analyse the role of the agency as a participatory mechanism, as a response to the first objective of the study. This will be done by exploring the projects that the agency hosts, with specific focus with those projects in sectors (agribusiness and tourism) of the agency which will allowed the researcher to examine the business community's perspectives. The focus is further on these two sectors within the agency because they are recognised as those with the highest economic development potential for the district. The following sections will explore the specific role the agency has within the two focal sectors and conclude with an overarching analysis the role of the agency as a mechanism for economic development.

The agency is owned by the district municipality and plays a supportive role for the municipality. As stated in an interview, the agency "...acts as an arm or extension of the district, so we are the back-office kind of organisation that supports the district" (Respondent 1, 27/08 /2015). This therefore points to the fact that the roles of the agency are defined by what the district municipality decides as the parent body. Consequently the role of Umhlosinga Development Agency was found to be a stimulation of economic development in Umkhanyakude district municipality, within which the agency deals with three main tasks, namely, the accessibility of land; environmental and developmental approval; and infrastructure development.

The district's Integrated Development Plan (Umkhanyakude District Municipality, 2014/2015) lists local economic development as a key performance area, see table 4.1 below. It is also clear that the functions of the development agency are called for in most of the district's key performance areas, namely: equitable economic empowerment, partnerships for economic growth. The role of the municipality is therefore job creation because both the agency and municipalities are to participate in LED forum of the district. The current activities within the

agency are aviation, industry, property development, agribusiness and tourism (Umhlosinga Development Agency, 2014/2015; Umhlosinga Development Agency, n.d).

It therefore is clear from the above discussion that various challenges exist in the agency meeting its roles, namely; land issues, time required for the projects and expenses required (Respondent 1, 27/08/2015), A discussion of land issues emerged outside land ownership, and the complexities that come with it. Secondly on environmental and developmental approval, there is a factor of time of realisation of projects because approvals alone can take two to three years depending on the size of the project. On the third task, the district is predominantly rural, hence it is more expensive. Whichever sector the agency is working on, these three main issues to deal with throughout (Respondent 1, 27/08/2015; Respondent 4, 28/09/2015).

Table 4.1: Key Performance Areas in Umkhanyakude District

GOAL	OBJECTIVE	STRATEGY	KPI	TARGET
3.1 Equitable economic empowerment	Provide and maintain economic and social infrastructure to ensure economic growth and development	Development of a Local Economic Development Strategy	Council adopted strategy	LED Strategy developed and adopted by the Council by 30 June 2015
		Commencement of construction for the airport	Submission of a quarterly report to the ExCo for approval	4 reports submitted by 30 June 2015
		Approved Hydro-electric Scheme designs	Submission of a quarterly report to the ExCo for approval	4 reports submitted by 30 June 2015
	To implement the Schools Nutrition Programme in the District	Facilitation of Schools Nutrition Programme in the District by UMDA	Number of reports submitted to ExCo	4 reports submitted by 30 June 2015
3.2 Job creation	Create an enabling environment to attract investment that generates economic growth and job creation	Job creation through LED projects	Number of jobs created	500 Jobs created by June 2015
		Job creation through EPWP projects	Number of jobs created	500 Jobs created by June 2015
		Job creation through CWP projects	Number of jobs created	150 Jobs created by June 2015
		Job creation through Capital projects	Number of jobs created	1500 Jobs created by June 2015
3.3 Development of economic sectors	To ensure economic, community and skills development within the District to ensure inclusive growth and development	Unlock all economic sectors within the District with potential for development	Number of projects implemented per municipality	10 projects implemented (tourism and agriculture per municipality) by 30 June 2015
3.4 Partnerships for Economic growth	To ensure effective Local Economic Development by uMhlosinga Development Agency	Regular reporting to the PED Portfolio Committee	Quarterly reports submitted to the PED Portfolio Committee for consideration	4 reports submitted by 30 June 2015
3.5 Effective LED Forum	To ensure effective stakeholder participation through LED Forum engagements	Submission of quarterly reports to the Municipal Managers' Forum	Number of reports submitted to the Municipal Managers' Forum for consideration	4 reports submitted by 30 June 2015

Source: Umkhanyakude District Municipality 2014/2015a, p121.

4.3.1.1 Agribusiness and Tourism Sector

This section presents data about the sector of agri-business, specifying the tasks that currently exist in this sector, followed by an exploration of the activities currently under the tourism sector.

Agri-business development has the potential to be a pillar of job creation and entrepreneur development in the district, in both the short and medium term. There is currently a focus on the school's nutrition which procures vegetables for the schools nutrition programme for the department of education. The agency has already acquired large portions of land to push this programme forward (Respondent 1, 27/08/2015; Umhlosanga Development Agency, 2013/2014). The program itself, is referred to as not a project but rather an initiative, it entails the agency actively unlocking "...markets for the farmers" (Respondent 4, 28/09/2015). This initiative is an imperative aspect of the founding principles of development agencies as this program enables the agency to address economic failures and exploit market opportunities.

The district has high potential for a thriving farming industry. The farmers are sourced from databases such as the KwaZulu-Natal Department of Agriculture, and other departments, and the Umhlosanga LEDA has further formulated a more comprehensive database from relevant bodies in order to help fully realise the potential of agribusiness in the district. When considering that there are close to 300 farmer's cooperatives in the province, this can have positive economic outcomes due to the potential that exists. However there exists a real challenge of scarcity of a market for the farmers' produce, where the farmers' produce often rot or they are forced to sell at no profit prices, thereby not making business sense for the farmers. For purposes of this study we shall focus on the famers supported by Mjindi Farming. Mjindi Farming is a provincial government entity, separate from UMDA and is a public entity of the department of Agriculture and Environmental Affairs. The entity's main role is to assist over 1000 farmers with training and irrigation located in Jozini Municipality (Mjindi Farming Makhathini, 2013). There are other projects that at beginning phases within the big five municipality but this is the main project under the agribusiness sector for the agency that is active (Respondent 1, 27/08/2015; Respondent 4, 28/09/2015). Due to a service level agreement between the agency and UMDA, where agency is to supply vegetables for the schools in the district; a MoU was signed with

Mjindi Farming to be a ‘packhouse’ where supplies would be stored and picked up by the agency (Respondent 2, 27/08/2015; Umhlosininga Development Agency, 2014/2015).

Mjindi farming was the best entity that the agency could work with as the agency had the school’s nutrition project as a “priority and pilot project” (Respondent 1, 27/08/2015) because farmers under the Mjindi database have good irrigation, farming equipment, and they have experienced farmers; thereby this entity had reliable infrastructure which would have good bearing on how the agency meets goals. Even though this project is good and links with the broader mandates of the development agency; it is not a catalytic project and its catalytic potential is still to be recognised (Annual Report, 2013/2014; Respondent 4, 28/09/2015; Respondent 1, 27/08/2015). The agency’s role is to help find and create jobs, and to do this an industrial approach is best.

Currently the sector is in communication with a milling company in Empangeni, in UThungulu District municipality, which has closed down. This company has potential to be a distribution centre for mealies received from the Free State and the agency in planning phases of getting access to the company. The function of the agency would be to produce maize using the Empangeni milling brand. The responded stipulated “..we are now directly entering a real and separate industry. And are addressing the community’s needs directly” (Respondent 1, 27/08/2015).

In summary this section provided the district’s context of agriculture, and that of the sector of agribusiness within the agency. This was followed a discussion of the phase at which the projects under this sector are and concluding with a discussion of the most active project or initiative within the agency. However it is clear that the projects under this sector are early conceptual phases still to be realised but the relationship build with Mjindi Farming is but a start.

4.3.1.2 Tourism Industry

The section will look into broadly what activities occur within the tourism sector of the district, tourism is also very important for the economy of the district because it an identified second biggest economic driver (KZN PSEDS Profiling District Economic Drivers, 2012). The

development agency has identified six tourism development nodes focusing on infrastructure development, tackling environmental and planning issues and also dealing with land issues (Umhlosina Development Agency, 2013/2014, Respondent 5, 8/10/2015).

The Industrial Development Corporation could not transfer the grant of R5 000 000 as proposed due to the tax matters which are yet not resolved with South Africa Revenue Service (Umhlosina Development Agency, 2014/2015). This is a matter which cripples the work of development agencies in that it eats away the very limited budget given to LEDAs (National DPLG & IDC, 2008). Projects such as the King Zwelithini Royal Resort have been affected as they were waiting for injection from the Industrial Development for a pre-feasibility study.

The projects under tourism sector are at planning phases and none have been implemented, except for the launch of the R22, which acts as banner for projects held by the district. There are tourism activities which the agency forms part of, including the Hlabisa Node, Cecile Marks regeneration node, development of a hotel school, arts and culture node (Respondent 5, 8/10/2015). However for purposes of this study very little emphasis will be placed on this sector.

The development agency has had a success story with running a business support sector, which was funded by MTN as corporate social responsibility fund; located at KwaHlabisa, it had started off with 100 SMMEs but upon completion was left with 20 entrepreneurs some who are doing very well to date.

Although the agribusiness initiative with Mjindi farming has long-term catalytic and large projects is faced with challenges of lack or below minimal funds for its projects and as a result has been taking on other unplanned projects which have an income generating potential. Projects such as the women's market, the renewal of Mkuze Town, are examples of these but there is an overall process followed before taking on a project (Umhlosina Development Agency, 2013/2014; Respondent 4, 28/09/2015).

This section has provided the backbone for the LEDA as a mechanism for development, highlighting precisely what the agency is about and how it is addressing its given mandate. The roles and projects of the agency are by its very nature participatory or at least have a participatory potential, as many are not in implementation yet. It is the agribusiness which has a partnership with not only government department of the district but also local business people in

farming and local entity Mjindi farming and the traditional authority. It is this kind of product which has potential for larger goals in building the economy of the localities. In order for this partnership to be effective it is important that there are solid communication chains between them. This is important because diverse organisations tend to lack a shared social reality with members and communication can assist the partner to understand each other better (Akintoye, 2003; Ruuska & Teigland, 2009).

This section has provided the backbone for LEDAs as a mechanism for development in the country and province at large explaining the structure and function of a LEDA in the context of this study. It ended with an overview of Umhlosanga Development Agency, highlighting precisely what the agency is about and how it is addressing its given mandate. This was important for linking principles of LEDAs from chapter two to how LEDAs are structured in practice today in the study area. A brief discussion was done of the expected performance areas of UMDA elaboration on two of the most relevant industries or sectors within the agency. The next sections will address the objectives of this study and attempt to answer the research questions

4.4 Extent of Awareness of the role of the developmental agency

The previous sections of this chapter drew on policy and interview responses, as data, in defining the agency and its developmental role. This section serves to address the first objective of the study, which asks the extent to which the stakeholder community of the agency is aware of the socio-economic developmental role. This will be done by connecting the theory and primary data findings in a discussion of the extent of awareness of the local municipality, the local farmers and Mjindi Farming; and how this awareness impacts the role of the agency.

Social cohesion is one of the underlying principles to a successful LEDA, because social cohesion is a way in which the gap between first and second economy can be addressed (KZN-COGTA&SALGA, n.d). Social cohesion is something that can only occur if awareness exists. Data suggests that awareness of the business or stakeholder community of the development agency is dependent on whether the business community is within the ambit of the functions of the agency. Therefore some of the community of stakeholders may not be aware of the agency at

all because besides that it exists, because no projects exist in their territories however the agency does view itself as a “back office” of the district municipality (Respondent 4; 28/09/2015).

“The agency is an arm or extension of District Municipality, so we the back-office kind of organization that supports the District Municipality, so people who know more about the agency would be the district, and to a certain extent local municipality, and to some extent communities that we have crossed paths with work closely with, for instance we are dealing with people that farm at Jozini, so those people would know more about the agency but if you were to go to someone o Cape Verde, because we have not been working in that area, they may not be aware of the agency.” (Respondent 1, 27/08/2015).

Therefore it is only the district, the local municipality where projects have been held, such as the Hlabisa community under which there was a business support Centre, and more recently the Jozini business community (Respondent 1, 27/08/2015; Respondent 2, 27/08/2015). Awareness of the agency as a result of this limitation of project and territory, this study will focus on Mjindi farming. However, another part of awareness which is not of importance to this study but imperative for functionality of the agency in attracting investment, is marketing for further investment, and even here very little is done (Respondent 3, 21/10/2015). This part of awareness can be pioneered by establishing a chamber of commerce (IDP, 2013/2014; Respondent 3, 21/10/2015).

Mjindi farming is of the view that agency needs to do more to be visible for two main reasons, firstly to improve the relationship created by the partnership of the agency with Mjindi. Secondly there are more opportunities that could be unlocked if more people with an interest and potential for economic development knew about the work of the agency (Respondent Ten, 3/09/2015; Respondent Eight, 2/09/2015). Mjindi farming is aware of the socio-economic developmental role that the agency has for the district, however like many people they lack the understanding of the distinction between LED and community development. Although LED can lead to community development the two fields are quite distinct and this view of the agency is the reason why some respondents were negative about the agency.

The business community of the agency is only aware of the socio-economic developmental role, only to the extent to which the activities of the agency exist in that community’s proximity.

Further the general misconceptions of LED and LEDAs further shadow the awareness of the business community. This is especially true for private stakeholders and entities who view the agency as having a community development role (Respondent 9, 02/09/2015; Respondent 10. 03/09/2015), as opposed to the actual role of the agency which is socio-economic development (Umhlosinga Development Agency, 2013/2014). The expectations of these particular groups from the community have expectations that the agency should uplift the general community directly. This thereby brings an understanding as to why a level of distrust exists, this distrusts stems from the fact that the community of stakeholders have a misconceptions of the role of the agency, therefore when the agency delivers on their role, they are unable to see the impact of that because that have an expectation which stems from the perception and when the agency does not deliver on what it is perceived to deliver an increased level of distrust exists.

The awareness on the other hand of the local municipality is subjectively high because in areas where the agency has projects, such as Jozini Local Municipality, there seems to be a comprehensive understanding of the role of the agency. This roles is discussed in Chapter Two and include, fundraising for specific projects and implementation of capital projects and implement LED where the local municipality lacks capacity to comprehensively implement their plans (Lawrence, 2013; McKibbin, Binns & Nel, 2012). Respondent Seven defined the role of the agency as "...it should support the municipality for implementing capital projects, business plans for the capital projects and they have the role to sought funding, and they account to the district for these roles which are done in order to institute economic development the district of Umkhanyakude" (01/09/2015).

The extent to which community of stakeholders is aware of, firstly, the agency, is dependent on whether projects exists within their proximity. Further the extent to which the community of stakeholders is aware of the socio-economic development role and the community of stakeholders are aware of this role and their awareness is limited by the above-mentioned of project location. Awareness proves to be an integral part of how the business community or community of stakeholders perceive the role of Umhlosinga as a development mechanism for the district of Umkhanyakude. The next section will answer to the second objective of the study, to understand the communication chains between the agency, the district's LED unit and the community of stakeholders that exist.

4.5 The Communication Chains

Chapter Two mentions that communication is characterised by different lines, namely mechanistic, psychological, interactional and pragmatic lines (Akintoye, 2003; Respondent 4, 28/09/2015; Respondent 2, 27/08/2015). This section will be looking at communication chains in place between the agency, the district municipality, local municipalities and the business community of the agency at a broader scale. This will be done by separating this section into two main subsections, discussing the communication chain between Umhlosinga and its parent municipality, followed by a discussion of the communication chain between the Umhlosinga, the local municipality and business community.

One of the major risks to economic development is intergovernmental systems with other spheres of government are poor. This is real risk because it can lead to delays in implementation of projects, duplication of and fruitlessness and wasteful expenditure. This risk appears as a result of the lack of consultation and communication between, the provincial and district government (Umhlosinga Development Agency, 2014/2015, p.133). Communication therefore is an integral part for stakeholder relations, the overall PPP and therefore LED. However many factors come into play in communication, more so human communication, which is what the interactions entail for the agency.

4.5.1 Communication between the agency and the district's municipality

The following will discuss the structure through which communication takes place and below is a diagram 4.3 which summarises the lines of reporting. The district municipality is the parent body of the agency, and therefore they provide a mandate for the agency.

Currently because once again there is lack of a regulation specific to development agency, the agency is municipality entity; it is the Municipal Act which specifies the communication channels between the agency and the district municipality (Respondent 1, 27/08/2015). The relationship between the district and the agency is one of mutual benefit, as already said above (National DPLG & IDC, 2008). It is a relationship where the district is the shareholder and the

reporting structure is in place as per regulation of municipal entity. The chairperson of the board liaises and interacts directly with the mayor of the district municipality. The agency manager liaises and interacts with the municipal manager of the district municipality. The chairperson and agency manager are representatives of the DDA at the Mayors' Forum and Municipal relationships between the agency and the district municipality and allows for enhanced involvement with local municipalities in existing intergovernmental structures (National DPLG & IDC, 2008). Managers' Forum meetings respectively. These channels of communication allow for close working reporting lines between the agency and the council can be inefficient is one of the major challenges on LEDAs in the country (KZN-COGTA&SALGA, n.d).

However challenges exist here, especially in terms of political processes where points of contact have to change at elections, this presents a challenge because of the human, interactional and mechanistic and a mutual, unspoken psychological understanding is created. The lines and methods of communication develop but whenever new leadership at district level emanates, the agency and its personnel are then forced to start over and create new lines, which often will not be the same as before (Respondent 1, 27/08/2015; Respondent 4, 28/09/2015).

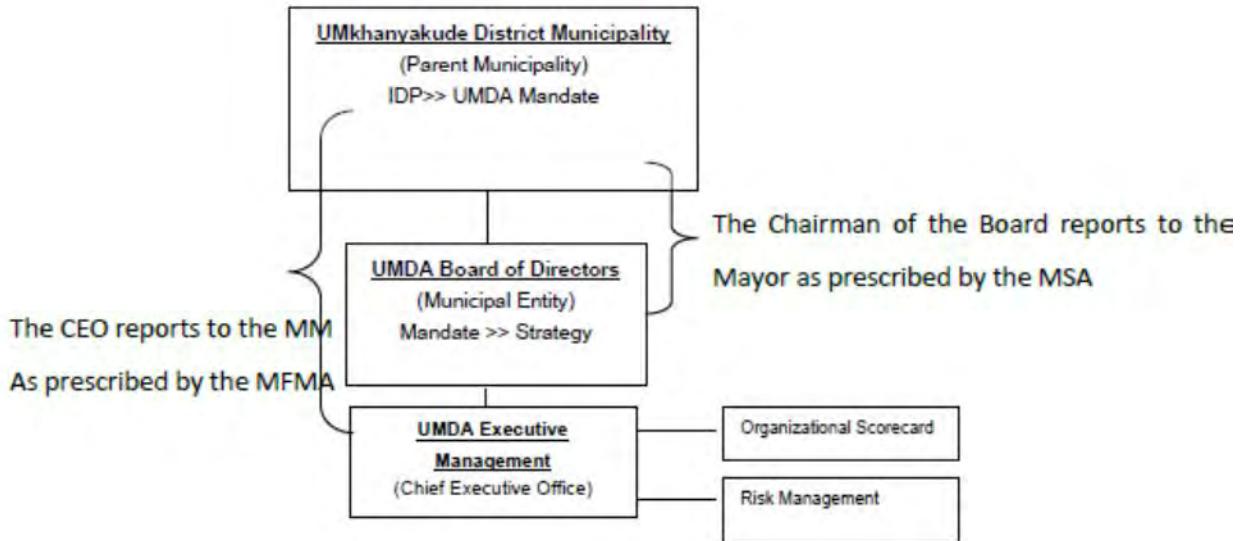


Figure 4.3: Umhlosinga Development Agency Channels of reporting

Source: Umhlosinga Development Agency (2013/2014)

The CEO of the agency does however not respond directly to the district but he reports to them through the board where the municipal manager is at, and the municipal manager then reports to the district municipality. The political change of leadership has created challenges for the agency, and although those who were in power had an understanding of the role of agency and the communication lines were clear. After the election the agency was faced with individuals who did not understand the work of the agency neither how they should be communicating with the agency (Respondent 4, 28/09/2015). As Respondent 1 (27/8/2015) stated,

“Not too long ago, they then down-graded to communicate with the junior manager that created bigger problems because when asked, he’d say “I don’t know what these guys are doing”. But now we have fixed and communication is now direct with the MM and Mayor. I think it is better, it is just that the mayor is leaving next year so, but that’s how politics is, so we need to develop a working relationship with the new mayor.”

The interactions with the district and the agency are mainly on matters of economic development, performance reporting and IDP (integrated development planning). For public

matters, the agency is only invited when the municipality is presenting IDP and budget to community members and they ought to partake in IDP presentation at LED forum meetings (Respondent 3, 21/10/2015). The platform which is meant to be the most effective tool of communication is the district LED forum, where the LED practitioners and role players have the opportunity to educate each other on what they are doing. However it is also a platform which is at a very broad scale and as a result the practitioners may find themselves detached from the work of other stakeholders, thereby defeating the main purpose of the agency and being ineffective (Respondent Five, 8/10/2015).

Therefore as much as sound policy and regulations are in place to guide communication between the agency and the district municipality there are many factors that negatively impinge on the communication chain. This includes the influence of politics. Further, the district municipality itself does not allow this interaction and communication to occur as it should according to legislation. Instead the agency interacts mainly with the head of department of planning and economic development which can hinder affective communication through prescribed channels.

4.5.3 Communication between the agency, the local municipality and community of stakeholders

This section will discuss the communication chains that exist between agency, the local municipality and community of stakeholders. It will further discuss the cause of the existing chains and conclude with an understanding statement of what these chains are.

The communication chain between the agencies is very weak and no regulation exists to govern it. Currently the projects of the agency have not yet materialised and the agreement between these two is not a formal one either, even when the agency attempts to get community buy-in through the local municipality. The only fully visible communication that takes place is when the municipality invites the agency to their local municipal, LED forum. Once again this platform is not used to its optimal level as at district level. Further because the agency is owned by the district attendance to a such platform does not present itself as binding and we find that the agency will sometimes attend and not present anything or give input to the forum (Respondent 7,

1/09/2015; Respondent 6, 28/08/2015). This presents a great challenge for this already precarious relationship that needs building and refining.

However it is important to note that as much as the communication between these bodies needs work, both parties agree that there have been improvements and the communication channels are getting better and they are defining them as they continue to work on the development of the locality (Respondent 7, 1/09/2015; Respondent 5, 8/10/2015; Respondent 6, 28/08/2015). This improvement in communication channels can be attributed to new methods established by the agency, like the beginning of tourism forums in the district, which requires all local municipalities to participate. Further although the aviation project has been around since 2009, it is only now that Jozini local municipality has direct communications with the agency, this factor can be attributed to the new management within the agency (Respondent 7, 1/09/2015).

The communication chains with Mjindi farming as a PPP, are more comprehensive because there is an ongoing interaction with them, and this is a pilot and priority project for the agency. Meetings between the two bodies occur at least once every two weeks, in order to evaluate how the project is going, how it can be improved, and further what are the plans for the coming week or two. Therefore this communication is highly structured and practical because sometimes the products or quantity of the produce will change. The mechanistic approach to communication is recommended, as suitable for PPPs because it is simplistic in nature and emphasises the physical components of communication (Tubbs & Moss, 2000; Respondent 11, 3/09/2018). There are however no communication chains that exist between the agency and the farmers because Mjindi is the connector of the two and this may very well be one of the causes for tensions between the sceptical farmers and the agency. There is therefore a need for effective implementation of the performance management system (UMDA Annual Report, 2014/2015a).

In conclusion, the communication chains between the agency and the local municipalities are weak and unstructured. However, the agency does acknowledge that there needs to be clearer communication with its stakeholders in order to maximise support that is required for implementing project (UMDA Annual Report, 2014/2015a). The agency further acknowledges that currently there is poor communication and the causes can be attributed to the ineffective implementation of performance management system. The next section will be discussing the

extent to which the community is aware of the agency and its socio-economic developmental roles in Umkhanyakude.

4.6 Relationships between its community of stakeholders and Umhlosininga Development

Agency

This section will explore the relationship that exists between the agency and its business community. There is a relationship that exists between the agency and the LED unit of both the district and local municipality, but in this section the focus is on the local municipality. This section will discuss the relationship between its community of stakeholders and Umhlosininga Development Agency. The section will discuss the relationship between the agency and the community of stakeholders, including Amakhosi and Mjindi Farming. As discussed in Chapter One that the business community in this study refers to those with whom the agency does business with and the business community it impacts within the district.

The projects which are set to be within this municipality's territory have not reached implementation phases. However Respondent 6 (28/09/2015) says it would be of great benefit if the local municipality and the agency should join forces as much more objectives can be met in that way. However the LED unit of this municipality appears to not be having an open mind to how they could collaborate with the agency. There appears this great expectation that the agency ought to reach out to them, and not the other way around (Respondent 6, 28/09/2015; Respondent 1, 27/08/2015).

The data from both secondary and primary suggest that the business perspectives of the agency from its community of stakeholders that there is a limited relationship because of the maturity level of the existing projects and some had no physical reason to build relationship. This limitation in relationships if found or even exists because a tension in the relationship between the agency and it's the community of stakeholder and such tensions involve the isolation of the agency from its community of stakeholders. There also exists a sense that the agency is taking the jobs of the LED units, further contributes to tensions in the relationship between community of stakeholders and the agency. The perspectives of the agency are also that the agency has no

impact, especially in territories where no projects are being implemented. The last perspective of the relationship that will be explored in this section is a rather conflicting one in that the community of stakeholders are to an extent ignorant and lack understanding of the Umhlosi Development Agency.

Despite Umkhanyakude having 5 local municipalities, not all of the local municipalities have a tangible relationship, this goes to such an extent that actually respondents say they are content with the lack of interaction that exists because there are no projects that require them to work together (Respondent 6, 28/09/2015). The relationships that exist for the agency, they include relations with local municipality, Amakhosi and local entities like Mjindi. These three relationships of these community of stakeholders members will be discussed. The law exists to guide the agency and all relevant stakeholders, however in practice there may exist conditions which could not or were not foreseen. When approaching the perspective parent body about the relationship between the agency and the local municipality. The findings suggest that there is no need for friction because their relationship is fairly simple, and the agency is visible in all the local municipalities of the district. This is due to the agency's strategic meetings where the local municipality's Integrated Development Plan is used to implement and assist the local municipality where ever the agency can (Respondent 3, 21/10/2015).

Currently the relationship between the agency and the local municipalities is a very complex one, because the local municipalities are at times of the view that the agency is taking their jobs from them and has no impact. The agency is seen to work in isolation and only contacts the local municipality when there a need exists. The agency is aware of this relationship breakdown and attributes it to lack of knowledge, Respondent Four (28/09/2015) explains:

“I don't think anyone understands a DA, maybe we don't understand ourselves as well but I doubt. I do think we cool now. We understand. People and LMs still have a certain ignorance that is unnecessary to, so there is a challenge of lack of synergy. We don't know what are they doing and why I'm doing what I'm doing, why am I not doing this instead of that.”

On the contrary, though, in local municipalities where the agency was actively implementing projects there was a clearer reflection of what the relationship is, saying that they are gradually working together but have never had contact with the officials, the CEO to be specific. However even with this respondent, there appeared to be some tensions, judging from the response:

“The agency works in isolation, and if it was not for the projects in our municipality, we would not know them. You see there was no introduction by the district municipality or the agency and they do things in isolation.” The agency also agrees that no introduction was done in since 2008, to the local municipality, but rather compete with the agency (Respondent 7, 1/09/2015). The relationship between the agency and the local municipality is very important if the agency is to get community buy-in and land because the local municipality knows its community better than any other body outside it. One of the main challenges that the LEDAs faces is that the relationship if not based on sound business principles can be insufficient (KZN-COGTA&SALGA, n.d).

In exploration of the relationship, it can be concluded that tensions do exist and the agency and its community of stakeholders lack understanding of what the role of the agency is and how their roles can mutually benefit each other. The next section will explore the relationship that is centred on attaining land and the relationship with Amakhosi as owners of this land.

4.6.1 Relationship of the Agency with Amakhosi

This section will look at the relationships that exist between Amakhosi and the development agency. Currently the relationship is at its foundational level as are the projects of UMDA. The agency communicates with the Amakhosi mostly for buy in of the general community and in order to get access to land for projects. This section will therefore begin with a brief discussion of land ownership in the district.

The majority of the land in the district is owned by the Ingonyama Trust. The relationship that should exist between Amakhosi, as one of the community of stakeholders, is the ability of the agency to attain land from the trust. Therefore, in order to attain land, the agency must consult the chief of that area, and this affects development and although this is not a development element that is escapable because even if the land was privately owned the same and in fact more expensive demands would exist. However if the majority of the land was of the state, “...because still, we'd have to buy the land and its more expensive then but its quicker cause you can negotiate a deal now and sign. But Ingonyama route is cheaper and more people reap benefits from it, it's just the challenge to convince the chief that this will benefit him and his people

because often he gives out land for residential purposes..." (Respondent 4, 28/09/2015). However a bigger challenge does exist in attaining land from Amakhosi because that land has often been allocated for residential purposes, there are cases where people come to claim the land saying that it was previously land belonging to their family and has their graveyards. Therefore, because it is a communal land tenure system people feel a sense of entitlement to it. The issue of land is therefore not at a legal level but social level and this causes the agency to be weary of attaining land from Amakhosi but this cannot be easily avoided because they own majority of the land (Respondent 6, 28/09/2015; Respondent 1, 27/08/2015).

The tensions in the relationship are perceived as unnecessary, and can be attributed to ignorance and just mere lack of understanding the greater function of the agency. Sometimes, "people will rather do their way first, hence say I'm doing my own thing, etc. Meanwhile I few were to take what the others are doing, keep tellers of it" (Respondent 4, 28/09/2015).

As already articulated, the relations with the community of Umkhanyakude district municipality is very limited due to the maturity levels of the projects, as the projects are yet to be realised. It is only the agribusiness which has relations with bodies either than government departments. Therefore this study focuses of this section on local municipalities and Mjindi Farming as the business community.

The relationship with Amakhosi is at its very early stages but it is not a bad one, as there are minimal tensions that can exist because Amakhosi are often open to development of their area and the only challenge comes with practicality and of land attainment because it is communal land. The following subsection will discuss the relationship between Mjindi Farming and the agency.

4.6.2 Mjindi Relations

Mjindi Farming, as discussed earlier in this chapter, is an entity that assist farmers with training and irrigation, it is located within the Jozini Local Municipality. This opens the agency to the business community, in the form of the farmers who sell their produce, the Memorandum of Agreement enables the agency to do business with these agri-businessmen and women. The

findings of this study reveal that there is a good relationship between the agency and Mjindi farming because it is a mutually beneficial relationship. However there is a learning curve because of some issues which have created tensions as mentioned in Chapter Two, when diverse organisations interact there will arise underlying differences in their behaviour, values and attitudes and a lack of shared social reality, as is the case with small scale farmers working with a large organisation like the agency which are structured entities.

This section will explore the relationship between Mjindi Farming, the entity, and its farmers. There is a very promising relationship that has been formed between the agency and Mjindi Farming community. This relationship is created by a memorandum of understanding, which states that Umhlosanga Development Agency will be a market for the farmers of Mjindi Farming, who will plant vegetables and sell it to the agency. This relationship is one that sees the farmers being the benefitters, because they are linked by their support system, Mjindi Farming to a much needed market (Respondent 9, 2/09/2015). The school's nutrition program has allowed the development of a relationship with not only the entity but the farmers as well, and it is this relationship that this section will discuss. This relationship has the potential of opening opportunities for agri-processing, and "things are going very well. Actually we have an over-supply of certain vegetables, and next year, even vegetables that didn't plant, will be coming to the dream because they know there is a market , so that's how we are interacting with the farmers in particular." (Respondent 1, 27/08/2015). This initiative started in January 2015 and Mjindi is merely the connector for the agency and farmers.

Further, this is a big learning curve for the farmers of Mjindi because many of them for the first time are selling at market prices and filing an invoice. It is this learning curve that also presents a challenge and tensions between the farmers and the agency where farmers are used to selling where the farmers would sell their produce at a particular price which rarely changes and, (Respondent 10, 2/09/2015):

"Number one is that when we introduced the idea to farmers, we facilitated the meetings between UMDA and farmers, so we were serving as mediators, and we don't take decisions for UMDA or farmers but we combine them so that we can help. So UMDA came and said they would buy at market price, determined by Johannesburg market, hence the farmers were not used to that system, where the market price changes, going up and down. Farmers are still not used to that. Because sometimes products will be lower or a little bit higher. The quantities, there are weekly requirements. But we have the cases of over-

supply where cabbage will not fit, so it's still a challenge that we cannot cater for one. We still have task of teaching farmers how it works."

Respondent 8 (2/09/2015), pointed out to the fact the farmers are quite weary of having a legitimate market; because they have suffered a number of challenges with corruption, therefore although this is a real opportunity for them they are very aggressive. In the past the market who would buy from the farmers and this market would cheat them of their profits, and other times there would be farmers who would pay bribes in order to be the sole supplier. Also at this level the farmers do not interact with the agency outside the time when truck collect their vegetables, therefore the farmers do not know the agency as such, the farmers also do not know what to expect. The case that currently exists is that the farmers are sometimes not paid on time as per agreement reached (Respondent 9, 2/09/2015), and the agency does assert that this is the procedure, paying upon delivery (Respondent 2, 27/08/2015). This has caused great tension between the farmers and the agency.

Overall the relationship with Mjindi seems to be going well and Mjindi farmers have the basic understanding of what the agency is and what it is created to do. Despite this positive relationship, there are some challenges with regard to the specific relationship with the farmers. In conclusion, the relationship between the agency and its business community and including the local municipality is a work in progress. A lot must still be done to demystify exactly how the relationship should work, so that the relationship can be stronger, there is trust because the challenges that may come will be easier to deal with. The perspective of the business community on the roles of the agency are that in order to successfully implement projects, it must work on its relationships a little more. Communication is further very important for effective PPP, the next section will look into this.

4.7 Public Private Partnerships with Umhlosininga Development Agency

Umhlosininga Development Agency like other LEDAs ought to be a partnership of the three spheres of government, the business community, statutory bodies and communities in managing the local economy. This section will attempt to critically examine the PPP between UMDA and the community of Umkhanyakude district. This will be done by firstly examining the definition

of a PPP in light of UMDA and why PPPs are relevant for development agencies. This is followed by a specific attempt to locate PPPs within the agency and how it could be present as it currently does not exist.

Public Private Partnerships are defined in South African law as where a contract exists between a private party and the government (ILS, 2010). This agency was established by the district in order to take on responsibilities that the municipality's LED unit could not do. This can be attributed to the fact that the municipality's role is focussed on water and sanitation (Respondent 1, 27/08/2015; table 4.1). The agency was created therefore to add value to what the municipality was doing, because often they are understaffed and try to do everything, and often this leads to not meeting goals (Respondent 2, 27/08/2015; National DPLG & IDC, 11/05/2008).

In Chapter Two the discussion of PPPs for LEDAs explained partnerships as stakeholders working together in promoting LED, this is a very simplistic understanding of partnerships; despite partnerships being such a crucial aspect of LED (OECD, 2010). This may be because like LED the concepts have only recently begun to be looked at under a magnifying glass. Currently standing partners of UMDA are the parent body, and other government bodies, and departments like SALGA and CoGTA (Respondent Two, 27/08/2015; Respondent 1, 27/08/2015).

The agency's annual report (Umhlosinga Development Agency, 2013/2014) also states the creation of partnerships as one of the main objectives in encouraging investments into the district; thereby highlighting the importance of PPPs in Umkhanyakude district. Respondent 4 believed that the agency 'packages its projects for partnerships' (28/09/2015) however the stages of the projects are not in a phase wherein the partnerships are realised, on that conversations exist between relevant stakeholders. Therefore PPPs in the agency are a concept and the exploration PPP between UMDA and the community cannot be a thorough one, because even the Mjindi interactions are merely that of a MoU.

Currently LEDAs are registered as a municipal entity, initiated to implement that which is necessary for that municipality (Lawrence, 2013; Respondent 1, 27/08/2015). This definition is rather broad, and although it creates an opportunity for the agency to be innovative in its implementation, it also creates a barrier in that often other potential partners and role players

may not understand the role of the agency, thereby creating a greater negative position than that which already exists because of its ‘operator’ kind of agency (Crowe, 2007). The quote below explains just this in the issue with the distinction of function, and that a model has been created by UMDA to attempt addressing this, however this model focusses on function only and does not explore the actual relationship and how it should be.

“Not having a model or act that is specific for DDAs is a challenge in number of ways. One area where it’s a challenge is the LED unit, that is how do you separate the functions of DDA from LED unit? Last year we had a workshop, where we looked at that and we came up with a model fortunately the consultant that is appointed to assist other districts in setting up DDAs. They liked our concepts, cause what we said there is so much to do and nobody can do everything, so DDAs we need to give them just few projects, which may, highly likely will take longer to do but that should be their function so that the smaller projects could be done at the LED unit from LMs and district levels and could also have some socioeconomic projects, so let them do that but even though on paper there is that distinction, in practice it is a challenge to maintain it,..” (Respondent 1, 27/08/2015).

None the less the majority of the respondents agree that there is a need for a specific model or law for the LEDA, and it would be best for all stakeholders involved in the agency, especially the politically oriented ones like councillors (Respondent 1, 27/08/2015; Respondent 4, 28/09/2015; Respondent 3, 21/10/2015).

The legislative guides of LEDAs as a municipal entity state that the agency is a partnership, should facilitate partnerships for its parent municipality but cannot form their own (Municipal Entity Act). This piece of legislation is rather mystifying, in light of the constant emphasis on development agencies being correctly positioned to create partnerships, but then again this may very well be language issue and may not affect the agency much. This seems to be a common thing of bureaucracy, present in municipalities, a rather political body and it very well be moving into the this culture by the agency. This therefore brings a conclusion that perhaps a LEDA is not as free from characteristics of local government of bureaucracy; however they are less present than at municipalities none the less.

Furthermore there appear some challenges when dealing with government departments and political leaders in the public private partnership. In the mid-term report of Umhlosiinga Development Agency for example a government department had resolved to give a fund of the value of R30 000 000 for the airport and the fruit farm development project. However after the national and provincial elections, once queried, the department said after making that decision

their budgets had to be reviewed and reprioritised and the projects of the agency were at the bottom of the list (Umhlosinga Development Agency, 2014/2015). Currently the partners of the agency of the five local municipality are the Jozini Local Municipality LED unit, because as already mentioned in the above section this is where many of the projects are occurring and have been occurring, such as the hydro-dam, airport (Respondent 1, 27/08/2015; Respondent 4, 28/09/2015, Respondent 2, 27/08/2015, Umhlosinga Development Agency, 2013/2014). This section has looked at Umhlosinga and its PPPs, and according to the data collected there is little PPP with the agency, and the reasons behind that are that few projects have reached a stage where a partnership can be formed. Further the PPP that currently exists is in itself problematic and truly challenging the work of the agency. However there exists another PPP with the department of education, Mjindi Farming and the agency, this partnership can be explained as that similar to procurement or service delivery with the department of education, and one of facilitation versus providing a market between Mjindi and the agency. The table below 4.2 outlines these partners.

Table 4.2: Relationships and Partnerships of Umhlosinga Development Agency.

Stakeholder	Type of Agreement	Name of Agreement	Purpose	Duration
UMkhanyakude District Municipality	Service Level Agreement	SLA	A mandate to the UMDA	Indefinite
UMkhanyakude District's Family of Municipalities	No formal agreement	Communication on projects	Community by-in	Continuous
Mjindi Farming	Memorandum of Understanding	Mjindi Master Plan	UMDA – Market and Agri-processing and Mjindi – Technical Support	Indefinite
IDC	Grant Agreement	Sicabazini Primary Agricultural Coop	Technical Support	1 year
ILO and National Treasury	Service Level Agreement and Grant Agreement	Social Enterprise Development	Technical support	3 years
Dept. Education	Service Level Agreement	National Schools Nutrition Programme	Food scheme to UKDM school	3 years
MTN Foundation	Service Level Agreement	Business Support Centre	To support small businesses	1 year

Source: Umhlosinga Development Agency 2013/2014.

This section has been a critical examination of the PPP between UMDA and the business community of Umkhanyakude District Municipality. This was done by explaining PPPs in general, and why they are important for LED and development agencies, and later an examination of PPPs in UMDA was conducted. The data suggests that currently there are no formalised PPPs which the agency has created and the findings further suggest that there is no PPP yet because of the phases at which the projects of the agency are at, and the phases are very

early and it may be impossible to have actual PPPs. However there is also data that suggests that perhaps the reason why partnership currently does not exist is because there are no guidelines for agencies and how they should relate to other entities, both private and state.

4.8 Conclusion

This chapter has presented a discussion of Local Economic Development Agencies; it focussed on the results attained from Umhlosinga Development Agency in order to answer the research questions essential by this study. LED is a multi-stakeholder approach and the relationships between these stakeholders are very important for successful LED initiatives and this study examines the relationships that exist in Umkhanyakude district municipality through the agency (Rogerson, 2010). The study is an examination of business perspectives on the role of Umhlosinga Development Agency as an economic development agency. It is followed by a discussion of the communication chain between the district's LED unit and the community of Umkhanyakude district, in order to explorations of the relationship between the UMDA and the community of Umkhanyakude. The chapter concluded with an explanation of the public private partnership between the community and UMDA for achieving LED in Umkhanyakude District.

The first section presents a discussion on how the agency in line with LED requirements for LED mechanisms in the country and the province. In meeting the first objective the results show that the business community's awareness of the role of the agency only to a certain extent depending on whether the agency has activities in the particular area or proximity of the area.

The objective focusses on understanding the communication chain between the agency, the district municipality's LED unit and the community of Umkhanyakude. This objective was met through the discussion within section 4.5 which addresses communication between these stakeholders and role players. The data suggests that the communication chains need to be strengthened for effective implementation of plans, more especially the chains between the agency and the local municipality. In fact should this relationship be strengthened the awareness of the business community and local municipality can be increased so that these entities know what to expect from the agency; thereby reducing frictions within the partners of development in the district.

The third objective of the study is to explore the relationship between the agency and the community of Umkhanyakude, this relationship is in early developmental phases. The only standing relationship of the agency to its business community is currently with Mjindi farming. Even though this relationship is at early stage, there is potential not only for a long-term relationship but a profitable one for Mjindi farming, the agency and the district at large.

Section 4.7 discussed the public private partnership (with local government and other local entities), in order to meet the last and fourth objective of this study, the findings suggest that the partnership with the district municipality needs attention and is currently getting the needed attention and it has some challenges. The PPP between the business community and the agency is in a better state than that of the agency and the local municipalities. There appears to be lack of synergy between the agency and the local government. With the mandate that should be carried out by the agency and this result in tensions between the agency and local municipality. The partnership with the business community is very young but has great potential to foster better relations. The development agency's projects are yet to be realised and at this stage the PPP between the communities can be explained as one which is being developed. The realisation of the projects will come with better public private partnerships.

The next chapter will conclude this study and make recommendations which emerge through the overall findings discussed in this chapter.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This study was conducted with the aim of examining the business perspectives on the role of Umhlosanga Development Agency as a mechanism for economic development. This final chapter of the study will conclude the study by integrating the discussion to establish whether the research objectives have been met. The chapter further provides recommendations for future research, and recommendations based on the objectives of the study. The chapter will begin by giving a summary of the study.

5.2 Summary

This section is a recap of the entire study, from the introductory sections, the research aims, to the findings of the study. The first chapter served as an introduction, presenting a background to topic of local economic development agencies as mechanisms for economic development in localities. The study focussed on the LEDAs as a partnership, and a partnership creating entity on behalf of its parent body. To do this and provide a context for the study the researcher used Umhlosanga Development Agency (UMDA) as a case study, this agency has had concerns with regard its community of stakeholders misunderstanding the role of UMDA.

The literature review was presented in chapter two, within which the researcher discussed local economic development, the practice of actors and brief theories for the South African context. This discussion opened way for the exploration of Local Economic Development Agencies. The first sections regarding the agencies suggest that agencies as partnerships and partnership facilitators, encounter a number of challenges which result in them being characterised by unfulfilled potential and expectation. The chapter went on to discuss best practice, drawing on international experiences of Local Economic Development Agencies, and enabled the researcher to compare some shared experiences in terms of how these international agencies relate to their

community of stakeholders. It was further concluded that in the South African context there is a limited amount of literature on Local Economic Development Agencies because they are a fairly new mechanism. It was further established that the community's knowledge of the role of an agency is very important for effective communication, and effective relationship and therefore partnerships. Chapter two further established that although the perspectives of the community of stakeholders are influenced by various aspects including human interaction; many factors contribute to how and whether or not an agency meets its goals. These factors were found to be politics, which change over time due to elections, and thereby end good relationships. The factors likewise included the maturity of the relationship between the agency and the specific community of stakeholders.

Chapter three presented the research methods, which are in line with the aims and objectives of the study. The methodology chapter defined the research design and data collection that the researcher used. This is a qualitative study and eleven semi-structured interviews were conducted. These included four interviews with personnel of Umhlosanga Development Agency, one from the district municipality, two interviews from the local municipalities of the district, and four business community of the agency. Moreover primary data was obtained from documents, including legislations, and site visits; thereafter the primary data was qualitatively analysed using thematic analysis and presented in chapter four.

The findings firstly suggest that the levels of awareness of what the agency is, are limited by firstly the spatial location of the community of stakeholders because it is only within the areas, such as Jozini where multiple projects are at implementation phase, that the community would even be aware that an agency exists for the development of the economy in the district. The business community's awareness of the agency is limited, in terms of what they (stakeholder community of the agency) perceive it to be and what their socio-economic developmental role. Secondly some of those whom could and should be community of stakeholders, especially local municipality LED units, the projects of the agency are not at a stage where this is possible any interaction to occur. It is as a result of this operational factor that some of the business community would not be aware of the agency itself and it is therefore even more difficult to be aware of what the socio-economic role is. However the findings suggest that where projects exist

there is a significant level of awareness of the agency and its roles in areas where projects are at a phase of pre-implementation and implementation.

The data suggests that the communication chains are relatively weak, more especially the chains between the agency and the local municipality. This challenge is not unique to Umhlosanga Development Agency alone but this is a challenge to even agencies outside the province of KwaZulu-Natal; where their roles and issues are related and sometimes very similar. Further the need better management systems are noted as contributory factors to this challenge of weak communication, however the agency and the district municipality ought to play the biggest role in decreasing these tensions by establishing better ways of communication.

Further the results suggest that the lack of synergy in what the role of the agency is a result of weak communication. However, this relationship is in early developmental phases. The only standing relationship of the agency to its business community is currently Mjindi farming and even though it is at early stage, there is potential for not only a long-term relationship but greater economic gains.

In order to meet the last and fourth objective of this study, the findings suggest that the partnership with the district municipality needs attention and is currently getting the needed attention although challenges exist. The PPP between the business community and the agency is in a better state than that of the agency and the local municipalities. There appears to be lack of synergy with the mandate that should be carried out by the agency and this result in tensions between the agency and local municipality. The partnership with the business community is fairly young but has great potential to foster better relations. The development agency's projects are yet to be realised the realisation of the projects will come with greater public private partnerships, and at this stage the PPP between the communities can be explained as one which under development.

5.2 Contribution of the Research

The main aim of this study was to examine the business perspectives on the role of Umhlosanga Development Agency as an economic development agency. To address the aim the researcher discussed the extent to which the community is aware of the socio-economic developmental role the agency is tasked with and found that there is a lack of awareness of this role. This lack of

awareness has further caused unwarranted expectations which have only lead to disappointment, however as the agency is becoming more established this is improving because more and more projects are reaching implementation, the more the business community will be impacted by the work of the agency.

The communication chain between the agency and its parent body seemed clear in terms of policy and guidelines provided by legislation. However this clarity is at times clouded by some challenges that become a barrier to the communications between the agency and the district municipality. Factors which negatively affect this relationship in practice are human factor, financial and political challenges. It is also important to note that the political factors are also inherent to the human factor, as positions change often. However, on the communication chain between the agency and its business community, this is highly dependent on the extent of awareness, and because awareness is relatively low the communication is also low, and is only recently beginning to surface, as projects are about to reach implementation phase.

The relationship between the agency and its business community is also affected by the phases of implementation of the projects, which impinge on the extent of awareness of and therefore on the relationship between the agency, its parent body and the community of stakeholders. This means that because the business community is unaware of the actual role of the agency, they have varied perceptions and expectations that will not be met, leading to the community being disappointed. It is this disappointment that will result in them distrusting the agency's agenda and inevitably cause serious tensions in the relationship that ought to exist between these role players.

The findings of this study have therefore highlighted the importance and value of building strong stakeholder relations in order to have good quality public private partnerships between the agency and its parent bodies, and between the parent body, the agency and the business community. The research data has showed that much effort is required in order to enhance relationships between the agency and the business community especially, so that an alignment can exist in terms of what the agency is and what its roles are. Much has already been achieved in this and there are plans in place that will capitalise on this. The discussions with respondents also emphasised the active role the agency, especially, but also the role the entire stakeholder community, could play on partnership because the more the business community is aware of the

agency role, the more there communication chains are effective, and then the better the relationships and partnerships. This would also assist in individual projects which intend on marketing the district as a package to both investors and tourists.

5.4 Recommendations and Final Remarks

This section will provide recommendations and final remarks with regard to the findings of the study. The findings further highlight that there are tensions between the agency and its business community, including local municipalities, the discussions showed that firstly the agency was not introduced to the local municipalities well, and therefore is misunderstood by the local municipality. Further little is being done to create a relationship other than when a project must be implemented in the particular local municipality. This should be the task of both the agency, the parent body and the local municipalities off the district ought to have an interest in what occurs at district level so that they can reap from and contribute to it. Therefore this partnership needs a lot of work and it is the district municipality that is in the best position to make the agency and its family of municipalities work together as they strive to develop the locality

South Africa is a developmental state and LEDAs are very well suited for countries like South Africa, and as already stated in chapter two, the potential impact of local economic development agencies is much needed especially in rural localities like Umkhanyakude in KwaZulu-Natal. LEDAs are great tools to create and improve partnerships for effective local economic development, as LED units are too not equipped enough to bring catalytic projects to life. The business and stakeholder perspectives on the role of the agency as an economic development mechanism are varied and highly dependent on the specific interaction between the agency and the stakeholder. However, the overarching perspective of the stakeholder community is that there is great potential value of the role and contribution of the agency to the economic growth of the district of Umkhanyakude.

According to the data, policy guidelines appear quite clear on paper yet, at implementation, they are a big challenge, therefore the researcher proposes that further research should focus on exploring this lack of synergy. The findings in literature, secondary and primary data also highlight that engagements between the Umhlosininga Development Agency and the

Umkhanyakude District municipality are negatively affecting the relationship and overall productivity of the agency. Therefore the researcher is of the view that there needs to be a model in place and capable staff within the agency to address and find funding for the operations of the agency.

5.5 Areas of Future Research

Some research gaps exist in academic work of local economic development agencies, in South Africa especially, as a participatory development mechanism for localities. There is therefore a need for further research in South Africa on Local Economic Development Agencies in academia to bridge the gap that exists in the understanding of LEDAs as a participatory mechanism for LED. Although there are a number of publications on LEDAs, none of them focus on a specific area of local economic development to which the agency can contribute, further not much is written on the development agency as a private public partnership, or as a creator of PPPs. The researcher further suggests that more studies need to be done on this partnership so that the agency can be advised in a manner that will allow their work to be more efficient and effective.

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Respondent 3. (21/10/2015). General Manager. *Interview*.

Respondent 4. (28/09/2015). Evaluations Manager. *Interview*.

Respondent 5. (8/10/2015). Tourism Manager. *Interview*.

Respondent 6. (28/09/2015).Tourism Officer. *Interview*.

Respondent 7. (01/09/2015). LED Manager. *Interview*.

Respondent 8. (02/09/2015). Agri-Coop. Facilitator. *Interview*.

Respondent 9. (02/09/2015). Farmer. *Interview*.

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Appendix A: Interview Schedule



College of Law and Management

Graduate School of Business and Leadership

Masters Research Project

Researcher: Sinethemba Nkosiokwazi Mthimkhulu (0732659692)

Supervisor: Dr. Jennifer Houghton (031 260 7429)

Semi-Structured Interview Questions

DISTRICT MUNICIPALITY

1. What is the role of UMDA in working towards economic development?
2. What mechanism is the municipality using to create awareness of the agency within the business community? Is UMDA visible? If not how will do you plan to market it?
3. How would you describe the relationship between the district municipality and agency, is there one?
 - 3.1 How often do you interact with the agency and how would you describe such interactions?
4. How does Collaboration of agency& municipality contribute economic empowerment and community upliftment and being active participants of their economy?

5. Do you interact with both the agency and the community, and activities take place if and when you do?
6. How is crucial information distributed between the municipality, the agency and the business community?
 - 6.1 How would you say potential, currently inactive business community is attracted?

AGENCY

- 1 What is your role as a development agency according to your personal understanding?
- 2 What mechanisms do you use to identify projects needing investment? –which SMME’s for example would you choose and why? considering context, livelihood and why those specific project?
- 3 What mechanism is the agency using to create awareness of the agency within the business community?
- 4 With regard to UMDA’s socio-economic developmental role-how would you say it is being achieved?
- 5 How would you explain your relationship with the municipality and the business community?
- 6 What interactions with the agency contribute to socio-economic development and how?
- 7 Could you please explain the PPP between the community, UMDA and DM for achieving LED within the district?

BUSINESS COMMUNITY

- 1 What is UMDA to you?
- 2 What are your views on the role played by the agency with regard to you as its community?
- 3 Would you say that the agency is visible or has it marketed itself sufficiently to its targets?
- 4 How often do you meet with the agency?
- 5 How would you describe your relationship with the agency?

- 6 Do you as the community benefit from the agency-be it networking, support, finance, etc.?
- 7 What are some of the downfalls you have encountered and feel down-spiral the good of the agency?
- 8 What in your own opinion or how could the Agency enhance its potential of increasing levels of socio-economic uplightment?
9. How would you describe the PPP that exists between you (and other business community members) and UMDA for achieving LED in the district?

Appendix B: Ethical Clearance



12 August 2015

Ms Sinenkemba Nkosinolwazi Mthimkhulu (206900175)
Graduate School of Business & Leadership
Westville Campus

Dear Ms Mthimkhulu,

Protocol reference number: HSS/0922/013M

Project title: An examination of business perspectives on the role of Umhlanga Development Agency as an economic development agency.

Full Approval – Expedited Application

In response to your application received on 08 July 2015, The Humanities & Social Sciences Research Ethics Committee has considered the above-mentioned application and the protocol have been granted FULL APPROVAL.

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

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

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

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

Yours faithfully

Professor Urmila Bob (University Dean of Research)
On behalf of Dr Shenuka Singh (Chair)

/ems

Dr Supervisor: Dr Jennifer Houghton
Co Academic Leader Research: Dr Muhammad Hoque
Co School Administrator: Ms Zelene Butlynn

Humanities & Social Sciences Research Ethics Committee

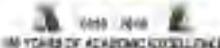
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Appendix C: Turnitin Report

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CHAPTER ONE
INTRODUCTION

3.3 Introduction and Background

Local economic development (LED) has been seen as a slippery concept by a (D'Arcy and Guissani, 1996; in Mbhele, 2012; Syrett, 1993; D'Arcy & Rogerson, 1999). The LED approach came about as a result of the failed approach (protocol comes from upper body like national government) of (Pretorius & Blaauw, 2008; ILO, 2004; Mountford, 2009).

The process of LED involves highlighting what can be achieved through p-
LED initiatives and the encouragement of local people to organize themself-
perspectives (Eastern Cape LED, 2013). The promotion of LED calls c-
advantages in order to create employment opportunities and thereby devel-
root levels. According to Nel (2001; in Pretorius & Blaauw, 2008) LE components, namely: educational sector, local labour market and an
development strategy to address territorial-specific needs. It takes m-
interventions to accomplish what is needed within the realm of LED. So often
struggles to achieve what is needed in service delivery and the cre-
environment in which communities can live. This potentially leaves LED req-
(COGTA, 2013). This has subsequently resulted in municipalities establish
Development Agencies in order to meet the developmental wave that is curr-
South Africa. Recently, to achieve these needs more readily, local government
with establishing development agencies at the district level to provide eff-
invoicer facilitation and support to reduce regulatory burden. There has t-
interest in the role of Local Economic Development Agencies (LEDAAs) as ve-
socio-economic development in and aiding the institutional capacity of LE
municipalities in South Africa, and especially in KwaZulu-Natal.

There are no matching sources for this report.

Cogta (2014) has indicated that LEDAs are future vehicles of economic devel-
and district level. This is a result of development agencies being establish

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