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FACTORS INFLUENCING THE IMPLEMENTATION OF LOCAL ECONOMIC DEVELOPMENT POLICY IN GERT SIBANDE DISTRICT MUNICIPALITY, SOUTH AFRICA

Research Dissertation

By

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List of Acronyms

AG	Auditor General South Africa
ANC	African National Congress
ASGISA	Accelerated and Shared Growth Initiative for South Africa
ATR	Annual Training Report
CBO	Community Based Organisations
COGTA	Cooperative Governance and Traditional Affairs
CRDP	Comprehensive Rural Development Programme
DBSA	Development Bank of South Africa
DCD	Department of Constitutional Development
DTI	Department of Trade and Industry
FET	Further Education and Training
HIV/AIDS	Human Immunodeficiency Virus/ Acquired Immunodeficiency Syndrome
GDP	Gross Domestic Product
GSDM	Gert Sibande District Municipality
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IPAP	Industrial Policy Action Plan
JIPSA	Joint Initiative for Priority Skills Acquisition
LED	Local Economic Development
LGSETA	Local Government Sector Education and Training Authority
MFMA	Municipal Finance Management Act
MMC	Member of the Mayoral Committee
MTSF	Medium Term Strategic Framework
MPAC	Municipal Public Accounts Committee
MSA	Municipal Systems Act
MRS	Micro Economic Reform Strategy
NDP	National Development Plan
NGO	Non-Governmental Organisation
NGP	National Growth Path
NPO	Non-Profit Organisation
NQF	National Qualification Framework
NSDS	National Skills Development Strategy
NSF	National Skills Fund
OECD	Organisation for Economic Co-operation and Development
PGDS	Provincial Growth and Development Strategy
RDP	Rural Development Programme
RSA	Republic of South Africa
SALGA	South African Local Government Association
SDA	Skills Development Act
SDL	Skills Development Levies Act
SETA	Sector Education and Training Authorities
SMME	Small Medium and Micro Enterprise

UNDP	United National Development Programme
WITS	University of the Witwatersrand
WSP	Work Place Skills Plan

ABSTRACT

The assessment of factors that affect the implementation of Local Economic Development (LED) policy at local government level remains critical. Factors such as institutional arrangements and institutional capacity contribute largely to the outcomes of policy in the public sector. The purpose of this research was to establish the functional role of the institutional arrangements and institutional capacity that are in place for enhancing LED policy outcomes in Gert Sibande District Municipality in Mpumalanga. In South Africa, similar to other democratic societies, the outcome level of performance of LED demonstrates government's commitment to and ability in ensuring better living standards, including the education and health of the people. The objectives of the study were to investigate the effectiveness of the institutional arrangements and institutional capacity for implementation of LED policy outcomes. Secondly, the study aimed at establishing the nature of institutional and operational structures for LED. Lastly, the study examined the institutional capacity for LED implementation.

The research involved undertaking a comprehensive literature review, and developing an appropriate theoretical framework. A desktop study was conducted to identify factors that affect the implementation of LED policy in the GSDM. They are two major theories, namely the reformist paradigm and the new institutionalism theory that underpin this research. A case study design was more ideal for this study because the it seeks to establish a holistic and in-depth investigation of the institutional arrangements and associated institutional capacity of the lead institution for LED in GSDM. The case study research design has provided an opportunity to establish a detailed understanding of the institutional arrangements which relate to institutional capability to implement and achieve the outcomes of LED policy. Data was collected using a semi structured interview guide amongst employees and political members of GSDM, and provincial and national representatives who are responsible for supporting municipalities on LED. A desktop analysis on documented performance reports was also undertaken as a secondary data source to triangulate primary data. Theories of local economic development such as the reformist paradigm or alternative developmental approaches to local economic development and new institutionalism were used to analyse the findings and map the analytical conclusions.

One of the major findings of this study is that the current institutional arrangements for GSDM are weak; as a result, they do not fully support the implementation of the LED policy. The new institutionalism theory argues that public institutions should produce a conducive environment through creating policies and legislation that eliminate the barriers to growth Secondly, the research finds that the institutional capacity and capability to implement efficient and effective LED policy remains a challenge due to a number of factors, namely (a) a low skills base in the LED unit; (b) the high vacancy rate such that critical positions remain unfilled in the planning and economic development department; (c) inability and lack of capacity to manage LED structures and enhance involvement of partnerships in LED; (d) the majority of LED policy outputs since 2007 to 2012 were not achieved due to institutional capacity challenges, and (e) the funding model for municipalities remains a challenge. Thus, GSDM is characterised as a rural municipality with limited resources for economic growth and development as well as having serious capacity and development challenges.

These institutional capacity challenges have contributed to the high unemployment rate, widening inequalities, low levels of economic development, poor policy implementation, low performance at an institutional level and lack of compliance with legislation due to weak business systems. On the other hand, LED emphasizes strong reliance on local resources, leadership, and institutions to respond to local economic crises and opportunities. It has been argued that rural economies require more attention as the economic and social challenges tend to be more complicated compared to urban economies due to the low skills of the labour force. In addition, rural economies tend to rely more on primary economic sectors such as agriculture, and mining social transfers from government.

One of the key recommendations made in this study is that the GSDM needs to ensure that the district LED development agency is established to facilitate, coordinate and implement LED policy initiatives. In addition, the LED development agency needs to be adequately capacitated with requisite skills in order to deal with institutional capacity challenges and also to ensure that the partnership between stakeholders and civil society is strengthened in the implementation of LED. This will enhance local economic growth and development, create more job opportunities and result in efficient public involvement in the LED process. Secondly, the GSDM in partnership with stakeholders in the public sector, needs to develop short, medium and long-term strategies to address the low skills base, and the scarce and critical skills shortages in the district. Lastly, the research also recommends that GSDM needs to review the current organisational structure in order to improve the implementation of organisational policies, enhance service delivery and realise the developmental mandate of local municipalities as articulated in the constitution of the country.

This research should be expanded to include the other district municipalities in the Mpumalanga province in order to get a broader picture of local government capability to implement public policy and assess factors that impede the implementation of LED policy. It is imperative to note that due to the short duration of this study and the unavailability of the employees of GSDM, national and provincial departments, and members of the LED forums, limited information was collected in this regard. Thus the findings of this study cannot be generalised due to its limited scope yet it hopefully provides a meaningful understanding of the capability of public institutions at the local level to implement public policies within the South African context.

Chapter One
Introduction

Poverty reduction, sustainable development and economic growth remain key challenges for many developing countries including South Africa (United Nations, 2015; World Bank, 2001). The paradigm of Local Economic Development (LED) has emerged as a key strategy for and approach to poverty reduction and sustainable economic development in decentralized countries (Crook, 2003; Rodgers, 2009). A number of governments, development partners and donors have adopted different approaches to support poverty reduction and sustainable economic growth (Rodríguez-Pose & Tijmstra, 2009; Kumssa & Mbeche, 2004). Decentralization and Local Economic Development programmes emerge as two of the important interventions for improving the lives of grass root citizens in South Africa and other developing countries (Rodgers, 2009). Both programmes contravene the traditional top-down development strategies which are not viable in a democratic society. LED emphasizes a strong reliance on local resources, leadership, and institutions to respond to locally-based economic crises and opportunities (Crook, 2003; Rodgers, 2009).

Largely adopted in countries that have decentralization frameworks, LED is strategic to ensuring local economic growth and stability. It involves strategic partnerships between local government (municipalities), local businesses or firms, and local people to actively participate in local economic activities (Rodgers, 2009; World Bank, 2001). Rodriguez-Pose and Tijmstra (2009:6) state that "…local economic development strategies are increasingly regarded as a valid and viable way to overcome the development problems of territories around the world, regardless of their level of development or institutional conditions." It is expected that LED can influence economic development in rural and urban local communities because of its responsiveness, inclusiveness and accountability and the opportunities for innovation in this approach (Crook, 2003; Martinez-Vazquez & McCabe, 2003). However, with the promotion of LED strategies in a number of developing countries, there are often marginal gains in addressing many rural and urban local economic problems (World Bank, 2001).

Rural economies require more attention as they usually tend to be complicated compared to urban economies due to the lower skills of their labour forces (Howard, 1993; Rodriguez-Pose & Tijmstra, 2009:32). In addition, the rural economies tend to rely on traditional, low value-adding economic sectors such as agriculture, subsistence farming, mining and government social transfers and subsidies to the poor (Howland, 1993). Just as in urban areas, the sources of income for rural economies shape their growth trajectory, income level, disparities between the rich and the poor, quality of jobs, and appropriate development strategies (Howland, 1993). Different models of growth and development apply to each type of rural community. In reality, rural areas harbor the largest proportion of poor people in many developing countries such as South Africa. Consequently, customised development strategies provide better alternatives for achieving results.

The success factors of LED implementation include institutional arrangements, capacity, design/ nature of the strategy, political will and funding (Matlala & Motsepe, 2015; World Bank, 2000). This research project focused on examining the institutional arrangements in and the capacity constraints faced by a rural municipality, namely Gert-Sibande District Municipality (GSDM), Mpumalanga Province, South Africa, in achieving appropriate policy outcomes for LED.

The subsequent sections of this chapter will cover the background and context for the study, the LED programme in South Africa, the problem and purpose statement, the research objectives, and the

significance of the study. It will also describe the theoretical framework, the conceptualization of the study, and the regulatory framework. The last two sections of this chapter present the limitations of the study and an overview of the rest of the research report.

1.1 Background and Context

Since 1994, poverty reduction has always been at the forefront of the South African Government led by the African National Congress (ANC). In its quest to reduce unemployment, poverty, and inequality, the ANC government adopted a number of policies to facilitate economic growth and development. Some of the key policy documents in this regard include the National Development Plan (NDP) (2012), New Growth Path (NGP) (2010), Accelerated and Shared Growth Initiative for South Africa (AGISA) (2005), Microeconomic Reform Strategy (MRS) (2005), Growth Employment and Redistribution (GEAR) (1996), the Decentralization Policy (1998), and the Reconstruction and Development Programme (RDP) (1994).

Although there has been progress in increasing access to education, healthcare, housing and provision of basic services between 1994 and 2011, poverty is still widespread in South Africa (UNDP, 2013). The majority of the poor people, estimated at 70%, live in rural areas (Mbuli, 2008; UNDP, 2013). Currently, the NDP (2012) and the NGP (2010) are the main overarching policies in place to address poverty, inequalities and other development challenges in South Africa.

The National Development Plan (NDP) (Presidency, 2012) is more of a consensus building mechanism for the drastic reduction of poverty and unemployment (Gumede, 2013). The NGP (EDD, 2010) is more focused on job creation, the need to create decent work and a new policy orientation towards labour intensive approaches. The Micro Reform Strategy (author?2005) intends to address inequalities in the country, building on the RDP, by focusing on issues of the geographical spread of activity, integration, black economic empowerment, knowledge-led growth, skills development and state responsiveness.

In South Africa, decentralization and LED policies provide impetus for stronger and more legally binding, targeted approaches to reducing poverty and addressing development challenges (Matlala, 2015; Rodriguez-Pose 2008; Tijmstra 2007). The South African Government mainstreamed LED in laws such as White Paper on Local Government. The White Paper on Local Government (1998) introduced the concept of developmental local government.

The policy environment on LED has been progressive. Currently, South Africa uses the Revised National LED Framework 2012 – 2016. This builds on the first National Framework for LED in South Africa adopted in 2006. This first policy framework intended to build an understanding of best practices on LED (Rodgers, 2009). The first national guidelines one LED were produced in 2000 (Rodgers, 2009). In 2005, the Government produced the Policy Guidelines for implementing LED in South Africa. LED is considered an important avenue for attaining the social and economic development of communities (Matlala & Motsepe, 2015; Rodgers, 2009).

South Africa has a co-operative government arrangement on delivering local development (The Constitution of South Africa, Section 47, 1996). The National and Provincial governments provide support to the municipalities. They put in place the national and provincial guiding frameworks for municipal development of the LED strategy (Nel, 2005). Therefore, due to locally driven strategies, LED usually varies from one municipality to the other. For example, the predominantly rural municipalities focus more on pro-poor LED which enhancing more participation of local people and small entrepreneurship into the economy (Matlala & Motsepe, 2015; Nel, 2005).

Gert-Sibande District Municipality (GSDM) is mandated to provide public goods such as water, waste management, electricity connections, roads, while other public goods such as education, housing and health remain provincial and national competences. This is consistent with the literature on local government and its comparative advantage in delivering local services efficiently and effectively. It is generally considered that municipalities or district councils should take up the planning and implementing responsibility of social and economic policies in ensuring that public goods are provided equitably to address basic needs especially.

1.2 LED programme in Gert Sibande District Municipality

The Gert-Sibande District Municipality (GSDM) is one of the three regional municipalities in Mpumalanga province. GSDM has six local municipalities characterized as rural, 'category B municipalities', according to the Municipal Demarcation Board. This district municipality like any other rural municipality is faced with institutional challenges that include (a) capacity constraints - the lack of human resources and skilled personnel; (b) structural dimension challenges -poor institutionalization of policies (e.g. LED policy), (c) financial management challenges- inability to implement the Municipal Financial Management Act (MFMA) and Municipal Property Rights Act (MPRA) due to weak financial reporting and monitoring systems; (d) low revenue collection base; (e) low "equitable share" (of financial resources) allocated to the municipality by national government, (g) high corruption and political patronage, and (h) a high poverty rate and extreme inequalities (Black, Calitz & Steenekamp, 2008).

The LED activities in GSDM are guided by the LED principles laid down by the National Department of Cooperative Governance and Traditional Affairs:

Poverty and unemployment are the main challenges facing South Africa. LED strategies must prioritise job creation and poverty alleviation:

- LED must target previously disadvantaged people, marginalised communities and geographical regions, black economic empowerment enterprises and SMMEs to allow them to participate fully in the economic life of the country
- There is no single approach to LED. Each locality may develop an approach that is best suited to its local context.
- LED promotes local ownership, community involvement, local leadership and joint decision making
- LED involves local, national, and international partnerships between communities, businesses and government to solve problems, create joint business ventures and build local areas
- LED uses local resources and skills and maximizes opportunities for development
- LED involves the integration of diverse economic initiatives in an all-inclusive approach to local development
- LED relies on flexible approaches to respond to changing circumstances at local, national and international level (http://www.etu.org.za/toolbox/docs/government/led.html)

The revised national LED policy was adopted in 2011 (COGTA, 2009). Upon the adoption of the national policy, the other spheres of government were tasked to develop their regional and localized approaches GSDM adopted its first LED strategy in 2009, approved by the district council. The LED is a key strategic focal area pertinent to making a significant impact towards improving local communities in GSDM (IDP, 2011:4).

1.2.1 Local Economic Development Performance in GSDM

The 2009 LED strategy is an operational strategy for the GSDM towards achieving economic development. The economic development indicators for GSDM are the Human Development Index (HDI) and the Gini coefficient (GSDM IDP, 2011:52). The HDI is a reliable indicator of development, which is measured by life expectancy, mean years of schooling, expected years of schooling, and Gross Domestic Product by Region (GDP-R) (GSDM IDP, 2011; Human Development Report, 2010). Figure 1 shows that there is marginal progress in economic development. The municipality is also faced with the challenge of inequality in income measured by GINI coefficient, a measure of the distribution of income across a group of people.

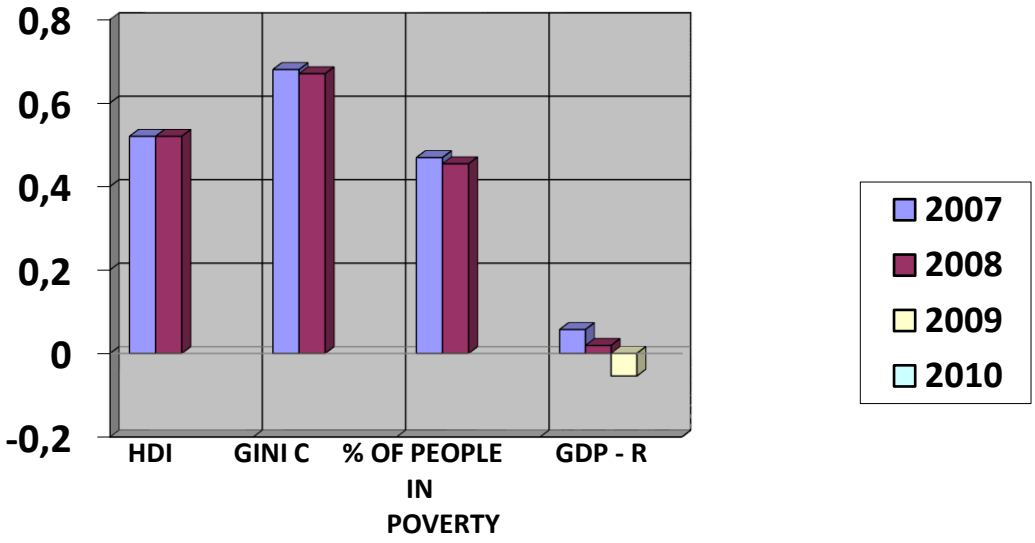


Figure 1: Overview of economic development progress (GSDM, 2011:53)

Figure 1 shows that human development has gone up slightly, non-significantly, from 0.53 to 0.52 between 2007 and 2008. The slight improvement in human development is congruent to the observed reduction in the percentage of people living in poverty in GSDM. Figure 1 also shows a slight decline in income inequalities as shown by the Gini Coefficient. However, the GDP-R declined from about + 0.05 in 2007 to -0.06 in 2009.

The observations from figure 1 show that there has not been significant progress in reducing poverty and attaining development in GSDM. The figures provide averages across all municipalities in GSDM. Of concern is that the indices for Mkhondo, Pixley ka Seme and Lekwa have not changed in the past seven years while that of Msukaligwa has decreased (GSDM IDP, 2011). Similarly, where improvements are observed, they are found to be slower compared to the national levels. The slight improvements in HDI show that the various development interventions over the period 2000 to 2010 have likely had some very marginal impact (GSDM IDP, 2011).

Consistent with the afore-discussed situation, the GSDM IDP (2011:53) notes: "The challenge for the GSDM will be to sustain the improvement in the HDI whilst gradually reducing the growth in income disparities especially within the previously disadvantaged communities and between males and females of the same ethnic origin. The inequitable distribution of income is the same with all the local municipalities of GSDM wherein they are above 0.62". It further notes: "While the levels of inequality are in line with broader

South Africa, the fact that they have continued to increase since 1996 and remain above the national level is a cause for great concern"

1.3 Problem and purpose statements

The strategic approach of GSDM's LED policy was largely pinned on institutional arrangements and institutional capacity. The municipality expected to attain a robust and inclusive local economy based on exploiting local opportunities, real potential and competitive advantages towards addressing local needs and contributing to national development objectives (DPLG, 2006:17). Alongside the LED strategy, the GSDM was expected to establish a special agency to ensure success of the strategy (Matlala & Motsepe, 2015; Trah, 2007). However, the development and poverty indicators for the period 2007 to 2011 show marginal progress towards attaining the LED expected outcomes (GSDM IDP, 2011). In Gert Sibande District Municipality, the execution of LED initiatives has experienced challenges of unclear definition of roles and poor coordination among the players that also affected duplication and weak harmonization of development interventions (GSDM IDP, 2011). In some cases, there were occurrences where there are weak inter-governmental relations within the corporative government system in relation to LED. Thus the problem statement refers to the fact that poor implementation of LED policy is caused by two factors such as weak institutional arrangements and capacity challenges in rural municipalities.

In addition, the challenges of poor compliance with the legislative requirements on performance monitoring and a small increase in organizational performance are linked to weak accountable system and weak institutional capacity in terms of the low proportion of critical jobs covered and quality of staff members available (GSDM, 2015:75; Matlala & Motsepe, 2015; Rodgers, 2009; Trah, 2007). Across operational spheres, it is reported that more needs to be done in the implementation of LED in GSDM to address inequality, unemployment, HIV/AIDS and poverty (GSDM IDP, 2011). A number of similar studies show that insufficient powers and resources, and capacity constraints at the local or regional level often form an obstacle to the successful formulation and implementation of LED? policies (Matlala & Motsepe, 2015; Rodriguez & Timat, 2009:21; Trah, 2007). Little research has been undertaken to investigate the contributory performance of the institutional arrangements and capacity for LED implementation in GSDM.

Therefore, the purpose of this research is to establish the functional role of the institutional arrangements and institutional capacity that are in place for enhancing LED outcomes in Gert Sibande District Municipality in South Africa. In South Africa, similar to other democratic societies, the outcome level performance of LED, demonstrates government's commitment to ensuring better living standards, education and health of the people.

1.4 Research study objectives and proposition

The research study was guided by the following objectives:

The *primary objective* of the study is to investigate the effectiveness of the institutional arrangements and institutional capacity for implementation of LED strategy in GSDM between 2007 and 2012.

Secondary objectives

In the operationalization of the study, based on the primary objective, the study considered the following secondary objectives:

- To establish the nature of institutional and operational structures for LED.

- To examine the institutional capacity for LED implementation.
- To examine the extent to which the institutional mechanisms and processes have been consistent with the requirements for successful LED implementation.

1.5 Proposition of the study

The proposition of the study is that in the implementation of a LED strategy, institutional arrangements and organizational capacity in GSDM have prevented the effective and efficient implementation of LED strategies in achieving local economic growth and development.

1.5.1 Significance of the study

The study has significance for the theory and practice of LED implementation. The findings are expected to contribute to the discussions on the theoretical factors that affect local economic development implementation. In practice, the findings of the study will provide evidence that may inform perpetuation or development of fitting frameworks for LED implementation beyond GSDM. Considering that more needs to be done on inequality, unemployment, HIV/AIDS and poverty (GSDM IDP, 2011), the findings may also contribute to the review and design processes on relevant and effective institutional design and implementation arrangements on improving LED outcomes for rural areas. For GSDM to be able to adequately respond to its developmental mandate, its capacity to do so must be proactively enhanced. This means that all the necessary institutional mechanisms and processes must be put in place and their relevance continuously monitored as dictated to by the ensuing developmental trajectory of the District.

1.6 Regulatory framework

The LED programme benefits from guidance from the constitution and other statutory regulations. This section looks at the relevant sections of the Constitution of the Republic of South Africa (1996), and the Local Government the Municipal Systems Act (2000). The discussed areas provide a fundamental legal regulatory reference point in this study.

1.6.1 The Constitution of the Republic of South Africa

Chapter 7 of the Constitution of the Republic of South Africa (1996) is paramount to understanding LED's legal context. Specifically, Sections 152, 153, 156 and 160 of the Constitution informs about the study focus on institutional arrangements and capacity of Gert Sibande Municipality in achieving socio-economic development through LED programmes. The Municipality of Gert Sibande has a key duty, right and responsibility for ensuring mechanisms and strategies for socio-economic development. The following stipulations of the Constitution point to the duty, right and responsibility mentioned earlier:

Section 152. Objects of local government -
(1) (c) to promote social and economic development
(2) A municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1).

Section 153. Developmental duties of municipalities. -A municipality must-
(a) 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; and

(b) participate in national and provincial development programmes

Section 156. Powers and functions of municipalities. -
A municipality has executive authority in respect of, and has the right to administer-
(a) the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5;
(b) Any other matter assigned to it by national or provincial legislation.
(5) A municipality has the right to exercise any power concerning a matter reasonably necessary for, or incidental to, the effective performance of its functions.

Section 160. Internal procedures
A Municipal council -;
(a) makes decisions concerning the exercise of all the powers and the performance of all the functions of the municipality;
(b) must elect its chairperson;
(c) may elect an executive committee and other committees, subject to national legislation;
(d) may employ personnel that will execute the developmental mandate of the municipality.

These stipulations are part of the key legislative context for LED. It is evident in Section 153 that the Constitution ascertains the importance of economic development as a core developmental duty of the Municipality. LED is an important strategy for addressing this constitutional obligation of ensuring social and economic development. The Section on internal procedures is a clear indication of whose responsibility it is in ensuring that the LED programme has the institutional arrangements and capacity to deliver for the required socio-economic development of Gert Sibande.

1.6.2 Local Government: The Municipal Systems Act (2000)

Gert Sibande's duties and functions in LED are part of the core functions as stipulated in The Municipal Systems Act (2000). The Act has framed integrated development planning as a compulsory duty. LED is part of the integrated development plan (Section 26 of the Municipal Act, 2000). In exact terms, Section 26 of the Act states the Core components of integrated development plans. Among the other 9 issues, number a – i, Section 26 (c) stipulates 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 referring to the Act's provisions, it has to be appreciated that the aim of the Municipal Systems Act (2000) 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. In part 2 of the Act (Section 27 -31), the Act details the core process for planning, drafting, adopting and reviewing the integrated development plans (IDPs). It has to be further noted that the Act also emphasize the need to ensure that municipalities are financially and economical viable (Preamble of the Municipal Act, 2000).

Chapter 2 of the Act informs on the legal nature and rights and duties of municipalities. Of key reference are Sections 4 (2); and 6(1) and (2). The sections highlight the expected key functions, roles and responsibilities around LED as part of municipality developmental duties.

Furthermore, Chapter 5 provides a concrete link of LED with the INTEGRATED DEVELOPMENT PLANNING, to the Constitution. Section 23, chapter 5, states that municipal planning must be developmentally oriented

(1) A municipality must undertake developmentally-oriented planning so as to ensure that it-
(a) strives to achieve the objects of local government set out in section 152 of the Constitution;
(b) gives effect to its developmental duties as required by section 153 of the Constitution;

The Constitution of the Republic of South Africa (1996) and the Local Government: Municipal Systems Act (2000) provide a good regulatory analytical benchmark on LED in Gert Sibande. The preamble of the Municipal Systems Act (2000) provides indications that LED is an important aspect of decentralization with the aim of contributing to sustainable and more inclusive economic development. The legal framework for LED in South Africa is useful (Nel 2001; Rogerson 2009). In a similar discourse on examining LED in Tshwane Municipality, Matlala and Motsepe (2015:327) assert the importance of LED as a critical part of political decentralization that has been consolidated in South Africa.

1.7 Conceptualization of the study

This section discusses the key analytical concepts critical to this study. The conceptualization refers to sustainable development and institutions. The discussion links the concepts of sustainable development, development, and Institutions.

The Bruntdland Commission (1982) defined 'Sustainable Development' as "an achievement and maintenance of the desired trends that are stable and durable within a specified long term frame". This implies that sustainable development refers to satisfying the needs of the present without hampering the needs of the future. This definition of Sustainable development raises critical factors for consideration in development, namely social stability, economic growth, political stability and policy regulation stability sustainability (Bruntland Commission, 1982). Learning from the Bruntdland Commission (1982), political, economic and social institutions can all affect development.

Similar to the identified critical factors of sustainable development, the definition of development provided by Fourie and Frederick (2001:228) that "Development is defined as decisive, comprehensive and integrated processes that expand the range of choices that people have and improves their standard of living" shows the importance of examining and considering social, economic, political, environment and culture factors that affect development attainment. Since development is driven by the needs at a particular period, the achievement of each feature/leg of development in a particular sector should not hamper or compromise the other aspects of desired development. This informs of the need to examine how various factors such as institutions play a role in bringing better opportunities that enhance local economic development through implementing LED policy in a sustainable manner.

Institutions refer to durable social rules and procedures, either formal or informal, which structure the relations and interactions of actors in social, political or economic communities (Leftwich, 2006; United Nations Development Programme, 2000). In addition, institutions can be deliberately constructed whilst other institutions emerge informally. Institutions are identified with their specific purpose such as social, economic and political obligations or aspirations, thereby providing the rules that govern cooperative engagement. Institutions play a different role in the planning and implementation of development programmes. They can undermine success and the ability to sustain the programme successes.

The concepts are critical in the analysis. They situate the study's perspective on assessing state institution capabilities to implement programmes and changing the living and working conditions of communities for the better.

1.8 Limitations of the study

The limitation of this study is that the results cannot be automatically generalized since it is a case study (Badenhorst, 2007). This is because of the subjectivity of the social, legal and economic context that fits as a basis for the interpretation of the research results.

The research topic is sensitive in that it may be difficult for institutions to acknowledge that they have weak institutional arrangements and lack capacity to manage local economic policy as required by the national policy framework. Another limitation of the study relates to the possible difficulty of securing appointments with the senior management in the municipality and relevant provincial departments to be interviewed given the limited period of the study.

1.9 Overview of the thesis

The rest of the thesis is structured as follows. Chapter 2 describes the Literature Review and discusses the analytical framework for local economic development and institutional arrangements; Chapter 3 is concerned with the Research Methodology and provides a description of the research approach, research design and research instruments used in the study. Chapter 4 presents the Research Findings and Data Analysis, with the interpretations of findings based on themes, patterns and categories. Chapter 5 concludes with a set of recommendations and presents the final analytical positions of the study based on the data analysis.

Chapter Two
Literature Review

2.1 Introduction
The aim of this chapter is to provide an analytical framework based on theories underpinning local economic development and institutional arrangements. This chapter will provide a detailed literature description and theoretical framework on institutions and local economic development. The first part of this chapter defines concepts such as Local Economic Development and sustainable development. Secondly, local economic development theory has a number of approaches and paradigms; however, only four major approaches will be discussed in detail in this chapter. This chapter also analyses local economic development within the South African context by outlining the national policy imperatives. Later in this chapter, theories of institutions in the public management arena will be discussed and the imperatives of institutions in public policy are also outlined. The role of strategic partnerships becomes critical in local economic development theory and practice. Lastly, this chapter will outline the role of strategic partnerships in the implementation of local economic development policy.

2.2 Defining Local Economic Development
According to the South African LED Network (2016), "Local Economic Development" (LED) aims to induce economic development and growth in a locality with the objective of creating jobs and improving the quality of life for everyone. The purpose of LED is to build up the economic capacity of a local area to improve its economic future and the quality of life for all (World Bank, 2005). It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation (World Bank, 2005). LED is the result of joint planning by a municipality, its community and business sectors. This means that all economic forces in the local situation have to be brought on board to identify resources, understand needs and work out plans to find the best ways of making the local economy fully functional, investor friendly and competitively productive. This collaborative, inclusive approach is not feasible at the national level as it would lead to complications with regard to issues and role players.

The focus that LED puts on the local and regional levels reduces the complexity and allows role players to pursue an integrated path of economic development (LED Network, 2016). Thus, LED recognises that people, business and governments at local levels are best able to restructure economic situations that will stimulate the growth required to create jobs and to reduce poverty. Many municipalities offer support to small business within their LED agencies, or dedicated small business and cooperative programmes in their LED divisions or public-private partnership incubation centers. LED aims to induce economic development and growth in a locality with the objective of creating jobs and improving the quality of life for everyone by realizing a locality's full comparative advantage.

The fundamental difference between Local Economic Development (LED) and traditional one-dimensional approaches to economic development (like national industrial policy, technology transfer or SME support initiatives) is that LED combines different approaches to local development into one integrated concept thereby cross-cutting many different portfolios (World Bank, 2005). At the national level, such a holistic and multidisciplinary approach would produce enormous complexity with regard to issues and actors. In

contrast to this, the focus that LED puts on the local and regional levels reduces this complexity and allows actors to pursue an integrated path of economic development.

LED refers to the territorial strategic approach to economic development and it emphasizes different goals in various places across the globe (Rodriguez-Pose & Tijmstra, 2009). The general failure of traditional top-down, supply-side development strategies to deliver sustainable development demonstrates that there is no simple and universal way to tackle development challenges. (Rodriguez-Pose & Tijmstra, 2009:35). This failure of traditional strategies in an increasingly globalized context has triggered a thorough rethinking of how development problems can be addressed. As a result, a series of tailor-made approaches for the development of sub-national areas emerged. These approaches, generally grouped under the name of local and regional development or local economic development (LED), highlight the advantages of focusing on the territorial, rather than on the sectoral dimension, and of integrating different development axes in one strategy. LED seeks to give localities the tools to promote development from below. It is based on the idea that national institutions are often too remote to respond effectively to the rapid changes of local needs (Rodriguez-Pose & Tijmstra, 2009). Learning from the notion of decentralization for local development, it is expected that the local institutions are better positioned to interact with other local economic and social actors and can be much more flexible. This allows the formulation of strategies which are better tailored towards local needs.

One of the goals of LED is creating quality jobs for the local population (Blakely, 1994; Rodriguez-Pose & Tijmstra, 2009; World Bank, 2000). This goal refers to building the local economy to create decent jobs that will benefit the community and also provide skills possessed by the current labour pool. Secondly, LED aims to "achieve and maintain local economic stability" (Blakely, 1994, 134). This goal argues that in order to achieve sustainable economic development, communities should have a specific approach to meet the needs of business. Economic resources and socio economic data should be available in an organized form for the community to access (Blakely, 1994).

Another goal of LED is to "build a diverse economic and employment base" (Blakely, 1994, 134; Rodriguez-Pose & Tijmstra, 2009). This implies that every community requires an integrated approach to establishing its economic and employment base. This requirement calls for identifying more than one reliable field for driving the economy and creating more job opportunities. It is envisaged to increase economic growth and reduce poverty in many areas through bottom-up approaches to economic policy making and implementation (Nel, 2001). Rodriguez-Pose & Tijmstra (2009) argue that contrary to the top down approaches that often focus more on infrastructural investments and financial incentives as instruments for attracting firms to a given locality, LED sees development as related primarily to the ability of the locality to exploit and build on its comparative advantages and local economic potential; and it therefore tends to rely more on improving the basic local conditions for development and reducing the dependence of the local economy on one or a limited number of local employers.

Generally, LED has emerged as a development strategy for increased economic growth opportunities through locality targeting. It is a developmental approach aimed at increasing local economic potential and local development through giving local government the tools to devise locally tailored strategies in cooperation with local governments, local and national stakeholders and actors in development.

The Bruntdland Commission (1982) defined sustainable development as "an achievement and maintenance of the desired trends that are stable and durable within a specified long term frame". This implies that sustainable development refers to satisfying the needs of the present without hampering the needs of the past in a long period. The Sustainable development definition raises critical factors for consideration in

development, such as social stability, economic growth, political stability and policy/ regulation stability sustainability. Learning from the Bruntdland Commission (1982), political, economic and social institutions can all affect development.

Similar to the identified critical factors of sustainable development, the definition of "development" provided by Fourie and Frederick (2001:228) that "Development is defined as decisive, comprehensive and integrated processes that expand the range of choices that people have and improves their standard of living" shows the importance of examining and considering the social, economic, political, environment and cultural factors that affect development attainment. Since development is driven by the needs at a particular period, the achievement of each type of development in a particular sector should not hamper or compromise the other aspects of desired development. This informs of the need to examine how various factors such as institutions play a role in bringing better opportunities that enhance local economic development through implementing LED policy in a sustainable manner.

LED as a concept reflects and respects the fact that a local area's economy is more than a collection of individual firms and markets. It is a composition of networks and dynamic systems of interactions of a much wider range of stakeholders that shape the economic fabric of a locality.

These experiences and changing framework conditions have motivated a critical reflection of traditional approaches to economic development. Local and Regional Economic Development have emerged as an innovative approach to address the challenges localities and regions are faced with.

LED offers a non-traditional, inter-disciplinary mix of approaches which allows practitioners to deal with multiple and interrelated obstacles such as low skills levels, lack of entrepreneurial culture, inappropriate or weak support mechanisms, disabling regulatory environments or a lack of access to financial and business development services at a local level rather than at a national level (LED Network, 2016). LED theories and approaches are discussed in detail below.

2.3 Approaches to Local Economic Development

The economic literature provides a number of approaches to LED. The first approach is called the *traditional approach* with the focus on attracting primary investment through concessions such as tax breaks, cheap land and reducing tax rates (Department of Constitutional Development (DCD), 1996). The argument in this approach is that investments create jobs and increase the tax base. The second approach is termed *entrepreneurship competitive*, and it puts emphasis on the importance of local competiveness and small business in job creation. Local authorities should play a pro-active role in identifying actual and potential growth sectors in supporting local business through research, loans, grants and technical infrastructure (DCD, 1996)

The third approach is named *urban efficiency* (DCD, 1996). The argument in this approach is that local authorities should raise urban productivity by lowering the costs of living and doing business in the locality (DCD, 1996). However, other scholars argue that government's role in the economy should be minimized by cutting taxes and service charges. This is not relevant to the South Africa context whereby government intervention in the economy becomes critical to ensure economic stability.

The fourth approach is called the *human resource development* approach for local economic development (DCD, 1996). This approach emphasizes the notion that local authorities should support the establishment of local training bodies and focus on activities of national training agencies. In addition, this approach

imposes conditions on companies and firms doing business with the municipality in putting measures that firms should provide the minimum amount of training to their employees. This will ensure that local people are being skilled and that they benefit from the jobs that are created in the local economy.

According to the South African LED Network, Local Economic Development encompasses a multitude of different interventions. One of the main characteristics of LED is that it will always be different wherever you go. That is because a LED strategy necessarily takes into account the different conditions/situations on the ground and builds on them. This heterogeneity of interventions in LED also means that it is often very difficult to explain to someone what LED actually is and encompasses. In order to fully understand what LED is about the SA LED Network structures all LED approaches according to the targets a LED intervention may have.

2.3.1 Pro-Poor LED Approach

According to Matlala and Motsepe (2015) there is no single definition of LED, but rather, LED could be understood in two approaches namely "pro- poor and pro-growth". The pro-poor LED approach refers to a process in which local economic development took place in a form of solidarity for the benefit of self-growth, self-help projects and self-development (Matlala and Motsepe, 2015). This approach holds the view that local economic development initiatives should be directed in promoting economic development through utilization of local resources in order to create jobs and alleviate poverty.

The characteristics of the pro-poor approach include small business support, business centers, small business support, community tourism (Nel 2005 cited in Matlala and Motsepe, 2015). This approach has been traditionally supported by the Department of Cooperative Governance and Traditional Affairs (Cogta) on policies that are aimed at eradicating poverty (Rogerson 2009; Meyer-Stamer 2002 cited in Matlala and Motsepe, 2015).

2.3.2 Pro-Growth LED Approach

The pro-growth LED approach holds the view that local economic development should focus on enterprise development (Matlala and Motsepe, 2015). Local economic competitiveness is defined as the degree to which a local economy can, under free and fair market conditions, produce goods and services which meet the test of local, national and international markets, while simultaneously maintaining and expanding the real incomes of its people over the long term (OECD, 2011). This approach puts emphasis on the view that local government should not directly be responsible for creating jobs: rather, local government should ensure the creation of conducive social and economic environment for employment growth, job creation and growing local business (LED Network, 2016).

There are three characteristics to the pro-growth approach namely:

(a) *Systemic approach* - this refers to developing systems and processes that are aimed at enhancing access of small business into services; they are sustainable in fighting poverty rather than providing small business directly.
(b) *Indirect approach*: this refers to developing systems that will lead inevitably to results. This approach might lead to time consuming between project conceptualization, interventions and impacts that could be realized.
(c) *Incremental approach*: this approach requires evolving packages of interventions over a period of time, in different service markets or group of markets to improve the competitiveness of a sector.(http://www.katalystbd.com/content.php?id=18&pid=16 (link is external)

2.4 Reformist Paradigm: Alternative development vs. Mainstream Development

The reformist paradigm which became dominant in the late 1970s informs on important variables considered in this research study. The reformist paradigm explains development in relation to human development, people-centered development, self-reliance, holistic development and the bottom-up approach to development (Pieterse, 2000). The reformist paradigm emerged as critiques of the failure of the mainstream development theory. Underpinning the reformist paradigm is an alternative development notion.

"Alternative development" refers to an alternative model of development that is concerned with introducing alternative practices and redefining the goals of development (Pieterse, 2000). It focuses on development through participation of institutions such as Non-Governmental Organisations (NGOs); empowerment of beneficiaries through community participatory processes and mechanisms (Gonzalez, 2008). Contrary to the mainstream development theory which emphasized economic growth, the alternative development theories suggest that development should be measured beyond a GDP focus and emphasize human development measurements (Friedman, 1992, Resources and Livelihoods Group' of Prayas, 2004; San, 1985 cited in Pieterse, 2000, 358).

The reformist paradigm provides an opportunity to approach development in an inclusive and equitable manner (Friedman, 1992; Gonzalez, 2008; Pieterse, 1998; Resources and Livelihoods Group' of Prayas, 2004). Gonzalez (2008:16) argued for "alternative development as an ideology claiming improvements in the imbalances on economic, social and political power, centered on people rather than economic growth". The alternative development paradigm helps one to better understand and analyse development issues at the local government level.

2.5 Local Economic Development in the South African context

South Africa today is characterised by a highly dualistic economy, with a sophisticated formal sector comprising numerous globally-competitive multinational companies, paralleled to a population of up to 40% who are unemployed and dependent on welfare grants and the informal sector to survive (Patterson, 2008). This duality in South Africa has been termed as the first (formal) and second (informal) economy (CWCI, 2006).

Local economic development in South Africa is a post 1994 phenomenon (Patterson, 2008). Under apartheid, South Africa had a distinct regional planning policy regarding settlement patterns with all residential areas underpinned by racial segregation (Patterson, 2008). As a result, the majority of the population was displaced and lived in marginalised townships. During the apartheid dispensation, the South African government had strong central control, which is characterized by closed economy. The emergence of LED initiatives in towns and cities of South Africa led to the erosion of local autonomy with a new vision of development and the concept of LED attracted more and more attention in government circles and amongst policy makers, to the point of being an explicit government priority today (Patterson, 2008).

The basis for the current policy framework for LED was originally set down in the South African Constitution, Sections 152 (c) and 153 (a) that local government must "promote social and economic development" and it 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". The Reconstruction and Development Programme (RDP) document (ANC, 1994) made implicit references to the notion of LED through the apparent support for community-based development and

locality based initiatives (Patterson, 2008). This was followed by the Urban Development Framework and the Rural Development Framework published by the RDP office.

National policy frameworks and legislation in South Africa are developed and endorsed by national government. Patterson (2008) argued that national policies on economic growth and economic development, as pursued by the Department of Cooperative Governance and Traditional Affairs and the Department of Trade and Industry (DTI) in particular, are based on conflicting paradigms and have been pulling in different directions: one towards a focus on poverty alleviation within poor communities, and the other towards engagement with global economic forces through means to enhance competitive advantage which is the traditional approach for development. They are based on different policy paradigms, that which is rooted in people centered development, is often called the reformist paradigm which explains development in relation to human development, people-centered development, self-reliance, holistic development and the bottom-up approach to development (Pieterse, 2000). One approach tends to be inward focused, relying on local resource mobilisation and the other is an outward focused approach, it puts emphasis on exports and the importance of foreign direct investment for economic growth which is known as the traditional model for economic growth (Petterson, 2008). Most of the policy papers are characterised by this tension between those two paradigms and try to bridge these tensions in various ways.

2.6 Legislative and Policy Frameworks for LED in South Africa

This section will discuss legislation and policy imperatives that are relevant, amongst others, for local economic development in the post-apartheid South Africa.

2.6.1 National Framework for Local Economic Development

The national framework for local economic development identifies what needs to be done to enable local government to make a more significant contribution to the growth of South Africa's local economies (COGTA, 2014). The framework is presented as a comprehensive strategic planning process for the period 2014-2019 and sets out objectives that local municipalities and other stakeholders in LED should consider to stimulate economic activity. A fundamental principle of the framework is that the municipal tier of government has the potential to play an increasingly significant role in supporting the inclusive growth of local economies (COGTA, 2014). Patterson (2008) argued that many challenges in development have their roots at the local level and unless local government begins to play a more significant role resolving these challenges, South Africa will continue to struggle to combat unemployment and inequality.

Local government has the potential to make a sustainable impact on development and has begun to demonstrate it. But far more needs to be done before the South African municipalities are equal to the considerable task that is demanded of them (Patterson, 2008). The LED Framework shares the same ideology with the National Development Plan perspective that South Africa's level of human development does not reflect its natural wealth and abundance of labour and that "too few people have work and the levels of poverty and inequality are too high" (National Development Plan, 2030: 325).

The contribution that the LED framework aimed at addressing issues lies in the identification of five specific objectives which have considerable potential to strengthen local economies. These objectives include the following:

- Building a diverse economic base for the local economy;
- Developing learning and skillful local economies;
- Developing inclusive local economies;

- Support for enterprise development and
- Economic governance and infrastructure

These objectives will not be attained without being driven by a series of processes needed to bring about change in the way LED is designed and delivered at the local level. In order to realise the LED policy outputs, the LED framework has identified the following strategic pillars that ensure full implementation and success of the policy namely:

b) *Research and strategy planning pillar*: This pillar stresses the importance of embedding LED within other intergovernmental planning and strategy instruments such as the National Development Plan and Provincial Growth and Development Plans (COGTA, 2014). It also emphasizes the importance of research and developing policy programmes and projects that will grow local economies.

c) *Funding and finance pillar*: This considers current approaches to LED funding and recommends new mechanisms that have the potential for the provision of more effective financing.

d) *The human resource and capacity building pillar*: The focus of this pillar is on leveraging existing LED training programmes offered by academic institutions which are staffed by experienced and motivated professionals which are needed to deliver LED. The Framework puts forward processes to further develop human capacity for LED in local government sphere.

e) *The knowledge management, monitoring and evaluation pillar*. The delivery of the framework needs to be monitored and its impact evaluated, suggesting the need for knowledge management and evaluation indicators and appropriate institutional and research arrangements to support and drive them (COGTA 2014).

f) *Organisational arrangements for LED pillar*: One of the challenges faced by LED in the public sector in South Africa relates to weak institutional arrangements. The manner in which municipalities are structured in relation to organizational structures often does not support the policy objectives in relation to LED policy outcomes (COGTA, 2014). Thus framework for local economic development sets out to clarify roles and responsibilities of various structures and institutions in supporting local economic development. While implementation of LED policy is largely driven and facilitated by local government, strong support, coordination and instrument design should be provided by the national sphere (COGTA, Department of Trade and Industry, Department of Economic Development and economic agencies), with some roles shared with the provinces (COGTA, 2014). The Framework for local economic development argued that there is currently a confusion over these roles and responsibilities shared by government entities, and to coordinate activities the framework recommends that a high level programme of action (PoA) is prepared as part of the implementation of this framework to address the current confusion.

2.6.2 The National Development Plan (NDP)

The purpose of the National Development Plan is to develop an economy that will create more jobs and be more inclusive and dynamic and is one in which the fruits of growth are shared more equitably and poverty is eliminated (Department of Planning and Monitoring and Evaluation, 2012). The contribution of LED towards the attainment of the NDP's vision includes the following:

a) LED policies and strategies need to encourage economic diversification
b) Small business development needs to be supported and encouraged at the municipal level

c) Inclusive rural economies should be driven by local economic planning using spatial development frameworks, value chains and development corridors

2.6.3 The New Growth Path (NGP)

The NGP calls for the re-industrialisation of the economy and the expansion of the manufacturing sector. It has targeted the creation of five million new jobs and the development of 50 000 artisans by 2020, by focusing on skills development and in particular, the development of scarce artisanal and engineering skills (Department of Economic Development, 2009). The adoption of the NGP has a broader impact on the how government responds in its facilitation of skills development in the local government sector.

The aim of the NGP is to create decent work, reduce inequality and poverty through restructuring of the economy and to improve economic performance in terms of labour absorption. Local Economic Development is expected to contribute to the NGP through the following:

- Job creation is central to local economic development through time proven initiatives such as the expanded public works programme;
- The integration of the principle of economic diversification into IDPs and LED strategies;
- Increased public infrastructure investment at the local level and
- Municipal support for small business and, working with others, for skills development.

2.6.4 The Industrial Policy Action Plan (IPAP)

The IPAP aims to address the underlying structural problems in the SA economy, by encouraging the development, growth and increased competitiveness of the South African manufacturing sector and in the process creating jobs over a period of time (DTI, 2012). As IPAP focuses on key aspects of the local government sector, national government has been tasked with a responsibility to support economic development plans with corresponding skills development initiatives. The skills need resulting from IPAP interventions should be factored across government planning processes.

The Industrial Policy Action Plan's purpose is three-fold: to *promote labour-absorbing industrialisation*, to *broaden participation and economic transformation* and to *raise competitiveness with manufacturing as a key anchor of development* (DTI, 2012). Within the context of IPAP, the value added by this local economic development framework includes the following (Department of Trade and Industry, 2002):

a) On-going strengthening of government, business and labour engagement;
b) Investment in skills development especially in scarce skills with market demand;
c) Expanding economic corridor linkages within and beyond the borders of South Africa to leverage on neighbouring economies;
d) To strengthen the governance and intergovernmental agenda of local economic development and
e) To deepen the sectorial and industrial cluster agenda of local economic development;

2.7 Role of Different Stakeholders in the implementation of LED policy

The purpose of this section is to discuss the role of partnerships and stakeholders in ensuring successful implementation of LED policy in local government.

2.7.1 Public Sector and LED

Successful implementation of local economic development requires multi-disciplinary and multi-stakeholder approaches including the public and private sectors and civil society (Swinburn, Goga & Murphy 2003; Zaaijer & Sara 1993; Meyer-Stamer, 2002; UNHSP, 2005; ILO cited in Matlala and Motsepe, 2015). The roles of the three spheres of government remain critical in ensuring successful implementation of LED. Government influences LED in numerous ways. At the national level, policies, frameworks and guidelines on LED are developed that indicate the role and involvement of stakeholders and other role players in the LED process. In addition, national government sets out rules and regulations that are aimed at reducing the costs of doing business at the local level (LED Network, 2016). On the other hand, the role of local government, is to provide infrastructure, coordination and facilitation of the LED in order to create an enabling environment for local economic development.

2.7.2 Private Sector in LED

The World Bank (cited in Matlala and Motsepe 2015) advocates a model whereby private sector, civil society and non-government organisations are critical in growing local economic growth and local economic development. The Department of Cooperative Governance and Traditional Affairs also shares the same sentiments in ensuring active participation of private sector and civil society in LED planning, implementation and evaluation. This implies that the private sector could contribute positively in the implementation of LED. The national LED policy provides a framework for the development of LED forum as a structure that need to participate in the LED planning, project implementation and monitoring (COGTA, 2014). The LED forum structure involves a range of stakeholders such as private sector representatives, business chambers, NGO's, civil society, public institutions representatives. LED stakeholders can be defined as "individuals, businesses, organisations or groups in the public, private and NGOs with interest in implementing LED initiatives" (Swinburn et al. (2003) cited in Matlala and Motsepe 2015: 329), The importance of the involvement of multiple stakeholders in the LED processes is aimed at increasing credibility, equity, transparency, and buy-in from stakeholders into LED (Matlala and Motsepe, 2015). Secondly, stakeholder participation and engagement in the LED implementation is recommended because it promotes better understanding of the socio-economic needs of the beneficiaries. Thirdly, stakeholder engagement and participation enhances efficiency in the implementation of LED due the ability of stakeholders to mobilise their own resources to support the process (Matlala and Motsepe, 2015).

The LED Network (2016) argued that well-functioning bodies of private sector organisations and representation are institutions which are mandated to support the competitiveness of the private sector by tackling specific market failures such as information imperfections on input and output markets and by overcoming the fragmentation of individual private businesses. In relation to most South African local economies, the fragmentation of the private sector along size and colour lines is one of the most serious challenges to functioning LED (LED Network, 2016). The lack of effective representation prevents the private sector from becoming a powerful partner and counterpart for the public sector and to properly advocate its common interests in the LED process. It further produces communication barriers within the private sector that prevent the optimal use of synergies such as mutual learning and information exchange between businesses, which tend to specifically exclude and disadvantage the emerging entrepreneurial community (LED Network, 2016). Inclusive private sector institutions are therefore a vital success factor for dynamic LED processes in South Africa, and strengthening the capacity of these institutions is an important element of LED initiatives (LED network, 2016)

2.7.3 Civil Society and LED

The White Paper on Local Government (1998) articulates that municipalities should involve civil society organisations in the implementation of LED by introducing the concept of developmental local government (Matlala and Motsepe, 2015). This implies that the role of civil society and organisations are critical during LED planning, implementation and evaluation process and this model is advocated by the World Bank (World Bank 2005; Breitenbach 2006 cited in Matlala and Motsepe, 2015). Non-governmental organisations (NGOs) and civil society initiatives are an important element in strengthening communities and most of them have a very good knowledge of the locality, local issues and are well-connected in the community (LED Network, 2016). This implies that NGO's and civil society organisations are therefore an important actor and partner for LED processes in many respects: they can assist communities in organising themselves, in defining and articulating their interests and needs towards other LED actors, and in pursuing and implementing LED proposals and initiatives (LED Network, 2016). One of the challenges of the faced by civil society organization is that, they are often inadequately equipped in terms of human and financial resources, and might themselves need organisational support from LED facilitators (LED Network, 2016)

The Local Economic Development Network (2016) argued that building the capacity of emerging entrepreneurial communities for entrepreneurship, self-organisation, representation, articulation, networking and interaction with the public and the established private sector is crucial to increase the participation and economic performance of the formerly disadvantaged areas. Such capacity does not only enable the actors to actively participate in the local LED process, but furthermore it improves their access to the different support measures that are available in the South African context (LED network, 2016)

The degree to which the interests of poor communities, emerging entrepreneurs and wage labourers are taken into consideration by private and public institutions is often limited (LED Network, 2016). There is little information about the specific needs, demands and potentials of poor communities and emerging entrepreneurs. In many countries this is also due to the fact that the political will to promote the development of rural areas, increase incomes and improve the livelihoods of poor communities is lacking (LED Network, 2016). In the South African case, however, there is strong political will to develop previously disadvantaged areas, and municipal boundaries have been drawn in a manner to link poor rural areas to economically vibrant urban and cities. However, South Africa remains challenged with structural obstacles such as *low skills levels*, *limited entrepreneurial experience*, low social capital and especially the *low level of self-organisation* and *professionalism* of *start-up entrepreneurs* in these areas have so far hampered efforts to close the economic gap between the formal and informal economy (LED Network, 2016).

2.8 Institutional Arrangements in implementing LED

Institutions are integral to the public policy arena and to this end, institutional arrangements also play role in realising policy outputs. Matlala and Motsepe (2015) argued that institutions are important in the economic development process because they provide a framework for rules in order to ensure rational and optimum decision making are made. On the other hand, North (cited in Matlala and Motsepe (2015; 330) states that institutions are "are instrumental to ensure stability and certainty for stakeholder". Thus the role of institutions becomes critical in the implementation of local economic development policy. In relation to local economic development, institutional arrangements refer to the organizational structures and networks that support the implementation of the local economic development policy directly or indirectly (Matlala and Motsepe, 2015). These institutions serve as a mechanism through which LED policy is coordinated, managed, implemented, as well as monitored and evaluated (DPLG, 2000).

They are three objectives of LED institutional arrangements. Firstly, institutional arrangements "form a basis through which successful resource management is ensured" and secondly, these "institutions provide a platform for various LED stakeholders to articulate their interests, share information, bargain, and take collective decisions" (Matlala and Motsepe, 2015: 330). Finally, LED institutional arrangements are "essential to reduce uncertainty in the implementation of LED" (Matlala and Motsepe, 2015: 330). It could be argued that institutional arrangements are essential in ensuring local economic growth and development which cannot take place without the support of role players and structures (North 2003 cited in Matlala and Motsepe, 20015).

2.9 Public Institutions that support municipalities on skills and capacity requirements

This section will deal with the role of public institutions that support municipalities on skills development and capacities required to fully implement LED policy. This section will further outline challenges facing municipalities on institutional arrangements and capacity to implement public policies.

2.9.1 Department of Cooperative Governance and Traditional Affairs

In post-apartheid South Africa, LED policy and guidelines are well documented especially at the national level yet the issue of funding and requisite skills required for LED remains a matter to be addressed (Patterson, 2008). In addition, LED is not yet well embedded in municipal practice, which is shown in many cases by the limited funds allocated to LED, lack of impact interventions and the lack of skilled and competent personnel to execute the LED outputs at a municipal level. Weak institutions, incompetent public personnel to implement public policies pose a challenge to South Africa to become a developmental state. Patterson (2008) argued that the compartmentalization, and lack of institutional arrangement in local economic development policy and lack of policy coherence remain significant problems in municipalities. In addition, there is an apparent failure to link line function interventions or national government-funded projects explicitly into LED. The varying size of LED units, the presence or absence of professional staff and resource differences create a very diverse profile in terms of what exists and also in terms of actual impact (Patterson, 2008)

The Strategic Plan of the Department of Cooperative and Traditional Affairs (COGTA) plays a critical role in supporting municipalities in the areas namely, (a) *development and review of national policy, strategy and guidelines on LED;* (b) *providing direct and hands-on support to provincial and local government in selected cases*; (c) *management and technical support to Nodal Economic Development Planning*; (d) *facilitating coordinating and monitoring of donor programmes, and (f) assisting in LED capacity building processes* (Patterson, 2008). In implementing the above strategic priorities, the National Department of COGTA, executes the last area on assisting LED capacity building processes to municipalities through the deployment of economists and development experts to help on community investment programmes.

2.9.2 Local Government SETA

As a result of the skills shortage in South Africa and the need to empower the previously disadvantaged majority, the Skills Development Act (1998) provides a framework for the development of skills in the workplace. Amongst other things, the Skills Development Act makes provision for skills development by means of a levy-grant scheme, and the establishment of 23 sector-specific Sector Education and Training Authorities – or SETAs – to administer the scheme's funds, and manage the skills development process. The SETAs were established in March 2000 and are responsible for the disbursement of training levies payable by all employers in the country. SETAs replace and extend the work of the previous industry training boards and are accredited by the South African Qualifications Authority. Thus the Local Government SETA is one

of the 23 Sector Education and Training that is endorsed to facilitate skills development in the local government sphere.

One particular strategic area that the LGSETA focusses on relates to training interventions, bursaries and learnerships within the LED and development economics field. Since 2002 the LGSETA has embarked on a process of developing LED qualifications framework with the final objectives of implementing a range of LED learnerships, internships and provide all the necessary tools and material for a nationwide rollout. In order to have a sound basis for the development of operational learnerships, internship and skills programmes, the LGSETA initiated the establishment of partnerships between the SETA, employers (municipalities) and local / regional training providers (FET Colleges, Technikons and Universities). The LED Qualifications Framework within the National Qualifications Framework (NQF) Levels 4, 5, 6, 7 and 8 should result in the sound training of LED practitioners to provide them with the necessary knowledge and skills required to be successful LED facilitators and to provide them with a learning and career pathway within the LED field. These three qualifications are aimed at ensuring that a comprehensive understanding of LED and its application in the South African context is adequately understood and that local government officials have ability to develop local economic strategies to grow their local economies and that they have abilities to execute their responsibilities efficiently and effectively.

2.9.3 LED Network

The LED Network was founded by several leading South African LED Experts and launched in 2006 with the aim of supporting municipalities with financial and technical support from German Development Co-operation to represent the needs of all LED practitioners in South Africa (Patterson, 2008). The LED network comprises experts drawn from various institutions and agencies such as LED officials from national, provincial and local government, NGO's, private sector institutions that are interested in LED and academics who are specialising in economics and LED. The objectives of the LED network are to "promote good practice of LED by providing practitioners with access to continuously updated knowledge, experience, practical approaches and instruments that work to achieve the development of the local economy" (Patterson, 2008, 26). In South Africa, local government has been mandated with the responsibility to facilitate local economic development as articulated in the South African constitution of 1996, but it lacks both control and direct influence over many of the factors necessary for the success of LED efforts such as required skills, competence and the ability to coordinate LED (Patterson, 2008). In addition, local government's facilitating role requires an understanding of the business sector and its needs and factor conditions. The LED Network strives to bridge the gap? by promoting discussion and exchange between the various kinds of LED practitioners to build a body of knowledge of what works when, which approaches can be used, and how to mobilise other local stakeholders to actively engage in LED processes (Patterson, 2008). The objectives of the LED Network include (a) increasing public awareness and understanding of good LED principles and approaches, (b) building a nationwide network of LED Practitioners that are able to guide and support LED using the latest principles, proven instruments and facilitation techniques available, (c) provision of mechanisms, activities and discussion opportunities to improve the capacity and skills of LED Practitioners and lastly (d) to engage constructively around LED issues for the benefit of public officials (Patterson, 2008).

2.9.4 Local Economic Development Agencies

The South African LED environment is shaped by a number of intermediary actors and support institutions which provide crucial inputs to LED processes through mechanisms of funding, conceptual support, research, advocacy, facilitation and policy design (LED Network, 2016). The intermediary landscape that influences LED can comprise a wide variety of institutions with different mandates and at different levels.

The concept of a development agency in South Africa and globally is an approach for generating jobs in local communities using local knowledge and mechanisms (Patterson, 2008). It involves strategic planning and research through using available resources, tools and building partnerships between different spheres of government, the private sector and the not-for-profit sector (Patterson, 2008). In the post-apartheid, South Africa has established public institutions such as the Industrial Development Corporation (IDC) which focuses on improving business confidence and creating opportunities for investment, while strengthening risk management controls (Patterson, 2008). In addition, co-operation agreements with various regional development institutions were put in place in an effort to leverage external resources, benchmark activities and widen networks to extend the reach and presence of the IDC, both locally and internationally (Patterson, 2008). The primary objectives of development agencies include the following as outlined by Patterson (2008):

a) To promote and develop the economic potential on a local or regional level by building unique competitive strengths of each region's economy and assets;
b) To leverage public and private resources for development opportunities;
c) To foster the innovative thinking and entrepreneurial activity which support and drive economic growth; and
d) To manage the spatial organisation of the area in a socially efficient manner, through the use of public land and targeted private projects in particular

Patterson (2008) argued that development agencies often have required expertise, capacity and resources to attract investment, have ability to grow regional economies that will enhance job opportunities and employment creations compared to municipalities. This development agency model is required for rural municipalities to manage local economic development and grow local economy.

The success of LED policies depends to a large extent on the quality and alignment of the LED inputs and services that these intermediaries provide (LED Network, 2016). If the conceptual approach to LED and the technical support of these actors to the local level is weak or contradictory, building consensus at the local level about what LED is about and how to go about it practically will not succeed, and confusion around concepts, roles and objectives of LED will hamper LED implementation (LED Network, 2016). There is confusion in defining and understanding the roles and responsibilities that need to be played by various role players in support of the LED implementation at the local government level (Matlala and Motsepe, 2015). Moreover, an unclear or contradictory conceptual LED framework can also render funding lines and other service delivery provided by these intermediaries ineffective and sometimes even counterproductive (LED Network, 2016). Finally, a lack of human and institutional capacity within intermediary institutions to implement LED policy guidelines and support programmes can seriously challenge LED implementation on the ground (LED network, 2016). Strengthening LED intermediaries is therefore a crucial task, as these institutions provide important leverage factors for influencing the LED landscape at a wide scale.

2.10 Theories of Institutions in the public management arena

This section outlines and discusses institutional theories that are underpinning this research study. These theories will enable one to draw conclusive research results for this study in the later part of this report.

2.10.1 The new Institutionalism theory

The *new institutionalism* theory highlights the importance of institutional arrangements in development. There are three approaches to new institutionalism: (i) historical institutionalism, (ii) rational choice institutionalism, and (iii) sociological institutionalism (Hall and Taylor, 1996). In other research on economic development in Africa, Kumssa and Mbeche (2004, 843) state that "institutions play an important role by reducing uncertainties and establishing stable economic and social relations". They argued that

"Institutions in African countries had little impact on economic development because of the over concentration of politics, political power in the hands of political elites and the institutions of the presidency" (Kumssa and Mbeche, 2004; 845).

The reformist paradigm and the new institutionalism theory discussed in this section inform the scope of the study with regard to fundamental considerations in institutional arrangements and economic development. According to the new institutionalism theory, public institutions should produce a conducive or forming environment through creating policies and legislation that regulate and eliminate barriers for growth (Thoening, 2011). Thus public institutions and organizations that handle public affairs should be 'conceptualized as institutions rather than as instruments' (Brunsson and Olsen, 1997: 20). The new institutionalism holds a different view from the sociological institutional theory in a manner that public institutions can be reformed and controlled trough a top down approach and with a technocratic style (Thoening, 2011). This approach argued that public institutions may experience a large degree of autonomy and follow logics of their own, independently of outside influences or requirements whilst public organizations function more at political level while power issues and power games define their functionality and their policies (Thoening, 2011).

Scott (2001) discussed pillars of institutions namely *regulative pillar* which focuses on the ability of Institutions to constrain and regularize behavior. The second pillar refers to *normative* which emphasizes on the normative rules that prescribe rights and privileges as well as responsibilities and duties. The last institutional pillar refers *cultural-cognitive* which stresses the shared conceptions that constitute the nature of social reality and the frames through which meaning is made. DiMaggio and Powell (1991) argued that organizational change often occurs as the result of processes that make organizations more similar without necessarily making them more efficient through a process called Isomorphism. In addition, the effects of institutional pressures are to increase the homogeneity of organizational structures in an institutional environment

2.10.2 Historical Institutionalism Theory

The Historical institutionalism approach defines institutions as "formal or informal procedures, routines, norms and conventions embedded in the organizational structure of the polity or political economy" (Hall and Taylor, 1996, 938). On the other hand, Thoening (2011, 2) defines historical institutionalism as an approach that defines public administration as part of "political life and questions the postulate that the state machinery functions as an undifferentiated whole and as a passive agent". In addition, this approach argued that resources and power are allocated unequally in the public sector institutions due to political interference and there is competition for? resources (Thoening, 2011). The emphasis of this approach in understanding institutions and individual behaviour lies on "broad terms, symmetries of power associated with operation and development of institutions, path dependence as well as unintended consequences" (Hall and Taylor, 1996, 938). On the other hand, Scott (2001) defines institutions as multifaceted, durable social structures, made up of symbolic elements, social activities, and material resources.

One of the major characteristics of historical institutionalism is that while this approach considers outcomes of public policies they do not just reflect preferences or interests of the strongest social forces but rather public policy choices that are often channeled by existing and past arrangements (Thoening, 2011). Thus policy choices that were made in the past shape choices made today. This approach is relevant to the South African context in the manner that public policies are defined by national government and cascaded to local government for certain periods and they become applicable and implemented in the public sector institutions. Another factor in this approach is that political and administrative organizations, conventions and procedures regulating the relationships between economic actors and the state, are therefore path-dependent (Thoening, 2011).

2.10.3 Sociological Institutionalism Theory

The *sociological institutionalism* theories state that institutionalism could be understood in cultural terms as social constructs (Hall and Taylor, 1996). In addition, this approach defined institutions "more broadly than political scientists do, to include, not just formal rules, procedures or norms but symbols, systems, cognitive scripts and moral templates that provide frames of meaning guiding human action" (Hall and Taylor, 1996, 947). Theoning (2011,3) defined sociological institutions as public agencies and organizations that are considered as institutional actors in as far as their field units are appropriate and promote values and interests that are embedded in the local communities in which they operate, and not just as machines implementing goals and values defined by a principal. Institutions are perceived more to provide meaning to social life and to influence human behaviour due to cognitive scripts (Hall and Taylor, 1996). In relation to the study, sociological institutionalism will remain one of the major theories to understand the institutional arrangements and institutional capacity for implementing LED policy in GSDM.

One of the characteristics of sociological institutionalism is that public entities and institutions may promote values and interest that are emended to local communities. This implies that communities have a significant role to inform public institutions at policy and decision making level. This approach is similar to the local economic development theory given that development is driven from bottom which includes participation of local communities in local economic development. One of the disadvantages of this approach is that incongruities between both parties (Thoening, 2011). The conflicts that may arise are often contradicting the broader goals and objectives that the public institutions seek to achieve.

A second characteristic of this approach is that institutions involve processes in which members of an agency acquire values that go beyond the technical requirements of organizational tasks (Thoening, 2011). Thus according to the sociological institutions, there is no public institution that is completely free of values, rather institutions integrate values and they need to go beyond the technical requirements of the task at hand (Thoening, 2011). This perspective is similar in the South African public sector institutions as public organizations infuse values that contribute to drive the mandate of the institution.

The rational choice institutionalism approach drew its analytical approach from "new economics of organizations which emphasize the importance of property rights, rent seeking, and transactions costs to the operation and development of institutions" (Shepsle cited in Hall and Taylor, 1996, 934).

2.11 Conclusion

The theories outlined here show that the concept of local economic development has emerged as a key strategy for poverty reduction and sustainable economic development in a decentralised political system. Rural economies require attention as they usually tend to be complicated compared to urban economies due to low skilled labour forces. In addition, rural economies tend to rely more on traditional, low value-adding economic sectors such as agriculture, subsistence farming, mining and government social transfers and subsidies to the poor (Howland, 1993).

Decentralization and LED policies give hope for targeting approaches in reducing poverty and addressing development challenges in South Africa. The South African government, mainstreamed the decentralization commitment in its laws and policies through the introduction of local economic development policies and institutions to support the implementation of economic policies. The new institutionalism theory provided an understanding of the importance of institutional arrangements in development. In other research on economic development in Africa, Kumssa and Mbeche (2004, 843) state

that “institutions play an important role by reducing uncertainties and establishing stable economic and social relations”. However, “institutions in African countries had little impact on economic development because of the over concentration of politics, political power in the hands of political elites and the institutions of the presidency” (Kumssa and Mbeche (2004, 843). The new institutionalism theory and the reformist theory will be used to analyse research findings and help to develop an analytical conclusion for this study.

The purpose of this chapter was to outline the analytical framework and theories that are underpinning local economic development and institutional arrangements. This chapter provided literature on institutions and local economic development through an analysis of journals, articles and academic books. Theories and approaches of local economic development and institutions in public management were also discussed in this chapter. In addition, this chapter discussed the conceptualization of local economic development within the South African context through an analysis of legislative and policy imperatives. The role of strategic partnerships in the implementation of local economic development policy at local government level was outlined.

The following chapter will discuss in detail, the research approach and research instruments that were adopted for this research study.

Chapter Three
Research Methodology

3.1 Introduction

Social science research examines social life and draws conclusions that provide meaningful understanding of social phenomenon. This research has elements of studying social life, individual perceptions and drawing appropriate conclusions. The purpose of this chapter is to discuss the research method that the study has adopted. It provides a description of the research approach, research design and research instruments used in the study. Key limitations are also outlined in this chapter.

3.2 Research Approach

There is no general definition of qualitative research. Rather Mason (2002, 13) provided a working definition of qualitative research; this could be understood as it is "grounded in a philosophical position which is broadly 'interpretivist' in the sense that it is concerned with *how the social world is interpreted*, *understood*, *experienced, produced* or *constituted*". On the other hand, qualitative research methods were developed in the social sciences to enable researchers to study social and cultural phenomena (Denzin and Lincoln, 2000). This research study has adopted the qualitative research approach in order to understand factors that affect the implementation of the LED policy in GSDM through focusing on institutional arrangements and institutional capacity as major contributing factors that affect the outputs of the policy.

The qualitative research approach was adopted in this study in order to have a broader and rich understanding of the factors that affect the implementation of local economic development policy within a public institution. Mason (2002, 4) argued that through qualitative research a researcher can explore a "wide array of dimensions of social world, including the texture and weave of everyday life, the understandings, experiences and imaginings of our research participants, the ways that social processes, institutions, discourses or relationships work, and the significance of the meanings that they generate".

3.3 Research Design

According to Mouton (1996, 175) research design serves as the "plan, structure and execute" component of the research to maximise the "validity of the findings". A researcher has developed a research plan or design that is embedded within the principle of qualitative research approach in order to investigate this study. According to Denzin and Lincoln (eds.), (2000) a research design refers to the *logic* or *master plan* of a research that throws light on how the study is to be conducted which indicates how all of the major parts of the research study such as samples or groups, measures, treatments or programs, work together in an attempt to address the research questions. In relation to this research, a case study was adopted as the main research strategy in order to have in-depth understanding of challenges that affect the implementation of the LED as well as to have greater knowledge of the institutional arrangements and institutional capacity in GSDM.

3.3.1 Case Study

Yin (2003) cited in (Bernard, 1995, 309) defines a case study as an "empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly defined". Moreover, the case study approach is "especially useful in situations where contextual conditions of the event being studied are critical and where the researcher has no control over the events as they unfold" (Bernard, 1995).

A case study research design was adopted for the research. The case study design was more ideal in this study because the study seeks to establish a holistic and in-depth investigation of the institutional arrangements and associated institutional capacity of the lead institution for LED in GSDM (Badenhorst, 2007). The case study research design has provided an opportunity to establish a detailed understanding of the institutional arrangements which relate to institutional capability to implement and achieve the outcomes of LED policy. The case study methodology was considered the most appropriate approach to employ because it provides a systematic way to collect data, analyze information, and report the results: thus this research strategy enables one to understand a particular problem or situation in great depth.

3.3.2 Sampling and Participants

This research study has adopted purposeful sampling given that the researcher selected participants that are more relevant in addressing the research objectives. According to Patton (2002) cited in Bernard (1995, 23), purposive sampling can be defined as a "non-random method of sampling where the researcher selects "information-rich" cases for study in depth (Patton, 2002). The advantage of adopting purposeful sampling is that "any common patterns that emerge from great variation are of particular interest" and they add value in capturing the core experience within the studied setting or phenomenon (Bernard, 1995, 23).

Sampling was primarily based on the three secondary research questions established for this study. The subjects of the study are officials from local government, and provincial and national government who are responsible for local economic development. In order to gain more rich information on the role of governance structures and institutional arrangements, the study included participants from municipal oversight committee members and a representative from LED forum. Primary data was collected in the following institutions and officials:

Table 1: List of participants for the study and their organisation

Name of Institution	Portfolio of Participants	Number of participants
Gert Sibande District Municipality	Member of the Mayoral Committee: Responsible for Planning and LED	1 (Respondent 1)
	Senior Manager: Planning and Economic Development	1 (Respondent 2)
	Officer LED	1 (Respondent 3)
Department of Cooperative Governance and Traditional Affairs	Senior Manager: LED (Provincial COGTA) Senior Manager LED (National COGTA)	1 (Respondent 4) 1 (Respondent 5)
Member of LED Forum - GSDM	General Member of the LED Forum - GSDM	1 (Respondent 6)
National Treasury	Manager: Municipal Support	1 (Respondent 7)
Total		7

3.3.3 Data Collection

Data was collected from primary and secondary sources for the study.

(a) Primary data source

Primary data was collected using the un-structured interview methods as the researcher required rich and detailed information for qualitative analysis. The advantage of conducting interviews is adaptability potential whereby the interviewer can follow up ideas, probe responses and investigate motives and feelings which the questionnaire can never do (Bell, 1999). The unstructured interviews had enhanced understanding of the current organizational arrangements and also captured other emerging issues associated with the LED policy in the municipality. The unstructured interview method was open-ended and encouraged participants to communicate freely to ensure that they provided their better insights, underlying meanings, beliefs and values.

A semi-structured interview questionnaire was developed and used to gather information. Interviews were conducted using the semi-structured interview guide individually (one-on-one). Participant anonymity was respected and the purpose of the study was shared with the subjects in order to gain accessibility to and support for the study.

The semi-structured questions were developed based on the following thematic areas:

- An overview of the GSDM vision, mission, strategic intent and understanding of the goals and objectives of LED policy.
- understanding of the challenges that affect implementation of LED policy in Municipalities (GSDM)
- nature of institutional arrangements in successfully implementing the LED policy of GSDM
- understanding the operational structure and organogram of the GSDM with specific reference to the LED unit
- reviewing and examining institutional capacity and requirements of the LED unit in municipalities (GSDM)
- factors that contribute to capacity constraints and capacity challenges within rural municipalities (GSDM)
- role of partnerships (public and private) in implementing the LED policy in Municipalities (GSDM)

- models required to grow rural economy and ensuring that objectives of the LED policy are fully realized.

(b) Secondary data sources

Secondary data was collected through documented reviews. The Documented review refers to a desktop analysis on documented information and literature relevant to local economic development and local government in the post-apartheid South Africa. The desktop studies included amongst others, reports from the GSDM, government reports from national and provincial department, COGTA, National Treasury, Economic Development Agencies and Auditor General – South Africa. The literature review and desktop studies become imperative in order to validate the findings of this study.

3.4 Data Analysis

The main purpose of the data analysis was to integrate the information from the literature review with the desktop and primary data collected through various research methods to interpret and understand factors that affect successful implementation of LED policy. Data analysis was based on holistic and coding analysis as the analysis draws conclusions based on the text, and provides systematic searching of data to identify specific observable actions and characteristics (Badenhorst, 2007). Qualitative analyses tools such as themes and categories were employed to analyse and present research findings. This entailed the integration of all primary and secondary data collected through the various research methods: a) participant interviews and b) document review /desktop. Neuman (2000) argued that a qualitative researcher must analyse data by organizing it into categories, themes, concepts or similar features through establishing relationships among concepts. Thus this approach aims at triangulating the research findings from primary data with secondary data in order to determine factors that affect successful implementation of LED policy in GSDM.

Blaikie (2000), and Scandura and Williams, 2000 (cited in Bernard, 1995, 33.) argued that in social research, the term "*triangulation"* is used in a "less literal sense as it involves the use of multiple methods and measures of an empirical phenomenon in order to overcome problems of bias and validity". On the other hand, triangulation can be defined as the use of results from one set of data to corroborate those from another type (Brannen, 2004, cited in Bernard, 1995).

Research findings were triangulated as discussed above between primary data, secondary data and the literature review. Thus research findings were analysed and presented according to the following themes and categories (a) strategic goals and strategic intent of LED policy, (b) nature of institutional arrangement and structural dimensions, (d) institutional capacity and its requirements, (c) policy implementation challenges, role of institutions in LED, (d) role of partnerships in LED and (f) model required for LED policy implementation. It is important to note that the findings of the study should be applicable to similar settings to enhance an understanding of the structural dimensions of an institution at the municipal level.

3.5 Validity and Reliability

Although qualitative studies are usually not based upon standardized instruments and they often utilize smaller and non-random samples, the findings of this research studies are more reliable, and trustworthy given that all instruments used for data collection and findings were validated against the literature (Bernard, 1995). This research study is more likely have high validity and reliability. The validity and reliability of the research are central issues in all measurement; both concern connecting measures to

constructs (Neuman, 2011). Reliability means dependability or consistency while validity means accuracy (Neuman, 2011).

This research study has ensured that the conceptual framework and analytical benchmarks for this study are well triangulated (Hammersley & Atkinson 1983; Merian, 1992; Neuman, 2011). The sampling, data collection and the selected methods of data analysis have influenced high validity and reliability of the research study. It is imperative to note that the findings of this research study cannot be easily generalized or transferred provided that the research findings only fit into similar contexts in which the study has focused (Bernard, 1995).

3.6 Limitations of the Study

The first limitation is that the results cannot be automatically generalized since it is a case study (Badenhorst, 2007). This is because of the subjectivity of the social, legal and economic context that fits as a basis for underlying factors for the interpretation of the research results.

Secondly, the research topic is sensitive in that it is difficult for some institutions to acknowledge that they have weak institutional arrangements and lack capacity to manage local economic policy as required by the national policy framework. Another limitation of the study relates to difficulty in securing appointments with various senior management officials at municipality, provincial and national government level given the limited period of the study The unavailability of the officials and stakeholders such as LED forum members, officials from economic development agencies affected the study negatively in preventing access to more rich information from the participants. Lastly, due to time limitations, a focus group could not be conducted.

3.7 Conclusion

This chapter has outlined the research approach and research methodology which comprises sampling, data collection and the data analysis which were employed in this research study. In addition, this chapter has also discussed the validity and reliability that are applicable to this research study as well as highlighted the limitations of this research study. The research design for this study is mainly an explorative and interpretive case study that was analysed largely through qualitative methods mainly using themes and categories.

The next chapter will provide detailed research findings and data analysis that are drawn from the fieldwork.

Chapter Four

Research Findings and Data Analysis

4.1 Introduction

The purpose of this chapter is to discuss the findings from the research that has been conducted in GSDM. The research findings are grouped in themes, categories and patterns that were established during data collection and research findings. In addition, the research findings are being analyzed through using two major theories namely, reformist theory and its approaches as well as theories of new institutionalism. This chapter will firstly present an assessment of policy strategic goals and policy objectives of LED policy for GSDM with the major focus on the outputs achieved during the period 2007- 2012. Secondly, this chapter will discuss findings related to institutional arrangement of the GSDM with a focus on the LED department. Later in the chapter, an analysis of institutional capacity and institutional requirements will be discussed in detail. An analysis on the role of partnerships and stakeholders in the implementation of the LED policy is discussed. Lastly, a proposed model for institutional arrangements that will enhance the implementation of the LED policy in the GSDM is presented.

4.2 Strategic goals and strategic intent for LED Policy in the GSDM

Data Finings and Data Presentation

The economy of GSDM is predominantly based on mining with the coal belt in Govan Mbeki, Msukaligwa and Pixley Ka Seme municipalities, and gold from Govan Mbeki to Dipaleseng local municipalities. The District also hosts one of the largest petro-chemical industries in the country (SASOL) and four ESKOM coal powered stations: Amajuba; Thuthuka; Grootvlei and Camden respectively.

The key economic sectors that drive the economy of the district are:

- Manufacturing mainly by SASOL
- Mining: coal, gold, quarry
- Energy Generation and Supply;
- Agriculture: crops and livestock;
- Social services

The findings indicate that GSDM is predominantly rural in nature with low sources of income and revenue and that the economy of the district relies on primary economics sectors as indicated above This finding is similar to Howard's (1993) argument that rural economies tend to rely on traditional, low value adding economic sectors and their skills base tends to be low. Similarly, respondent 1 outlined that GSDM is predominantly rural and its economy relies more on primary economic sectors, which affect the ability of the Municipality to attract skilled and suitable qualified personnel. In addition, respondent 1 further discussed that due to the geographical allocation of the district municipality, the municipality is unable to retain skilled personnel as they always look for better employment opportunities in urban areas and thus the municipality suffers as far as service delivery is concerned.

The catalytic LED projects for GSDM were drawn and aligned with the provincial economic strategic areas which include the following:

- *Agricultural Development and Land reform* – the focus of this strategic project was to coordinate development and support for the agricultural sector with emphasis on enhancing partnerships, training and development, management, farm worker labour training and overall economic empowerment within the agricultural sector for the District agricultural communities. The research finds that to date, farmers are still faced with a lack of capacity and are not adequately supported which has led to challenges in maintaining sustainability in most of the previously economically viable farms as outlined by Respondent 5.
- *Regional Fresh Produce Markets* – The research finds that the fresh produce markets remain unviable and not sustainable. To this effect, the municipality is to conduct a research study to broaden opportunities that emanate from the value chain of agriculture, such as storage, warehousing, packaging, transportation, just to mentioned few according to Respondent 2.
- *The Establishment of the GSDM Development Agency* – the purpose of this agency was to implement the LED policy through effective management of LED projects and to ensure that the district has relevant skills to grow the economy. The research finds that the GSDM development agency was not established since it was conceptualized in 2006 and appeared in the GSDM IDP (2006) as discussed by respondent 2.

- *Potential Economic Strips (i.e. N17/N2, R23, N11, R35 and R33 development corridor)* - the purpose of the potential "economic strips" was that the district will optimally capitalize on the strategic location of the District and its five key economic strips or development corridors to functionally link all towns and settlements to one another through establishing and maintaining a strategic road and rail network comprising internal and external linkages (GSDM IDP, 2007). The research finds that, to this day, only the N17/N2 development corridor has been completed thus far and it has improved job opportunities for communities. Other development corridors are in various stages of completion or they have not commenced at all. In addition, respondent 2 argued that they are numerous factors that have contributed to the failure of the development corridors such as a lack of funding by national and provincial departments or government agencies, poor project management, financial mismanagement and capacity challenges within the GSDM.

The Mpumalanga Provincial Growth and Development Strategy (PGDS), which was, revised in 2008 embraces the following key strategic areas of focus for the province and municipalities within the province:

- *Economic Development* (this refers to investment opportunities, job creation, business and tourism development and SMME development);
- *Infrastructure Development* (this includes urban and rural infrastructure development, housing and land reform);
- *Human Resource Development* (this outline adequate education opportunities for all and building skills required in the province and the economy);
- *Social Infrastructure* (this includes access to full social infrastructure such as clinics, hospitals, schools);
- *Environmental Development* (this refers to protection of the environment and sustainable development); and
- *Good Governance* (this refers to effective and efficient public sector management and service delivery)

At the heart of these strategic focus areas of the Mpumalanga province and municipalities within the province, the alternative development approach remains a cornerstone. These strategic focus areas embrace the principles of the alternative development approach in relation to the importance of development through participation of institutions, NGO's, empowerment of beneficiaries and people centered through community involvement to development (Gonzalez, 2008).

According to Respondents 4 and 5, municipalities had to align their Municipal IDPs and all other sector plans with the provincial strategic focus areas as determined by the Mpumalanga PGDS above. The table below outlines an analysis on the progress made and contribution made by the GSDM in realizing the outputs of the Medium Term Strategic Framework (MTSF), PGDS, LED Policy, and Municipal Key Performance Areas:

Table 2: Analysis of LED Policy, IDP, MTSF and PGDS outputs

Strategic Priority	MTSF, Mpumalanga PGDS, GSDM IDP and LED policy targets	Progress made against and contribution by GSDM between 2007 & 2012	Key Challenges identified affecting policy implementation
Strategic Priority 1	Speeding up growth and transforming the economy to create a decent work and sustainable livelihoods	○ The economic growth of the Mpumalanga province has grown with an average of 2.5% between 2007 and 2012 respectively (GSDM AR, 2013) ○ The agricultural and manufacturing sector remain the main contributor to the provincial economy (MPGDS, 2013) ○ In relation to job opportunities, 20500 job opportunities were created through EPWP, agricultural and social services sector (GSDM AR, 2013)	○ Difficult to attract investment/foreign direct investment into the economy of the Mpumalanga (Respondents 2, 4 &7). ○ Inability to create sustainable and decent jobs by the economy ○ Economic growth between 2007 and 2012 was best defined as job less economic growth ○ High poverty rate and inequalities in the Gert Sibande District (GSDM IDP, 2016)
Strategic Priority 2	Massive programme to build economic and social infrastructure	○ Provincial and municipal roads were build and N17 was major project where more than 1000 job opportunities were created within the GSDM (GSDM AR, 2013). ○ New clinics were build, schools were refurbished to ensure full access to social infrastructure within the GSDM (GSDM AR 2016)	○ LED policy and plan not fully implemented due to capacity and skills challenges facing the GSDM (*Similar trends across all respondents*) ○ The state of municipal roads within the GSDM is depilated, projects on road constructions are experiencing major delays (Responded 1,2&4) ○ Inadequate budget to enhance full access to social infrastructure facilities (GSDM, IDP 2007)
Strategic Priority 3	Comprehensive rural development strategy linked to land and agrarian reform and food security	○ A comprehensive support programme was designed for subsistence farmers to be linked to the market and to ensure sustainability in the GSDM according to Respondent 1. ○ Masibiyele emasimini programme for farmers is successfully implemented in the GSDM ○ Almost 10 000 job opportunities were created through agricultural sector in the GSDM (GSDM AR 2015)	○ Lack of adequate skills for farmers to become sustainable (Respondents 1 & 2) ○ High level of inequalities, poverty rate in the GSDM (GSDM IDP, 2007) ○ Jobs created through agricultural sector remain seasonal jobs, thus this jobs are not decent and not sustainable (Respondent2) ○ GSDM remain largely rural with its local municipalities within the district
Strategic Priority 4	Strengthen skills and human resource base	○ Respondent 4 stated that a human resource development strategy for the Mpumalanga province was developed ○ A flagship project focusing on skills development at a provincial level was also established (MPGDS, 2013) ○ More bursaries were awarded by the GSDM with the aim of improving skills base for the district (GSDM, AR 2013). Gert Sibande District Municipality has received unqualified audit	○ Lack of relevant skills / low skills base in the province and in the GSDM district in particular, and it affects the implementation of policies, compliance with legislations and provision of service delivery. (Respondent 4). Difficult to attract skills in GSDM due to the geographical allocation of the district and the fact that the district, salary

		reports for the 2007/8, 2008/9 and 2009/10 financial years. However, in the 2009/10 financial year, an unqualified audit opinion was received with certain matters on emphasis according to Respondents 7 and 2 respectively.	structure is below the market and that the municipality is characterized as grant dependent due to inability to increase its revenue sources (GSDM AR 2013). This finding was also outlined by respondents 1, 2, 3 and 4. o Local municipalities within the GSDM district received more negative audit findings between 2007 and 2011 respectively as indicated by Respondent 7
Strategic Priority 7	Build cohesive, caring and sustainable communities	o A total of 2300 households had access to running water, 4892 households had access to electricity, 1935 households had access to clean sanitation during the period under review for the Mpumalanga province (MPGDS, 2013). This numbers also include GSDM households	o The provision of basic services and service delivery in the GSDM remain a challenge (Responded 4) o Inadequate skills to enhance provision of basic services and managing state resources (Respondents 4,1,2 and 3)
Strategic Priority 10	Building a developmental state, including improvement of public services and strengthening democratic institutions	o A human resource development strategy for the Mpumalanga province was developed o A flagship project focusing on skills development at a provincial level was also established and rolled out throughout the province (MPGDS, 2013) o More bursaries were awarded by the GSDM with the aim of improving skills base for the district (GSDM AR, 2013)	o Poor implementation of municipal sector plans has direct negative impact in service delivery by the GSDM o Weak structural arrangement in the district to support policy implementation. Organisational structures remain outdated (GSDM AR, 2013). o Low skills base in the district and in the province on scarce and critical municipal areas such as Engineering, Financial Management, Artisan, Town Planning and Economic Development (GSDM IDP, 2016)

Data Analysis and Trends

The analysis in Table 2 indicates that minimal outputs were achieved in the strategic areas. Similarly, the World Bank (2001) argued that with the promotion of LED strategies in a number of developing countries, there are often marginal gains in addressing many rural and urban local economic problems. One argued that the analysis above gives an indication that they are pockets of success in the implementation of municipal and government programmes: thus far, however, there are major challenges facing municipalities and provincial government to achieve full outputs of government policies. In addition, the assessment above outlines critical factors that impede full implementation of government policies and programmes including a *low skills base*, *capacity challenges at the institutional level*, *skewed economic growth and economic development*, *lack of involvement of partnerships* in the implementation of government programmes and policies, *weak institutional arrangements* that do not support policy implementation and a *poor funding model* for local government especially rural municipalities. The failures in policy implementation and development in public institutions defeats the ideology of LED, as the World Bank (2001) argued that the concept of LED was becoming increasingly popular and it was regarded as a valid and viable way to overcome development problems of territories around the world, regardless of their level of development or institutional conditions.

One of the major challenges that affects South Africa and other development countries not to become a developmental state refer to inadequate skills and capacity challenges within state institutions (Mkandawire, 2001). State institutions that are mandated to build capacity and facilitate skills development

in all sectors in the country need to review their developmental mandate in order to ensure that the country has the requisite the skills to enhance economic growth. More attention needs to be given to rural communities as they seem to be more disadvantaged in growing their skills and attracting skills required to ensure growing of local economies. The reformist approach of the LED introduces an alternative model to development compared to the traditional economic theories. In addition, this approach further argued that economic growth and economic development should begin at the local level, where local communities are participating in economic development yet this approach seem to have greater challenges in the South African context and in any other developing countries. The economy cannot grow and develop due to lack of relevant skills required in the GSDM district as articulated in the research findings. The role of the GSDM in the economic growth and economic development is to facilitate local economic growth and development, whilst this strategic intent is not fully achieved and a number of factors are contributing to this failure.

4.3 Institutional Arrangements and the structural dimension of GSDM

Data Finings and Data Presentation

The Gert Sibande District Municipality comprises both political and administrative components, with the former comprised of the Council, the Executive Mayor, six Mayoral Committee Members, the Speaker and Chief Whip (GSDM IDP, 2007). The Political component of the municipality is supported by an Administrative component which consists of the following departments: Office of the Municipal Manager, Corporate Services, Finance, Infrastructure and Technical Services, Planning and Economic Development, Human Settlement, Public Safety, Roads and Transport as well as Community and Social Services departments (GSDM IDP, 2007).

The research finds that the structural arrangements of the GSDM are regulated and in-line with the Municipal Systems Act of (2000) and Municipal Structures Act (2000). The structural arrangement of the municipality is structured in the following manner:

1. *The political oversight structure of the Municipality* - This structure refers to the political leadership which is formed through the Council of the Municipality. Its responsibility is to perform *an oversight role* over the municipal administration, *ensure good governance*, ensure *compliance with rules, regulations and laws that governed* the Municipality and *monitor policy and programme implementation* over the municipal administration according to Respondent 1. The Municipal Council is constituted by Municipal Councilors from different political parties. In addition, Respondent 1 argued that, within the Municipal Council, has governance structures and committee mandated to overlook the overall work of the administration namely:

    I. *Section 80 committees* – this comprises the portfolio committees that review, monitor and perform an oversight role over the municipal key performance areas. An example of portfolio committee includes skills development committee, finance portfolio committee, planning and economic development portfolio committee just to mention few
    II. *Section 79 committees* – this is an oversight committee that performs an oversight role over the performance of section 80 committees of Council. An example of this committee is Municipal Public Accounts Committees (MPAC's).

The research finds that there are numerous challenges facing the functionality of the above committees such as lack of skills and capacity to fully execute the roles and responsibilities of these committees as regulated in Municipal Structures Act and Municipal Structures Act according to Respondent 1. Secondly, the research also finds that the skills base of the members of Municipal Councils is inadequate; as a result, they are unable to perform an effective and efficient oversight role and take informed decision in the Municipal Council as outlined by Respondent 1. The impact of lack of skills by political leadership of the municipality contributed negatively to the functionality of the LED forums in GSDM according to Respondent 2. Thirdly, the research also finds that members of the Municipal Council are unable to engage fully to reports and documentation submitted to Municipal Council and or portfolio committees. Lastly, respondents 2 and 3 shared the same views that they are often conflicts of interest that arise between members of the Municipal Council in relation to the implementation of the LED projects, as a result, projects are delayed and collapsed at the end. The new institutionalism theory believes that public institutions should produce a conducive environment or forming environment through creating policies and legislations that regulate and eliminate barriers for growth (Thoening 2011) whilst, due to capacity challenges facing the GSDM at political leadership, the institutions fail to produce a conducive environment for economic growth and economic development. Thus public institutions and organizations that handle public affairs should be 'conceptualized as institutions rather than as instruments' (Brunsson and Olsen, 1997: 20). Secondly, the new institutionalism theory indicates that public institutions may experience a large degree of autonomy and independently of outside influences or requirements whilst public organizations function more at political level while power issues and power games define their functionality and their policies (Thoening, 2011).

2. *The municipal administration structure*– this component of the municipality mainly focuses on the administration of the Municipality which is headed by the Municipal Manager together with Senior Management and overall employees of the municipality. According to the Municipal Systems Act of (2000), the Municipal/City Manager who is the accounting officer of the municipality is categorised as Section 55 Manager. The research finds that they has been stability in the municipality (GSDM) in relation to the incumbent who is occupying this position compared to other top senior management positions within the municipality according to Respondent 1. In relation to Section 56 managers (senior managers who reports directly to the municipal manager), the research finds that, they has not been stability in these positions in the past five years and that they are established in line with the Municipal strategic focus areas as outlined by Respondent 2. This implies that others municipal functions are currently outsourced and not established due to lack of capacity according to Respondent 2. Respondent 2 further argued that the GSDM has adopted a shared service model of key strategic functions and services such as risk and internal audit function due to lack in in-house skills within municipalities in this district. This has negative impact in enhancing service delivery and ensuring full compliance to legislation. This research indicates that the current institutional arrangement is weak and thus do not support fully implementation of public policies.

The table below, outline the roles and responsibilities of the current structures that support LED policy implementation in GSDM:

Table 3: List of governance structures that support LED policy

Municipal Structure/Committee	Role in support of the LED policy implementation
Portfolio Committee on Planning and Economic Development	○ This portfolio committee is shared by the Councilor who is the member of the Mayoral Committee (MMC). ○ The function of this committee is to oversee the implementation of the LED policy, strategy and plan according to Respondent 1. ○ This committee also monitor LED projects implementation. On a Quarterly basis, projects progress reports are submitted to the portfolio committee for review (Respondent 1) ○ This committee also recommend to Municipal Council on the approval of LED projects and funding ○ The General Manager or Head of Planning and economic development department report to the committee on all LED and IDP related matters, according to Respondent 2. ○ This committee also review the LED plan and Strategy and recommend to Municipal Council for Approval
Municipal Council	○ The role of the Municipal Council includes the approval of the following: 1. LED Strategy and Plan 2. LED projects and funding for projects 3. Perform an oversight role over LED function 4. The portfolio committee on LED reports to the Municipal Council
LED Forum	○ According to Respondent 6, the LED forum is a structure that was established by the municipality with a purpose of bringing together businesses, NGO's, CBO's, Cooperatives, public sector and private sector to support LED initiatives ○ The Chairperson of the LED forum is the MMC – Chairperson of the portfolio committee on LED and IDP in the GSDM according to Respondent 2. ○ The research find that the LED forum has not been fully functional since 2007 and 2012 and also currently. The major contributing factors of the non-functionality of the LED forum lies to capacity challenges to manage the forum (both at political and administrative level) and lack of implementation of resolutions taken in the forum according to Respondents 1, 2 and 3 which they shared the similar views on the functionality of the LED forums. ○ The roles and responsibilities of the forum is not clear amongst the members of the forum according to Responded 6. ○ Lack of capacity to manage and drive the LED forum within the Municipality. This was a common trend among the respondents in relation to capacity of the Municipality to manage and ensure that objectives of the LED forum are realized.

Data Analysis and Trends

The analysis in the table above indicates that the current structures that are aimed at supporting LED policy implementation are weak, non – functional and they are marred with capacity challenges. The research further indicates that the institutional arrangement in GSDM is unable to drive the LED portfolio efficiently and effectively.

One of the respondents articulated that the "current structural arrangement does not effectively support the LED policy in the municipality because, structures such as LED forums are not fully functional and their roles and responsibilities are often not understood by members. In addition, the resolutions taken by LED forums are often not fully implemented and approved by the Municipal Council according to Responded 3. In addition, one of the challenges that also affect that structural arrangement in the municipality in relation to the LED function relates to inability of the LED portfolio committee and Municipal Council to take informed decisions pertaining LED strategic projects, advocate and solicit funding for LED projects to partnerships, private sector and businesses. In addition, many of the respondents shared the same

sentiments on the above matters. In addition, respondent 5 argued that, “most municipalities, Municipal Council’s are unable to interrogate business plans and reports that will enhance economic growth and local economic development that are submitted to them for discussion, recommendation and approval”. This trend is similar in relation to the perception of provincial Cogta by indicating that, “often, Municipal Council approve reports and business plans without assessing fully the implications associated with business proposals that are tabled in Council, as a results, poor and inadequate appointment are made that latter impede service delivery in the Municipality”

This situation reveals that the institutional arrangement becomes integral in order to achieve success of the LED policy outcome for GSDM. The research also finds that, the LED unit of the municipality is responsible for managing a number of outputs such as LED policy planning, tourism, SMMEs and LED projects with inadequate skills and resources as outlined by respondent 2.

The following were key issues raised and trends identified during the research regarding the organisational structure challenges of the District municipality:

- There is a greater need to put in place an organizational structure that will enable the Municipal Council to structure and transform itself in a manner that will harness its capability to adequately respond to its mandate, and optimally perform its functions.
- Difficult to retain skilled and capable personnel as there is high staff turn-over in critical positions
- Improve knowledge management and build skills to staff members.
- Sustain Strategic Leadership through ensuring harmonious working relations between both Political and Administration components within GSDM.
- Full functionality of governance structures which includes section 80 committees, section 79 committees and LED forums remains a challenge in the municipality and within the district as a whole.

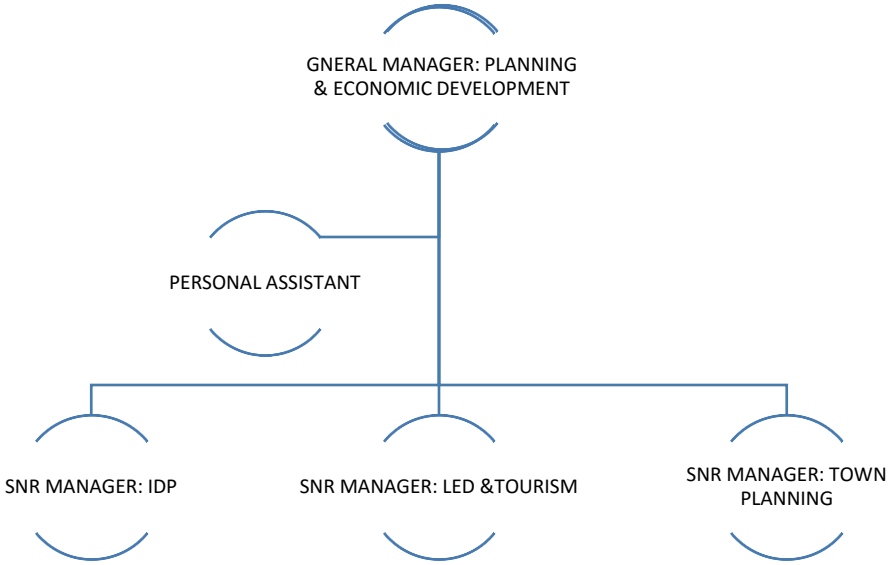
4.4 Institutional capacity and capacity requirements

Data Finings and Data Presentation

In relation to the institutional capacity of the LED unit in the GSDM, the research finds that there are glaring skills gaps with employees that are mandated to execute the roles and responsibilities of the LED policy. Firstly, the research finds that the employees of the LED unit are not adequately skilled and capacitated within their job functions. This observation was made by National, Provincial COGTA as well as National Treasury during data collection. One of the respondents outlined that, “the requirements of the positions within the LED function, refer to a qualification in Development Economics or Degree in Economics and many municipal officials within the LED unit does not possess such qualification”. In addition, the responded further outlines that this is one of the scarce and critical skills that the district municipality does not have within its vicinity. Due to the shortage of skills in the district, policies are poorly developed and not implemented as a result according to Respondent 5.

The research also finds that the competence levels and experience required for the personnel within the LED unit remain a challenge, argued by Respondents 4 and 5. According to the guidelines from the Department of Cooperative Governance and Traditional Affairs, competence required for the LED personnel includes analytical skills, research skills, business planning, writing skills, project management amongst others. The research finds that not all of the skills are currently possessed by personnel within the LED unit of the municipality.

The LED unit is structured as depicted below:



This above diagram reflects the high level structure of the planning and economic development division of the GSDM. This structure indicates that LED is a sub-unit of the planning and economic development division. The General Manager for Planning and Economic Development reports directly to the Municipal Manager and also to the Chairperson of the Portfolio Committee on Planning and Development. One of the challenges experienced by this division is the high vacancy rate in critical positions as outlined by Responded 2. Table 4 below illustrates the capacity challenges in the department.

Table 4: Vacancies in GSDM

Name of the Position	Vacancy rate 2007 - 2012	Vacancy in 2016	Reasons for vacancy
General Manager- Development and Planning X1	Position was vacant in 2008 – 2011 Position was filled in 2011 - 2015	Position currently vacant, an acting incumbent has been appointed	○ This contract was not renewed by Municipal Council according to Respondent 1 ○ Inability to attract and retain suitable qualified incumbents – this is similar trend that was observed. ○ Geographical location of the municipality leads to low salary structure compared to the market. –this is the similar trend observed during the research. ○ Respondent 1 argued that this position fall under the scarce and critical skills of GSDM
Senior Manager: LED & Tourism X1	Position was filled between 2007 and 2012	Currently vacant, an acting incumbent has been appointed	○ The incumbent was dismissed
LED Coordinator X1	Position was vacant since 2008 - 2010	Position currently filled	○ Inability to attract and retain suitable qualified incumbents ○ Geographical location of the municipality ○ Scarce and critical skills
LED Specialist X2	This position remain vacant since 2008 – 2016	This position remain vacant since 2008 – 2016	○ This position was not funded but it remain existing in the organizational structure

Data Analysis and Trends

Table 4 above indicates a high (almost 90 percent) vacancy rate in the LED unit between 2007 and 2016. The analysis shows that there has been no stability in the LED unit in the past five years as there was high staff turn-over ranging from senior management to specialist and administrative staff. One of the major reasons for the high staff turn-over outlined refers to inability to attract and retain suitable qualified incumbents. Secondly, the current funding model, job grading, salary structure, and the geographical location of municipalities, it affects the sustainability of personnel in municipalities. To this effect, the incumbents are less attracted to work in rural areas and the economic benefits of rural municipalities are perceived to be below compared to urban municipalities. Howard (1993) argued that sources of incomes for rural areas economies shape their growth and development trajectory, income level, disparities between richer and poor, quality of jobs and appropriate development trajectory compared to urban areas. Thus it is imperative to note that they are external factors that are beyond the institutional control and scope that affects successful implementation of public policies in rural areas compared to urban areas. Therefore, rural economic growth and development trajectory requires more attention given its complexities (World Bank, 2001).

Secondly, one of the reasons for the high vacancy rate in the LED unit relates to the lack of funding for critical positions at a specialist level. This indicates that the municipal administrative budget might be inadequate to fund all critical position. There is correlation between the sources of revenue of GSDM municipality and the total budget of the municipality which has direct impact in the delivery of services to communities according to Respondent 7. In addition, GSDM is a grant dependent municipality to fund any initiative such as service delivery. The research finds that the revenue sources of the municipality remain limited. This could be attributed because of high unemployment and inequalities in the district. One of the respondents pointed out that the municipality has a high unemployment rate, high poverty rate and as a result the indigent register of the municipality is very high. Thus the municipality is unable to collect adequate revenue from its limited revenue sources because of factors such as unemployment and poverty.

It is argued that the high vacancy rates are not aligned to funded positions particularly in district and local municipalities. Therefore, the poor performance at municipal level can be attributed to a lack of skills, staff turnover and high vacancy rate at the senior levels (Draai and Oshoniyi, 2013:874). On average, municipal managers had been in their positions for just 3.3 years, and this figure was even lower in metros and secondary cities (Osei-Tutu, 2007:34). One in four of the municipal managers and managers reporting directly to municipal manager posts were vacant for more than three months. It can also be attributed to a lack of managerial accountability and political dysfunction, or both according to Respondent 7. Political interference in the appointment and dismissal of employees is a thorny issue according to Respondents 4 and 5. This is normalised into an acceptable practice. It is critical at this level as senior officials including municipal managers are affected by politically charged municipal environment. It is critical that faction and factionalism, party politics and party political interference in the appointment of senior officials should be avoided to fast-track appointment in scares and critical skills areas (Draai and Oshoniyi, 2013:874).

The municipality is expected to develop the Work Place Skills Plan (WSP) and Annual Training Reports (ATR) on a yearly basis and submit to the local government SETA for skills development and training purpose. One of the responded argued that the mandatory grants that are received from the local government SETA is not directly used for training purposes as some fund are redirected to capital projects of the Municipality. The implications of the redirected of the skills development funds has a negative impact in addressing the

scares and critical skills challenges. The following were areas where the municipality identified high vacancy rates and they can be regarded as the scarce and critical skills of the municipality:

- Retention and scarcity of skills (Engineers, Artisans, Accountants, Town Planners, Economists and Technicians)
- Capacity development of officials and Councillors
- Organisational Performance Management and Monitoring
- Compliance with legislative requirements
- Human Resource Development System
- Organisational grading
- Employee Assistance Programme

The above capacity challenges are also noted in the GSDM IDP for 2016/17. In addition, the GSDM has high shortage of skills in the following occupations: artisans, engineers, financial administrators, general planning, economic planning and project management. These critical skills are confirmed by the skills working areas identified by the Joint Initiative for Priority Skills Acquisition (JIPSA) which include the following:

- High level, world class engineering and planning skills for the "network industries", transport, communications and energy at the core of our infrastructure programme;
- City, Urban and Regional Planning and Engineering Skills which are desperately needed by our municipalities;
- Artisans and Technical Skills, with priority attention to those needs for infrastructure development;
- Management and Planning Skills in education, health and in municipalities;
- Specific Skills needed by the priority ASGISA, sectors starting with tourism, BPO and cross-cutting skills needed by all sectors especially finance, project management and managers in general; and
- Skills requisite to Local Economic Development needs of municipalities, especially development economists.

Overall, skills planning in local government level is concerned primarily with meeting immediate scarce and critical skills shortages rather than with future demand. As such, the skills demand is not translated adequately into the supply sector. The research finds that the demand for critical skills is a result of the need to upgrade and improve service delivery methods, processes linked to the restructuring of internal work environment which has resulted in new job requirements, legislative and constitutional changes. Due to rapid restructuring and transformation, there is a mismatch in many cases between organisational structures, incumbents of positions, job descriptions and qualifications required to fulfill certain job function within local government sector (GSDM AR 2015).

The research also finds that the shortage of critical skills to support economic growth and development in the GSDM remains a challenge according to Respondent 4. The economy of the Gert Sibande District is steadily growing; however it relies more on importing critical skills to support such growth while its institutions of higher learning have not yet responded effectively to the challenge (GSDM IDP, 2016). This also affects service delivery at local municipalities in terms of operations, maintenance and planning. The research also finds that the inability to attract skilled people can be attributed to meagre salary scales and benefits paid by most local municipalities given their low classification within the Gert Sibande District. One argues that if scarce and critical skills capacity challenges are not addressed, municipalities will not keep pace with the expected economic growth and infrastructure demands over the next ten years. Without additional of the scarce and critical skills, the country's economic growth could be seriously hampered.

Whilst the challenges above remained critical for GSDM and majority of local municipalities within the district, the following interventions as outlined in the GSDM IDP (2016) have been put in place to deal with capacity and skills shortages in the district.

- Harness and sustain corporate and local governance management experience and skills currently available for the district
- To continue mobilising stakeholders to enter into a partnership and commit towards a comprehensive strategy aimed at addressing skills shortage in and around the district;
- Gradually addressing shortage of scarce and critical skills concomitant with the growing regional economic demands;
- Optimising the capacity of municipalities to effectively perform their functions through continuous skilling of municipal employees and Municipal Councillors;
- Catering for designated groups in all the skills development initiatives.

According to Osei-Tutu, (2007:34), skills development in the financial management area is an investment to be taken seriously at local government level. Municipalities must embark on a massive drive to train and acquire people with requisite skills in this field. However, what is critical is that once municipal staff, especially at senior level are trained and skilled, they are easily poached either by the private sector or another level of the state institutions. Municipalities must have contingency plans to replace staff that may leave their employment. The skills development plans according to Osei-Tutu must focus both on employees as well as unemployed who can replace the staff that resign or get redeployed.

The research finds that recruitment and retention of qualified and skilled people to municipalities is still unresolvable and this must be an ongoing discussion within the GSDM as indicated by respondent 2. A talent management plan must be put in place that seeks to address problems and challenges of recruitment and appointment of skilled personnel at local government level.

4.5 Role of partnerships in the LED policy implementation

Research Findings and Data Analysis

The research finds that only a few role players were identified that support the implementation of LED policy in GSDM. The role of partnerships in the implementation of the LED policy is grouped in the categories as presented below:

4.5.1 Government and Government Agencies

The research finds that the role of government in the LED policy within the GSDM was not clearly articulated according to Respondents 2 and 4. One of the responded argued that, “the role of the district municipality in the LED policy can be perceived in the following perspectives, firstly, GSDM is mandated by the Constitution of the country to improve social and economic development of its people thus the municipality should play a developmental role in the social and economic development of its people. Secondly, the municipality in support of the provincial and national government should develop a policy, strategy and plan that entail how local economy will be developed. Thirdly, the municipality in support of the provincial and national government should create a conducive environment for economic development and enhancing participation of communities in the economy through eliminating barriers and red tapes that hinder trade and economic participation. Lastly, the municipality should implement the LED policy in partnership with relevant stakeholder in order to grow the economy and create job opportunities”

(Respondent 7). The perspective of the municipal and government role in growing economy and development relates with the corporate center approach which argues that the role of the public sector is to create an economic and social climate conducive to private investors while the private sector is responsible for investment, job creation opportunities, growing the local economy and taking a lead in the market (Blakely, 1994). Thus the process of local economic planning should be accessible to low income and ethnic minority groups to enhance full participation in local economic development (Blakely, 1994). Equally, Matlala and Motsepe (2015) argued that local economies competitiveness can be viewed as the degree to which a local economy can, under free and fair market conditions, produce goods and services which meet the test of local, national and international markets, while simultaneously maintaining and expanding the real incomes of its people over the long term.

The research also finds that the role of the GSDM in the LED policy could be best understood in the following key areas?

- Policy and Strategy Development
- Project implementation
- Growing the local economy and facilitate job creation and employment opportunities

The LED officials were of the view that the role of the national and provincial government in the LED is mainly on policy directives and policy regulations that will guide policy implementation parameters . One the responded from provincial department of Cooperative Governance and Traditional Affairs articulated that the failure of the current policy outputs in the GSDM is attributed in the following areas:

- *Poor performance culture* – the municipality lack performance management culture and poor accountability tools. This contribute negatively in realizing policy outputs
- *Lack of understanding of roles and responsibilities of stakeholders* – the municipality lack an understanding of its ability of managing stakeholders and ensuring full involvement of stakeholders in policy development and policy implementation. In addition, structures such as LED forums turn to be non-functional due to lack of accountability, resolutions not fully implemented by the municipality and lack of capacity to articulate key issues and poor management of the structure.

4.5.2 Private Sector and Business

Data findings and Data Analysis

The research finds that the role of private sector and business is also not clearly understood in the LED policy implementation within the GSDM, this view was articulated by Respondent 6. As articulated above, the municipality does not have adequate capacity to manage Business Chambers and LED forum, as a result, these structures they collapse. In relation to the established business chambers, the research finds that the intellectual property in most sectors vests with the local big businesses. On one hand, the traditional approach to LED support the view that private sector must focus on investment and create job opportunities to grow the economy whilst the public sector will eliminate tax breaks, reduce tax rates and provide cheap land to attract more investment. This is perceived as traditional approach for local economic development.

Smaller entities are not able to effectively compete with big businesses in the area because their capacities in terms of resources and intellectual are limited according to Respondent 2. In essence, their role in the local economic development is not clearly articulated within the LED forum and LED policy of the

municipality argued by Respondent 2. In relation to entrepreneurs, the research finds that entrepreneurs are small players who want to get business from the GSDM. The pro poor LED approach as defined by Matlala and Matsepe (2015) indicates that the involvement of small entrepreneur in local economic development took place in a form of solidarity for the benefit of self-growth, self-help projects and self-development. In addition, the local economic development initiatives should be directed in promoting economic development through utilization of local resources in order to create jobs and alleviate poverty.

4.5.3 Non-Governmental Organisations and Community Based Organisations

Data findings and Data Analysis

The participation of NGOs and CBOs in the LED policy implementation was not quite clear during the deliberations with the officials of the GSDM. In addition, the research also finds that some NGO's and CBO's are members of the LED forum that is not fully functional for the GSDM as articulated by Respondents 6 and 2. There is no any other structure or any form of engagement between NGOs and CBOs other than the LED forum and the IDP stakeholder engagement between GSDM and these institutions, this view was expressed by respondents 2 and 6. Theories of the LED argued that development should begin at the local level where communities and development institutions form part of development. According to the World Bank (2001), public institutions for developing countries mainly lack capacity to implement public policies as a result, high poverty rate and high unemployment rate remains a challenge. In addition, the NGO's and CBOs are critical institutions in driving local economic development and the research finds that these institutions are not fully utilized and their capabilities is not fully explored. Thus the reformist paradigm explains development in relation to human development, people-centered development, self-reliance, holistic development and the bottom-up approach to development which become integral in the local economic development policy (Pieterse, 2000).

4.6 Model Required to fully implement the LED policy in GSDM

Data findings and Data Analysis

One of the objectives of this research was to map out the best model required to deal with the weak institutional arrangements and capacity challenges faced by GSDM in order to maximize the implementation of the LED policy but also in order to enhance economic growth and economic development of the district. The research finds that the best model to deal with the current challenges was to establish the GSDM Development Agency and equipped it with requisite skills in order to ensure that local economic growth and local economic development is enhanced at the district level. In addition, one of the responded argued that "in order to enhance the local economic development, the establishment of the LED development agency is required in order to address the capacity challenges and enhance LED policy implementation. Furthermore, the responded further outlined that the LED development agency will enhance decent job creation, enhance participation of communities into the economic activities, attract direct foreign investment as well as poverty level might be reduced as a results". One argued, the establishment of the development agency for GSDM will require both political and administrative support and this research report can be used a source document to support the establishment of the agency.

The research finds that the objectives of the LED development agency include the following as outlined in GSDM (2016):

- Coordinate and manage the identified economic development initiatives (projects)

- Attract specialised skills to drive the implementation of the economic and development programs and projects
- Coordinate and manage key economic development stakeholders
- Manage liaising, consultation and involvement of key stakeholders, private sector and government departments and parastatals and maximize their role into the implementation of LED policy for GSDM
- Solicit funding and technical support for the identified anchor projects and the identified beneficiaries.
- Increase implementation capacity and minimize bureaucracy
- Explore investment opportunities and initiatives as well as facilitate the development and sustainability of existing businesses, development and investment initiates
- Facilitate and coordinate effective functioning of business structure and forums (Business organisations, SMME Forums, Hawkers Associations, Farmers Associations, etc.)
- Coordinate the establishment and management of the Economic and Development Database for the District
- Coordinate the effectiveness of the LED Forums at municipal level
- Facilitate and coordinate economic research and make recommendations to the District on economic and development matters

The establishment of an LED development agency was part of the proposed solutions in addressing challenges faced in LED policy implementation (Rogerson 2009; Trah 2007). Other proposed solutions to enhance LED include capacity enhancement of the municipal political leadership and elected and senior management officials of the municipality, sufficient programme funding and better national LED policies according to Matlala & Motsepe (2015)

With the LED development agency the following policy outputs are envisaged (GDSM IDP, 2016):

- *To broaden and diversify the economic base of the District* - this will include facilitating and supporting the development, capacity building and skills development of SMMEs including emerging entrepreneurs;
- *To facilitate, promote and support agriculture, mining, manufacturing, and tourism development, down streaming and local beneficiations* – this refers to strengthening the economic sectors of the District and ensuring their full capacitation and creating job opportunities;
- *To facilitate and support programmes aimed at reducing unemployment* – developing programmes and catalytic LED projects that will create decent job opportunities and attract investment into the district;
- *To facilitate, support and address initiatives that are aimed at addressing economic inequalities* with an emphasis on women, youth and the disabled.

The following is the proposed structural arrangement of the GSDM development agency:

1. *The Board of Directors* - this is the governance structure of the board and its committees. The board of the LED development agency will be responsible for ensuring good corporate governance of the development agency and perform oversight role over the administration of the agency. This layer reports directly to the GSDM
2. *The accounting officer – the* accounting officer will ensure the overall strategy and plan of the development agency is executed and that the developmental mandate of the agency is realized.

The following are the key functions and departments that will responsible for execution of the mandate of the agency

3. *Development Finance* – this function will focus on ensuring that the local economic development takes place at grass root level, develop business plans for led strategic projects, facilitate funding for SMME's, NGO's, CBO's and cooperatives in the whole district.
4. *Investment and Marketing* – this function will focus on marketing the district municipality both domestic and international level and facilitate domestic and foreign direct investment into the district and the province in general. The core focus of this function is facilitate local economic growth and local economic development through investment and other developmental initiatives
5. *Stakeholder and Partnership* – the focus of this function is to manage stakeholders in relation to the implementation of the LED policy, plan and projects. This function will play a critical role in ensuring full capacitation and involvement of role players in growing the district economy. In addition, this function will facilitate creation of partnership in both domestic and international level for the purpose of economic growth and economic development of the district and the province in general.
6. *Research, policy and planning* – the focus of the function is to conduct research studies aimed at enhancing economic growth and economic development of the district, maximize capacity of the district economic sectors and develop realistic and implementable LED policy, strategies and plans.
7. *Project Management Unit and Monitoring and Evaluation* – the focus of this function is to develop business plans for strategic LED projects and manage the life span of the projects. In addition, this function will also evaluate the impact that the LED policy, programmes and projects through assessing impact made to communities of the district.
8. *Support Services*- the support services function will focus on managing prudent financial management of the organization and responsible for the recruitment of skilled and capable workforce to execute the mandate of the agency. This function will also include risk and audit function, legal services as well as human resource development for the agency.

4.7 Conclusion

This chapter has presented the findings and data analysis that were drawn from the research. In analyzing the research findings, theories of economic development and new institutionalism theory were employed to analyze research data and provide a reference to the theoretical perspectives. The data analyses draw the conclusion that the GSDM is faced with numerous challenges that hinder successful implementation of LED policy. The research finds that the majority of LED policy outputs were not fully achieved during the period of 2007 and 2012 respectively. This reveals that major policy programmes for the District were not implemented and realized in the past five years. Thus skills and capacity challenges remain key factors that affect the full implementation of policy programmes.

The research also finds that there are a number of factors associated with the failure of the policy outcomes including poor institutional arrangements, lack of requisite skills to implement the policy, capacity challenges such as a high vacancy rate and low skills base. In addition, the research also finds that the funding model of municipalities remains a challenge and it affects negatively the implementation of LED policy. The role of partnerships and institutions to support the implementation of the LED policy remains a challenge. In addition, due to the lack of capacity by the municipality to manage stakeholder participation into LED processes, LED forums remain non-functional and not properly constituted as a result. The final

chapter focuses on the conclusions and recommendations of the study. Recommendations will be made based on the broad themes and patterns that emerged from the study.

Chapter Five
Conclusions and Recommendations

5.1 Conclusions

The study on factors affecting the implementation of LED policy outcomes at a local government level is a complex one. This research report finds that there are numerous factors that affect the efficient and effective implementation of public policy in a rural municipality. Key factors that affect the successful implementation of the LED policy include institutional arrangements and institutional capacity in the GSDM. An assessment of institutional arrangements was conducted in GSDM and the research concludes that the current institutional arrangements of the GSDM are not adequate to support fully the implementation of the LED policy outcomes. Due to weak institutional arrangements, the role of partnerships, stakeholders and communities is not clear with regard to supporting LED policy implementation.

The research also concludes that the GSDM suffers from serious institutional capacity challenges. The institutional capacity challenges appear across all levels in the organization at the political level; in top management; and lastly at the operational level. In addition, the GSDM has a low skills base in all of the above levels especially with regard to the LED function. Capacity challenges in the GSDM have a direct impact on the poor implementation of policies. In addition, an assessment of the LED policy objectives indicates that the majority of the LED projects and outputs were not achieved between 2007 and 2017 due to weak institutional capacity. Howard (1993) and Rodriguez-Pose & Tijmstra, (2009) argued that rural economies require more attention as they usually tend to be complicated compared to urban economies due to the low skills of the labour force. In addition, rural economies tend to rely on traditional, low value-adding economic sectors such as agriculture, subsistence farming, mining and government social transfers and subsidies to the poor (Howland, 1993). The research indicates that GSDM is characterized as rural economy since it relies largely on mining and agriculture and lacks critical skills that are required for a more industrialised economy.

The research also shows that there has been slow progress in reducing poverty and attaining development in the GSDM during 2007 and 2012 respectively. In addition, there is marginal progress in economic development in GSDM and the municipality is faced with the challenge of widespread inequalities in income. The challenge for the GSDM will be to sustain the improvement in the HDI whilst gradually reducing the growth in income disparities especially within the previously disadvantaged communities and between males and females of the same ethnic group. On the other hand, the inequitable distribution of income cuts across all the local municipalities of GSDM with a Gini Coefficient above 0.62. While the levels of inequality are in line with broader South Africa, the fact that they have continued to increase since 1996 and remain above the national level is a cause for great concern.

Poverty reduction, sustainable development and economic growth remain key challenges for many developing countries including South Africa (United Nations, 2015; World Bank, 2001). The paradigm of Local Economic Development (LED) has emerged as a key strategy for and approach to poverty reduction and sustainable economic development in decentralized countries (Crook, 2003; Rodgers, 2009). A number of governments, development partners and donors have adopted different approaches to support poverty reduction and sustainable economic growth (Rodríguez-Pose & Tijmstra, 2009; Kumssa & Mbeche, 2004).

This research undertaken here can be expanded to include the other district municipalities in the Mpumalanga province in order to get a broader picture for local government capability to implement public policies and assess factors that impede implementation of LED policy.

5.2 Recommendations

5.2.1 Establishment of the GSDM development agency

It is recommended that the GSDM establish the development agency to ensure that LED policy is effectively and efficiently implemented. Secondly, the agency will have to ensure that it has the requisite skills and capacity to facilitate local economic development of the district. In addition, the LED development agency will also have to manage partnership and stakeholder involvement in the implementation of the LED policy. Through the establishment of the LED agency, structural challenges that are currently facing the GSDM should be reduced and the district will have better coordinated local economic growth and development.

5.2.2 Review of the current organizational structure

It is recommended that the GSDM review the current organizational structure in order to fully implement LED policy and to ensure that local economic development is enhanced in the district. Secondly, the current organizational structure is perceived to be weak as it does not support efficient and effective implementation of LED policy. Thus it is recommended that the organogram of the district be reviewed in order to enhance implementation of the policy and the strategy of the GSDM.

5.2.3 Filling of critical vacant positions

The research finds that critical positions within the planning and economic development function are vacant and there has been no budget allocated for it in the past five years. It is recommended that the municipality prioritises the filling of critical positions such as senior management, management, and specialist levels within the planning and economic development department. The impact of the high vacancy rate will lead to poor development of strategic plans and policies as well as lack of implementation of the policies and plans.

5.2.4 Scarce and critical skills

The research identified the scarce and critical skills required in the GSDM. The research also concludes that the municipality finds it difficult to attract and retain suitable and qualified personnel due to the geographical location of the district and the salary structure of GSDM. It is recommended that that the municipality work together with relevant stakeholder in order to address the scarce and critical skills through short, medium and long term interventions.

Secondly, short and medium term measures will require the district municipality to appoint suitably qualified candidates for the positions and also to build capacity within the current pool of staff in order to improve their competency levels and enhance performance of the municipality. Thirdly, the municipality must invest in a long term strategy to address scarce and critical skills through providing bursaries and ensuring that the bursary holders serve the district with their skills upon completion of their studies. In relation to vacant unfunded positions that are critical within the LED unit, it is recommended that the municipality prioritize the filling of the positions through allocating budgets for these critical positions.

5.2.5 Strengthening the role of partnerships in the implementation of the LED policy

The research reveals that the role of partnerships and relevant stakeholders is weak in the GSDM. In addition, the research also finds that the district municipality does lack capacity to manage and coordinate partnerships in LED policy implementation. As a result, strategic structures such as the LED forum remain non-functional. It is recommended that the district establish capacity to manage stakeholders and strengthen their involvement in LED policy implementation. The establishment of the GSDM development agency should advance local economic development. However, the development agency should be adequately capacitated with the requisite skills and resources in order to deal with the challenges facing the planning and economic development department of the GSDM.

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ANNEXURE A: DATA COLLECTION TOOL

1. General Overview of GSDM
   - 1.1 Introduction and share the purpose of the study (Interviewer)
   - 1.2 Briefly tell us about the vision and strategic intent of the GSDM?
   - 1.3 What were the IDP objectives of the GSDM between 2007 and 2012?
   - 1.4 How far has the municipality achieved and realized the objectives of the IDP?
   - 1.5 What were the challenges faced by municipality to achieve the IDP goals, objectives and projects?

2. Goals and Objectives of LED Policy for GSDM
   - 2.1 What were the goals and objectives of the LED policy for GSDM between 2007 and 2012?
   - 2.2 How do the GSDM LED strategy/policy objectives align with the Provincial and National LED policy?
   - 2.3 What were the major LED projects within the LED strategy? How far has the Municipality achieved those projects?
   - 2.4 Briefly share with us, the approach that the Municipality has adopted to implement the LED strategy?
   - 2.5 What were the key challenges that affected the implementation of the LED strategy and what are the implications thereof?
   - 2.6 What interventions required that the municipality need to adopt in order to grow the economy of this District Municipality?

3. Nature of the institutional arrangement and structural dimension of GSDM (Category B Municipality)
   - 3.1 What was the nature of the institutional arrangement in the Municipality between 2007 and 2012?
   - 3.2 What were the structures (such as Governance, Portfolio committees, oversight committees, Business Chambers, LED forums etc.) that were established to support the LED function within the District Municipality? What was their role and responsibilities in supporting the LED function within the Municipality?
   - 3.3 How was the organizational strategy and policies of the GSDM being institutionalized and structured?
   - 3.4 Briefly explain the structure of the LED unit between 2007 and 2012? How the structure looks like currently and are there major changes that you can outline?
   - 3.5 What implication does the organizational structure and the institutional arrangement have in implementing the LED policy?
   - 3.6 How should the LED units being institutionalized in order to fully achieve the goals and objectives of the LED policy?

4. Institutional capacity and capacity requirements
   - 4.1 What was the capacity in relation to personnel and skills within the LED unit between 2007 and 2012? And what is the current situation?
   - 4.2 What is the required capacity in terms of personnel and skills within the LED unit?
   - 4.3 What were the skills gap and skills requirements required then (2007 & 2012) and now for the LED unit and how can the skills gap being closed?
   - 4.4 How does capacity constraints and capacity challenges affect (which include skills gaps, vacant positions, lack of resources) full implementation and success of the LED policy in the municipality?
   - 4.5 What is the best model to be adopted that will ensure adequately skilled, competent personnel and fully resourced LED function to drive local economic growth and local economic development for this district?

5. Role of partnership in the implementation of the LED policy
   5.1 Briefly tells us the nature of partnerships and stakeholders (both public and private) that support of the LED function between 2007 and 2012? What is the current situation in relation to the above?
   5.2 What is the role and value add played by partnerships and stakeholders (both private and public) in the LED function?
   5.3 What is the nature of the LED forum and does the forum add value to the LED function in the municipality?
   5.4 What is the role of the SMMEE's, Cooperatives and communities within the LED function of the Municipality?

6. Other factors that contribute to failure to implement LED Policy
   6.1 What are other key factors that also contribute to the failure in implementing LED policy for municipalities (GSDM)
   6.2 What is implications does this factors have in the LED policy if they are not addressed?
   6.3 What can you recommend in order to address this challenges?

7. Best Model to be adopted by municipality in order to grow and sustain local economies
   7.1 In your own view, what is the best model or approach that municipalities should adopt in order to sustain and grow local economies?
   7.2 Briefly explain why you propose this model?