

**PARTICIPATION AND ACCOUNTABILITY IN
INTEGRATED DEVELOPMENT PLANNING: THE
CASE OF ETHEKWINI MUNICIPALITY'S SMALL
BUSINESSES RELATED LOCAL ECONOMIC
DEVELOPMENT IN THE ETHEKWINI
MUNICIPALITY.**

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“Believe those who are seeking the truth. Doubt those who find it” Andre Gide (Lewis J, J. 1995)

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DECLARATION

In partial Fulfillment for the requirements for the degree of Development Studies in the Graduate Programme in School of Development Studies, University of KwaZulu Natal, South Africa. I declare that this dissertation is my own original work. All citations, references and borrowed ideas have been duly acknowledged. I confirm that an external editor was not used. This work is being submitted for the degree of Masters in Development Studies, in the faculty of Humanities, Development and Social Science, University of KwaZulu Natal South Africa. None of the present work has been submitted previously for any degree in any other University.

Jason Muthama Musyoka.

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ABBREVIATIONS

ABM	Area Based Management
AIDS	Acquired Immune Deficiency Syndrome
ANC	African National Congress
ASGISA	Accelerated and Shared Growth Initiative for South Africa
BI	Business Incubator
BSU	Business Support Unit
BSU	Business Support Unit
CMAMB	Cato Manor Area Based Management
DCC	Durban Chamber of Commerce
DED	Department of Economic Development
DPLG	Department of Provincial and Local Government
DTI	Department of Trade and Industry
EMA	EThekweni Municipal Area
EU	European Union
GDP	Gross Domestic Product
GEAR	Growth Employment and Redistribution
HID	Human Development Index
HIV	Human Immunodeficiency Virus
IDP	Integrated Development Plans
KZN	KwaZulu Natal
LED	Local Economic Development
LEDA	Local Economic Development Agencies
LTDF	Long Term Development Framework
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals

PAMSCAD	Programme of Action to Mitigate the Social Costs of Adjustment
RDP	Reconstruction and Development Programme
RSA	Republic of South Africa
SEDA	Small Enterprise Development Agency
SME	Small and Medium Enterprises
SMME	Small, Medium and Micro Enterprises
UNESCO	United Nations Educational, Scientific and Cultural Organization
UYC	Umkhumbane Youth Centre
WB	World Bank
WWII	Second World War

Abstract

After decades of optimistic theories of development, increasing global poverty and inequities remain at troublingly high levels. By the close of the twentieth century the development enterprise was accused of having "...reached an impasse, trapped within its own meta-narratives and unable to capture the diversity of the third world in any relevant and constructive manner" (Abrahamsen, 2000: ix). Similar observations have been made by Binns and Nel, (1999), McMichael (1996), Rivero (2001) and Rihani (2002) among others. These observations raise fundamental suspicions on the traditional approaches to development. The emerging consensus tends to favor bottom up approaches to development, anticipating that these might be better equipped to address underdevelopment. Thus the concepts of democratization and decentralization feature centrally in the prevailing literature.

Literature seems to suggest that these emergent discourses have absorbed assumptions and contradictions. This in turn has rendered these discourses potentially deficient of meaningful impact. The specific task of this dissertation is to investigate participation issues in integrated planning. This will be achieved through assessing small businesses related LED in eThekweni municipality.

Integrated Development Planning is a **process** through which South African municipalities prepare a strategic development plan, for a five year period. The Integrated Development Plan (IDP) is a **product** of the integrated development planning process. The IDP is a principal strategic planning instrument which guides and informs all planning, budgeting, management and decision-making in a municipality. Since the IDP involves participation of a number of stakeholders, it is crucial for the municipality to adopt an appropriate approach and also put in place appropriate structures to ensure effective participation.

Here are some principles on participation:

- The elected *council* is the *ultimate decision-making forum* on IDPs.
- The role of participatory democracy is to inform, negotiate and comment on those decisions, in the course of the planning/ decision-making process.
- Public participation has *to be institutionalised* in order to ensure that all residents of the country have an *equal* right to participate.” (Republic of South Africa, undated)

Cornwall (2006:63) has already expressed serious worries on the way participation has navigated the development industry. For its part, she argues,

“...contemporary participation discourse represents a reflux of strikingly similar policies, sentiments and pronouncements from a barely-remembered colonial past. Alongside the significant continuities in discourse and practice that span the colonial and post-colonial eras, the genealogy of participation in development reveals discontinuities and dissonances, broken records and broken promises”

Within Cornwall’s concerns, this research project sought to understand the degree in which tendencies of top down approaches might still thrive in South Africa’s Local Economic Development discourse in regards to small businesses, despite policy commitments to participatory planning and governance. The findings suggest an urgent need to revisit the conceptualization of participation mechanisms. They further suggest this would impact on the approach to LED programs, and in particular those relating to small business development.

TABLE OF CONTENTS

ACKNOWLEDGEMENTS.....	2
DECLARATION.....	5
ABBREVIATIONS.....	6
Abstract.....	8
CHAPTER ONE: INTRODUCTION.....	13
1.1. ETHEKWINI MUNICIPALITY'S COMMITMENT TO INTEGRATED DEVELOPMENT PLANNING.....	19
CHAPTER TWO: GOVERNANCE, STATE REFORM, PARTICIPATION AND LOCAL ECONOMIC DEVELOPMENT.....	21
2.1. EXPLORATION OF TERMINOLOGIES.....	22
2.1.1 Local Economic Development.....	22
2.1.2 Participation and Accountability.....	22
2.1.3 Small Businesses.....	22
2.1.4 Integrated Development Plan.....	23
2.1.5 Outcome Based Planning.....	23
2.2 THEORETICAL FRAMEWORK.....	23
2.3. THE STATE AND THE SHIFT TO DECENTRALIZATION.....	26
2.3.1 Definition Issues.....	26
2.3.2. Quest for a different role of the State?.....	27
2.4. EMERGENCE OF PARTICIPATION AND ACCOUNTABILITY IN DEVELOPMENT DISCOURSES.....	28
2.4.1. Participation within development spaces occupied by Nation States.....	29
2.4.2. Decentralization: Definitions, Contexts of Emergence and Accompanying Problems.....	32
2.5. INTEGRATED DEVELOPMENT PLANNING IN SOUTH AFRICA.....	38
2.5.1 Historical Platform For Integrated Development Planning In South Africa.....	38
2.5.2. Participation in the Gear 'Regime' and Related Implications.....	40

2.6. EXPLORING NOTIONS OF PARTICIPATION AND ACCOUNTABILITY IN APPROACHES TO LED GLOBALLY AND IN SOUTH AFRICA.....	44
2.6.1. Dis-empowering the Center: Approaches and Definitions of LED.....	44
2.6.2 Small Businesses role in the Development Of the Local Economic Base.....	47
2.6.3. Processes and Outcomes of Interventions in LED.....	49
2.6.4 Narrow Territory: Business Development Interventions and Problems of Participation and Accountability.....	50
2.7. PARTICIPATION IN SOUTH AFRICA'S LOCAL ECONOMIC DEVELOPMENT AGENDA.....	52
2.7.1. Performance verdict on Small Businesses in South Africa.....	54
 CHAPTER THREE: PROJECT APPROACH AND METHODOLOGY.....	 58
3.1. STRATEGY AND DESIGN.....	58
3.2. INTERVIEWS.....	59
3.3 NATURE OF RESPONDENTS.....	60
3.4. LIMITATIONS OF THE STUDY.....	61
 CHAPTER FOUR: PRESENTATION OF FINDINGS.....	 62
4.1. INTEGRATED DEVELOPMENT PLANNING IN ETHEKWINI MUNICIPALITY.....	63
4.2 PARTICIPATION AND ACCOUNTABILITY IN ETHEKWINI'S IDP AND LED PLANNING...65	
4.3 SMALL BUSINESSES RELATED LED IN ETHEKWINI.....	65
4.4 RESPONDENT PERSPECTIVES ABOUT THE IDP PROCESSES.....	66
4.4.1 IDP Content And Process.....	66
4.4.2 LED Content and Process.....	77
4.5. CONCLUSION.....	80
 CHAPTER FIVE: ANALYSIS OF FIELD WORK MATERIAL AND RECOMMENDATIONS.....	 81
5.1. ANALYSIS OF PRIMARY FIELDWORK MATERIAL AND.....	81
SECONDARY SOURCES.....	81
5.1.1 Officials and the IDP.....	82
5.1.2. Stakeholder Participation.....	83

5.1.3. Relationship between Agencies	87
5.1.4. Choice of Indicators.....	88
5.1.5. Relationship between Government Officials and Business.....	89
Owners.....	89
5.1.6. LED Processes.....	90
5.1.7. Monitoring and Evaluation	91
5.2. RECOMMENDATIONS	92
5.2.1. Enhancing Monitoring and Evaluation.....	92
5.2.2. Deepened Participation by Beneficiary Groups	92
5.2.3. Enhancing Commitment to Policy Processes by Officials.....	94
5.2.4. Policy coordination among agencies.....	94
5.2.5. Improving Transparency between Government and Business Organizations	94
5.2.6. Deeper engagement of LED processes.....	95
5.3. AREAS OF FURTHER RESEARCH.....	96
5.4. CONCLUSION	96
CHAPTER SIX: CONCLUSION	98
LIST OF REFERENCES.....	102
APPENDIX.....	117
QUESTIONNAIRE	117

CHAPTER ONE: INTRODUCTION

The concept of participation looms large in development literature. Prevailing development discourses assert that development is only meaningful in so far as intended beneficiaries are centrally involved in their own development. For Cornwall (2006), while participation appeared ‘ring fenced’ with innovation in the 1990’s, its *dominance* in public policy stretches back, although scantily, to a long time. Infact, its systematic analysis can be traced from antique literature such as Lord Lugard’s book ‘*the dual mandate in tropical Africa*’ published in 1922 which “...sought to put into place institutions through which certain functions and powers were delegated to traditional leaders and institutions..” (Cornwall, 2006:66). These sorts of articulations trace the entry of participation in the evolution of governance.

Increasing the contemporary dominance of participation, Delgado *et al.*(2004) talk of ‘indigenous knowledge for endogenous development’; UNESCO (2005) writes on ‘knowledge societies’; for Lusthaus *et al.* (1999) solutions lie in ‘capacity development’. More succinctly, Nel (2001:2) argues in favor of development founded on “...self-reliance, local-coping, endogenous or bottom- up development and LED [Local Economic Development]...”. No wonder Cornwall (2006:62) finds that currently “[p]articipation has gained the status of development orthodoxy. With promises of giving ‘the poor’ a voice and a choice, it has become something to which no one could possibly be opposed, an essential ingredient in getting development interventions and policies right”.

Alongside the emergence of the case for participatory development there has also been the emergence of a focus within some development contexts on Local Economic Development (LED). Authoritative bodies such as the United Nations cite LED as a useful tool which “ ...seeks to stimulate inclusive growth in a participatory process in

which local people from all sectors work together to increase local commercial activities, resulting in a resilient and sustainable economy” (United Nations 2009:2).

In its current form, LED approaches development from strategic planning perspective including both territorial and integrated approaches –which is a deviation from the traditional sectoral approach (United Nations, 2009). The territorial and integrated approach is a direct result of ‘downsizing’ the role of the state in development (see Helmsing, 2001). Although different concepts that illustrate ‘local development’ are varied across the developing world, they capture ‘territorial and integrated’ themes, thus fitting them accurately into Local Economic Development. LED in South Africa continues to register growing influence (see Hindson and Vicente, 2005, Helmsing, 2001) even if more in theory than practice. This is to the extent that national LED debates [such as ‘pro-poor’ and ‘pro-market’ LED discussions] are increasingly informing global debates around LED.

The underlying assumption in the participation and accountability ‘boom’ is that engaging of all stakeholders in processes of development is likely to create desirable and sustainable outcomes. Thus Twigg (2001:6) contends that, “...participatory initiatives are likely to be sustainable because they build on local capacity, the participants have ‘ownership’ of them, and they are more likely to be compatible with long-term development plans”.

Countries that have undergone stages of institutionalized discrimination might be more concerned about participation largely on human rights grounds [rather than development per se]. This is not to say human rights and development are separate goals, but rather that the implications of this participation on income levels might not be conceptualized as a core function of participation. For example, in South Africa’s case, participation might be seen as an aggressive attempt to correct history, as implied by Friedman (2006). This is if we consider Lipmann’s view (2003), that apartheid traditionally defined development process as the exclusive duty of few appointed government officials. In the post 1994 era, this approach has changed, and now development is generally understood as “...negotiation-often via community leaders-” and importantly “community

involvement is no longer optional” (Lipmann, 2003:56). In similar understanding, the Reconstruction and Development Programme (RDP) determines that;

“...development is not about the delivery of goods to a passive citizenry. It is about active involvement and growing empowerment. In taking this approach we are building on the many forums, peace structures and negotiations that our people are involved in throughout the land” (RSA <http://www.anc.org.za/rdp/rdp1.html>. 17th November 2007).

As noted, both the RDP and Lipman’s assertions appear to treat participation as extending beyond political corridors. Hence Lipman talks of ‘community leaders’ and the RDP speaks of “...building on ...forums...that our people are involved in throughout the land”. While loopholes are already detectable [considering that these ‘forums’ and ‘community leaders’ are representatives of citizenry], the notion of participation of communities beyond political structures seems to fit accurately within the Local Economic Development discourse. For Helmsing (2001b), Rodríguez-Pose and Tijmstra (2005), Nel and John (2006), LED tends away from ‘political representatives to ‘beneficiary representatives’ or in the best case scenarios all the beneficiaries and ‘development suppliers’ alike.

The consolidation of ‘bottom up’ development arguments of the 1990’s coincided with South Africa’s independence. It is in this same decade that development impasse (see Binns and Nel, 1999, McMichael 1996, Rivero 2001 and Rihani 2002), collided with the participation evolution. All factors equal, it is expected that South Africa’s re-birth in the ‘participation decade’ was the best setting for thorough going participation. But as Morris and Robbins (2006) point out, important [development] institutions such as the Department of Trade and Industry still function as models of centralized institutions. Heller (2000), citing tensions in regards to HIV/AIDS in South Africa notes that the government has tended to slide towards ‘service delivery’ as an ideology, the result being poor public participation in HIV/AIDS processes. Lipman (2003) cites strong technocratic influence, in the beginning of the construction of the new Africa Centre

building. It is argued by the authors that the results of these initiatives have not been desirable.

Interestingly, in theory South Africa has embraced the discourses of democratization and decentralization anticipating that these are potentially effective tools for addressing poverty and unemployment. Freund for example notes that all municipalities see their task as provision of "...equal opportunities...and sustainable growth" (2005:303) as a way of reinforcing decentralization and democratization. These discourses have further been embedded in a strategic document, namely, the Integrated Development Plan [IDP] which seeks to maintain strong focus on outcomes of development initiatives [see Buffalo City, Municipality; 2005]. Atkinson (2003:119) thus notes that the IDP, as a constitutional requirement for all South African municipalities, seeks to be, *inter alia*, "...customer oriented..." as well as "...have a strong emphasis on performance..."

In spite of the LED rhetoric, suspecting that these are theories which have failed to actualize, Kesper and Rajaratnam (2003) are concerned that small businesses in South Africa have not fared well. Morris and Robbins (2006) envisage the problem of the poor performance to power centralization. This poor performance is in spite of a national strategy for small businesses, with its vision of "...involvement of government at all levels as well as private institutions and donor agencies in the development of South Africa's small, micro- and medium-sized enterprises" (Kesper and Rajaratnam, 2003:2). By close of the first decade of the country's democracy, Kesper and Rajaratnam (2003:3) note, promotion of small businesses "...have not been able to turn the previously neglected small firm economy into a vibrant sector" partly as a result of from poorly coordinated policy implementation (Kesper and Rajaratnam, 2003).

However, the responsibility does not entirely fall on the government. Internal constraints such as the complacency among Small and Medium and Micro enterprises (SMMEs) to measure up to global competition, or the distortion in capital and other factor markets have been identified as impediments to small enterprise growth (cf. Manning, 1996, Kaplinsky and Morris, 1999; Chandra *et al.*, 2001). Importantly, more than one factor

could be blamed for the dismal performance, particularly [as Kesper and Rajaratnam (2003:2) argue] given that this network of factors has “...not yet been fully disentangled”.

As already noted, this project limits itself to activities in the eThekweni municipality. Municipalities in South Africa are grouped into three categories; metropolitan municipalities, local municipalities and district municipalities, dubbed categories A B and C respectively (South Africa Year Book, 2005/06:349). As at 2007, Countrywide there are six category A municipalities, two hundred and thirty one category B municipalities and forty seven category C municipalities (ibid). The six metropolitan municipalities are eThekweni, Ekurhuleni, Johannesburg, Cape Town, Tshwane and Nelson Mandela. The constitution vests metropolitan councils with executive and legislative authorities, permitting them to “...decentralize powers and functions...” as they please (ibid).

Narrowing to the specific interest of this study, eThekweni Municipality covers a geographic area of 2297 square kilometers (1.4% of the total provincial geographic landscape). It is situated along the eastern coast line of KwaZulu Natal [KZN] (eThekweni Municipality; 2003). EThekweni Municipal Area (EMA) population consists of approximately one third of the total KZN population, [about three million residents] which controls 60% of the province’s economic activity (ibid). According to the 2004 Reviewed Integrated Plan (eThekweni Municipality; 2004), over 80% of the municipality’s population live in urban areas, while “...only 35% of the EMA area is predominantly urban in character...”. This data suggests that the urban centers in eThekweni are densely populated, with Durban carrying majority of the population relative to other urban centers. Hence, the municipality is determined to “...strategically turn Durban into a globally competitive and attractive city” (eThekweni Municipality; 2003).

In terms of employment levels, the quality of life survey 2002-2003 reports that by the year 2003, 42% of households in EMA earned R1500 or less, 38% earned between R1501 and R6000, 12% earned between R6001 and R12,000 while 9.3% earned over 12,000 (eThekweni municipality, 2002-3:2). This pattern reflects high gaps of inequality

which the municipality and other development institutions attempt to address in their LED programmes.

Against the above background, this dissertation will examine the intersections between integrated and territorial development and participation. The study will not only consider these concepts but also their application in a particular place – namely eThekweni. The reasons for this interrogation lie in the arguments made by authors such as Hindson and Vicente (2005), Cornwall (2006), that the otherwise noble intentions of LED, as well as participation have been hijacked by contradicting currents, in turn recycling past weaknesses of development. On this platform of concerns, the research will try and understand the dynamics that might enable or disable different forms of interconnections between processes of participation and processes of LED (with a focus on small business development).

Chapter two will review existing literature on the subject of democratization and LED. This will involve drawing attention to the global discourses of governance and State reform yet fixing these in local discourses around LED and participation. This will then set stage for chapter three which begins to explain the methodology used in collecting primary data for this project, before these findings are presented in chapter four. Chapter five links the findings with the literature reviewed in chapter two before presenting the recommendations, while chapter six sums up the dissertation.

1.1. ETHEKWINI MUNICIPALITY'S COMMITMENT TO INTEGRATED DEVELOPMENT PLANNING.

The Department of Provincial and Local Government (DPLG) explains that “every new council that comes into office after the local government elections has to prepare its own IDP which will guide them for the five years that they are in office. The IDP is therefore linked to the term of office of councillors. The new council has the option either to adopt the IDP of its predecessor should it feel appropriate to do so or develop a new IDP taking into consideration already existing planning documents” (Department of Provincial and Local Government (undated: 19).

As part of addressing the socio-economic needs of the public, eThekwini municipality has formulated the *Long Term Development Framework* (LTDF) document which aims to implement decentralization of ‘powers and functions’, within intervals of 20 years from July 2001 (eThekwini Municipality, 2001). The document argues that the municipality has established “the foundation for a new democratic and developmental local government ...a local government that is responsive to peoples’ social and economic needs, and is transparent and accountable” (2001:2). The LTDF further underlines the municipality’s critical development challenges as: creation of economic growth, jobs and income, meeting of basic needs, alleviating of poverty, human capital development, management of the HIV pandemic, environmental security and sustainability (2001:5-7). The LTDF is further sub divided into five year plans, called Integrated Development Plan[s]. The IDP aims to address short term objectives while the LTDF focuses on Long term ones.

While the above is the case, Ballard *et al.* (2007) are critical of the formulation of eThekwini LTDF. They argue that the beginning of the municipality’s LTDF strategy formulation in 1999 was what they call ‘internal and technical basis’. This first version faced serious challenges including lack of support and failed delivery of its intended ‘development’ agenda. In 2000 a revised version with participation as a mainstream

theme was initiated (See Ballard *et al.*, 2007). Ballard *et al.*(2007) attribute the participation mainstreaming to the then new city manager (Felix Dlamini) and transformation manager at the time (Sbu Sithole).

CHAPTER TWO: GOVERNANCE, STATE REFORM, PARTICIPATION AND LOCAL ECONOMIC DEVELOPMENT

After decades of optimistic theories of development, increasing global poverty and inequities remain at troublingly high levels. By the close of the twentieth century the development enterprise was accused of having “...reached an impasse, trapped within its own meta-narratives and unable to capture the diversity of the third world in any relevant and constructive manner” (Abrahamsen, 2000: ix). Similar observations have been made by Binns and Nel, (1999), McMichael (1996), Rivero (2001) and Rihani (2002) among others. These observations fundamentally suspect the traditional approaches to development as inadequate. Possible solutions are seen to exist in bottom up approaches to development, anticipating that these might be better equipped. Many of these approaches highlight concepts of democratization and decentralization. A good deal of time has however passed since these discourses first appeared, yet high levels of poverty and inequality still persist. A review of existing literature might suggest that these well meaning discourses are potentially, either self contradictory or presumptive.

The chronology of the chapter is as follows. First it outlines key terms. Second, it presents theoretical material upon which this project builds. Third will be coverage of literature on the state and the shift to decentralization, before turning to the emergence of participation and accountability in development discourses in section four. The chapter will illustrate the case of integrated development planning in South Africa in section five. The role of section six will be to ‘make connections’ through exploration of notions of participation and accountability in approaches to LED globally and in South Africa.

Amidst the aforementioned parameters, the project will sharpen focus to small businesses, from the view that small businesses are increasingly being viewed as critical

job creation and poverty reduction machines (See Republic of South Africa (undated), , Kesper and Rajaratnam, 2003).

2.1. EXPLORATION OF TERMINOLOGIES.

2.1.1 Local Economic Development

LED is understood as the joint venture between local stakeholders which embraces partnerships in formulation and implementation of strategies with the aim of utilizing local resources for job creation and economic growth (Rodríguez-Pose and Tijmstra 2005, Nel and John, 2006). Part of its central building blocks are community participation; businesses development and locality development (see Helmsing, 2001b).

2.1.2 Participation and Accountability

In this study, participation will be used to mean involvement of all stakeholders in producing information, and/or data, and the possibility to translate this data into policy tool (Sidorenko, 2006). Participation is either institutionalized or voluntary.

The term accountability will be used to mean “...relationship between an actor and a forum, in which the actor has an obligation to explain or justify his or her conduct, the forum can pose questions and pass judgment and the actor may face consequences” (Bovens, 2006:9).

This author argues, in line with the views of the Municipal Act (see DPLG; 2009) and authors such as Cornwall (2006), as well as Ballard *et al.* (2007); that participation and accountability need to be a deliberate process, which should go beyond bureaucratic corridors and official representative structures as democracy matures.

2.1.3 Small Businesses

The South African convention suggests that small businesses are generally those consisting 50 employees or less. EThekweni municipality, however, does not use a strict definition.

2.1.4 Integrated Development Plan

Integrated Development Plan's (IDPs) are South Africa's local government strategic programmes, which mandate municipalities to direct and coordinate, "...activities of an elected municipal authority" (Harrison, 2006:186), with the objective of delivering sustainable development through community participation (Republic of South Africa, 2007). Their goal is to eradicate "...the legacy of the past...promoting social equality, creation of wealth, fighting poverty and enabling inter and intra governmental co-operation" (Cape town Municipality, 2003/2004).

2.1.5 Outcome Based Planning

Outcome based planning in this study will mean a deliberate participatory process in which acceptable and sustainable development outcomes are produced. This emphasis forms the core of the IDP strategic document. The 'outcome based' concept emphasises outcome indicators that are relevant, temporal, available, comparable and understandable and shared by all stakeholders¹ (Republic of New Zealand, 2003)

2.2 THEORETICAL FRAMEWORK

Common trends in urban places conclusively reflect universal forces that function in these contexts. In attempting to explain urban patterns in South Africa, Freund and Padayachee (2002) have argued that urban centers are characterized by both development and underdevelopment, essentially shaped by what they refer to as "deeper currents" and "profound social and cultural trends". More precisely, Beall *et al.* (2002) argues that South African Cities are characterized by income inequalities, as well as 'cosmopolitanism' with immigrants into the city retaining rural and small town links, and governance. This view underlines the importance of social and spatial links that form the character of cities.

¹ Outcome indicators should reflect on local community values [relevant], "highlight trends over time and show progress toward goals" [temporal], compare with data from other countries, [comparable], their data should be easily accessible [available], and easily understood by all stakeholders [understandable] (Guidance on outcome focused management, 2003:4. <http://io.ssc.govt.nz>. 23/02/07).

These frictions build upon two dominant theories of human behavior. And while issues might not fall squarely in these theories, the development and underdevelopment 'hostilities' in part find their space in them. On one hand there is urban ecology and on the other, what Hall and Robbins (2002) refer to as urban regime theory –generally known as the urban political economy (also see Kleniewski 1997).

Initially conceptualized by Tonnie, Durkheim and Simmel, the urban ecology theory understands urban centers as reflecting *naturalized* social ties among urban dwellers, who are bound by what he sees as social and occupational differences propped up with regulations and public perceptions (Kleniewski, 1997). The dominant idea is that of agglomeration of diverse social groups, linked together by different factors such as income levels, occupation interests, age, race, and the like. This theory appears to group citizens into classes. But while this might be a fairly reasonable way of understanding urban centers it highlights the problem rather than the solution to problems of underdevelopment. It however tries to open a debate which anticipates solutions to evolve from this premise.

The second theory (urban regime theory) views cities as constituting categorization of organizations and interests, often operating within frictions between social classes (Hall and Robbins, 2002). Building up further from this concept, Hall and Robbins argue that local development initiatives tend to be dominated by local elitists who drive socio-economic processes undemocratically, resulting to skewed allocation of resources. Kleniewski (1997) argues along the same vein. It might be added that interest groups tend to flourish in bureaucratic systems. Thus various authors agree that local elites and public officials tend to play down their accountability to the public, in addition to dominating bureaucratic processes with vague, abbreviated, questionable measurement proxies; all embedded in what Murthy (2003) calls 'methodological sophistication thinking' (See also Wise, 2003). Realistically, the idea of doing away with bureaucracies is inconceivable. Rather, as Hall and Robbins contend, when bureaucracies run efficiently, they are likely to avert risks and uncertainties.

The urban regime theory approach appears more relevant in contexts which rely on governance and power (whether economic or political) for development. Along this vein Truong's (2006) finds that "...human lives cannot be disconnected from the institutions in which they are embedded" (Truong, 2006:3). Further evidence suggests high levels of mobility within classes depending on increasing levels of 'eliteness'. What is observable is that as people become powerful either through education or even through political power, they tend to take charge of processes and content of public policies, often pulling these into their favor. Given the context of this study – a city in a developing country-, this study prefers to use the regime theory.

The section that follows begins by tracing bureaucratic practices on a national level. This will involve traditional roles of the state and how these are changing with changing times. This understanding will help to enlighten contemporary behaviors of state bureaucracy and how this behavior relates to issues of participation and accountability.

2.3. THE STATE AND THE SHIFT TO DECENTRALIZATION

2.3.1 Definition Issues

A definition of the state would be a good beginning in the quest to understand its dynamics. Poggi's definition (1990:19) in this regard enlightens that the state is "...an organization which controls the population occupying a definite territory...". He further observes that the state is different from other organizations in that it is autonomous and centralized (ibid). Unfortunately Poggi's view seems to assume that the divisions of the state are accurately coordinated with each other. In practice this remains a major challenge. Hobbes and Rousseau form a foundation upon which Poggi makes his case. These theorists argued that 'social contract' was a critical component of the state (Morris, 1998:7).

Morris (1998) further draws attention to the dominance of territory by the state, which provides the state with the potential to achieve its highest ambitions (see also King and Kendall, 2004:1). In sum, all these authors suggest central characteristics of the state as; (a) territorial dominance, (b) social contract with populace and (c) monopoly of resources for achieving its highest ambitions.

Monopoly of resources by the state warrants further attention. It implies state control of policy tools, of financial resources, as well political power to implement its interests. These levers could be used for improvement of the public or alienation of their livelihoods -although developing countries narrate a dark story on negative impacts of monopoly of power (see Morris, 1998). Morris cites public evils generated by the state such as the great depression and catastrophic wars. For King and Kendall (2004) there are better stories of power monopoly, such as "...protecting individuals from dangers" which the state could leverage through responsible use of power, policy and resources. Provision of education and health also join the list of potential 'public goods'.

2.3.2. Quest for a different role of the State?

While it seems that traditionally the state is a critical institution for the well being of its citizens, the commission of fundamental public evils in history attracts doubts on its legitimacy. However, despite major public evils such as wars and the great depression, these do not necessarily require a rejection of the potential for a legitimate contemporary state. Rather, minor public evils such as unnecessary regulation of markets by the state form the bedrock upon which reservations in regards to state interventions are founded.

Literature does not propose absolute abolition of the nation state. However, current debates tilt the thinking that nation states might not be as useful as they were traditionally conceptualized. Along this wave of thought, they might need to relinquish power to more 'valuable' bodies. Kendall and King (2004) suggest examples of these 'valuable' bodies as multinational corporations, supra national institutions and local institutions. Kendall and King (2004) observe that the presence of these institutions might reinforce the significance of the state given that nation states are central to decision making on each of these forces. An opposing view however suggests that these institutions are becoming increasingly powerful over the state such that they seem to be succeeding state monopoly of power, policy and financial resources.

Although Kendall and King's argument (2004) introduces a unique dimension of viewing these three actors, empirical evidence, at least in Clarke and Gaile (1998), demonstrates reasons for reservations. In reviewing Robert Reich's *The Work Of Nations*, Clarke and Gaile reveal that the growth of America's big corporations after the second World war (WWII) 'hollowed out the state' in a sense. They observe that in operating with less state regulation, the 'national champions' became increasingly successful and powerful, with support from American public, to the extent that public relations campaigns hailed them as "wonders of the free market system". Clarke and Gaile argue that big corporations in America's history have tended to co-opt the state such that, these corporations dominate policy processes in practice.

The withdrawal of the state is often viewed as an action which could either improve (See Kendall and King 2004, and Majumda and Mukherjee, 2007) or alienate (See Kashani, 2005) how the state is viewed. The underlying concept is that social-political and economic stability as a public good could be arrived at through discreet action by the state. It is not surprising that the performance of the state is often measured in the way it has tended to address socio-economic and political issues within its sphere. Traditionally the power to coordinate social, political and economic dynamics has always resided within national levels of the state, as these have been the main trustees of political power. However, literature suggests that these traditions have begun to fade as globalization and localization erode the traditional role of the state (Clarke and Gaile, 1998; Stiglitz, 2002; Scott and Stopper, 2003; Marcou, Undated).

Local spaces are becoming more powerful and critical in providing direction for development. Problematic as the role of nation state might be, 'transition' to local power might generate even further problems. Does governance and clear minded nation state suggest proportionate sub-national clarity? Does the shifting of power from national governments in favor of the devolution model possess any noble value? Are there dynamics in this shift, such that 'downward movement of power' led by supra national institutions differ from grass root generation of power? These are problems the following section will attend to.

2.4. EMERGENCE OF PARTICIPATION AND ACCOUNTABILITY IN DEVELOPMENT DISCOURSES

Globally, patterns of development practice have undergone major shifts within a relatively short period. The recent decades in particular have seen increasing disapproval of traditional theories, which operated in top-down fashions, seeking to 'civilize' the developing world. The failures of these theories to explain underdevelopment saw development discourse grind into halt -otherwise called the development impasse (Booth, 1985; Abrahamsen, 2000, Gemandze, undated).

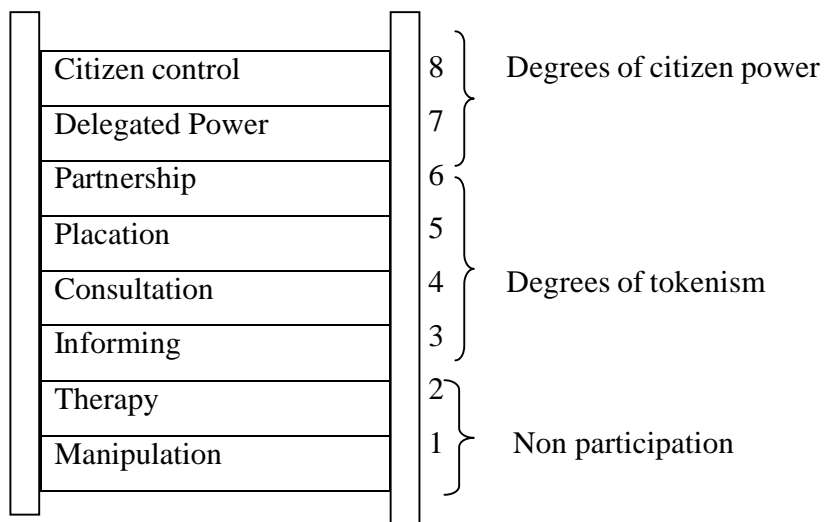
Whether to rescue the ‘dying’ discourse or to offer feasible alternative, development has now taken a major shift, with *people* in the center. More precisely, a resounding emergence of participation around the globe continues to surge in global development. Thus terms such as governance and state reform are used to imply decentralization and democratization and loom large in modern development literature. But much remains to be done, to alter ‘path dependency’ patterns of the top-down fashions of development. This section grapples with issues that inform the quest for thorough-going participation and state reform.

2.4.1. Participation within development spaces occupied by Nation States.

Participation shores have shifted from abstract democratic practice to a development practice. In this line of thought, Bowen (2007:65) argues that participation is now an “...integral element of *economic improvement*² and social change efforts”. In similar language, Parrit (2004:1) underlines participation as “...one of the central influences in mainstream development thinking”.

While participation spaces are broad and various, existing arguments seem to imply that participation has become a mainstream agenda within economic spaces that remain largely the domain of nation states. In this regard, by placing forward ‘government initiated advisory or policy –setting bodies’ as structures through which citizen participation might take place, Bowen (2007:66) seems to suggest that all nation states or systems of governance potentially provide participation platforms. They don’t. Going by Arnstein’s participation ladder (See Bowen, 2007; 66), ‘degrees of citizen power’ section of the ladder demonstrates a fully reformed state, ‘degrees of tokenism’ might suggest a reforming state, while ‘non- participation’ appears to suggest a non democratic state.

² Emphasis by the author of this work.



These ‘different types participation levels’ find easy parallels with ongoing debates around the role of nation states in economic development. It is in this context that treatment of ‘nation state’ in modern era systematically embeds participation or lack of it, as well as development or lack of it. With this in view, Peters and Pierre, (1998) identify three forms of the state. First is the benevolent state, which assumes the duty of providing public services such as functional legal system, support of stable macroeconomic environment; correction of market failures; provision of tax merit goods; and subsidization of growing industries. The second type is the public choice state, which originates from the view that politicians tend to ‘maximize their utility’ through either motivations of getting re-elected and/or maximization of incomes. The third form is the ‘watchdog’ state, which is essentially authoritarian, yet it seeks to guard personal interests from both the state and the markets. The first reflects interventionist state, the second neo-liberal state, and the third *referee*³ state. These categorizations straddle through the ‘participation’ and ‘development’ debates.

Leftwich (1996) is even more explicit in detecting the collaborative tendencies of participation and development. He envisions (a) democratic non-developmental state, which allows public participation in social, political and economic processes, yet failing

³ This term is used originally by author

to deliver development. (b) Non-democratic non-developmental nation-state, which neither mainstreams public opinion, nor delivers development. (c) Non-democratic developmental state, which although authoritarian, it seeks to deliver development, and (d) democratic developmental state, which mainstreams public opinion and delivers development simultaneously.

The aforementioned divisions of nation states fall within three broad theories of the nation state (See Gering *et al.*, 2005:2-3), namely: (i) Decentralist state which supposes that good governance arises from the diffusion of power among multiple independent bodies (ii) The centralist state which presumes that good governance flows from institutions that centralize power in a single locus of sovereignty and (iii) democratic centralist state which combines both authority and public participation. As self evident, these theories of the state operate within participation and development discourses.

The participation industry consolidated itself progressively with changing paradigms of development in the second half of the 20th century. The contradictions, 'greyness' and practical failures of the African state to deliver development could only be resolved through shifts in the nature of nation states- so argued the World Bank. In this context of thought, decentralization was summoned as a universal model of 'doing' development through 'undoing' or reforming the nation state, to harmonize it with meaningful and outcome based development practices. The subsection that follows will trace the origins and definitions of the decentralization concept.

2.4.2. Decentralization: Definitions, Contexts of Emergence and Accompanying Problems.

2.4.2.1 Definition of Decentralization

Globalization is largely responsible for the relative shifts in power away from nation states and towards both global institutions and local structures (See Nel and Rogerson 2005). For these authors, globalization should (also) be viewed in light of recent power transfers, reflected in Yugoslavia and Soviet Union's collapse on one hand and the emergence of new states in Europe, Asia and Africa (such as Macedonia, Uzbekistan and Eritrea) on the other. Emphasis has paid tribute to 'technology' and 'mobility' as the mainstream players, peripherizing practical examples such as stated by Nel and Rogerson.

Going by Nel and Rogerson's definition, decentralization is the "...deliberate and planned transfer of resources away from central state institutions to peripheral institutions" (2005:24). This definition might be misleading in that it would be incorrect to suggest that Soviet Union and Yugoslavia disintegrated on a *deliberately planned* process, or that Eritrea, Macedonia and Uzbekistan emerged on a *planned* transfer of power. By indulging supra national institutions, the concept further alienates Nel and Fergusons 'soft' approach to it. This is given that these authors fail to make a distinction between planned and unplanned decentralization of power. The study now turns attention to the emergence and content of decentralization in the broader context of state reform.

2.4.2.2. Context of the Emergence, and the Tenets, of Decentralization.

Globally, development practice has undergone profound shifts within a relatively short period. While seen as a separate discourse, 'governance' is now presiding over development. Cases in point being that terms such as good governance (Kaufmann 2001), state reform (Wong, 1991), glocalization (Glocal Forum, 2004) decentralization

(Muramatsu, 2001) and democratization (Whitehead, 2002) have found increasing space in development literature.

The section that follows will track the route which the concept of 'governance and state reform' has followed. The section will also examine ideological underpinnings of governance and state reform.

(i) Trajectories of a Contradictory Discourse

The concept of 'governability' first featured in classical political economy in the 1980s and was used to imply the need for a strong link between the rule of law and development (Johnson, 1997). The 1980s decade presided over the cold war era as well as its demise. It is inevitable that development discourses that emerged during this time were highly influenced by the dominant ideological schools, capitalism and communism. The 'rule of law' in the cold war context could only have meant different things to the different ideological camps. And to state the obvious, it would have been a sell out to alliance partners if capitalists adopted the perspectives of communists or vice versa. Clearly therefore, it was difficult period to define universal concepts as far as development was concerned.

The end of the cold war provided a more even ground upon which concepts could claim universality. Along these lines Johnson (1997) sees the end of the cold war as coinciding with replacement of the term 'governability' with 'governance'-the latter meaning restructuring of public administration in support of the development agenda. Given that, end of the cold war implied success of capitalism and failure of communism, within reason, the 'new' concept was a triumphant assertion of the capitalism ideology. The result of which the World Bank (WB) -a central player of the capitalism alliance- was amongst the first to use the term governance (see Abrahamsen, 2000). Seemingly in attempt to dispel misunderstanding of the concept, the WB interchangeably used democracy and good governance. The basis of these twin concepts was the understanding that sustainable development is only possible through political legitimacy.

The direct meaning attached to these concepts was "...creation and protection of property rights,...provision of a regulatory regime that works with the market to promote competition,...sound macroeconomic policies" as well as implementation of policies and "...institutions that may be unpopular among some,-or even a majority-of the population" (Wilson, 2006:13). Ideological influence is clearly traceable if we go by Wilson's definition. In lobbying for bigger consensus in this wave of thinking, Abrahamsen (2000) notes that the Bank mobilized donors to provide aid only to those countries which had followed reform programmes based on the good governance thinking. Many developing countries had not been given opportunities to reflect on what option would be most suitable for them, and so, since they needed foreign aid, the only option available was to 'reform'.

Reform they had to. After all, Sub-Saharan Africa had recorded declining Gross Domestic Product (GDP) and fading benevolence of the state (See Abrahamsen, 2000). Some countries such as South Africa during the pre-1990 decade advanced racism, clientilism as well as tribalism through the use of state bureaucracy (see Vale, 2003). The perceived misuse of state bureaucracy by African governments, argues Abrahamsen (2000), earned African states the phrase 'states without citizens'⁴. It was thus hypothesized that Africa continued to under-develop due to 'poor governance' (ibid) and as such needed to carry out state reform.

Many states in sub-Saharan Africa opted to protect their relationships with foreign donors, at the expense of the populace- after all, many of them had not been democratically elected and thus were not accountable to the electorate. Protests and demonstrations against the reforms came a little bit too late, as local people took the heat of the impact examples being Ghana, Kenya, Zambia, and cÔte d'Ivoire (Abrahamsen, 2000). Social inequities had widened largely due to the reforms so much so, that in 1987 the International Monetary Fund (IMF) and the WB introduced in Ghana what they termed as Programme of Action to Mitigate the Social Costs of Adjustment (PAMSCAD) (Abrahamsen, 2000).

⁴ Emphasis by the author of this study.

What needs to be noted in the above context is not so much the possible 'hidden agenda' of the WB- for it is highly likely that the Bank genuinely believed in the success of reform policies. Rather, of greater interest is power interplay –where powerful actors influenced processes and outcomes, often at the expense of the less powerful. The good governance discourse, as implemented by many sub-Saharan Africa states under the WB reform agenda, clearly undermined nation states and the electorate, yet it was these very electorates who were expected to bear outcomes of policies. They had been denied the opportunity to shape a critical discourse that impacted so heavily on them. What deepens the debate is that failure of the reforms was seen as poor implementation of the reforms. The complexity that governed the reforms needs to be noted. The following sub section attempts to draw the picture on how these forces probably thrived.

(ii) Role Players in Corridors of Power and Influence

Out of exchanges of global and local influences emerge theories and policies, which impact on how the state responds. Often institutions driving various apparatus exert pressure on the state, -and sometimes exhaust the state, - as the state seeks to respond to these pressures. Figure 1.1 below illustrates the interface of actors in discourse formation⁵. Importantly, in a globalization era global force often overwhelms local forces, in the end supra national agenda is likely to prevail over the local agenda.

Of further attention is that definitions of governance and reform are founded on what the state should do on the one hand, on the other what it should not do (see for example Stiglitz, 2004, Bockstette *et al.*, 2002, Clarke and Gaile, 1998, King and Kendall, 2004). Stated differently, the state is the main subject of debate in governance and reform. This inference falls almost accurately into state versus market debate which is mainly advanced by two ideological camps, - state fundamentalists (see Takehiko, 2001) and market fundamentalists (Prechel, 2006).

⁵ Original conceptualization by the author of this work

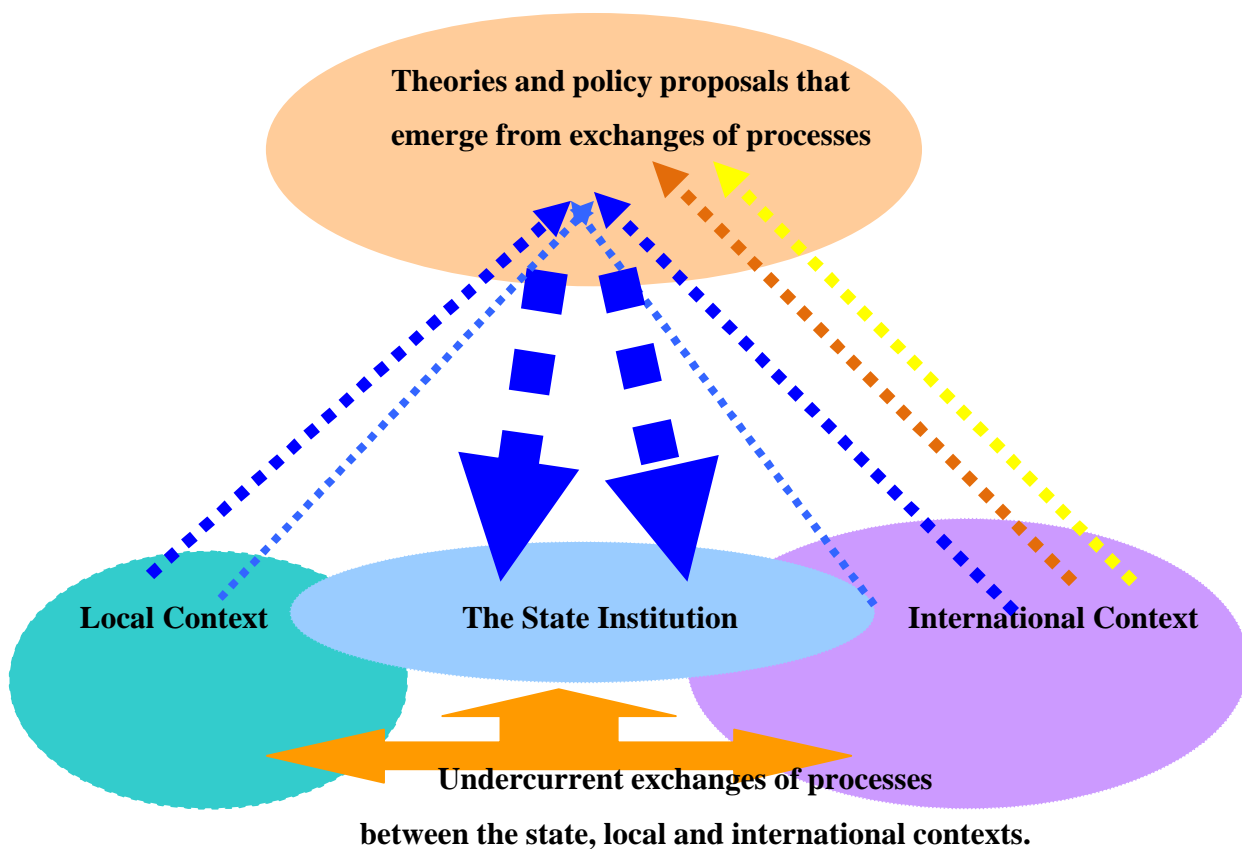


Figure 1.1

Shifting the argument away from the state, and placing the public in the centre, Berg-Schlusser and Kersting (2003) observe five forms of public participation. They present what they term as type I participation, referring to non-participation by particular group of the population. Type II consists of those who do not get involved in any part of participation process apart from the voting. Type III are party oriented, -those who get involved in campaigns, and other regular party activities, type IV are the ‘unconventional participants’ who use extra-legal measures such as violent protests to participate. And type V are those whose methods cut across type I to type IV.

While these behaviours are determined by social and cultural factors, some of which include age, education, income levels, among others (Berg-Schlosser and Kersting (2003), it is clear that these categorizations treat the participation options availed by the state as critical. But Wilson and Perret have cautioned against participation patterns, which “...often translate into mere dissemination or consensus building around pre-determined outcomes...” (In Berry and Mollard, 2008).

Wilson and Perret’s caution places more weight on free participation of citizens on policy processes; after all, as already illustrated, it is highly likely that citizens will react against non participatory patterns. Nation states continue to grapple with the governance question. For South Africa, the transformation is even more complex and probably too risky. Below the study explores this complexity.

2.5. INTEGRATED DEVELOPMENT PLANNING IN SOUTH AFRICA

The difficult birth of post Apartheid South Africa presented policy makers with hard questions and contradictions. This wasn't the case of solutions in search for problems, but deep rooted social and economic challenges that required innovative 'solutions'. Unlike many African countries, Gueli *et al.* (undated) posit that the South Africa's

“...transition from conflict to peace during the 1990s was marked by unrivalled levels of political and social reconciliation; and, during this critical time, government institutions were quickly transformed to promote 'true' development and democracy”

These authors relate Integrated Development Planning (IDP) to these sorts of 'reconciliations'. IDP setting might be, however, more 'older' than the social and political reconciliation. The 'separate development' project of the Apartheid regime inevitably yielded serious and systematic political, social, and economic deficits among the non white communities. This necessitated a planning process which involved ordinary South Africans in development planning and the accruing benefits. No wonder the apex of the IDP process is participation of all the relevant stakeholders (see Department of Provincial and Local Government, undated)

2.5.1 Historical Platform for Integrated Development Planning In South Africa

South Africa's pre-1994 development trajectory was largely characterized by what Lewin (1999) refers to as 'economics of discrimination', regulated by a centralist state. In terms of economic growth, McCord (2003:42) notes that in general, South Africa's "economic performance deteriorated significantly from the mid 1970's with average growth rates slowing to 2.9% between 1975 and 1981 and 1.1% between 1982 and 1988". McCord further notes that formal sector employment and inflation worsened during this period,

with the economy losing capacity to absorb new market labor entrants. A combination of internal political conflict and lack of investor confidence undermined the South African economy, McCord argues (see *ibid*).

The result of these currents was that, as at 2003, according to South Africa's Human Development Report (Adelzadeh and Ohiorhenuan; 2003;5) over 48.5% (19.5 Million) South Africans fell below poverty level. The Human Development Index (HDI) measured at 0.67 in 2003 while gini-coefficient measured at 0.635 in 2001 (*ibid*). By the same year, the country was characterized by "...weak access to basic services by the poor, unemployment and underemployment, low economic growth rates and the weakening employment generation capacity of current growth path, environmental degradation, HIV/AIDS and inadequate social security system" (*ibid*:6). The World Fact Book records South Africa's current official unemployment at 25% while the unofficial unemployment stands at 40%, with 30% of the entire population living below one dollar a day (Central Intelligence Agency; 2007 <https://www.cia.gov>. 31st October 2007).

The Reconstruction and Development Programme (RDP) (Republic of South Africa <http://www.anc.org.za/rdp> 31st October 2007) recognizes that apartheid left the working class poorly equipped for changes in the global economy, underdeveloped small and medium sized enterprises, highly protected industries, and, under investment in research, development and training. Inefficiencies of national logistical framework, shortage of suitably skilled labor, discriminative spatial patterns on labor, stringent measures to entry into value and commodity chains by businesses, limited new investment opportunities, deficiencies in state capacity to deliver and manage development, are some of legacies of apartheid visible in South Africa's economy (Republic of South Africa;2007).

With the profound underdevelopment forces outlined above, it was critical that South Africa's post apartheid development chapter open with a pro-poor policy framework, the Reconstruction and Development Programme (RDP). Unlike in many African countries, this was as developmental as it was participatory (see Kambuwa and Wallis, 2002). Inevitably, any successful recovery of the negative impacts of this 'separate

development' project required an innovative service delivery model. This vein of thinking is the very foundation of the IDP.

The RDP possessed an elevated view of the public sector, and its ability to deliver public services efficiently and effectively. Accordingly, the RDP focused sharply on the 'local' space. This is considering Kambuwa and Wallis (undated) view, that the RDP's expected local authorities to facilitate performance management approach in delivery of services to meet basic needs.

Operating within the constitutional mandate and the RDP expectation, the Department of Provincial and Local Government (DPLG) developed a "...**process** through which municipalities prepare a strategic development plan, for a five year period. The Integrated Development Plan (IDP) is a **product** of the integrated development planning process. The IDP is a principal strategic planning instrument which guides and informs all planning, budgeting, management and decision-making in a municipality (see Department of Provincial and Local Government; undated). The Municipal Systems ACT of 2000 requires that all Municipalities undertake an Integrated Development Planning to produce Integrated Development Plans (ibid).

2.5.2. Participation in the Gear 'Regime' and Related Implications.

The shift from the RDP policy to the macroeconomic oriented programme in 1998, -the Growth Employment and Redistribution (GEAR) strategy was by many accounts a decisive point in South Africa's 'economic governance' agenda. Not only was the shift an economic one, but also a governance one. The nature of the 'new' state was centralization of decision making power. Of course a necessary move given the obsession with 'economic growth' (see Republic of South Africa, undated). In the GEAR policy document, the term growth appears 94 times in 25 pages (on average four times per page) while the term participation only appears three times in 25 pages (once in every 30 pages). The policy shift from RDP to GEAR necessarily toned down commitment to Integrated Development Planning.

Practically, macro stability and broad based participation might not co-exist without frictions. Not surprising therefore, a fairly significant percentage of South Africa's population still live in informal settlements, in spite of the government's efforts to deliver housing. The business newspaper, posted in the government's website on April 20th 2007 cited that housing backlog stood at 2.4 million housing regardless of the delivery pace, which is currently 250, 000 a year (Republic of South Africa; 2007)

In some respects, there are some parallels (however subtle) between the apartheid state and the 'GEAR State' namely, the regime theory appears to have been the overarching model in these two regimes. The state was a powerful actor, often at the expense of broad based participation. There is a high likelihood that an Integrated Development Planning can only work effectively in a participatory state model.

But even in a less-democratic national control of development process, and although these tendencies might undermine participatory development, state space might simply be an avenue through which global or local actors can exert influence on policy. In this regard, in a post GEAR era, South Africa is caught between international pressures as well as global discourses such as decentralization and local development challenges. For Freund (2006) there is a 'central goal' of the current government, that is, recovery of black people's dignity, and, what he terms as secondary goals, that is, racial and gender equity as well as poverty alleviation. By implication, redistribution is a 'need' and not just a good policy idea. If economic growth is an indispensable goal for the GEAR regime, redistribution of wealth is equally inevitable from the citizens view point.

In the short term, these are likely to be contradictory as far as social stability is concerned. The poor population, supported by civil society appears to demand greater influence on policy content, while economic logic dictates that redistribution must be bundled with economic growth if both are to maintain sustainability. The state must balance these tensions. Both the rich and the poor as Borat and Kanbur (2006:13) argue, interpret democracy as the ability of the state to deliver development to its citizens. But their concept of development might mean different things to different classes of citizens.

For example, business owners might consider development as facilitation of business environment by government, while the poor might view development in terms of government's provision of basic services and job creation. To reconcile different interpretations of development by the different classes in South Africa will be the challenge that the state will have to grapple with at least for the foreseeable future.

The RDP does not solve the conceptual rifts between the two main camps. Although the document underlines participation as a necessary process to development by arguing that "...the birth of a transformed nation can only succeed if the people themselves are *voluntary*⁶ participants in the process towards the realization of these goals they have themselves helped to define" (Republic of South Africa. RDP, 1994:7), it makes a fundamental assumption. It fails to recognize that if citizens are invited to be voluntary participants, representations of various classes in policy processes are likely to be uneven. And, GEAR has certainly not attempted to address this 'balance issue' adequately. Infact, the second order policy programme (GEAR) undermines participation to some extent.

Jager (2006) argues that the post apartheid state (implicitly referring to the GEAR 'state') has adopted two forms of governance in its response to prevailing development challenges. First is what he calls institutional centralization, or the centralization of presidential powers. The other is what he dubs dispositional centralization, which refers to the imposition of development duties to the civil society, while at the same time undermining its role as an agent of public accountability. It is important to note here that South Africa's civil society remains aggressively pro-poor hence the likelihood that the state deliberately avoids full accountability to civil society.

In the context of the GEAR 'project', the state asserts its legitimacy through what Jager prefers to call 'procedural democracy' –that is, cycles of institutions, procedures and routines of democratic systems. The most common 'procedure' is the five year general elections. Jager is not satisfied with this kind of democracy. He advances that by over-reliance on these procedures, the state tends to alienate 'substantive democracy' –which

⁶ Emphasis by author of this work

is the redistribution of power to the extent in which citizens can fully participate in the decisions that affect them. Some critics contend that the current state consists of elite dominance, "...a macro-economic orientation anchored more on growth than on equity and the resultant growing army of poor and unemployed/unemployable under classes; [and] preference of stability to unrestrained participation" (see Amuwo, undated).

Others such as Southall (In *African Affairs* (1998), 97, 443-469) suggest that the current state is characterized by centralized power, reflected in the ANC's dominant of policy choices. And in case the ANC argues that it continues to win elections with wide margins, Southall cautions that this victory has progressed largely due to weak opposition parties. This is not to suggest that the outcome of ANC's policy dominance has automatically produced bleak outcomes. In fact, one might be excused to think that Southall suggests so. On the contrary, Southall contends that power centralization within the ANC has created "...consolidation of political legitimacy, consistent economic growth, fiscal discipline [and] delivery of increased social benefits..." (Southall, In *State of the Nation, South Africa 2007:6*).

What Southall does not explain is the economic implications of thorough going democracy. He seems to understand participation as a good idea that does not necessarily translate into development. But as the following section will demonstrate, the idea of power centralization as a better way of managing development is potentially *undevelopmental*. The problem with the power centralization logic is that it views technocrats as adequately knowledgeable and capable of policy formulation and implementation-which is the very nerve centre of the GEAR policy. The LED discourse challenges this view and rather tries to link poor outcomes to poor public participation. This vein of thought is explored in more details below.

2.6. EXPLORING NOTIONS OF PARTICIPATION AND ACCOUNTABILITY IN APPROACHES TO LED GLOBALLY AND IN SOUTH AFRICA

Local Economic Development (LED) is a relatively new discourse, which began to feature in literature towards end of the last century. It is traceable on heavy loaded terms such as decentralization and democratization (see Lootvoet and Freund, 2006)-thus suggesting co-evolution with good governance. It emerges from the common arguments that undemocratic "...grand development narratives of the post-World War II era" (Binns and Nel, 1999:389) have produced contradictory outcomes and therefore failed. As an alternative, LED asserts itself as people centered development (Bins and Nel 1999:1-2), and as such has given human face to development, -rightly taking its name as what David *et al.* (2005) refer to as 'humanistic paradigm'. To a reasonable extent, LED is a counter-revolution discourse in that it seeks to devolve power to common citizens, thus operating within the democratization agenda. Below the study will explore the central arguments of LED. It will also highlight contradictions that plague the discourse.

2.6.1. Dis-empowering the Center: Approaches and Definitions of LED

Many authors agree that LED advocates for capacity building of local communities such that they would be able to control and manage their own development (see Helmsing, 2001, Bartick, 2003, Rodrigue-Pose and Tijmsra, 2005, Nell, 2001, Parahanse *et al.*, 2006, Hall and Robbins, 2002). The recurring themes in the writings of these scholars are *public participation* and *locality development*. Issues of governance, environmental sustainability and building of local capacity feature prominently in LED discourse.

In spite of these refreshing articulations, a number of problem issues are presented in literature. Lootvoet and Freund, (2006) do not only see problems with definitions of

'local', but they also determine that the continual intervention role of the state in LED discourse brings up problem issues. They further cite that LED tends to be implemented as a one size fits all model-developing and developed countries alike. While Lootvoet and Freund's concerns (2006) are complex yet important, they are partly addressed by Porters (1998) description of 'local' clusters as determined by geographic location. They are also partly addressed by the view that 'local software'⁷ -that is communities present in a particular geographic area, do constitute 'local'.

In further inquiry of LED, Blakely (1994) sees LED as an imported concept from Western countries, which potentially fail to adequately relate to local contexts. This is not surprising given that good governance agenda could well be said to be a western generated concept. What needs to be noted here is that theoretical articulations emerging from the west appear sympathetic to developing countries, yet in practice they often become the very opposite of their intention. By this token, it is hard to imagine that personal and group interests do not influence these concepts. It is therefore not a coincidence that developing countries are treated with debates on pro-market and pro-poor LED, concepts which have long been dominant in western thinking of development.

According to Rogerson (2002:3), pro-market LED tends towards businesses capacities to cope with markets, through creating "...individual self-reliance, entrepreneurship, expansion of the market, competitiveness, reduction of unemployment and sustainable growth". This approach seems process oriented and advances in support of demand driven interventions without interfering with the market system. The pro-poor approach on the other hand is outcome based. It seeks to allocate the bulk of policy content to the poor, anticipating that interventions would alleviate poverty and create employment. South Africa's experience of classes that possess these seemingly contradicting views has already been noted. Pro-poor LED has emerged recently as a rebuttal of the pro-market approach, contending that the latter has failed to produce meaningful results in terms of poverty alleviation and job creation.

⁷ This term is used by this author in reference to people.

In what seems to be the defense of the pro-market paradigm, the WB (undated) demonstrates how LED has evolved over time. The idea is that it is likely that countries might not have adequately identified transitions made by the LED discourse. The Bank notes three main phases through which LED has undergone as noted below.

Phase one could be traced between 1960's and early 1980's, phase two from 1980's to 1990's and phase three from 1990's onwards (The World Bank, undated). Phase one focused on mobile type of manufacturing, creation of conducive environment for foreign direct investment, and investing on hard infrastructure. Cities tended to give large grants and loans to investors, provide subsidies on hard infrastructure, allowed tax breaks and industrial recruitment techniques, all aimed at investment on the local economy. In Phase two LED shifted to business start ups, retention and expansion and sectoral targeting strategies. To attain these objectives cities provided direct payments to individual businesses, invested in soft and hard infrastructure and established business support programmes, which incubated businesses, provided market information and training to small businesses owners as well as providing technical support. In Phase three attention is given to the entire business environment. Public-private partnerships, networking with the private sector and coordinating of clusters for competitive reasons are some of the elements, which have become central to LED practice in this phase. Coordination of clusters presupposes understanding of value chains and how businesses fit into the value chain network.

The first and the second phase appear to have been largely supply driven. The third phase appears more comprehensive. The presence of the private sector as a key actor suggests pro-market biases. Within reason then, it might be argued that generally LED appears to have shifted from pro-poor to pro market. The ability (or lack of it) of governments to financially sustain pro-poor approaches might be the underlying reason for this shift.

Businesses have received a central focus in all the phases. Helmsing's (2001:64-71) conceptualization of LED as community development, businesses development and locality development can clearly be located in Phase three. Also, while community and

locality development are highly supportive of businesses development, viewed differently, small businesses stimulate development of community and locality development. Innovative policies are necessary to ensure these links are sustained. More specifically, the role of small businesses in developing local capacity need to be probed further- and the section that follows tries to do so.

2.6.2 Small Businesses role in the Development of the Local Economic Base.

As Helmsing observes, "...one of the guiding ideas of LED is its concern for the development of the *local economic base*" (2001:10), which involves mobilization of small businesses to increase their productivity. As recent as 1990's, geographical locations have taken increasing role in development economics (Krugman, 1998) forming what has come to be known as economic geography discipline. Central to this school of thought is *perfect* competition. Krugman notes that perfect competition concept emerged from attempts to understand and solve the 'unfair competition' patterns by businesses. Three waves have preceded the economic geography discourse. These include the "...New Industrial Organization, which created a toolbox of tractable if not entirely convincing models of imperfect competition; the New Trade Theory, which used that toolbox to build models of international trade in the presence of increasing returns; then the New Growth Theory, which did much of the same for economic growth" (Krugman, 1998:13).

It is in Michael Porter (1998) where small businesses get a fair deal of policy attention. Porter conceptualizes location of businesses as critical to business development. He notes that agglomeration of businesses into clusters can enhance learning, innovation, creation of new businesses as well as competitiveness. Helmsing (2001) adds that agglomeration of businesses can provide opportunities for spin off activities. In support of competitiveness, Porter (1998) suggests that productivity largely depends on how businesses compete, and not necessarily availability of inputs, or the areas they compete in. The benefits accrued by agglomeration can be better exploited through adequate

participation of stakeholders. For example sharing of information is likely to affect productivity.

Krugman (1998) observes that economic geography is founded on tendencies of businesses to respond to centripetal [market size linkages, thick labor markets and pure external economies] and centrifugal factors [immobile factors, land rents and pure external dis-economies]. Refreshingly, economic geography treats SMMEs as indispensably important in job creation and poverty alleviation. Among other contributions, research has underlined a wide range of benefits attributable to small businesses, as noted below.

Firstly, studies conducted on demand of small business products, - specifically soap in Ghana, furniture in Kenya and bicycles in Malaysia- showed that SMME products tend to meet the needs of the poor better than products of macro enterprises (Harper, 1984). Secondly, often large stocks in macro enterprises are produced by small enterprises (ibid: 11). Third, SMMEs can be "...established in rural settings and thus add value to the agro products and at the same time facilitate the dispersal of enterprises" (Republic of Tanzania, undated) Fourth, majority of SMME's are owned by local people (Harper, 1984), and as such they can mobilize local resources for development.

The aforementioned opportunities provided by small businesses could be utilized as tools for LED. From a pro-market standpoint, Krugman (1998:6) notes that the "...sophistication with which companies compete in a particular location ...is strongly influenced by the quality of local business environment..." which require improved [soft and hard] infrastructure among other 'business climatic factors'. Both Pro-market and pro-poor approaches share the view that Local Economic Development Agencies (LEDA) would be useful for "...building capacity within a local or regional economy to create jobs, tackle threats being encountered and exploit opportunities emerging from rapid economic, technological and social change" (Hakemulder, 1997:2). Depending on the context, if Helmsing (2001:12) is right in arguing that small businesses tend to develop their own institutions to regulate and standardize their production, as well as

“...lobby for public support institutions and infrastructure” (Helmsing, 2001:12), LEDAs would best play a supportive role.

For the World Bank (2007), LEDAs should facilitate inter-firm collaborations, institutional development and targeted industrial sectors. Levitsky and Mikkelsen (2001) have sought to discredit interventions which treat small businesses as ‘charity beneficiaries’. They contend that agencies-which include governments and donors-, should foster ‘transactional relationships’ with small businesses. In this case the agencies need to view themselves as providers and not benefactors of business development services (BDS). Levitsky and Mikkelsen (2001) further suggest that intervention services should envision sustainability, meaningful participation of all stakeholders and performance measurements. It is this critical issue (processes and outcomes) that the study now turns to address.

2.6.3. Processes and Outcomes of Interventions in LED

To sustain facilitation role without impeding profit maximization of SMMEs can be a difficult and contentious task. Governments and other intervention institutions tend to enforce their own regulations, sometimes with biases towards their own agendas. As a result, SMMEs sometimes view government as “...a source of harassment, tax demands, delay, regulations and irrelevant requests for information (Harper, 1984:194). Porter (1998:6) notes that “...businesses cannot function efficiently under conditions of time-consuming red tapes...” and dysfunctional court systems. Even worse, sometimes the *pressure* for businesses to adhere to government regulations is matched with “...undeveloped infrastructure, poor business development services, limited access of SMEs to finance, [as well as] ineffective and poorly coordinated institutional support framework” (Republic of Tanzania, 2005:34).

To avoid problems associated with intervention strategies, in a clear pro-market rhetoric, the World Bank (undated:13) cautions against BDS programmes characterized by supply driven training programs, “...over-generous financial inducements for inward investors, unexplored business retention subsidies, reliance on "low-road" techniques, e.g., cheap

labor and subsidized capital, [and], Government-conceived, -controlled, and -directed strategies”. The mix of power centralization by government and managerialism by businesses owners, lack of skilled labor and technology and biased market structures (Barber, *et al.*, 1989:10-16) tend to dampen effectiveness of interventions. Intervention strategies also need to address “...skills and knowledge focused on ‘how to’ and ‘who with’ issues, regarding inputs and outputs of SMMEs” (Levitsky, and Mikelsen, 2001:3). Additionally, Helmsing (2001:15) observes that innovation and investment tend to be low among local producers due to the fact that outcomes of innovations or investments require new “...investment in other parts, upstream or downstream in the same commodity chain”. All the above, among other binding constraints can sometimes force small businesses to remain in the informal economy.

2.6.4 Narrow Territory: Business Development Interventions and Problems of Participation and Accountability.

Berg-Schlosser and Kersting, (2003) have already pointed out that clientilism and tribalism can be impediments to competitiveness. Thus governments could well practice Jager’s procedural democracy- (that is general elections) and remain as open economies yet retain poor competitiveness due to practices of clientilism and tribalism. These twin ‘public evils’ are likely to attract corruption where favorite business persons are illegally exempted from government regulations, or even worse, they are given extra support where as other businesses do not necessarily receive similar privileges.

Important to note, some of the public evils are more subtle. For example, Sussan de Villiers, (2001) has warned LEDAs against over-reliance of ‘representative participation’ which is likely to develop favorite factions. Along this vein, Levitsky and Mikkelsen (2001:61) note that SMMEs owners and managers tend to possess “...individualistic and anti-state entrepreneurial culture” and are thus prone to representing their individual interests.

Also, SMMEs sometimes view organizations that claim to represent them –such as Chamber of Commerce- as in reality representing “...the interests of the more influential

larger businesses, whose major aim is to prevent newer businesses from competing with them” (Harper, 1984:189). These problems could be prevented through encouraging ‘voluntary participation’ of small business owners in business support interventions, and allowing them to provide inputs into policy content and processes. In this regard, decentralization of state power becomes critical. Some countries such as Mali provide good examples of decentralization (see *The Economist*, July 7th –13th 2007) - renowned as the most decentralized state in Africa.

The July 7th -13th *Economist Magazine* (2007:16) notes that by 1991 Mali had 18 local communes, as at 2007 there are 702, of which most of them pay taxes to their local commune and “...can see the tangible results...”. The current Mali government has given extensive attention to building local economy through investment into infrastructure and agriculture. Local communities have been taught how to build up canals to capture Niger floods, a move which has ‘reversed immigration patterns’ into urban areas (ibid). This is just one of the positive impacts of decentralization –or otherwise stated, LED. Higher income developing countries, such as South Africa might enjoy similar benefits if the decentralization process is effectively implemented. But as will be noted in the following section, decentralization in South Africa has been impeded by technocratic tendencies. And where decentralization has taken place, unlike in countries such as like Mali, decision making processes remain largely within political corridors.

2.7. PARTICIPATION IN SOUTH AFRICA'S LOCAL ECONOMIC DEVELOPMENT AGENDA.

Global LED trends form the basic framework within which, according to Meyer (2004:1) and Robbins (2005:1); South Africa has established a legal framework for LED practice. Nel, (2001:1) observes that, "...[a]s South Africa shares similarities with both the North and the South economically, it is inevitable that LED is experienced in forms ranging from urban entrepreneurialism to rural survival strategies". In this sub section the study will look at the shapes and forms of participation that LED in South Africa has taken, as well as the challenges that it continues to face in provision of small businesses services.

LED in global south is not new phenomenon. Infact, LED has been practised in South African cities since 1900, with efforts "...mainly focused toward industrial development" (Pretorius and Blaauw, 2005:5). What is new about LED is the increasing attention that it has received as well as the activities that have followed this attention. Nel (2001) notes that in the last decade local governments, community groups and nongovernmental organizations have all taken aggressive action in favor of LED. Unfortunately for South Africa, sliding towards economic programs appears more obvious, than participation in LED programs.

For example, in line with international LED discourse, South Africa's LED policy seeks to improve *inter alia*, the asset base of poor communities, service delivery and infrastructure delivery as a means of addressing poverty (Rogerson, 2002:9). These activities respond to the constitutional call for strategic LED, which as Robbins points out would provide "...support opportunities for low income individuals and their communities" (Robbins 2005:1).

While poverty reduction forms the bulk of national policy framework, local government is constitutionally obligated to manage its own processes of budgeting and planning, as

well as provide social and economic development of communities (Republic of South Africa; 1996). The municipal system Act of 2000 (ibid) specifically charges municipalities to develop integrated development plans, which would help realize these constitutional goals. This mandate mis-treats the participation agenda by overlooking capacities of municipalities as well as complex relationships that might exist among and within local institutions, which are highly likely to influence processes of development on local level.

The National LED strategy lays down three main areas as primary (but not exclusive) duties of municipalities (National LED strategy; DPLG, 2006). These include; (i) Provision of leadership and direction in policy making (by-laws and processes to regulate land in manner that reduces the costs of doing business and maximizes the involvement of people in the local economy). (ii) Administration of policy, programme and projects in the context of growth and development. (iii) Act as the key initiator of economic development programmes through public spending, regulatory powers, and (in the case of larger municipalities) their promotion of industrial, small business development, social enterprises and cooperatives.

An assessment of how South Africa's small businesses have performed over the last few years might enlighten as to whether these articulations have been implemented. Evidence seems to suggest the opposite. However, before criticisms are presented, as already mentioned, it needs to be understood that local spaces are complex. Wilson and Perret (2008) for instance have already pointed out that local citizens are not without their politics. Also, the task of containing pressures from interest groups is a difficult one. Social inequalities are also likely to destabilize the policy environment. Furthermore, in regards to South Africa's LED, focus has been more on state versus market instruments and their degrees of intervention. These are few of the challenges that LED in South Africa must face. The study now turns to assess performance of small businesses in South Africa.

2.7.1. Performance verdict on Small Businesses in South Africa

In spite of well established legal frameworks, and in spite of the fact that municipalities have established LED units and "...a range of developmental strategies", Nel argues that LED results in South Africa have been less than satisfactory (2001:1). By the same token, Kesper and Rajaratnam (2003) report that small businesses have performed poorly in spite of the implementation of the national strategy for small enterprise promotion. The strategy, they argue, expects involvement of all government spheres, private sector as well as donor agencies. Yet, in spite of this call, Kesper and Rajaratnam, (2003:42) note that as at 2003, "...eight years of overt SMME promotion have not been able to turn the previously neglected small firm economy into a vibrant sector". A number of factors are responsible for this poor performance.

First, the national strategy does not address the way in which all these stakeholders should collaborate, hence herein lies a major problem. Reconciling the interests of government, the private sector and government are issues of critical importance, yet the national strategy assumes these.

Second, as Helmsing (2001b:304) points out "...the position and the positioning of territorial production systems within a local-global context" is a major challenge. What Helmsing refers to is the challenge to ensure adequate balance between local and global dynamics.

Third, globally, and in South Africa, LED discourse has not been fully deconstructed. Accordingly, as pointed out earlier, South African public is treated with discussions and debates from two main schools of thought; pro-market and pro-poor LED. Included in these paradigms are arguments from a wide range of disciplines, the main ones as noted by Meyer Stammer (2004) being economic geography, urban planning and regional economics. The sociology discipline which relates to social relations remains partially involved in the LED discourse. These ideological alliances need to be understood in the

context of what Simon suggests as South Africa's "...politico-economic and social transformation" on the one hand and "...changing nature and meanings of the development discipline" (2000:1) on the other.

Fourth, centralization of power referred to earlier in the study also determines poor outcomes. Thus Morris and Robbins (2006:7) note that centralization of power by the Department of Trade and Industry has, in "...all probability hindered significant advances on industrial policy content and innovation in South Africa". As a result, according to Freund (2006), skill development, job creation and meaningful reduction of poverty remain much of a theory in South Africa.

Fifth, local and district municipalities face the challenge of institutional incapacities. The same problem exists within metro municipalities although to a lesser extent. National government however has responded to this challenge by establishing support programmes, concurrent to international practice. In this context South Africa has established four LEDAs to support local and district municipalities, in Siyanda district municipality, Nkomazi local municipality, OR Tambo district municipality and Vhembe district municipality (See Pretorius and Braauw, 2005). These LEDAs are established under Small Enterprise and Human Development Programme which envisions "...a complex set of economic reforms and social change processes" (Republic of South Africa; 2007). But this initiative could only address particular forms of institutional weaknesses. The question of sufficient number of officials, as well as provision of adequate training for efficient delivery is not meaningfully addressed.

Sixth, policy incoherencies between different levels of government remain an obstacle. Policy choices on national level have tended to exert more pressure on citizens, who respond to the local government in dissatisfaction. For instance, it is argued that South Africa's macroeconomic policy (GEAR) was based on the view that opening to global markets would enhance competition- as a demand side- while the Department of Trade and Industry (DTI) engaged support of clusters and businesses on the supply side (Morris and Robbins, 2006:11). The choice of 'supply side' intervention was made in spite of the

lack of necessary skills by the DTI (ibid), and its cohorts, such as the small businesses and local businesses service centre, the Industrial Processing Zones and the Spatial Development Initiatives (see Nell, 2001). Critics of the pro-market paradigm argue that South Africa's open economy has forced upon local authorities the challenge of facing up to globalization dis-benefits, such as increasing formal unemployment and declining government expenditure on social welfare (Taylor, 2002:2).

Seven, internal constraints such as the complacency among SMME entrepreneurs to measure up to global competition, or the distortion in capital and other factor markets have been identified as impediments to small enterprise growth (cf. Manning, 1996, Kaplinsky and Morris, 1999; Chandra *et al.*, 2001).

These problems have contributed to the dismal performance to small businesses. Importantly, Kesper and Rajaratnam, (2003) note that there are many others that have not yet been identified.

This study does not pretend that these problems are easily solvable. What it suggests however is that they are likely to be better addressed through decentralization of policy processes –or implementing LED with a ‘participation’ face. The study hypothesizes that if the government follows examples such as Mali, it is likely to improve capabilities of businesses, as well improve their returns. This would be considerable progress towards poverty alleviation and job creation.

This chapter has reviewed literature on governance and state reform, globally and in South Africa, relating these to LED. It noted that the good governance agenda, considered as critical to democratization lends itself to often distorted definitions of ‘democracy’. The chapter has presented the argument that the contexts in which the good governance agenda developed, potentially distort meanings of participation. This is besides LED acute bending towards economic programs yet with vague participation practice.

The challenge in South Africa's decentralization agenda seems to be that of institutional incapacities to implement the constitutional mandate. This inference draws from experiences of 'unconventional participation' by the public, reflected in protests and demonstrations (see Atkinson, 2007). This eschewed participation might be the apex upon which debates on LED have revolved around - pro-market and pro-poor (Bond, 2002). The pro-poor view understands public participation as a more efficient strategy for poverty reduction. Although South Africa has a clear LED framework, small businesses have recorded poor performance, under the conditions of bureaucratic inefficiencies, poor policy coordination among others. While this chapter has reviewed existing literature, the following one will highlight the methodology used to collect primary data, in the quest of understanding LED issues in eThekweni Municipality.

CHAPTER THREE: PROJECT APPROACH AND METHODOLOGY

3.1. STRATEGY AND DESIGN

This study has utilized qualitative methodology to empirically test how LED processes and outcomes treat issues of participation and accountability. Eight in-depth semi structured interviews were conducted through a period of three months. Senior officials from eThekweni municipality's Business Support Unit (BSU), Small Enterprise Development Agency eThekweni (SEDA), Durban Chamber of Commerce (DCC) and KwaZulu Natal Department of Economic Development (DED) were interviewed. The interviewed BSU offices are all based in different locations around the city. These include the two main BSU offices located along Victoria Embankment but in different areas, Cato Manor Area Based Management (CMABM) based in Intutuko Junction and Umkhubane Youth Centre (UYC) based in Cato Manor.

The study was primarily interested in understanding the perspective of agencies in regards to small businesses participation in policy processes. This option was determined by the objective of the study. By selecting the perspective of business support agencies, the study recognizes that views of small businesses warrants undivided attention as recommended in chapter five.

In terms of the research design, purposive and snowballing sampling techniques were used to choose respondents. The author selected key officials in the various organizations anticipating that these would provide comprehensive and organizational view of small businesses related LED. Due to unavailability of some of the officials, snowballing technique was used where other officials were recommended by their colleagues in the process of the interview. All respondents had obtained tertiary education, and their

experiences ranged from limited to vast experiences on government as well as business operations.

3.2. INTERVIEWS

The questionnaire essentially tested the extent in which bureaucrats understood the formulation process as well as the content of the Integrated Development Plan (IDP) and the scale in which eThekweni municipality's small businesses related LED was participatory. It also sought to understand the existing development outcomes relating to small businesses, who determines these and on what basis.

The interviews took place in the respective offices of the respondents. Prior appointments had been made, and, questionnaire and abstract of the study had been electronically mailed to all respondents in advance. Follow up of the appointments was made through the phone. A tape recorder was used to record the interviews. The interviews were then transcribed and themes identified.

Officials from the Business Support Unit, the Durban Chamber of Commerce and the Small Enterprise Development Agency (SEDA) were interviewed. The author chose to interview two officials from the provincial LED unit; with the intention of obtaining 'outsider's' yet relevant perspective of the DCC, BSU and SEDA functions and processes.

The Business Support Unit is a government institution, tasked with support of small businesses through promotion of healthy business environment, infrastructure support in form of rentals and, business linkages (eThekweni Municipality; 2007). Small Enterprise Development Agency was established in December 2004 by the provincial Department of Trade and Industry 2007). Currently funded by the BSU, SEDA seeks to provide training and mentorship to small businesses; empowering them to access finances as well as markets easily (ibid). The Durban Chamber of Commerce is a business organization, with the objective of promoting "...SMME growth through mentorship, enterprise development and business skills training" (Durban Chamber of Commerce; 2007).

Although these three institutions attempt to coordinate their activities together given their common objective; as the findings demonstrate, this coordination does not always translate into reality.

3.3 NATURE OF RESPONDENTS.

Overall, eight officials directly involved with small businesses policy formulation and implementation were interviewed. Officials from four different offices of the BSU were interviewed, while one official from one SEDA and one from DCC were interviewed. The reason for a higher number of BSU interviews is that the BSU operates differently in different areas, but also there are many BSU offices involved in small business support services than DCC and SEDA.

The officials are coded as below:

- a. BSU official one –BSU office based in Rennies House, Victoria Embankment
- b. BSU Official two –BSU office based in Windermere Street, Victoria Embankment
- c. BSU Official three – Umkhubane Youth centre based in Cato Manor
- d. BSU Official four – BSU office based in Cato manor Area Based Management
- e. DCC official one – DCC office based in the City Centre
- f. SEDA official one – SEDA office based in Johannes Nkosi Street (Former Alice Street)
- g. Provincial LED official one – Department of Economic Development based in Gardener Street
- h. Provincial LED official two - Department of Economic Development based in Gardener Street

Six of those interviewed were black African male, one was Colored male and one was a Colored woman. In terms of work experience, two officials (SEDA official and one Provincial LED unit official) have been in their current posts for less than six months, two for just over a year (DCC official one and BSU official two) while the other four (BSU official one, BSU official three, BSU official four and Provincial LED official two)

have held their posts for over two years. All the officials have attained tertiary education, ranging from post-Metric diploma to a Masters Degree. All the officials were interviewed in their own offices.

Given that the study was qualitative in nature, and that officials preferred to talk freely in regards to their portfolios, officials were at liberty sometimes to deviate from the questionnaire. This deviation however still fell within the broader context of participation and accountability of small businesses related LED. The following sections point to the responses generated by the fieldwork.

3.4. LIMITATIONS OF THE STUDY

There are a number of constraints involved in this study. First, the choice of agencies that seek to support small businesses; instead of the businesses themselves potentially leave out an important perspective in regards to small businesses related LED. The project mostly interviewed government officials in which case it omits a clear perspective from non-state stakeholders. Although Government officials do represent other stakeholders' views- sometimes due to their interaction with non state actors, there is a risk that indirect representation of these views might be highly selective.

Following the theoretical tools utilized by this study, however, the tendencies by powerful stakeholders to hijack processes requires an investigation of the 'powerful actors' such as state officials. The study recognizes that seeing things from government officials perspective only a partial picture.

CHAPTER FOUR: PRESENTATION OF FINDINGS.

This chapter presents the findings of the field work systematically. A comprehensive analysis of these findings is provided in a later chapter. The questionnaire (see appendix) drew attention to two main themes; namely, respondents' awareness of contents and processes of the IDP, and, respondents' awareness of contents and processes of LED. The broad framework upon which the themes construct upon is in turn informed by the following sub-themes.

- (a) The context and approach of participation and accountability in Integrated Development Planning in eThekweni Municipality
- (b) The context and approach of LED planning within the IDP and an exploration of participation and accountability within these processes
- (c) Reflections on IDP with a specific focus on LED processes to examine related bureaucratization and democratization frameworks Reflections on how governance approaches in support of greater participation and accountability could enhance LED outcomes

The order of this chapter is as follows. The first sub section outlines eThekweni's IDP, followed by participation and accountability focus on eThekweni's IDP. Subsection three enlightens on LED programmes in eThekweni with a focus on small business. Finally respondent perspectives about the IDP processes are presented.

4.1. INTEGRATED DEVELOPMENT PLANNING IN ETHEKWINI MUNICIPALITY

In November 2002 eThekweni municipality prepared a Long Term Development Framework [LTDF] after what Ballard *et al.* (2002:266) refer to as "...a lengthy community consultation process". In June 2003 a 5 year plan (the Integrated Development Plan) was adopted "...to provide a more detailed framework for the council's activities over a 5-year period" (ibid; 267). As these authors suggest, although in a back and forth and often disjointed momentum, eventually eThekweni's first IDP (2003-2007) was highly participatory under the guidance of Mike Sutcliffe [the then city manager], particularly given the city manager's performance contract would be based on the implementation of the IDP.

The process of formulating the IDP, as per the DPLG guidelines (Department of Provincial and Local Government; 2009) is as follows:

IDP Phases	Action item	Role of Public
Phase 1	Assessment of existing level of development Priority issues or problems Information on causes of priority issues/problems Information on available resources.	Public perception of their socio-economic problems
Phase 2	The vision Objectives Strategies Identified projects.	Public participation takes place in the form of a public debate on the appropriate ways and means of solving

		problems.
Phase 3	<p>Performance indicators</p> <p>Project outputs, targets, location</p> <p>Project related activities and time schedule</p> <p>Cost and budget estimates.</p>	This is a technical process, experts are engaged for input.
Phase 4	<p>5 year financial plan</p> <p>5 year capital investment programme</p> <p>Integrated Spatial Development Framework</p> <p>Integrated sectoral programmes (LED, HIV, poverty alleviation, gender equity etc)</p> <p>Consolidated monitoring/performance management system</p> <p>Disaster management plan</p> <p>Institutional plan</p> <p>Reference to sector plans.</p>	
Phase 5	<p>Draft is submitted to the council for approval.</p> <p>The council needs to ensure that the IDP complies with the legal requirement before it is approved.</p>	Draft is given to the public to comment
Phase 6	<p>Submission of the final document to the Provincial government, in order to assess that the IDP complies with the requirements of the Act and also that it is not in conflict with IDPs and strategies of other municipalities and organs of state.</p>	Implementation begins

4.2 PARTICIPATION AND ACCOUNTABILITY IN ETHEKWINI'S IDP AND LED PLANNING.

EThekwini has made some progress in engaging the public, as it concerns developmental planning (See Heller, 2001; Hindson and Ngqulunga, undated). But while efforts have been made to encourage public participation in eThekwini's IDP process, Hindson and Ngqulunga (undated:13) argue that profound challenges still exist. Such include difficulties in the integration of former white local authorities, as well as shifting focus from "...promoting investment and maintenance of the urban core to promoting infrastructure and service development within the urban peripheries and to foster the practices of participatory and partnership based development". Moffett and Freund (2004) detect overwhelming [Durban] elitist interests in eThekwini economic development processes, even though these elites are fragmented along racial lines. In sum, there are worrying fractures within eThekwini IDP's 'participation' rhetoric.

4.3 SMALL BUSINESSES RELATED LED IN ETHEKWINI

Small businesses related Local Economic Development in eThekwini municipality occupies a large space in the municipality's development journey. Robbins (2005) for example lists nine SMME related programmes which had a direct impact on improving the conditions of the poor, in the period between 1994 and preceding 2005. Robbins also mentions value chains as a strategic economic method for Durban, as well as the emerging tendencies of economic support units to focus on improving the informal economy. It is important to mention that these SMME related LED programmes are included in eThekwini's first IDP (covering the period 2003-2007). So does the value chain epoch which continues to thrive even through the second IDP phase.

4.4 RESPONDENT PERSPECTIVES ABOUT THE IDP PROCESSES.

With the uneasy parallels between thorough going small businesses related LED, and participation fault lines, this section reports the perspectives of selected respondents, in the efforts to uncover issues underlying participation cum IDP interface. The section seeks to address a number of specific issues as noted below.

First, focus is directed towards processes that have underpinned the development of eThekwini municipality's Integrated Development Plan. Second, the processes underpinning the emergence of LED and SMME-related support and development programmes in eThekwini municipality are explored, before attempts are made to understand the contexts that have influenced LED and IDP processes are presented in section four. Unraveling of the degree in which processes of the IDP and small business related LED in the municipality have been aligned is attempted in section five, while in section six the quest to greater emphasis on accountability and participation is made.

4.4.1 IDP Content and Process

This section examines respondents' perspectives on the IDP processes in eThekwini. The core function of this section is to outline the understanding of the IDP processes by those who are meant to facilitate both its formulation and implementation. Section 4.1 above outlines the IDP formulation guideline.

When asked about the process of IDP formulated, of the eight officials interviewed one official claimed that he had never been involved and as such had no idea of the process. Three officials claimed that they were not involved although they affirmed that the process is consultative and only one claimed to be aware of the process, ascertaining that

it was participative. Three officials did not respond to the question citing “no comment”. Their responses are as follows:

“...Well I’m not directly involved in terms of coordinating IDPs. There is a department that deals with that part but I know that...it is done through consultation...and it involves communities through their organizations, wards, and I think they’ve got a strategy where they go to each and every ward to consult communities” (BSU official two)

“Management Unit would be the best to enquire from... but it’s a consultative process between community, government and the private sector” (BSU official one)

“...I have very limited knowledge but am...its participative, stakeholder involvement, ensure that there is alignment with national as well as provincial policy such as ASGISA, Spatial Development Plan, so obviously in alignment and synergy” (Provincial LED official one)

“Somewhat familiar at least to a certain extent. I think it is transparent, and consultative. It is democratic and it’s got its social economic goals...you see it addresses the inequities of the past” (BSU Official three)

“Since I came here ...to my knowledge, since I joined DCC I haven’t been involved. Not even in LED” (DCC official one).

The one [DCC] official who claimed that he had not been involved in IDP formulation has been involved with the DCC in a period of less than a year, thus reducing surprise levels. But other surprises are identifiable in the cases of three officials [BSU official three, BSU official two and BSU official one] given that these have been involved in their respective (senior) posts for over a period of two years. The latest IDP was formulated during their tenure. It is also notable that all but one official expressed confidence in awareness of the IDP.

In regards to stakeholder participation in the IDP process, six out of the eight interviewed officials expressed the view that government was the most influential stakeholder in both process and content of the IDP. Those who shared this view also contended that development is government's agenda, in which case government has the duty to manage policy processes as well as implementation of the deliverables. On similar account, officials cited constraint of financial resources as a critical determinant of government's monopoly of policy process. When asked how financial resources impacted on monopoly of processes by government, three of the eight officials observed that unavailability of resources tends to determine prioritization of development programs, which results to dropping of some programmes in favor of few deliverables. One official noted that;

"...In terms of the implementation there would be a process of prioritization, and linking that to what funding is available" (Provincial LED official one).

Two other respondents commenting on the same question said,

"...well, the main stakeholder is government. It's their brain child and as much as it may have the power they still have the responsibility to make sure it filters down because without the involvement of businesses as well and communities it won't actually be successful. But the drivers of the IDP is definitely the government" (SEDA official one).

"...Government officials ultimately write the IDP, and as such the Government Officials will most likely dominate the content of the IDP" (Provincial LED official two).

In responding to the question of the importance of stakeholder participation, two extreme views were presented. One official claimed that community participation was rather unnecessary process, another shared the opposite view, citing that consulting communities is critical for development, two others claimed that participation would enhance 'ownership' of programs by communities while three understood participation as a 'human thing to do'. These responses are as follows:

“...nothing new is most likely to result from...consultation” (BSU Official one)”.

“Local government is quite clear on what communities’ needs are. Low income communities need basic services; upper income communities need sanitation services e.g. emptying of dustbins on time. No need to extend the process, while nothing new is most likely to result from this consultation” (BSU Official one).

“...the measurables of success of programmes of the government definitely will be the community. And if they do not seek to find their participation, it is highly likely that they won’t get the result intended-that is the development of communities”. (SEDA Official one)

On the choice of indicators outlined in the IDP, all the interviewed officials noted that government uses economic growth and job creation as the critical indicators for the performance of small businesses. Some said, said:

“...I think the outcomes we consider would be number of jobs created...you know if it’s a one man show ...we wouldn’t fund it”. (Provincial LED official one)

“Performance indicators are determined by national guidelines...and we are talking of economic growth and job creation” (BSU Official two).

All the interviewed officials noted existing mismatch between government priorities and businesses priorities. On this, some officials observed that tensions exist between government officials and business owners while others felt that the government tends to take long process in addressing issues that affect small businesses, against the preference of small businesses which would rather choose a faster system to address their problems. On this account; official said;

“...those political things you know how corporate and government work. Corporate can travel 120 km per hour and government at 80 km per hour. Totally two different things” (DCC Official one).

“...the level of trust is very low and the processes and time frames between these groupings misalign. Government is very bureaucratic; long turnaround time; businesses are quick to make decisions and very impatient so that’s very frustrating. And of course businesses align in terms of making use of opportunities that are available whereas government just goes with the process of authorization” (Provincial LED official one).

“The relationship is not necessarily a robust relationship. Especially between government and Durban Chamber of commerce. But this is not to say there is no relationship. Usually complaints increase as soon as projects begin to take shape” (BSU official two).

Where the study sought to understand the performance measurements which, according to officials, small businesses prefer to use, four officials claimed that businesses would prefer shorter span processes. The four other officials, three of whom had finance professional background mentioned that businesses would prefer easier access to finances as well as markets. They posited that;

“They probably would prefer more outcome oriented programs as well as deadline focused” (BSU official one).

“I think small businesses would use indicators in terms of how much funding they receive from government. I think they would measure in terms of access to markets – there is improved access to markets improved access to finance,access to markets that in terms of forward access as well as backward access....backward in terms of supply chain, their suppliers, and forward ...if they get opportunity to sell their product” (Provincial LED official one).

Officials who underlined access to finance and access to markets as critical indicators also indicated that government seeks to use similar indicators. One of the three officials cited that the indicators under discussion are nationally legislated; but they also link with international directives such as the Millennium Development Goals (MDGs). What is interesting however is that, five of the eight officials mentioned that small businesses are not involved in the choosing of these indicators, claiming that;

“Although we use organizational score card, there is no actual input from end user clients” (SEDA official one).

The SEDA official referred to ‘organizational card’ as government’s attempt to measure performance although this too remains the domain of officials and not community. SEDA interacts extensively with small businesses in which case the official spoke from a rich experience perspective, inspite of occupying his post for a period of less than a year. Three of the eight officials shared the view that the platforms afforded during business fairs are sufficient platforms for participation by stakeholders.

Some officials however noted underlying problems within businesses, which potentially impact negatively on [businesses] performance. One official expressed frustrations; rooted in his expectation of initiatives from small businesses, citing that;

“The small businesses; there seem to be lack of organized voice in terms of the challenges that they face. Because people are divided. Durban Chamber of Commerce...they do provide voice platform...but I think most of their members are people who are already well established. Even if there are small businesses it’s a small business that is well established...you know...may be a guy is running a franchise ...so....I mean the person is fine. ... So we can’t have a balance in terms of intervention; if those that we are trying to assist are not organized, they don’t have a dynamic organized voice” (BSU official two)

Another official directly countered the above perspective, noting as follows.

“Well ...yes...they are very vocal, and obviously minutes of meeting are held because their inputs are always addressed” (Provincial LED official one).

In comparing the above responses, BSU official two was most experienced while Provincial LED official one is involved on financial issues in regards to small businesses. It is likely that both responses are correct, except that one interacts with businesses from a financial perspective while the other interacts with them from a policy perspective.

When asked about what could be done to improve the situation, one official suggested expansion of human resource base from government’s side, while another suggested better consultation with communities. The former official oversees the business incubator, which has attracted numerous businesses while the latter is involved in training of new entrepreneurs-which involves intensive interaction with the community; their responses are likely to reflect the challenges in their area of function. The responses were as follows;

“No adequate human resources from government’s side. Customer relations by government could be improved. Then things could be done differently” (BSU official four)

The SEDA official pointed out that;

“... the IDP programs basically provide tools and resources and SEDA’s are one of the tools that the government when structuring their programs they must enquire for information on how to improve designing LED programs from SEDA and the other agencies that are helping to improve small businesses. Because if they are not involved they will actually want SEDA and the others to carry the mandate of their programs. So I’d like them to help us to get more involved, and show them that we’ve got to be part of

decision making when it comes to the programs design and implementation” (SEDA official one)

On the question of possible unintended outcomes of policy interventions, two officials demonstrated optimism that no negative unintended outcomes existed-at least as far as they were aware of. Their response was as follows:

“Good problems, that is, in areas without development. E.g. Umlazi Mega city councilors and community were happy that the Mega City was constructed People have taken ownership of local projects, which was unexpected” (BSU official one).

“We don’t have negative. There are themes that through our intervention the last thing is to make businesses to be passive...” (BSU official two)

It is important to note that during the time of the interviews, BSU official one was tasked with policy and strategy while BSU two was the head of the BSU and therefore biases towards the existing policy practice might be traceable for example in the above responses.

In response to the question on the interaction between LED stakeholders and small businesses, some officials related the question to accountability issues. The SEDA official in particular noted a dilemma on the issues of accountability, which in turn determines the kind of relationship shared by the stakeholders.

“... SEDA is accountable to communities as well as government – as this is their initiative. SEDA is ... accountable to the community as well because if we don’t give funds to the communities the auditors will say, but funds are still where we left- it means you are not supporting small businesses” (SEDA official one).

BSU official two noted that BSU as a line function department covers a vast area in which case it is unlikely to give the required attention to small businesses. The same

official mentioned that this resulted to a different approach where eThekweni municipality in collaboration with the European Union (EU) are piloting Area Based Management (ABM) programmes, with wide ranging goals, including small businesses development.

BSU official four explained that the BSU office based in Cato Manor (within ABM programme) has committed itself to analysis of every business in the Cato Manor area. According to this official, this initiative seeks to ensure provision of mentorship as well as access to market intervention. The official pointed out that even though businesses might belong to a particular sector, there are diversities in those businesses hence the need to understand the dynamics of individual businesses. This official's experience within senior government position spans over twenty years.

BSU official three from the Business Incubator (BI); (also an initiative of the BSU) referred to the fact that BI is sector specific. He also pointed out to the fact that BI seeks to graduate businesses after five years. He further shared the views expressed by BSU official two, that BSU covers a vast area and that this is a challenge given the lack of human resource from the BI side. Since the inception of the BI in 2003, the official mentioned that, as at September 2007 none of the incubated businesses had graduated into the formal sector yet. He was however confident that businesses were doing fairly well. He admitted that there is no monitoring and evaluation mechanism in place.

The SEDA official mentioned that SEDA provides supply inputs for small businesses growth and competitiveness. He also observed that SEDA establishes lifelong relationships with businesses.

In response to the question on how DCC relates to BSU, the DCC official observed that collaboration between the two agencies operates from senior officials. This pattern, according to the DCC official response, tends to obligate the other officials on the hierarchy to work together. This official tended to view government as exclusively political, while he viewed DCC as a cooperate businesses. At some point he said

“business is business and politics is politics” referring to government and the Chamber. This is not surprise given that he is formally ABSA Bank employee, with financial background, yet seconded to the Chamber. He mentioned that;

“The working relationship start from the top with the city manager and the president...we’ve just got to forge that since we have to work together. Durban Chamber of Commerce (DCC) is independent nonprofit organization. Like when it comes to the SMME desk, I’m an ABSA employee, full time, seconded to the Chamber at the SMME desk” (DCC official one).

The same official indicated that

“We still need to work more closer together...but still you find some people still need and want to hold their own things to themselves. So if you move into somebody’s territory, there is something that they want to hold close to their heart, you can’t take it away. Business is business and politics is politics. ..But I think our relationship with municipality because it comes from the top. With SEDA the relationship is coming out nicely” (DCC official one)

On the same question, BSU official two noted that BSU accounts ‘directly’ to Ward councilors and ‘indirectly’ to stakeholders. This official, as already mentioned, was the head of the BSU during the time of the interview, and therefore accountability to existing government structures reflect in his response. He gave the following view;

“Well as the Unit we are part of the municipality. We directly account to the municipality. We account to councilors. By accounting directly to the councilors ...that is the first step in terms of accountability. Which is a very formalized form of accountability. We go to council meetings in terms of programmes not in a negative way, but to account in terms of programs that we are doing, which in any case those programmes would be approved by the council through the IDP. Then there is indirect accountability to the stakeholders, also to the constituency that we are based in. We

directly account to people because when you have conferences and workshops I mean that also serves as platforms of accountability because we get challenged, we get views both positive and negative views, and we have to respond to those views. And you can't ignore those voices" (BSU Official two)

Asked on whether there were overlaps of responsibilities between agencies, five officials were not aware of any overlaps, one was not necessarily concerned, and two mentioned that overlaps did exist. The DCC official less concerned about overlaps pointed out as follows:

"You must remember we focus on our members. And we have about 3500 members, 80% of that is SMME's. In South Africa we are the biggest Chamber" (DCC official one)

The SEDA official who had experienced overlaps of policies pointed out the following illustration:

"I would say yes...because some departments are still viewing themselves as separate departments with no understanding of the integration. But some departments do and can see areas of common goals. A live example...we are an agent of Umsobomvu...but if you go to Umsobomvu development officer they will tell you we hardly know what SEDA does. So you see it happens within the offices that some offices and departments are not clear about what other departments do and some others think it's the responsibility of others to do only to find that we are all aiming at one thing but it is not properly integrated" (SEDA official one)

BSU official three narrated that on one occasion, the provincial government provided funds to businesses through Ithala Bank, and after businesses had drafted their business plans and accessed the funds, there was an overwhelming number of businesses in BSU offices seeking for business development services. The BSU had not been informed that after businesses accessed funds they would require business support services.

4.4.2 LED Content and Process

This section deals with the second theme of the questionnaire; officials' understanding of LED content and processes.

All the interviewed officials demonstrated some degree of awareness of LED, although not without efforts. What is of interest is that those who have worked for longer periods within government demonstrated equally vague understanding as those who took their posts recently. They understood LED as follows;

“It is basically to determine the effectiveness and impact of LED. That is; municipalities and strategies that are in place so it's basically looking at is it effective. So it is a strategy and the program looks at the impact of running the municipality especially when you are looking at eThekweni. So through LED we can actually evaluate where municipalities are growing whether they are not changing or they are getting worse” (BSU official three).

“LED I think it's a partnership between various stakeholders in the community, government, private sector, in developing the local economy by enterprise development and thus creating jobs, and ultimately alleviating poverty” (Provincial LED official one).

“Obviously when you see local direct investment growing and also seeing foreign direct investment ...increasing then I think we can start to say we now talking about economic growth. Of which I think it's something that has been happening, maybe in the last two or three years. There has been growth in terms of business, growth in the construction industry; there is hope that those who are supposed to be creators of jobs –government, are doing their job. I think all these sectors put together they contribute to local economic development” (DCC official one).

“Local Economic Development is simply government’s program for local development” (BSU official one).

“LED I think it’s a partnership between ...various stakeholders in the community, government, private sector, in developing the local economy by enterprise development and thus creating jobs, and ultimately alleviating poverty” (SEDA Official one).

When asked about how LED and IDP related, officials pointed out that;

“There is definitely strong relationship synergy, and their objectives are strengthened in each. I mean this is generally; ...eThekwini ... are still developing LED strategy. They have not formulated one yet, so just generally” (Provincial LED official one)

“Well the IDP addresses those issues adequately because it talks to primary services. LED speaks to secondary services. So both address primary and secondary support to businesses. You know if a business is manufacturing a certain product, but that particular business because it’s small I mean the product is failing but the business is very small it cannot afford to export itself to the international market, then the municipality will come with a secondary support. When you see that the manufacturing sector is declining because there is no sharing of information, there is no sharing of knowledge, and there is no integrated support that is given to those who are involved in the manufacturing sector by government, then primary support in this case it will be like for example if you create a cluster, a manufacturing cluster, so where you bring in big and small businesses, with support agencies together under one forum to discuss issues that are pertaining to challenges faced by those who are operating in that particular sector” (BSU official two)

“LED attends to private sector inputs, IDP accounts to public sector input” (BSU official one)

Although monitoring and evaluation theme did not feature in the questionnaire, officials drew attention to the issue. The DCC official noted that M&E mechanism did not exist, nor did he understand its value. BSU official two and three reported that M&E mechanism did not exist, although in the near future it would be implemented. The SEDA official explained that M&E mechanism did exist. The three other officials continually deviated from the question.

The responses follow below:

“...well majority of the people here have moved from informal to formal, so there is this and that...there are few things that they are looking at....just here and there...and they are mainly looking at networking opportunities where they can be able to do business” (DCC official one).

Asked if there was a data base in place which assisted to track these patterns, the official responded;

“No we don’t...because most of those people are already in the formal ...they know what to do. They don’t need hand holding. Majority of them ...because if you also do that you’ll be taking most of our time and unfortunately we do not have human capital” (DCC official one).

The line function BSU also does not have a monitoring mechanism in place, although BSU official two claimed that in the near future monitoring of business performance will be established. The Cato Manor ABM BSU does track the progress of businesses according to BSU official number four. The Umkhumbane Youth Centre BI has not started a business follow up process but claimed that in the coming year they will have a monitoring mechanism in place as pointed out by BSU official number three. From SEDA side, an official noted,

“...we have to monitor every step of whatever the person does ...because we look at SEDA’s intervention and what it has done to that particular business that we have interacted with. So once a relationship is created with SEDA, with that business is lifelong” (SEDA official one).

4.5. CONCLUSION.

This chapter has picked up the themes that appeared in the questionnaire. The poor awareness of IDP process among officials, as well as the ensuing [widespread] disconnect with the development value of participation is a matter of grave concern. Notwithstanding the few government officials who appear genuinely committed to the participation agenda, those who demonstrate apathy play a significant role in de-railing the participation project. The lack of monitoring and evaluation processes is also a matter of worry.

CHAPTER FIVE: ANALYSIS OF FIELD WORK MATERIAL AND RECOMMENDATIONS

This chapter presents the findings presented in chapter four and relates these to the literature review. The analysis presented in this chapter draws attention to matters that relate to the objective of this study. The chapter will also present policy recommendations mainly to the eThekweni's Business Support Unit, the Durban Chamber of Commerce, and Small Enterprise Development Agency. The recommendations are potentially relevant to institutions that play similar roles as the above agencies.

The chapter is divided into three main sections. The first section will analyze important themes already pointed out in chapter four. Section two presents recommendations that emerge from the analysis. Section three proposes areas of future research while section four forms the conclusion.

5.1. ANALYSIS OF PRIMARY FIELDWORK MATERIAL AND SECONDARY SOURCES

The order of this section is as follows: First will be analysis of officials' interaction with the IDP. Second, the different ways in which officials conceptualize participation of stakeholders is noted. Third the relations between BSU, DCC and SEDA are assessed. Next the choice of indicators and how government influences these will be highlighted. The fifth subsection will grapple with the question of how officials engage the LED discourse. This will be followed by analysis of relationships between officials and business owners. Section seven attends to monitoring and evaluation issues.

5.1.1 Officials and the IDP

In the *foreword* of the eThekweni municipality's 2006-2011 IDP, the incumbent mayor Mr Obed Mlaba invites the civil society to "...measure us against targets that are based on strategic IDP programmes" (eThekweni IDP: 2006). This appeal does not only place insurmountable challenge to officials, but also functions as a gauge through which performance of development initiatives within the municipality can be weighted. This appeal presumes thoroughgoing dialogue between institutions and officials- and by doing so pre-supposes high levels of awareness.

Yet, in general critical stakeholders reveal strange vagueness of awareness, on the process of the Integrated Development Plan (IDP). Going by this poor awareness, IDP process exists in theory -and even this theory is often vague. This is demonstrated by the fact that some of the officials when asked about the main steps followed in the formulation of the IDP, they either deferred the question to the management unit or stated out-rightly that they were unaware. And even in this dearth, a good number of officials did not see it as their duty to understand the process of the IDP, rather the duty of a designated department. This awareness is demonstrated in the following extracts, as stated by senior officials:

"...Well I'm not directly involved in terms of coordinating IDP's. There is a department that deals with that part"

"Management Unit would be the best to enquire from... but it's a consultative process between community, government and the private sector"

"...I have very limited knowledge"

Of further interest is that this poor awareness does not appear to trigger future commitment –not even given the constitutional [and national] space allocated to the IDP.

The deferring of ‘knowledge responsibility’ speaks against the very core of the *integrated* process. This is if we consider that the IDP which assumes interoperability of the policy framework in both formulation and implementation. It also goes against the very objective of the IDP, which requires meaningful collaboration of citizens, government and the private sector.

What raises further concern is that the municipality still forges forward with ‘the next phase’ of the IDP even though officials are poorly committed to understanding its process and content, leave alone committing to its implementation. In all likelihood, this approach will impact negatively on intended beneficiaries in terms of quality of services as well as time frames. This likelihood is based on the concern that officials seem to work purely on the basis of ‘the call of duty’. Poorly motivated officials will in all probabilities produce poor results. If the issue at question is not urgently and adequately addressed, the process of service delivery is likely to face serious leakages and, end users are likely to be the ultimate losers.

The non-committal pattern seems to unfold from a number of possibilities. It is likely that officials either avoid the responsibility that the IDP brings on them. It is also likely that officials view the IDP as lacking realistic content on which officials could commit themselves. The assumption that officials are probably disinterested because they are not involved in the IDP formulation might not hold, given that officials who are charged with formulation and implementation of the IDP illustrate non-committal approach towards its implementation.

5.1.2. Stakeholder Participation

The findings on stakeholder participation suggested diverse views from officials. While officials seem to agree on who the main stakeholders are [government, private sector and small businesses], they share different views in terms of *why* stakeholders should collaborate. On this, the survey found four categories as already noted in chapter two. The first view, which aligns with what Gerring *et al.* (2005) describe as a centralist state referred to earlier in chapter two, understands participation as unnecessary given that

government is aware of the needs of communities. As chapter two has already cautioned these ‘*dictatorial*’ tendencies often exist in subtle forms.

What seems to be peculiar in eThekweni’s case is that, this approach exists *within* the local government, and secondly, it *exists side by side* with other views in the same ‘decentralized’ space. This experience puts into test assumptions often made in literature, that decentralization will provide adequate platform for public participation. It also questions the feasibility of the RDP logic that the state should mobilize “...participants in the process towards the realization of ...goals they have themselves helped to define” (Republic of South Africa; 1994:7). In this context, Jager (2006) has already noted that South African state tends towards dispositional as well as institutional centralization⁸.

The second view relies on elected ward committees to represent the public. The process of IDP formulation follows this sort of participation, within political corridors. This approach goes against the RDP plea, as already indicated in Chapter two. The RDP hopes that government will engage citizens through existing [community] forums, driven by the idea of voluntary participation of citizens. The assumption made in this view is that politicians are free from their own interests and can sufficiently represent public on development processes and content.

⁸ Jager (2006) has described dispositional centralization as the imposition of development duties to the civil society, while at the same time undermining its role as an agent of public accountability (see chapter two).

It has already been mentioned that institutionalized participation potentially excludes a section of the public while including others. It is also possible that those who manage to get involved in politicized participation find it difficult to present and follow up on their perspectives and suggestions, given that politicians are likely to hijack the process. This inference is enlightened by political economists such as Poggi, Hobbes, Rousseau and Morris (see chapter two), who have argued that the state tends to monopolize resources, such that it could achieve its highest ambitions. In this regard monopoly of participatory institutions could be seen as an apparatus used by eThekweni municipality to achieve its development ambitions. Wilson and Perret caution against this approach, which tends to “...translate into mere dissemination or consensus building around pre-determined outcomes...” (Berry and Mollar, 2008)

The third perspective assumes that citizens might be interested to get involved in development processes, except that they do not possess adequate knowledge around policy issues. The main assumption that underpins this approach is the implication that technocrats understand policy processes better than the public, and therefore they are best suited to monopolize policy processes. In this approach, the presence of the state in policy processes appears overwhelming. By defining and directing policy processes through political institutions, in all likelihood, eThekweni municipality contributes towards alienation of decentralization discourse-what chapter two has already referred to as contamination of decentralization. The blame should not be entirely shifted to local government though. It has been noted that the national strategy for small businesses development does not address the question of how all stakeholders should collaborate. In this way, local government is left to define its own way of coordinating stakeholders.

The fourth approach, which appears more pragmatic, suggests that community participation is of intrinsic value in development process. It deliberately makes efforts towards accommodating all stakeholders. LED as defined by Helmsing subscribes to this view. Remarkably, some officials share this perspective. There is hope therefore; that it is not all bleak as far as LED is concerned in eThekweni municipality. The challenge

though, is that this approach exists side by side with the above mentioned views, in which case its influence on direction of policy processes is potentially limited.

These views on participation have been highly influential in determining processes of small businesses related LED in eThekweni municipality. The first three views largely place small businesses on the margins or exclude them from policy formulation processes altogether. These sorts of views replay the urban regime theory, which points to interests of powerful actors as mainstream elements in development planning and delivery. Arguments such as made by Ballard *et al.* (2007;274) also affirm the tendencies by officials and departments to treat the IDP "...simply as a legal requirement rather than a serious input to capital expenditure or operational decision making". Moffet and Freund (2005) find similar trends in Durban's economic development trajectory, except that their focus is on the dominance of elites on decision making processes.

In this 'interest groups' hijacking of decision processes, eThekweni local government is a culprit. As the findings suggest, government takes charge of policy, in spite of global and local decentralization discourses. Despite the fact that the IDP strategic document is largely the responsibility of the public, top down fashions of its interpretations appear to prevail. This begs the question of the degree of commitment of officials to the decentralization discourse. Going by Arnstein's citizen participation ladder pointed out in chapter two, eThekweni's IDP and LED process could easily fit into the rung 3, 4 and 5, which demonstrate 'degrees of tokenism'. As the findings suggest, 'placation, consultation and informing' feature prominently as mainline attributes in the IDP and LED processes.

There are, however, not many surprises here, as chapter two has already pointed out the contradictions that plague South Africa's democratic discourse. Jager's (2006) argument which notes both institutional centralization and dispositional centralization (see chapter two) appears vindicated by the findings of this work. On the other hand the findings do not align to Helmsing's conceptualization of LED (2001b) as community development, business development and locality development. The community development aspect is

highly neglected. It is also clear that participation and accountability is curtailed largely by the IDP process, rather than the LED process or even small businesses actions. The argument here is that the draw back in the IDP impacts directly on the LED process and small businesses. Thus, by utilizing the top-down practices mentioned in chapter two, the IDP process contaminates the otherwise well meaning decentralization discourse. It also distorts the way in which LED treats participation and accountability.

5.1.3. Relationship between Agencies

Responses as noted in chapter four have demonstrated that relationships between BSU, SEDA, DCC and business owners are a cause of concern. This could be seen in the light of state monopoly of the process, which probably supports the assumption that processes are government's duty. In addition, agencies such as SEDA find it overwhelming to maintain the balance between accountability to the public and accountability to government. Accountability to government is based on SEDA's funding which is provided by the municipality's BSU. The BSU claims to account to councilors, and 'indirectly' to stakeholders through workshops. DCC seems committed to their own members with limited interest on collaboration with other stakeholders. For example, some businesses appear on both BSU and DCC databases, yet neither DCC nor BSU seem committed to close these sorts of gaps.

The government faces further challenges within its own institutions. One BSU official for instance lamented that often decisions from the provincial government tend to override local decisions, or, even worse, provincial decisions do not always account for capacity of local government. The issue here is poor policy coordination between government levels. Chapter two has already demonstrated that participation is now (or at least ought to be) a developmental rather than raw democracy question. It is possible that development options and capacities of various units of government differ, which in turn yields disjointed development networking. Either officials tend to mistrust the 'other unit' or overwhelmingly trust the unit which they operate from.

Generally, interaction between and among agencies seems ad hoc and uncoordinated. As a result, businesses are forced to absorb the impact of uncoordinated policy implementation.

5.1.4. Choice of Indicators

The findings have further suggested that, in practice, choice of inputs, outputs and outcome indicators are largely government's domain. Officials pointed out that the government pre-determines access to markets and access to finance in attempting to service businesses; the ultimate goal being job creation and economic growth. National as well as international influences play critical roles in determining these indicators. When this practice is placed against the different models of state, it is clear that eThekweni municipality under the influence of national and international bodies largely fall under the democratic centralist model.

Of interest is that officials mentioned that business owners are likely to choose access to finance and access to markets; of which these are government's agenda. The issue here is that officials *assume* businesses would prefer these indicators, instead of collaborating with them and establishing whether there might be other indicators.

One business in Cato Manor reported by an official is a case in point. One business person started a burglar bars business, in which case he made bars and placed them outside his shop anticipating that passersby would be able to purchase. The government official approached this business person, and advised that some research was needed as to what the most common sizes of burglar bars are. The official also advised that pro-active steps such as visiting communities for promotions would be helpful. After adhering to the official's advice, the business person in question became highly successful within three years. The business owner was recently awarded a R50, 000 contract to put up palisade fencing, a sign that the business has diversified and grown.

Access to finance was not the critical issue in the above mentioned scenario, nor was access to market. Rather, it was rising up to the challenge of entrepreneurship through

enhancing his competitiveness. Better understanding of how markets work largely determined growth of his business.

The above example concludes that businesses might have hidden needs which are not as apparent as government would like to suggest. Further, presuming that businesses do not are covered in government's choice of indicators, still the critical issue at stake is ownership of indicators by small business owners. Even when business owners have been invited to contribute towards the content of the IDP- what one official referred to as "the big mama presentations", municipal officials are ultimately responsible for compilation of the IDP. This pattern will need to be addressed if policy outcomes are to be improved.

5.1.5. Relationship between Government Officials and Business

Owners

Government's choice of indicators as well as timeframes; without adequate partnership with individual businesses as well as business organizations is likely to create tension between government officials and small businesses. The top-down and technocratic approach that government seems to adopt is likely to be the foundation of these tensions. On one occasion where a government official could not explain why the street vendors in Warwick junction had gone on protest in spite of the meetings that the BSU had held with street vendor committees serves as a good example. What is evident in this incident is that businesses do not seem to fully trust government. Instead, they are more comfortable to act collectively through protests, rather than talking issues through with government.

Judged by the above mentioned incident, it appears that; in general, government has linked poorly with businesses on two levels, namely, the level of individual businesses and, the level of business organizations. This pattern by all accounts alienates small businesses inputs into processes even when they possess their comparative advantage; that is, their organizational form. Consequently, it is likely that businesses view government as existing to curtail their objectives, in which case they are likely to opt for defensive mechanisms when addressing issues with government. It is also likely that small business owners and representatives are aware of the state monopoly of processes,

in which case they could be frustrated by this trend. The government needs to look at the question of opaque relationship from small businesses side as a quest for participation of businesses stakeholders in all processes of development; as required by LED discourse. This of course would mean initiating mechanisms which would improve participation of individual businesses as well as business organizations. This task is likely to succeed if it is initially facilitated by government. As time goes on the initiative would operate best if all stakeholders become mainstream participants.

5.1.6. LED Processes

Officials demonstrated broad understanding of LED, although the responses appeared descriptive rather than normative. While this is already a positive step, it is important that officials engage further with the content of LED. The process of LED formulation is surprisingly vague to officials. This is not surprising given that officials did not show enthusiasm on the IDP within which LED is spelt out. This is not to suggest that officials are not involved in LED programs, rather, on the contrary, government's business support initiatives show strong LED orientation. The proposition is that LED is likely to have greater impact if officials commit themselves to understanding global and local forms of the LED discourse. It is likely that patched decentralization is propped by poor engagement with the LED discourse. The problem however, as already mentioned, stems from poor engagement with the IDP.

Chapter two has already noted that governance issues and community development are strong themes that resonate around the LED debate. Officials need to be clear on what constitutes pro-poor LED and what constitutes pro-market LED, and which approach is suitable for which context. They also need to be clear on current phase of LED as conceptualized by the World Bank, where the Bank views the 'third phase' as consisting of public private partnerships (PPP), and coordination of clusters. This awareness would involve understanding of value chains, as well as enlighten on where businesses fit in these chains. Needs of businesses and relevant interventions could then be easily identified through locating businesses in value chains.

5.1.7. Monitoring and Evaluation

While the findings suggest that SEDA is fairly progressive in evaluating their progress, DCC and BSU lag behind in establishing M&E mechanism. To their credit however, the BSU and DCC indicated that they anticipate establishing a monitoring system in the near future. The provincial government has set a good example in that it has established LED M&E unit, which seeks to evaluate performance of programs.

The fact that DCC and BSU do not have monitoring systems and that they have 'postponed' until some future date implies that monitoring and evaluation is viewed as an *afterthought*, and as such it still remains on the margins of business development initiatives. It also implies that although business support initiatives have been decentralized, M&E remains a provincial terrain, and as such continues to circumvent the decentralization agenda. From a different view, it is likely that agencies are reluctant to provide the tools which would be used to measure their performance, in which case they would have given out weapons to be used against them. These possibilities cast a major shadow in regards to performance of small businesses support initiatives.

Clearly, the question of accountability becomes difficult to address in the absence of M&E mechanism. This is because while M&E exists as a practical system of measuring performance, it largely determines commitment to the concept of accountability. To be safe though, this author argues that the presence of M&E might not guarantee participation and accountability. However, they present tools towards addressing poor commitment to participation and accountability. It is clear that, as far as DCC and BSU are concerned, the significance of M&E as a central component of decentralized development is yet to be realized.

The above section has essentially drawn attention to the main issues which fall within the mandate of this dissertation. They relate to participation, accountability and outcomes in the context of small businesses related LED, outlined in the IDP. What follows are

recommendations that seek to address the problems highlighted above. This is not to suggest that the recommendations will solve all the problems faced by small businesses. On the contrary, the study recognizes that there are wide ranging yet critical issues that relate to small businesses support within eThekweni municipality, which they fall outside the scope of this work. Following the recommendations, the author will suggest areas that require future research in the interest of better performance of small businesses.

5.2. RECOMMENDATIONS

5.2.1. Enhancing Monitoring and Evaluation

Rethinking M&E as a mainline tool in eThekweni's small businesses development initiatives is necessary, as it enhances the prospects of accountability. The objective is to ensure adequate accountability as well as improved performance indicators in regards to small businesses development. It is also likely to improve levels of participation and consequently positive outcomes. This is not an obvious impact. There need to be a deliberate effort to ensure that M&E should not be viewed as a mere economic tool, rather as all encompassing lever aimed at enhancing participation and accountability. One of the options that could be considered is introduction of a dedicated M&E portfolio with a sharp participation and accountability focus in all agencies. The strategy is to ensure that M&E becomes an integral part of these agencies; in particular the BSU and DCC. This move is likely to attract sponsorship of programs depending on the extent of participation as well as the economic success these programs record.

5.2.2. Deepened Participation by Beneficiary Groups

It appears that government officials have a lot to do in order to improve levels of trust between the government and businesses. This might be a major challenge for local government given that it is trapped within a governance system where technocrats seem to operate on a top –down fashion when they relate to small businesses. One of the

critical challenges is the assumption that with time officials will learn to relate horizontally with small businesses and not vertically. But this assumption might be fundamentally flawed. It is necessary to go back to the drawing board, and establish mechanisms that would seek to drive change of stereotypes and mindsets of officials.

In this context it is recommended that interaction between officials and small businesses be evaluated on a regular basis. The objective would be to ensure improved relations between government and businesses- on both individual and organizational level. Also, participation and accountability could be enhanced through ensuring that these concepts feature emphatically in literature covering policy objectives and processes. As an incentive, awards on the most participatory initiatives could be initiated.

Further on participation of beneficiaries, it is clear that, as far as the IDP and LED are concerned, participation counts only in so far as it operates in the context of ward committees. This study argues that government's reliance on ward committees for public representation (what Gering *et al.* (2005) refer to as decentralist state) is likely to impede meaningful participation. It is important to note that decentralization can only claim legitimacy in eThekweni, in so far as opinions and inputs of small businesses become streamlined into policy processes. This will require broader participation patterns; that extend beyond ward committees. The idea is to mainstream participation and not treat the concept as a mere political idea. One way in which this could be achieved is through engaging existing forums such as churches, community policing forums, as well as market centers. These groups are formed voluntarily and are likely to be effective if government engages them for policy formulation and implementation.

This approach which can rightly claim a 'rights based model' is founded on the view that participation is development in itself. It also intrudes the comforts of current South Africa's LED discourse which treats participation on the margins. Improved participation is likely to; firstly, advance public literacy as far as policy content and process is concerned and secondly, diffuse tensions between government and businesses, expressed

in form of protests and demonstrations. In all probabilities, the end result will be better outcomes.

5.2.3. Enhancing Commitment to Policy Processes by Officials

It might be useful to provide platforms upon which government officials can raise issues of concern in regards to service delivery. It is unfortunate that officials seem poorly aware of policy content and processes, yet this gap is not adequately addressed in spite of problems of service delivery. If officials are poorly committed to the IDP and LED content, it is likely that they will remain equally indifferent to the role of facilitating participation by other stakeholders. The biggest challenge lies not in LED, but on the IDP. Ensuring commitment to the IDP will be a good place to begin.

5.2.4. Policy coordination among agencies

Poor policy coordination is a major impediment in small businesses development initiatives. This is because some of them get a fair deal of service while others; sometimes those who *need* the services are left out. In this regard agencies need to work closely together in all initiatives to avoid overlaps as well as negligence of duties anticipating that another institution is responsible. This initiative is also likely to assist towards addressing the issue of meaningful and efficient allocation of resources; where the need exists most.

5.2.5. Improving Transparency between Government and Business

Organizations

Levels of suspicion particularly between government and business organizations exist largely due to perceived curtailing of information by government on the one hand, on the other, the desire by businesses to maximize profits at the least cost. These assumptions require attention for better relations between the two stakeholders. The concept is to

ensure that all stakeholders grapple together with the problems that face every stakeholder.

Cordial relations between business organizations and government are likely to enhance learning and consequently improvement of policy content. The approach should not be 'raising awareness' of government's problems, rather to deepen levels of participation and trust among stakeholders. It is likely that when the role of small businesses organizations in policy formulation is strengthened, the provincial as well as the national government would most likely support development initiatives with greater vigor. In this way, accountability of stakeholders is likely to progressively become a reality.

5.2.6. Deeper engagement of LED processes

According to the field work findings, officials appear to be poorly aware of the theoretical debates around LED. This impact on how they go about to implement LED. Government needs to get more involved in modern debates surrounding LED, as this is likely to improve content; but also would keep officials updated on latest ideas on development issues. Lootvoet and Freund (2006) in this regard have raised important issues that contribute to the complexity of LED, and so has Blakely (1994). Their call should not go un-attended.

While all the above issues are likely to introduce meaningful change, they are by no means exhaustive. The following section draws attention to important themes that warrant research. The reason they have been left out in the above section is that they fall outside the scope of this study.

5.3. AREAS OF FURTHER RESEARCH

There are other areas that surround this study, which will be useful if investigated. These are outlined below:

- The perspectives of businesses on participation and accountability are crucial for policy purposes.
- Geographical location of business agencies such as SEDA, DCC and BSU.
- In terms of small businesses related LED, it would be of interest to conduct study on what gender as well as racial dynamics within business fairs are; what the most prevalent age is; and how these influence the IDP and ultimately LED.
- It would be of interest to evaluate the governance models that force themselves on particular departments by the virtue of the programs that these departments seek to implement.
- The idea of abandoning the IDP should not be disputed out rightly, after all, its legitimacy hinges on officials willingness and preparedness to facilitate its implementation.
- It will be important to establish the conditions under which government officials' work.

5.4. CONCLUSION

This chapter has analyzed the findings presented in chapter four. While there are many themes that emerge from the findings, seven themes have been selected depending on their relevance to this study. The analysis drew attention to poor awareness of the IDP by officials. It also looked at different interpretations of stakeholders which largely determine officials' participation behaviors. Thirdly relationship between the BSU, DCC and SEDA was explored. The strong influence of government on choice of indicators was also noted. Fifthly, the chapter pointed out poor engagement of officials with LED discourse, which in all probability impacts on the content and implementation of the LED. Poor relations between officials and businesses were also observed. In this case,

although the context in which this relationship is managed a difficult one, much can be done to improve levels of participation and consequently trust. Further, Monitoring and Evaluation has been noted as a critical tool for improvement of participation and accountability and ultimately LED performance. In this case mainstreaming of M&E has been suggested. Finally areas of future research have been suggested.

CHAPTER SIX: CONCLUSION

Development is a vast and complex issue. The challenge has always been to ensure that political as well as socio-economic institutions function effectively to address the underdevelopment question. Important initiatives such as South Africa's outcome based IDP have been used as tools to this end. Ensuring meaningful participation and accountability is one of the ways in which institutions could have greater impact on development. It is also through engaging stakeholders that strategic initiatives such as the IDP could be implemented successfully. This study has already pointed out that alienation of meaningful participation and accountability is likely to yield dismal results as far as development is concerned.

Chapter two cautioned that often strong interest groups tend to dominate policy processes and content. Additionally, it provided an overview of how the governance reform agenda has been conceptualized and implemented, globally and in South Africa. It contended that understanding of decentralization should not stop at its definition. The contexts of emergence as well as the ideological influences have largely determined the content of the concept. These ideological patches have undermined the legitimacy of the decentralization phenomenon particularly from electorates' perspectives. However, problems extend beyond context and ideological influences. South Africa's experience further problematizes the concept. To balance the interests of various classes through ensuring balanced participation is a difficult task that developing countries, not least South Africa will continue to grapple with in the foreseeable future.

On a positive note however, emergence of the decentralization concept draws attention to close links between the political and the economic. The governance and reform agenda as understood by the World Bank was underpinned by desperation to enhance economic growth and therefore alleviate poverty. The birth of decentralization discourse therefore saw good governance and development as integrated and interdependent processes.

Unfortunately, and incorrectly so, institutions tend to separate these. The danger of this dualistic view is that political legitimacy becomes measured by five year national elections while development becomes measured by quantifiable inputs and outputs. But South Africa's example demonstrates that winning of elections is determined by many issues such as weak opposition. It has also shown that quantifiable inputs and outputs do not automatically translate into development, as affirmed by experiences of small businesses related LED.

Technocrats who have made progress in integrating the political and the economic face another problematic challenge. The officials interviewed in this study were well qualified. They therefore approach their work with a level of professionalism, in which case they possess the know-how of different dynamics that characterize their work. This professionalism does create top down approaches in their relationship with common citizens, not least small business owners. It appears that, officials fear devolution of decision making processes to small business owners and workers, in that it might take away power which rightly belong to them by virtue of their knowledge and experience.

Chapter four presented the findings of the study, based on the themes that the study sought to address through the questionnaire. These themes were IDP process and content, and LED process and content.

Chapter five gave the analysis of the findings. It pointed out a number of problematic issues that resonate around processes and content of the IDP and LED. Some of these are noted here. Officials seem to accrue low value to participation of small businesses stakeholders. This has escalated tensions between officials and small businesses. It has also build up levels of distrust and suspicions between the two. Other issues pointed out in chapter five are organizational disconnects between small business development agencies. Overlapping of responsibilities and poor relationships between these agencies are some of the factors that impede meaningful impact on development of small businesses. The study has argued that these poor relationships have contributed to low levels of accountability to each other as well to the public. This deduction draws further

support from the lack of monitoring and evaluation mechanisms in both BSU and DCC. Officials' non committal approaches to the IDP policy process as well as poor engagement with LED discourse have been pointed out as major obstacles to implementation of the IDP strategies.

Options which could be helpful in alleviating the above problems have been suggested in the second section of chapter five. The study presented the following options. First, enhancing of Monitoring and Evaluation as a way of improving accountability and accordingly outcomes. Second, the study suggested deepening of participation of intended beneficiaries. Third, commitment of officials to policy processes has been flagged. The study also drew attention to the need for better policy coordination among agencies. Fifth, it has been suggested that transparency among agencies be improved; which is likely to diffuse tensions but also improve levels of trust among stakeholders. Finally, the project has proposed that officials engage more meaningfully with LED theoretical debates.

The study has already noted that the above proposals are not by any means exhaustive. However, if implemented, they are likely to contribute positively towards outcomes of development. But before these recommendations are considered, it is critical to note that as far as small business related LED in eThekweni municipality is concerned, tendencies of top down approaches exist side by side with the decentralization discourse. Some of the interviewed officials demonstrated the willingness to involve stakeholders, while others do not see the reason for engaging all stakeholders. The analysis section in chapter five has attempted to highlight the views of officials, and the tensions that exist as a result of monopoly of policy processes and content by interest groups. This has resulted to alienation of the less powerful groups such as small business stakeholders.

Poor performance of small businesses thus needs to be seen in light of the process under which policy content and outcomes evolve. It is only from this perspective that commitment could be made to transform the way in which policies are formulated and implemented. All in all, it is hoped that this study has contributed towards better

understanding of the decentralization discourse. It has attempted to show that while South Africa has made strides in decentralizing development through LED programs, power centralization patterns within the decentralization rhetoric are real issues that plague eThekweni municipality's small businesses sector. It is hoped that it has enlightened the reality that participation and accountability are yet to make meaningful entry into Local Economic Development discourse, generally in South Africa, in particular, eThekweni municipality. The challenge that this study presents to eThekweni municipality's small businesses agencies is that of translating the decentralization discourse from its current rhetoric form into practice with a sharper focus on participation and accountability. This will potentially produce better results.

In the end, modern history presents major challenges to local economics. These can be well addressed through meaningful participation and accountability of intended beneficiaries. The theory and practice of participation and accountability invades the concepts and definitions upon which modern development discourse is founded. By treating participation and accountability issues on the margins of development initiatives, the quest for better outcomes of development potentially become void; in which case we fail to learn the hard lessons presented by the development impasse.

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APPENDIX

QUESTIONNAIRE

Participation And Accountability In Outcome-Based Planning: A Case Study Of EThekwini's Small Business-Related Local Economic Development Programmes Outlined in the Integrated Development Plan.

Research Questionnaire

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Questionnaire Introduction

This questionnaire forms part of a research project which focuses on examination of how small businesses related Local Economic Development programmes in eThekwini municipality relates to development outcomes. Small businesses seem to fall short of the ambitions set out in the IDP document, despite the fact that the municipality has done fairly well in meeting its targets. The following questions are attempts to examine why the contradiction exists and what can be done to address the problem. Your support in filling in the questionnaire is kindly appreciated.

Section 1. Demographics (Background Questions)

Name

Gender.....

Job title

Main responsibilities of job

Number of years in present employment

Formal education qualifications

Section 2. Integrated Development Plan

1. How would you describe the process that is followed to develop eThekweni's IDP?

(a) Please indicate the main steps.

- i)
- ii)
- iii)
- iv)
- v)

(b) Why do you think these steps are followed?

2. How is the content of the IDP influenced by the process in which it is formulated?

3. What are the outcomes of the IDP relevant to small businesses?

(a) Would you say these outcomes are desirable? Please explain your answer.

(b) What do you think is the importance of participation and accountability?

4. How would you rank participation and accountability in the municipality's IDP formulation?

- (a) Excellent
- (b) Good
- (c) Fair

- (d) Poor
- (e) Very poor

5. How would you rank participation and accountability in the municipality's small businesses LED programme implementation?

- (a) Excellent
- (b) Good
- (c) Fair
- (d) Poor
- (e) Very poor

Section 3: LED and small businesses

6. What do you understand by Local Economic Development (LED)?

7. What would you say is the relationship between LED and IDP?

8. What process are you aware of which was undertaken to develop the LED strategy?

9. Would you say the LED formation process:

- (A) was participatory?
- (B) was accountable to public?
- (c) What kind of public? Further comments?

10. Would you say that LED has produced desirable outcomes? Please explain.

11. What specific area does LED focus when dealing with small businesses? Please explain.

12. How would you explain the interaction between LED stakeholders and small businesses? Please explain.

13. What factors do you think influence the interaction you have described above? Why?

14. How would you say the municipality measures its performance when dealing with small businesses?

(a) Is this measurement:

(ai) Participatory? Please explain

(aii) Made public? Please explain

15. What performance measurements would you say small businesses prefer to use?

16. Would you say the municipality interacts regularly with small businesses with the intention to understand their concerns? Please explain

Section 4: Conclusion

17. Would you say the outcomes specified in the IDP:

(a) Help to improve participation? Please explain

(b) Help to improve accountability? Please explain

18. Small businesses development? Please explain

19. Would you suggest could be done to improve the content process of LED in dealing with small businesses?

20. do you think would enhance:

(a) Participation by small businesses in LED programmes?

(b) Accountability of LED stakeholders?

21. Any other comments?

Thank you so much for your time.