



**UNIVERSITY OF  
KWAZULU-NATAL**

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**INYUVESI  
YAKWAZULU-NATALI**

**DECONSTRUCTING THE BARRIERS FOR SUSTAINED LOCAL ECONOMIC  
DEVELOPMENT-WITHIN THE COUNTRYSIDE:  
A CASE STUDY OF THE UMZUMBE PHUNGASHE SUB-REGION IN THE  
UMZUMBE LOCAL MUNICIPALITY**

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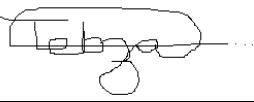
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## DECLARATION OF ORIGINALITY

This dissertation, unless indicated to the contrary in text, represents the original work of the author, which was carried out under the supervision of Ms Annette von Riesen in the School of Built Environment and Development Studies at University of KwaZulu Natal. The work described above has not been submitted in whole or in part at any other University; where the work of other authors has been used; it has been duly acknowledged as such in the text.

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## **ABSTRACT**

The rationale for the adoption and the promotion of Local Economic Development (LED) strategies within rural areas is largely based on the premise that South Africa is a developmental state with a dual economy - where the impacts of the country's historical legacy of inequality and poverty is rife, especially in rural areas. In this regard, the implementation of successful Local Economic Development programmes within the countryside has the potential to remedy the injustices of the past and to help with the upliftment of the lives and socio-economic standards of rural dwellers. Thus, this dissertation has sought to deconstruct the barriers for sustained Local Economic Development within the countryside. It argues that a number of factors hinder this process include; the lack of a clear understanding of Local Economic Development concept, coupled with policy confusion as well as the roles of the different sectors in government, infrastructural backlog, inadequate or shortage in skills and resources, lack of communication and guidance from government and stakeholders that are key role players in Local Economic Development, mal-administration and the duplication of projects. These factors amongst others have been found to be the most profound in preventing the realization of sustained Local Economic Development within Umzumbe-Phungashe Sub-Region located in southern part of the province of KwaZulu-Natal.

## DEDICATION

This dissertation is dedicated to my loving mother Mrs TB MaDlamini Mbhele-Who passed on during the final stages of its completion. Even though it has just been a month and week since you have passed on it still hurts as yesterday. I hope you are happy where you are. I know you would have been proud. I just want to say your sacrifice; so that I can have access to education will not go un-noticed. You will always be in my heart, not a second goes by without me thinking about you. I just wish you were here to share this moment with me. I will always love and treasure you. Words alone cannot begin to eloquently capture how indebted I am for the little time that God allowed me with you.



**IN MEMORY OF OUR STRONG BLACK LOVING MOTHER!**

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## TABLE OF CONTENTS

<b>DECLARATION OF ORIGINALITY</b> .....	<b>i</b>
<b>ABSTRACT</b> .....	<b>iii</b>
<b>ACKNOWLEDGEMENTS</b> .....	<b>v</b>
<b>LIST OF ACRONYMS</b> .....	<b>x</b>
<b>CHAPTER ONE: - PREAMBLE</b> .....	<b>1</b>
1.0 BACKGROUND TO THE PROBLEM .....	1
1.2. PROBLEM STATEMENT .....	2
1.3 THE RATIONALE FOR THE STUDY .....	3
1.3. THE AIM, OBJECTIVES AND KEY RESEARCH QUESTIONS .....	4
1.4 RESEARCH QUESTION AND SUB-QUESTIONS.....	5
1.4. HYPOTHESIS.....	5
1.5 THE STRUCTURE OF THE RESEARCH.....	5
Chapter One: Preamble.....	6
Chapter Two: Conceptual and Theoretical Framework .....	6
Chapter Three: Globalization - A Challenge-or Opportunity - Precedents for Rural Local Economic Development .....	6
Chapter Four: Methodology.....	7
Chapter Five: Planning and the State of Local Economic Development: Case of Umzumbe-Phungashe Sub-Region.....	7
Chapter Six: Data Analysis and Synthesis of the Research Findings .....	7
Chapter Seven: Conclusion and Recommendations .....	7
1.6 SUMMARY OF THE CHAPTER.....	8
<b>CHAPTER TWO: THE CONCEPTUAL AND THEORETICAL FRAMEWORK</b> .....	<b>9</b>
2.0. INTRODUCTION.....	9
2.1 LOCAL ECONOMIC DEVELOPMENT CONTEXT.....	11
2.3. DEMYSTIFYING LOCAL ECONOMIC DEVELOPMENT -“MULTIPLE DEFINITIONS DILEMMA” .....	13
2.4 DEFINING LOCAL ECONOMIC DEVELOPMENT .....	15
2.5 A FRAMEWORK FOR LOCAL ECONOMIC DEVELOPMENT .....	16
2.5.1. Organizing Efforts.....	17
2.5.2 Local Economic Assessment.....	18
2.5.3 Strategy Making .....	19
2.5.4. Strategy Implementation .....	21
2.5.5. A Strategy Review.....	22
2.6. APPROACHES TO LOCAL ECONOMIC DEVELOPMENT .....	22
2.6.1. Traditional Approach.....	23
2.6.2 Entrepreneurial-Competitive Approach.....	23
2.5.3. Urban and Rural Efficiency Approach .....	24
2.6.4. Human Resource Development Approach.....	25
2.6.5. Community-Based Approaches.....	25
2.6.6 Progressive Approaches .....	26
2.7. POSTMODERNIST-TURN: IN A QUEST FOR SUSTAINED RURAL LOCAL ECONOMIC DEVELOPMENT (RLED) .....	27

2.7.1. Postmodernism .....	27
2.7.2 Postmodernism: An Approach to Achieving RLED .....	29
2.7.3 Deconstruction -An Epistemological Approach to Debunking Barriers Hindering RLED.....	31
2.7.4 Ruralisation, Rurality and Re-imagining Rural .....	31
2.7.5 Reframing Development -Dialectics of Under Development and Redevelopment of the Countryside.....	33
2.8 LEGISLATION AND POLICY FRAMEWORK GUIDING LED IN RURAL AREAS .....	33
2.8.1 The Constitution of the Republic of South Africa (1996).....	34
2.8.2. The White Paper on Local Government of 1998.....	36
2.8.3. The Municipal Systems Act: No. 32 of 2000 .....	38
2.8.4. A Quest towards a Comprehensive Local Economic Development Policy .....	40
2.9. SUMMARY OF THE CHAPTER.....	49

### **CHAPTER THREE: GLOBALISATION A CHALLENGE-OPPORTUNITY - PRECEDENTS**

#### **ILLUSTRATING LOCAL ECONOMIC DEVELOPMENT IN RURAL AREAS ..... 51**

3.0 INTRODUCTION.....	51
3.1 A BACKGROUND TO GLOBALISATION.....	52
3.2 UN-PACKING GLOBALISATION.....	53
3.2.1 Defining Globalisation .....	53
3.3 GLOBALISATION FRAMEWORK .....	55
3.4 THE FORCES OF GLOBALISATION .....	58
3.5 PRECEDENTS OF LOCAL ECONOMIC DEVELOPMENT WITHIN THE COUNTRYSIDE.....	61
3.5.1 International Level .....	61
3.5.2 Local Economic Development within Latin America: Case of Colombia.....	62
3.5.3 Rationale for the Adoption of LED in Colombia .....	63
3.5.3.1 <i>Strategies to Achieving Sustained LED within the Countryside in Colombia</i> .....	64
3.6.4 European Cases of Local Economic Development - A Theoretical Perspective.....	68
3.6.4.1 <i>The Rationale for Local Economic Development in European Countries</i> .....	70
3.6.5 Tourism - A Local Economic Development Strategy in Wales .....	71
3.7 PRECEDENTS OF LED IN AFRICA: A CASE OF MOZAMBIQUE .....	75
3.7.1 Local Economic Development Climate in Mozambique .....	76
3.7.2 Local Economic Development Interventions in Mozambique .....	77
3.8 Precedents of Local Economic Development within Rural Areas in South Africa .	78
3.8.1 State of Local Economic Development in the Free State Province.....	80
3.8.2 Strategies towards Achieving Sustained Local Economic Development in the Free State .....	82
3.8.3 Challenges and Lessons of Local Economic Development in the Free State Province.....	84
3.8.4 The State of Local Economic Development in Eastern Cape .....	85
3.8.5 Some Reflections on Local Economic Development Projects.....	86
3.9 "MICRO-MANUFACTURING CENTRE IN THE MATATIELE LOCAL MUNICIPALITY IN THE ALFRED NZO DISTRICT MUNICIPALITY (ANDM)" .....	88
3.10 "SIVUKILE FURNITURE AND REFURBISHMENT CO-OPERATIVE LTD IN AMATHOLE DISTRICT MUNICIPALITY" .....	89
3.11 "AMALINDA FISH FARM IN AMATHOLE DISTRICT MUNICIPALITY" .....	91
3.11.1 Lessons from Amathole District Municipality Case Studies in the Eastern Cape ..	91

3.12 PRECEDENTS FOR LOCAL ECONOMIC DEVELOPMENT IN KWAZULU-NATAL: THE CASE OF UMTSHEZI MUNICIPALITY .....	92
3.12.1 The Approach and Strategies of Local Economic Development in the Umtshezi Local Municipality.....	95
3.13 SUMMARY OF CHAPTER.....	97
<b>CHAPTER FOUR: METHODOLOGY.....</b>	<b>98</b>
4.0 INTRODUCTION.....	98
4.1 QUANTITATIVE VERSUS QUALITATIVE: COMPLEMENT .....	99
4.2 SAMPLING TECHNIQUES .....	101
4.2.1 Random Sampling.....	102
4.2.2 Purposive Sampling .....	102
4.3 DATA COLLECTION INSTRUMENTS .....	103
4.4 INTERVIEWS.....	104
4.5 DATA SOURCES .....	105
4.6 DATA ANALYSIS.....	106
4.7 LIMITATIONS.....	95
4.8 SUMMARY OF THE CHAPTER.....	96
<b>CHAPTER FIVE: PLANNING AND THE STATE OF LOCAL ECONOMIC DEVELOPMENT AT UMZUMBE-PHUNGASHE SUB-REGION.....</b>	<b>97</b>
5.0 INTRODUCTION.....	97
5.1 BACKGROUND TO THE CASE STUDY.....	97
5.2 GEOGRAPHIC LOCATION, ENVIRONMENT AND LAND USE.....	100
5.3 SITUATIONAL ANALYSIS .....	104
5.3.1 Overview of Socio-Economic Analysis.....	104
5.3.2 Demographic Profile.....	105
5.3.3 Community Facilities .....	106
5.4 PRESSING SOCIO-ECONOMIC CHALLENGES IN UMZUMBE PHUNGASHE SUB-REGION.....	112
5.4.1 Juvenile Delinquency.....	112
5.4.2 Poverty and High Unemployment Rate .....	113
5.4.3 Inadequate Quality Schools and Skills Training Centre.....	114
5.4.4 Backlog in Basic Service Delivery.....	116
5.4.4.1 <i>Inadequate Delivery of Water Services</i> .....	117
5.4.4.2 <i>Electricity and Energy</i> .....	119
5.4.4.3 <i>Transportation Networks (Roads)</i> .....	120
5.5 LIMITED FINANCIAL SERVICES .....	122
<b>CHAPTER SIX: DATA ANALYSIS AND SYNTHESIS OF THE RESEARCH FINDINGS.....</b>	<b>125</b>
6.0 INTRODUCTION.....	125
6.1 CUSTODIANS OF RURAL LOCAL ECONOMIC DEVELOPMENT.....	126
6.2 DECONSTRUCTING LOCAL ECONOMIC DEVELOPMENT WITHIN RURAL AREAS .....	132
6.2.1 PERCEPTIONS AND VIEWS FROM THE INSIDERS.....	132
6.3 CUSTODIANS OF RURAL LOCAL ECONOMIC DEVELOPMENT.....	136
6.4 DEMYSTIFYING SALIENT FACTORS CONTRIBUTING TO THE SLOW RATE OF LOCAL ECONOMIC DEVELOPMENT IN RURAL AREAS.....	144
6.4.1 Perceived Salient Factors Hindering Sustained LED within the Countryside.....	144

6.5	THE CORRELATION BETWEEN THE SLOW RATE OF LED AND INADEQUATE PLANNING.....	147
6.5.1	The Planners Role in Transforming Local Economic Development Landscape in Rural Areas .....	148
6.6	STRATEGIES TO ALLEVIATE HINDERING FACTORS AND PROMOTE LOCAL ECONOMIC DEVELOPMENT .....	149
6.8	AGRICULTURE AN ANSWER TO THE REALIZATION OF RURAL LOCAL ECONOMIC DEVELOPMENT-IS IT? .....	151
6.9	EFFECTS OF CLIMATE CHANGE IN RURAL AREAS ENDEAVOURS TO ACHIEVE SUSTAINED LED.....	154
6.10	DUAL EFFECT OF THE THESIS OF GLOBALISATION WITHIN THE COUNTRYSIDE.....	156
6.11	SUMMARY OF THE CHAPTER.....	157
<b>CHAPTER SEVEN: - CONCLUSION AND RECOMMENDATIONS .....</b>		<b>159</b>
7.1	INTRODUCTION .....	159
7.2	A BRIEF DECONSTRUCTION OF HINDERING FACTORS TO LOCAL ECONOMIC DEVELOPMENT IN THE AREA .....	159
7.3	PATH TO ALLEVIATING HINDERING FACTORS IN A QUEST TO PROMOTE LOCAL ECONOMIC DEVELOPMENT.....	161
7.4	SYNOPTICALLY MAPPING THE FACTORS THAT MAKE ESTABLISHED BUSINESS RELUCTANT TO INVEST IN THE AREA.....	162
7.5	RECOMMENDATIONS .....	163
7.6	CONCLUDING REMARKS .....	165
<b>BIBLIOGRAPHY: .....</b>		<b>169</b>
<b>Appendix 1:</b>	<b>Interview Questions.....</b>	<b>178</b>
<b>Appendix 2:</b>	<b>Community Survey Questionnaire .....</b>	<b>182</b>
<b>Appendix 3:</b>	<b>Ethical Clearance.....</b>	<b>188</b>

## **LIST OF ACRONYMS**

ANC - African National Congress

BDS - Business Development Services

BEE - Black Economic Empowerment

BBEE- Broad Based Economic Empowerment

CoG – Cooperative Governance

DPLG - Department Provincial and Local Government

FSGDS – Free State Growth and Development Strategy

GEAR - Growth, Employment and Redistribution

IDP - Integrated Development Plan

ILO – International Labour Organisation

LED - Local Economic Development

MDG - Millennium Development Goal

MIG - Municipal Infrastructure Grant

NGOs – Non Government Organisations

NRI - Natural Resource Institute

REED - Rural Economic and Enterprise Development

RLED- Rural Local Economic Development

RSA - Republic of South Africa

SALGA - South African Local Government Association

SDF - Spatial Development Framework

SEDA - Small Enterprise Development Agency

SMME - Small, micro and medium sized enterprises

SWOT – Strengths, Weaknesses, Opportunities and Threats

WB - World Bank



## CHAPTER ONE: - PREAMBLE

### 1.0 BACKGROUND TO THE PROBLEM

*“Being born in a rural area or the countryside should not condemn people to a life of poverty and underdevelopment”* (President Zuma cited CRDP 2010: 5).

This statement made by the President of the Republic of South Africa in 2010 points to a pertinent planning and development challenge - namely the issue of underdevelopment in rural communities. If the rights envisaged in the national Constitution of South Africa (Act No 108 of 1996) are to be realized by all citizens, especially those residing within the countryside, then the present slow economic development needs urgent attention. The continued challenge of under-development together with slow economic development remains one of the major challenges (or setbacks) facing rural areas in both developed and developing countries, especially in the latter states.

Recent literature has provided evidence that rural areas in developing countries like South Africa, are faced with immense challenges such as, high levels of; poverty, illiteracy, unemployment, infrastructural backlogs and slow economic development (Pemberton and Goodwin, 2010; Markey et al., 2008; Rogerson, 1999 and Manona, 2005). These conditions are particularly apparent in South Africa's deep rural areas. In part, this manifestation can be attributed to the topographical characteristics and their physical location away from main urban centres and economic opportunities. However other indicators of poverty can be attributed to the countries historical legacy. Naudé and Mashiri (2000:2) argue in support of the latter viewpoint, postulating that

*“the relative underdevelopment of South Africa’s traditional, deep rural areas is not only a function of their physical remoteness, and the attendant logistical problems such as long distances, poor roads, relatively low densities and market thresholds. The present situation is also a fundamental function of the apartheid history and a range of factors that are perpetuating an unacceptably high degree of economic dualism and dependence”.*

The government working together with different stakeholders has embarked on a number of initiatives in a quest to eradicate and deal with the challenges that face a vast majority of South African residents located within rural areas. However, in spite of these initiatives which are aimed at stimulating sustained Rural Local Economic Development (RLED)<sup>1</sup>, to date not one project or programme has reached its optimal output or realised the envisaged potential rate. The failure of Rural Local Economic Development (RLED) is regarded as being a direct failure of the state to eradicate the high levels of poverty, illiteracy, un-employment, infrastructural backlog and dependency (Pemberton and Goodwin, 2010b and Rogerson, 1995, 1997, 1999). Local Economic Development (LED) is amongst a number of initiatives that is being heralded by the government as the blueprint to remedy and eradicate the challenges that face rural areas. Against this background of failed government policy and new strategies that this study attempts to deconstruct the barriers for sustained rural local economic development, while simultaneously forging more innovative indigenous solutions to the problems that face rural areas.

## **1.2. PROBLEM STATEMENT**

Since the dawn of democracy in 1994, South Africa has wrestled with Rural Local Economic Development strategies which have shown tortuously slow results and in many cases have stagnated. This failure is in spite of large investments of resources by the state to bolster and support the strategies and programmes associated with them. In this challenge South Africa is not alone. It remains one of the major challenges facing the countryside, in many developing countries.

This challenge is also echoed by a number of authors like Swinburn, (2006); Helmsing, (2003); Rogerson, (2010) and Nel et al (2009: 224) who cogently state that ...

*“A hallmark of post-apartheid South Africa has been the introduction of bold and innovative policy in areas ranging from the national Constitution to resource management policy. In line*

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<sup>1</sup> Rural Local Economic Development (RLED) and Local Economic Development within the countryside are used synonymously through the research to refer to the same thing.

*with this approach, there has been a clear commitment to principles of decentralization and participatory development, with Local Economic Development (LED) featuring prominently in national, provincial and local government pronouncements and planning. Despite considerable policy and funding support for LED, results at best can be described as only modest”.*

### **1.3 THE RATIONALE FOR THE STUDY**

Rural areas, in both developed countries as well as in developing countries such as South Africa, remain largely under-developed. This is despite initiatives such as projects targeted at stimulating Rural Local Economic Development (RLED). RLED is viewed by both the government and theorists alike as an imperative approach towards the achievement of sustained development of rural areas (Rogerson, 2006; Davis, 2006 and Nel and Rogerson, 2007). They argue that if RLED is carried out successfully, it has the potential to remedy the injustices of our historical legacy, such as; poverty, exclusion, escalating unemployment rate, the infrastructural backlog, the brain drain from rural to urban areas, the migration of skilled labourers, a lack of opportunities and poor planning amongst others which inevitably hinder the improvement of the living standards in the countryside.

However, recent empirical research has shown that despite the government vision to rejuvenate and develop the countryside, there is very credible evidence of success stories of sustained RLED. Davis, (2006); Nel, (2004) and Marais *et al.*, (2002) concur with the latter assertion, arguing that existing research proves that government and Non-Governmental Organisations (NGOs) appear to neglect Rural Local Economic Development, since they are very few initiatives in South Africa that have survived beyond the initial funding phase. This needs to be attended to and the inhibiting factors to the success of LED in rural areas investigated to ensure these areas enjoy the same benefits as their urban counter parts.

A deconstruction of the barriers hindering sustained RLED is important not only in highlighting the obstacles to its successful implementation, but in helping to forge more innovative solutions to deal with those factors that hinder its success. This deconstruction

will be done through investigating the root causes of these factors that contribute to the failure of the strategy. This research will help bridge the gap in the studies that have highlighted the obstacles to RLED, while failing to eloquently debunk the inertia for these challenges and forge more innovative solutions to eradicate such. The study challenges the orthodox production of knowledge to solving problems through merely adopting foreign tools and strategies aimed at stimulating RLED, though they might not be best suited to work on the local environment. Research has proven that in many instances these imported tools and strategies are not necessarily appropriate to achieve successful implementation in developing areas. Without a clear comprehension of the specific local factors that make an area unique, generalised RLED strategies are bound to fail because they do not address these factors directly. Little notice is taken of indigenous knowledge which could support RLED strategies. The modernist approach to problems of one tool fits all has proven inadequate in so far as dealing with a number of social problems, such as poverty relief, crime, substance abuse and RLED amongst others.

### **1.3. THE AIM, OBJECTIVES AND KEY RESEARCH QUESTIONS**

This study aims to rigorously deconstruct the most salient hindering factors, contributing to the slow rate of Rural Local Economic Development; while simultaneously proposing innovative indigenous strategies to deal with the former.

The research objectives are to:-

- Evaluate approaches and model of LED which have been utilised internationally and elsewhere in Africa;
- Investigate the most salient contributing factors to the slow rate of Rural Local Economic Development in South Africa and KwaZulu-Natal;
- Identify innovative indigenous strategies that can be used or formulated (in the absence of efficient ones) to spur sustained Rural Local Economic Development; by using the case study of Umzumbé;
- Investigate the reason(s) for the reluctance of big businesses (and other potential investors) to invest in rural areas; and,

- Identify what contribution localised indigenous initiatives have to offer traditional top-down LED projects.

#### **1.4 RESEARCH QUESTION AND SUB-QUESTIONS**

This dissertation addresses the following research questions:-

- What are the most salient contributing factors to the slow rate of Rural Local Economic Development in South Africa?
- To what extent can these factors be attributed to the failure of planning?
- What can be done to eradicate the barriers hindering Rural Local Economic Development?
- What can be done to spur Rural Local Economic Development?
- To what extent can the slow pace of Rural Local Economic Development be attributed to the failure of institutions (both government and private) to perform their duties?
- What is the role of planners in transforming the landscape of rural areas?
- How do local indigenous initiatives contribute to the reformation of LED projects so that they are appropriate to the communities they are designed for?

#### **1.4. HYPOTHESIS**

The hypothesis being considered in this dissertation is that the deconstruction of the barriers hindering sustained Local Economic Development within the countryside has the potential to yield new strategies to eradicate such factors while simultaneously promoting an enabling environment for Local Economic Development to flourish.

#### **1.5 THE STRUCTURE OF THE RESEARCH**

The structure of this research composes of seven sections presented in separate chapters. They are presented in a chronological sequence, in a quest to stimulate a clear comprehension of the discussion and avoid contradictions that might lead to the confusion of the reader and making it difficult to follow the argument being presented. Such misunderstanding would compromise the quality and standard of the research. Furthermore, these chapters focus on different but related aspects of the research; hence

they touch on cross-cutting issues that are crucial in achieving the endeavours of the research namely - the aims and objectives.

### **Chapter One: Preamble**

A broad and succinct overview of the research framework is provided in chapter one. It serves as the primary guide, giving the research direction, while ensuring that the research is carried out within the delineated boundaries. It outlines the background information about the field of study. This serves as the foundation of the comprehension and acquisition of the research problem and further, the rationale of carrying out the research. Lastly this chapter outlines the aim and objectives of the research.

### **Chapter Two: Conceptual and Theoretical Framework**

Firstly this chapter provides a theoretical and conceptual epistemological framework, which the research will conform to. Secondly it provides a review of the theoretical and conceptual framework used in the research process. Local Economic Development (LED), Postmodernism, Deconstruction, rural, and rurality, to name but just a few are unpacked in a quest to ascertain the factors hindering the achievement of sustained Rural Local Economic Development in both developed and developing countries, with the emphasis on the latter states.

### **Chapter Three: Globalization - A Challenge-or Opportunity - Precedents for Rural Local Economic Development**

The first section of this chapter provides a brief background of globalization. The effects of globalisation on LED within the countryside are investigated, within the first section. This chapter advances to discuss the experiences of RLED from both developed and developing states, by drawing on precedents of different case studies and the lessons learned from their failure or success. An emphasis is placed on the case studies from developing countries because it felt that they are more appropriate to inform new departures in South Africa and KwaZulu-Natal.

**Chapter Four: Methodology**

This chapter presents methods that dictated the direction of the research. The first part of the chapter discusses the various data collection methods and instruments that were used in ensuring that the endeavours of the study are met. The second part discusses both the sampling technique and sample size that was used in the study. Lastly this chapter presents that the various data sources from where data was extrapolated while simultaneously discussing the method of data analysis adopted in this study.

**Chapter Five: Planning and the State of Local Economic Development: Case of Umzumbe-Phungashe Sub-Region**

This chapter presents a situational analysis of the contextual background of the study area with regards to LED, while simultaneously placing the study area into context. This has been done in quest to provide a justification for the use of study area as an appropriate example of LED failure. The last section of this chapter presents a discussion of the local challenges hindering the achievement of sustained LED in rural areas.

**Chapter Six: Data Analysis and Synthesis of the Research Findings**

This chapter focuses on the analysis of data, while simultaneously presenting finding extrapolated from varies data sources that are used in the research. In this chapter the results depicted by both quantitative and qualitative data are analysed and discussed together as these methods complement each other.

**Chapter Seven: Conclusion and Recommendations**

Chapter seven presents' conclusions deduced from engaging in the study in an attempt to deconstruct the barriers for sustained RLED. It ends by proposing a number of plausible innovative recommendations that can be used in trying to eradicate the challenge or the problem of continued tortuous (if not stagnant) RLED; despite large investments of resources by the state, since the dawn of democracy in 1994.

## **1.6 SUMMARY OF THE CHAPTER**

This chapter has succinctly outlined the broad framework and direction that the study has sought to follow, while simultaneously presenting the endeavours that the study ought to achieve at the end. The next chapter will attempt to present a theoretical and conceptual epistemological framework, which the research will conform to and which has informed the mixed methodology used in the data collection. Furthermore, a review of the theoretical and conceptual framework delineated in the first instance is undertaken which unpacks the key components of LED, Postmodernism, Deconstruction, rural, and rurality in a quest to ascertain the factors hindering the achievement of sustained Rural Local Economic Development in both developed and developing countries.

## CHAPTER TWO: THE CONCEPTUAL AND THEORETICAL FRAMEWORK

*“Our vision for the development of rural areas arises from the fact that people in the rural areas also have a right to basic necessities, furthermore they have a right to electricity, water, flush toilets, roads, entertainment and sport centres. They have a right to shopping centres, good schools and other amenities like their compatriots in urban areas...”*  
(DPLG, 2006:10).<sup>2</sup>

### 2.0. INTRODUCTION

This chapter provides a theoretical and conceptual epistemological framework that the research conforms to. It also presents an appraisal (review) of the theoretical and conceptual frameworks delineated in the first instance. LED, Postmodernism, Deconstruction, ruralisation, and rurality, are unpacked in a quest to ascertain the variables hindering the achievement of sustained RLED. Both developed and developing countries are considered, with the emphasis on the latter states. Moreover, the chapter provides some definitions of the key concepts that echo throughout the research.

The chronic under development and relatively slow rate of Local Economic Development (LED) in rural areas remains a major challenge in both developed and developing countries, where social polarisation and exclusion is rife. The urgent need to develop rural areas so that they are more self-sufficient is visible not only in policies of rural development, but even within the new South African Constitution of 1996. Other legislation such as the Municipal Systems Act (No. 32 of 2000)<sup>3</sup>: Chapter 5: (IDP) obligates local government to forge and

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<sup>2</sup> The Department of Planning and Local Government (DPLG) is now known as the Department of Cooperative Governance (COG)

<sup>3</sup> The Municipal Systems Act “is part of a series of statutes which aim to empower local government to fulfill its Constitutional objectives. The Municipal Systems Act is a key component of this legal framework which regulates key municipal organisational, planning, participatory and service delivery systems. It provides a framework for a democratic, accountable and developmental local government system, as envisaged by the Constitution. The Municipal Systems Act 32 of 2000 also aims to provide for the core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of local communities, and ensure universal access to essential services that are affordable to all; to define the legal nature of a municipality as

implement strategies that will stimulate LED in a quest to alleviate poverty and other pressing challenges facing rural areas.

Rogerson (1999) and Aliber (2005) argue in support of this perspective, postulating that, in various policy documents and statements, substantial significance is attached by the three spheres of government to the key role that LED can play in contributing to the aims and goals of reconstruction and development within South Africa in the post-Apartheid era. The South African White Paper on Local Government of 1998 places importance on the need to adopt and promote a developmental culture in local government - wherein LED is viewed as a priority sector that must be supported by various departments through integrated development planning (Rogerson, 1999.)

In view of the aforementioned, legislation and policy directives, the South African government and various supporting stakeholders have adopted and invested resources in an attempt to develop rural areas, through the promotion of LED. A number of orthodox modernist couched approaches have been used to try and achieve this objective. However, the outputs have not matched the amount of resources invested in this strategy and in some instances attempts to develop local economic activity have failed. Recent empirical research carried out by both government and private practitioners, has shown that despite the development of rural areas being part of the national development agenda, they remain largely underdeveloped. The living conditions in many areas within the countryside in South Africa, especially in the Provinces of the Eastern Cape, Limpopo and KwaZulu-Natal continue to deteriorate. It is against this background of the failure of conventional silo modernist approaches to yield positive LED results and make meaningful impacts in people's lives at the grass-root level; that this study proposes a postmodernist deconstructive approach to the topic. It uses the new theory to assess the state of RLED and propose an alternative way for the promotion of LED by considering local factors and knowledge.

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including the local community within the municipal area, working in partnership with the municipality's political and administrative structures; to provide for the manner in which municipal powers and functions are exercised and performed" (DWAF, 1: 2011). See ["http://www.dwaf.gov.za/dir\\_ws/waterpolicy/vdFileLoad/file.asp?ID=68"](http://www.dwaf.gov.za/dir_ws/waterpolicy/vdFileLoad/file.asp?ID=68)

## 2.1 LOCAL ECONOMIC DEVELOPMENT CONTEXT

Local Economic Development (LED) is an approach to development that is fairly new in many developing regions, with its origins rooted in the western developed countries of Europe (Kevin and Macgarvey, 2003; Rogerson, 1999 and; Markey et al., 2008). Nel et al. (2009) note that the sphere of LED in the context of South Africa is one of the components and drivers of development that emerged during the early 1990s after the demise of Apartheid in 1994. It was during the early era of democracy in South Africa that LED gained momentum and experienced a radical transformation from being viewed as a mere backward tool. Rather it became an approach to development which proposed that it could remedy the challenges' of the countryside. Nel *et al* (2009:512) argue that during this era LED *"...gained acceptance and credibility, from being regarded as a rural curiosity to becoming mainstream development policy"*. This transformation has developed to an extent that LED planning is now a mandatory component of local government. Municipalities have a mandate to propose strategies and projects that will benefit the local people through the provision of sustainable economic and social opportunities<sup>4</sup>. These strategies and projects form part of the statutory outcomes of their Integrated Development Plan (IDP) as required by the Municipal Systems Act (No. 32 of 2000).

Nel *et. al* (2009); Nel and Rogerson (2005) and World Bank (2006) argue that, globally and in South Africa, LED is largely linked with concepts that promote developments that are partnership based. It is linked to local responses to specific crises and opportunities using sectional inputs and resources if the environment is conducive to do so. The Department of Planning and Local Government (2006) now called the Department of Cooperative Governance (COG) notes that in the context of South Africa, a dual focus on both poverty relief and economic growth are the main components underlying the adoption of the LED by government. Consequently the South African government has prioritised rural development

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<sup>4</sup> Municipalities have a Constitutional mandate to promote Local Economic Development. Section 153 of the Constitution of RSA states that: "The municipality must be able to execute a number of core prerequisite functions for it to be successful in its endeavours. Amongst other things the municipality must be able to structure, co-ordinate and manage its administration, be able efficiently budget and plan strategically – this will be able to allow the municipality to provide for the most basic needs and services to the local communities, while simultaneously promoting social and economic development" (DPLG, 2003:1).

and urban renewal as core strategies that can be used to alleviate and ultimately eradicate social polarisation and uneven development trends that have been inherited from the countries historical legacy.

Furthermore, the rationale behind the adoption and promotion of LED programs within government is to strengthen support to all municipalities within South Africa in implementing the various strategies, and make them attractive places to live, invest and visit (Nel *et al*, 2009). In this regard, the government view is that this can be achieved through focusing on addressing the needs of destitute and marginalised people and communities. However, this can only be a success if various stakeholders<sup>5</sup>, such as businesses, civil society organisations and government, are encouraged to work together in order to promote Local Economic Development. International experience suggests that for LED to be successful private-public partnerships locally, regionally and globally must be encouraged and all energies be used to promote and support initiatives that develop the local area. A collective effort is required rather than a singular input from an institution or private source.

The inception or the adoption of the LED approach is largely rationalised by the failure of traditional approaches to adapt to global changes and their inadequacy in eradicating developmental challenges, such as; poverty, social polarization, basic service delivery, environmental protection and attainment of high economic growth rates (Rogerson, 2000 and Nel *et al* (2009). Recent research (NRI, 2006; DPLG, 2010; UNDP, 2003; and Markey *et al*, 2008) has provided evidence that, with the increase in international multi-donor initiatives being plunged into developing countries – a lot of these countries have placed emphasis on poverty reduction. This focus is also manifested by a large number of developing states such as; South Africa, Botswana, Nigeria, Ghana and Lesotho *inter alia* that adopted the Millennium Development Goals. Furthermore, with the approach of decentralization in recent years being adopted by many governments in developing states an increased responsibility has placed on municipalities and local government to create strategies that will increase jobs and revitalise local and regional economies. Figure 1 below provides a

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<sup>5</sup> Both affected and interested parties

summary of the core conceptual building blocks of LED, which complement each other in a quest to promote positive LED results, as articulated by DPLG (2006) and Blakely (2010).

**Figure 1: Building Blocks of LED**



Source: Adapted from DPLG (2006)

**2.3. DEMYSTIFYING LOCAL ECONOMIC DEVELOPMENT -“MULTIPLE DEFINITIONS DILEMMA”**

LED has lately become one of those portmanteau approaches that have overtime become part of everyday language in many policy documents. As a result there are multiple definitions of the concept. This multiplicity of meanings poses a challenge in trying to come up with an all-encompassing working definition of LED which can be used for the purpose of this dissertation. One needs to first disentangle conceptions that are not in line with this dissertation before deciding what is useful. International experience suggests that LED is a slippery concept and one which is in many instances poses challenges for development practitioners and people alike, when trying to define and free it from ambiguity (Rogerson 1999). Other theorists have argued that as a consequence of LED having multiple definitions has led to a great deal of policy confusion in the area of LED Rogerson (1999); Nel *et al.* (2009); and DPLG (2010). However, Rogerson (2000) and Davis (2006) postulate that despite

all the challenges posed by LED being interpreted in various ways, there is a developing consensus that, among its fundamental elements, LED is rooted in principles that are designed to promote growing local economies while simultaneously addressing poverty alleviation (Rogerson, 2000 and Davis, 2006). The latter interpretation is manifested in the South African White Paper on Local Government of 1998, which postulates that whilst local government is not directly responsible for job creation, it can play an imperative role in promoting job creation, boosting the local economy and alleviating poverty (South Africa, 1998).

The drive to enable an environment that is conducive for job creation and service delivery at a local level is also echoed in the National LED Framework (DPLG, 2010:4), which succinctly states that *"... all economic development takes place at the local level and Local Government must influence the shape and direction of local economies if the national economy is to attain the goals set for it and if it is to grow and create a better life for all its residents."* DPLG (2010) argue that despite developments in so far as reaching consensus about the crucial tenets of LED, there still exists an essential need to create a platform for the different stakeholders and practitioners in both the private and public sector to have a common ground and shared view and comprehension about which majors are ideal for promoting an enabling environment for effective local economic development practice. Nel and Rogerson (2007), argue that South African communities envisage a future in which local development initiatives materialise and yield benefits that will make meaningful impacts in changing their socio-economic status and conditions. They maintain that there is an expectation that even though local government does not have the financial muscle to carry out this solely, it is however expected to drive this process. This expectation antagonistically provides local government with a new challenge and opportunity to transform the lives of the local communities for the better. For local government to be triumphant in seizing this opportunity and creating more futuristic local economies private and public partnerships must be forged (Davis, 2006).

In essence the primary role of LED initiatives is to create common understanding and shared social and economic vision for the community or locality through adopting various participatory approaches to encourage and allow maximum participation by local residents.

Rogerson (1999, 2000) and NIR (2006) argue that the concept of LED is based on promoting local approaches that respond to sectional needs and conditions. Nel *et al.* (2009) writes that there is no universal model of how to successfully implement LED nor are there any strategies and actions to adopt. There are a variety of local factors at play that ultimately define which initiatives are suitable and which will bring about effective and efficient results. LED approaches and processes are largely guided by principles of both governance and civil society; however, local ownership is central to the LED. Swinburn *et al.* (2006) argues that the LED approach is spatially effective regardless of the geographic location be it in urban, peri-urban and rural areas. For LED to yield its anticipated results and meet developmental expectations of rejuvenating local economies and provide sustainable opportunities an enabling environment needs to be created. Ultimately then LED must ideally strengthen and re-enforce good governance practices, which will then in turn create a platform to promote the generation of opportunities for the transformation of the socio-economic conditions of the poor.

#### **2.4 DEFINING LOCAL ECONOMIC DEVELOPMENT**

Local Economic Development (LED) is a multifaceted process of stages, which is aimed at building up the economic capacity of a local area in a quest to change its fortunes for the better and create sustainable opportunities for all. It is a sequential process through which various interested and affected stakeholders forge Public-Private Partnerships (PPP's) in an attempt to create an enabling environment for growth and generation of employment opportunities. Consequently, this has the potential to help uplift socio-economic status as well as the living standard of local residents, while incubating a culture of being self-sufficient (Swinburn *et al.*, 2006: 01). LED is a process in which partnerships between local governments, community and civic groups and the private sector are established to manage existing resources to create jobs and stimulate the economy of a well designated area, while simultaneously placing emphasis on the need to advocate for local control, using the potentials of human, institutional and physical and area natural resources (Helmsing, 2003).

LED initiatives mobilise actors, organisations and resources, develop new institutions and local systems through dialogue and strategic actions argues Helmsing, (2003). Nel *et al.*

(2009) and the World Bank (2006) confer with the latter point, postulating that LED comprises of groups of local people who work together to achieve sustainable economic growth that brings economic benefits and quality of life improvements for all the community. Pose (2001), goes further and broadens the scope of LED, through proposing that it is a territorial planning tool employed by local authorities, using local resources to withstand national and global pressures. Pose's approach to LED is of relevance in the current era of rapid globalisation since it takes into consideration that the world has recently witnessed an economic meltdown, from which a number of countries are still trying to recover. In this regard, LED can be proposed as an antidote to economic depression especially in rural areas that are susceptible to being severely impacted by the negative effects of globalisation.

Stemming from the various definitions of LED from different authors, it can be concluded that there is no universal definition for this concept. However, LED can be broadly defined as an approach that promotes working together of local residents with different stakeholders from both the public and private sector using local resources to provide sustainable opportunities that will help in the eradication of the challenges posed by underdevelopment and poverty. LED is a locally driven process that provides communities with the platform to map their own direction to their destination, because they know best the challenges they face and the future that they hope for their area.

The previous themes of this chapter thus far have focused on trying to unpack LED and trace its origins, without succinctly stating the proposed route to be followed in a quest to achieve such. The next theme will attempt to broadly discuss the framework and the basic stages (that are prerequisites) for the realisation of LED.

## **2.5 A FRAMEWORK FOR LOCAL ECONOMIC DEVELOPMENT**

For LED to be achieved a number of process or steps need to be completed and followed. Swinburn *et al.* (2006), cogently highlight five stages that are a prerequisite to the completion of an LED strategic plan. The stages that are part and parcel of a successful LED strategy are:

1. Organizing the Effort;
2. Local Economy Assessment;
3. Strategy Making;
4. Strategy Implementation ;and,
5. Strategy Review,

They maintain that despite this the process being proposed in a certain chronological sequence, in reality they can be exclusively separated due to a number of cross cutting issues that these stages share and relate to (Ibid). Furthermore, an LED strategic plan has within it an inherent element of being a flexible process and one stage often continues in parallel with another according to local needs. This flexibility allows for innovative solutions to be forged should problems and challenges arise that threaten the success of LED plan. Each of the stages will now be considered in more detail.

### **2.5.1. Organizing Efforts**

The rationale behind this stage is to allow comprehensive engagement with all affected and interested stakeholders to give direction of the plan through a shared vision<sup>6</sup>. Swinburn *et al.* (2006) argues that institutional arrangements and stakeholder involvement should be agreed at an early stage of the planning process to yield a successful local economic development strategy. The initial step is to identify the people, public institutions, businesses, industries, civic organizations, professional organizations, think-tanks, training institutions and other groups that comprise people who have the ability to affect the local economy (World Bank, 2006; Swinburn *et al.* 2006). Team building and exploring the different skills, experiences and resources that the stakeholders have is also an important factor in this stage as helps to strengthen the overall strategic planning process. It is argued that co-operation amongst different stakeholders to forge partnerships and organisational structures have the potential to help in establishing strong working relationships (Swinburn *et al.* (2006) and Musakwa (2009). Consequently, this helps to stimulate support for the

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<sup>6</sup> Collaborative efforts of all stakeholders from both *public* (governmental), *private* (business) and *non-governmental* (NGOs, trade unions, social, civic, religious) sectors is one of the pillars of LED.

planning process, which will ultimately benefit public, private and non-governmental partnerships.

### **2.5.2 Local Economic Assessment**

Local Economic Assessment (LEA) is a basic continual process of evaluating the local economy of a specific area. The main objective of an LEA is to identify the economic opportunities that can be exploited to support the LED strategy, while simultaneously identifying the challenges that can pose a threat to the longevity of the strategy. Swinburn *et al.* (2006) and World Bank (2003) confirm that the primary step of LEA is in determining the gaps that need to be filled through gathering pertinent information or data that might be vague, missing or non-existent. This allows for a SWOT analysis to be undertaken once the data has been collated and analyzed and through this tool to generate an economic profile for the area<sup>7</sup>. Swinburn *et al.* (2006:4) state that the LEA is used to:-

- Identify public, private and non-governmental resources;
- Collect and analyse existing or critical new quantitative and qualitative information;
- Establish data management systems for future use in monitoring and evaluation; and,
- Gather regional and national information to have a clear comprehension of economic activities happening in other areas that may have a direct or indirect impact on the community.

It is argued that an LEA involves collecting credible data and engaging in a rigorous analysis to extrapolate crucial information about key trends in business development, as well as to identify the strategic direction of the local economy (Ibid). Knowing and having a clear comprehension of the characteristics of the local economy at an early stage is critical (Ibid). It gives the stakeholders a platform to identify and agree on a realistic, practical and achievable LED strategy.

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<sup>7</sup> See for example, the SWOT analysis in; Swinburn *et al.* (2006): "Local Economic Development: A Primer for Developing and Implementing Local Economic Development Strategies and Action Plans".

The strength of LEA lies in the ability to evaluate the potential for a wide range of local economic development opportunities across all the major sectors, including the formal, informal and community sectors (Swinburn *et al.* (2006), World Bank (2003) and Musakwa (2009). This assessment makes it possible to ascertain opportunities that need to be exploited. It is carried out on a wide scale and gathers information from local communities, regional, national and international levels. Consequently this process allows for the identification of possible competitors and helps to create a competitive direction, while limiting actors that might pose threats to the realization of the LED strategy. It is noted that a rigorous LEA is determined by the availability of funds which might pose a challenge in developing countries. It may be equally difficult to successfully complete in small and rural municipalities where there is an absence of finances or a stringent tax base (Swinburn *et al.* 2006). However, this challenge can be addressed through using a various methods and approaches that are economical in nature to help come up innovative as well as economical solutions (Ibid).

### **2.5.3 Strategy Making**

Developing a LED strategy is a comprehensive process. It needs to be inclusive and take all factors into consideration, to allow for flexibility and adaptation to change, as this will inevitably lead to sustained development and growth. It is argued that the main goal and intention of developing a strategy is to achieve an integrated approach to LED strategic planning (Swinburn *et al.* 2006). Consequently, the stakeholders involved in devising LED strategies, especially at the level of municipal government which is the main custodian has the obligation and mandate to ensure that there is just and equitable balance of interests. Officials need to adhere to the principles of sustainability where economic development does not prosper at the expense of environmental and social needs, as this has proven to have negative repercussions. Musakwa (2009) and World Bank (2003) suggest that a sound and sustainable LED strategy development must be entrenched in a holistic approach that takes cognizance of the competitive assessment of the local economy.

Swinburn *et al.* (2006:6), state that developing an LED strategy involves five steps which are closely linked. The first step is developing a vision, whereby the stakeholders’ consensus on the preferred economic future is established and described. The second step involves developing desired goals to be achieved, which is directly linked to the overall vision and specify desired outcomes of the economic planning process. The third step involves creating objectives in a quest to establish performance standards and target activities for development of each goal that must be achieved within a stipulated agreed-upon time frame. Developing programs are addressed in the fourth stage. At this time various approaches to achieving realistic economic development goals are set out, while also proposing a time frame for achieving them. In the fifth stage the setting up projects and an action plan are agreed upon. During this stage specific program components are prioritised and cost is established to ensure that resources are used efficiently to yield the desired result. The table below on Elements of the LED Strategy is a summary of the core elements of developing a strategy (See Table: 2.1- Elements of the LED Strategy on the next page).

**Table 1: The Elements of the LED Strategy**

ELEMENTS OF THE LED STRATEGY	
<b>Vision</b>	Describes the stakeholders’ consensus on the preferred economic future of the community.
<b>Goals</b>	Based on the overall vision and specify desired outcomes of the economic planning process.
<b>Objectives</b>	Establish the performance standards and target activities for development of each goal. They are time bound and measurable.
<b>Programs</b>	Set out approaches to achieving realistic economic development goals. They are time bound and measurable.
<b>Projects and Action Plans</b>	Implement specific program components. They must be prioritized, and costs must be established. They are time bound and measurable.

Source: Swinburn *et al.* (2006:6).

#### **2.5.4. Strategy Implementation**

Strategy implementation is one of the most crucial stages of an LED strategy since its success lies on adequate implementation. The LED strategy is an overall plan that has short, medium or long-term aims and actions, where the direction of how these goals are to be achieved is outlined (Swinburn *et al.* (2006) and World Bank (2003). Furthermore, the implementation of a strategy ought to establish an agenda that promotes and develops the local community's economic, physical, social and environmental strengths. This should be done while simultaneously addressing both the challenges and opportunities which directly or indirectly impact the achievement of a sustainable LED strategy. Swinburn *et al.* (2006) maintains that an implementation plan that in turn is supported by individual project action plans is a prerequisite for a successful LED strategy<sup>8</sup>.

It is argued that a strategy for implementation also involves developing action plans. These actions plans provide various specific detailed components on project management. The hierarchy and prioritisation of tasks, responsible parties, a realistic time frame of delivery, financial needs, sources of funding, anticipated effects, results, performance measures, human capacity and systems for evaluating progress for each project. The implementation of the LED strategy is usually achieved through the formation of a Private-Public Partnerships (PPPs) that are strongly driven by the local authority (World Bank 2003). For the projects to be successful and yield anticipated results, it must be driven by all interested and affected stakeholders that have a shared understanding, over and above their interests. Moreover, the judicious use of resources, commitment, dedication and expertise in various LED areas can help to bring sustainable results and success.

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<sup>8</sup> "Implementation plan sets out the budgetary and human resource requirements, as well as institutional and procedural implications of implementing the LED strategy. Consequently a good implementation plan will result in a more efficient and effective use of existing budgets, and can be used to attract funding from external sources such as national government, bilateral and multilateral donor agencies, and the private sector" (Swinburn *et al.*, 2006:6).

### **2.5.5. A Strategy Review**

A review is the fifth stage in a Local Economic Development strategy and is equally important as the previous stages discussed above. All the stages are interlinked and complement each other. A strategic review is an important component of a Local Economic Development strategy. It ensures that potential flaws or faults that might compromise the quality and achievement of the strategy are detected and solved. Swinburn *et al.* (2006), note that a strategic review allows for adjustment in responses to changing local conditions. Furthermore, the review process should consider the resources available for the delivery of the strategy and include established and agreed monitoring and evaluation indicators of the local economy. They argue that alongside the strategic review, systems should be in place to monitor the progress of each project as these systems will allow decision makers to adjust the strategy in response to changing local conditions.

This section has been able to clearly define the critical path and steps that need to be followed in an attempt to achieve sustained Local Economic Development. It has been noted by Swinburn *et al.* (2006), that Local Economic Development strategic planning is a flexible process and one stage often continues in parallel with another according to local needs. Furthermore, effective management and sustenance of such partnerships is often the critical and challenging factor determining the effectiveness of economic efforts. The next section advances to discuss the approaches to Local Economic Development that are relevant to the research dissertation.

## **2.6. APPROACHES TO LOCAL ECONOMIC DEVELOPMENT**

Over the past few decades, there have been a number of developments in the sphere of Local Economic Development. This has mainly been a result of an improved comprehension of the dynamics of the concept and tools related to the process. There has been an increased growth in research focusing in the particular field which has led to innovations. Consequently, a number of different approaches regarding Local Economic Development have emerged both internationally, in Africa, and in South Africa. In terms of these new developments, the approach or approaches adopted by municipalities is solely directly dependent upon particular assumptions about local economies and the impact of local authorities therein. In this section the various approaches (Traditional, Entrepreneurial-

competitive, Urban and Rural efficiency, and Human Resource Development, Community-Based and Progressive Approaches) to Local Economic Development will be broadly discussed.

### **2.6.1. Traditional Approach**

Blakely (2010) argues that traditional approaches to Local Economic Development have largely been entrenched in principles of silo planning and development, where an emphasis has been placed on attracting large manufacturing companies. Consequently, this has been done to the detriment of the local economic climate. It leads to poor working conditions, causing health problems to the local residents that work in such conditions while simultaneously compromising the quality of life in the area. Many factories release lethal pollutants as a by-product of their processing and in rural areas. The enforcement of regulations related to atmospheric, mineral, and ground and water resources is weak since their locality is outside the main stream of urban development where regulatory process are more stringently applied.

Blakely (2010) and DPLG (2006) further argue, that traditional approaches assert that the key to local economic prosperity and development is through attracting (primarily manufacturing) investment. This is achieved by offering incentives such as concessions in the form of tax breaks, cheaper land prices, reduced rates, and even direct financial rewards in return for locating in the area. Attracting business and trying to stimulate economic development through such means has of late proven inadequate in countries where labour unions and protection of labour rights is strong. The main proponents of traditional approaches argue that investment creates jobs and provides taxes, which can be used for service provision. However, the sustainability of Local Economic Development developed on the basis of this approach has in many instances failed and proven inadequate to eradicate challenges that it ought to solve.

### **2.6.2 Entrepreneurial-Competitive Approach**

The entrepreneurial-competitive approach is characterised by principles that advocate for the identification of competitive opportunities and strengths that can be exploited to gain

comparative advantages in relation to other neighbouring areas. Local authorities are the main custodians of this approach as they perceived to be the main drivers of development within their area of jurisdiction. They play a proactive role in identifying actual or potential growth sectors and in directly supporting local businesses through research, loans, grants, consultancy, premises, technical infrastructure and so on (Blakely, 2010). In many municipalities, a SWOT analysis is carried out, in a quest to gain a comprehensive understanding of the factors that have the capacity to directly or indirectly impact positively or negatively on the achievement of sustainable Local Economic Development. DPLG (2006), argue in line with the latter, postulating that municipalities have engaged in research to identify the particular economic strengths of their locality. Some have even produced a local industrial strategy. Blakely (2010) *argues that entrepreneurial-competitive approaches place emphasis on the importance of local comparative advantages, whereby small businesses have a crucial role to play in the creation of job opportunities.*

### **2.5.3. Urban and Rural Efficiency Approach**

The efficiency approach to LED places an emphasis on the need to create an investment climate which promotes both pro-poor and pro-growth development that yields sustainable and tangible benefits for the locals. The Department of Cooperative Governance formerly DPLG (2006) notes that the efficiency approach proponents argue for a strategy where local authorities should craft innovative ways that will raise productivity. This will be achieved through limiting inputs and maximising yields. Decreasing both the costs of living and of doing business in the area is viewed as one of the strategies that may have the potential to attract more investors. The department maintains that some proponents have argued that efficiency can be best achieved by minimising government intervention, through cutting taxes and service charges, and by privatising services where possible. Other advocates believe that strong government planning is the key to achieving efficiency. Consequently, this argument has particular relevance in South Africa, where the Apartheid's government spatial planning has led to enduring inefficiencies (DPLG, 2006). The compaction and re-engineering of space is one of the innovative strategies that are being used in the post-apartheid era South Africa. It is a strategy which attempts to redress the past, bring people and jobs closer together while simultaneously reducing travelling times and costs.

#### **2.6.4. Human Resource Development Approach**

Human capital, empowerment and skills development are the main pillars of this approach that is viewed as a critical element to the sustenance of Local Economic Development. The challenge of low or mediocre skills, especially among the poor, is arguable one of the key constraint facing potential investors and act as a barrier to the realisation of sustained development especially in the countryside. Furthermore, Blakely (2010) argues that poor people are unlikely to benefit from whatever new jobs there are unless they have appropriate skills. The human resource development approach can be achieved through encouraging local authorities to either support the establishment of local training bodies to uplift local skills or focus the activities of national training agencies in the local area to reach a similar outcome (DPLG, 2006). Additionally conditions can be imposed on companies doing business within the municipal or local area boundaries requiring that investors provide a minimum amount of training for their employees. This would form part of their community responsibility or skills development contribution.

#### **2.6.5. Community-Based Approaches**

The community-based approach places an emphasis on the empowerment of destitute groups and targets mainly the marginalised people. The Department of Cooperative Governance formerly DPLG (2006) writes that community-based approaches emphasise the importance of working directly with low-income communities and their organisations. This approach is closely aligned to the principles and framework of pro-poor growth development, as its primary mandate is to uplift the socio-economic standards of the poor. Despite the good intentions set to be achieved by this approach, experience has shown very modest results, unless there are stringent gate-keeping measures in place. Blakely (2010) confirms this point, arguing that investment is all very well, but the benefits are unlikely to accrue to the most needy unless they are active participants in new development, with the capacity to plan, monitor and enforce wider benefits. Government departments argue that for such approaches to yield the desired results there need to be sufficient support for institutions such as Community Development Trusts (CDT's) and Community-Controlled Enterprises (CCE's). (DPLG 2006) Local credit unions or development corporations also need to be supported since they are the key intuitions for the success of this approach.

### **2.6.6 Progressive Approaches**

The rationale behind progressive approaches is to try and eradicate inequalities. This can be achieved through adopting planning gain principles, where planning permission in profitable areas is linked to investment in more impoverished neighbourhoods, such as rural areas and in townships (DPLG, 2006). Progressive approaches are even more relevant in the case of South Africa, where a reverse principle was used and engineered through discriminatory policies of Apartheid, leading to a number of development discrepancies. Blakely (2010) argues that such approaches are rooted on principles that promote mutual benefits. Investors need to invest a portion of their profit in the local area, in a quest to stimulate development and improve infrastructure. Both DCOG formerly DPLG (2006) and Blakely (2010) confirm that progressive approaches explicitly aim to link profitable growth and redistributive development.

Blakely (2010), highlights a number of examples of a progressive approach, such as that in cases where financial institutions open a branch in an area, it is a requirement that they must invest a certain proportion of their turnover in local small businesses. However, he argues that in situations where banks are reluctant to even open branches in low-income areas (for instance in rural areas and in townships), municipalities have introduced strategies to pseudo attract investors, through making such branch openings a condition of accessing municipal funds and accounts.

In summary Blakely (2010), notes that it is the onus of the development practitioner and that the municipality's vision and goals will dictate which approach or combination of approaches they will employ to achieve the desired result. They are all looking for a method to provide a more sustainable path to achieving Local Economic Development. Consequently, to achieve the right balance between these approaches is based upon the set priorities and a circumstance, whereby having clear objectives against which to prioritise plans is crucial to the successful of Local Economic Development. There is no single approach to Local Economic Development. Each locality may adopt or develop an approach that is best suited to its local context.

Having provided a brief synopsis of the different approaches to LED in this section, it is important to note that the list of approaches detailed above is not exhaustive. It is an overview and thus has only discussed the most comprehensive and most relevant approaches that have been utilised in this research.

## **2.7. POSTMODERNIST-TURN: IN A QUEST FOR SUSTAINED RURAL LOCAL ECONOMIC DEVELOPMENT (RLED)**

Human existence has, for time in memorial evolved around an attempt to make sense of both the social and physical world in a quest to seek deeper understanding of this complex and ever changing circumstances. In an attempt to achieve the latter, a number of philosophies, with distinct epistemological framework (for example; positivism, modernism and post-modernism) have been coined by different theorists. Philosophy is important in understanding the world, since it offers a comprehensive system of a set of assumptions about human nature and the nature of reality we live in. Hence, it is a guide and a framework for the salient demystification of the world. Mitchell, postulates that a philosophy addresses a number of important issues, such as metaphysics "*the theory of reality*", ontology "*theory of what can be known*", epistemology "*theory of knowledge production*", ethics "*the theory of moral values*" and methodology "*the means of knowledge production*" (2001, 125). These issues, which different philosophies address as postulated by Mitchell (2001), are all of equal importance in planning, especially in this diverse, complex and tremendously changing world. In this regard, a postmodern turn is a plausible approach in dealing with issues apparent in many rural areas of developing states, such as slow local economic development as its scope is broad enough to encompass social issues.

### **2.7.1. Postmodernism**

Postmodernism is a phenomenon used to refer to a multitude of ideas, and it because this factor that makes it so difficult to reach consensus about its working definition (Dear, 2001). Dear cogently postulates that postmodernism is rooted on three principles, firstly a sequence of distinctive cultural and stylistic practices, secondly the ensemble of cultural practices rooted on the capitalist epoch and thirdly the philosophical and methodological discourse '*antagonistic to the precepts*' of Enlightenment thought, especially the hegemony

*of any single intellectual persuasion'* (Dear, 2001:1). The latter principle is what this study is concerned with mostly as it proposes a philosophical and methodological discourse that is couched within the parameters of a postmodern approach to achieving LED in the countryside.

Mitchell (2001); Dear (2001) and Hajer, (2006) postulate, that in postmodernism, knowledge production is rooted in the rejection of grand theory and meta-narratives (p, h, m, and s) that claim absolute and universal truth. Duminy (2007) argues in support of this position, stating that postmodernism refers to a recent philosophical and epistemological divergence from the basic tenets of modernist thought and knowledge. This approach implies the rise of a new theoretical and conceptual position that draws heavily from the field of post-structuralism; where there was increasing academic dissatisfaction with meta-narratives and grand theory, including the positivist nature of modern science and philosophy. Duminy (2007) and Dear (2001) argue that postmodernism marks an essential shift in Western society's modes of interpreting and analysing the world (especially the social world that is complex and difficult to draw generalization upon). This would include systems of knowledge and value; as well as an increasing emphasis on local issues, everyday life and socio-cultural difference as important sources of knowledge.

In postmodernism, knowledge production stems from the recognition that reality is not simply mirrored in human understanding of it, but is socially constructed. Soja (1997:241, cited in Mitchell 2001:31) maintains that *"postmodernism is built upon an epistemology that is open, transparent and flexible; it is critical of any attempts to formalize a single, totalizing way of knowing, no matter how progressive it may seem to be"*. Furthermore, postmodern planning must not only promote the toleration of differences, but it must encourage the disordering or difference. This tolerance for difference allows for the recognition of the need to forge solutions that are encompassing of the diversity that is apparent in many rural areas. Mitchell (2001) raises an important point advocating for the departure from the modernist approach, to postmodernism, arguing that the West and of late those in power have constructed and shaped knowledge, without acknowledging the partiality of their claims to know, what they know not. For, example Europe and the United States of America (USA), through the World Bank and IMF (Britton Woods System) have imposed their pseudo

solutions, crafted by “experts” who know very little about the complexities of African problems. In some instances, their solutions have led to the exacerbation of the problems in the continent, leading to more suffering of the poor, especially those in rural areas. In addition, the West and or modernists have constructed knowledge of “*other*”, and not heard or admitted “*others*” knowledge of themselves (Mitchell, 2001).

Essential postmodernism knowledge “*is entrenched on principles of heterogeneity, plurality, constant innovation and pragmatic construction of local rules and prescriptive agreed upon by participants, and is thus for micro politics*” (Dear, 2001:24). Postmodernism is said to be both historically and conceptually different from modernism or theories rooted in modernity. It is a rupture with the past, a fundamental departure from modernity (Vries, 2005). Postmodernism is seen as way of thinking in contrast to modernist approaches, where there is constant rejection of the notion of universal truth. Hence, in postmodernism the world is socially constructed (Vries, 2005). The paradox of the postmodern position is that, in placing all principles under the scrutiny of its scepticism, it must realize that even its own principles are not beyond questioning (Mitchell 2001:24). In essence, postmodernism is characterised by a suspicion of established forms and sources of knowledge, as well as an acceptance of disorder and disjuncture in all forms of life. The following section considers the manner in which a postmodernist approach to knowledge production can help in achieving local economic development within the countryside.

### **2.7.2 Postmodernism: An Approach to Achieving RLED**

A postmodernist approach can be used as tool of enquiry (a lens) through which the required criteria for sustained RLED can be identified. It is a plausible approach as it entrenched in an epistemology that embraces diversity, flexibility and promotes the forging of endogenous innovative solutions to the challenges faced by local residents and communities. It provides a contrast to the orthodox modernist approaches that have proved inadequate in dealing with local complexity in RLED to date. The postmodern approach provides a platform for all those actors and stakeholders (women, disabled, illiterate, churches and Traditional Councils/Leaders) that have been marginalised (*and continue to be*) excluded in decision making by prior traditional approached to development.

Postmodernism, according to Watson (2006) paves a way for a deliberative discourse around issues of representation, marginality, identity and difference, which are issues that are habitually neglected in planning in rural areas, especially in the sphere of LED. In addition, social justice in rural areas must be encouraged. Debates about diversity and social justice need to be included because they empower groups whose voices are not often heard by planners and thus include the voices from the borderlands, to use Sandercock (2004) terminology. Thompson (2006) argues in support of Watson (2006) but uses the notion of affirming multiple rationalities and searching for hybridism. She contrasts this recognition against a common basis for justifying and explaining behaviour. The epoch of modernity is characterised and confronted by multiple rationalities, hence; postmodernism has the ability to deal with such complexity. Thompson (2006) maintains that these multiple rationalities provide different standards and modes of reasoning that are derived from various cultural and religious traditions. If LED is to be successful in the countryside it has to have the ability to encompass many discourses and this can only be achieved through a post modernist approach.

The normative and idealistic tenets of postmodernism are important in advocating for the *ruralisation*<sup>9</sup> of the countryside through the stimulation of sustained RLED. Its thesis is entrenched in the provision and delivery of core services. Moreover, it is because of these two tenets that rural dwellers ought to advocate for the change in status quo evident in many countryside areas through the injection of interventions that will help incubate RLED. The strategy has been hailed as the blueprint for poverty alleviation and the eradication of the dual dependence of areas in the countryside. Postmodernism in planning advocates for deconstruction of text and find meaning behind meaning. A deconstruction epistemology is a plausible approach in an attempt to debunk the barriers hindering sustained RLED and forging innovative solutions as well as strategies to simultaneously eradicate the former and trigger the latter.

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<sup>9</sup> The notion of the use and coining of the term ruralisation is aimed at counteracting urbanization which is stimulating a plethora of challenges for rural areas, such as brain drain, depopulation (decrease in population especially the productive group) and the colonization of rural areas by an un-productive population pool.

### **2.7.3 Deconstruction -An Epistemological Approach to Debunking Barriers Hindering RLED**

Deconstruction is an important component in a postmodern epistemology, since it allows for rigorous appraisal (of concepts, “truths”, maps and assumptions) in a quest to unpack deeper meaning and hidden forces at play influencing decision making that might not be as explicit. Lee (2009) writes that deconstruction is a concept that was coined and used by Jacques Derrida during the 1960’s in literary criticism and the social sciences. He postulates that deconstruction is pursuing the meaning of a text to the point of exposing the supposed contradictions and internal oppositions upon which it is founded. Deconstruction is succinctly aimed at debunking and highlighting the foundations of a phenomenon that are irreducibly complex, unstable, or somewhat impossible (Ibid).

Xin Li (2011:258) states that *“deconstruction generally tries to demonstrate that any text is not a discrete whole but contains several irreconcilable and contradictory meanings; that any text therefore has more than one interpretation; that the text itself links these interpretations inextricably; that the incompatibility of these interpretations is irreducible; and thus that an interpretative reading cannot go beyond a certain point<sup>10</sup>”*. Deconstruction in the context of this study is used to identify the main factors that are hindering sustained rural Local Economic Development. It is also used to simultaneously trace the origins of these hindrances in a quest to ensure that the proposed solutions do not merely remedy the symptoms but deal directly with the problems. Essentially, deconstruction within a postmodern paradigm has the potential to remedy the problems and explain why LED is slow in rural areas. It provides an explanation of complex issues, unlike orthodox approaches of modernist that have provided short term solutions to such societal problems (poverty, economic meltdown/recession, climate change, famine, wars) to date.

### **2.7.4 Ruralisation, Rurality and Re-imagining Rural**

The Rural Development Framework (1997: 12) defines rural areas as *“the sparsely populated areas in which people farm or depend on natural resources, including the villages and small towns that are dispersed through these areas. In addition, they include the large settlements in the former homelands, created by the apartheid removals, which depend for their survival*

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<sup>10</sup> See a brief definition of deconstruction at [quizlet.com](http://quizlet.com) “critical-theories-flash-cards”

*on migratory labour and remittances*". This definition of rural areas is a plausible one, as it does not define rural areas in a derogatory manner as evident in a number of studies that focus mainly on the negative challenges that face rural areas. Negative definitions paint a daunt and negative image of rural areas; as if poverty, HIV/AIDS, under-development, low literacy levels, inadequate service delivery and poor infrastructure are permanent features of them and noting ever changes. Moreover, this notion in part stimulates urbanization in contrast to ruralisation. The latter is a critical factor in the realization of the thesis of triggering sustained rural economic development.

Ruralisation is one of the important factors that will help trigger sustained RLED, as it will help decrease the rate of brain drain, therefore ensuring that rural areas retain their qualified and skilled labours. This will in turn ensure that the people that govern rural areas are skilled and qualified. Ruralisation is a system whereby rural areas retain their local populations, while attracting back those people that have been lost to (migrated to) urban areas in search of better opportunities. Furthermore, this will help remedy the problem of depopulation and an ageing unproductive population that has become dominant in the countryside, since the dawn of democracy. Ruralisation can be achieved through the development of infrastructure and provision of services (transport systems, housing, telecommunication, education, health, electricity and efficient transportation "public"), densification (plans that promote some form of compaction) and embracing rurality.

Rurality refers to the way of life, state of mind and a culture which revolves around tradition, land, livestock, cropping and community (DPSIR, 2010). Rurality is important and crucial for the survival of the countryside, as it has the power to attract back those people that have migrated to urban areas in search for better opportunities in a quest to sustain their livelihoods. Rurality can play an important role in attracting more developments in the countryside and help in the realization of sustained RLED. However, for this to be achieved the negative perceptions about rural areas need to be altered and promote those positive factors that characterize the countryside. This can be achieved through re-imagining rural areas through the lenses of rural dwellers and allow them to drive their own development initiatives. As they are the ones who reside in the countryside; hence know best about their needs prioritization and what development is to them.

### **2.7.5 Reframing Development -Dialectics of Under Development and Redevelopment of the Countryside**

The notion of reframing development is an important component in LED within the countryside as it gives local people the platform to redefine what they view as development “*development through their own lenses*” not to view it through the lenses of an outsider (western ideas of development, or development practitioners.). In simple terms development refers to the shift from ill-being to wellbeing, whereby there is continuous improvement in the living conditions and quality of life for inhabitants. However, in a quest to achieve the latter, it is important to have an adequate grasp of the factors that have led to the underdevelopment of the countryside, before attempting to forge strategies that incubate the redevelopment of the rural areas.

### **2.8 LEGISLATION AND POLICY FRAMEWORK GUIDING LED IN RURAL AREAS**

There are various pieces of legislation and policies in the context of South Africa that have an indirect or direct impact on rural development and more so on LED within the countryside<sup>11</sup>. The rationale behind the formulation of such policies and legislation has been to react to the needs of the country, to provide mechanism for the creation of as developmental state, and to eradicate the challenges South Africa is faced with<sup>12</sup>. Consequently, various research has shown that a large proportion of the challenges faced by South Africa have been inherited in the countries historical legacy<sup>13</sup>. As a result most of these challenges especially in the context of rural areas are structural in nature and need legislative interventions. This need has been identified and addressed by eminent politicians and the former presidents of the

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<sup>11</sup> See DPLG (2006): National Framework for LED in South Africa-2006-2011.

<sup>12</sup> See Section A: Current Reality of the White Paper on Local Government (1998)-Which “provides a comprehensive but brief history of local government under apartheid, which points to the origins of many of the problems currently faced by local government in South Africa. It highlights our history of community mobilisation, and locates the current transition process in its broader historical context”.

<sup>13</sup> The Nation Planning Commission (N.P.C) has noted that the vast majority, especially the rural dwellers and the youth are still largely stunted by the countries apartheid history, as a result the plan is mindful of that fact and aims to change that through varies strategies (N.P.C, 2011).

country Mr Nelson Mandela and Thabo Mbeki and by the current president Jacob Zuma in his 2012 state of the Nation address where he stated: *“Compatriots, when freedom was attained in 1994, South Africa inherited a problem of structural unemployment which goes back to the 1970s. Employment continued to deteriorate in the 1990s and the early 2000s due to slow growth and declining employment in gold mining and agriculture”*<sup>14</sup>. This section explores the legal framework and policies that advocate development and the stimulation of LED within the countryside in South Africa.

Rural development and the promotion of LED within rural areas in South Africa has been the buzzword since 1994, yet to date very little has been achieved in the realization of this goal. The dynamics within South African rural contexts present a contemporary and contradictory dilemma. In rural South Africa, development is a political and economic issue where the realization of the rights entrenched in the Constitution is confronted with multiple challenges. The Constitution grants to all South Africans an equal and inalienable right to housing, healthcare, water and social security and requires the state to take steps to fulfil this right. However, many municipalities have inherited stark backlogs and inequalities. As a consequence these municipalities are unable to transform and make meaningful tangible improvements to the quality of life of poor rural communities due to the scarcity of resources. People in rural areas of South Africa are still yet to enjoy the rights envisaged in the country’s Constitution, which is the highest legal binding statute in the land.

### **2.8.1 The Constitution of the Republic of South Africa (1996)**

The South African Constitution (Act 108 of 1996) is guided by principles that inter *alia* protect human rights, promotes and values democratic principles such as equality, security and freedom, while it also guarantees all citizens the rights to access basic needs and services such as health care, water, food, and social security (see Section 27). Furthermore, it also protects and guarantees the right to access land on equitable basis, subject, that is, to

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<sup>14</sup> See <http://www.info.gov.za/speech/DynamicAction?> Accessed 2012-04-26

the state's capacity to realise these rights<sup>15</sup>. Schedule 4 (Part A) of the Constitution regards rural development as a concurrent national and provincial competence, whereby local government and more so municipalities under the new constitution dispensation have the primary role to create an enabling environment for LED to flourish.

Municipalities have a Constitutional mandate to promote local economic development (LED). Section 152 of the Constitution within the object of local government, states that local government must promote social and economic development<sup>16</sup>. Moreover; section 153 of the Constitution within the developmental duties of municipalities, states that:

*“A municipality must structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community” (DPLG, 3:2003).*

In this regard, it is eminent that the government eloquently comprehends the urgency and need to advocate for the creation of an enabling environment for the realization of LED within rural areas. Beyond these constitutional provisions, the government of South Africa introduced the White Paper on Local Government in 1998, which is aimed at giving directives as to how the provisions promised in the Constitution can be realized by all citizens. It places an emphasis on those communities residing within rural areas, which continue to be marginalized and bequeathed with the effects of the countries historical legacy. DPLG (2003) confers arguing that the legacies bequeathed to our localities have made the need to focus on social and economic development (LED) in rural areas both more pressing and more burdensome. Consequently, many municipalities in rural areas are faced with exceptional inequalities, where a vast majority of rural dwellers cannot afford to pay for

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<sup>15</sup> The component of the Constitution highlights that the state can only provide its Constitutional roles subject to the availability of resources is controversial, because in many instances local government always gives this as an excuse for incompetence. Furthermore, the state should not make provisions in the Constitution of rights and services that are beyond the scope of the resources it can provide, as this creates an enabling environment for too much dependency on the state and for citizens' to fight for the rights promised in the Constitution.

<sup>16</sup> Chapter Seven of the Constitution on Local Government (RSA, 1996).

basic services, as result of the high rate of unemployment. However, nor are the municipalities in rural areas able to provide the most basic services (such as; water, sanitation, electricity and roads). These conditions, under which many areas in South Africa people live in, provided the government with an adequate rationale to introduce the White Paper as postulated above, which will be discussed in the next section as it also, has a great degree of influence on LED in rural areas.

### **2.8.2. The White Paper on Local Government of 1998**

*“The powers and functions of local government should be exercised in a way that has a maximum impact on the social development of communities – in particular meeting the basic needs of the poor – and on the growth of the local economy”* (White Paper on Local Government, 1998:).

The White Paper on Local Government makes it clear that the third sphere of governance is the main custodian of development in local communities and thus has complete jurisdiction over these areas. It must full fill the mandate of perpetually improving people’s lives and the grassroots level. This White Paper<sup>17</sup> is a policy document aimed at influencing future actions while simultaneously dictating and giving direction of how to best help eradicate the injustices of the past<sup>18</sup>. The policy document makes it quite clear that local government is not responsible for creating jobs. Instead, it will be responsible for ensuring that overall economic and social conditions of the locality are conducive to the creation of employment opportunities. Consequently, local government is charged with creating an enabling environment for the realisation of LED. Triegaardt (2010), DPLG (2010), Rogerson (2006) and Nel (2001) argue that although credence is given to other stakeholders such as the private sector, NGOs and others, local government is at the centre of the LED development planning in contemporary South Africa. LED is about creating an enabling platform and environment

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<sup>17</sup> Note for continuity purposes when White Paper is used in the passage it will directly be referring to the White Paper on Local Government.

<sup>18</sup> White Paper on Local Government (2005) notes that “apartheid fundamentally damaged the spatial, social and economic environments in which people live, work, raise families, and seek to fulfil their aspirations, therefore local government has a critical role to play in rebuilding local communities and environments, as the basis for a democratic, integrated, prosperous and truly non-racial society”.

to engage stakeholders in various innovative ways of implementing strategies and programmes (DPLG, 2010).

The second section (*Developmental Local Government*) of the White Paper on Local Government is the arena of focus in this section, as it discusses the developmental duties that the local government ought to achieve in a quest to promote LED. This section puts forward a vision of a developmental local government, which places emphasis on the need to value the input of local communities and indigenous knowledge in forging innovative solutions to the problems they faced with. The government through the White Paper is of the view that this approach will ensure that the local communities will find sustainable ways to meet their needs and improve the quality of their lives. The *Developmental Local Government* section composes of four critical components which speak directly to the realisation of LED within the countryside<sup>19</sup>. These components are namely:-

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

In summary, the developmental duties of local government as proposed in the White Paper of 1998 on Local Government places emphasis on the need for municipalities to exercise their powers in a manner that will ensure that the lives of all people are transformed, especially those at the grass roots, and continue to be excluded and marginalised. This can be achieved if municipalities function in a manner which maximises their impact on social development and economic growth, through playing an integrating and coordinating role to ensure alignment between the public and private sector (White Paper on Local Government, 1998). Moreover, it also argues that municipalities must promote investment within the

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<sup>19</sup> Developmental local government is defined as “local government that is committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives” (White Paper on Local Government, 1998:23).

municipal areas; democratise development; and build social capital<sup>20</sup>. Furthermore; the White Paper on Local Government (1998:8) provides four developmental outcomes, which are:-

- The provision of household infrastructure and services;
- The creation of liveable, integrated cities, towns and rural areas;
- The promotion of local economic development; and,
- Community empowerment and redistribution.

These outcomes can then be viewed as indicators that can be used to ascertain whether municipalities have been able to perform their developmental duties and achieve targets.

Lastly, the second section of the White Paper provides three approaches which can assist municipalities to become more developmental, namely; integrated development planning (IDP) and budgeting; performance management; and working together with local citizens and partners. These approaches are comprehensively discussed under the Municipal Systems Act (No. 32 of 2000). The Municipal Systems Act is a critical piece of legislation that builds on the policy directives of the White Paper on Local Government and provides more tangible ways of achieving developmental objective of local government. The next section discusses the components of this Act that are directly linked to the realisation of LED within the countryside.

### **2.8.3. The Municipal Systems Act: No. 32 of 2000**

The main objective of the Municipal Systems Act (No. 32 of 2000) (that are more relevant to this study) is to *“provide for the core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of local communities, and ensure universal access to essential services that are affordable to all; ... establish a simple and enabling framework for the core processes of planning, ... resource mobilisation and organisational change which underpin the notion of*

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<sup>20</sup> Social capital can be achieved through providing community leadership and vision while simultaneously promoting the empowerment of the marginalised and excluded groups in various ways.

*developmental local government; ...to empower the poor and ensure that municipalities put in place service tariffs and credit control policies that take their needs into account by providing a framework for the provision of services, service delivery agreements and municipal service districts; ... to establish a framework for support, monitoring and standard setting by other spheres of government in order to progressively build local government into an efficient, frontline development agency capable of integrating the activities of all spheres of government for the overall social and economic upliftment of communities in harmony with their local natural environment; to provide for legal matters pertaining to local government; and to provide for matters incidental thereto”<sup>21</sup>.*

The second part of Chapter Five in the Municipal Systems Act (No. 32 of 2000): Integrated Development Planning<sup>22</sup> (IDP) is the area of focus in this section as it speaks directly to LED. Hence; the guidelines provided for the IDP<sup>23</sup> state that an Integrated Development Plan must reflect- “...the council's development priorities and objectives for its elected term, including its local economic development aims and its internal transformation needs in geographical areas and across the population in a manner that provides sustainable growth, equity and the empowerment of the poor and the marginalized” (DPLG, 2010: 15). Correspondingly, Triegaardt (2010) argues that the key component of the Act is the issue of Integrated Development Planning of which LED is regarded as a core aspect.

The importance of promoting LED is eminent as it stated boldly that such must be given credence both in the process of planning and in the plan itself. The integrated development planning process is meant to arrive at decisions on issues such as municipal budgets, land management, the **promotion of LED** and institutional transformation in a consultative, systematic and strategic manner. Correspondingly; Cohen (2010) writes that in an attempt

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<sup>21</sup> See Local Government: Municipal Systems Act 32 of 2000 Preamble.

<sup>22</sup> Integrated Development Planning is defined as: “a participatory approach to integrate economic, sectoral, spatial, social, institutional, environmental and fiscal strategies in order to support the optimal allocation of scarce resources between sectors and geographical areas and across the population in a manner that provides sustainable growth, equity and the empowerment of the poor and the marginalized” (DPLG, 2000: 15).

<sup>23</sup> See Integrated Development Planning: A Practical Guide to Municipalities-Supplementary to the Guide Pack; Local Government Integrated Development Planning (IDP).

to ensure that local authorities prioritise LED, it is mandatory for local authorities to draw up an IDP which must contain an LED strategy<sup>24</sup>. DPLG (2010) and Rogerson (2006) note that the outcome of the integrated development planning process is an Integrated Development Plan (IDP), which is conceptualised as a tool to assist municipalities to achieve their developmental mandate.

In this regard, it is clear that the main aim of the Municipal Systems Act (2000), beyond making integrated development planning mandatory and legislating the core functions, responsibilities and roles of is that of placing LED firmly on the agenda of municipal government. It was to *"provide for the core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of local communities"* (Cohen, 2010:6). Thus far, this section has focused mainly on the legislation that guides LED, especially in rural areas. The next part of this section briefly focuses on some of the policy frameworks that impact directly on LED.

#### **2.8.4. A Quest towards a Comprehensive Local Economic Development Policy**

There are various policies that have an impact on LED, however as postulated above, this section focuses specifically on those policies that have direct effects on LED within rural areas<sup>25</sup>. The policy documents are namely:-

- The Local Economic Development Guidelines (issued in 2000);
- Refocusing Development on the Poor: Local Economic Development Policy Paper (2001) ;
- The Draft Local Economic Development Policy (2002);
- The Policy Guidelines for Implementing Local Economic Development in South Africa (2005);
- The National Framework for Local Economic Development in South Africa (2006): *"Stimulating and Developing Sustainable Local Economies"* which aims to build a

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<sup>24</sup> See Section 26 – Local Government Municipal Systems Act – 2000.

<sup>25</sup> See Cohen (2010): SALGA Position Paper on LED & DPLG (2006): National Framework for LED in South Africa.

shared understanding of good LED practice and motivate more effective implementation; and,

- The Integrated Sustainable Rural Development Strategy and Urban Renewal Strategy of the Department of Cooperative Governance (formerly DPLG).

The Local Economic Development Guidelines (issued in 2000) were particularly aimed at providing direction to local government on the different ways that can be used to promote local economic development, since there was a lack of a holistic approach that could be used by the former to achieve the latter. Despite the legislative developments<sup>26</sup> that had been made in positioning LED at the fore front of development to an extent of making it mandatory in local government; there were no defined policy documents on the subject and little guidance was given as to how local authorities should go about implementing LED (Nel and Rogerson, 2007). Consequently, this means that such developments took place in a vacuum. However, as noted by (DPLG, 2006; Nel, 2005; Nel and Rogerson, 2007) the plethora of legislation on LED have created a foundation for initiatives such as the Local Economic Development Guidelines of 2000 and Policy Paper of 2001 titled “Refocusing Development on the Poor”, which will be discussed next in this section.

The Local Economic Development Policy Paper released in 2001, titled ‘Refocusing Development on the Poor’, which was promulgated by the Department of Cooperative Governance (formerly the Department of Local Government) sought to focus on the people at the grassroots that in many instances continue to be victims of the status quo of South Africa historical legacy. The paper advocates placing the people that have been previously disadvantaged, marginalized and excluded from the decision making processes and developmental discourse at the fore front of development. The paper unapologetically and explicitly advocates for the need to adopt a ‘pro-poor’ approach to LED, in a quest to uplift

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<sup>26</sup> Legislative Development in advancing the agenda for LED refers to the South African Constitution of 1996, which required local authorities to implement social and economic development; the 1998 White Paper on Local Government, which introduced the notion of ‘developmental local government’ and Municipal Systems Act of 2000, which further helped to define the duties of municipalities, stating that all municipalities must engage in integrated development planning of which LED a key component (Nel and Rogerson, 2007).

and better the people that form part of the low income group. Consequently, the paper speaks directly to the needs of people residing within the fringes of urban areas, small townships and in rural areas where poverty is rife; due to limited opportunities and appalling living conditions.

The policy paper argues that the main objectives of LED within a municipality are:-

- Job creation;
- Sustainable urban and rural development; and,
- Explicit pro-poor approaches.

This triple approach embedded on these objectives is a reflection of the urgency placed by the DCOG (DPLG) on the need to deal with the dual economic (formal and Informal economy) circumstances that are largely exacerbated by ever-increasing social polarization (NPC, 2011; Hindson, 2005; Nel and Rogerson, 2007). The paper further proposes six crucial components which complement the three objectives of the paper that have been postulated above. These are broadly categorized into six themes; namely:-

- Fostering community economic development;
- Linking of profitable growth to redistributive development/financing;
- Retaining and expanding a municipals existing businesses;
- Delivering and maintaining infrastructure and services;
- Investing in human capital; and,
- Plugging leaks (or eradicating economic leakage-keeping profits) within the local economy.

These core components of the policy paper relate specifically to measures that align directly with the government's broad objective as articulated by various authors (DPLG, 2002; DPLG, 2006, Rossouw-Brink, 2007 and Rodríguez-Pose and Tijnstra, 2005), which place emphasis on the need for continuity and integration of policy and legislative short-term and long term oriented goals. Furthermore, the policy paper offers various sound arguments in support of the pro-poor thesis and advancing the needs of those that are still disadvantaged as result of

the countries historical legacy<sup>27</sup>. In an attempt to eradicate the effects of latter, the paper offers various plausible innovative strategies which place the poor at the heart of development. These include initiatives that foster community economic development; linking of profitable growth to redistributive development/financing; retaining and expanding municipals existing businesses; and delivering and maintaining infrastructure and services. Moreover, the paper stresses the importance of these strategies to focus on areas of the creation of job opportunities, sustainable rural and small town development creation.

In summary, the policy paper is entrenched on a number of key principles, namely:-

- The eradication of inequality through legal forms of redistribution that promote principles of good governance;
- The need to balance both pro-poor and pro-growth strategies in a quest to achieve more sustainable growth through; however, pro-poor growth takes priority as it is a prerequisite for the foundation for sustainable growth to flourish;
- Promotion of an integrated development planning process inclusive of all stakeholder groups in order to combat silo planning; and,
- Rural development is also a key area of priority.

Thus far this section has discussed the Local Economic Development Guidelines (issued in 2000) and the Local Economic Development Policy Paper (2001) titled 'Refocusing Development on the Poor'. Both of these policy documents have paved the way for the formulation of the Draft Local Economic Development Policy of 2002 and the Policy Guidelines for Implementing Local Economic Development in South Africa issued in 2005. The latter two policies will not be discussed in detail here so as to avoid repetition and redundancy in cases where there are similarities, but will focus mostly on the points of departure.

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<sup>27</sup> See Cohen (2010): SALGA Position Paper on LED, Rossouw-Brink (2007): A Guide Framework for Transformation to LED Approach in Local Government – The Frances Baard District & DPLG (2006): National Framework for LED in South Africa.

The 2005 Policy Guidelines for Implementing Local Economic Development in South Africa deviates from the Draft Local Economic Development Policy of 2002 guidelines in a number of ways. In actual fact, the latter document is advancement in contrast to the former, in that it breaches the gaps or shortcomings identified in former policy guidelines. One of the main problems that had not been clearly dealt with, are the roles to be played by the different sectors of government in Local Economic Development. Cohen (2010) argues that the roles between national, provincial and local government are not always clear and sometimes these seem to be of a cross-cutting or overlapping nature. Thus this guideline sought to define the respective roles of national government, provinces, district municipalities, metros and local municipalities in relation to Local Economic Development.

The guidelines make it clear that the primary role for national government in Local Economic Development is to coordinate public policies and investment programmes. Provincial government has a dual role, which is to coordinate the resources allocated from national to provincial government while ensuring that these are in line or at least complement and not contrast the priorities of the various IDPs. A second role is to build the capacity of municipalities to undertake Local Economic Development and to support them in its implementation. The guidelines argues that for this to occur, a dedicated Local Economic Development or LED unit should be set up in all provincial governments, district and metropolitan municipalities and, where possible, in local municipalities. The guidelines indicate that district municipalities and metros should play a *“leading role”* in LED – while also creating a platform to include a range of local stakeholders into *“LED networks”* (Cohen, 2010).

The guidelines also attempts to align national policy initiatives (such as broad-based empowerment and the focus on the *“second economy”*) with Local Economic Development efforts by local government. The 2005 Policy Guidelines identified *“economic growth and poverty eradication”* as the primary objectives of LED. Noteworthy, is that this guideline document takes a different path to how the primary objectives of Local Economic Development should be achieved. This shift is marked by various critical points of departure, such as the rejection of the approach of *“community economic development”* and the promotion of enterprise development and broad based black economic empowerment

(BBBEE) as essential objectives of LED in contrast local authority designing, implementing and “owning” *ad hoc* projects.

Another point of departure from the previous guidelines is that there is an adoption of the concepts that were eminently used during the Mbeki administration the “first” and “second” economy. In this policy guideline a clear distinction is made between the “first” and “second” economy, with the latter being made the main priority – to an extent where all stakeholders in both the private and public sectors are encouraged to support it. The concept and principles of competitive advantage are also included in this policy and mark a turning point or departure from previous approaches. Localities and communities are encouraged to engage in research that will identify their points where they have a competitive advantage. Lastly, the guideline document has also placed emphasis on the role that can be played by Local Economic Development Agencies (LEDA's) and the need to make use of them if they are available at the localities disposal. The policy however, does point out that it is not mandatory or a requirement use Local Economic Development Agencies, but encourages its use as it notes that there are “technical aspects” of Local Economic Development that can be successfully carried out by them<sup>28</sup>.

The different pieces of policies, guidelines and papers have paved a way for the creation of the comprehensive National Framework for Local Economic Development in South Africa (2006). This is a policy paper that captures in large part all above afore discussed documents. The next section provides an overview of the National Framework for Local Economic Development in South Africa (2006). Its intention is to provide a framework that aims to build a shared understanding of good LED practice and motivate towards more effective implementation (Minister F.S, Mafumadi in DPLG, 2006: 2).

The National Local Economic Development Framework of 2006 was largely influenced by a number of precursor documents that had been formulated in a quest to promote LED. Nel and Rogerson, 2007; Cohen, 2010 and DPLG, 2006 argue that this document provides insightful knowledge in the development and implementation of LED within the local government, as it is constructed upon lessons learnt from a plethora of evolution documents

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<sup>28</sup> Ibid 24

dating as early as 1995 to 2006<sup>29</sup>. Lindiwe Msengana-Ndlela<sup>30</sup> argues in line with the latter, stating that:

*“The National LED Framework gives attention to what we mean by LED in South Africa - the nature of LED, particularly for us, as a developing country, and a state that has consciously indicated that it is a developmental state. What does it mean to practice LED in a continent like ours, in Africa (in DPLG, 2006: 3).”*

The National Local Economic Development Framework was formed through a series of meetings with delegations from all stakeholders involved in LED<sup>31</sup>. This consequently led to a broadened scope for the development of the framework. A critical point of departure was the recognition that South Africa is a developmental state and thus must be mindful of the responsibility to continuously improve the life of the poor through engaging in pro-poor developments. The country also has to be competitive and be able to simultaneously adapt to the global economic and social climate, in a quest to take advantage of the benefits of globalization. Cohen (2010) notes that this framework was as a result of a review of the first term of local government (for the period 2000-2006), which was to a greater extent based on the lessons learnt from the implementation of Project Consolidate in selected municipalities. This review indicated that there was a need to respond to low levels of service delivery. The review gave rise to a five-year Strategic Agenda, which covers all the roles and responsibilities of the DPLG, including LED.

The National Framework for Local Economic Development contains ten (10) guiding principles identified for the framework, which is in turn supported by seven (7) main

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<sup>29</sup> See Nel and Rogerson, (2007):Evolving Local Economic Development Policy and Practice in South Africa with Special Reference to Smaller Urban Centers. *Urban Forum* 18:1–11; on page 03 - where the evolution of policies that directly speaks to LED, within the countryside are well narrated under the theme-‘Evolving South African LED Policy, 1995–2006’.

<sup>30</sup> Lindiwe Msengana-Ndlela is a Director General: National Conference on Developing Local Economies, 14 August 2006.

<sup>31</sup> DPLG (2006) makes it clear that the Framework is the product of intense dialogue and deliberations amongst several government departments and spheres-whereby there was also active input of a number of different constituencies and stakeholders.

objectives and eight (8) main planned outcomes for the period 2006 – 2011. Local Economic Development is one of the five Key Performance Areas (KPAs) identified for assessing the performance of local government. Not only is LED a key performance area, but is also an outcome – which is strongly interrelated and dependent on the other four KPAs, such as the; Municipal Transformation and Organisational Development, Basic Service Delivery, Municipal Financial Viability and Management, and Good Governance and Public Participation (DPLG, 2006).

Rogerson and Nel (2007) like the DPLG (2006, 8) view the Local Economic Development National Framework as a guideline that paves a way in looking to the future where ‘robust and inclusive economies’ will be a reality. The successful realisation of a robust and inclusive economy will inevitably create an enabling environment for the generation of or plethora of opportunities, competitive local economies, the addressing of local needs. Previous challenges that hindered sustained progress in LED will be eradicated and ultimately, this will allow these local economies to contribute meaningful to not just the local and provincial, but national economy as well. Furthermore, DPLG (2006, 8) clearly states the role of national government is to forge partnership with various stakeholders to create an enabling environment and conditions in the local area to support and assist local actions while stimulating growth and local opportunities to emerge.

The national department noted that the main focus of the national framework is to encourage and promote local competitiveness through providing a participatory approach that presents the locals with a platform for the full participation of all relevant stakeholders within developing local economies with (DPLG, 2006). This plan adopts a strategic planning approach which enhances and promotes local economies. Broad objective planning is encouraged in contrast to the traditional, narrow approach driven by the municipal interest of only depending on government ad-hoc projects as the core strategy to rejuvenate the local economies. The application of the National Spatial Development Perspective (NSDP), Industrial Policy, ASGI-SA and the Provincial Growth and Development Strategies (PGDSs) through joint action with municipalities institutionalised in Inter-Governmental Relations forums is the driving force for local, national economic growth and development (DPLG, 2006).

The framework is said to be underpinned by two major policy thrusts that have been identified – which are: *Public Sector Leadership and Governance and Sustainable Community Investment Programs*. From these two policy thrusts, there are four key strategies that emanate which in turn accompany the main actions, implementation and funding approach. Which as articulated by DPLG (2006,) are <sup>32</sup>:-

- Improving good governance, service delivery, public and market confidence in municipalities,
- Spatial development planning and exploiting the comparative advantage and competitiveness of Districts and Metro municipalities,
- Enterprise support and business infrastructure development, and
- Introduce sustainable community investment programs focussing on organising communities for development and maximising circulation of public spend in local economies.

These strategies according to Rogerson and Nel (2007) are priority mechanisms that have been argued that the government must focus upon over the five years (2006-2011) in a quest to achieve the desired vision and objectives. The strategies are comprehensive in nature and complement a number of other organs that promote the sustenance of Local Economic Development. . Consequently, the strategy that focuses on enterprise support and business infrastructure development complements the Department of Trade and Industry's (DTI) I (2005) South Africa's Integrated Small Enterprise Development Strategy for small business development. Moreover, the framework argues that the Small Enterprise Development Agency<sup>33</sup>, "*should be the key vehicle for local enterprise support*" and that municipalities should "*develop strategic relationships with SEDA offices and provide necessary information to their communities about available support services*" (DPLG 2006, 34).

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<sup>32</sup> See Nel and Rogerson, (2007):Evolving Local Economic Development Policy and Practice in South Africa with Special Reference to Smaller Urban Centers. *Urban Forum* 18:1-11 – where the strategies of the Framework have been also eloquently captured - in pg. 4.

<sup>33</sup> Enterprise Development Agency is the DTI agency, which is mandated to operationalise the new small business strategy (Rogerson and Nel, 2007).

In summary; the framework, like the precursor policy documents and guidelines for Local Economic Development continues to place local government in a leading position while simultaneously creating an enabling environment for all stakeholders to contribute the creation and development of sustained development. However, it proposes that the role of local government is to lead development on the basis of facilitation rather than that of direct intervention. This is a change from previous policy documents and guidelines that have advocated for an interventionist rather than a facilitative engagement with stakeholder in the development of Local Economic Development.

The concept of 'new institutionalism' echoes through the framework and forms the primary approach to achieving Local Economic Development. The rationale for adopting this approach is to try break down the distinction between economy and society. DPLG (2006, 4) argues that normatively the agenda of this approach is to develop shared meaning and values, to strengthen the networks of social interaction-whereby social capital or cohesion (as eminently referred to in recent literature) is achieved. Furthermore, the framework through acknowledging the needs of South Africa as a developmental state is mindful of the fact that smaller towns and more rural areas need to be prioritised. Thus more support needs to be channelled to such areas as research has continuously proven that such locales continue to be largely affected by the states historical legacy<sup>34</sup>.

## **2.9. SUMMARY OF THE CHAPTER**

The chapters' main aim was to present and discuss logically the theoretical framework that guides the research. This was carried under the broad theme "Conceptual and Theoretical Framework", whereby the rationale for carrying out the study and the problem was reiterated. The main theme under study, which is Local Economic Development within the

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<sup>34</sup> For more comprehensive analysis of the above discussed policy papers and guidelines-See Nel and Rogerson, (2007): *Evolving Local Economic Development Policy and Practice in South Africa with Special Reference to Smaller Urban Centers. Urban Forum* 18:1-11; Cohen (2010): SALGA Position Paper on LED, Rossouw-Brink (2007): *A Guide Framework for Transformation to LED Approach in Local Government – The Frances Baard District*& DPLG (2006): *National Framework for LED in South Africa* and Hindson and Vicente (2005): *Whither LED in South Africa A Commentary on the Policy Guidelines for Implementing Local Economic Development in South Africa*.

countryside, was broadly discussed, stemming from its background, definitions, evolution and approaches and strategies that guide it. Furthermore, postmodernism and deconstruction as an epistemological approach to unpacking the factors that attribute to the slow rate and modest results of Local Economic Development in rural areas has been discussed together with other complementary concepts such as rurality, ruralisation, re-imagining rural and reframing development. The last part of the chapter presented and discussed the broad overarching policy framework that directly or indirectly impact on Local Economic Development within the countryside.

## **CHAPTER THREE:    GLOBALISATION  A  CHALLENGE-OPPORTUNITY  -  PRECEDENTS ILLUSTRATING LOCAL ECONOMIC DEVELOPMENT IN RURAL AREAS**

### **3.0    INTRODUCTION**

The previous chapter presented a theoretical and conceptual epistemological framework that guides the direction of the research. It also presented an appraisal (review) of the theoretical and conceptual framework delineated in the first instance; whereby; LED, Postmodernism, Deconstruction, ruralisation, and rurality are unpacked in a quest to ascertain the factors hindering the achievement of sustained Rural Local Economic Development in both developed and developing countries. This chapter presents a discussion on globalisation in an attempt to deconstruct its implications for the development of rural areas. It will also evaluate current endeavours to attain sustained Local Economic Development in this same context. This is done through drawing from both international and local precedents of Local Economic Development within developed and developing countries; however an emphasis is placed more on the latter for apparent reasons.

The argument underpinning this chapter is that globalization is not a new process but dates back a few centuries, though the process has become more rapid over the past few decades. Thus the nature of economic and social interactions has changed tremendously, as results of globalization and other complementing factors. Globalization has both positive and negative implications in the realisation of sustained Local Economic Development because if the process is not adequately negotiated and managed effectively, the consequences can be destructive. The negative impacts of mismanaged globalisation processes have had impacts in many countries. Developing states are particularly vulnerable. However, if the process of globalization is managed adequately through policies and innovative interventions that maximise benefits and alleviate social and economic polarization, exclusion, inequality, exploitation, and power discrepancies. It can be used to stimulate sustained Local Economic Development in developing countries while simultaneously strengthening global co-operation and partnership.

### 3.1 A BACKGROUND TO GLOBALISATION

The world has constantly been experiencing changes over the last few centuries. Legraine (2002) postulates that migration, imperialism, Christianity, mercantile trade and colonialism are some of the concepts that have previously been used to describe the changes and the process of global interactions that have prevailed over the past few centuries and are still in continuity to date<sup>35</sup>. In the last few decades the world has experienced more rapid changes that have stimulated the world to become more interconnected and integrated. Hopkins (2002), Legraine (2002) and Giddens (2006) argue that these rapid changes have been described under the umbrella term of globalization. Hopkins (2002) maintains that metaphors such as the global village, global community and global web have been used to describe the annihilation of space that have been experienced over the past few decades, as a result of advanced technologies.

Globalization is a heavily contested concept of which academics and people alike cannot agree on, as it has been used uncritically to refer to a number of changes. Cornwall and Eade (2010, 70) support this proposition. They maintain that globalisation *“is certainly one of the most contested topics in the social sciences, and – possibly because it is a complex and multifaceted phenomenon – it has been accorded multiple definitions, and a wide range of powers and effects have been ascribed to it”*. Debates about globalisation are not only stimulated by a lack of consensus on how to define it but also about its origins, central actors, driving forces, and transformative powers (Cornwall and Eade, 2010). Hopper (2007) notes that for some theorists' globalisation is a new and novel characteristic of modern day life whilst for others it is a repeat of past waves of global integration. Cornwall and Eade (2010, 80) have eloquently captured the concept arguing that the *“term ‘globalisation’ is widely used to describe a variety of economic, cultural, social, and political changes that have shaped the world over the past 50-odd years”*

The phenomenon of globalisation is complex and multifaceted and as a result has been credited with a wide range of powers and effects. Held et al (1999); Holton (2005); Cornwall

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<sup>35</sup> See Cornwall and Eade (2010): Deconstructing Development Discourse: Buzzwords and Fuzzwords; Chapter Six titled 'Globalisation' under the theme origins and actors by Shalmali, Guttal.

and Eade (2010) and Robinson (2008) argue that there are three waves or perspectives in globalisation theory, mainly the; globalists (proponents), sceptics and transformation list (post-sceptics). The proponents claim that it is both 'natural' as well as inevitable outcome of technological progress, that creates positive economic and political convergences – while its critics argue that it is hegemonic and antagonistic to local and national economies.

## **3.2 UN-PACKING GLOBALISATION**

### **3.2.1 Defining Globalisation**

As indicated globalization is a widely used term that can be defined in a number of different ways. It is important therefore that this research will attempt to define globalisation and its relevance for this study as to avoid confusion and misrepresentation. Legraine (2002: 25) postulates that *“globalization describes the process by which regional economies, societies, and cultures have become integrated through a global network of communication, transportation, and trade”*. He maintains that the term is sometimes used to refer specifically to economic globalisation: which is the integration of national economies into the international economy through trade, foreign direct investment, capital flows, migration, and the spread of technology. Held and McGrew (2003) correspondingly argue further in support of this view, that globalisation in an economic context, which refers to the reduction and removal of barriers between national borders in order to facilitate the flow of goods, capital, services and labour. However they note that there are limitations to the free flow of labourers, as considerable barriers remain to the flow of workers, especially those that are unskilled. Further, Nadeem (2009a) argues that the word globalisation when used in a doctrinal sense, describes the neo-liberal form of economic globalisation, whereby there is a diffusion of trade barriers leading to capital and goods being more liberated than people.

Murray (2006) and Hopkins (2002) argue that globalisation is not only limited to economic integration and technological advancement, but also refers to the transnational circulation of ideas, languages, or popular culture through acculturation. Kottak (2007) and Berry (2003) define acculturation as the exchange of cultural features that results when groups of individuals having different cultures come into continuous first hand contact to the degree that the original cultural patterns of either or both groups may be altered, but the groups

remain distinct. This is evident in the case of a number of African and Asian states that have borrowed a number of values and cultural practices from the West, but despite all that remain distinct from other groups.

Globalisation consists of a variety of micro-processes that begin to denationalize what had been constructed as national-whether policies, capital, political subjectivity, urban spaces, temporal frames, or any other of a variety of dynamics and domains. Palmer (2002) suggests that globalisation is the diminution or elimination of state-enforced restrictions on exchanges across borders and the increasingly integrated and complex global system of production and exchange that has emerged as a result. Fotopoulos 1990 (cited in Hopper, 2007) maintains that globalisation is the result of systemic trends manifesting the market economy's in the form of a 'grow-or-die dynamic, which is then followed by the rapid expansion of transnational corporations. Hopper (2007) argues that these trends of cut throat expansion predominant because they have not been offset effectively by counter-tendencies emanating from trade-union action and other forms of political activity.

In summary, globalisation is a multi-faceted and irreversible phenomenon. Legraine (2002) argues that there are various forms of globalisation, such as economic globalisation, political globalisation, cultural globalisation, ideological globalisation, technological globalisation and social globalisation. Economic globalisation can be defined as a process that promotes the relaxation of trade barriers and encourage free trade globally – through the principles of neo-liberalism. Political globalisation, relates to the system that promotes the deregulation of nation states and the promotion of formulation of regional alliances. This is a process that has led to the emergence and spread of transnational and multi-national co-operations, which owe no origins to any country. Cultural globalisation is defined as the homogenisation of culture into this universal culture that a vast majority of people are exposed to and conform to – for instance the American culture that is consumed globally and is also being fuelled by media (Legraine, 2002:26). Globalisation refers to the way people in various parts of the world which formerly have been largely un-affected by what happened elsewhere find themselves drawn into the same social space and are effectively governed by the same historical time.

Having defined the concept of globalisation, the next part of this dissertation will present a brief synopsis on the argument proposed by the different proponents of globalisation both from the left (sceptics) and right.

### **3.3 GLOBALISATION FRAMEWORK**

Recent literature on the concepts of globalisation have identified three waves or perspectives in globalisation theory, mainly the; globalists, sceptics and transformation lists or post-sceptics, as articulated by some writers (Friedman, 2006 and Holton 2005). Friedman (2006) postulates that the globalist theory defines an era where national economies have become less important and at most have become non-existent, as a result of globalisation technology that is being driven by advanced technological advancement. This has led to the instantaneous free movement of capital, Trans-National Companies (TNC's) and Multi-National Companies (MNC's), which is triggered by economic interdependency. Legraine (2002), Hopkins (2006), Friedman 2006 and Hopper (2007) argue that this can be to a greater extent be attributed to relaxation of restrictions on the movement of money and technological advancement which has allowed innovations, such as; cell phone banking, money markets and internet banking, *inter alia*.

Robinson (2008) argues that the globalist wave is mainly characterized by many multinational and transnational corporations. These Multi-National Companies and Trans-National Companies are not contained or restricted by any national boundaries. They are able to operate on their own terms, since they have the financial and legal muscles to manipulate national laws and policies to their advantage.

In a few cases where the nation states policies and laws are too rigid for these companies, they move out to other states where policies are flexible and allow for the exploitation of workers and make maximum profits. The global economy has drawn people into a global village, where everyone can be affected by the action of one company which can then have ripple effects elsewhere e.g. the relocation of a manufacturing company from one city to another may have major impacts on the sector and growth of the city it has withdrawn from. The irony of these interactions is that they favour the powerful at the expense of the weak

and thus ultimately increasing the rate of social-polarization. Wolf (2004) notes that both Marxists and economic liberals have reached consensus on the basis that the world has become more globalized than ever before, however they differ in terms of quantifying the effects of globalisation on whether it has more negative effects than positive<sup>36</sup>.

In summary, globalists argue that globalisation is more economically driven, thus incubating economic changes that have political and cultural implications. Evans (2004) and Crouch (2004) argue that nation-states lose power and influence or even sovereignty over their territories as a result of this process of economic inclusion. Elite states and powerful organizations dictate and define the agenda and terms of development. Since many countries are not strong enough to resist these global pressures, they end up relaxing their policies to suit foreign investors. This has more negative consequences than positive ones in social democratic and welfare states. The example of structural adjustment in Africa and in other developing regions is important in capturing the nature of globalisation in disempowering nation states. Globalists view transnational and global forces taking over from nations as the main sources of economy, sovereignty and identity, in all forms, be it culturally, economically or political.

Pieterse (2004) notes that globalisation impacts negatively on culture, as it leads to the decline of national cultures and promotes homogenised global cultures. In this state of cultural globalisation, the cultures of the hegemonic power and its allies dictate the agenda, and this is fuelled by the media. For instance the American culture is the most dominant because it is the hegemony and owns many media co-operations. Politically nation-states in the hyper globalist perspective are overpowered and outplayed by transnational organizations, such as the World Bank, Green Peace, United Nations, International Monetary Fund, *inter alia* (Keane 2003).

The sceptics argue in contrast to the hyper globalist body. Their main proposition is that globalisation is not new and that the processes being viewed and identified as new under

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<sup>36</sup> See Cornwall and Eade (2010): Deconstructing Development Discourse: Buzzwords and Fuzzwords; Chapter Six titled 'Globalisation' under the theme *Definitions and debates* by Shalmali Guttal.

globalisation are processes are not, nor are they even occurring everywhere to be granted the status of being viewed as global. Hopkins (2006) writes that sceptics argue that globalisation is un-even, thus exacerbating social-polarization and inequality. Sceptics see the global economy as being unequal and not as inclusive as its proponents claim - nor is it experienced the same way in various regions globally. Robinson (2008) writes that some areas in sub-Saharan Africa are much less integrated than the powerhouses of East Asia, Europe and North America, with global inequality rising and protectionism still rife, for example in Europe and the USA in response to imports from growing Asian economies. Hopkins (2006) and Peterson (2005) maintain that sceptics argue that the global economy is inter-nationalised and triadic rather than global and that its internationalisation is not unprecedented.

In summary, sceptics are critical of globalisation and question whether free trade does exist or it is just an illusion to deceive those being exploited in the process and questions of whether such initiatives can be treated as plausible and sustainable solutions still linger. Wolf and Wade (2002) have argued that liberal policies and integration into the global economy alone cannot be seen as the main reason for these countries successful economic growth because protectionism and state policies play a key role in defining the countries fortune. In some other regions, globalisation has had the opposite effects. For instance in Africa poverty and inequality is rife and social-polarization is higher now than it was before globalisation was in culmination stages. As it stands the continent chances of having a competitive advantage over the global super-powers is even bleaker now, as it continues to be exploited for its natural resources in the global economy.

The third wave (transformationalists) paradigm proposes that globalisation has led the establishment of new global political forms. These global political forms have created a platform where global issues, such as; environmental issues, terrorism, health issues, international laws and treaties, economic crisis amongst others can be discussed in a quest to forge (Keane, 2003). The transformationalists like Holton (2005) and Legrain (2002) postulate that nation states under globalisation, have not necessarily been eroded, but have been transformed and become more flexible to an extent that they share their sovereignties with other entities, such as; global governance, global economies, TNC's and MNC's. This

view is in contrast to the hyper-globalist proposition, which argues that there is a removal of nation state. Hopkins (2006) notes that the transformationalists' argument that asserts inequalities have always been there and their nature have remained constant are in fact correct in this assertion. However the economic gap and other inequalities have become more visible because the poor and rich live adjacent to each and diverse conditions are observable.

In summary transformationalists are critical of hyper-globalism and argue that there is a more dynamic picture, however they differ from sceptics in that they acknowledge that globalisation is changing the world, even though not at the extent that hyper globalist claim. This section has been able to present a brief synopsis of the different globalisation theories as articulated by diverse writers. The next section will discuss different forces of globalisation that are shaping the world and have a direct or indirect impact of the different regions developmental objectives.

### **3.4 THE FORCES OF GLOBALISATION**

There are a vast number of factors that have stimulated the rate of globalisation. These factors are often called forces of globalisation, which this section of the dissertation will attempt to discuss in detail. Mitchel (2001) argues that innovative development and technological advancement are some of the most important driving forces of globalisation. Robinson (2008) maintains that globalisation is usually recognized as being driven by a combination of economic, technological, socio-cultural, political, and biological factors. The rapid development of technology and use of high tech products has been a significant influence on the history of globalisation. This faster, cheaper and more accessible communication was evident from 1975 to 1986 and continues today (Wolf, 2004). The cooperative international use of these technologies has resulted in reduced transport and telecommunication costs. The time that is involved in the design, production and trade of goods has similarly been reduced. Cornwall and Eade (2010) argue that technology has become an important method of information flow and acts as part of the competitive struggle for increased capital. The neo-liberalist ideology outlines that technological innovations have made global integration of economic policies possible. The discourse of

the historical inevitability of globalisation as a result of technology implies that individuals have limited choice in the neo-liberal economic policies. This also has an important political function of facilitating the need for countries to adapt in order to survive or prosper (Steger, 2002).

*“Technology’s highest purpose lies in helping to bring about a better world, that is, in creating systems that are a benefit to society. Historically, technology has enabled nations to expand the economic pie so that the standard of living for all is increased. Economic globalization makes it imperative that these aspirations can be achieved through increased international cooperation, marking a permanent transformation in the engineering endeavour”* (Castells, 1996: 375).

Against the background of Castells' observation, it is apparent that one of the goals of technology is to create better living environments, where all people in the world live in harmony, while simultaneously sharing innovative ideas through technology to improve the standard of living within the global village. Technological advancement is one of the main driving forces of globalisation. It has stimulated global trade connections which act as a wedge, enabling economic activity in new areas, thereby strengthening globalisation. Beck (2006) argues that technological advancement has improved accessibility to areas that were perceived as being remote and therefore has opened up new areas of trade, along with other political, social and economic opportunities. The tremendous spread of technology has been diffused worldwide via rapidly expanding world market connections. Consequently this has led to people from previously remote areas to share and use the same technology for a number of activities.

Advanced technology has also led to sophisticated telecommunication systems leading to the annihilation of space through remote communications, such as telephonic and cell phones conversations and cyber communication (i.e. Facebook, Mxit, BBM, Twitter and other social networks). Castells (1996) maintains that global electronic communications is generating a culture of real 'virtuality', where the new communication system radically transforms space and time. He maintains that *“localities become disembodied from their cultural, historical, geographic meaning, and reintegrated into functional networks ...*

*inducing a space of flows that substitutes for the space of places” (Castells, 1996: 375). For Castells, “the space of flows of the Information Age dominates the space of places of people’s cultures”, with the result being that “the network society disembodies social relationships ... because it is made up of networks of production, power, and experience, which construct a culture of virtuality in the global flows that transcend time and space” (Castells, 2000: 369-370).*

Beck (2006) further argues that the global dispersion of technology has, to large extent, stimulated the massive network of telecommunications equipment and services. He maintains that sales via the electronic network have jumped from \$788 billion in 1995 to the trillion-dollar mark in 1998. This is a true manifestation of how the forces of globalisation such as improved telecommunication, incubated by advanced technology are driving this process. Experts predict that sales in communications technology will grow to seven percent (7%) per year. This figure is double the rate of world economic growth and will result in the further strengthening of globalisation due to the unprecedented access and availability of technological advances (Went, 2000).

Secondary forces of globalisation like (WTO) World Trade Organization’s (WTO) International Telecommunications Agreement (ITA) and Trade Related Aspect on Intellectual Property (TRIPS) are also increasing the impetus of the this phenomenon. Wolf (2004) writes that the main factors backing the momentum of free trade and telecommunication are global agreements such as the WTO, ITA and TRIPS. Such agreements have facilitated the merging of all markets into one massive global market. This, in turn, has allowed the increased use of telecommunication products and services as driving forces to globalisation.

Improved transportation systems and networks have also formed part and parcel of the forces driving the process of globalisation. Development in the motor industry, railway, airplane and ship has stimulated easy and faster movement of goods, services and people, through annihilation of space and decreasing the duration (time spent) in travelling between the origin and destination. These developments have led to the “shrinking” of the world making places seem closer to each other (Friedman, 2006). Consequently this has inevitable

led to the fostering of metaphors such as; global community, global village and the annihilation of time and space to explain this notion of globalisation.

In summary the forces of globalisation are those factors that impact directly or indirectly on the process itself and thus stimulate its impetus and growth tremendously. Having discussed some of the main forces of globalisation, the next section seeks to discuss the precedents of Local Economic Development globally. A particular focus will be the impact of this process on case study areas within rural areas.

### **3.5 PRECEDENTS OF LOCAL ECONOMIC DEVELOPMENT WITHIN THE COUNTRYSIDE**

#### **3.5.1 International Level**

Generally, the adoption of Local Economic Development (LED) in various continents has been largely rationalised by similar cross cutting factors, though its main pioneers are the European countries<sup>37</sup>. Swinburn *et al* (2006) maintains that Local Economic Development evolved as a policy approach, due to constraints within local government that motivated various businesses to places where they had competitive advantage. This was done through actively reviewing the economic bases, thus helping communities gain a better comprehension of opportunities to be exploited as well as obstacles that could hinder and challenges growth and development (Swinburn *et al* (2006). However, it has been noted that in this current era of globalization local economies face an even greater set of challenges, in different levels from International, National, Regional, Metropolitan and Municipal (Swinburn *et al* (2006:2), Cohen (2010) and DPLG (2006)<sup>38</sup>. This section discusses how these factors have impacted on various countries, regions, metropolitan and municipalities (emphasis is placed on rural areas) to adopt Local Economic Development to help eradicate various challenges they face.

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<sup>37</sup> See Swinburn *et al* (2006): Under the Section Why LED in the World Bank Report titled “Local Economic Development: A Primer Developing and Implementation Local Economic Development Strategies and Action Plans”.

<sup>38</sup> See Swinburn *et al* (2006): “Local Economic Development: A Primer Developing and Implementation Local Economic Development Strategies and Action Plans”.



Bateman *et al* (2011) writes that following thirty years of Washington Consensus policies, the new millennium witnessed Latin America adopt a various economic and social development policies that were leftist-oriented. As consequence, a paradigm shift in policy was noted, where the state was mandated with new roles, including being involved at the local level of governance. This is in line with the recent thinking and approach in Africa, and South Africa where this local involvement is viewed as the developmental role of the state. Bateman *et al* (2011) has noted that Colombia has spearheaded this new movement for local activism, and the early results of this radical new trajectory have been positive. The argument for the adoption of Local Economic Development concurrently with the change in policy tone within Colombia has been supported by the assumption that the progress in building a local developmental state needs recognition for promoting enterprise and social inclusion. It is, argued that an altered approach to development in Colombia is necessary for increased and sustainable progress in eradicating poverty, underdevelopment and inequality Bateman *et al* (2011). A detailed overview of this case, starting with the factors that stimulated the adoption of LED, to the objectives of the approach by the country will now be considered.

### **3.5.3 Rationale for the Adoption of LED in Colombia**

The adoption of Local Economic Development within Latin America and specifically in Colombia has been stimulated by a number of factors; stemming from the continued modest result of the Washington Consensus policies to address a number of challenges, such as; endemic poverty, massive inequality, rising informality in the business sector and social exclusion. Bateman *et al* (2011), maintains that this change was also informed by the need to eradicate the dual detrimental relationship between extreme poverty and inequality that existed in the country. This duality has been paralleled with violent conflict, which causes socio-economic and political instability-where citizens end up using violence protest as means of showing their dissatisfaction with the current system. According to Hylton, (2006), Holmes et al. (2008) and Bateman *et al* (2011) such conditions threaten the fragile but hard-won social accommodation achieved after the 1950s and 1960s, which was undermined

when Colombia was hit by violence again during the 1980s and 1990s<sup>40</sup>. The Local Economic Development approach was also indirectly or directly stimulated by the new Post-Washington consensus approach to the economy, which was to greater degree entrenched on principles of state intervention and pro-active government support for economic development coupled with equitable and pro-poor economic policies (Bateman *et al* 2011). The different strategies that have been formulated to deal with the factors hindering sustained Local Economic Development will now be considered.

### **3.5.3.1 Strategies to Achieving Sustained LED within the Countryside in Colombia**

The adoption of a 'local developmental state' model (LDS) as the drive to achieving Local Economic Development in Colombia has been one of the main strategies that guided policy development. The adoption of the strategy according to Bateman *et al* (2011) was rationalised by the successful countries and regions, most notably in post-war Northern Italy, Southern Germany and in several Scandinavian countries that had used this model<sup>41</sup>. Moreover, this strategy advocated and was premised on the leverage of improved infrastructure as a key element to achieving LED. Furthermore, Bateman *et al* (2011) argues that the core idea underlying this approach is that sub-national levels of government can, and should, be pro-active in building the institutional and organisational infrastructures required for growth-oriented micro-, small and medium enterprises to emerge and succeed<sup>42</sup>.

The second strategy aimed at stimulating Local Economic Development in Colombia is the adoption of a measured approach to working with microenterprises. Its intention is the eradication of the problem and was based on a local version of Washington consensus

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<sup>40</sup> See Bateman *et al* (2011): "Background Note: A Post Washington Consensus Approach to Local Economic Development in Latin America? An Example from Medellin, Colombia. Hylton (2006): *Evil Hour in Colombia*. London: Verso. Inter-American Development Bank (2010): *The Age of Productivity: Transforming Economies from the Bottom Up*". Washington, DC: IDB.

<sup>41</sup> Bateman *et al* (2011) notes that other researchers have also commended on the LDS model, highlighting that it has achieved equal success in many countries of the East Asian 'Miracle' economies, notably Japan, Taiwan, South Korea, and China.

<sup>42</sup> "This process requires public assets, institutions and funding in the main, but with public agencies productively often linked to, and financing, a range of non-state and private organizations".

policy. This model like its American counterpart was entrenched in the strong belief that the market would equalise opportunities, and the denial of the existence of local demand constraints. Instead, a local version of Say's Law ('supply creates its own demand') was adopted. It simply assumed that entrepreneurs will find business opportunities if they searched hard enough. However, this was identified as one of the root causes of the problem of poverty within poor communities – often termed 'bottom of the pyramid' – is the sheer lack of demand for goods and services. In this regard it was noted by Bateman *et al* (2011) that inadequate or limited development of microenterprises was directly recycling poverty rather than facilitating its eradication. Thus this strategy sought to provide a comprehensive solution to this problem-through injecting support to the development of a local supply chain involving local small and medium enterprises (SME's). The strategy was also supported by the establishment of a pro-poor foundation in partnership with other state-business, all of which aim to explore the potential to generate greater local/regional benefits from the purchasing power represented by these large companies (*ibid*).

The third strategy of advocating for more support to convert microenterprises in to small enterprises complements the second strategy of the adoption of a measured approach to working with microenterprises, through creating an enabling climate for the establishment of small enterprises. This also marks a critical turning point in the paradigm of Local Economic Development in Colombia, since this strategy reacts to the failure of the hypothesis proposed at the end of the 1980s, by Hernando de Soto (1989) in which he famously claimed that informal microenterprises would be the bedrock for the coming economic transformation of Latin America (Bateman *et al* (2011). This strategy advocated for more support for the conversion of microenterprises into small enterprises. This conversion will provide a way to eradicate the challenge of the exponential rate of the development of the informal sector (informality). It has proved to have very little effect on eradicating poverty in Colombia and improving the lives of the poor (Bateman *et al*, 2011).

It is proposed that the success of this strategy will inevitably lead to a very high rate, of the poorest gaining social, financial and reputational assets when their tiny microenterprise becomes successful. Linked to this is the assumption that they will be able to repay the microcredit that they might have loaned to start or develop the business. Despite

enthusiasm about the potential of this strategy, it has been noted by several researchers as Bateman *et al*, 2011 that converting microenterprises into successful small enterprises– that will have a meaningful impact into the lives and economy of Colombia is not easy. It requires that strategic planning and implementation strategies need to be well researched and crafted if they are to work.

The fourth strategy to achieving sustained LED in Colombia is the one that is conscious of gender issues and acknowledges it as a critical element in the development and sustenance of the approach, especially within the countryside region of the country– whereby the effects of patriarchy are still very dominant. Bateman *et al*, (2011) argues that the strategy acknowledges that microenterprises and their associated supportive interventions are inextricably associated with women. Moreover, this is largely due to the fact that the informal sector in Latin America is dominated by women micro-entrepreneurs for whom its flexibility often offers the only income generating opportunity. Furthermore, many microfinance institutions and microenterprises have been strategically crafted to target women, while also advocating for women’s empowerment. However, the strategy also makes it clear that though focusing more support on women in small enterprise or the informal sector it does not want to appear as further perpetuating the thesis of excluding women and marginalizing them from the formal economy<sup>43</sup>. In a quest to ensure that this strategy is successful, it argues that women must be well trained in business management, marketing, business expansion and must be well versed with human capital skills.

The fifth strategy is aimed at generating more high-productivity SME's that can boost the economy through achieving sustained economic growth. This approach has been supported by a number of mainstream international development agencies that signalled an urgent need for more active state response in stimulating Colombia local industrial development and growth. Bateman *et al*, (2011) argues that the Inter-American Development Bank (IADB) has been notable calling for a new approach that is more pro-growth in nature and guided

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<sup>43</sup> *“Whilst these interventions have, arguably, recognised the importance of women’s work in the informal economy to development (Chen et al., 1997), they may also reinforce women’s positions at the margins of development in informal businesses that do not have the potential to grow beyond the micro”.*

by what it termed 'Productive Development Policies' (PDPs)<sup>44</sup>. However, this strategy if not well crafted, could conflict with the overarching approach the 'local developmental state' that is largely pro-poor<sup>45</sup>.

In summary the approaches and strategies that have been used within the Latin American continent (South America), case of Colombia to be precise to achieve sustained LED in both Urban and Rural areas has had mixed results. The model contains very important lessons for Latin America and elsewhere, notably in terms of the potential and pitfalls of pro-active local economic development policy operating in extremely marginalized communities. However, it is recommended that for Colombia to be able to achieve the desired objectives for Local Economic Development it must consider these factors:-

- Clearer separation between economic and social objectives need to be established;
- Technical support needs to be given to the newly established small enterprises to ensure that they are able to survive in a global climate and exploit the opportunities of globalisation;
- Provide more financial support or financing body for small enterprises and SME's;
- Gender constraints need to be addressed and the gendered impact of the change in focus from micro to small enterprises monitored; and,
- Balance between pro-poor and pro-growth initiatives need to be established while also identifying areas of trade offs<sup>46</sup>.

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<sup>44</sup> "IADB, PDPs should become the focus for the promotion and upgrading of key SME sectors, where real productivity growth is most likely to exist" (Bateman *et al*, 2011).

<sup>45</sup> This challenge of a dual economy and the need to balance both pro-poor and pro-growth strategy is also apparent in a South African context where local government is having difficulties with deciding whether to advocate for LED strategies that are closely aligned to neo-liberal (GEAR) policies or the developmental policies (RDP). In a situation where there are competing interests trade off must be established and historical context be taken into consideration.

<sup>46</sup> Bateman *et al*, (2011) argues that "an approach that complements both Local Developmental State and a local industrial policy is required to provide further structure, content and institutional backup to the measures currently underway, especially for policy tools and programmes that might improve the transfer of technology, innovations and knowledge contained within the large enterprise sector, in the many universities in Colombia and in the best SMEs. Furthermore, key growth areas where local comparative advantage already exists, or could be developed locally,

Having discussed a case from the Latin American Colombia (South America) continent, the next section advances on to present case studies from the European continent (emphasis is placed on those states which form part of European Union - EU) where the Local Economic Development approach was authentically coined. Rodríguez-Pose and Tijmstra (2005), argue that Local Economic Development strategies have their origins in the high-income countries of the North. Nel (2001) arguing in line with Rodríguez-Pose and Tijmstra (2005) note that Local Economic Development strategies emerged in the last thirty to forty years as a response to the social and economic problems that resulted from the persistence of locality-specific development. Subsequently, the failure of orthodox top-down, techno-centric, supply-side sectoral development strategies in eradicating the rise in unemployment and regional inequality drove the search for alternative development strategies, such as Local Economic Development, which is perceived as a strategy that has the potential to offer new opportunities for growth to all areas.

#### **3.6.4 European Cases of Local Economic Development - A Theoretical Perspective**

European Union (EU) is made up of twenty seven countries, which are member states. These countries are all found within the European continent. These countries have come together in a quest to help each other to develop as the region while mitigating all the challenges that are posed by globalisation. The code of conduct, set rules and regulations, democratic values and the commitment towards the common good is what has kept this union growing and continues to absorb and attract other countries in Europe that have not joined the EU. The map below provides information about the location of the all the countries that form part of the EU, from those that joined the union from its incipient stages to those that have recently joined.

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need to be identified and the most appropriate institutions and organisational assets upgraded or expanded to facilitate the process of developing small and medium enterprises in these specific business areas" (ibid).



Source: [nationsonline.org](http://nationsonline.org)

The World Bank provides valuable experiences of Local Economic Development. In documented case studies, the agency seeks to showcase best practice examples (success stories) and the lessons from those less successful from well developed countries that have developed and implemented LED strategies. Terluin (2003) writes that recent literature<sup>47</sup>

<sup>47</sup> See "(OECD, 1996: Territorial Indicators of Employment; Focusing on Rural Development. Paris; Bollman and Bryden, 1997: Rural Employment. An International Perspective - CAB International, Wallingford; European Commission (EC), 1997: Rural Developments: Situation and Outlook. CAP, 2000 Working Document, Brussels; Terluin and Post, 2000: Employment Dynamics in Rural Europe. CABI Publishing, Wallingford)".

provides credible evidence that the image of rural Europe as being the scene of losses of population and jobs, largely associated with the idea of a rapid decline of employment in a supposedly dominant agricultural sector, is obscure and needs re-adjustment. This is due to the fact that despite the changes in economic conditions threatening the agricultural sector (decrease in agricultural sector), in rural European countries, a number of plausible local economic development approaches were and continue to be used to rejuvenate and change the economic fortunes of these states for the better. As a result, many rural areas in EU countries have not faced the severe challenges as experienced in other countries in Africa, South America and Asia as it will be discussed in the forthcoming sections of this case.

#### **3.6.4.1 The Rationale for Local Economic Development in European Countries**

Čapková (2005) argues that the rationale for the adoption of Local Economic Development<sup>48</sup> in many European countries is largely underpinned by market failure. Inevitably, this means that government must intervene through approaches such as LED to correct such anomalies. Čapková (2005) maintains that if markets behaved properly, there would be no need for intervention. He argues that a commitment to economic intervention by central and local government is an admission of market failure. Moreover; the acceptance that local economies face problems that are complex and lead to variety of circumstances, which without help and support from government the private sector, will not automatic correct resulting imbalances (uneven development). Noteworthy, factors such as job losses or high unemployment rate, poverty, rural urban migration, and deteriorating socio-economic conditions in rural areas in particular are the main reasons for a search of new approaches to eradicating these challenges. A similar rationale was noted in the Latin American case study where similar factors provided a rationale for the adoption and implementation of LED. Ultimately, the failure or the modest results of regional theories and economic development theories have led to the adoption of LED not only in Europe but globally<sup>49</sup>. Having discussed

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<sup>48</sup> Coulson (1997) cited in Čapková (2005:05) defines Local economic development as “an intervention to strengthen the local and regional economy.”

<sup>49</sup> See “Terluin (2003): Differences in economic development in rural regions of advanced countries: an overview and critical analysis of theories. *Journal of Rural Studies* (19) 327–344”. In this paper both theories of regional and economic development have been rigorously discussed in line with the broad theme of theoretical perspective and rationale for the adoption of LED. An overview and

broadly the factors that stimulated many European states to adopt Local Economic Development within rural areas – this section advances to illustrate how tourism in Britain (Wales)<sup>50</sup> has been used as a strategy to achieve sustained Local Economic Development within the countryside<sup>51</sup>.

**3.6.5 Tourism - A Local Economic Development Strategy in Wales**

The map below provides geographic location of Wales.



Source: <http://www.worldatlas.com/webimage/countrys/europe/ukw.htm>

critical analysis of theories on economic development in rural regions within advanced countries is presented.

<sup>50</sup> It was only in 1999, that Wales became an independent state; and not being part of Britain.

<sup>51</sup> See Jones and Munday (2001): *Tourism and Local Economic Development: Three Case Studies. Paper for European Regional Science Association 41st Annual Meeting "European Regional Development Issues in the New Millennium and their Impact on Economic Policy", Zagreb, Chamber of Economy, Croatia.*

The tourism industry has been described as one of the fast growing industries in Wales and in areas alike. Correspondingly, recent studies have shown that tourism industries have provided a focus for policymakers and researchers investigating strategies that can be used successfully to rejuvenate the economies of underdeveloped periphery and rural areas<sup>52</sup>. Moreover, it has been argued that tourism can be used as strategy and an approach for the realisation of sustainable development in marginalized areas, facing challenges and unpromising future. The challenge of periphery and rural areas facing a bleak future can largely be attributed to a number of factors, such as; depressed agriculture conditions, as well as for post-industrial and urban areas seeking new industries to replace traditional employment in manufacturing and slow growth service industries.

In the case of the Blaenavon Industrial Landscape in Wales, event and cultural tourism was and continue to be used as a strategy to stimulate Local Economic Development within depressed rural areas. Blaenavon, which is located within the Industrial South Wales valley, was awarded a United Nations (UN) World Heritage Status. This worked in the areas favour as it was placed in global map as one of the tourism sites worth visiting when touring Wales.

Jones and Munday (2001) described the area of Blaenavon as an outstanding representation of an early industrial revolution landscape; that plays host to ironworks, early workers housing, a canal system and the existing Big Pit coal-mining museum. The museum is considered one of the major attractions for visitors in that it provides an opportunity to visit an authentic underground coal-face. It is argued by varies researchers (Jones and Munday, 2001; Terluin, 2003 and Bristow, 2000) that substantial development of cultural artefacts have the capacity to enable increased visitation in area while simultaneously providing an alternative development path to compensate the disappearance of traditional production industries, the area has failed to evolve and adopt to the industrial global climate that will allow it attract new industrial investment.

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<sup>52</sup> See "Hiller, H. (1998) Assessing the Impact of Mega-events: A linkage model. *Current Issues in Tourism*, Vol. 1,1 pp. 47-57 & Bristow G., (2000) "Renewing Rural Wales" in Bryan, J. and Jones, C. "Wales in the 21<sup>st</sup> Century", MacMillan Business: Basingstoke"



Source: [www. Google.co.za](http://www.Google.co.za). [redkite-environment.co.uk](http://redkite-environment.co.uk)



Source: <http://lawhf.co.uk/>

The results of the adoption of tourism as a strategy to trigger sustained LED within rural areas in Wales has had mixed results. The strategy to date has been able to help with the development of infrastructure within the area. It has also assisted with an increase in the number of visitors to the area, thus directly or indirectly leading to the creation of more job opportunities in various sectors, such as; the retail and wholesale recreation;

accommodation; and finance and business sector. However, despite providing some job opportunities for the poor sector of the community, the retail and hospitality sector offers locally extremely poor people with little prospect of leveraging off the on-site spending, and the same is true of local services in general (Jones and Munday, 2001). This is a critique that has been raised against the tourism sector in terms of the sustenance of its economic benefits by a number of researchers in the field<sup>53</sup>. Furthermore; tourism has been critiqued for as being an industry that is highly susceptible to economic leakage and thus having negative implications for the sustenance of Local Economic Development within rural areas. Although this strategy has the potential to help stimulate the local economies in many depressed regions, such as those in rural areas of Wales, it also presents a challenge which is how to eradicate the problems that have been identified as being a hindrance in the achievement of the tourism sectors endeavours.

For the tourism sector to have a more meaningful impact on the establishment of Local Economic Development within the countryside, it needs to rectify all the gaps that have been identified above. This can be done this through crafting policies that safe-guard the local residents from exploitative foreign investors. This will ultimately ensure that economic leakage is reduced and benefits for the locals maximised. The culture of producing and buying local products should also be encouraged, as this has a number of positive benefits for Local Economic Development. Key sectors within the local area should be identified and strengthened, so that the comparative advantage can be exploited. Having discussed cases from varies continents; the next section advances to discuss the precedents of Local Economic Development in rural areas within the African continent.

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<sup>53</sup> Jones and Munday (2001) argue that the “promotion of tourism and leisure service industries as a LED driver, especially in rural areas, may ignore certain underlying industry characteristics”. This is because the tourism sector in many instance features low wages and unskilled labour, lessening income-related demand effects while simultaneously promoting the development of unskilled workforce or informal sector (second economy), which does not directly add to economic growth. “Moreover, external ownership of large tourism concerns, together with an underdeveloped local tourism infrastructure can limit the contribution of new tourism activity to local areas growth prospects”.

### 3.7 PRECEDENTS OF LED IN AFRICA: A CASE OF MOZAMBIQUE

In Africa, Local Economic Development is seen as a plausible approach that has the potential to remedy the various complex challenges that the continent is faced with- as it is flexible and local oriented. Rodríguez-Pose and Tijmstra (2005:02) postulate that the African continent, “in general, and Sub-Saharan Africa (SSA), in particular, is ‘different’ and that it therefore requires ‘exceptional’ solutions to its development problems”. As a result, Local Economic Development is viewed as that approach, which is flexible and thus has the potential to adapt to the different challenges of the continent. In the case of Mozambique like in many countries within Sub-Saharan Africa Local Economic Development has been heralded as the solution to the developmental problems facing the country.



Source: <http://www.infoplease.com>

In Mozambique; Local Economic Development is defined as *“a strategy for employment promotion through micro and small enterprise development, support of social dialogue and development planning, whereby public-private partnerships amongst stakeholders in the local economy, including representatives of regional and local government, employers’ and workers’ organizations, Chambers of Commerce, cooperatives, producers’ associations, women organizations and other NGOs.”* It is promoted to trigger sustained Local Economic Development, especially within the depressed regions such as the rural areas (van Boekel and van Empel, 2010:01).

The Local Economic Development approach promotes deliberation across stakeholders about how best to use local resources to benefit all (Van Boekel and van Empel (2010). This also gives a platform for all stakeholders to prioritize triple-developmental needs<sup>54</sup>. The stakeholders in Mozambique have used Local Economic Development Agency (LEDA) as platform to communicate and forge strategies to attain the agreed developmental goals. This institutional model has yielded a number of positive results, such as; raising public awareness on the development needs while simultaneously assisting in the establishment of linkages at the national and international level.

### **3.7.1 Local Economic Development Climate in Mozambique**

In Mozambique, Local Economic Development within many rural areas is being implemented through partnerships with the International Labour Organization (ILO), which is supporting the United Nations Office for Project Services (UNOPS) in carrying out and meeting its goals within the framework of the Program for Human Development at the Local level (PDHL). This program is very important in the realization of Local Economic Development within the countryside in Mozambique, since it advocates improving living and working conditions of the people.

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<sup>54</sup> This relates to the need to balance and incorporate all the elements of sustainable development (social, economic and environmental) to ensure that LED is sustainable and speaks to the needs of all classes.

The rural areas in Mozambique are faced with a number of challenges that have the potential to somewhat threaten the realization of LED in the country if they are not well negotiated. According to van Boekel and van Empel (2010) the PDHL program undertook a situational analysis in the provinces of Maputo, Manica and Safala rural region. It identified low population density as one of the challenges in these regions. This is further aggravated by the dispersion of the population leading to geographical isolation, which has negative economic and developmental implications as it escalates the cost of developing and doing business in rural areas. Their analysis also identified climatic conditions as having negative implications in many rural parts of the country. The rainy season last six months and during this time, the communication and access in these areas is almost impossible making these areas remote. This inevitable triggers low productivity due to: a lack of an efficient transportation and marketing system coupled with a lack of functional support structures of the production. High levels of illiteracy and low levels of formal education, whereby 60% of the men and 95% of the women have had less than 5 years of formal schooling are also problematic (Boekel and van Empel (2010)). This lack of education contributes to an additional scarcity of access to information and thus robbing the people residing within the countryside opportunities and knowledge. Van Boekel and van Empel (2010) also identified that rural areas in Mozambique completely lack formal finance mechanism, since there are no banks and formal financial institutions operational.

### **3.7.2 Local Economic Development Interventions in Mozambique**

Stemming from the background presented above, it was than imperative for Mozambique to forge strategies to curb and solve the array of challenges that rural areas are faced with in realising Local Economic Development. The state of Mozambique through the International Labour Organization (ILO) provided a number of interventions that focus on supporting LED within rural areas. These included the following:-

- Improving the support services for productive activities<sup>55</sup>;
- Improving the physical working conditions of the different public support services, whereby there was a development of Business Service Centres which provides technical assistance to business starters as well as financial services through a Credit Cooperative ;
- The promotion and strengthening the agricultural sector, through increasing production, providing support and marketing of the agricultural products;
- Execution of SWOT an analysis, in a quest to identify local investment opportunities, while also strengthening the available local capacities (potential) and creating new ones; and,
- The training of local communities and ensuring transfer of knowledge<sup>56</sup>.

The strategies used in Mozambique to stimulate LED within the depressed rural areas have had mixed results in dealing with the different challenges. However, the time frame estimated to ascertain the levels of success have not elapsed. To date the results have been promising as there has been a lot of development in dealing with the challenges hindering sustained LED within the rural areas of Mozambique. This development can to a greater or lesser degree be attributed to the establishment of the Local Economic Development Agency (LEDA), which incorporated all the affected and interested stakeholders residing within rural areas. Having given a brief synopsis of Local Economic Development within the rural areas in Mozambique, the next part of this section draws nearer to home as it focuses on the precedents of the strategy within the rural areas of South Africa.

### **3.8 Precedents of Local Economic Development within Rural Areas in South Africa**

The rationale for the adoption of LED within rural areas in South Africa, has been discussed in the previous sections, especially in the third chapter; thus to avoid repetition this section

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<sup>55</sup> VanBoekel and van Empel (2010) echoes that this " includes among other things; the installation of grinding mills and rehabilitation of shops, small markets as well as small workshops".

<sup>56</sup> The training is mainly aimed at developing basic entrepreneurial skills, as well as harnessing at technical staff to support the agricultural sector.

will only present broadly the reasons without eloquently discussing them<sup>57</sup>. Colonialism and Apartheid are the two main overarching factors that exacerbated underdevelopment and inequality within rural areas in contrast to urban areas in South Africa. However, the historical and socio - economic legacy of Apartheid is the one whose effects continue to manifest itself and hinder sustainable Local Economic Development within the countryside. It was for this reason that the democratic government of South Africa through the Reconstruction and Development Plan (RDP)<sup>58</sup>, GEAR and ASGISSA policies attempted to eradicate the challenges that the country inherited from the apartheid legacy. The country also inherited a dual economy<sup>59</sup> from the Apartheid government, whereby a vast majority of the people that formed part of the second economy resided in rural areas, due to the fact the jobs in the second economy did not require highly skilled people but semi-skilled and even illiterate people. Pre 1994, employment opportunities in the first economy jobs were reserved mainly for Whites and to a limited extent Asians and Coloureds through job reservations and quotas<sup>60</sup>.

However, the issue of the dual economy in South Africa became more problematic in the peak of globalisation as many sectors that employed people from the second economy were forced to downsize or retrench workers in a quest to compete with Trans-National Co-operation (TNC) and Multi-National Co-operations (MNC). This inevitably led to the high rate of un-employment in South Africa; especially in rural areas and in townships, as a large pool of workers involved in the second economy reside within these areas. Moreover, challenges

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<sup>57</sup> The rationale for the adoption of LED is well documented by several authors, such as (DLPG, 2006; Cohen, 2010; Patterson, 2008; Nel and Rogerson 2008), just to name a few.

<sup>58</sup> “The Reconstruction and Development Programme (RDP) made implicit references to the notion of LED through the apparent support for community-based development and locality based initiatives”.

<sup>59</sup> Patterson (2008) “South Africa today is characterised by a highly dualistic economy (first (formal) and second (informal) economy), with a sophisticated formal sector of numerous globally-competitive multinational companies, paralleled to a population where up to 40% are unemployed and dependant on welfare grants and the informal sector to survive”.

<sup>60</sup> Cohen (2010) and Patterson (2008) notes that, “in South Africa, LED is a post 1994 phenomenon; whereby during the apartheid era, the country had a distinct regional planning policy regarding settlement patterns with all residential areas underpinned by racial segregation. As a result, the majority of the population was displaced and lived in marginalised settlements”.

such, as the infrastructural backlog, poor service delivery (lack thereof or inadequate basic services-water, sanitation, educational and health facilities), a lack of credit facilities and high unemployment rates are amongst other pressing challenges. These challenges provide a plausible rationale for the developmental state of South Africa to seek approaches, such as Local Economic Development to remedy the injustices and problems faced by rural dwellers.

In South Africa, as in other countries, Local Economic Development is strongly pursued by the national government. It is supported by legislation namely the national Constitution of (No. 108 of 1996) and White Paper on Local Government (1998) and other legislation<sup>61</sup>. In South Africa Local Economic Development is implemented by the three spheres of government - national, provincial, and local government - and other stakeholders. Having provided a rationale and background for the adoption of Local Economic Development in South Africa; especially within the countryside (RLED), the next section will provide an a discussion of various cases of Local Economic Development practices at provincial and local level from which best practices and challenges are identified<sup>62</sup>.

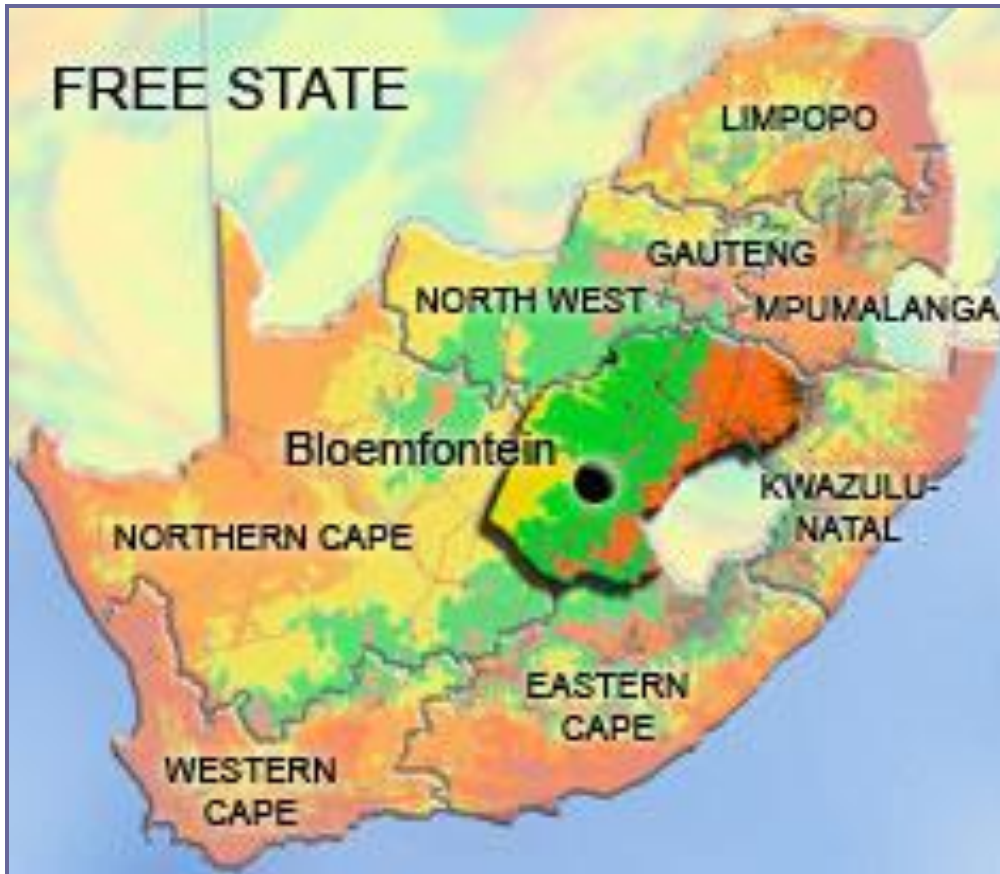
### **3.8.1 State of Local Economic Development in the Free State Province**

Free State Province is amongst the nine provinces in South Africa that have adopted Local Economic Development as an approach to tackle the various challenges to development that it is faced with. It is faced with rife economic development challenges that have precipitated to slow economic growth, high unemployment rate, high levels of poverty and infrastructural backlog, to name but a few. These factors have inevitable precipitated to a rise in outward migration from rural areas to urban areas, and at worst out of the province. The map below is an illustration of the location of the Free State Province, in relation to the other Provinces that make up South Africa. Free State Province in the map has been made more pronounced, since it the area of focus in this section. The capital of the Free State Province Bloemfontein is also highlighted in the map.

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<sup>61</sup> "Local Government: Municipal Systems Act (2000); A policy paper on Integrated Development Planning (2000); LED Guidelines to Institutional Arrangements (2000); Draft LED Policy (2002); Policy Guidelines for implementing LED in South Africa (2005); National Framework for Local Economic Development (LED) in South Africa (2006-2011)"

<sup>62</sup> Albeit the several cases that are discussed are mainly from rural municipalities



Source: <http://www.globalimsa.com/freestate.htm>

Davis (2006) argues that the Free State economy has been performing very poorly, in contrast to the other provinces in the country. This is manifested by the fact that it was lower than average for a period of about ten years. Davis (2006) further postulates that the *“relatively weak position of this province’s economy is further reflected in a relatively low (2002) per-capita income level (R11 854 compared with R17 164 for South Africa and R32 356 for Gauteng), a high unemployment rate of 38.9% (SA: 40.8%), and the fact that almost 49% of the province’s population are living in poverty”*. The 20<sup>th</sup> century for Free State has been characterized with a decline on important sectors (mining and agricultural) that have traditionally driven the growth in the province. It is argued that Free State economy has traditionally been closely related to the mining and agricultural sectors (Davis, 2006). The decline in sectors which were deemed the backbone of the economy of the Free State

provided a rationale to search for new strategies to rejuvenate and the drive economic development in the area<sup>63</sup>.

### **3.8.2 Strategies towards Achieving Sustained Local Economic Development in the Free State**

There are various strategies that the Free State Province has adopted and coined in pursuit of rejuvenating economic development. The three main strategies that were used to drive economic development in the province are, namely the Free State Growth and Development Strategy (FSGDS), Small, Micro and Medium Sized Enterprises (SMME) and Local Economic Development<sup>64</sup>. Ultimately, both the former and latter strategies have paved the way for the development of LED in the Free State.

In summary the Free State Growth and Development Strategy (FSGDS) released in 2005, consist of five interrelated components that are aimed at changing the economic fortunes of the province and driving LED. These five components are:-

- *“the development and enhancement of infrastructure for economic growth and social development,*
- *the reduction of poverty through human and social development,*
- *ensuring a safe and secure environment for all people of the province,*
- *the promotion of effective and*
- *efficient governance and administration” (Davis, 2006).*

Furthermore, the FSGDS progress is measured by three main indicators:

- the achievement of an annual economic growth rate which is at least equal to the national average economic growth rate;

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<sup>63</sup> For further clarity on the status quo of the Free State Province, read “Davis (2006):Evaluating and Disseminating Experiences in Local Economic Development: Observations on Integrated Development Programmes of the Free State, Republic of South Africa. *Journal of Natural Resource Institute*”.

<sup>64</sup> It should be noted that these are not the only strategies and guidelines adopted or coined in an attempt to rejuvenate economic development in Free State, but these have provided a turning point and remain very much relevant

- the reduction of unemployment from 38.9% to 20%; and
- reduction of the number of households living in poverty by 5% per annum

The FSGDS objectives and endeavours could not be achieved solely. Thus, the establishment and promotion of Small, Micro and Medium Sized Enterprises in Free State, which is a second strategy to the path of rejuvenating economic development in the province was pivotal and its success was of paramount importance. Davis (2006) argues that, though there are other aspects of economic development in the strategy, such as; tourism, manufacturing, and agriculture sectors; Small, Micro and Medium Sized Enterprises development and support towards achieving Black Economic Empowerment (BEE)<sup>65</sup> are central components of the strategy. Rogerson (2004:766) takes this argument further stating that SMME's were seen as *"agents of employment promotion, redistribution, and improvement in global competitiveness"*. Thus the failure of SMME's to achieve these objectives would ultimately exacerbate the rate of underdevelopment and the spread of exponential rate of poverty.

The adoption of Local Economic Development as a strategy to support and to help rejuvenate economic development in Free State have been characterised by mixed results. Research undertaken to investigate the impacts of Local Economic Development projects in the province have highlighted very modest results. Few if any of the projects have proved to be sustainable; and as a result only a small number of permanent jobs have been created, argues Rogerson (2004; 2006), Davis (2006) and Cohen (2010). These poor results especially within the countryside can to a greater degree be attributed to inadequate project management skills, project mismanagement; and the lack of adequate business, market planning and training, which ultimately inhibits success (Cohen, 2010). Davis (2006) noted the poor or minimal involvement of the private sector in these projects is one of the reasons for their failure to touch and change the lives of the people at the grass-roots levels, who are mostly stricken and affected by the spread of poverty.

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<sup>65</sup> BEE than, but now referred to BBEE (Broad Based Economic Empowerment)

### 3. 8.3 Challenges and Lessons of Local Economic Development in the Free State Province

Nel et al. (2002); Davis (2006) and Nel *et al.*, (2004), have described the state of Local Economic Development in the Free State as being largely dominated by a plethora of failed projects. This observation provides a stark contrast to successful stories about the projects. The few projects that have been successful are mainly those that were initiated, funded and managed by the communities and private sector, Significantly most of the projects that were unsuccessful were run by municipalities. Nel *et al.*, (2004) noted that one of the attributing factors to the inability municipalities to make a meaningful contribution to Local Economic Development largely rests on the fact that *“managing LED through municipalities created various managerial and financial problems; that partnership formation was limited; and that the most successful projects were tourism-related and linked to international markets”*.

Cohen (2010), Nel et al., (2002) and Tomlinson (2003) have highlighted number of key factors that have contributed to slow economic development and the minimal impact by Local Economic Development to address the challenges it ought to eradicate. This is largely to the variety of central factors, such as that: -

- There is limited private public partnership, and where there is there is minimal private sector involvement in the majority of projects;
- Provision of quality services and infrastructure is pro-urban; whereby there is emphasis in the provision of facilities of a global standard in certain localities versus constrained achievements in the poorer areas;
- The ‘politicization’ of development is an issue, where individual interests override the greater common good;
- Un-sustainability of projects, due to their resemblance of a ‘life-cycle’ which often sees the demise of once-promising endeavours;
- Projects are not self-sufficient, due to their heavy dependence on grants, which ultimately results in low number sustainable projects;
- The economic aspects of projects, especially the marketing of products, are often neglected in planning and often threaten project sustainability;
- A question needs to be raised as to whether local authorities should be driving economic development and job creation, or whether local governments should rather be facilitating it.

- Many regard Local Economic Development as an ‘unfunded mandate’ i.e. local governments are required to pursue it, but lack the necessary funds and staff;
- Lack of training, expertise and funds to carry through the project is also a problem in the success of Local Economic Development ;
- The lack of implementation and limited emphasis of prop-poor project is also a central factor hindering the sustained Local Economic Development ;
- There is a possible ideological conflict between GEAR and socially responsible programmes

In summary, the Free State Province has lot of potential, due to a number of opportunities that can be exploited. However, this potential for growth and speedy achievement of sustained Local Economic Development especially within the countryside is hampered by number factors, such as lack of direction and well-co-ordinated roles from national government, provincial and local<sup>66</sup>. The involvement of all stakeholders in the planning of Local Economic Development strategies and the encouragement of public-private partnerships is crucial if the province is to be successful in its endeavours. There is also a need for better equipped municipalities, such as those in urban areas to share their experiences and expertise with those that rural areas that are under resourced, as this has been proven to yield positive results in improving and stimulating local economies. In the smaller centres, there are a limited number of stakeholders that none the less must form part of the process of formulation of LED plans. Failure to achieve the latter will ultimately exacerbate economic and infrastructural decline while fuelling the rise poverty.

#### **3.8.4 The State of Local Economic Development in Eastern Cape**

The Eastern Cape (E.C) is one the most poverty stricken provinces in South Africa, where poverty, crime, unemployment, teenage pregnancy and corruption is rife. The amalgamation of all these factors is a recipe for disaster and an obstacle to the realisation of sustained Local Economic Development. The Eastern Cape Local Economic Development

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<sup>66</sup> Ideally, as stated by Cohen (2010, 27)“national government’s role should be to provide overall guidance, direction, policy support and funding, it also needs to ensure that the projects which it supports are viable and sustainable. Provincial government has a key role to ensure that weak municipalities are supported and encouraged to assist poor communities and to embark on viable projects. Local government must ensure that its staff are adequately trained, that partnerships are striven for at all costs with local stakeholders and that funds are accessed and investment sought”.

(LED) Booklet (2010, 6) confirms this observation, postulating that the *“Eastern Cape features regularly as the province in South Africa with a chronic accumulation of socio-economic disadvantages”*. The challenges faced by the province can to a greater or lesser degree be attributed to its inadequacy to adopt to change and evolve with times, as it continues to be dependent on agriculture and food production. This dependency creates potential vulnerability and requires appropriate policies which promote diversification. Parallel to the conditions that hinder Local Economic Development in the Eastern Cape is the staunch reality facing the greater parts of the country, where a large proportion of the jobs are in the low pay, semi-skilled sectors and many households are dependent on government grants. Where jobs are available, the vast majority of the workforce of the Eastern Cape would lack either the necessary employment skills or the physical means to access those opportunities or both (McAlinden, 2008). Moreover, the lack of employment and economic stagnation in the province today has been a major factor in the “brain drain”, as the more skilled move away in search of a better life, further diminishing its attractiveness for investors (ibid).

### **3. 8.5 Some Reflections on Local Economic Development Projects**

In a quest to eradicate the challenges Eastern Cape Province is faced with, it resorted to adopting Local Economic Development as an approach to dealing with such. The *“purpose of LED is to create an enabling environment in which local people and institutions can make realistic and practical decisions to strengthen the local economy, create more jobs, promote new enterprises, including self-employment, and to improve the quality and prospects of life for all”* (DPLG, 2010)<sup>67</sup>. Consequently; for the Local Economic Development Unit in Eastern Cape, set about creating an enabling environment for projects. They were largely driven by a more pro-poor approach, and a quest to promote socio-economic development which would create opportunities for sustainable and inclusive employment as well as increased economic activity<sup>68</sup>. For this to be realised a number of advances were made through the establishment of projects. These will be briefly discussed below.

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<sup>67</sup> See Eastern Cape LED information booklet (2010).

<sup>68</sup> LED unit in EC involved public and private partnership from local and international, a factor that is seldom present in many LED initiatives and which indirectly ends up compromising the quality and sustainability of such. MEC: Mr. P. Masaulle argues in line with the latter, stating that “since 2006,

Table: 2 below presents a summary of some of the projects that the Local Economic Development Unit in Eastern Cape was engaged in. These projects bear testimony to the variety of opportunities that can be created if there is the correct approach and an institutional agency and that can implement them efficiently. A few of these projects will be discussed to highlight the different components of Local Economic Development that they focused on. Some of the lessons learned from practice and these specific case studies will also be discussed<sup>69</sup>.

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the Department has worked with Thina Sinako (EU supported LED programme for the Eastern Cape) to develop new funding instruments for local economic development. Members of the LED Unit have been closely involved with Thina Sinako in promoting worthwhile and feasible projects and have been key players in the project selection, monitoring and evaluation process" (Eastern Cape LED booklet, 2010: 2).

<sup>69</sup> The case studies presented are not exhaustive, but rather highlight what can be achieved through local initiative and to encourage other local groups to organise themselves for local economic development.

**Table 2: A Summary of Some of the Projects of the Local Economic Development Unit in the Eastern Cape (EC)**

Municipality	Total Projects per Municipality in Manufacturing	Total projects per Municipality in Agri-processing	Total projects per Municipality in Tourism	Total Projects
Nelson Mandela Bay	1	3	1	5
Cacadu DM	3	8	1	12
Amathole DM	6	7	4	19
Chris Hani DM	6	11	6	21
Ukhahlamba DM	2	0	5	8
O.R. Tambo DM	9	4	5	15
Alfred Nzo DM	3	4	9	16
<b>Total</b>	<b>30</b>	<b>40</b>	<b>32</b>	<b>102</b>

Source: Adapted from Eastern Cape LED information booklet (2010)

### 3.9 “MICRO-MANUFACTURING CENTRE IN THE MATATIELE LOCAL MUNICIPALITY IN THE ALFRED NZO DISTRICT MUNICIPALITY (ANDM)”

This manufacturing project was funded by the Department of Economic Development and Environmental Affairs (DEDEA) and required an expenditure of R140 000 in the 2006/07 financial year. The objective of the project was to utilise the locals’ skills and nurturing them to develop sustainable small business, while decreasing the rate of high un-employment rate and poverty (E.C. LED, 2010). The Micro-Manufacturing Centre Project is mainly involved with the manufacturing of pottery, crafts, and upholstery. These products already have a market in Eastern Cape and elsewhere in the country as they are part of the African culture, especially during traditional ceremonies. The project as alluded early on uses local talent and skills, hence a large proportion of the people that are beneficiaries in the project are

from the community. Approximately twenty (20) members of the community are directly involved and benefit from the project. The two pictures below are illustrating the variety of products that are manufactured and later sold in the local market<sup>70</sup>.

**Plate 1: Examples of the Manufactured Products**



Source: Eastern Cape Local Economic Development Information Booklet (2010).

### **3.10 “SIVUKILE FURNITURE AND REFURBISHMENT CO-OPERATIVE LTD IN AMATHOLE DISTRICT MUNICIPALITY”**

The furniture and refurbishment project is spearheaded by Sivukile Company, which is a registered co-operative, consisting of ten members (E.C-LED, 2010). The member is split along genders lines with 30% women, and 70% men. Of the total 20% are people living disabilities and 10% are young people. The aim of the co-operative is to provide services in the refurbishment of school furniture and manufacture new furniture for schools and other institutions (E.C-LED, 2010). A business of this nature has lot of potential to grow and to make an impact on people’s lives in the Eastern Cape. There is lot of demand for the

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<sup>70</sup> The LED “Booklet produced by the Department of Economic Development and Environmental Affairs, is intended to provide information on the LED Unit services within DEDEA and to showcase some of the Department’s interventions in the local economies of the Eastern Cape through a series of case studies”.

services it renders especially in schools and other government departments in the province. This project like all the previously discussed projects received funds from Department of Economic Development and Environmental Affairs (DEDEA), to a value of “R300, 000 in 2006/07 financial year and is still performing well”<sup>71</sup>.

**Plate 2: The Training of the Members of the Co-operative**



**Source: Eastern Cape Local Economic Development Information Booklet (2010).**

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<sup>71</sup> Case sourced from the Eastern Cape Local Economic Development Information Booklet (2010). For more in-depth analysis of the case study of co-operatives in the Eastern Cape Province; see the report titled compiled by Amathole District Municipality, titled: “Cooperating For Transformation: Cooperative Case Studies From Amathole District, Eastern Cape”

### **3.11 “AMALINDA FISH FARM IN AMATHOLE DISTRICT MUNICIPALITY”**

The Amalinda Fish Farm project is a micro fish farming venture that deals specifically with *“growing and selling fresh water crayfish (Marron) and Koifish”*(E.C-LED, 2010) . This project has benefited from the existing local infrastructure, since it uses facilities of the Fish Research Station located within the Amalinda Nature Reserve. The project specialises in various fields, such as; the *“upgrading the existing infrastructure, rehabilitating dams, building, hatching and fencing, stock breeding and fish farming, training on managing small businesses, environmental awareness, Marron and Koi fish farming and marketing”* (E.C-LED, 2010). The project has created various job opportunities for locals, especially women and the youth. There are approximately thirty permanent jobs that have been created by the Amalinda Fish Farm Enterprise.

**Plate 3: Marron and Koi Fish**



Source: Eastern Cape Local Economic Development Information Booklet (2010).

#### **3.11.1 Lessons from Amathole District Municipality Case Studies in the Eastern Cape**

The success of the different projects within Amathole District Municipality can largely be attributed to the strong healthy partnership between the private, public and community sector. This partnership is conducive to the achievement of sustained Local Economic Development, especially within the countryside as this makes all the stakeholders feel part of the project. There is a sense of ownership of the project, which is an important factor for

long term sustainability. A milestone has been achieved by the Amathole District Municipality in terms of its priorities for supporting Local Economic Development. Other municipalities in the province and elsewhere in the country can learn from the municipality. Although this municipality has achieved a great deal, it could have achieved far better results if it had addressed a number of issues that inhibit adequate Local Economic Development results.

The main inhibiting factors that limit the success of Local Economic Development in the province are mainly structural, administrative and planning. Cohen (2010) confirms this point, arguing that 26 of the 45 municipalities in the Eastern Cape have had not completed Local Economic Development strategies, which must be aligned to the overarching LED framework of their Integrated Development Plan. Furthermore, 56% of the municipalities in 2009 were reported to have no Local Economic Development Managers. Consequently, this speaks to the need to improve and develop implementation capacity to improve the quality of the processes and plans for Local Economic Development in the province. Bond (1998) argues that the most fundamental problem hindering Local Economic Development in the province and elsewhere is lack or inadequate delivery of basic municipal services. This is a critical component of Local Economic Development upon which the future of socio-economic rests<sup>72</sup>.

### **3.12 PRECEDENTS FOR LOCAL ECONOMIC DEVELOPMENT IN KWAZULU-NATAL: THE CASE OF UMTSHEZI MUNICIPALITY**

Umtshezi Local Municipality is located in Northern KwaZulu-Natal. It forms part of the greater UThukela District Municipality. Umtshezi Local Municipality is bordered by three local municipalities; Ladysmith, Indaka, and Ukhahlamba. The map below provides a visual representation of the locality of Umtshezi Local Municipality.

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<sup>72</sup> See Bond, P (1998): Local Economic Development and the Municipal Service Crisis in Post-Apartheid South Africa: The Case of Stutterheim ; *Urban Forum* (9) 2.

# Uthukela District Municipality



	<b>Emnambithi/Ladysmith</b> Local Municipality		<b>Indaka</b> Local Municipality
	<b>Okhahlamba</b> Local Municipality		<b>Umtshezi</b> Local Municipality
		<b>Imbabazane</b> Local Municipality	

Source: <http://www.google.led.co.za>

Umtshezi Municipality, like its' sister municipalities in the province of KwaZulu-Natal (KZ-N) is faced with a number of challenges which if not dealt with adequately, will continue to hinder sustained Local Economic Development especially in rural areas. According to the Umtshezi-LED-Strategy (2007) poverty and unemployment rates in Umtshezi have increased, with the economy not being able to absorb the increasing number of people entering the labour force. The municipalities' inability to create and provide job opportunities has directly exacerbated the rate of poverty, as the both increased unemployment and increased poverty are correlated. The latter is also echoed by the Development Bank (2005) which states that employment<sup>73</sup> is the best protection against poverty. The economy of Umtshezi Local Municipality, like the large proportion of South Africa, is still resting upon three sectors agriculture, manufacturing and trade. These are the sectors that have traditionally been the pillar of the country's economy and still continue to play an integral role in the economy to date.

According to Umtshezi-LED-Strategy (2007) these three sectors differ in their forecast in terms of potential growth, challenges, and the future of employment demand. The manufacturing and agri-processing sectors have experienced a number of challenges that have directly caused it to decline, however they still remain important sectors. Despite the manufacturing sector being well established historically, of late it has experienced a steady decline with a number of large firms closing down. These closures are similar to other regions in the province where the sector has declined tremendously, due to the negative impact of globalisation. The agricultural sector is the only sector amongst the three that has indicated signs of stability in terms of employment. However, there are two challenges that threaten the future of this sector. These are the continued dependency on traditional crops and products with very little innovation or value addition and the issue of the possible impacts of land reform (Umtshezi-LED-Strategy, 2007).

The three sectors discussed previously have an impact on the formal economy of the municipality; however they have failed to make a more meaningful impact on the informal economy. For this reason, a high rate of people about seventy five percent (75%) in the Umtshezi Local Municipality are involved in the informal economy and thus are vulnerable to

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<sup>73</sup> Employment can be defined as a job or an income generating activity.

the high rate of poverty prevalent in the area. The manner in which the informal economy is negotiated in the municipality is pivotal for the realization of sustained Local Economic Development especially in the rural areas. Thus, the approach to achieving Local Economic Development in the countryside should be holistic. It has to ensure that both the informal and formal economy is equally supported, with the former given more attention due to the high number of people dependent upon it.

### **3.12.1 The Approach and Strategies of Local Economic Development in the Umtshezi Local Municipality**

The approach and strategies developed by the Umtshezi Municipality, was carried out with the assistance of the Gijima KZN LED Support Program, which ensured that it exploited the expertise and resources of the program to its advantage. According to Umtshezi-LED-Strategy (2007) the strategy was designed to overcome weaknesses, take up opportunities or exploit competitive advantage. The realization of Local Economic Development in the area is embedded on four critical principles, mainly:-

- The support of local entrepreneurial development, job creation and ultimately reduction in poverty;
- Heterogeneous approaches that speak to each other through integrated development<sup>74</sup>;
- Transformation of ownership and opportunities through the implementation of national macro policies, such as; ASGISA, BBBEE and BEE goals, and
- The redistributive goals outlined by departments such as the Department Rural Development and Land Reform (formerly the Department of Land Affairs.)

The strategies adopted by the municipality take cognizance of both the realities of the formal and informal economies operating in the area. The table below is a summary of how the municipality supports both the formal and informal economy strategies.

Table3:

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<sup>74</sup> This can be achieved through the promotion of the support for local businesses being established, while also simultaneously attracting larger businesses from outside.

FORMAL ECONOMY STRATEGY	INFORMAL ECONOMY STRATEGY
Municipal – multi stakeholder forum, to promote partnerships between both the public and private sector for business while simultaneously stimulating municipal relationships.	Enterprise support to co-operatives and other small businesses, through the development of enterprise Information centres, promotion of skills development, mentoring and other capacity building mechanisms.
Municipal functions and programme focus areas, through the development of land use management, economic infrastructure provision, business service provision and other factors that promote LED.	Support to land reform beneficiaries, to ensure that the land redistributed is used sustainable and productively to impact positively on the economy.
Provide funding and support particularly for tourism, industry and agriculture.	Municipal and state procurement. This includes the impact of procurement & spending by the Municipality on the second economy and on the impact of state interventions.

Source: Researchers Construct (2012)

### 3.12.2 Lessons of LED in Umtshezi Municipality

The approach and strategies used by Umtshezi Municipality have produced mixed results. There are both success stories in the some sectors while in other sectors there have been challenges, as it is discussed within this section. The promotion of partnerships between private and public partnership has yielded positive results for both the formal and informal economy, where there has been exploitation of opportunities presented by such relationships. Furthermore, the heterogeneous approach to the realization of Local Economic Development, has led to better comprehension of the factors that impact directly or indirectly to the success of it. This has ensured that there is adequate understanding municipal economic space and has resulted in the development of implementable strategies.

Despite some positive results in the municipality as discussed previously, there are factors that challenge and inhibit the full potential of the realization of Local Economic Development

in the area. The issue of access to finance for entrepreneurs with no collateral is one of the main challenges. This is not a unique problem in this municipality. Rather is a factor that is a common challenge across many rural areas in South Africa. The challenge impact mostly people operating within the informal economy and thus makes it difficult for them to make the transition from informal to formal economy. Moreover, structural issues, such as; inadequate infrastructure, the challenges of technical and expertise support and service delivery failure circumscribe the endeavours of the municipality to achieve to sustained Local Economic Development .

### **3.13 SUMMARY OF CHAPTER**

In this chapter the phenomenon of globalisation has been discussed together with the theories and factors that promote and drive it. This analysis has been carried out in a quest to provide a foundation to evaluate the relationship between globalisation and Local Economic Development within the countryside, under the theme “globalisation a challenge-opportunity”, which alludes to the notion that in cases where globalisation poses a challenge; that it should be dealt with efficiently and effectively to ensure that such is ultimately turned into an opportunity. Furthermore, various cases studies from both developed and developing countries have been investigated to identify both challenges and opportunities; while simultaneously identifying lessons that can be learnt from such.

## CHAPTER FOUR:      **METHODOLOGY**

### **4.0      INTRODUCTION**

A number of research methods have been considered and developed overtime. This has allowed a broadened horizon of research methods, making it difficult for researchers to make a selection, due to the high number of available methods. The process of identifying the most relevant and efficient means of undertaking the study has been strenuous and continuous as the comprehension of the study area and research questions increased. The research has adopted triangulation as the method of executing the endeavours of the study. Triangulation particularly in social sciences refers to the use of an amalgamation of methods in a quest to yield more valid, sound empirical results that somehow may not be easily achieved by the use of a single method.

Bogdan and Biklen (2006) postulate that triangulation is a comprehensive tool that facilitates validation of data through cross verification from more than two sources. Triangulation refers to the application and combination of several research methodologies<sup>75</sup> in the study of the same phenomenon. Recent research has shown that triangulation can be employed in both quantitative strategy of establishing the credibility of qualitative analyses and thus becoming an alternative to traditional criteria like reliability and validity (Bryman, 2011). However, the use of this method does not intend to claim superiority and absolute truth in the world of social science research. Indeed this is one of the critiques that have been levelled against the method of triangulation as a research tool.

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<sup>75</sup> Methodology is defined as a systematic way to progressively undertake a research through logically adopting specific methods. Albeit methodology is important for a research to be successful, not only to yield findings but to ensure that the steps followed produce coherent, logical, sound finding that are free from contradictions.

#### 4.1 QUANTITATIVE VERSUS QUALITATIVE: COMPLEMENT

This research has been guided by both qualitative and quantitative methods, as these two approaches complement each other; however the large component of this study is qualitative. The former is in line with Mayoux, (2003:10) who postulates that *“qualitative methods are an essential complement to both quantitative and participatory methods...”* Qualitative methods are necessary to increase understanding of complex and sensitive issues, which are in most instances dealt with in social science studies or when dealing with issues of the social world (Mayoux, 2003). Furthermore qualitative research is conducive to studying societal issues as it allows for the researcher to gain insight into people's attitudes, behaviour, value systems, concerns, motivations, aspirations, culture and their perceptions about societal issues<sup>76</sup>. Nicholls (2011) agrees with this point, postulating that qualitative research methods serve to provide a broader picture of a situation and can inform in an accessible way. It does this through allowing for a *“detailed investigation of issues, such as; answering questions of meaning, who is affected (by the issue) why, what factors are involved, do individuals react or respond differently to each other”*.

Berg (2007: 3) makes a link between quality and qualitative, stating that *“quality refers to the what, how, when, and where of a thing – its essence and ambience, therefore qualitative research refers to the meanings, concepts, definitions, characteristics, metaphors, symbols, and descriptions of things”*. In contrast quantitative research is not concerned with quality but with the quantity<sup>77</sup> of what is being investigated, thus an amalgamation of the two approaches to research has the potential to give a comprehensive scope of the subject or issue under study. The use of quantitative instruments in the research helped in quantifying the issues or factors that hinder the realization of Local Economic Development within the countryside. This was executed through presenting those questions from the community Survey that are quantitative in the form of percentages, graphs and tables as this adds value in the comprehension of issues. Figures and diagrams are easy to interpret and compare with other cases and comparison allows lessons to be drawn out. Tewksbury (2009) has

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<sup>76</sup> “Both methods seek to help answer questions, or to confirm knowledge, to address issues and shape thinking for future action or non-action”.

<sup>77</sup> Quantity refers to the number, or numerical descriptions of things.

argued that quantitative methods allow for exploration, where numbers and percentages provide powerful arguments to drive change; predict events; and determine action.

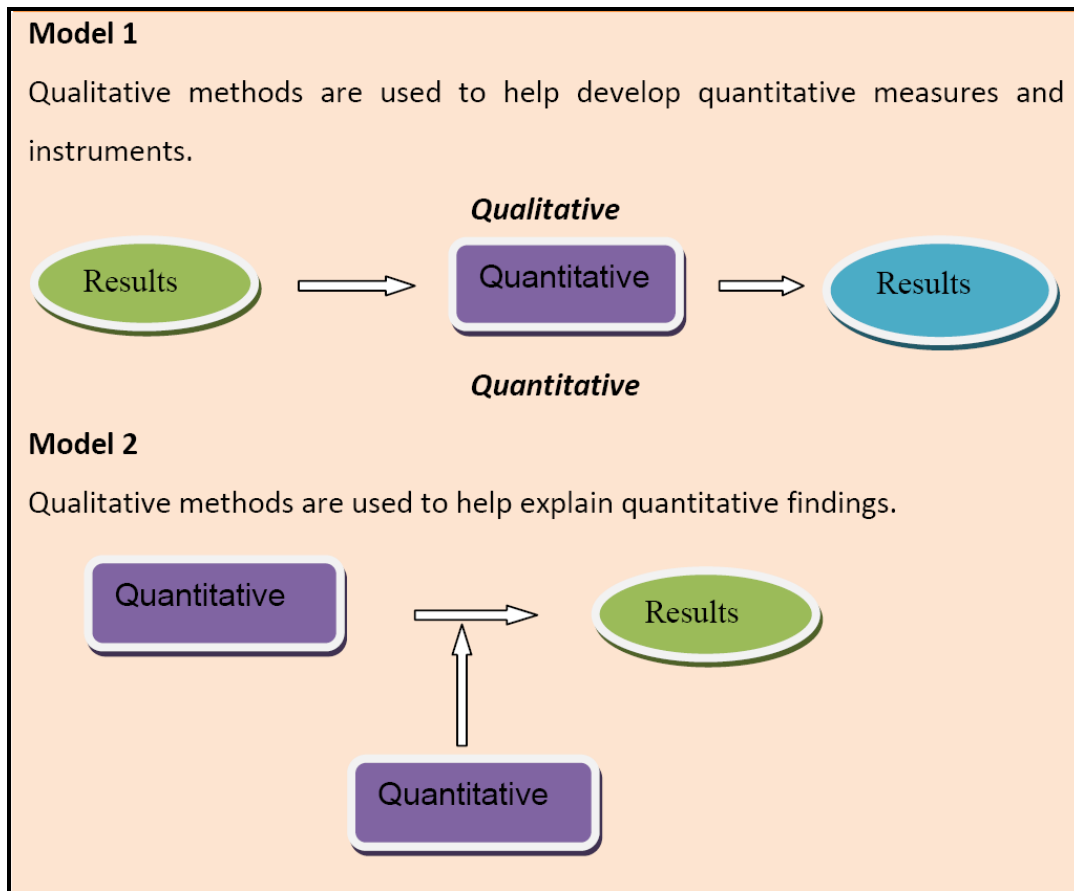
It is for these broad reasons that the researcher adopted qualitative methods to guide the bulk of the research. They have provided an enabling environment for the deconstruction of the factors hindering sustained Local Economic Development within the countryside. The identification of the problem or challenge<sup>78</sup> has been highlighted explicitly using statistics but aspects of it are also presented through quantitative methods. The diagram presented on the next page illustrates a schematic strategy to show how both qualitative and quantitative approaches to knowledge production complement each other in ensuring that the broad aim and objectives of the research are met<sup>79</sup>.

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<sup>78</sup> The problem or challenge of slow LED within the countryside is made more pronounced or visible by the means of reports that quantify the results of LED projects, whereby 90% of such have not survived beyond the funding stage, 80% of those that have been successful are mainly those driven by the private sector and only 10% have provided a meaningful impact in alleviating poverty and providing sustained economic or job opportunities for both people operating within the formal and informal economy. Noteworthy, is that the statistics are good in providing the reality of the modest results from LED in rural areas, but fails to provide plausible solutions and reasons for such and qualitative is able to breach this gap.

<sup>79</sup> Nicholls (2011) argues notes that the diagram depicts the various models that show how such a duality of methods could work.

**Diagram2:**



Source: Stekler et al (1992) cited in Nicholls (2011).

#### 4.2 SAMPLING TECHNIQUES

Sampling is the process of selecting people from a population of the study area in order to achieve a better understanding of the survey (population) that might not be apparent without investigation. For the research to be successful, it is crucial to know and understand the nature of the population. It is virtually impossible or unfeasible to involve an entire population when investigating a problem (Burton, 2000). As a result a small percentage that is representative of the population was selected. The selected population is called a sample as opposed to the whole population, which is called the sample frame (Burton, 2000).

The sampled population serves as a representative component of the population of the study area. There are a number of reasons for sampling. Firstly it saves money, time and energy. The technique of sampling makes it possible to focus on a small group, which enhances the accuracy of results as there is a greater attention to detail. In a quest to

ensure that the sample is an efficient representation of the population it must be carefully chosen, through the use of an appropriate technique. There are a number of sampling techniques available, which meet different research objectives and goals. Systematic, stratified and random sampling are some of the eminent sampling techniques (Lindlof and Taylor, 2008). For the purpose of this study both random and purposive sampling were used, since it is more suited as it will be demonstrated.

#### **4.2.1 Random Sampling**

Random sampling refers to an indiscriminate selection of people within a population. With random sampling each member of the population is given a number and a sample is chosen at random (Burton, 2000: 309). Physically this means that the sample members are drawn out of a hat or selected from a table of random numbers. Random sampling is characterized by high levels of equity and transparency since everyone in the population has equal chances of being included in the sample. The whole of Umzumbe-Phungashe Sub Region was divided into a number of polygons of enumerator areas (E.A's). From these, a total of 30 household were randomly selected and used in the household surveys. Each household was systematically designated a number. If the number was selected by the system it formed part of the sample. However in a quest to ensure that the study is controlled and that the people that are included in the study are well versed with the evolution of Local Economic Development in the area, they must have at least resided in the area for at least decade. The total sample population for the study was fifty people; of the total, ten community members were included in the pilot study and another ten people from the interviews. The remaining thirty are community members interviewed during the community surveys.

#### **4.2.2 Purposive Sampling**

Purposive sampling was used in selecting key informants. Consequently, purposive sampling was used to extract data that may not be known by the general public of the community, but only by council's, government officials, municipal workers and other relevant stakeholders that will add value in the process of deconstructing the barriers hindering sustained Local Economic Development in the countryside. A total of ten interviews were carried out with different experts in the field of Local Economic Development within the countryside as well

as with the various stakeholders or role players in the community. Consequently a total of fifty (50) respondents were used in the sample size. The number of respondents interviewed was constrained to some extent by time and limited budget. Notwithstanding; the sample population is also a practical representation of the total population and thus does not compromise the quality and reliability of the findings.

#### **4.3 DATA COLLECTION INSTRUMENTS**

Data collection is an essential component to conducting research, yet it is a complicated and hard task, writes Kajornboon (2011). There is no best method of data collection, but it is largely dependent upon the researchers' discretion to decide which method best suits the endeavours. O'Leary (2004:150) argues in line with the latter, stating that *"collecting credible data is a tough task, and it is worth remembering that one method of data collection is not inherently better than another."* Therefore, the selection method of data collection to use depends upon the research goals and the advantages and disadvantages of each method.

Heaton (2004:37) writes that data collection can be derived from a number of methods, which include interviews, focus groups, surveys, telephone interviews, field notes, taped social interaction or questionnaires. This study has used questionnaires, interviews and focus groups as the instruments of collecting data for the research. Questionnaires were used both during the household surveys and in interviews<sup>80</sup>. The questionnaires for household were structured, while those that were used in the interviews were semi-structured to allow for more flexibility and probing for information in a quest to deal with any apparent gaps and grey areas. Questionnaires are of vital importance when conducting research, since they are the source of raw data material (see section on data sources). To

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<sup>80</sup> The questionnaires feasibility for the study were tested through a pilot study that included ten people across different stakeholders and groups affected and interested in the study and amended where it was necessary. O'Donnell et al., (2007) argues in support of the importance of the latter, postulating that a "pilot study is conducted to evaluate potentially difficult aspects of the design and methods, such as how participants are able to complete data collection procedures (examining participant burden) or how an intervention is delivered to make sure that all aspects of the study are feasible and acceptable".

some extent, the quality of the questionnaire inevitably determines the quality of the data and information that is produced. If a questionnaire is easy to understand and free of ambiguity, there are high chances that the data produced will have minimal inaccuracies. This will enhance the reliability of the primary data extracted, and thus can be used to inform productive sustainable decision making, since the data sources where information is derived is reliable (Lindlof and Taylor, 2008).

The use of questionnaires has a number of advantages. Burton (2000: 65) argues that questionnaires are very cost effective. This is especially true for studies involving large sample sizes and large geographic areas. Written questionnaires become even more cost effective as the number of research questions increases. Burton (2000) maintains that questionnaires have a number of benefits, as they are easy to analyze, data entry and tabulation for nearly all surveys can be easily done with many computer software packages<sup>81</sup>.

Structured questionnaires will be used in the study because they have the capacity to ensure that the goals and objectives of data collection are met. They have a number of advantages and as a result have been utilised in vast number of studies. The use of structured questionnaires ensures that each subject is presented with exactly the same questions in the same order. This ensures that answers can be reliably aggregated and that comparisons can be made with confidence. A structured questionnaire standardizes the order in which questions are asked, thus ensuring that the questions are always answered within the same context. This is important since it minimizes errors and inconsistencies within the data collection phase.

#### **4.4 INTERVIEWS**

Interviews are a systematic way of talking and listening to people and are another way to collect data from individuals through conversations (Kajornboon, 2011). Interviews are

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<sup>81</sup> Qualitative methods such as semi-structured interviews, case studies and narrative can ultimately reveal more about the effectiveness (or otherwise) of a form of therapy on an individual. Qualitative analysis involves a search for patterns from the data collected.

mainly characterized by the use of open-ended questions and semi-structured questions. Interviewing is a way to collect data as well as to gain knowledge from individuals. Kvale (1996: 14 cited in Kajornboon, 2011) postulates that interviews are “... *an interchange of views between two or more people on a topic of mutual interest, sees the centrality of human interaction for knowledge production, and emphasizes the social situatedness of research data.*” The research used semi-structured face to face interviews and where it was difficult to do so for some reason or another<sup>82</sup>, telephonic and email interviews were conducted.

#### **4.5 DATA SOURCES**

A number of data sources were used to collect data that is relevant to the theme under study. With the magnitude of data sources available, it has been a strenuous exercise selecting the most relevant sources. Both primary and secondary data sources were used to collect data. Babbie and Mouton (2001), write that primary data is raw information that the researcher collects personally. The qualitative component of the research<sup>83</sup>, for data sources was mainly field observation<sup>84</sup>, interviews, and focus groups. Babbie and Mouton (2001) further argues that unlike the use of secondary data sources which are written by other people, the researcher has some control over the use of primary data sources in his/her study. The following data sources have been accessed during this research:-

- Primary data source- were used to collect primary data, through the use of questionnaires and interviews; and,
- Secondary data sources - A number of secondary data sources were used, such as; books, journals, NGO’s reports, International organizations reports, government reports, IDP’s and annual reports.

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<sup>82</sup> The issue of travel cost and convenient times for both parties (interviewer and interviewee) at times proved difficult and in times like these telephonic and emails helped to deal with this challenge.

<sup>83</sup> The study is largely qualitative.

<sup>84</sup> The field observation was carried out during the reconnaissance process in the study area.

In a quest to ensure that the data collected is reliable and not compromised during the processing for analysis phase a number of interventions were adopted by the researcher to ensure reliability and quality of data. For qualitative data, accuracy was evaluated through comparing audiotapes, videos to transcriptions taken during the interviews. Whilst for quantitative data, the researcher collected the information making sure that all questions were rigorously answered. Quantitative data was entered into two SPSS template in a quest to compare and pickup any shortfalls. Whittemore, et al. (2010) argues that procedures must be in place to ensure the accuracy data collection and analysis, for instance quantitative data may be double-entered into two separate databases so that the databases can be compared to identify any errors in the data entry process.

Ethical considerations were also taken care of in the research. In a quest to safeguard the welfare of study participants, they were presented with, requested to review and complete an informed consent, which documented their understanding of all procedures, risks, and potential benefits of the study. Another component of ethical consideration of research is the issue storage wherein confidentiality and anonymity was maintained. The data collected and used during the phase of the research after the completion of the research will be stored in a disc and given to the School of the Built Environment and Development Studies where it will be stored for duration of five years and destroyed thereafter. The dissemination of the research findings was also ensured as the researcher will go back to the community and will present the findings, email all those with access to such facilities a copy of the research. A bound hardcopy of the research will also be made available to the local library. Moreover, the dissertation will be published and thus allowing the information to reach a broader audience.

#### **4.6 DATA ANALYSIS**

There are a number of data analysis techniques that could have been used in this study, owing to the vast analysis tools available. However; after a clear comprehension of the research problem, the study used both quantitative and qualitative analysis, in the analysis and deconstruction of data. Quantitative analysis was mainly by guided descriptive statistical analysis, where it was further deconstructed to meet the endeavours of the study.

Descriptive statistics refers to the technique used for summarizing, displaying and interpreting sets of data. Burton (2000, 363) defines *“descriptive statistical analysis describes as the basic features of the data in a study; they provide simple summaries about the sample and the measures. It forms the basis of virtually every quantitative analysis of data”*. A descriptive approach is simply about describing what is and what the data shows. The SPSS (version 15.0) was used for quantitative data analysis, since it is more efficient and less costly. Lindlof and Taylor (2008) write that SPSS is a comprehensive and powerful statistical analysis package. It is also endorsed with the capacity to manage data.

Qualitative analysis in the study was guided by thematic analysis, whereby, transcripts and field notes were reviewed and entered into a database. This was carried out through coding significant statements, which led to identifying themes and drawing conclusions. Polit and Beck (2009) argues that comparing codes within and across participants, noting patterns and discrepancies, and drawing conceptual maps to examine relationships between themes may also be completed in a quest to strengthen the validity and reliability of the finding. The latter approach was also adopted as means of analysing data and ensuring that the endeavours of the research were achieved successfully. The table below provides a summary of the different ways used to synthesis the research in the in the analysis of qualitative data.

**Table 5:**

DATA ANALYSIS STRATEGIES	ADVANTAGES THE STRATEGIES
Textual write-up	<ul style="list-style-type: none"><li>▪ Presents a story in detail, through oral testimonies;</li><li>▪ Provides substantial reasons for the methods applied in the extrapolation of data and process; and,</li><li>▪ Synthesis of findings with previous studies discussed during the course of the study.</li></ul>
Graphs	<ul style="list-style-type: none"><li>▪ Are simple and easy to understand, as variables are compared and trends depicted.</li></ul>
Figures (Images, maps, etc.)	<ul style="list-style-type: none"><li>▪ Provides evidence and freeze time-Comparing of different figures taken in different times allows the researcher to ascertain the differences that have taken place spatially; and,</li><li>▪ Provides visual explanation of phenomenon.</li></ul>
Tables	<ul style="list-style-type: none"><li>▪ Makes it easier to compare the findings and establish the rate of change; and,</li><li>▪ Allows for logical categorization and organization of variables.</li></ul>

Source: Authors Construct, 2012

#### 4.7 LIMITATIONS

Time and financial constraints are some of the limitations that have impacted on the research process. Furthermore, the study was also limited by the fact that it did not focus on the whole municipality but in a certain geographical area, due the aforementioned reasons. However, the selection of the case study has all the crucial components that the research sought to deconstruct and it is not a limitation that might compromise the quality and reliability of the results. The availability of some key informants to be interviewed was a challenge. However the researcher was able to deal with such through adopting a flexible approach to appointments. The availability of most dated GIS and remotely sensed data was

a problem and the researcher had to update the database through collecting the relevant information and providing co-ordinates from other sources such as??????

**4.8 SUMMARY OF THE CHAPTER**

This chapter has been able to discuss the various methods used to ensure successful execution of the study. This was done through covering the different components that make up a research and discussing which data was collected; how the data will be collected; and the data collection procedure followed. The strengths and weaknesses of the methodology used in the study have been discussed. A table below presents an overview of the research process that was adopted by the researcher in carrying out the research.

**Table6: Overview of the Research Process**

OVERVIEW OF THE RESEARCH PROCESS	
The Conceptual Phase	Formulating the problem, reviewing literature and determining the research purpose
The Design and Planning Phase	Selecting research design, developing study procedures, determining the sampling and data collection plan
The Empirical Phase	Collecting the data and preparing data for analysis
The Analytical Phase	Analyzing the data and interpreting the results
The Dissemination Phase	Communicating results to the appropriate audience

Source: Whittemore, et al. (2010).

## CHAPTER FIVE: PLANNING AND THE STATE OF LOCAL ECONOMIC DEVELOPMENT AT UMZUMBE-PHUNGASHE SUB-REGION

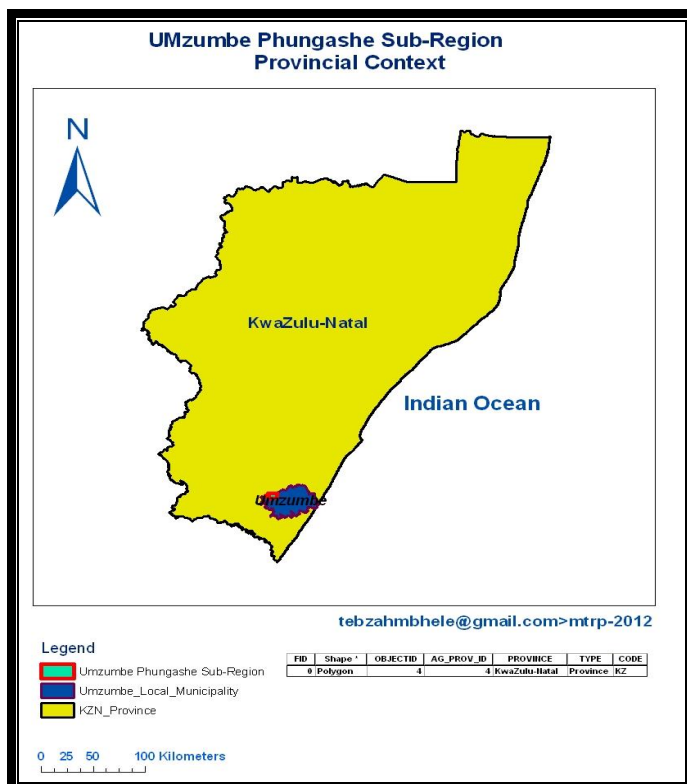
### 5.0 INTRODUCTION

This chapter presents a brief background on the study area and discusses the state of planning and Local Economic Development. In addition, the chapter also presents a situational analysis of the area, with the main emphasis on those issues and components that are relevant to Local Economic Development while simultaneously placing the study area into context. This is done in quest to provide a justification for the use of study area. The last section of this chapter presents a discussion of the local challenges hindering the achievement of sustained Local Economic Development in rural areas.

### 5.1 BACKGROUND TO THE CASE STUDY

Umzumbe-Phungashe Sub-Region forms part of the larger Umzumbe Local Municipality, and is located on the south coast of KwaZulu-Natal (See map below).

**Map 1: Umzumbe Municipality - Provincial Context and Locality**



Source: Authors Construct, (2012)

Umzumbe Local Municipality is the second “*largest newly established municipality within the Ugu District and does not include any previous Transitional Local Council Areas*” (Umzumbe-IDP, 2010). The Umzumbe-Phungashe Sub-Region is mainly characterised as having a rural population. It exhibits characteristics of neighbouring Sub-regions<sup>85</sup> of the Umzumbe Local municipality, such as poor service delivery and infrastructural backlog, high rate of poverty and high unemployment rate coupled with slow economic development. The development discrepancies of underdevelopment in the area, are further aggravated by the fact that the local municipality has no established town to service the people in the area, and promote the exchange of capital in the local economy. This causes a great deal of economic leakage out of the local economy and into surrounding municipalities where goods and services acquired. In addition, the municipality has no rates base from which to collect or build a revenue base; though this is still in the pipeline. Presently the municipality is largely dependent of sourced external funding from provincial and national government.

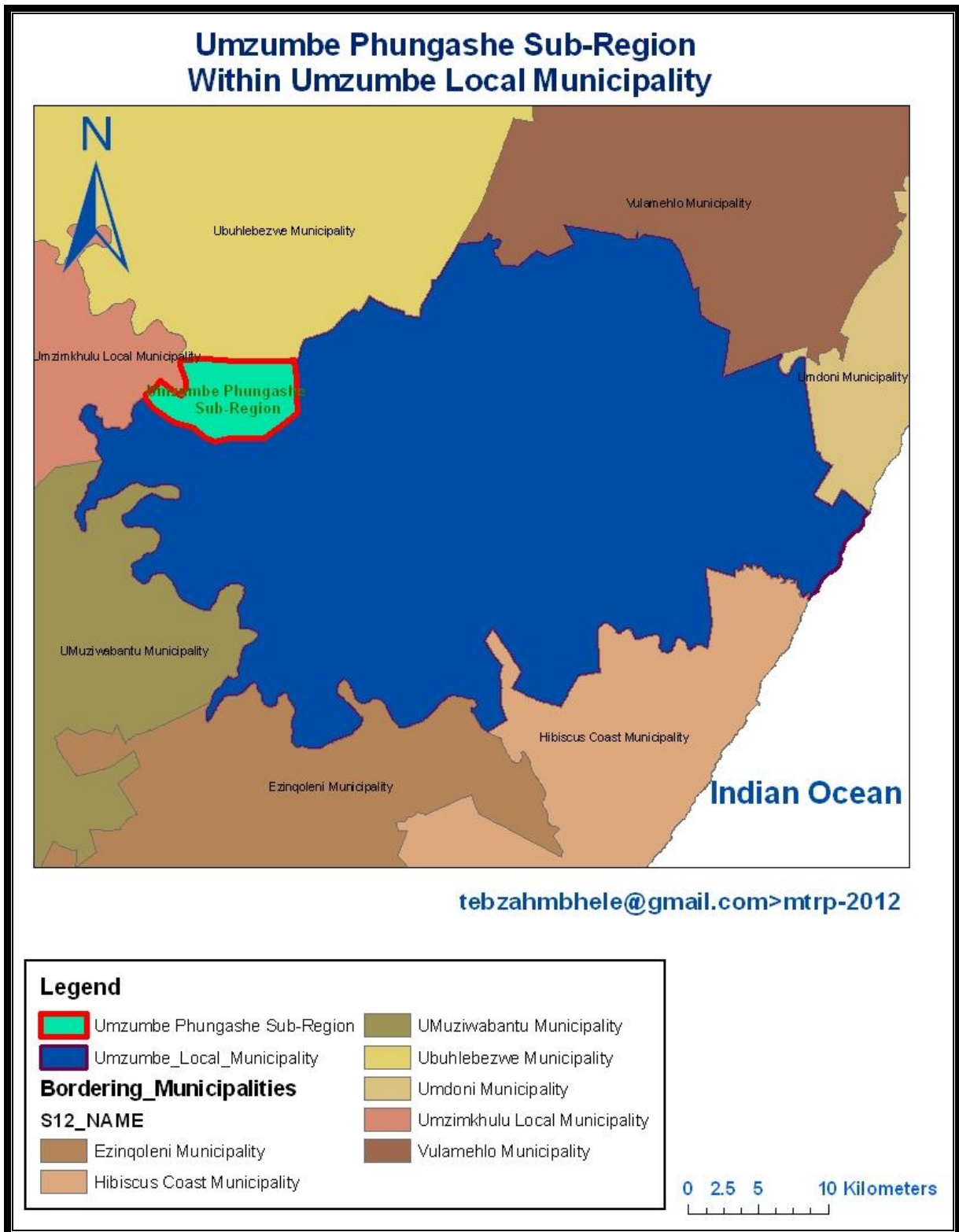
Most of the Umzumbe Local Municipality falls under the administration of Traditional Councils (formerly known as Tribal Authorities) that work hand in hand with the elected councillors and municipal workers to govern and bring development in the area<sup>86</sup>. The case study area, falls under iNhangwini Tribal authority, which is led by iNkosi Mmelizwe Dlamini. It is under an ANC led Ward and owes its political allegiance to the governing political party. The Map 2 below shows the location of the study within the host municipality, which is Umzumbe local municipality.

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<sup>85</sup> Umzumbe-Phungashe Sub-region is under the Umzumbe local Municipality which is a “newly created Category B Municipality that comprises of an amalgamation of portions of three sub-regions of the former Ugu Regional Council”. The majority of the former “Umzumbe-Turton sub-region, the eastern half of the former Umzumbe-Phungashe sub-region, and small portions of the southern part of the former Umzumbe sub-region comprise the new local municipality” (Umzumbe-IDP, 2010).

<sup>86</sup> The “Umzumbe municipality embraces 17 traditional authority areas: the Bhekani, Cele, Dungeni, Emandleni, Frankland, Hlongwa, Hlubi, Izimpethu Zendlovu, Mabheleni, Ndelu, Nhangwini, Nyavini, Qoloqolo, Qwabe N, Qwabe P, Shiyabanye and Thulini Traditional Authorities” (Umzumbe-IDP, 2010). The success of this tri-working relationship between these authorities remains in question, even about the roles of the different stakeholders in decision making of the governing authorities.

**Map 2: Umzumbe Phungashe Sub-Region Location within Umzumbe Local Municipality**

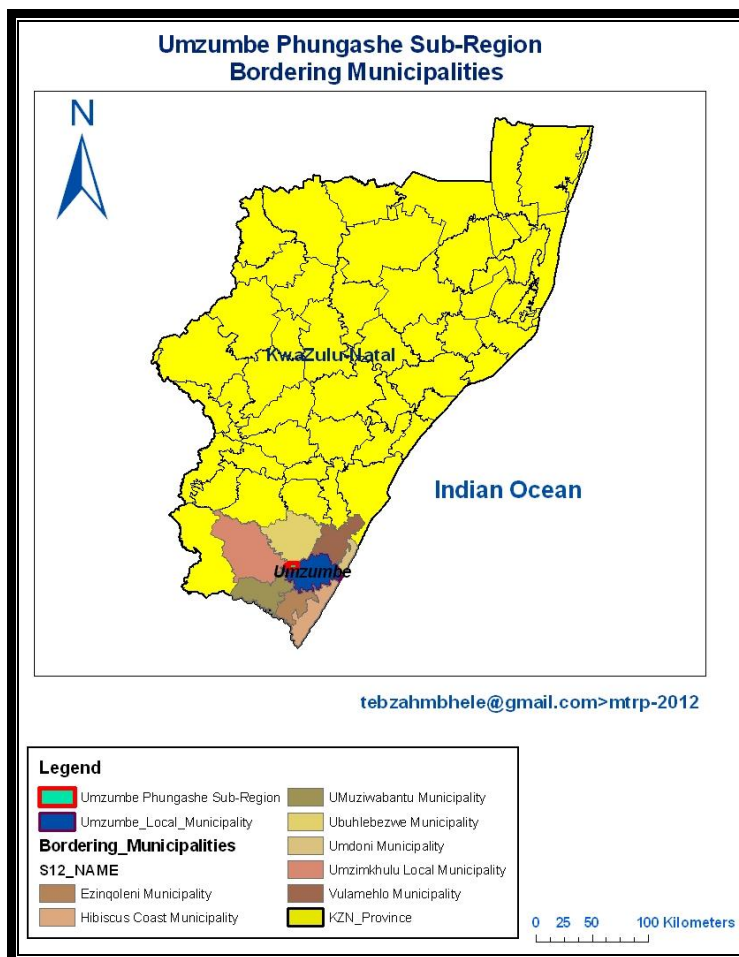


Source: Authors Construct, (2012)

## 5.2 GEOGRAPHIC LOCATION, ENVIRONMENT AND LAND USE

The Umzumbe-Phungashe Sub-Region is strategically located on the fringe of the greater uBuhlebezwe-Local Municipality and Umzumbe Local Municipality<sup>87</sup>, south of KwaZulu-Natal. The map below shows the bordering municipalities and the study areas geographic location in relation to them. This area has lot of geographic influence in the neighbouring wards and municipality<sup>88</sup>, due to a number of strengths it possess, such as; the important facilities and improved infrastructure. The facilities, infrastructure and services provided in the area are discussed in more details section 5.2.3.

**Map 3: Umzumbe Phungashe Sub-Region Bordering Municipalities**



Source: Authors Construct, (2012)

<sup>87</sup> The “Municipal boundary runs along the coast for a short strip between Mthwalume and Hibberdene and then balloons out into the hinterland for approximately 60km. It covers a vast, largely rural area of some 1260km<sup>2</sup> with approximately 1% being built up/ semi-urban area” (Umzumbe-IDP, 2010).

<sup>88</sup> uBuhlebezwe Local Municipality and uMzimkhulu Local Municipality

Apart from the better infrastructure relative to the most parts of the local municipality, the area has topography and terrain that's not difficult to develop, (see plate 5). This is in contrast to other neighbouring areas in most parts of the Umzumbe Local Municipality, as noted by Umzumbe-IDP (2010), which describes the topography in many parts of the municipality as extremely rocky and hilly.

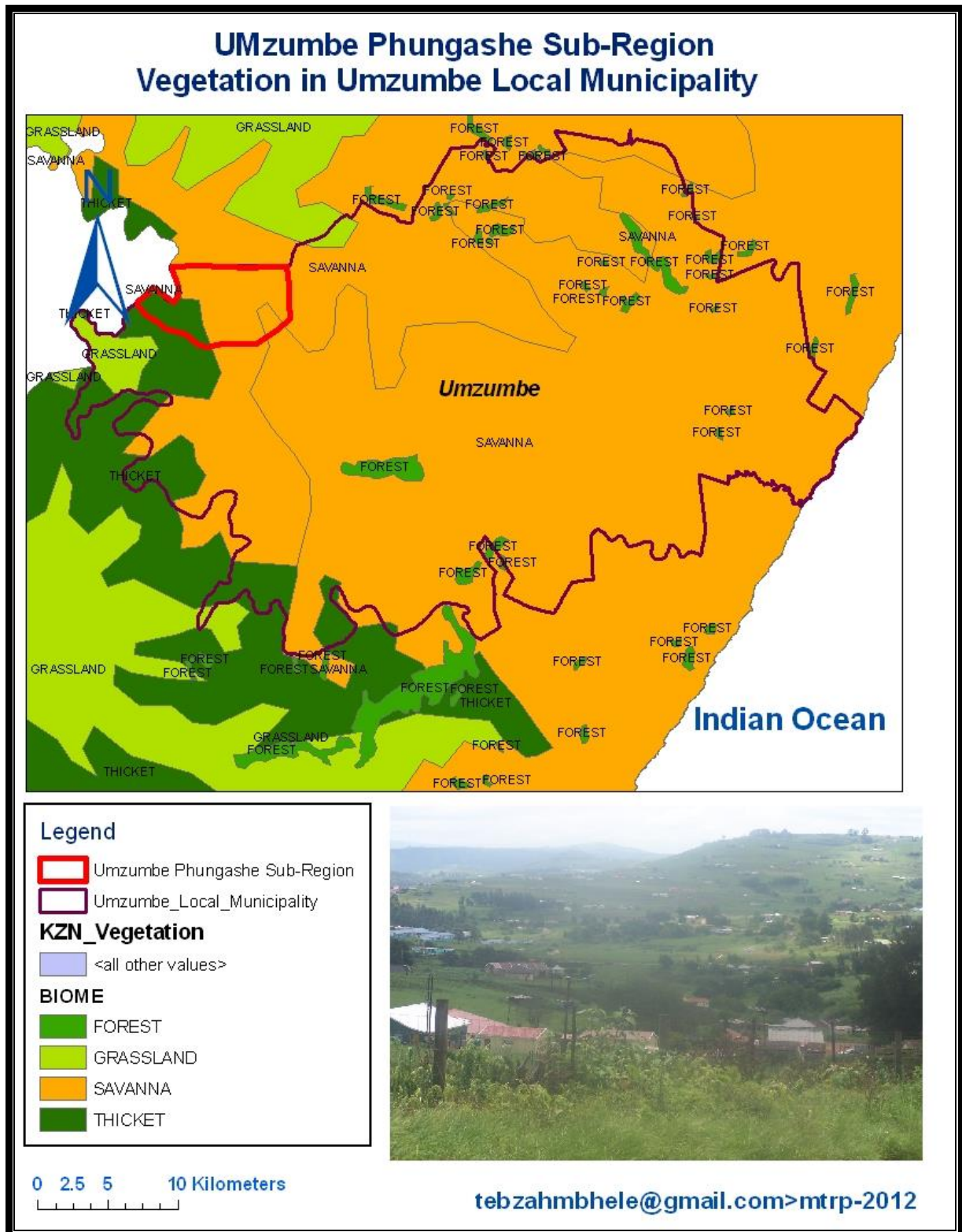
**Plate 5: Topographical Context in Umzumbe Phungashe Sub Region**



**Source: Author's personal collection (2012).**

The environment in the area plays host to various ecosystems making the area rich in biodiversity although some of the ecosystems are being threatened by the spread and intrusion of alien invasive species. The area also plays host to a number of water resources, such as; springs, fountains as well as various river tributaries, such as Umhlabashane River, Jani River and Mzikini River, These water sources are important for sustaining the wildlife, livestock and people as some locals use the water for washing, gardening and drinking. There are two main vegetation biomes dominant within Umzumbe Phungashe Sub Region. These two biomes are Savanna and Thickets. The map below shows exactly the distribution of the biomes in the whole of Umzumbe Local Municipality as well as within Umzumbe Phungashe Sub-Region.

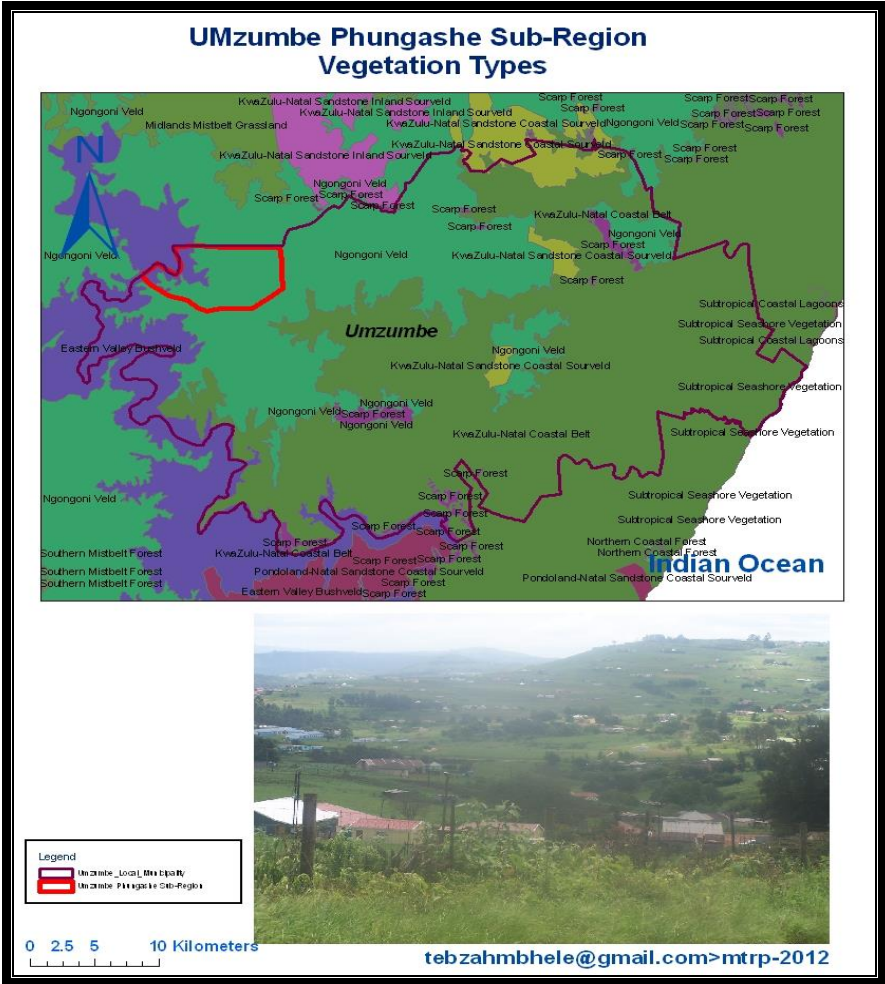
Map 4: Umzumbe Phungashe Sub-Region Dominant Biomes



Source: Author's personal collection (2012).

There are various land uses in the area. The most dominant land uses in order area is use are: infrastructure 58% (housing, roads, services and other buildings), vegetation 20% (Eastern Valley Bushveld and Ngongoni<sup>89</sup>), subsistence farming 14%, water bodies 5% and forestry 3%. The area still has a lot of open natural land<sup>90</sup>. This feature is an asset since it helps offset carbon emissions from varies activities, especially from the automobile industry, which is one of the modes of transport in the area. The area is characterised by a lot of open pockets (sprawling) which is largely attributed to a lack of proper layout plan to guide development and as result development occurs sporadically.

**Map 5: Umzumbe Phungashe Sub-Region Vegetation Types**



Source: Author’s personal collection (2012).

<sup>89</sup> See the map of vegetation types

<sup>90</sup> The municipality is characterised by a lot of undeveloped natural land cover, which represents almost 60% of the total land area (Umzumbe-IDP, 2010).

### 5.3 SOCIO –ECONOMIC SITUATIONAL ANALYSIS

A situational analysis is an important process in the development of any area. It is a prerequisite before any sort of development can take place successfully. The situational analysis helps to give a clear comprehension of environmental, social, political, economic and cultural factors that can be exploited in quest to bring about positive change in the area, while also helping to debunk those negative factors that have the potential to hinder development<sup>91</sup>. It is against this background that a situational analysis of Umzumbe-Phungashe Sub-Region is carried out as it has the potential to help in the identification of the SWOT (Strengths, Weaknesses Opportunities and Threats) possessed by the area.

#### 5.3.1 Overview of Socio-Economic Analysis

A large proportion of the population in Umzumbe-Phungashe Sub-Region and the greater Umzumbe Municipality is lagging behind and exhibits elements of underdevelopment. This state of underdevelopment is also manifested and echoed by a number socio-economic indicators, such as; high levels of poverty, high levels of illiteracy, low education levels<sup>92</sup>, high rate of unemployment (leading to an increase in the number of people dependent on government social grants<sup>93</sup>), high crime levels, illicit behaviour (substance abuse, drugs), inadequate delivery of intrinsic core services and limited irregular household income.

According to the Umzumbe IDP (2010), it is estimated that *“approximately 50% of the municipal population fall within the economically active group, but of this group, a municipal average of only 9.5% are formally employed”*. This raises fundamental questions about the municipality and the country’s ability to provide reliable job opportunities to the people in

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<sup>91</sup> The situational analysis component environment and background to the area has been carried out in the previous section, thus this section will only present a socio-economic analysis of the study area.

<sup>92</sup> The low levels of education in the municipality is a representation of the whole country, whereby such can be attributed to high rate of teenage drop out at school, due to teenage pregnancy and juvenile delinquency. In addition, the low levels of education are also exacerbated by scarce quality education and skills centres leading to an increase in number of people with inadequate levels of education and training.

<sup>93</sup> The increase in the number of people dependent on government social grants can also be attributed to an increase in orphans and child headed household due to the high rate of the HIV/AIDS pandemic in the municipality.

the rural areas, in order to counter rural urban migration and promote the locals to live and work in their areas of origin while simultaneously triggering sustained Local Economic Development in the countryside. Although the municipality has a primary role to ensure that the local communities have access to opportunities for reliable jobs, the establishment of sustainable Rural Local Economic Development, poses a set of different challenges. It requires an engagement with those same communities who must also be encouraged to start their own businesses and create job opportunities and not rely on outside interventions<sup>94</sup>.

The case study area like many rural areas is faced with a slow rate of Rural Local Economic Development (RLED). This is important since the focus of this search is issue is to deconstruct the barriers hindering sustained Local Economic Development in the countryside. In addition, the Umzumbe-Phungashe Sub-Region serves as an ideal case because it is one of the rural areas where the government has invested a large pool of resources in a quest to stimulate sustained LED over the past decade. Despite this investment the results achieved to date do not model or justify the amount of resources that have been expended. Essentially, the challenges facing Umzumbe Phungashe-Sub Region cannot be fully understood, without a clear comprehension of the impact of South Africa's historical legacy on it. Consequently, these challenges cannot just be seen exclusively as the failure of the present administration<sup>95</sup>; but can be attributed to the impacts of Colonization and Apartheid that is evident in the area as well as in areas alike.

### **5.3.2 Demographic Profile**

According to the recently released national census (STATSSA, 2001; cited Umzumbe-IDP, 2010), the *“total population within Umzumbe Municipality has been estimated at 193 756 persons”*. The average ward population said to be is 9 155 people (Umzumbe-IDP, 2010).

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<sup>94</sup> “Local government is the sphere of government that has been empowered to implement development at the local level, involving the delivery of a range of services, promoting health and safety and facilitating local economic development” (Umzumbe-IDP, 2010).

<sup>95</sup> However, in many instances the challenges inherited from the countries historical legacy have in part to greater or lesser degree been exacerbated by current administration that took office from the dawn of democracy.

The actual population in the focus area - Ward 3 Umzumbe Phungashe-Sub Region - is estimated to be 13308 people. Table7 on the next page provides a summary of the background on the basic demographics of the study area.

**Table 7: Demographic Profile**

<b>Extent of the Umzumbe Municipal Area</b>	<b>1260 km2</b>
Population	176,287 (Phungashe=13308)
Approximate number of households	40,579
Male Population (%)	44.8 %
Female Population (%)	55.2 %
Number of Municipal Wards	19
Number of Councillors	37

Source: Community Survey, 2007 cited in Umzumbe IDP, 2010

**5.3.3 Community Facilities**

There are a number of community facilities that have been built and implemented in the area. These facilities have given the area a competitive advantage in relation to other neighbouring areas (see Table 8 Community Facilities). However, the greater Umzumbe-Local Municipality, is faced with a shortage in community facilities, such as; halls, crèches and Multi-Purpose Community Centres (MPCC’s). Development to a greater degree is relatively bias towards the area, due its strategic position as an economic node, hence; it does not face a number of challenges present in many rural areas within the local municipality. Police stations and hospitals are some of the important facilities that are not within the area, and hence the locals have to travel to Highflats or St Faiths to gain access to the police station services and to Port Shepstone or Ixopo to have access to hospital services. This has negative implications on the well-being of rural people as they have to travel long distances to get access to these important basic services. In many instances they are deprived indirectly because of financial constraints. The cost of transportation to these facilities makes it impossible to access such services.

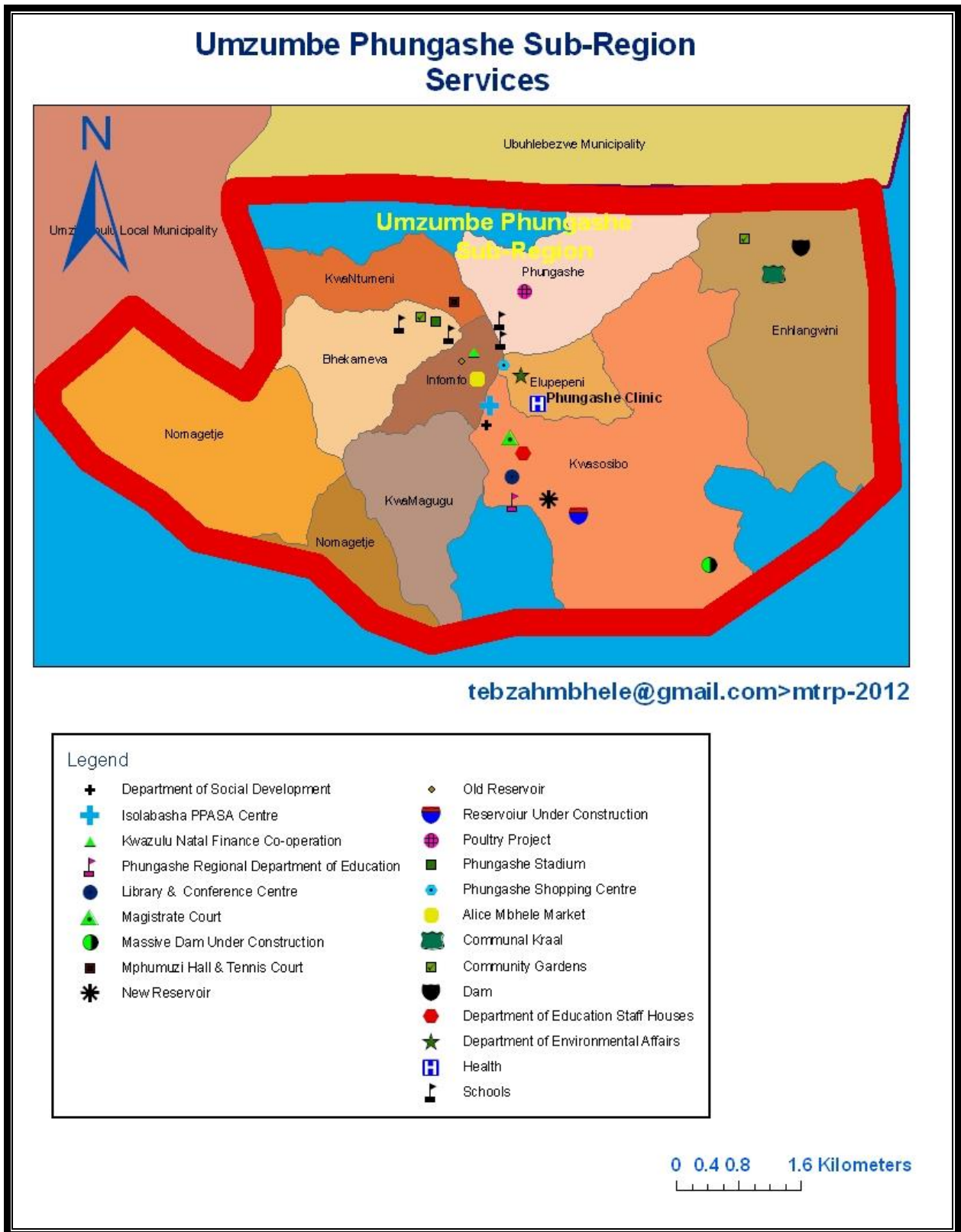
**Table 8: Community Facilities**

<b>MAJOR COMMUNITY FACILITIES</b>	
<b>Library (with an Education Centre, Computer and Science Laboratory)</b>	<b>1</b>
<b>Clinic</b>	<b>1</b>
<b>Sports field</b>	<b>2</b>
<b>Police</b>	<b>X</b>
<b>Hospital</b>	<b>X</b>
<b>Isolabasha Youth Centre PPASSA (with a Basketball court)</b>	<b>2</b>
<b>Community Hall (with a netball court)</b>	<b>1</b>
<b>Schools</b>	<b>5</b>
<b>Crèches</b>	<b>2</b>
<b>Factory Units (KwaZulu-Natal Finance Co-operation "KFC")</b>	<b>1</b>
<b>Alice Mbhele Market (with a taxi rank)</b>	<b>1</b>

Source: Authors Construct, (2012)

The map below paints a clear picture of the distribution of services and facilities in the area.

Map 6: Umzumbe Phungashe Sub-Region Community Facilities and Services



Source: Authors Construct, (2012)

Despite the area having most of the important community facilities, there are number of challenges that prevent the community from gaining the full benefits of having these facilities<sup>96</sup>. The first challenge is access to these facilities is limited. Some of them are badly positioned or are without easy access because the main road is not there or they poorly maintained. Secondly, the contractors given the tenders to execute the projects have not done justice to them. This raises questions about the funding department (sources of funding) and the municipality to put in place the necessary checks and balances in the evaluation processing and the closing of the project. Thirdly, maintenance of these facilities can at best be described as non-existent, judging by the state they are presently in. Furthermore; there are a number of underutilised and abundant community facilities. These abandoned buildings have become in many instances the breeding ground for illicit behaviour (such school kids drinking, engaging in sexual activities, and gambling). This in turn works against the primary purpose they were developed for, which is to help develop the community in various ways. The pictures (plate 2-6) taken during the recognizance and data collection phase provide pictorial evidence of the assumptions of the three challenges that hinder the full utilisation and benefits of community facilities in the sub-region.

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<sup>96</sup> The few “community facilities that exist are not properly maintained and there must be operational budgets to cater for this. Provision of a hospital facility remains a major challenge for the municipality” (Umzumbe-IDP, 2010).

**Plate 4: Flooded Access Road<sup>97</sup>**



**Source: Author's Personal Collection, (2012)**

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<sup>97</sup> The photo shows an access road which is poorly designed and constructed with no drainage system in place, leaving it susceptible to flooding and erosion. This road, serves as an access transport linkage to a number of community facilities; Library and Education Centre, Department of Social Development, Phungashe Magistrate Court, Ugu Water Scheme and MTN, Cell and Vodacom telecommunication plant.

**Plates 3-6: Alice Mbhele Market<sup>98</sup>**



**Source: Author's Personal Collection, (2012)**

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<sup>98</sup> These images conjure the reasons as to why LED in the area has been so slow, despite government having invested so many resources in the development of rural areas. This also echoes the challenges discussed above pertaining the reasons as to why the locals in the area have not enjoyed the full fruits of hosting community facilities. The underutilisation, poor maintenance, vandalism of property for various reasons is manifested in these images. This raises questions as to whether the government department concerned with the development had liaised with the community members about this development initiative and to what degree were the targeted stakeholders or beneficiaries involved in the planning of the market and whether it meets the needs of the community.

There are a number of cases where community facilities that have become dead assets within the area, due to some of the reasons discussed above. There are more cases of failed projects that were targeted at developing the area than the success stories of those that have yielded the results. However; to avoid repetition, the reasons for success and failure and consequently their impact on Local Economic Development will be discussed comprehensively in the data analysis and findings chapter.

#### **5.4 PRESSING SOCIO-ECONOMIC CHALLENGES IN UMZUMBE PHUNGASHE SUB-REGION**

The failure of projects has to a greater or lesser extent created an environment for a number of challenges and problems to emerge in the area. These aspects will be discussed in more detail below.

##### **5.4.1 Juvenile Delinquency**

Delinquency in the area, especially amongst the youth is one of the challenges facing Umzumbe-Phungashe Sub-Region and the local municipality at large. This has negative effects in the area, which yields a number of cross-cutting challenges and problems such as; the high rate of HIV/AIDS prevalence, teenage pregnancy, early school dropout, substance abuse and crime<sup>99</sup>. Amongst the identified reasons for this, is the inadequate access to sports and recreational facilities in the area. According to Mbhele (2012) and Umzumbe-IDP, (2010) the absence of sport and recreation facilities in the municipality has a direct relationship with crime and prevalence of HIV/AIDS among the youth. Furthermore, in cases where recreational facilities exist they are located in inappropriate places making them at best underutilised and at worst vandalised. In the area, the soccer field project, had funds released twice, but to date has never been finished and is now in worse state than it was before it was deemed to be the site for a community stadium (Mbhele, 2012).

The provision of recreational facilities in appropriate locations and their proper management and maintenance requires institutional and administrative strategies that will ensure that the facilities are utilised for their designed purpose. Their adequate and judicious use can be

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<sup>99</sup> This list of effects and challenges is not exhaustive; however, attention has only been given to those reported mostly and is more pressing, as they have direct effects in the achievement of sustained RLED.

a possible antidote to this challenge of delinquency. According to Umzumbe-IDP (2010), the provision of various recreational facilities can keep the youth off the streets and get them involved in extra mural activities, thus reducing crime incidents. This will also incubate a conducive environment for learning, as the old the slogan says a *“healthy body, creates a health mind”*.

#### **5.4.2 Poverty and High Unemployment Rate**

Poverty and unemployment in the area is rife, and this causes major challenges in the sustenance of LED within the countryside. A high rate of rural poverty is one of the major developmental challenges faced globally, however; it is even more pressing in developing states. According to the Umzumbe-IDP (2010) the municipality is one of its goals is improving the quality of life of its residents. This goal of improving the quality of life especially in rural areas is, however; hampered by the high levels of poverty and unemployment. These factors inevitably lead to slow economic development in the area. Poverty and unemployment is causing a number of social challenges, such as combating the spread of HIV/AIDS. In addition the effects of the high rate of poverty and unemployment raise food security and economic development issues; which according to the Umzumbe-IDP (2010) is critical in the municipality. A strategy adopted by local government in the integrated Development Plan (IDP) is propose a more prescriptive approach to land use management to ensure that the suitable areas<sup>100</sup> are used and managed appropriately.

The rates of poverty are generally high throughout the municipality, however; the highest concentration in numbers of people living in poverty is located in the rural interior. Unemployment is estimated at approximately 23%, and rural areas have significant levels of poverty because of lack of opportunities, municipal backlog in services delivery, infrastructure and inadequate essential skill *inter alia*. Furthermore, the unemployment rate in KwaZulu-Natal has increased over the past years, which a testimony that the high rate of poverty and unemployment is not only local problem, nor a provincial problem, but it's a

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<sup>100</sup> Umzumbe has a great economic potential with regard to Sugar cane farming, commercial farming, subsistence farming and agri-business. Umzumbe has the “economic development potential in the areas of tourism, agriculture and manufacturing. In addition to this, there is also potential in the retail, trade and services sectors” (Umzumbe-IDP, 2010).

national problem; as articulated by the NPC (National Planning Commission: Development Vision for 2030)<sup>101</sup>.

### **5.4.3 Inadequate Quality Schools and Skills Training Centre**

*“On the playing field of life there is nothing more important than quality education. We urge all nations of the world to mobilise in every corner to ensure that every child is in school”* (President JG Zuma cited in Department of Basic Education, 2010).

The statement by his Excellency Mr Zuma the President of the Republic of South Africa echoes the importance of access to education, and more so on access to quality education. Quality education is a key to a bright future and has the potential to help those in poverty escape it. Not only does it do this, but opens up opportunities to accessing good tertiary institutions, such as Universities and other skills training and education centres. Dias (2005) in support of this point argues that secondary schooling and most importantly, the attainment of a Matric qualification does not improve the likelihood of procuring employment in South Africa. However, good quality secondary results are a prerequisite to gaining access to tertiary education and from there the potential opportunities for employment increase. According to Dias (2005) findings, tertiary education does significantly improve the labour market opportunities of individuals<sup>102</sup>.

In many rural areas in developing states such as South Africa; access to good education systems remains a major developmental challenge as many schools in the countryside lack decent facilities to facilitate teaching and learning. This is further exacerbated by reluctance of highly skilled teachers to come teach in such poor environments. Access to schools and skills and training centres within Umzumbe-Phungashe Sub Region is not much of a

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<sup>101</sup> National Planning Commission: Development Vision for 2030, is a guide to realising the national vision of development and eradicating challenges such as poverty, social polarization, inequality, rural development to name a few that have been compiled by the designated National Planning Commission, made up of experts from various fields.

<sup>102</sup> Dias (2005), wrote a paper, titled “Education and economic status in South Africa: Insights from the Labour Force Survey of 2003, which was presented to the Economic Society of South Africa Biennial Conference 7 – 9 September 2005”

challenge<sup>103</sup>. However; a greater challenge is the quality of the service rendered by these education centres, especially in high schools, which is the exit level for secondary education to tertiary. The quality of the school leaving certificate results over the years has remained poor and has deteriorated, especially in the area of Mathematics, Physical Sciences and Technology. This challenge has led many financially able parents to take their kids to schools with perceived high quality education, such as; little Flower Secondary, Ixopo High, and Mariathal Secondary. Both schools are located in the neighbouring uBuhlebezwe Local Municipality outside the study area (Mbhele, 2012).

In an attempt to try and improve the quality of education, especially in the field of science, technology and skills training in the area, an education and resource centre has been built. The success of this centre in achieving the desired goals have been hampered by lack of funds to employ quality educators, and thus this ultimately compromise the quality of the service rendered by this newly built facility. Consequently, the challenge of access to good quality education, training and skills development remains a crucial issue of concern. Substantial investment in techno-centric solutions for example; buildings and infrastructure, without the necessary equal investment in the quality of the services to be delivered or rendered by the facilities will not solve the problem. Quality education has to be supported by infrastructure, human resources and appropriate administration if it is succeed.

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<sup>103</sup> At the local municipal level, “there is a great concern over the distribution of crèche and high school facilities. The quality of education in schools is also not satisfactory because of the shortage of teachers. There is also low morale among the teachers. There is acute shortage of science facilities in high schools” (Umzumbe-IDP, 2010).

**Plate 9: Phungashe Education and Resource Centre**



Source: Author's Personal Collection (2012).

**5.4.4 Backlog in Basic Service Delivery**

Inadequate delivery of basic services is one of the main challenges that municipalities battle with in South Africa. This has been perpetually manifested by a number of protest that have in many instances turned violent, leading to locals going to the extent of vandalizing property and barricading transport routes. The Institute of Security Studies have argued that the main reasons for the protest are mainly due to dissatisfaction with the delivery of basic municipal services such as running water, electricity and toilets, especially in informal settlements and rural areas. Interestingly not many communities located in what can be termed 'rural municipalities' have resorted to protest due to weak or the inexistence of strong civil societies<sup>104</sup>. Holland and Mageza (2009) argue that Black South Africans have been denied their birth-right. They have been and continue to be deprived of secure residences, decent houses, water, electricity and other basic services, during and since the demise of Apartheid and there is an explicit expectation is that all this should change. Umzumbe-Phungashe Sub Region, like its rural counterparts municipalities it is faced with

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<sup>104</sup> The high-unemployment (that is officially at around 23%) levels of poverty, poor infrastructure, and the lack of houses add to the growing dissatisfaction in these and other poor communities (Institute of Security Studies, 2009). The *Institute for Security Studies* is a regional human security policy think tank with an exclusive focus on Africa. As a leading African human security research institution, the institute is guided by a broad approach to security reflective of the changing nature and origin of threats to human development.

the challenge of inadequate delivery of basic service<sup>105</sup>. A number of pivotal issues pertaining basic service delivery that need urgent attention within the study area, were identified during the reconnaissance and data collection phase of the research.

#### **5.4.4.1 Inadequate Delivery of Water Services**

The service of water delivery in the area has improved in terms of infrastructure and the threshold distance to access water. However, the challenge has been the quality of the water and the erratic nature of the service rendered by Ugu Water Scheme. A community member Mr Dlamini stated that *“in many instances the water would just be interrupted without warned being prior about it, and sometimes the water that comes out of the tap is milky and possess threat of diarrhoea”* (2012). The servicing of the stand pipes used by those community members that don't have tapes inside their homes is also very poor. The service providers take a long time to fix faults even simple ones like a leak from the pipes and this result in wastage of this scarce resource. The failure to maintain services infrastructure can created additional damage to other services. There is a pipe that has been leaking for the past five years and this on-going leakage has caused damage to the access road in the vicinity. This pipe is from the old water pump engines that are housed on an abandoned site (See Plate-8). Plate 9 illustrates the site where the Ugu Water Scheme is located. This scheme is currently providing water to the area. However, due to the water demand in the area and municipality as a whole, there are only two water bulk scheme projects that are underway in the sub-region.

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<sup>105</sup> Access to basic infrastructure and services is at the centre of development and is necessary for improving people's lives. However, the realisation of this hampered by the service backlog, hence; on a provincial level 26% of households are without water, 44% without access to sanitation and 52% without access to electricity (Umzumbe-IDP, 2010).

**Plate 8: The Old Water Pump (Abandoned)**



Source: Author’s Personal Collection (2012).

**Plate 9: Ugu District Municipality Water Scheme Site**



Source: Author’s Personal Collection (2012)

#### **5.4.4.2 Electricity and Energy**

Access to efficient and environmentally friendly energy sources is one of the goals that many developing countries in Africa aspire to achieve. However, the realisation of this goal is hampered by financial constraints and the high backlog of distribution, especially in rural areas. Like many rural areas Umzumbe-Phungashe Sub Region is faced with backlogs in the provision of electricity. The backlog in the area has largely been caused by inadequacy of Eskom, which is the sole distributor of electricity in the area to electrify the houses that were built after 2003. This is the period when Eskom had a bulk infrastructure projects intended to supply the service. An estimated 90% of the household with electricity in the area benefited from these initiatives. Those household that did not benefit from this project, have resorted to other means of getting access to this essential service that are not in line with the electrification code of Eskom and thus are unlawful. Furthermore, due to the need for electricity, those households that do not have electricity have started to steal electricity equipment from those that have. A number of cases of electric cables theft have been reported in the local St Faiths police station. This serves as the evidence of the consequences and the effects that the backlog has in the community. Consequently, it also manifests the need for electricity in the area, which has become a basic necessity in the sustenance of livelihoods in the area. The backlog in the distribution of electricity also hinders economic opportunities in the area.

The backlog in electricity and energy in the area is not the only challenge regarding the service. There have also been several complaints lodged with the council and Eskom about the quality of the service. The supply of electricity in the area is cited as being very erratic. Complaints indicate that there are continuous interruptions without any notice. Goba (2012) stated that *“the erratic nature of electricity in the area is not good for business, since it’s very unreliable to an extent that I had to invest in generator”*<sup>106</sup>. This problem of unreliable and erratic nature of the supply of electricity affects the administrative duties of all facilities in the area, such as the Schools, Library, Clinic, Crèches and other community facilities. Table three below is a summary of the distribution and access to electricity within

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<sup>106</sup> Mr Goba is one of the most long serving businessman in the area, who has inherited the business from his father. They have several businesses in the area and he has a thorough understanding of the economic climate of the area.

the whole Umzumbe Local Municipality. It is a reflection of the pressing nature of the challenge of the distribution of electricity in rural municipalities.

**Table-9: Access and Distribution of Electricity**

% Households Electrified	% Households not Electrified	% Schools Electrified	% Schools not Electrified
3%	57%	47%	58%

Source: Umzumbe-IDP (2010).

**5.4.4.3 Transportation Networks (Roads)**

Roads and other transportation networks are a good stimulator of economic development. Consequently, having a well-functioning road system has been proven to yield positive results in many sectors, such as; the economic sector, transportation, and other socio-economic sectors. In this regard it evident that any geographical area that is deprived of a good road system is ultimately indirectly robbed of the opportunity to exploit all the benefits that comes with such a network. Research indicates that investing in adequate road system infrastructure has a number of benefits. A key outcome is the potential to help eradicate the state of poverty and unemployment faced by many people in developing countries such as South Africa and particularly rural areas.

The Umzumbe-Phungashe Sub Region is like many rural areas in KwaZulu-Natal is faced with the challenge of being under -served or provided with inadequate road infrastructure. The problem of maintenance and construction of transport routes is even more pressing for access roads as these are not recognised as engineered roads<sup>107</sup>. The KZ-N (KwaZulu-Natal)

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<sup>107</sup> “Road design standards and literature in South Africa generally do not address the type of rural Local Roads under consideration in this report and very little documented guidance is available to establish suitable standards for local conditions. Rural Local Roads of this type are often referred to as 'non-engineered' and are usually constructed without formal design drawings other than a

Department of transport argues that it is one of the reasons for the poor quality roads in many areas in the countryside. Historically, community access roads in the province have not been recognised as forming an integral part of the provincial road network, with the result that they were not funded by this transport authority. The government has through the Department of Transport (DoT) funded a provincial road (P 63) in the area for the purpose of providing a tarred surface. Despite this improvement in surfacing, the quality of the road is very poor. This claim is supported by evidence as the road within a space of three years already has pot holes, the drainage system is insufficient causing the road to be flooded, and the pavements are incomplete. Quite simply the road is not adequately maintained. Issues such as these raise questions about mandate of the local government and the Umzumbe municipalities' vision to provide adequate sustainable infrastructure that will empower and better the lives of the people in rural areas. The two images of access roads below are an illustration of the poor quality of access roads in the area.

#### **Plates 10-11: Access Roads**



Source: Author's Personal Collection (2012).

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typical cross-section and drainage standards, relying on the experience of the engineers and machine operators involved" (KZN Transport Report on Local Road Standards) ([http://www.kzntransport.gov.za/reading\\_room/reports/carns/CARNS%20Chapter%208.pdf](http://www.kzntransport.gov.za/reading_room/reports/carns/CARNS%20Chapter%208.pdf))

## 5.5 LIMITED FINANCIAL SERVICES

The challenge of inadequate or limited financial services is one of the key pressing issues facing rural areas in South Africa. Financial services provide secure savings, credit, money transfer and insurance to its clients. It is one of the mechanisms allowing people to diversity their livelihood status, while simultaneously giving them a chance to better their socio-economic standards. However; in Umzumbe-Phungashe Sub Region, a great number of rural dwellers do not have direct access to financial services within a reasonable distant or within their areas of residence. A lack of access is compounded by a limited exposure to financial services. Many people in rural areas do not have adequate information about the variety of services that are directly planned and aimed at benefiting their communities, especially those that are not employed within the formal sector. Rural areas that do not have access to credible efficient financial services are at disadvantage as its residents do not gain from a basket of benefits form such financial institutions. Info-Resources Focus (2008) has articulated a number of benefits that come with having access to financial services, such as; savings and insurance schemes, loans for investments and working capital and money transfer services.

*"The benefit of being able to access savings and insurance schemes is that it has the ability to assist rural dwellers in reducing vulnerability to risks and thus helps them to have diverse proactive solutions for the future, and thus are able to deal with negative events such as; death, loss of employment and other unexpected expenses"* (Info-Resources Focus, 2008). The availability of the option of accessing credible loans for investments and working capital are crucial elements that have the capacity to enable rural entrepreneurs to make investments, seize economic opportunities, and also exploit other options of diversifying their livelihoods and economic development strategies (Ibid). The option of having access to money transfer services make it possible for people who leave rural areas to work in cities or away from the area to send home their remittances safely and at reasonable costs. (I am not sure how much of this paragraph is quotation/ paraphrase so please check it and make sure that your referencing is accurate.

However, in the absence of having access to such financial institutions or services, people in rural areas like the Umzumbe Phungashe Sub Region are unable to exploit or gain from the

basket of benefits that come with the services offered by financial institutions. The unavailability or limited services provided by financial institutions in the area create a gap in the market which can expose the local people to a number of threats. As result of this financial gap, many people in the area have been the unwitting victims of unlawful investments, such as pyramid schemes that have robbed them of their long term savings.

The people in the area have also been victims of unregulated unlawful credit agencies that charge them exorbitant interest rates. Residents feel compelled to use these micro lenders due to the lack or inadequate thereof credible financial services that can give them offer them loans in the absence of collateral. Communal land holdings are not considered adequate collateral for loans as the issue of ownership and title deeds are brought into question. Formal loans required a registered property and rural residents do not have such assurance. As a consequence, some people in the area have been forced to sell or exchange their other assets such as; livestock, machinery and tools in an attempt to pay or settle these debts accrued from the high rates charged by unlawful loan sharks operating in the area. Limited access to money transfer services in the area still continue to force the locals to use orthodox rural means of transferring money, such as asking taxi and bus drivers to deliver the money or other form of assets taxi ranks to be collected there. This method is sometimes risky, inefficient and unreliable, yet rural people in many instances to date have been forced to rely on it.

The Umzumbe Phungashe Sub Region has only one credible financial institution, the Post Office that was launched in 2011, and to date this additional service has benefited the local residents a greater or lesser degree. A lot still needs to be done in ensuring that the people in the area have access to diverse financial institutions within a reasonable distance as their urban counterparts. Financial Services have the capacity to help stimulate sustained Local Economic Development in rural areas. Thus it is imperative to advocate for a variety of financial institutional arrangements that will directly speak to the needs of people residing within the countryside.

**Plate-12: Phungashe Post Office**



**Source: Author's Personal Collection (2012).**

This chapter have presented a broad analysis of the study area; highlighting its strengths and weaknesses. The analysis was undertaken in an effort to identify those challenges that impact negatively on the rate of Rural Local Economic Development, so that credible solutions to deal with such can be crafted. Furthermore, the analysis intended to identify the strong points that the area possesses so that they can be strengthened and exploited to help promote sustained rural development.

## **CHAPTER SIX: DATA ANALYSIS AND SYNTHESIS OF THE RESEARCH FINDINGS**

### **6.0 INTRODUCTION**

Data analysis is one of the crucial aspects of any research or study. This is one of the steps where a researcher can be able to assess and ascertain if the research overarching question has been answered, through the achievement of the aim and objectives. The appraisal in this chapter presents the deconstruction of the barriers for sustained local economic development-within the countryside: a case of Umzumbe Phungashe Sub-region in Umzumbe Local Municipality. This has been carried out simultaneously with a discussion that explains the possible causes of the findings and trends depicted. The chapter advances to assess the validity of the findings and results of the analysis through comparing them to empirical recent studies that have been evaluated thorough out the course of the study in the previous chapters. This chapter and the study is a guided by broad aim and objectives. As a result it is of vital importance to reiterate such as they are the indicators to weigh the failure and success of the study against.

This study aims to rigorously deconstruct the most salient hindering factors, contributing to the slow rate of Rural Local Economic Development; while simultaneously forging innovative indigenous strategies to deal with the former. The objectives are to:-

- Investigate the most salient contributing factors to the slow rate of Rural Local Economic Development;
- Identify innovative indigenous strategies that can be used or formulated (in the absence of efficient ones) to spur sustained Rural Local Economic Development; and,
- Investigate the reason(s) for the reluctance of big businesses (and other potential investors) to invest in rural areas.

## 6.1 CUSTODIANS OF RURAL LOCAL ECONOMIC DEVELOPMENT

Demographics are vital in helping comprehend basic information about the study area and more so about the nature of the sampled population. Gender, age, and levels of education help to trace and understand the views and perceptions about the subject matter that are raised by the respondents. D'Souza and van Klaveren (2010:01) argue that *“taking into account the needs, priorities and opinions of both women and men of the territory, ensuring that both benefit equally from social change and economic growth, and that gender inequalities are eliminated, are all essential for the success of any local economic development (LED) strategy aimed at creating decent work opportunities”*<sup>108</sup>. Moreover, in the context of South Africa there is emphasis on the need to create an enabling environment and a platform for all voices to be heard. This freedom of expression stands in contrast to what has been happening traditionally whereby in many instances women and youth were excluded from the decision making process related to development and ultimately side-lined from the processes of knowledge production.

Exclusion from the development process is even more relevant in rural areas that are still under Traditional Councils and Tribal Authorities where issues of patriarchy are still relevant and need to be addressed. This element can be addressed by the researcher who will need to ensure that all stakeholders and groups in the community are represented. D'Souza and van Klaveren (2010) agree with this point, arguing that, in *“societies where women’s participation in public affairs is severely restricted by tradition, economic disadvantage and lower education this is easier said than done”*. To establish and achieve an inclusive research process poses a challenge for the custodians of transformation to ensure that this becomes a reality. Table 10 below shows the gender profile of the interviewees. Every effort was made to ensure that both women and men were given a platform to air their views about the factors hindering sustained Local Economic Development within rural areas generally and their own area specifically. Table 10 shows that of the total of forty (40) respondents interviewed 55% are women, while 45% are men.

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<sup>108</sup> See D'Souza and van Klaveren (2010): *“Gender Mainstreaming in Local Economic Development Strategies: A Guide / International Labour Office, LED Programme, Bureau for Gender Equality. - Geneva: ILO”*. Available @: <http://www.ilo.org> (Accessed on the 24-10-12).

**Table 10: Gender Profile of Interviewees**

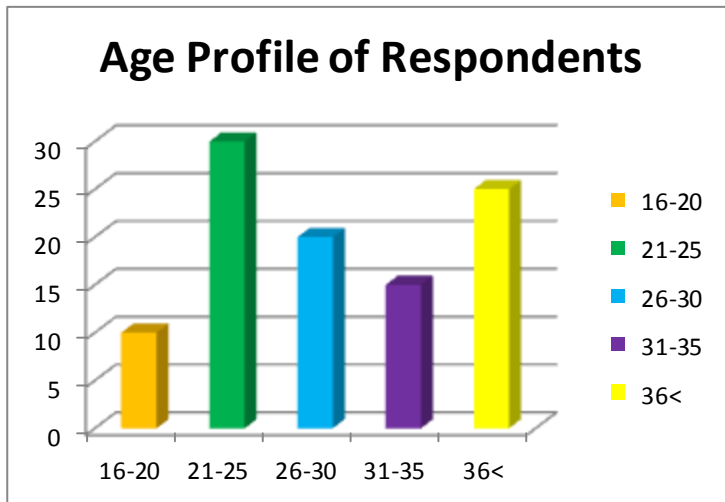
<b>GENDER n =40</b>		
<b>Gender</b>	<b>Frequency</b>	<b>Percentage %</b>
<b>Male</b>	18	45
<b>Female</b>	22	55

Source: Authors Construct, (2012)

The issue of gender equity in decision making is as important as the need to speed up the processes that have the potential to ensure that sustained Local Economic Development is realised in rural areas. The growing number of women headed households’ means that women become the sole bread winners and thus need to be included in the formulation of any livelihood strategies. Consequently, the gender quota used in the sampling ensured that there is a fair representation of both man and women, and this is demonstrated in Table 10.

The bar graph below, Figure 2 represents the age profile of respondents involved in the study. It shows that 10 (%) percent of the sampled population are between the ages 16-20, with 30(%) percent being between the ages 21-25, while 20 (%) percent is between 26-30, with the remainder of the sampled population 15 (%) percent being between the ages of 31-35 and 25 (%) percent being 36 or older. This graph provides evidence that every attempts has been made to ensure that all the different age groups voices from the youth, to the productive working pool and the elderly were included in the production of knowledge that seeks to deconstruct the factors hindering sustained Local Economic Development within the countryside.

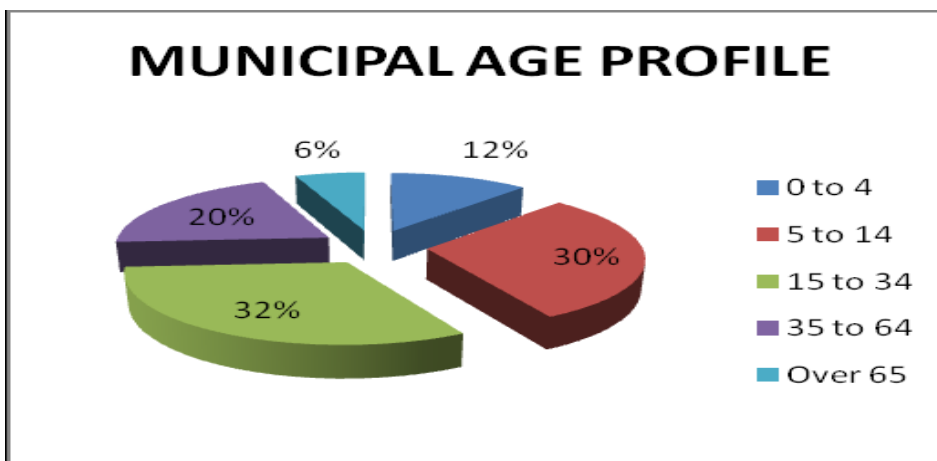
**Figure 2: Age Profile of Respondents**



Source: Authors Construct, (2012)

The results depicted in Figure 3<sup>109</sup> illustrate the age profile of respondents. It complements the Community Survey of 2007 undertaken by the Umzumbe Local Municipality, which indicated an age distribution that is relatively similar to the one depicted by the results extrapolated from the age profile of the survey respondents.

**Figure 3: Umzumbe Municipal Age Profile**

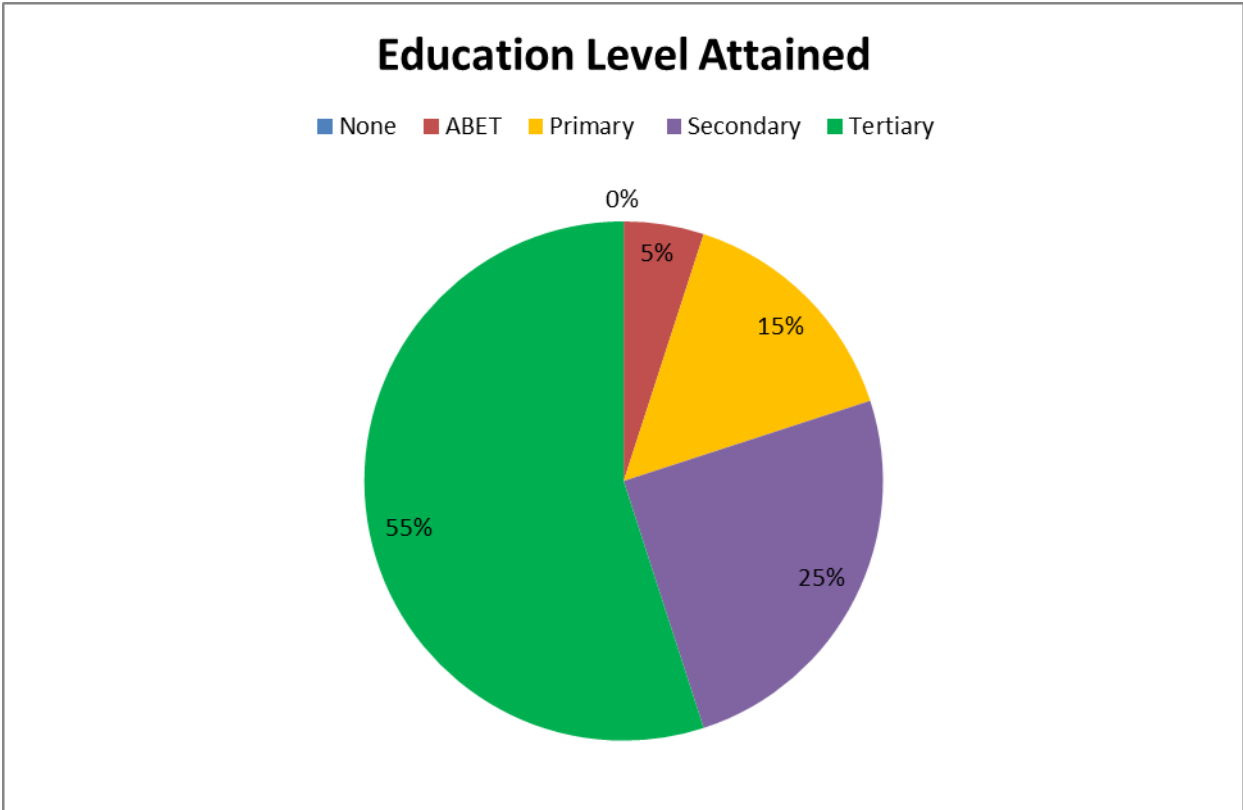


Source: Community Survey, (2007)

<sup>109</sup> On figure 3, the sign > is used to refer to greater or equal to.

Access to education is important in the promotion of the thesis of sustained economic development not only within developed countries, but in developing countries as well. Countries with low literacy levels have been reported to be the worst affected by high abject poverty and underdevelopment<sup>110</sup>. Thus; an improvement in the number of people having access to education, has the potential to ultimately lead to an increase in literacy levels. The realisation of this link between education and literacy has the potential to create a platform where it is possible to have a robust debate about issues including those that impact on Local Economic Development. This is particularly important if the aim is to allow all stakeholders in the community to participate in decision making processes. Figure 4 below represents a breakdown of the literacy levels of respondents within the study area, through the depiction of education levels attained.

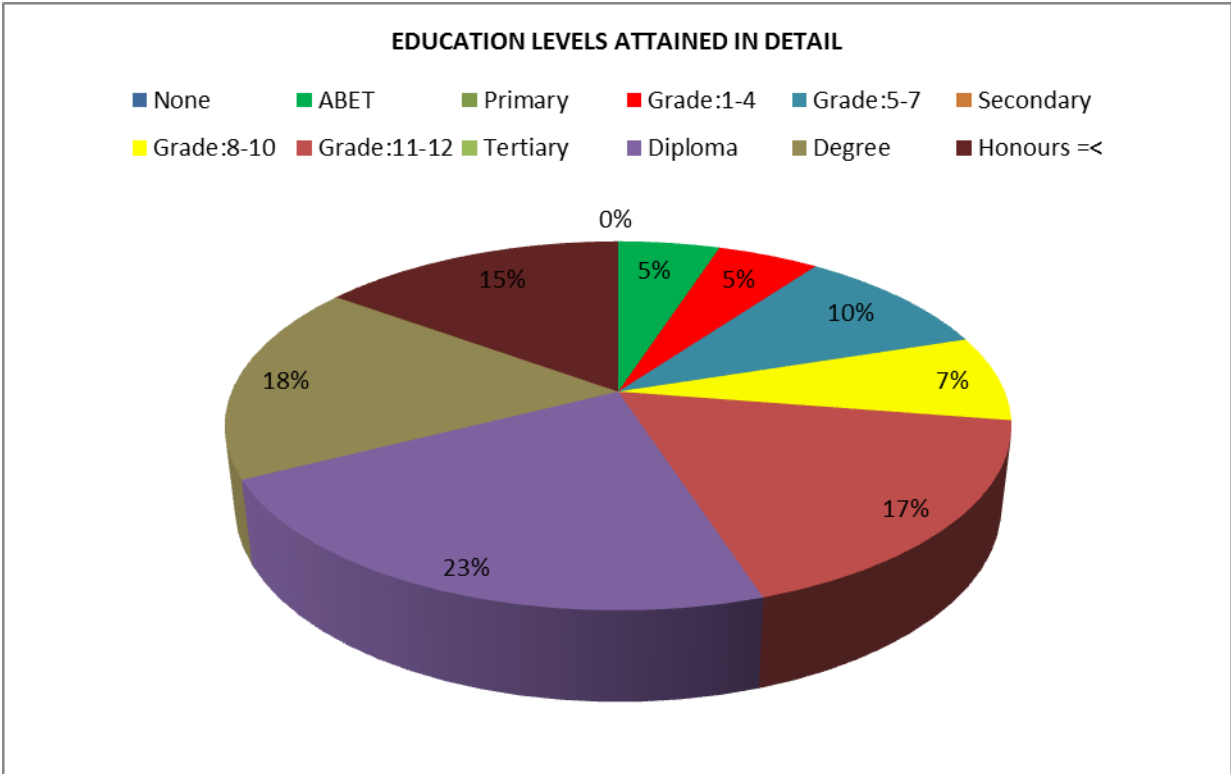
**Figure 4: Literacy Levels of Respondents**



Source: Authors Construct, (2012)

<sup>110</sup> UNESCO (2006): Education for Sustainable Development Toolkit: “United Nations Decade of Education for Sustainable Development 2005-2014”. UNDP (2010): Millennium Development Goals: Country Report 2010 Republic of South Africa.

**Figure 5: Literacy Levels of Respondents Breakdown**



Source: Authors Construct, (2012)

UNESCO (2006) postulate that a population that is literate has more potential of achieving sustained development and alleviate the challenges that hinder development<sup>111</sup>. The pie graph above Figure 5 titled literacy levels of respondents and Figure 6 depict that of the total of forty people involved in the study, there was no one that is illiterate. Five percent (5%) attended ABET, fifteen percent (15%) attended Primary School, where five percent (5%) did not progress beyond grade 4. The remaining ten percent (10%) attained between grades 5-7. Twenty five percent (25%) of the respondents have studied up to the secondary level, with seven percent (7%) having attained level of education ranging from grade 8-10. The

<sup>111</sup> The need to promote access to education and increase literacy levels is enshrined in United Nation Millennium Development Goals (MDG's). MDG 2: *Achieve Universal Primary Education*, is adopted by the Government of South Africa – Outcome Area 1: *Improved quality of basic education* (UNDP, 2010). The high priority in promoting a global access to education stems from the hypothesis that improved literacy levels have the potential to fast track the achievement of sustainable development and curb the plethora of challenges that impact it negatively.

remaining fifteen percent attended secondary levels from grade 11-12. Fifty five percent (55%) of the respondents have attended school up to tertiary level, and of these twenty three percent (23%) hold diplomas. Significantly the results showed that seventeen percent (17%) of the group having obtained degrees, while the remaining fifteen percent (15%) have obtained a qualification not less than an Honours Degree. The literacy results of this nature are a positive step towards the deconstruction of the factors hindering sustained Local Economic Development within the countryside. Consequently; they speak to the quality of the information that the respondents bring to the study, which has the potential to help with the realisation of the research endeavours.

Generally the issue of low literacy levels is a challenge not only in South Africa, but in Africa as a whole and it is particularly prevalent in rural areas. As a result local municipalities managing areas where the population has limited education and skills are forced to find assistance elsewhere. They are further challenged by limited budgets that do not allow them to compete with bigger municipalities for skilled workers to an extent whereby they even lose the locals with skills through brain drain (Mayoux, 2001; Rogerson, 2009; and Nel, 2007).

In the case of this study, the people surveyed and interviewed represented all groups of community. There were no respondents that were deemed to fall into the illiterate category. This was a positive factor for the research process. The deconstruction of factors hindering sustained Local Economic Development within the countryside is a complex process and requires a level of skill representative in the survey group. Their education level allowed for the extrapolation of information from those with greater expertise in the subject to the local residents whose important views are sometimes sidelined due to their low community status. In many rural areas in South Africa, *“ the more educated you are the respected you are and those in power like traditional leaders are mostly likely to be taken seriously, ... argued”* community survey (2012)<sup>112</sup>. The UNDP (2010) argues that while in South Africa *“adequate infrastructure, a well-developed private sector and a stable macro-economy, it suffers inequality in education, specifically as regards access to quality*

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<sup>112</sup> Interviewee: A local entrepreneur, who was interviewed as one of the people in business.

*education*". This has implications on the successful achievement of the Millennium Development Goals (MDG's) related to outcomes such as employment and income levels which have a direct impact on Local Economic Development. The issues revolving around education and literacy levels have not been discussed exhaustively as they will be revisited again in the section to follow, under the theme demystifying Salient Factors Contributing to the Slow Rate of Local Economic Development in Rural Areas.

## **6.2 DECONSTRUCTING LOCAL ECONOMIC DEVELOPMENT WITHIN RURAL AREAS**

### **6.2.1 Perceptions and Views from the Insiders**

Local Economic Development as alluded to earlier in this study possesses several challenges when trying to define it, due to the concept being used extensively to refer to plethora different things<sup>113</sup>. Thus; it is of paramount importance to revisit this concept and define it within the parameters of this study and do so in a manner in which it is understood by the people involved in it. Rogerson (1999) argues that *"international experience suggests that LED is a slippery concept and one which is sometimes difficult to precisely define"*. In South Africa Local Economic Development has been interpreted in different ways resulting often in a considerable degree of policy confusion Rogerson (1999), Nel *et al.* (2009) and DPLG (2010). However, there is an emerging consensus that, among its core elements, Local Economic Development would include sets of initiatives designed both to promote growing local economies as well as to address poverty alleviation (Rogerson, 2000 and Davis, 2006). Similarly in this research, the interviewees in their definition and oral testimonies of how they viewed Local Economic Development cited common elements. These included poverty alleviation and ultimately the improvements of socio-economic status are the main components as the main component and outcomes of a Local Economic Development strategy.

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<sup>113</sup> LED has lately become one of those portmanteau approaches that have overtime become part of everyday language in many policy documents, thus lending to a number different definition. The mass association of this concept possesses a challenge in trying to come up with an encompassing working definition of it, since this means one needs to first free it from those conceptions that are not in line with this study.

The rationale for advocating for the need to understand the insiders' views and perceptions about Local Economic Development stems from the notion that the local communities and residents know best about their own needs. This is supported by Blakely (2010) who argues that one description of Local Economic Development planning describes a process that gives an area *"a greater capacity to contribute to determining its own economic destiny, whereby the path and direction a community takes toward its "economic destiny" is best guided by the residents' vision for their hometown"*<sup>114</sup>.

Various definitions, views and perceptions have also surfaced during the deconstruction of what Rural Local Economic Development means. In this context community members were asked, *to share their understanding of what Rural Local Economic Development means to them and their area*. Community Survey (2012)<sup>115</sup> they defined Rural Local Economic Development as an *"initiative by the government to ensure that the communities in rural areas participate and benefit in the economy of the country"*. This perspective of process places an emphasis on the role that the government is supposed to play or is playing in rural communities. This perspective on Rural Local Economic Development is in line with the Land Bank (2009), approach, which has applauded current efforts on the strategy by government arguing that such initiatives are long overdue. The Land Bank (2009) has extended the definitional boundaries in its view of Rural Local Economic Development postulating that the government driven approach can only be effective and make meaningful impact if there is a reconsideration of innovative thinking that is supported by a clearer vision (ruralisation) and overall resource mobilisation beyond government in the form of ideas, financial resources and time<sup>116</sup>.

The community survey (2012) perspective on Rural Local Economic Development falls short in explaining how exactly the government needs to ensure the full inclusion and

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<sup>114</sup> Blakely, E. J. (2010): "Planning Local Economic Development: Theory and Practice, 4<sup>th</sup> Edition, Thousand Oaks, CA: Sage Publications Inc."

<sup>115</sup> The usage of Community Survey (2012) reference in this study refers to the respondents that were sampled and involved in the study.

<sup>116</sup> See Land Bank (2009): Rural Development in SA: Repetition, Revision & Rethink. A Paper Presented at the HSRC/Land Bank Seminar Series at HRSC Pretoria/Durban/Cape Town 19/08.

participation of rural communities in paving their own path to economic emancipation and development. It does not address that this approach has the potential to ultimately witness the countryside benefit fully in the national economy. Nor does it mention the role that rural communities can play in boosting the economy, rather than being mere beneficiaries in a disempowering process. Another view extrapolated from the community survey (2012) states that *“RLED involves a partnership amongst different stakeholders such as; government, community members, churches, and traditional leaders unearthing economic opportunities within the area, through the usage of available resources and skills, such as the land for economic gain by forming a cooperative and have gardens to provide fresh vegetables to community businesses, retailers and supermarkets. Initiatives of this nature are important for the successful realization of RLED, since they have the potential to be more sustainable as they are primarily locally based”*. This definition alludes to the need for the establishment and development of entrepreneurship through the establishment of small medium and micro enterprises (SMME’s) through the exploitation of local skills and resources, while creating an enabling environment for growth.

This perspective complements the RSA (2011) approach to achieving Local Economic Development, which argues that in the medium term, rural municipalities need to ensure that they raise their own revenues in accordance with their fiscal capacity so as to reduce their dependence on national transfers. They need to optimize their ability to deliver services and facilitate development, as this has the potential to make rural areas more self-sufficient. Such an approach is in line with Rogerson (2009) hypothesis that states that a framework for the support of rural Small Medium and Micro-sized Enterprises (SMME) development in South Africa is required, as this has the potential to help rural areas achieve sustained Local Economic Development. The hypothesis is influenced by the notion that the generic approaches that have been introduced by the government aimed at developing rural areas and stimulating their economies have yielded minimal results. This is as a consequence of failure to incorporate the rural areas developmental needs that are different from the urban areas<sup>117</sup>.

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<sup>117</sup> See “ Rogerson, C.M. (2009): Towards a Framework for Rural SMME Development in South Africa. Chapter 10; 271-299”.

The discussed perceptions and views about Rural Local Economic Development, extrapolated from the community survey (2012) capture the views of many other people that engaged in the deconstruction of the concept. These views and perceptions to a greater or lesser degree reflect the diverse perspectives that the respondents have about what Rural Local Economic Development namely that it can be narrowly defined or that it requires a holistic and futurist perspective that speaks to the unique needs of rural areas, that must be addressed for them to become better places of living, working, learning and playing. The rich, different and complex perceptions presented by the interviews are a testimony of how broad Local Economic Development is.

This diversity of viewpoint is echoed in the observation made by Čapkova (2005) who argued that there is *“no universal definition of what is meant by local economic development; but it generally represents a broad strategy in which local actors and institutions try to make the best use of local resources to conserve and create jobs as well as strengthen and promote business activity. LED is an approach that attempts to coordinate efforts, improve the conditions and environment in which such initiatives operate, and to place them within the framework of coherent local policies or strategies”*<sup>118</sup>. This theme sought to ascertain the level of understanding of what Rural Local Economic Development is - while simultaneously capturing the views and perceptions about it in an effort to establish an encompassing definition that is informed by the locals’ knowledge on the subject under investigation. Note a rigorous deconstruction of Rural Local Economic Development has been carried out in previous chapters<sup>119</sup>, as a result this section focused mainly on presenting the views and perceptions of RLED from the insiders<sup>120</sup>.

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<sup>118</sup> See “Čapkova, S. (2005): Local Government and Economic Development. Local Government and Public Service Reform Initiative Open Society Institute–Budapest”.

<sup>119</sup> Chapter Two focused mainly on the deconstruction of RLED or LED within the countryside drawing upon a plethora of research from both local and international precedents.

<sup>120</sup> The views and perceptions that the community members have about RLED show a greater understanding of the subject and key issues that need to be addressed for RLED to be achieved. The views or the formulated definitions of LED within rural areas, complements those of researchers such as Blakely, Zaaijer and Sara, Nel, and Rogerson, inter alia. For example, Blakely (1994, p. xvi) “defines LED as a process in which local governments or community-based organizations engage to stimulate or maintain business activity and/or employment. The principal goal of LED is to stimulate local employment

### 6.3 CUSTODIANS OF RURAL LOCAL ECONOMIC DEVELOPMENT

The question of who should be mainly responsible for overseeing the process of Local Economic Development and be held responsible for its failure is complex. It is one that has opened debate amongst different departments and stakeholders in both urban and rural arenas. The rural accountability debate is even more pertinent and requires greater attention, since these areas are faced with a plethora of challenges that need urgent attention which should not be delayed by departments not wanting to take responsibility. Davis (2006) analysis of current research suggests that government and Non Governmental Organisations (NGOs) appear to neglect Rural Local Economic Development. As a result there are few rural Local Economic Development initiatives in South Africa that have survived beyond the initial funding phase<sup>121</sup>. A lack of consensus about who should be held responsible for overseeing Local Economic Development projects means that there is no department or stakeholder that can be solely held responsible and accountable for its failure. The reluctance of the different departments to prioritize Local Economic Development stems from the notion highlighted by Rogerson, (2005, 2009), Nel, (2001), and Nel and Rogerson (2007), stating that it is an unfunded mandate. This attitude towards Local Economic Development is despite the progress made to date, whereby the National Constitution of South Africa obligated all local authorities to pursue it in terms of various government policies. The debate and confusion surrounding Local Economic Development is eloquently captured by Hindson and Hindson (2005:3), where he states that;

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opportunities in sectors that improve the community, using existing human, natural, and institutional resources, while Zaaijer and Sara (1993, p. 129), define LED as a process in which local governments and/or community based groups manage their existing resources and enter into partnership arrangements with the private sector, or with each-other, to create new jobs and stimulate economic activity in an economic area" (Rogerson, 2009). Both these definitions complement the plethora of views extrapolated from the community survey, carried out in a quest to deconstruct LED within the countryside.

<sup>121</sup> "Nel, E.L. (2004): Local Development Initiatives, a new development paradigm for urban areas an assessment with reference to Stutterheim, *Development Southern Africa*, 11, 3, 363-378 and Marais, L., Barnes, L. and Schoeman, J., (2002): A provincial comparison of post-apartheid housing policy and delivery: The Free State and Northern Cape as case studies, in Donaldson, R. and Marais, L. (eds.), *Transforming Rural and Urban" Spaces in South Africa During the 1990s. Reform, Restitution, Restructuring*, Africa Institute of South Africa, Pretoria, pp. 381-406.

*“Local economic development (LED) policy in South Africa is going through a difficult birth. During the first decade of democracy, most municipal initiatives focused on community economic development projects, many of which proved economically unviable and had no lasting impact on poverty reduction. In particular, the experience of the Local Economic Development Fund (LEDF), set up by the Department of Provincial and Local Government (DPLG) to support poverty reducing LED projects, produced dismal results. Cooperation between government, local businesses and the voluntary sector was often weak or inexistent, and private and community actors felt sidelined from most government initiatives. Added to this were the conflicting paradigms underlying the work of national departments, lack of consensus over the main goals of LED and confusion over the target groups, processes, institutional arrangements and tools of LED”.*

This statement provided a rationale for the study to investigate who the rural dwellers felt is or should be responsible for Local Economic Development in their area. Figure 8 provides a summary of the results of the locals who feel is or should be charged with the role of ensuring that Local Economic Development within the countryside is achieved. The line graph shows both the frequency and the percentage; whereby twenty five percent (25%)<sup>122</sup> of the sampled population stated that it's the government role to ensure that Local Economic Development in rural areas is achieved. In arguing this position, various but cross-cutting reasons were supplied. The community survey (2012) states that *“I think the government has the primary role in making sure that our communities are well developed to an extent that we share the same benefits with our urban counterparts”*. This perception is not unique, but has been inherited from traditional approaches to Local Economic Development where the government was not only seen as the primary player in ensuring that such development occurred, but had taken a leading role in making it happen. RSA (2011) argues that local government through municipalities has a sole responsibility of facilitating Local Economic Development in an attempt to eradicate the plethora of

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<sup>122</sup> Frequency = 10 people out of 40 (n=40)

challenges faced by rural areas. However, it noted that the local government (l municipalities) operational in rural areas have very limited scope, especially in terms of financial resources, and thus the overall government<sup>123</sup> must address rural areas developmental problems through crafting policies that speak to the developmental needs of rural economies<sup>124</sup>.

Furthermore; the notion that the government is the main custodian of Local Economic Development within the countryside is supported by the community survey (2012) which states that *“the government is responsible for making sure that RLED is achieved, not only because we voted for it, but because we pay tax like everyone else, so why should rural areas be excluded and sidelined from enjoying the fruits of liberation”*. Strong views like these are a testimony that rural dwellers strongly believe that the government needs to do more to change the socio-economic status for the better. They believe that this is necessary so that they can really be free, not just from oppressive rules witnessed during the Apartheid era, but be emancipated from the chains of underdevelopment, crime, abuse, unemployment, exclusion<sup>125</sup> and poverty. The White Paper on Local Government of 1998 “makes clear that whilst local government in South Africa is not directly responsible for job creation, none the less it can play an important role in promoting job creation, boosting the local economy and alleviating poverty” Rogerson (1999). Thus far this section has presented the reasons provided by only those people that believe that the government is or should be the main driver of Local Economic Development within the countryside. It begs the quest - what about other stakeholders and their role as the custodians for LED? This question will be addressed in light of the views of respondents from the survey<sup>126</sup>.

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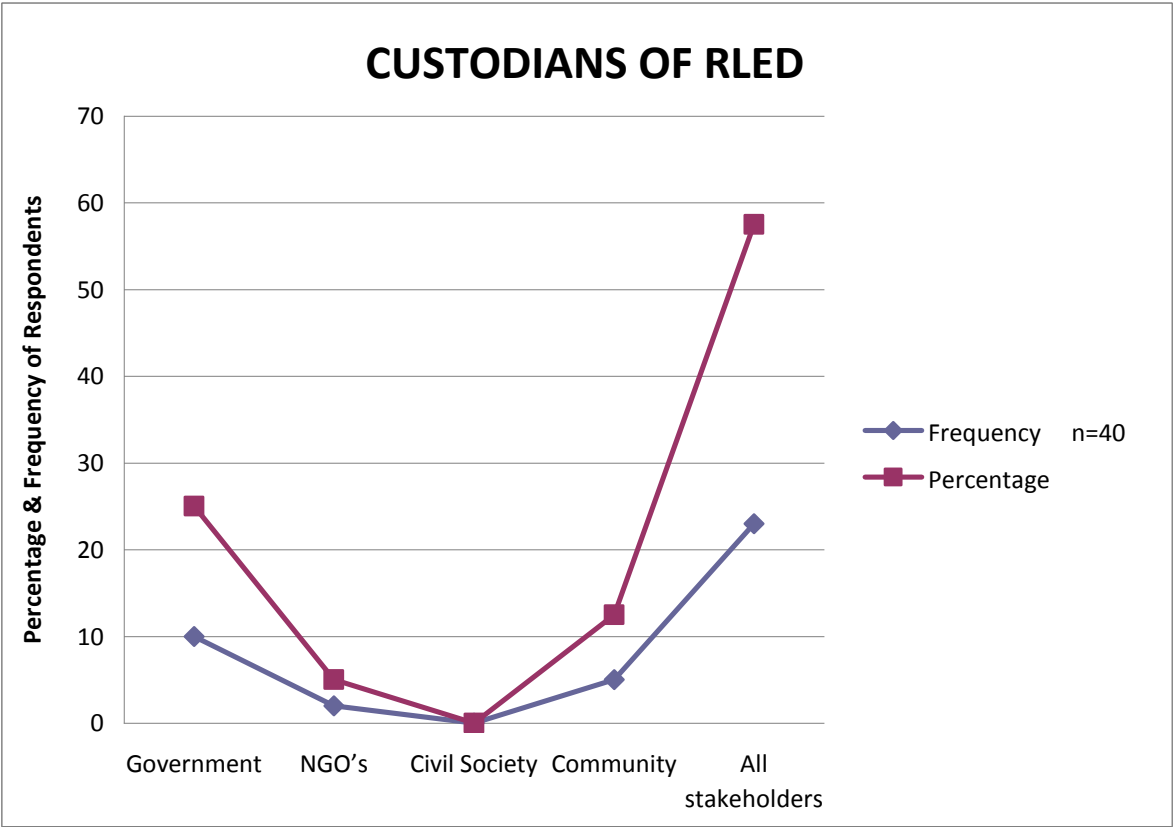
<sup>123</sup> The three spheres of government Local, Provincial and National

<sup>124</sup> See RSA (2011): Delivering municipal services in rural areas: Local Government Budgets and Expenditure Review.

<sup>125</sup> Exclusion from; the formal economy, decision making and mapping their own path to development as envisaged by them not by outsiders.

<sup>126</sup> See Figure: 5.5 line graph showing the summary of the results from the community survey, of who the people believe is or should ensure that LED within the countryside is successful.

**Figure 8: Custodian (s) of RLED**



Source: Authors Construct, (2012)

Figure 8 above depicts that five percent (5%) of the sampled population, argued that NGOs are or should be the custodian of Rural Local Economic Development. This belief is supported by the community survey (2012) which argues that *“NGOs can play a very important role in making sure that LED in rural areas is achieved, since they are able to outsource funding internationally and in other big businesses. I see NGOs as the main stakeholders that can help rural areas become better developed, because the government has failed to provide sustainable opportunities and traditional leaders are just useless, always wanting us to pay money that we don’t have”*. The perspective of NGOs as having an intrinsic role to play in the achievement of Rural Local Economic Development is supported by Rogerson (1997). He postulates that in the case of rural areas there are tremendous capacity constraints at local level that are exacerbated by scarce resources and funds. The out migration of the most skilled and the frequent absence of local comparative advantages

exacerbate development challenges. Nel (1997) argues in support of this point stating that NGOs can play an integral role in compensating for local-level capacity constraints<sup>127</sup>.

The role that can be played by NGOs in helping rural areas achieve sustained Rural Local Economic Development is captured by Nel (1997) in the case of Seymour in the Eastern Cape; whereby Corplan<sup>128</sup>, through the establishment of Seymour Development Forum assisted in the process of helping community craft locally driven strategies. NGOs, especially those with foreign ties have been criticized in recent literature for imposing alien strategies to weaker communities. They have been accused of excluding the local residents in the process of forging solutions to their challenges, and as a consequence these foreign led pseudo-solutions have yielded modest results<sup>129</sup>. However; in the case of Corplan, Nel (1997) notes that its success can be largely attributed to an adoption of an approach that advocates for positive support and assistance, as opposed to domination, by sympathetic NGOs. An approach of this nature, which is entrenched on 'local logical growth', can be adopted by other communities, especially in rural areas that have become disempowered as a result of the challenges, such as; endemic poverty, high illiteracy rate, escalating unemployment rate, brain drain, economic collapse, infrastructural backlog and emigration of the productive population inter alia.

These challenges' facing rural dwellers require interventions that are driven by community members, for Local Economic Development to be achieved. It is against this background that some of the interviewees argue that it is the community that should be the primary driver of process within the countryside. According to Figure 8, twelve and half percent (12.5%) of the sampled population support the latter, whereby the community survey (2012)

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<sup>127</sup> See Nel, E. (1997): NGO-Facilitated Local Economic Development: The Case of Seymour. *Journal of Urban Forum* 8:2.

<sup>128</sup> Corplan is an independent NGO, which assisted with the development of a defined LED plan, the raising of funds and the implementation of a clear LED strategy (Nel, 1997).

<sup>129</sup> See Binns and Nel (1999): Beyond the development impasse: the role of local economic development and community self-reliance in rural South Africa. *Journal of Modern African Studies*, 37, 3.

argues that “the community must stop being dependent on the government and work together to uplift our area, so that people from outside can watch and learn from us. This will attract investors including the government to come closer and assist ‘Kubamba ezingelayo’<sup>130</sup>”. Binns and Nel (1999) postulate that despite a number of limiting and constraining factors apparent in rural areas, many communities have been forced to look inwards at their own resources and skills, in order to carve a viable future for themselves and their children. This assertion is a manifestation of the role that can be played by communities in fostering Local Economic Development within the countryside. The role of communities is even more important in the south; whereby the success of LED within the rural context especially generally relies on community-based initiatives, utilising indigenous skills in a quest to change their socio-economic conditions for the better, argues Binns and Nel (1999).

Recent literature acknowledges the different roles that various stakeholders can play in the achievement of Local Economic Development, as discussed above, however; it notes that for it to be sustained, a partnership amongst the different stakeholders needs to be established<sup>131</sup>. Thus, the custodians of Rural Local Economic Development is or should be all the different stakeholders as they play different but important roles in the successful achievement of the strategy, especially in the countryside. This perspective for the achievement of Rural Local Economic Development is manifested in the case of Phungashe

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<sup>130</sup> This is a saying that means you only catch your prey if you hunt and not just be sitting down and complaining about hunger.

<sup>131</sup> See DPLG (2006): National Framework for LED in South Africa-2006-2011; See Cohen (2010): SALGA Position Paper on LED, Rossouw-Brink (2007): A Guide Framework for Transformation to LED Approach in Local Government – The Frances Baard District & DPLG (2006): National Framework for LED in South Africa; Nel and Rogerson, (2007): Evolving Local Economic Development Policy and Practice in South Africa with Special Reference to Smaller Urban Centers. *Urban Forum* 18:1–11; on page 03 - where the evolution of policies that directly speaks to LED, within the countryside are well narrated under the theme-‘Evolving South African LED Policy, 1995–2006’; and Lindiwe Msengana-Ndlela is a Director General: National Conference on Developing Local Economies, 14 August 2006 inter alia.

Sub-Region in Umzumbe Local Municipality where fifty seven and half percent (57.5 %) <sup>132</sup> of the interviewees argued that all stakeholders are or should be the primary role players in the achievement of sustained Rural Local Economic Development. The community survey (2012) cogently states that a *“partnership amongst various stakeholders is pivotal for LED to be successful within our areas. If the government, political parties, communities, churches, schools and traditional leaders are united towards the achievement of the same goal of making this area a better place; hence if all these stakeholders can put their differences aside than a lot can be achieved with the minimum resources in a short space of time”*. This perspective for the successful achievement of Local Economic Development in rural areas is in line with various authors’ assertions about the core role players of the latter (Blakely, 2006; Nel, 2001; Zaaijer and Sara, 1993; and Rogerson, 2007 and amongst others). These authors argue that a partnership amongst government, communities, NGOs, private sector amongst others, is critical for the sustainable achievement of Local Economic Development. Nel (2001) notes that initially in South Africa partnerships between private and public sector actors is weak, thus ultimately compromising the ability to achieve sustained strategy. As the comprehension of Local Economic Development has increased, partnerships between government, communities, NGOs, civil societies and the private sector has similarly improved and developed.

In support of the thesis of partnership amongst the different stakeholders provides other various reasons, arguing that; *“it is always important to involve everybody and create a balance to ensure transparency, by so doing, every member of the community will feel a sense of responsibility and accountability”* Community Survey (2012). Another argument stems from the notion that *“in development a partnership amongst various stakeholders is vital to share resource and skills as the government and rural communities usually do not have the capacity and financial muscles to solely guarantee successful achievement of LED in rural areas, thus collaboration with other role players such as NGOs and private sector allows for the outsourcing and exploitation of outside interventions, resources, skills and knowledge”* (Ibid). These reasons articulated by the different interviews show a rigorous comprehension of Local Economic Development and the unique needs that rural areas have.

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<sup>132</sup> Refer to Figure: 6.5 Line graph representing the respondents views of the custodian (s) of RLED.

As consequence, the respondents argue strongly that a partnership amongst the various stakeholders is crucial in the realization of Rural Local Economic Development. "Different people or stakeholders in the different structures of society have different roles to play in the realization of LED" (ibid). The government is liable for providing the necessary resources and infrastructure that will create an enabling environment for Local Economic Development to flourish. The NGOs can play a role in arming the communities with different skills and thus building capacity, while simultaneously funding or outsourcing funding for local initiatives.

Binns and Nel (1999) argue correspondingly postulating that, Local Economic Development can occur when the local communities unite and work together in paving the path to their development, which is aimed at yielding improved socio-economic status and provide sustainable opportunities. Stoshr (1990, Cited in Binns and Nel, 1999) argues in line postulating that Local Economic Development can "*materialise when local people seize the initiative and engage in actions which unify communities, business and other relevant authorities in their local area in a joint endeavour to improve and social conditions*". The community survey (2012) argues that "*the community must work together with different stakeholders and provide the map and direction towards the development of their area*".

Nel (2001) confers with the latter, postulating that the incipient stages of Local Economic Development have witnessed the government taking the leading role. Recently there has been the increasing incidence of emphasis on partnership, which has led to growing acceptability and the parallel increase in the importance of various NGO and community based development initiatives. Furthermore, this has enhanced the status of the locality in the global economy. Local decision-making can largely be attributed to democracy. Binns and Nel (1999) have observed that generally Local Economic Development can be said to be cost-effective, as it has the potential to empower communities in the process, and can thus play a crucial role in production tangible benefits for participating communities<sup>133</sup>.

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<sup>133</sup> For a thorough analysis of the issues appraised in this section; See; Hemson et al, (2004): Rural Development: Provision of Basic infrastructure Services - Integrated Rural and Regional Development. Human Sciences Research Council, 1-63.

#### **6.4 DEMYSTIFYING SALIENT FACTORS CONTRIBUTING TO THE SLOW RATE OF LOCAL ECONOMIC DEVELOPMENT IN RURAL AREAS**

The continued tortuous (if not stagnant) rate of Rural Local Economic Development, despite large investments of resources by the South African state since 1994, remains one of the major challenges facing the countryside. The case of Phungashe Sub-Region in Umzumbe Local Municipality is a plausible one as this area is faced with the challenge of the continued slow Rural Local Economic Development. This challenge is not unique to the area, but is prevalent in many rural areas where its' pervasive nature have largely been exacerbated by the countries historical legacy<sup>134</sup>. This challenge is also resonated by a number of authors such as; Swinburn (2006); Helmsing (2003); and Rogerson, (2010), where Nel et al (2009: 224) cogently state that *"a hallmark of post-apartheid South Africa has been the introduction of bold and innovative policy in areas ranging from the national Constitution to resource management policy"*. In line with this approach, there has been a clear commitment to principles of decentralization and participatory development, with Local Economic Development (LED) featuring prominently in national, provincial and local government pronouncements and planning. Despite considerable policy and funding support for Local Economic Development, results at best can be described as only "modest". It is against this background that this study sought to deconstruct the salient factors contributing to the slow rate of local economic development within the countryside.

##### **6.4.1 Perceived Salient Factors Hindering Sustained LED within the Countryside**

According to the results depicted by the analysis one hundred percent (100%) of the interviewees agreed that Local Economic Development within the countryside is not happening at an anticipated rate. In fact, it is occurring at an extremely slow pace in contrast to the rate of poverty, unemployment, crime, teenage pregnancy, which seems to

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<sup>134</sup> Hemson et al, (2004:10) has captured vividly the picture of rural areas in South Africa, arguing that *"the history of the rural communities of South Africa is one of dispossession, forced removals, and immiseration. The linkages forwards and backwards from the rural areas have historically formed a circuit of cheap labour in the industrial areas and dependency in the rural areas, providing low wages on the basis of the welfare and cultural support of the rural areas. Rural communities are still basically characterised by lines of division between commercial farming and the former reserves; the former are visibly improved areas with dams and infrastructure, the latter intensely populated areas with poor land use. These are the elements of the burden of the past which have depleted rural resources available and social capacity of the rural population. They help to give a socio-economic and historical background to rural poverty"*.

abound. Business establishment and infrastructural development which are some of the core factors or issues that Local Economic Development are lagging behind social ills. Various reasons were presented by the interviewees for the explanation of the modest results yielded by Local Economic Development in rural areas. Despite large investment by public and private stakeholders in the stimulation of economic development within the countryside, only small achievements have been made. The Community Survey (2012) stated that; *“it is the lack of knowledge in the people making and driving decisions, as they have little or no understanding of the communities they trying to bring change and development to. This can also be attributed to the lack of; political will, skills and expertise in the sphere of Local Economic Development within rural areas. This has led to the duplication of projects from other areas without a clear comprehension of the local areas needs and whether such projects are relevant for this community”*.<sup>135</sup>

Many reasons for the slow rate of Local Economic Development within the countryside alluded to the factors highlighted in the latter. However, some interviewees pointed out to other factors, such as lack of funding or inaccessibility thereof, money laundry, mismanagement of funds and lack of accountability. The Community Survey (2012) stated that money or revenues are available, but there is a lack of capacity and accountability amongst the people entrusted with the task of ensuring Local Economic Development in the area is successful. Economic initiatives are not people oriented, as local communities are marginalised from the process of development.

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<sup>135</sup> When the interviewee was propped added that the main stakeholders or leaders want to pursue their dreams and do not want to incorporate the holistic view of the direction from the eyes of rural dwellers. Hence, many of these people stay in urban areas and do not understand what we go through. Furthermore, the little research carried out during the IDP process is not thorough and is inadequate; leading to poor understanding of the community profile.

**Plate 13-18: Infrastructural Development: Unsuccessful and Triumphant LED Projects**



**Source: Author's Personal Collection (2012).**

The photos above (Plates 13-18) provide some visual insights into some of the projects that have been carried out in the study area. Ultimately these photos capture the reasons as to why Local Economic Development has been very slow and has not yielded the anticipated results in terms of transforming the locals' living standards and socio-economic status. These projects are meant to benefit the local people with skills and present them with opportunities. However, in this area the companies and people that are awarded tenders to carry out the work are not from the area. Consequently, this means that the local communities do not benefit economical from such opportunities as such are exploited by

their urban counterparts. Furthermore, these companies do not employ highly skilled people from the community but come with their own people and only use the local people for low skilled jobs. The deconstruction of factors hindering sustained Local Economic Development shows why LED within the countryside has been very slow and has not yielded the anticipated results. Plate 13: picture of the road; shows its poor quality and in adequate drainage system. This newly tarred road is inadequately maintained, has already developed potholes and is of poor quality. Meyer (2006) has captured the picture of Local Economic Development in South Africa eloquently, arguing in line with the findings that have found in this research. In South Africa, "LED is being approached from all the three different angles involved in this triangle. First, there is the poverty alleviation angle. In the past, the majority of "LED projects" were not intended to create sustainable businesses or to improve the environment of existing businesses. They rather addressed the immediate problems of marginalized persons who have little or no in income and opportunities. These projects often went wrong; evaluators found quite a number of failed poultry, brick making, bakery, and vegetable garden projects. The failure of these projects was primarily due to the basic design and support problems. Often funders demanded that such projects were driven by a group of people, not by an individual, and that they made no profit (but also no loss). This lead to unclear governance structures inside the project – nobody was really in charge, and as soon as anything went wrong everybody blamed everybody else. Also, what is the incentive to put in hard work if you can't make a profit anyway?"(Meyer, 2006).

#### **6.5 THE CORRELATION BETWEEN THE SLOW RATE OF LED AND INADEQUATE PLANNING**

Adequate planning is pivotal in the success of any project or program. Research has proven that there is a close correlation between inadequate planning and the slow rate of Local Economic Development in rural areas (Nation Planning Commission - NPC: 2011). The latter was found to be one of the factors that are hindering sustained Rural Local Economic Development in the Umzumbe Phungashe Sub-Region. The various stakeholders involved in the study presented plausible reasons in support of this assumption. They argue that poor planning is one of the core factors that can be apportioned blame for the slow progress and failure of sustained economic development in the area. In many instances the issues of inadequate planning has led to the establishment of programs that are not needed, but are

adopted from other rural areas and duplicated here. Inadequate planning and silo development between different stakeholders has led to the duplication of projects, which ultimately leads to the community members being confused. The official from the Department of Social Development working in the area supported the latter statement postulated by community members-arguing that there is little practical integrated planning. This is manifested by the fact that the department introduced local residents to enterprise development, while the Department of Agriculture, Environment and Rural Development promoted cooperatives leading to further confusion. Both initiatives produced dismal results. It is eminent from the discussion that there is a close correlation between inadequate planning and slow Local Economic Development in the area. Thus it is important for various stakeholders charged with the primary role of stimulating development in the area to plan strategically and holistically. Only then will it be able to be sustained, transform people's lives for the better and lift them out of poverty.

#### **6.5.1 The Planners Role in Transforming Local Economic Development Landscape in Rural Areas**

Planners are placed in a strategic position to be able to transform the rural landscape in a manner that is sustainable, increase economic opportunities, living standards, service provision and avoid the past mistakes that compromise the quality of life in urban and rural areas, notes one the respondents. The role of planners is even more critical in South Africa where they have a pivotal role to play during the Integrated Development Plan which continues over a five year and is instrumental in guiding development within municipalities. Planners can design layout plans to be used during the allocation of communal land, argues community survey (2012). This can help inform the land allocation process and ensure that the land is used for suitable land use. Their expertise in the sphere of spatial planning can help combat the inhibiting factor to development in rural areas of sprawling, which has been

identified as one of the factors that poses a challenge in rural development and provision of services and infrastructural development, as it escalates the cost (ibid)<sup>136</sup>.

## **6.6 STRATEGIES TO ALLEVIATE HINDERING FACTORS AND PROMOTE LOCAL ECONOMIC DEVELOPMENT**

The deconstruction of the factors hindering sustained Local Economic Development within the countryside has provided an eloquent comprehension of the root factors. Consequently this has allowed for the development of a platform from which to provide sustainable and innovative solutions to curb and eradicate these hindering factors. According to the respondents, one of the ways to solve and deal with these hindering factors is to involve all stakeholders in the identification and formulation of possible LED projects that are needed by the community. Such bottom up initiatives will engender a buy in from all the key stakeholders in the community and encourage members to put all their positive energies into achieving a common goal.

Proper planning that is informed by a rigorous analysis of the needs, challenges and opportunities that can be exploited to the benefit of the area can help in the acceleration of the results anticipated from partaking and investing in Local Economic Development projects in rural areas. Investment in - not just infrastructural development but - good quality infrastructure is pivotal for improving the results. It has been noted that one of the inhibiting factors to the realisation of Local Economic Development is inadequate infrastructural development which is key and forms a prerequisite for the ingredients of achieving sustained development. Furthermore, the maintenance of the already built infrastructure in the area is important, as this will ensure that the government does not work backwards. Inadequate maintenance has been identified as a challenge in the progressive and success of Local Economic Development projects and ultimately the improvement of the living standards in the community and municipality at large.

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<sup>136</sup> See the article by Simmins (2009) titled Urban and Regional Planning - The Canadian Encyclopaedia. In this article, Simmins has adequately illustrated the role of a planner to an extent that it becomes very clear how the role of planners can help to transform the rural landscape in a quest to yield a conducive environment for LED within the countryside to prosper.

The lack of financial support and inaccessibility thereof, is also another factor that hinders the realization of LED in the area. Consequently, more financial institutions should be built in the area and made accessible for rural people and other stakeholders that might be interested in investing in the countryside. The entrepreneurs operating in the area alluded to the fact that they lack funds to grow their businesses. Due to their levels of education are unable to draft business proposals for the bank to fund their business and they do not have collateral for banks to hold on to. The government funds to support Local Economic Development in rural areas, should be made more accessible and not be complicated with many requirements and documentation that ends up working against the very same people it aims to support. The pay points are one of the key areas in rural areas, where there is an exchange of capital amongst community members, however, the new developments by SALGA, to move such into towns through the card system, threatens this traditional practice that has sustained small business in the area. It is of this reason that, many key stakeholders in the area believed that the development of business district in the area has the potential to stimulate Local Economic Development in the area. This will also help to deal with the challenge faced by entrepreneurs in the area of a lack of property to run their businesses.

## Plates 19-22: Alice Mbhele Market<sup>137</sup>



Source: Author's Personal Collection, (2012)

### 6.8 AGRICULTURE AN ANSWER TO THE REALIZATION OF RURAL LOCAL ECONOMIC DEVELOPMENT-IS IT?

The agricultural sector is one of the key sectors in many rural areas. Traditionally, the agricultural sector has been able provide rural dwellers with a plethora of opportunities. There have been very limited opportunities if any provided by other sectors in the

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<sup>137</sup> These images conjure the reasons as to why LED in the area has been so slow, despite government having invested so many resources in the development of rural areas. This also echoes the challenges discussed above pertaining the reasons as to why the locals in the area have not enjoyed the full fruits of hosting community facilities. The underutilisation, poor maintenance, vandalism of property for varies reasons is manifested in these images. This raises questions as to whether the government department concerned with the development had liaised with the community members about this development initiative and to what degree were the targeted stakeholders or beneficiaries involved in the planning of the market and whether it meets the needs of the community.

countryside. Davis (2006) argues that agriculture has played an important role in the South African economy; however this sector has of late been faced with a number of challenges. The different stakeholders argued that the agricultural sector in the area remains one of the important sectors that are able to provide a degree of security in terms of seasonal job opportunities and food for those engaged in subsistent farming. However, they have also argued that agriculture in the area can be part of the ingredients towards stimulating Local Economic Development, but is not the primary answer and solution. The migration of the productive pool in the area to urban areas in search of better opportunities has meant that there is not enough man power to work the fields and take care of the livestock. The erratic weather patterns have also been identified as one of the reasons for the decrease in support and practice of agriculture in the area. In Umzumbe, extreme weather patterns have caused production to drop drastically-while it has also affected the quality of the yield. Plate twenty three and twenty four (23-24) provides visual evidence of the effects of some the factors discussed above that impact on the agricultural sector.

**Plates 23-24: Subsistence Farming**



Source: Author's Personal Collection, (2012)

The increase in the households in the area is another reason that has been identified as posing a challenge in the agricultural sector. This has led to a large proportion of high potential land to be converted to residential use. As a result, this poses a challenge for those that want to engage in commercial farming the area. Furthermore, grazing land for livestock farming is limited in the area, which has led many of the people in the area to sell. Apart from these reasons, agriculture in the area is viewed as a sector with a high risk, as it is susceptible to being affected by factors beyond human control. For this reason if the community members are to invest intensely in it, there is a need for insurance protection, which has proven difficult to acquire, even from government.

**Plates 25-26: Subsistence and Livestock Farming**



Source: Author’s Personal Collection, (2012)

Manona (2005) findings on the role of agriculture in promoting Local Economic Development the countryside are in line with those discussed above. He) maintains that amongst several strategies employed by government to reduce poverty in rural areas are land-based development strategies, including agriculture-which is generally accepted as core element. However, the enthusiasm over the potential of agriculture to boost local economic development that is evident in policy circles is not necessarily matched by evidence from research conducted on this subject in rural areas. The tenure system operational in the communal this rural area has also been found to be a limitation in the expansion of the

agricultural sector to make a meaningful impact in the areas economy<sup>138</sup>. Meyer (2009:1) has captured eloquently dual antagonistic relationship of agriculture as a portmanteau strategy within the countryside to promote Local Economic Development stating that *“the agricultural sector is the backbone of an economy. Its strategic importance lies in its forward and backward integration with the rest of the economy, the establishment and maintenance of food security, the economic welfare of rural areas and stabilisation capabilities in relation to the balance of payments. In developing countries, rural development plays a crucial role in economic development and the alleviation of poverty”*.<sup>139</sup>

#### **6.9 EFFECTS OF CLIMATE CHANGE IN RURAL AREAS ENDEAVOURS TO ACHIEVE SUSTAINED LED**

*“Significant attention has been given to improving our understanding of the real and imminent impacts of climate change. It is accepted that rising temperatures, changes in rainfall patterns, extreme weather events, changes in sea levels and changes in biodiversity will have significant consequences on the world economy, rural livelihoods and development in general. Africa in particular will be hardest hit by climate change yet its adaptive capacity remains low. The continent faces increasing water scarcity, a reduction in agricultural productivity, increased risks of floods and droughts and negative impacts on the health sector among others (Madzwamuse, 2010:1).”*

It is against this background on the possible effects of climate change that made it imperative to investigate its impact on the Local Economic Development endeavours in the case study area. The different stakeholders unanimously agreed that climate change has a number of negative impacts which ultimately hinders and slows the rate of Local Economic Development. It was identified that, climate change in the area has had negative effects on infrastructure, service delivery, agriculture, and households' livelihoods strategies.

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<sup>138</sup> See Manona (2005) “Smallholder Agriculture as Local Economic Development (LED) Strategy in Rural South Africa: Exploring Prospects in Pondoland, Eastern Cape”- For further discussion on the factors affecting agriculture as a tool to promote LED.

<sup>139</sup> For a more detailed analysis see: Meyer *et.al* (2009) The Economic Rationale for Agricultural Regeneration and Rural Infrastructure investment in South Africa: Working Paper Number 117.

The reoccurrence of severe floods in the area is one the indicators of the effects of climate change. Flooding in the area has caused a lot of infrastructural damage. Roads and property have been the worst affected. Infrastructural developments that have been damaged by floods include the main roads and access roads which now have a lot of pot holes as a result of the blocked drainage system that fails to cope with heavy precipitation and surface run-off.

**Plates 27-30: Effects of Climate Change on Infrastructure<sup>140</sup>**



**Source: Author’s Personal Collection, (2012)**

The high rate of flooding experienced in the area has also caused damage in the newly developed bulk water infrastructure dams. As a result the project was delayed causing costs to escalate. Furthermore, the dam supplying water in the area has been affected by floods, leading to lack of water supply for a period of three months. This lack of potable water makes it difficult to run business in the area and for households as water in essential need.

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<sup>140</sup> Some of the impacts of climate change on infrastructure within the area. Plates 27-30 show how heavy rainfall and floods have damaged the main road and access roads.

The agricultural sector in the area has also been negatively affected by climate change. Erratic and severe weather patterns have led to a decrease in production. High temperatures have recently been experienced in the area and have not only led to a decrease in productivity, but resulted in reduced water for land and crops. As a result the land sometimes becomes too dry and is not conducive for ploughing. Heavy rainfalls have also posed a threat to the agricultural sector in the area, since it has caused severe floods – thus damaging the crops, loss of livestock, exacerbating the rate of erosion causing a loss of fertile land. Furthermore, floods sometimes cause the land to be saturated with water and thus damaging the crops and delaying the cultivating process.

The combination of all the identified effects of climate change in the area amongst other things, have a direct impact on the economy. A decrease in agricultural production has caused food prices to rise. It also impacts on food insecurity and threaten the different livelihood strategies of those people in the area that depend largely on the sector. Climate change effects on infrastructural developments and property; costing the government a lot of money and hinders the rate of service delivery in the area.

#### **6.10 DUAL EFFECT OF THE THESIS OF GLOBALISATION WITHIN THE COUNTRYSIDE**

Globalisation effects in the world are inevitable and transcend to all regions - developed or developing, urban or rural. The rural area confined within the boundaries of Umzumbe Phungashe Sub-Region has also felt the dual effects of globalisation, as it has been and continues to be affected by this phenomenon both positive and negatively. The different stakeholders involved highlighted a number of effects that globalisation has had in the area. Some of the positive impacts of globalisation in the area have been the transfer of knowledge from various organizations from the country and foreign countries. Technological advancement and improved telecommunication is also another positive impact of globalisation, as the people in the area are able to stay connected and those with advanced cell phones are able to surf the internet. However, this positive impact has not been fully explored in the area, due to factors such as literacy levels. A lot of people are still challenged technologically and struggle with the changes especially the old generation. The

area has also benefited from a number of socio-economic programs that are largely spearheaded by big NGO's and transnational organizations. The immigration of foreigners in the area has boosted the leasing of property. In many instances these people don't have any places of residence and it is expensive for them to travel back and seek accommodation in the nearby town. This has led to many households renting their backyard rooms to these people while simultaneously offering them security. It has also led to the construction of a number of cottage developments for foreigners and outsiders that work in the area to rent<sup>141</sup>.

The dark side of globalisation in the area has been evident in a number of ways. The infiltration of foreign nationals in the area, especially from Ethiopia, Zimbabwe and China has impacted negatively a number of small businesses and entrepreneurs. The foreigners have been identified as people bringing cheap products in the area and making it difficult for locals engaging in the same line of business as these people have a lot of experience and global expertise in business. This has caused tensions between the local entrepreneurs and foreigners as this has forced the many of the local businesses to close their businesses as they fail to compete.

#### **6.11 SUMMARY OF THE CHAPTER**

The findings have depicted a number of factors that have been identified as the most salient factors hindering sustained Rural Local Economic Development in the area. These factors, have been the lack of understanding of what Local Economic Development is and what it is meant to achieve and how. Low literacy levels, investment in under-researched projects that do not speak to the needs of the community, corruption, poor project management skills and inadequate infrastructure have all worked against the development of successful economic strategy. The involvement of all stakeholders in the area has been identified as

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<sup>141</sup> The term foreigners and outsiders refers to those people that have come to start businesses and work in the area, but do not have accommodation as their places of origin or where they can be accommodated are far. This rural area, like many other rural areas in the country does not have flats and lodges for people outside to rent, which has created an opportunity to be exploited.

the main turning point in eradicating the barriers hindering Local Economic Development. From such forums it is argued that more innovative and homebrewed solutions have a better chance of successfully eradicating these barriers.

## **CHAPTER SEVEN: - CONCLUSION AND RECOMMENDATIONS**

### **7.1 INTRODUCTION**

This chapter presents' conclusions deduced from engaging in the study, which sought to deconstruct the factors hindering sustained Rural Local Economic Development. It ends by proposing a number of plausible innovative recommendations that can be used in trying to eradicate the challenge or the problem of continued tortuous (if not stagnant) Rural Local Economic Development;

### **7.2 A BRIEF DECONSTRUCTION OF HINDERING FACTORS TO LOCAL ECONOMIC DEVELOPMENT IN THE AREA**

The study has shown that there are a plethora of salient cross-cutting factors that hinder the successful realization of Local Economic Development within the countryside. Social, economic, political and environmental issues have been found to be playing a key role in the modest results that have been yielded from this strategy. However, in order to rigorously comprehend how these factors hinder Local Economic Development, an approach of deconstruction was adopted. It was only after carrying out this approach that a strategy to eradicate the hindering factors could be proposed. The aim is to formulate a means to stimulate and create conducive environment for Local Economic Development to flourish in the area.

The study has illustrated that a large proportion of the population in Umzumbe-Phungashe Sub-Region is lagging behind in development. For this reason the sub-region exhibits elements of underdevelopment that in turn ultimately hinder the implementation of an LED strategy. Various socio-economic indicators, such as; high levels of poverty, high levels of illiteracy, low education levels<sup>142</sup>, high rate of unemployment (leading to an increase in the

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<sup>142</sup> The low levels of education in the municipality is a representation of the whole country, whereby such can be attributed to high rate of teenage drop out at school, due to teenage pregnancy and juvenile delinquency. In addition, the low levels of education are also exacerbated by scarce quality education and skills centres leading to an increase in number of people with inadequate levels of education and training.

number of people dependent on government social grants<sup>143</sup>), high crime levels, illicit behaviour (substance abuse, drugs), inadequate delivery of intrinsic core services and limited irregular household income were identified as some of the factors that need to be addressed for Local Economic Development to be successful and sustainable.

The findings also depicted that lack of knowledge about the prerequisite stimulating driving factors of Local Economic Development in the people making and driving decisions impedes on the areas LED endeavours. Inadequate research in the area by LED practitioners also has negative impacts, as they have little or no understanding of the community needs and opportunities to be exploited in the area they trying to bring change and development to. This has led to the duplication of projects from other areas without a clear comprehension of the local areas needs and whether such projects are relevant for the community<sup>144</sup>. A lack of; political will, skills and expertise in the sphere of LED within this rural area is amongst the other factors identified by the research as having attributed to the modest results yielded by Local Economic Development in the Umzumbe-Phungashe Sub-Region.

The findings have shown that a lack of funding or inaccessibility thereof, money laundering, the mismanagement of funds and a lack of financial accountability hinder sustained Local Economic Development. The Community Survey (2012) stated that money or revenue is available, but there is a lack of capacity and accountability amongst the people entrusted with the task of ensuring that Local Economic Development is successful. Initiatives are not people oriented, as the local people are marginalized from the process of development. The factors highlighted above are not exhaustive, but are some of the key salient factors that were found to be hindering Local Economic Development in the area.

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<sup>143</sup> The increase in the number of people dependent on government social grants can also be attributed to an increase in orphans and child headed household due to the high rate of the HIV/AIDS pandemic in the municipality.

<sup>144</sup> When the interviewee was propped added that the main stakeholders or leaders want to pursue their dreams and do not want to incorporate the holistic view of the direction from the eyes of rural dwellers. Hence, many of these people stay in urban areas and do not understand what we go through. Furthermore, the little research carried out during the IDP process is not thorough and is inadequate; leading to poor understanding of the community profile.

### **7.3 PATH TO ALLEVIATING HINDERING FACTORS IN A QUEST TO PROMOTE LOCAL ECONOMIC DEVELOPMENT**

Having identified the factors hindering Local Economic Development, the research in turn investigated means to eradicate these factors while simultaneously formulating strategies to spur development on. It identified various ways in which the hindering factors could be eradicated. The findings indicate that one of the ways to solve and deal with these hindering factors, are, inter alia; to involve all stakeholders in the formulation of the possible Local Economic Development projects that are needed by the community. The lack of credibility can thus be resolved as this will give such initiative a boost and a buy in by all the key stakeholders in the community, especially the locals thus helping to put all the positive energies towards the common goal.

Adequate planning was also identified as another factor and a strategy that could be used. Proper planning that is informed by a rigorous analysis of the needs, challenges and opportunities that can be exploited to the benefit of the area. It was argued that this can help in the acceleration of the results anticipated from partaking and investing in Local Economic Development projects in rural areas. Investment in good quality infrastructure was also found to be a critical turning point in dealing with the challenges identified in the area whilst improving the results of economic development<sup>145</sup>. The formulation of a committee to oversee the maintenance of existing infrastructure in the area was identified as another strategy that can be used. This will deal directly with ensuring that dilapidation and vandalising of public infrastructure is eliminated in the area.

The lack of financial support and inaccessibility thereof, is also another factor that hinders the realization of Local Economic Development in the area. As a result, the research identified the need for the building more financial institutions in the area and made accessible for rural people and other stakeholders that might be interested in investing in

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<sup>145</sup> Noteworthy, it was noted that one of the inhibiting factors to the realization of LED is inadequate infrastructural development – which is key and forms a prerequisite for the ingredients of achieving sustained LED.

the countryside. The entrepreneurs operating in the area alluded to the fact that they lack funds to grow their businesses, and due to their levels of education are unable to draft business proposals for the bank to fund their business, nor do they have collateral for banks to hold on too. Streamlining the process of accessing government funds for rural people was also identified as a strategy that can trigger Local Economic Development in the area<sup>146</sup>. The development of a business district in the area has also been identified as a strategy that can have positive impact in the stimulation of Local Economic Development. This factor, it has been argued will promote the exchange of capital within the community before exiting into cities. Ultimately, the establishment of the business district has the potential to deal directly with challenge of the lack or inadequate business space for entrepreneurs, which in turn has made many investors to be reluctant to invest in this rural area.

#### **7.4 SYNOPTICALLY MAPPING THE FACTORS THAT MAKE ESTABLISHED BUSINESS RELUCTANT TO INVEST IN THE AREA**

There are many factors that were identified in the study as having a direct impact on the business's reluctance to invest in the area. Many of these factors have been discussed, due to their cross-cutting effect nature in the section titled deconstructing the barriers hindering development. As to avoid repetition only those factors have not been discussed will be revisited in this section. The lack of trust in the buying power of the community was identified as a factor that has made many businesses to be reluctant to invest in the area<sup>147</sup>. The population threshold was also identified as another factor that has caused a great deal of reluctance for many private investors to invest in the area. A communal land tenure system is another factor that continues to make many investors invest in the area, as they feel they have no control of their investments as they do not own the land. This factor also has a direct impact when it comes to getting loans from banks as they are very reluctant to

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<sup>146</sup> It has been argued that the government funds to support LED in rural areas, should be made more accessible and not be complicated with many requirements and documentation that ends up working against the very same people it aims to support.

<sup>147</sup> However, this view is an ill-informed one since an estimated number of about eighty (80) kombis and two (2) buses a day transport locals to different towns neighboring the area to do their daily groceries and other services.

lend, due to high anticipated risks. Having provided a summative discussion of the findings of the research, the next section advances to discuss recommendations.

## **7.5 RECOMMENDATIONS**

The area of study is amongst the few rural areas in South Africa that has a plethora of opportunities that have not been exploited for the benefit of the community. Likewise it is also faced with a number of hindering factors that need to be well negotiated in an attempt to improve the areas standard of living and socio-economic status of the local communities. Both the opportunities and challenges in this area have not been well investigated and for these reasons this areas Local Economic Development endeavours are yet to be met and anticipated results achieved. It is recommended that the local government and other partnering stakeholders invest in thorough research that will yield a detailed situational analysis articulating the strengths, weaknesses, challenges and opportunities, inter alia factors at play in the Umzumbe Local Municipality.

A triangulation of approaches that caters for all stakeholders in the area need to be adopted when dealing with Local Economic Development, so that there can be optimum representation of all affected and interested parties. Participation by all stakeholders in the area, regardless of their status in the area need to be promoted and protected as it enshrined in the Constitution of South Africa. Thus a platform needs to be created for all stakeholders to participate in decision making and in mapping their path to development. This participation this will give them a sense of ownership and part of the vision of achieving sustained Local Economic Development in the area. The integrated development planning process needs to be able to provide a more conducive environment for these elements to be met.

Education, training and skills development is critical in the realization of Local Economic Development in the area and thus need to be promoted and invested in by all stakeholders. In this regard, Public-Private Partnerships (PPP's) are important as they have the financial means to support such initiatives and provide the necessary infrastructure and other

support mechanisms. From the situational analysis, infrastructural needs have been identified as urgent for the creation of enabling environment for business and Local Economic Development ventures to flourish. These aspects need to be invested in. This will ensure that the built infrastructure is necessary and not a duplication of other projects from other areas that are not in line with community needs.

A democratically elected committee guided by principles of governance that will oversee the running of projects as well as the maintenance of the existing and newly built infrastructure need to be formulated. This has the potential to alleviate vandalizing and miss-use of public facilities and infrastructure that is rife in the area. Furthermore, this will ensure that the companies awarded tenders finish the project on time and in good quality.

Access to funding needs to be made more accessible. The process of applying for banks loans and government funding need to be more flexible and accommodate rural needs. The process also needs to be streamlined, through the relaxation of bureaucratic structures, which makes it difficult for most rural people to access funds. The businesses and projects operating in the area are different and thus must be treated as such. A plethora of projects that have been deemed as failed projects in the area, are not projects that were running at a loss or deficit. These are projects that were not generating the anticipated profits in neo-liberal economic terms. However, Local Economic Development in the Umzumbe-Phungashe Sub-Region needs to be tackled in a pro-poor fashion, in that the meaning of profit needs to be redefined. Profits generated by projects, entrepreneurs and other stakeholders in the area need to be defined as positive change and not just in monetary value. The fact that these projects are able to create sustainable job opportunities and decrease the state of dependency on social grants by community members should be seen as profit, if such initiatives are still able to pay for all the necessities and not be at a deficit.

Business, such as tenders in the area should be awarded to community members and not companies from the outside. Research has proven that the area has people that are more than capable of carrying out many projects in the area, as in many instances are sub-

contracted by the outside companies that get awarded tenders. This will give the local communities the opportunity to grow their businesses in the area, while sharpening the different skills that the education, skill development and training centre is arming them with. Giving the locals these opportunities will also decrease the rate of rural-urban migration, which has caused an increase in brain drain.

## **7.6 CONCLUDING REMARKS**

The challenge of slow economic development within the countryside - is one which gives rise to a plethora of opportunistic problems that ultimately directly and indirectly compromises the quality of the life and living conditions in many rural areas in developing countries like South Africa. This challenge was also prevalent within Umzumbe Phungashe Sub-Region, which was used as the case study in this research. The rationale behind this study is that rural areas, in both developed countries as well as in developing countries like South Africa, remain largely under-developed. This is despite initiatives such as projects targeted at stimulating Rural Local Economic Development (RLED). RLED is viewed by both the government and theorists alike as an imperative approach towards the achievement of sustained development of rural areas (Rogerson, 2006; Davis, 2006 and Nel and Rogerson, 2007). They argue that if RLED is carried out successfully, it has the potential to remedy the injustices of our historical legacy, such as; poverty, exclusion, escalating unemployment rate, infrastructural backlog, brain drain from rural to urban areas, migration of skilled labours, lack of opportunities and poor planning amongst others; which inevitably hinder the improvement of the living standards in the countryside.

It is against this background that this dissertation proposed a deconstruction of the barriers hindering sustained RLED, in a quest deal with the challenge of slow economic development in rural areas, while simultaneously crafting strategies to stimulate and promote sustained local economic development within the countryside. The process, method and approach of deconstruction is important; not only in highlighting the obstacles to its successful implementation, but in helping to forge more innovative solutions to deal with those factors that hinder its success.

The study sought to rigorously deconstruct the most salient hindering factors, contributing to the slow rate of Rural Local Economic Development; while simultaneously proposing innovative indigenous strategies to deal with the former. It aimed to this through investigating a number of issues, such as to:-

- Evaluate approaches and model of LED which have been utilised internationally and elsewhere in Africa;
- Investigate the most salient contributing factors to the slow rate of Rural Local Economic Development in South Africa, with the emphasis of KwaZulu-Natal;
- Identify innovative indigenous strategies that can be used or formulated (in the absence of efficient ones) to spur sustained Rural Local Economic Development; by using the case study of Umzumbi Phungashe Sub-Region;
- Investigate the reason(s) for the reluctance of big businesses (and other potential investors) to invest in rural areas; and,
- Identify what contribution localised indigenous initiatives have to offer traditional top-down LED projects.

The main theme under study, which is Local Economic Development within the countryside, was broadly discussed, stemming from its background, definitions, evolution and approaches and strategies that guide it. Furthermore, postmodernism and deconstruction as an epistemological approach to unpacking the factors that attribute to the slow rate and modest results of Local Economic Development in rural areas was discussed together with other complementary concepts such as; rurality, ruralisation, re-imagining rural areas and reframing development. The broad overarching policy framework that directly or indirectly impacts on Local Economic Development within the countryside was also discussed.

In this dissertation globalisation has been discussed together with its associated theories and factors that promote and drive it. This analysis has been carried out in a quest to provide a foundation to evaluate the relationship between globalisation and Local Economic Development within the countryside, under the theme “globalisation a challenge-opportunity”, which alludes to the notion that in cases where globalisation poses a challenge; that it should be dealt with efficiently and effectively to ensure that such is

ultimately turned into an opportunity. Furthermore, various cases studies from both developed and developing countries have been investigated to identify both challenges and opportunities; while simultaneously identifying lessons that can be learnt from such.

A rigorous analysis of the study area or case study highlighting its strengths and weaknesses was carried out in this dissertation. This was carried out in an effort to identify those challenges that impact negatively on the rate of Rural Local Economic Development, so that credible solutions to deal with such can be crafted. Furthermore, the analysis intended to identify the strong points that the area possesses so that they can be strengthened and exploited to help promote sustained rural development.

In summary the dissertation found that there are a plethora factors that have been identified as the most salient factors hindering sustained Rural Local Economic Development in the area. These factors *inter alia*; have been the lack of understanding of what Local Economic Development is and what it is meant to achieve and how. Low literacy levels, investment in under-researched projects that do not speak to the needs of the community, corruption, poor project management skills and inadequate infrastructure have all worked against the development of successful economic strategy. The involvement of all stakeholders in the area has been identified as the main turning point in eradicating the barriers hindering Local Economic Development. From such forums it is argued that more innovative and homebrewed solutions can be produced - which have better chances of successfully eradicating these barriers.

The adopted method of deconstruction together with postmodernism as an approach to knowledge created an enabling environment for the dissertation to investigate the root causes of the factors that contribute to the failure of the LED strategies. The dissertation has helped bridge the gap in the studies that have highlighted the obstacles to RLED, while failing to eloquently debunk the inertia for these challenges and forge more innovative solutions to eradicate such. The dissertation challenges the orthodox production of knowledge to solving problems through merely adopting foreign tools and strategies aimed at stimulating RLED. Research has proven that in many instances these imported tools and strategies are not necessarily appropriate to achieve successful implementation in

developing areas. Without a clear comprehension of the specific local factors that make an area unique, generalised LED strategies are bound to fail because they do not address these factors directly. Little notice is taken of indigenous knowledge which could support LED strategies. The modernist approach to problems of one tool fits all has proven inadequate in so far as dealing with a number of social problems, such as poverty relief, crime, substance abuse and RLED amongst others.

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## **Appendix 1: Interview Questions**

**Interview Questions**

❖ What are the most salient contributing factors to the slow rate of Rural Local Economic Development, and to what extent can these factors be attributed to the failure of planning?

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1) What can be done to eradicate the barriers hindering Rural Local Economic Development? Or (*How can the barriers hindering Rural Local Economic Development be eradicated?*)

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2) What can be done to spur Rural Local Economic Development?

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3) To what extent can the tortoise rate of Rural Local Economic Development be attributed to the failure of institutions (both government and private) to perform their duties?

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4) What is the role of planners in transforming the landscape of rural areas?

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5) Is agriculture the answer to the developmental problems faced in rural areas? Yes or No. Elaborate on your answer.

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6) What are the effects of climate change in rural areas endeavours to achieve sustained LED?

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7) How can the effects of climate change be mitigated, so that it has minimal negative effects on rural areas economic development climate?

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8) Is globalization an opportunity or a threat to the realization of LED in rural areas?

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9) *Are rural areas in developing areas ready to compete at a global scale or their economies still need to be protected?*

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10) *Is the government investing in the right developments in rural areas; that are in line with the local community needs? If Yes than why are those opportunities not exploited or have not yielded the desired results. If No, why is that so.*

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11) *How accessible are funds for rural dwellers or to support rural initiatives (development projects, small businesses and housing)?*

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12) *What are the challenges that rural people face when trying access funds and apply for bank loans? (Taking into cognizance the tenure system in communal rural areas and the lack of property or assets to use as collateral or mortgage when applying for a bank loan)*

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**Thank you for you participation!**

## **Appendix 2: Community Survey Questionnaire**

## Community Survey Questionnaire

### 1. Demographic Profile

GENDER:	Male	Female			
AGE:	16-20	21-25	26-30	31-35	36<

### 2. Level of Education Attained

ABET	Primary	Secondary	Tertiary
	Grade: 1-4	Grade: 8-10	Diploma Degree
	Grade: 5-7	Grade:11-12	Honours =<

### 3. What is your understanding of Local Economic Development in rural areas?

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### 4. Who should be responsible for the realization of LED in rural areas<sup>148</sup>? Give a reason for your answer.

Government <sup>149</sup>	NGO's	Civil Society	Community	All Stakeholders
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### 5. What do you think is your role in the realization of LED within in your area?

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<sup>148</sup> In your Area  
<sup>149</sup> Local, Provincial, National or ALL

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6. Is Local Economic Development in rural areas occurring at the expected rate?

**YES**   **NO**

7. What could be the reason (s) for this<sup>150</sup>?

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8. To what extent can these factors be attributed to the failure of planning? Substantiate your answer.

No Extent	Minimal Extent	Medium Extent	Large extent

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9. What can be done to eradicate the barriers hindering Rural Local Economic Development<sup>151</sup>?

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10. What can be done to spur Rural Local Economic Development?

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<sup>150</sup> Informed by the previous response

<sup>151</sup> *How can the barriers hindering Rural Local Economic Development be eradicated?*

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**11.** Are you aware of any projects that have been carried out in the area in an attempt to trigger and promote sustained LED? If yes please list them.

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**YES NO**

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**12.** How many of these projects in your view have been successful in impacting the locals' lives and changing their socio-economic status positively?

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<b>None.</b>	<b>5-</b>	<b>25-49%</b>	<b>50-74%</b>	<b>75=&lt;%</b>
<b>0&gt;%</b>	<b>24%</b>			

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**13.** What are the factors that have led to the modest or positive result of these projects?

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**14.** Is the government investing in the right developments in rural areas; that are in line with the local community needs<sup>152</sup>?

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**YES NO**

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<sup>152</sup> If Yes then why are those opportunities not exploited or have not yielded the desired results. If No, why is that so?

15. How accessible are funds for rural dwellers or to support rural initiatives (development projects, small businesses and housing)? Give a reason for your answer.

Accessible    Highly Accessible    Not Accessible    Highly In-Accessible

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16. What are the challenges that rural people face when trying access funds and apply for bank loans<sup>153</sup>?

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17. Is agriculture the answer to the developmental problems faced by rural areas? Elaborate on your answer<sup>154</sup>.

YES    NO

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18. Does climate change have a, impact on LED in the area?

Low    Medium    High

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<sup>153</sup> Taking into cognizance the tenure system in communal rural areas and the lack of property or assets to use as collateral or mortgage when applying for a bank loan .

<sup>154</sup> PROBE

19. What are the effects of climate change in rural areas endeavours to achieve sustained LED?

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20. How can these effects of climate change be mitigated, so that it has minimal negative effects on rural areas economic development environment?

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21. Is globalization an opportunity or a threat to the realization of LED in rural areas? Elaborate.

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22. Are rural areas in developing areas ready to compete at a global scale or their economies still need to be protected? Substantiate your answer.

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**Thank you for you participation!**

### **Appendix 3: Ethical Clearance**



16 November 2012

Mr Nkosikhona Mbhele (206513182)  
School of Built Environment & Development Studies  
Howard College Campus

Dear Mr Mbhele

Protocol Reference Number: HSS/1227/012M  
Project Title: Deconstructing the Barriers for Sustained Rural Local Economic Development: A case of Umzumbe-Phungashe Sub-Region in the Umzumbe Local Municipality

**EXPEDITED APPROVAL**

I wish to inform you that your application has been granted Full Approval through an expedited review process:

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number. PLEASE NOTE: Research data should be securely stored in the school/department for a period of 5 years.

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

Yours faithfully

.....  
Professor Steven Collings (Chair)  
/ms

cc Supervisor:  
cc Academic Leader: Professor Franco Frescura  
cc School Admin: Mrs Meera Dalthaman

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