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An investigation on how partnerships are used as a tool for effective local economic development retail projects: the case of Bara Mall

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Table of Contents

1 CHAPTER ONE: THE NEED FOR PARTNERSHIPS IN LOCAL ECONOMIC DEVELOPMENT 5
1.1 Introduction 5
1.2 Background 5
1.3 Problem Statement 8
1.3.1 Research Question 8
1.3.2 Sub Questions 8
1.4 Rationale 9
1.5 Research design and methodology 9
1.5.1 Research Methodology 9
1.5.2 Sampling Procedure 10
1.5.3 Data Collection Procedures 10
1.5.4 Data Analysis 15
1.6 Limitations of the study 15
1.7 Ethical considerations 16
1.8 Chapter outline 16
2 CHAPTER TWO: OVERVIEW OF LOCAL ECONOMIC DEVELOPMENT 19
2.1 Introduction 19
2.2 Local Economic Development 19
2.2.1 The International Experience of Local Economic Development 19
2.2.2 Three waves of LED 20
2.2.3 LED In the South African Context 24
2.3 Paradigm shift in South African local economic development policy 26
2.4 Critiques of LED 28
2.5 New Policy Directions in South African Policy 29
2.6 Retail or Enterprise Development 30
2.6.1 Shopping mall development in townships 31
2.6.2 Advantages of mall development 32
2.6.3 Disadvantages of malls 33
2.7 Conclusion 35
3 CHAPTER THREE: PARTNERSHIPS IN LOCAL ECONOMIC DEVELOPMENT 36
3.1 Introduction 36
3.2 Public-Private Partnerships 36
3.2.1 Partnerships process 37
3.2.2 Partnerships in LED 37
3.2.3 Types of Partnerships for Local Economic Development 38
3.2.4 Roles and interests within the partnerships 38
3.3 Public-Private Partnerships within LED 39
3.4 The International Experience of Partnerships 40
3.5 Benefits of Public-Private Partnerships 40
3.6 Major Problems within Partnerships 41
3.7 Criticisms of Partnerships 42
3.8 Planning theory 43
3.8.1 Collaborative or Communicative Planning 43

3.8.2 The Just City Approach 44
3.8.3 The Role of the Planners in Partnerships 45
3.9 Conclusion 46
3.10 Criteria for evaluating Partnerships 47
4 CHAPTER FOUR: CHALLENGES AND LESSONS LEARNED IN THE BARA MALL PARTNERSHIP 48
4.1 Introduction 48
4.2 Bara Mall 48
4.2.1 The Stakeholders and Their Roles and Responsibilities 48
4.3 Nature of partnerships 49
4.4 The impact of the Partnerships 50
4.4.1 Economic growth and promotion of inward investment 50
4.4.2 Employment creation and poverty alleviation 51
4.4.3 Participation 53
4.4.4 Capacity building 53
4.5 Challenges to the partnership 55
4.5.1 Challenges before the Construction 55
4.5.2 Challenges after the construction of the Mall 58
4.6 Benefits to different stakeholders 69
4.7 New policy directions 70
4.7.1 Latest form of LED strategies 71
4.8 Critiques of the Policy 72
4.8.1 Lack of integration and coordination in LED Policy Implementation 72
4.8.2 Lack of Monitoring and Evaluation for LED in Local Municipalities 73
4.9 Retail development in soweto 74
4.10 Factors leading to good partnerships 75
4.10.1 Good Governance 75
4.10.2 Transparency 76
4.10.3 Accountability 76
4.11 Criteria for evaluating the partnerships in Bara Mall 76
4.12 Conclusion 77
5 CHAPTER FIVE: CREATING EFFECTIVE PARTNERSHIPS 79
5.1 Introduction 79
5.2 Conclusion 79
5.3 Recommendations 81
5.3.1 Creating Collaboration in Partnerships 81
5.4 Recommendations for specific malls in Johannesburg 84
5.4.1 Training 84
5.4.2 Depoliticising Development 85
5.4.3 Supermarkets Development In Townships 85
5.4.4 Skills development 86
6 REFERENCES 87
7 APPENDICES 97

ABBREVIATIONS

Achib	**African Co-operative for Hawkers & Informal Businesses**
CoJ	**City of Johannesburg**
LED	**Local Economic Development**
DPLG	**Department of Provincial and Local Government**
DTI	**Department of Trade and Industry**
JDA	**Johannesburg Development Agency**
PPP	**Public-Private Partnerships**
MSA	**Municipal Systems Act**
RDP	**Reconstruction and Development Programme**
GEAR	**Growth, Employment and Redistribution**
M&E	**Monitoring and Evaluation**
SMME	**Small Medium Micro Enterprise**
Sobico	**Soweto Business Initiative Council**
SCC	**Soweto Crisis Committee**

LIST OF TABLES **PAGE**

Table 1: Interviewees 12
Table 2: Criteria for evaluating partnerships 51
Table 3: Criteria for evaluating the Bara Mall partnership 90

LIST OF FIGURES

Figure 1: Map of region D

Figure 2: Baralink Property Map

Figure 3: Bara Mall

Figure 4: One of the locally owned businesses within Bara Mall

Figure 5: A locally owned shop closed down due to high competition.

1 CHAPTER ONE: THE NEED FOR PARTNERSHIPS IN LOCAL ECONOMIC DEVELOPMENT

1.1 INTRODUCTION

This study focuses on how partnerships are used as a tool for effective local economic development retail projects and was carried out among a group of participants who were involved in the Bara Mall project in Soweto. The chapter provides a background and rationale for the study in order to put the problem statement in a proper context. The problem statement is followed by the outline of the research question and sub-questions. The rationale of this research and the reasons why this study is important in a South African context will be stated. The research methodology and the basic overview of the case study are outlined. Lastly, this chapter concludes by a chapter outline for the rest of the research.

1.2 BACKGROUND

"I hear you comrades talking about economy and development in Soweto, but who has benefited from all this development? Not us. Unemployment is still high; the Shoprites of this world still come in here and make money from us, and then leave with it to the suburbs. Emerging businesses from around [Soweto] are not operating in these malls; and shopkeepers are closing their shops because these malls are taking their business."[1] *(Kea Mafura from the Soweto Crisis Committee (SCC)*

As shopping malls migrate to the townships in order to take advantage of the demand for retail, the local businesses are displaced, local communities still see the unemployment rate as high, profits from the shopping malls are not spent within townships and there is the exclusion of local businesses from trading within the malls. According to Dada (2005) cited in Kalima-Phiri (2005:16) “the malling strategy, brought about largely by open market liberalization trade policies, is currently undermining local savings by encouraging consumerism and exacerbating poverty by effectively contributing to the destruction of family businesses such as spaza shops”.

These are some of the challenges and limitations of shopping malls as Local Economic Development projects that communities and local government are left to solve after the private sector has developed the mall and have taken their profits outside the townships. It is however surprising how times have changed. Back during the apartheid era, one would not even have

[1] Eprop (2007). Soweto retail investment boom stirs debate. *Financial Mail*

seen such developments within townships because townships were perceived as places with poor infrastructure, high unemployment, highly populated and there was low private sector investment. Black South Africans were excluded from participating freely in the economy which has contributed to a society marked by vast discrepancies and disparities. Townships were prevented from attracting industries and in addition there were no policy measures that were created to address issues like economic growth, unemployment, poverty alleviation and infrastructure development. Moreover, large informal retailers were reluctant to expand their business into these areas due to lack of infrastructure, low thresholds (populations are spatially dispersed rather than agglomerated and generally poor), violence and crime (Harrison, Todes and Watson, 1997). Therefore local communities did all their convenience shopping within informal retailers like spaza shops and hawkers but were forced to buy most of their groceries in areas outside the townships. Therefore, a lot of money was spent in places outside the townships instead of it being invested in local economy.

In the 1990's seeing the unappealing socio-economic conditions in the townships, Local Economic Development (LED) was pursued by national government as an alternative to the stranglehold of previous apartheid and the associated top-down strictures (Nel and Rogerson 2007). Local economic development promised a more collaborative development process that takes into consideration different stakeholders in communities using local resources for economic, social, spatial development, etc. However in practice, the national government, in order to alleviate poverty, came up with initiatives that were firstly state led such as empowering the survivalist informal economy, including street traders, a range of home-based enterprises (SMMEs), and urban agriculture (Rogerson, 1997). Consequently these interventions resulted in less economic growth and did not absorb the high rate of unemployment that is prevalent in townships. The reliance on the LED Fund process created dependency. The LED Fund was the fund created by the DPLG to provide conditional grants to municipalities for the implementation of job creation and poverty alleviation projects (Nel and Binns, 2002). LED was gradually seen as the mandate of local government with the exclusion of the private sector, and the principle of partnership was neither actively supported nor was it a significant reality (Nel and Rogerson 2005). Later more investment orientated initiatives were developed in order to lead to economic growth and the competitiveness of the localities. Much emphasis was placed on exports, place marketing, investment attraction through tax breaks, incentives, etc. These initiatives were mostly driven by the private sector with minimum state involvement and the needs of the poor communities were ignored.

LED is defined as a participatory development process that encourages partnership arrangements between the main private and public stakeholders of a defined territory, enabling the joint design and implementation of a common development strategy, by making use of the local resources and competitive advantage in a global context, with the final objective of creating decent jobs and stimulating economic activity (DPLG, 2007). Therefore LED was meant to belong to the local stakeholders and do away with top down approaches that were practiced during the apartheid regime. The top down approaches practiced in the past exacerbated exclusion, inequalities, discrimination and social and spatial fragmentation. Therefore the South African LED projects have not been leading to inclusive development. Most local economic development projects were not developed in a collaborative effort by the state, the private sector or communities but in fact they were developed based on international practices and experience.

However the new LED policy namely *Stimulating and Developing Sustainable Local Economies: National Framework for LED in South Africa in (2006 – 2011)* reacts to the failures of the past LED initiatives and puts emphasis on the importance of partnership. It calls for the establishment of partnerships between local government, the community and the private sector in creating growth and redistributing it equally amongst stakeholders within communities. Meyer-Stamer (2005) in support of the new LED policy, acknowledges the collective action through partnership between the public sector, the private sector, and civil society as the success factor for LED. In response to policy objectives, public-private partnerships were then created in townships to deliver projects that will benefit all stakeholders. Projects like shopping malls have been seen booming in townships like Soweto as LED strategies and are said to be developed by partnerships between the municipality, private investors, local business organizations and local community representatives. These shopping malls are perceived to be great generators of economic growth, job creation and the attraction of investment.

However there are concerns that these malls might not provide mutual benefits and may also close down due to the possible lack of demand for goods and services provided in these malls. In summary shopping malls have been criticized for being a top down approach with no community consultation and for catering for the middle class minority while excluding poor people without buying power.

It is against this backdrop that this research seeks to investigate the role of partnerships in implementing effective LED retail projects. In partial response to this question this paper explores these issues through the lens of a case study of LED project (Bara Mall in Soweto) which is said to have been built by a public-private partnership. Moreover to explore how can this partnership limit the impact of such big enterprises in townships on small survivalist informal enterprise because according to Ligthelm (2007) the shopping malls have a serious impact and lead to the closure of such enterprises.

1.3 PROBLEM STATEMENT

The literature has showed that some of the projects that are implemented on the premise of public-private partnerships are good vehicles to implement government policies but the challenge is that most of them are private sector driven with profit making intentions and they are ignoring the needs of local communities. Most developers and involved stakeholders tend to build malls without direct consultation with the communities and are generating conflict amongst other business owners who have been engaging on business activities around the areas surrounding the shopping mall. With the above mentioned challenges presented by the development of shopping malls in communities, this research aims to investigate whether partnerships in shopping mall development have been instrumental in significant benefits that are equally distributed to all the stakeholders.

1.3.1 Research Question

How was the partnership initiative in the Bara Mall employed to promote more inclusive local economic development?

1.3.2 Sub Questions

- What are partnerships and what is their role in the development of malls?
- What are the roles and responsibilities of different stakeholders?
- What key issues face municipalities and local economic development practitioners who are using partnerships in shopping malls?
- What is the criterion for evaluating partnership projects?
- What are the factors that might lead to effective partnerships?

1.4 RATIONALE

South Africa is a country with a very young democracy and is still in the process of addressing the planning distortions and imbalances created by the apartheid regime. In order to effectively address past imbalances it is important to ensure that development is inclusive and that the benefits can be spread to all the stakeholders. LED as one of the key components in planning and development over the past few decades has recently adopted shopping malls as one strategy especially in townships. According to the LED policies, all the projects should be implemented through public-private partnerships (PPPs). PPPs are regarded as mechanisms or arrangements for the provision of certain services and their ability to lead economic, growth, employment, investment and collective action. This research seeks to explore how the public sector, private sector together with communities can work together to amalgamate the needs of the community with the interests of private investment strategy.

It is important that we understand PPPs, the roles and responsibilities of stakeholders involved, tensions resulting from such partnerships, advantages and disadvantages of such partnerships in order to propose good practices for effective and equally beneficial partnerships in LED projects. This research seeks to explore how partnerships are carried out in townships, their benefits and challenges in order to inform planners and policy makers of their viability as a development tool. The significance of this research lies in that it can inform policies directed at effective LED strategies undertaken at a local level.

1.5 RESEARCH DESIGN AND METHODOLOGY

1.5.1 Research Methodology

This research was conducted through the use of qualitative methods to gain relevant information about stakeholder involvement in Bara Mall and their experiences. This method was chosen for various reasons; namely, respondents' perspectives are emphasized; it takes into consideration people's interpretations; it allows for flexibility; and it is manageable. This research method also focuses on processes rather than outcomes. Qualitative research can be used to explore substantive areas about which little is known.

There have been many writings about LED in South Africa and less writings about the role of PPPs as an instrument for carrying out LED projects. This research will serve as the source of

knowledge for people who are interested in knowing how PPPs can help for the implementation of LED projects. However, qualitative research has been criticized for being very subjective in nature; one cannot generalize on the basis of this method (Greenstein, Roberts and Sitas, 2003). This study can be classified as an exploratory or interpretive research that is seeking subjective perceptions of the insiders/residents (ibid). In-depth interviews administered on a one-to-one basis were used as an instrument to collect the interviewees' perceptions about the public-private partnership in Bara Mall. Moreover open-ended and semi-structured questions were asked, which allowed an open discussion between the researcher and the different stakeholders. (Refer to table 1).The interviews were recorded through note-taking with the full consent of the participants and assurance of confidentiality. All respondents were interviewed in their workplace with an emphasis on the interviewee's convenience and the interview session were about 45 minute to an hour.

1.5.2 Sampling Procedure

For the purpose of this research, non probability sampling was used. Non probability sampling is based on a judgmental sample. A judgmental sample is where the researcher employs his or her own expert judgment about who to include in the sample frame and the samples are selected to suit their specific purpose even if it does not provide a fully representative sample. The advantage of non probability sampling was that it was easy to administer and did not require a big sample. However its limitation lies in its inability to allow the study's findings to be generalized from the sample to the population and there are possibilities of bias (Greenstein, Roberts and Sitas, 2003).

1.5.3 Data Collection Procedures

The researcher administered the research instruments personally in order to enhance the reliability and validity of the findings, and to ensure that the respondents answer the questions without others assistance (Greenstein, Roberts and Sitas, 2003).

1.5.3.1 Case Study

Handel (1991) refers to case study as an intensive investigation of a single unit or component which can differ from social groups, organizations, and institutions, events and countries. The case study of Bara Mall was chosen on the basis of trying to get a comprehensive understanding of the role that the partnership played in the local economic development project. The researcher chose to use a case study for the purpose of this research because it allows for

an investigation of the contemporary phenomenon within its real-life context, it gives a space to investigate and focus more in depth on the study. It is an explorative study, which is aimed at getting in depth analysis of the subject matter. Case studies cannot be generalized because they can be subjective.

1.5.3.2 Semi-Structured Interviews

Semi-structured questions were used during the collection of data to allow flexibility of the conversation and the questions were at the same time open ended questions. this semi-structured interview which were open ended encouraged and allowed flexibility to respondents to an extent that they felt free and were even introducing issues that researcher did not think of asking. The researcher interviewed 4 people (refer to table 1)

Stakeholder	Person interviewed	Why they were chosen
The investor	Landmark's Managing Director	Landmark is a capital investor within the Bara Mall projects. This interview was undertaken in order to uncover their roles and responsibility and how they interacted with other stakeholders.
Local business association	the chairperson of Soweto Business Initiative Company (Sobico)	The chairperson of Sobico was one of the businesses owners who benefited within the Bara Mall project and he also chairs one of the biggest business organizations in Soweto. The researcher wanted to know his views on the role that they play when big projects like shopping malls come into Soweto.
Local municipality	Senior Manager of the Soweto LED Unit	As any LED unit is responsible for overseeing all LED projects that take place in their municipal space. It was very crucial that an interview with a senior manager from the Soweto Unit be carried in order to fully unpack their role and responsibility in the Bara Mall project.
National government (DPLG)	Senior Manager of the LED Policy and the Senior Manager LED Support	The two managers from DPLG were interviewed in order to get their input as they are part of the LED policy development and implementation process.

Table 1: interviewees

Introduction to the Case Study

Demographics

Bara Mall is located at the east of Soweto and is nearer to four regions mainly Diepkloof, Orlando East, Klipspruit, Power House, and Pimville. It is situated within Region D within the City of Johannesburg metropolitan. In 2005, all these townships had about 277,707 population and 81,896 households. About 38% of people were employed, 50% unemployed, 3.8 % were retired people and about 0.6% of people were seasonal workers (CoJ, 2005).

A map of region D

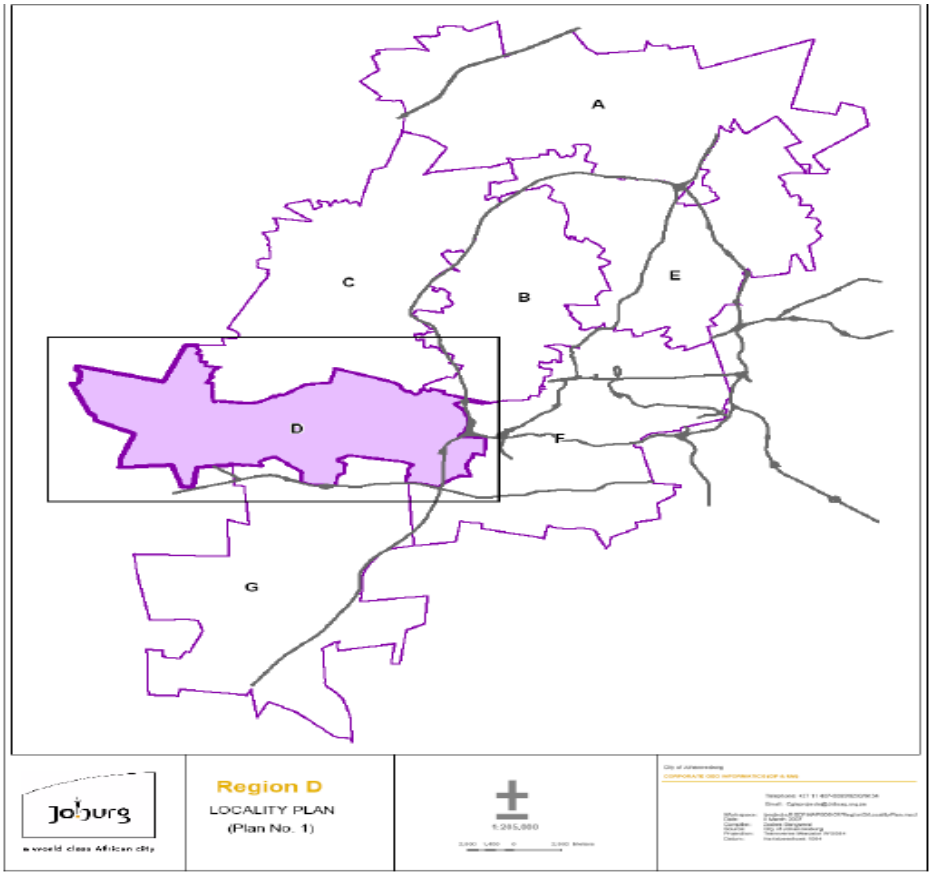


Figure 1: Source: CoJ. (2008) Regional Spatial Development Framework, Region D (2007/2008)

When the City Of Johannesburg did a study in Soweto in 2002, they discovered that there was there was about R4.2 billion per annum of retail demand and that most people did their shopping in the CBD and at the shopping malls in the close proximity such as South Gate. The City of Johannesburg supported the development of an additional 70 000m² of retail space in Soweto over the five years 2004 to 2009. This retail demand increased due to the high rise in the middle class and population increase. Bara Mall and other malls were then seen moving into Soweto. Bara Mall is 57 000m^2 with a cost of R420 million. It was established in 2005 by a property construction company called Landmark.

Bara Mall is part of Baralink and is located in the region 10 part of Diepkloof, along the Old Potchestroom Road and directly opposite the Chris Hani Baragwanath Hospital. The Baralink site focuses on the promotion of public transport, complementary retail development, public infrastructure provision and maintenance of public space environment. There are more than 40

different retailers (supermarket, phone shops, hardware, clothing, beverage and general stores) and more than five services or private practices (doctor's, surgery, chemist) currently operating in the Baralink precinct. Figure 1 below shows the locality map of the Baralink which is also regarded as a gateway to Soweto due to its location at the main entrance into Soweto. The Bara Mall was chosen for this research because it was built on the premise of a public-private partnership between the CoJ Region D, Landmark, some individual community members and business owners. This research will explore the challenges, benefits and lesson that can be learned from this partnership which could be used as a benchmark for other PPPs that will be implementing any LED projects.

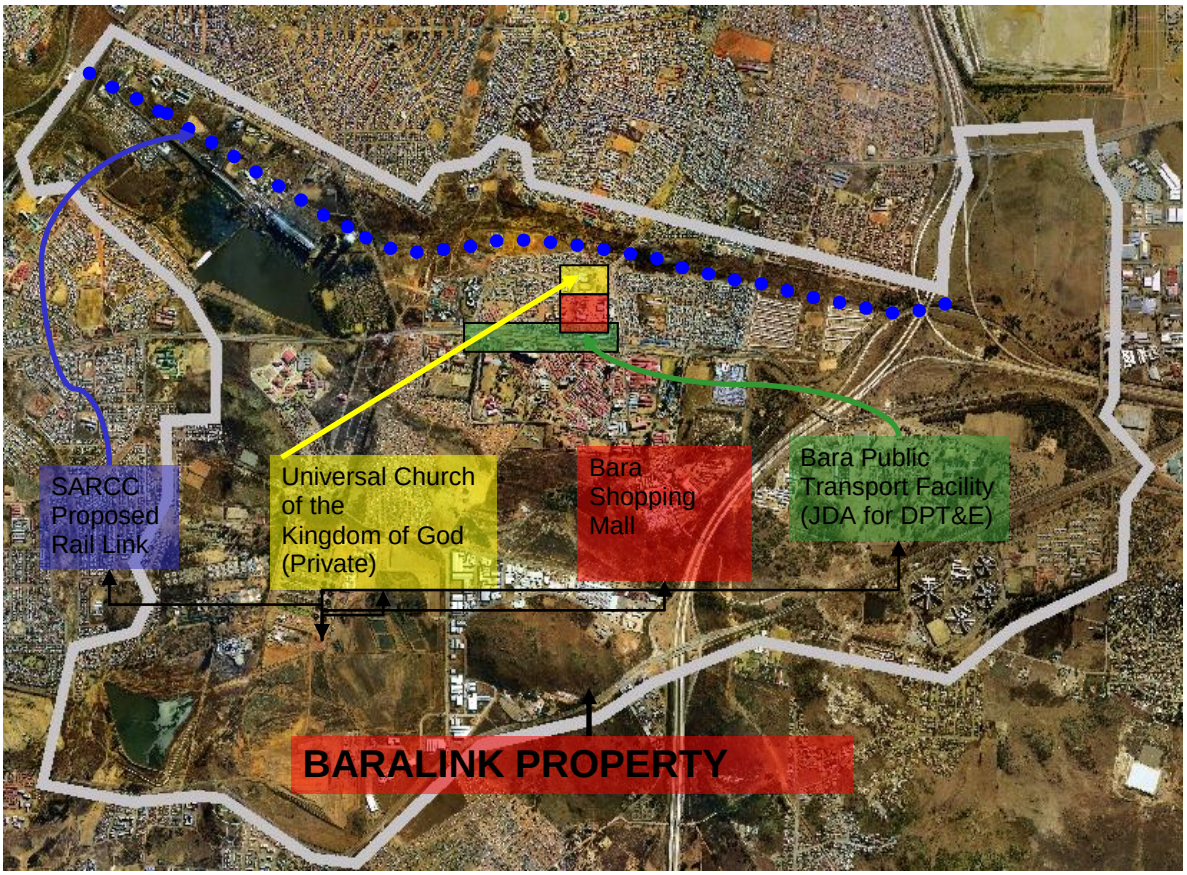


Figure 2: Source: CoJ and JDA (2005).



Figure 3: Bara Mall

1.5.4 Data Analysis

Thematic coding was used when analyzing data which categorises raw data into themes and allowed for the integration of the relevant theories, approaches and experiences from other contexts in relation to this research topic. The research findings are also organized in terms of major themes and concepts, which emerged during interviews. Themes are crucial with regard to reflecting views and issues raised by interviewees.

1.6 LIMITATIONS OF THE STUDY

This research has only used one case study; therefore the results of this research cannot be used to reach a generalized conclusion. Moreover Bara Mall was built in 2005 and it was difficult to find the right people who were involved and most of them could not remember in detail what had happened. Therefore, my results are based on what they could remember. There are different perceptions of what PPPs are and LED from the respondents and therefore the research findings are mostly shaped by what the respondents' perception of what LED and PPP are.

The research sample is small and might not have fully given the researcher the whole story about the implementation of Bara Mall, thus the findings of the study cannot be generalized to other contexts and the researched community itself. However, the findings might serve as a base for future research on the different ways of implementing local economic development projects. The research findings are subjected to values and beliefs of the researcher's background and this might have affected the findings. Therefore this might prove that it is impossible for the researchers to detach themselves for their own research, although care was taken to avoid such an issue. Moreover, due to time constraints the researcher might not have covered all the literature written on urban public-private partnerships and within local economic development, but does however feel that there is a fair reflection of the field.

1.7 ETHICAL CONSIDERATIONS

According to Kimmel (1988) as cited in De Vaus (2001) social research should conform to four broad ethical principles, namely, voluntary participation, anonymity and confidentiality, no harm to participants and informed consent. All the four ethical principles were applied when conducting interviews with the respondents and informants in Soweto. The respondents and informants were not forced to participate in the study and they were given an opportunity to participate voluntarily. No harm was caused to the participants, and the participants participated with informed consent. To ensure that the participants participate with informed consent, the researcher outlined the overall objective of the study and explained that the study was conducted as part of the completion of the Master of Science degree in Development Planning at the University of the Witwatersrand.

The participants were promised that the information gathered from the interviews will be treated with anonymity. To ensure anonymity, the researcher made sure that the information presented in the findings and analysis chapter was treated anonymously and with confidentiality. This was done by hiding the real names of the respondents and informants or giving only their occupation or positions.

1.8 CHAPTER OUTLINE

1. Chapter One: Introduction

Chapter One provides the research context and the reason or the importance of the study thus justifying the choice of the study. This chapter has outlined the research methodology and data

analysis methods. The study used qualitative research employing semi-structured interviews in order to capture subjective perceptions on stakeholders' roles and responsibilities in the Bara Mall. The data collection process was administered by the researcher in order to enhance the reliability of the data. Limitations of the research and the methodology are highlighted. It has also given a brief introduction of the case study and located it in the broader research. It presents the broader research methods used in the study including units of investigation or sample composition, validity and reliability of the research tool, and the procedures followed during the gathering of data. Moreover ethical issues and the limitations of the study are covered in this chapter.

2. **Chapter Two: Overview of Local Economic Development**

This chapter outlines the international experience of local economic development in order to compare with the South African LED policy. Secondly, it looks at the two approaches of LED and then continues to discuss policy changes in the South African LED context. Critiques of the LED South African policies are outlined. Finally, this chapter looks into retail development, its advantages and disadvantages as the driver of the local economic development.

3. **Chapter Three: Public-private partnerships in Local Economic Development**

This chapter starts by comparing state-led, community-led and private-led development and progress to public private partnerships as the way forward in development. Different kinds of partnerships are outlined together with their benefits and criticisms. Public-private partnership approaches will be outlined together with its pros and cons. Collaborative planning and the Just City Approach will be explored in the context of public-private partnerships in order to discover the links between collaboration and justice. The chapter concludes by outlining the criteria that will be used to evaluate the Bara Mall partnership.

4. **Chapter Four: Findings and analyses**

This chapter will provide findings and analyses of the data that was collected during the interviews with all the respondents within the Bara Mall (business association, Senior Manager from DPLG on policy development and implementation and the City of Johannesburg) in order to find out their involvement in Bara Mall. It will also reflect on the main findings, both primary and secondary data moreover the findings will be analysed in relation to the theoretical and policy findings.

5. Chapter Five: Conclusion and Recommendations

This chapter summarizes the research finding and provides recommendation of how to create effective partnerships. This includes concluding comments and points out areas of further study and investigation. Policy inefficiencies will be outlined and suggestions towards policy interventions that will lead to the optimum implementation of LED initiatives will be given.

2 CHAPTER TWO: OVERVIEW OF LOCAL ECONOMIC DEVELOPMENT

2.1 INTRODUCTION

This chapter starts by outlining international experience of local economic development in order to compare with the South African LED policy. Secondly, it looks at the two approaches of LED and then continues to discuss policy changes in the South African LED context. Critiques of the LED South African policies are outlined. Finally, this chapter looks into retail development, its advantages and disadvantages as the driver of the local economic development.

2.2 LOCAL ECONOMIC DEVELOPMENT

2.2.1 The International Experience of Local Economic Development

Trousdale (2003) defines Local Economic Development (LED) as a participatory process where local people from all sectors work together to stimulate commercial activity in order to make a resilient and sustainable economy. Furthermore, he argues that LED is a tool to help create sustainable jobs and improve the quality of life for everyone, including the poor and marginalised. Local economic development encourages the public, private and civil society sectors to establish partnerships and collaboratively find local solutions to common economic challenges. Moreover, the LED process seeks to empower local participants in order to effectively utilise business enterprise, labour, capital and other local resources to achieve local priorities (e.g. promote sustainable jobs, reduce poverty, stabilise the local economy and generate municipal taxes to provide better services) (ibid). Nel (2001) argues that LED internationally has emerged as a result of increasing decentralisation of power and decision-making to the local level which came as the result of the neo-liberal era which strived for a reduction in the role of the central state in the economy. LED has also emerged due to economic changes within localities, varying from de-industrialisation to local innovation which requires local leadership initiative, response and direction (ibid).

According to Trousdale (2003) LED has to be participatory. However the challenge with his definition is that participation can be understood and implemented differently by different stakeholders. For example one might understand participation to mean investing capital, whereas to another person participation might mean being involved in all the stages of the project, namely, conceptualisation, implementation, monitoring and evaluation. So his definition is short of defining the actual process of collaboration and therefore opens room for different

interpretations of the actual process which might not necessarily depict the intended collaboration. However his analysis of LED is good in that it clearly stipulates the different stakeholders and also points out the benefits of their collaboration. Internationally, LED has been refined through three waves that were reacting to challenges and failure of LED policies.

2.2.2 Three waves of LED

The first wave can also be viewed as municipalities' effort to achieve 'Urban efficiency' (Bond, 2003). The slow-down in growth in the international economy that began during the late 1970s led to much pressure on the municipalities to become more entrepreneurial. Urban entrepreneurialism became dominant in all LED strategies and led to municipalities competing for investment. Smokestack chasing characterized most municipalities working hard to market their locations in order to attract investment. The smokestack chasing led to government budget cuts; increases in user-fees for public services and privatisation of state enterprises; the lifting of price controls, subsidies and any other distortions of market forces; liberalisation of currency controls and currency devaluation; higher interest rates and deregulation of local finance; removal of import barriers (trade tariffs and quotas); and there was an emphasis on promotion of exports, above all other economic priorities (Bond, 2003). Rogerson (1995) gives an example of how Johannesburg purposefully re-images and promotes itself as a `global city' through various marketing strategies, extensive lead projects, infrastructural investment, property development and the promotion of the city through the use of its sporting facilities. Within this wave, municipalities operated under the assumption that the attracted investment will create jobs and provide taxes, which can be used for service provision (ibid). However Bond (2001) contends that investment attraction and place marketing alone have not created and sustained jobs in the local economy in the long term and the contention is that the returns on investments do not usually accrue to the neediest, who seldom benefit from these investments.

These types of LED initiatives are classified as pro-growth or pro-market. The pro-market approach is based on business development and focuses on the pursuit of economic growth, investment attraction and courting the high-profile business sector. Municipalities carry out the pro-market approach by focusing strongly on attracting investment (primarily manufacturing) through incentives like cheap land, reduced rates; taxes breaks or direct financial rewards (Rogerson, 2002). Scott and Pawson (1999) contend that the pro-market approach seeks to allow local economies to adjust more lucratively to macro-economic reforms and shifts. It also

emphasizes the objective of advancing and facilitating individual self-reliance, entrepreneurship, expansion of the market, competitiveness, reduction of unemployment and sustainable growth (Rogerson, 2002). Rogerson (2004) argues that a country that is characterized by pro-growth LED approach is dominated by market-LED activities that are directed towards achieving sustainable high economic growth rates. This is a top-down approach that is government and private sector led with no direct consultation with the communities. Therefore the benefits from this wave were not focussing on what people needed but on what the country needed to be globally competitive. This approach can be criticised as being biased against small towns or rural areas where there is generally weaker infrastructure and capacity and favouring the larger city areas.

The failure of the growth from the first wave to filter through the poor communities was replaced by a second wave between the 1980's to mid 1990's. Bond (2003) sees municipalities as focussing on 'progressive-competitive' strategies, human resource development that is identified as a key focus for local economic development strategies.

The second wave was characterised by a move towards the retention and growing of existing local businesses. It still had an emphasis on inward investment attraction, but usually this was becoming more targeted to specific sectors or from certain geographic areas (ibid). In order to achieve these objectives local government had to give direct payments to individual businesses, business incubators/workspace, advice and training for small- and medium-sized firms, technical support, business start-up support. This wave operates under the assumption that low skill levels, especially amongst the poor, are a key constraint facing potential investors. Furthermore, poor people are unlikely to benefit from whatever new jobs there are unless they have appropriate skills (Bond, 2003). Within this wave it was believed that investment is all very well, but the benefits are unlikely to accrue to the neediest unless they are active participants in new development, with the capacity to plan, monitor and enforce wider benefits (ibid). This implies the importance of partnerships in the redistribution of the resources from LED.

However, most businesses failed because of the lack of capacity by the owners and lack of support by local government in terms of affording people with crucial skills on how to manage business for long term sustainability. Moreover the benefits of investing on small businesses did not create enough sustainable jobs that could absorb the high unemployment rate that is found

within locations. This wave has placed much emphasis on pro-poor LED which did not necessarily lead to growth of localities.

This wave has a pro poor focus. A bottom-up or market-critical/ pro poor approach is based on community development and is associated more with support for emerging micro and community businesses (Rogerson, 2000; Scott and Pawson, 1999). This approach is people centred and aimed at empowering the community, improving their livelihood, building capacity and ensuring that the benefits have a trickle-down effect. The pro-poor LED is informed by the need to encourage self-reliance, economic efficiency and drawing the poor into the productive mainstream of local economic activities (Rossouw-Brink, 2007). Bond (2001) as one of the supporters of the pro-poor approach argues that community-based LED strategies are more sustainable and, through having communities actively participating in the planning and implementation of new developments, the benefits will be greater.

According to the World Bank (2000), LED is currently at its third wave, in which more focus is placed on soft infrastructure investments; public/private partnerships; networking and the leveraging of private sector investments for the public good. Moreover it has a highly targeted inward investment attraction to add to the competitive advantages of local areas (ibid). Within this wave local government has to develop a holistic strategy aimed at growing local firms; provide a competitive local investment climate; support and encourage networking and collaboration; encourage the development of business clusters, encourage workforce development and education; closely target inward investment to support cluster growth; and to support the improvement of people's quality of life. This wave has both the element of pro-poor and pro-growth and creates an environment where there are big businesses and small business within localities working together through the transfer of skills. Because this wave puts emphasis on all stakeholders working together through collaborative means, the growth can filter to all and there will be an improvement in the quality of people's lives and the locality will have a competitive advantage that can attract more investment into the area.

Rogerson (2003) and Scott and Pawson, (1999) argue for development that has pro growth and the pro poor approaches in conjunction with each other in order to meet the needs of a wide spectrum of stakeholders, to provide for balanced growth, and to ensure that capital-generating large businesses can generate meaningful spin-offs for the small and emerging business sectors. This means that policy makers need to develop LED policies that are based on

principles of both the pro-growth and the pro-poor approach. The challenge with implementing one approach without the other is that one can miss out on the benefits which might have been drawn from the other approach. Hindson (2003) in support of Rogerson (2003) Scott and Pawson (1999) argues that focusing on poverty alleviation is valid and justifiable, but points out that questions of economic growth should not be left largely unanswered or sidelined. The pro-growth or pro-poor growth can be implemented through different programs that ensure that their objectives are realised in localities.

This wave is however problematic in the sense that it assumes that all societies are homogenous, it does not take into consideration power dynamics that exist within localities that might be a hindrance to partnerships formations. Another criticism of this wave is the high emphasis on the attraction of inward investment. This wave is under the assumption that every location has the potential to attract investment but in actual fact not every location can attract investment due to their position, size, climate, etc. In South Africa, there are municipalities which are able to attract more investment because of their size, in contrast to others which are small in comparison, and virtually unknown. For example, Thohoyandou (Limpopo) attracted R75 000 in capital funds in contrast to R16 million for Ekurhuleni (Gauteng) in 2003-04 (Parahanse, et al, 2006). This then brings in the underestimated importance of developing local economic strategies that seek to address locally unique issues. Hunter (1994) in his article titled *Local Economic Development Strategies in the PWV* captures the importance of creating local economic strategies rather than relying on national LED strategies.

Hunter (1994) argues that the heavy reliance on a single approach to LED in national policy to address the South African economic development issues has proven to be detrimental in particular local economies (ibid). Most of the compelling reasons why local economic strategies should be developed in South Africa was that the formal sector employment only reached about half of the national workforce, did not lead to a decrease in unemployment, and there was only little prospect of any substantial economic revival from the national policies (ibid). Therefore locally created LED strategies might succeed where the national strategies have failed because they will address unique local challenges. Economic strategies for particular localities would have a significant potential for those localities and also for the economy as a whole.

The national policy can set the parameters in which growth occurs, and local government and people can play an important role in taking advantage of available resources. This will ensure

the sustainability of development initiatives because they are developed using local ideas and knowledge and this local ownership of any initiative may generate commitment and enthusiasm which national strategies have no hope in achieving. However, not every scholar is optimistic about local economic strategies. They argue that in this current global economy, attempting a local economic strategy is like trying to empty the sea with a teaspoon (Planact, 1992 as cited in Tomlinson, 1994). Some argue that local economic strategies have minor effects.

The 2007 LED policy named *Stimulating and Developing Sustainable Local Economies: National Framework for LED in South Africa* seems to be taking into consideration all the focuses of the third wave of LED internationally such as public/private partnerships; networking and the leveraging of private sector investments for the public good; a highly targeted inward investment attraction to add to the competitive advantages of local areas. Therefore, South Africa is reflecting or is being influenced by the latest LED policy focus around the world. However there is a problem with South Africa conforming to the global ways of carrying out LED policies which do not take into cognisance the local context of poor townships development as a result of apartheid, segregation, the gap between rich and poor people and political dynamics. Dlamini and Moodley (2002) reacting to South Africa and other African countries which are creating LED policies that react to the international experience argue for African planners, academics and development practitioners to abandon or at least more vigorously challenge the somewhat archaic, western development planning methodologies that are very often inappropriate to the African context. They need to develop more home grown innovative and creative methodologies responses to suit our own local conditions and needs.

2.2.3 LED In the South African Context

The first reference of LED through the overt support for community-based development and locally based initiative was within the Reconstruction and Development (RDP). The 1996 constitution of South Africa mandated local government to pursue economic and social development. The White Paper on Local Government further gave rise to the notion of developmental local government which was to be committed in working with citizens and groups within community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives (RSA, 1996). The White Paper noted that the local government should take a leadership role, involving and empowering citizens and stakeholder

groups in the development process to build social capital and to generate a sense of common purpose in finding local solutions for sustainability (RSA, 1998).

Therefore within this White Paper, the notion of partnerships as a tool for implementing LED projects was established. It clearly stipulate that local government, private sector and the community must enter into a partnership and work collectively together in order to stimulate economic activities in an economic area (ibid). The White Paper on Local Government is giving the core focus of local economic development (ibid). LED is defined as "a process in which governments and or community based groups manage their existing resources and enter into a partnership arrangements with the private sector or with each other to create new jobs and stimulate economic activity in an economic area" (Zaajier and Sara, 1993:129) These definitions both emphasise partnerships, the crucial role of private sector, economic benefits and the importance of using local resources.

Molefane (2006) argues that LED in South Africa emerged and evolved as result of many factors, for example, it evolved as a result of challenges, which were brought by globalisation (unemployment, poverty) and the apartheid legacy (which left a huge social inequality. According to Bond (2001), the LED approach in South Africa was instigated as a response to the apartheid legacy. Rogerson (2004) pointed out that under apartheid spatial planning; much weight was positioned on a top-down regional policy intervention, which was centred on promoting industrial decentralization in the marginalized Homelands and Bantustan regions of the country. Tomlinson (2002) argues that throughout South Africa all major centres have initiated LED Units or economic development departments which include LED agencies in the form of public private partnerships through the medium of corporate and other arrangements. These initiatives are designed to take LED out of the more limited realm of local government and effectively elevated it to the community level as a tangible manifestation of the inclusive approach that views LED as the responsibility of all stakeholders and not local government alone. Rogerson (1997) argues that LED initiatives range from market led initiatives pursued in the large cities in order to draw in big business, to building sports stadiums and convention centres and re-imaging cities in a global era while in small rural areas there are mainly poverty relief projects, training and job creation schemes which focus on areas such as crafts, sewing, brick-making etc. The South African LED policy has shifted over time to address past policy inadequacies.

2.3 PARADIGM SHIFT IN SOUTH AFRICAN LOCAL ECONOMIC DEVELOPMENT POLICY

LED is firmly established on South Africa's development agenda and has been accepted as an applied intervention with the potential to partly respond to the country's development needs (Rogerson, 2006). LED first emerged on the contemporary development scene in South Africa in the 1990s and since then has been elevated from an isolated local development initiative to an intervention which all local authorities are now obligated to pursue in terms of various government policies and the requirements of the 1996 National Constitution (RSA, 1996).

The LED policy in South Africa has shifted due to emerging shortfalls and new ideas that come as a remedy to address the shortfalls. It has also shifted in order to respond to international use of LED. Rossouw-Brink (2007) provides a summary of the South Africa LED policies from 2002 to 2005. She argues that the 2002 LED policy: Local Economic development policy paper: *Refocusing Development On The Poor,* even though was never made a formal policy focussed more on job creation, attacking poverty, environmental protection, and gender equity and meeting unmet basic needs of the community. The core components of the 2002 LED draft policy were on the community economic development, linking profitable growth to redistributive development, investing in human capital, developing or maintaining infrastructure, plugging the leaks and lastly retaining and expanding local business (DPLG, 2002). This policy introduced the element of pro poor to the LED. Tomlinson (2003) stated that the South African LED policy is/was intended to guide municipalities, private sector and communities on how they can jointly address poverty alleviation in a more inclusive manner. He further hinted that this South African LED was determined to uplift the lives of the previously disadvantaged persons (black empowerment) and infrastructure development (ibid).

The aim of this LED policy was to create jobs, alleviate poverty, and redistribute resources and opportunities to the benefit of all local residents. However, scholars like Tomlinson could not understand how redistribution was to be for the benefit of all local residents when the focus is on the poor. Therefore there was less focus on growth and this LED policy as driven by the local municipality who were at the time lacking the crucial capacity to monitor and the institutions that were created to offer SMME support had no qualified staff.

While the 2004 LED policy : *Local Economic Development Policy and Strategy* tended to focus on building resilient and vibrant local economies in South Africa, localities were meant to

provide support to the growth and development of local employment, income and assets whether in face of constraints and external competition and capitalise on opportunities. The core components of this policy were on promoting marketing for investment, supporting services for small businesses, assisting targeted growth sectors, tailoring of training to labour placement to local labour market conditions and capacitating and transformation (DPLG, 2004). This policy was reinforcing the objectives of GEAR which highly focuses on exports, privatisation, and industrial development. This had a pro-growth focus and most project were private sector led with less state intervention. This led to the exclusion of the poor people.

The 2005 LED policy: *Robust and Inclusive Municipal Economies* built on the 2004 policy and also envisaged promoting robust and inclusive local economies that exploit local opportunities, address local needs and contribute to development objectives such as economic growth and poverty eradication. The local economies were meant to show strength, inclusiveness and sustainability. The policy was intended to support the growth and development of local employment, income and assets in the face of harsh constraints and external competition as well as capitalise on opportunities. Within this policy, there was a shift in focus from project-based approach to intervention based on the real needs of communities, the promotion of public-private investment and targeting public sector support, maximising job creation through public infrastructure and service investment. It envisioned a new LED that was about developing robust and inclusive municipal economies, not small unsustainable projects (DPLG, 2005). Both these two policies have had major disappointments when they were implemented and thus encouraged the DPLG to come up with the latest policy of LED.

It was from this policy where the support of larger enterprise development like the shopping malls over the small emerging enterprise was initiated. There was a general view of the ‘‘microenterprise as welfare issue” and a support for ‘‘sustainable enterprise development’’: larger small enterprises that have a track record and most likely will not be owned by blacks. The Business Day article[2], pointed to the dilemma government faces between supporting micro black- owned enterprises that have a tremendously high failure rate and creating very few, very low-paid jobs, versus a sustainable job creation strategy taken forward by established small and medium enterprises, the minority of which are likely to be black-owned. De Wit Visser of The

[2] Tomlinson (2000), ‘‘Small enterprise creates jobs, and other myths’’, Business Day, 17 July 2001.

Consolidation of Municipal Transformation Programme (CMTP) (2008) argues for development that will focus on the pro poor economic development and not purely on growth. He notes that in South Africa, there is a common mistake of prioritizing larger and more glamorous projects like shopping malls which enjoy political and public profile but fail to bring about meaningful and widespread benefits.

2.4 CRITIQUES OF LED

The result of LED policies and focus has failed to reduce inequalities and poverty. According to Hindson (2003) and Nel (2001), the LED results in South Africa have been disappointing due to capacity and resource constraints and limited experience of local government in terms of promoting economic development. Hindson (2003) and Rogerson (2003) also argue that there is a current marginalisation of non-local government actors within South African LED which is failing to adhere to the internationally recognised belief that partnership formation and collaboration is one of the most critical ingredients in LED. There is too much emphasis on local government within development as the lead driver of LED because of the belief that it will lead to a better appreciation of specific needs and problems of local areas (Helmsing, 2001). Supporting Helmsing's argument Rossouw-Brink, (2007) points out that the DPLG's preoccupation with local government as the engine for LED has led to a lack of communication and a lack of guidance from the other spheres of government and the abandoning of other more inclusive approaches like partnerships.

Nel *et al* (2002) and Tomlinson (2003) outline the exclusion of the private sector within LED and also saw the politicisation of development as an issue, where individual interests override the greater common good. They further outline grant dependence and limited sustainability of many LED projects, neglect of the marketing of products which potentially threaten project sustainability (ibid). Furthermore they assert LED as unfunded mandate of local government which in nature lacks the power, resources and capacity to implement LED as a drawback. Rogerson (2000) stresses that in South Africa's LED policy; there seem to be an emphasis on a strong pro poor focus in rhetoric even though it is not always practiced. In the beginning the local government was solely responsible for carrying out local economic development initiatives.

Due to poor performance of those particular LED projects, local economic development became a shared responsibility between the public and the private sector. All municipalities and the

public and the private sector are now responsible for the creation of 'place prosperity', to create the right conditions for the economic advancement of its population: i.e. they need to make sure that entrepreneurs can seize business opportunities, that households can improve their livelihood and that workers can find jobs that match their capacities (ibid). According to Shah (2000), within local economic development there should be a focus on public-private partnerships (PPPs) through contract-based arrangements, adequate funding arrangements, adequate cost recovery mechanisms, transparency and accountability to residents and real community involvement in decision making.

2.5 NEW POLICY DIRECTIONS IN SOUTH AFRICAN POLICY

According to the DPLG (2007): *Stimulating and Developing Sustainable Local Economies: National Framework for LED in South Africa*, government is to assist and to create the conditions for local action to emerge and grow. The vision for LED is creating "Robust and inclusive local economies exploiting local opportunities, real potential and competitive advantages, addressing local needs and contributing to national development objectives (DPLG, 2007, p17).

The Framework also maintains more strongly that local government's role is one of facilitation as opposed to direct interventions (DPLG 2007). Within the framework, local government must work towards improving market and public confidence in municipalities, identify and exploit competitive advantage of 52 municipal regions, and intensify enterprise support in local areas. There has been a shift within the LED approaches in South Africa away from attracting investments from the outskirt of townships into localities as means of promoting economic development to a new strategy that now put emphasis on enterprise development, urban development corporations, public-private partnerships as features to promote LED (DPLG, 2007). A core focus of the national framework is to enhance local competitiveness "by providing an approach to developing local economies with the participation of all relevant stakeholders" (DPLG 2006, p. 8). Over the next 5 years, it is argued that government must focus upon four key strategies to achieve the vision and objectives that have been set forth. The four interrelated strategic interventions are: and to improve market and public confidence in municipalities and municipal governance through an alignment of national, provincial and local programs; and to identify and exploit local competitive advantage; and to introduce sustainable developmental

community investment programming; and to intensify enterprise support at local level (DLPG, 2006).

Meyer-Stamer (2007) in support of the South African new policy directions affirms that over the last decade governments in developing and transition countries have been paying growing attention to improving the environment for business as a means of promoting enterprise development and, through it, of growing their economies, increasing employment, improving welfare and reducing poverty.

The focus on PPPs as a mechanism of implementing LED is not a new phenomenon; it has been there since the inception. Blakely (1994) also saw PPPs as the suitable vehicle of realizing local economic development. Enterprises are responsible for job creation and alleviate poverty by channelling resources into disadvantaged communities, promote environmental and ecological sustainability, promote social development, and broad-based black economic empowerment that is targeted for public sector support. Therefore, when developing retail through PPPs one ensures that all stakeholders within a location are part of the development and stand to all benefit.

2.6 RETAIL OR ENTERPRISE DEVELOPMENT

"Enterprise development refers to those initiatives which help strengthen the economic base and competitiveness of a locality, through improved access of local enterprises to market opportunities and enhanced collective efficiency of businesses" (Hindson and Vicente, 2005:19). As South Africa's economy continues to experience jobless growth, large enterprise restructuring and the promotion of small, medium and micro enterprises (SMMEs) have come to play an increasingly important role in the economy and prospects for socio-economic development and the revitalisation of townships. The municipalities are promoting retail development in their municipal space as local economic development projects because of their promise of economic growth, job creation, skills transfer, etc. According to the Cadiz Foundation (2008) the accelerated creation of sustainable small and micro enterprises is essential to the growth of South Africa's economy and to future socio-political stability. Enterprises or retail developments in township and rural-based enterprises have the potential to create jobs and alleviate poverty by channelling resources into disadvantaged communities. Enterprise development projects are typically sustainable community development projects that

have the potential to become entirely self-sufficient and ultimately independent of ongoing donor funding and they will promote formal business creation, grow employment opportunities and contribute to social and economic upliftment in South Africa (ibid).

The importance of retail development is also realised by other countries like the United Kingdom in their government policy as an attempt to encourage enterprise and innovation, to tackle social exclusion and deprivation through direct investment in public services and infrastructure, and to bring under-utilised land and property back into productive use (Mitchell and Kirkup, 2003). Tesco (2002) argues that new shopping malls can contribute to new social networks, safer streets, lower crime rates, better housing, a focal point for the community, easier shopping access without a car, and new wealth for local services (through wages and business contributions). Furthermore, Moyes (2002) argues that a strong retail offer can support regeneration through providing jobs, services, investment and a focal point for community activities. Most importantly, retail development has become recognised as one of the dominant mechanisms for the renewal of deprived areas and communities like townships.

McIntosh (2002) argues that successful retail development can be achieved through a partnership between the local community, municipality and retailers who ensure the necessary infrastructure is made available. He further argues that the partnerships formed can help achieve social cohesion, while at the same time maintaining commercial profitability (ibid). One of the important features of retail development lies in its potential to encourage SMME development through affording them an opportunity to trade within the malls and give them an opportunity to be fully established businesses.

2.6.1 Shopping mall development in townships

Shopping mall development within previously disadvantaged communities has been one of the initiatives of local economic development that some local governments and municipalities have initiated in poor communities like townships as a means of improving the environment for business and promoting enterprise development. This rise in shopping malls comes immediately after a study done by the City of Johannesburg on the viability of retail in Soweto.

The City of Johannesburg (2005) further outlined the reasons why retail within townships can be viable in Soweto. The rise in middle class with high disposable income, population growth and infrastructure are some of the factors that will create high buying power and attract more

investment. People will benefit from lessened transport costs because the malls brought services closer to the people and this will lower congestion within the inner-city. After this study, a boom in shopping malls was observed all over South Africa. Ligthelm (2007) provides a list of recently developed shopping malls all over South Africa: Maponya Mall, Jabulani Mall, Protea Gardens, Bara Mall in Soweto, Diepkloof Plaza, Mdanstani, New Brighton Plaza and Motherwell Shopping Complex in Port Elizabeth, Promeneda in Mitchells Plain, KaNyamazane in Nelspruit and the Crossing in Mafikeng.

According to Nel and Binns (2002) the national and provincial government perceives the development of shopping malls within townships as important initiatives required to develop previously disadvantaged areas and the overall objective of urban and economic generation. Nel and Binns, (2002: 4) noted that "it is a common sight to have world-class shopping malls and convention centers side-by-side in poverty stricken townships and squatter settlements, in which basic forms of human survival are the main focus". Viruly (2007) notes that due to the evident increase in shopping malls, the townships of South Africa are gradually transforming from dormitories to vibrant urban centers and investors are realizing the potential of these markets. Provinces like Gauteng are putting shopping mall development as one of their LED projects for example since 2007, the Gauteng government has allocated about R3 billion towards shopping malls development in different townships (Segaliwe, 2006).

However, Nel and Binns (2004) warn that South African cities and townships need to pursue poverty alleviation intervention as well as try to achieve racial reconciliation and promoting spatially and functionally unified cities which were physically and socially separated by apartheid policies. Since the shopping mall development is a new intervention for LED it is hard to really conclude if they will lead to a kind of development that Nel and Binns are referring to. Maybe through the findings of this research, it can be assessed whether, shopping malls are leading to poverty alleviation, achieving racial reconciliation and promoting spatially and functionally unified cities. Scholars like Ligthelm have done research on the impact of shopping malls and have argued that they have both the advantages and disadvantages.

2.6.2 Advantages of mall development

Mall developments hold substantial benefits to the less prosperous township consumers. Previously, due to a lack of private transport and expensive public transport, low-income

earners were forced to source their needs from small township retailers. Malls allow offer a variety of goods at lower prices and allow for convenience shopping, people no longer have to travel outside townships to do their shopping (Ligthelm, 2007). The overall benefits of shopping malls are high job creation, economic growth, poverty alleviation, investment attraction, etc. However, they also have some disadvantages (ibid).

2.6.3 Disadvantages of malls

It is possible that a new shopping centre may reduce the demand for retailing in the CBD and other malls. However Fraser believes that retail in Soweto will not necessarily affect the CBD since many people shopping in the inner city are commuters, and that their shopping patterns would not change that much. There is also a lot of cross-border shopping in the inner city with people from outside SA. Fraser points out that there are 400000 shoppers from other African countries that come to shop in the inner city every year (Eprop, 2005).

Shopping malls may also provide increased competition for smaller retailers e.g. township spaza shops (Viruly, 2007, Ligthelm, 2007). Malls may displace business around the area (Ligthelm, 2007). According to Dada (2005) cited in Kalima-Phiri (2005) “the malling strategy, brought about largely by open market liberalization trade polices, is currently undermining local savings by encouraging consumerism and exacerbating poverty by effectively contributing to the destruction of family businesses such as spaza shops”. Smith *et al*, (2002, 31) are against the displacement of spaza shops and argue that the spaza shop economy represents a significant player in terms of employment, economic development, and in terms of providing a much needed service in the community. Therefore the shopping malls may promise job creation, economic growth but they are also destroying another vehicle for development (informal economy) that is significant in townships.

Madell and Cullinan (2007) argue that the pattern of ownership within the malls results in the income generated not being retained and re-spent in the area. There is no multiplier effect: a strategy that encourages consumers to "buy local," thereby keeping money circulating locally. Locally owned small businesses increase the multiplier effect, while corporate owned chains have a smaller effect as profits are exported out of a local economy to the corporate owner elsewhere.

Madell and Cullinan (2007) also point out that there is the tendency to use local labour for low skill and low-income positions and sourcing the higher income jobs from elsewhere. Most store owners are reluctant to place local people into senior positions in their store and will bring their own store manager to run their store. Therefore, the jobs created within the shopping malls are unsustainable and have less empowering elements because they create inadequate skills that limit the rates to meet the demands of the new economy that is service and knowledge driven, moreover, they limit the movement from the lower class to the middle class.

Ligthelm (2006) contends that the informal retailers have come up with mechanisms that help them survive with the malls that are threatening their livelihoods. They are moving their businesses kilometers away from the shopping mall; they now sell some of their goods using competitive prices. They now sell products that satisfy emergency needs like bread, cigarettes, milk, etc and they are now acting friendly and have good customer service towards their customers. Monica Hobyane of Protea South, one of the local business owners was quoted in the Financial Mail as saying "I was doing very well before the mall opened. But after that, I saw that my business took a slight dip in profits for some months before we started recovering," she says. A number of her usual customers were suddenly buying from the mall. But business is picking up, she says, because she has decided to focus on fast-moving items targeted at young costumers such as sweets, and township favourites like "kota" - a sandwich with ingredients like chips, vienna, atchar and cheese[3]. Moreover they operate for long and flexible hours and allow their neighbours to buy goods on credit. Lastly, they now sell merchandise in small units and quantities. Therefore even though shopping malls have negative outcomes but they can be commended in that they lead to improved quality of services and good customer care in informal traders. Madell and Cullinan (2007) conclude by saying that the economic success that will be likely to be achieved by the mall development can lead to deterioration of environmental quality and quality of life –increased traffic congestion and pollution, gentrification, etc.

From this above literature, even though shopping malls have benefits that are most needed in townships, however, it is crucial to assess whether South Africa is willing to promote economy and development at the expense of the informal economy and take away people's livelihoods. Moreover, it is crucial to assess how these shopping malls are implemented: are they just private sector driven without the involvement or consultation of the stakeholders or municipality

[3] Eprop. (2007). Soweto retail investment boom stirs debate. *Financial Mail. INTERNET.(http://www.eprop.co.za)*

driven. It will be very crucial to have them implemented through PPPs in order to ensure that the local stakeholders shape development that ensures that the benefits are disseminated to each and every member of the community. Moreover, PPPs can also ensure through dialogue that shopping malls have less impact on other interventions that have been in townships and were the source of income and livelihoods for other people.

2.7 CONCLUSION

Local economic development is defined and practiced similarly internationally and takes into consideration different stakeholders defining their problems ad coming up with the best possible solutions. Any LED initiative can either be pro poor or pro growth. Pro poor initiatives tend to focus on community development but excluding the private sector and most of the times fail because of the high dependence on government subsidies. While the pro-growth initiatives tend to focus more on investment attraction and economic growth they ignore the needs of local communities. Initiatives that are both pro poor and pro-growth are currently being developed in order to meet the needs of all stakeholders. Shopping malls in South Africa are just one of many LED initiatives that are both pro-poor and pro-growth.

However past research has shown that the shopping malls in townships are leading to the displacement of informal spaza shops and that they are private sector driven and lead to less sustainable job creation. They do however have the potential to lead to job creation, economic growth, attract investment, create further competitive advantage and allow for the SMME development. Currently they are private sector driven and the benefits are not redistributed equally within the townships. The private sector does not spend some of its profits developing townships and communities.

The latest LED policies internationally have clearly emphasised partnerships as one of the implementation tools for LED initiatives. LED premised on PPPs has the ability to unleash endogenous potentials that generate a genuine growth dynamic, and thus create an environment where all stakeholders take part in the implementation of LED.

3 CHAPTER THREE: PARTNERSHIPS IN LOCAL ECONOMIC DEVELOPMENT

3.1 INTRODUCTION

This chapter introduces public-private partnerships as the solution for development that capitalises on all stakeholders strengths in making development beneficial to all. Different types of public-private partnerships will be explored together with their challenges and benefits. Further, criteria for evaluating any public-private partnerships will be outlined. Furthermore collaborative planning and the just city approach will be introduced as theories that can be used to understand how to create effective PPPs within LED.

3.2 PUBLIC-PRIVATE PARTNERSHIPS

Public-private partnerships (hereinafter referred to as “PPP”, “PPPs” or Partnership) are defined differently in different countries or by development practitioners but they have some consistency and compatibility across and among the different meanings. Public-Private Partnership is a contract between a public sector municipality and a private party, in which the private party assumes substantial financial, technical and operational risk in the design, finance, building and operation of a project. They are one of the ways that municipalities can provide services and implement projects within communities. The Municipal Systems Act of No 32 of 2000 (MSA, 2000) provides for municipalities to implement projects and infrastructure in partnerships arrangements with different stakeholder. The Act allows Municipal Service Partnerships (MSP) to take a variety of possible forms, the options range through public/public partnerships, public/private partnerships, public/NGO partnerships and public/community partnerships. Hemson (1998) argues that the enthusiasm for PPP stems from the idea that the public sector is incapable of delivering alone, and therefore the partnerships would assist in releasing resources from the private sector to implement major developmental objectives.

There is an increasing popularity of public-private partnerships throughout the world as a means of attracting the necessary funds for projects, improving service delivery and ensuring maximum utilisation of resources (Meyer-Stamer, 2003). Molefane (2008) argues that in order to eradicate poverty through the creation of sustainable job and stimulation of economic enterprise development, it will be fundamental to have participatory exercises in the promotion of LED processes (ibid). Walzer and Jacobs (1998) see partnerships as government strategy to enhance cities’ problem solving capacities and strengthen integration and different institutional

or relational web within cities. Within partnerships each actor contributes specific resources – legislative power, money, information and knowledge, credibility and prestige, and others (Meyer-Stamer, 2006). Partnerships are mostly favoured by the government due to the lack of funds, lack of expert knowledge and human resource etc. The success of the partnership relies on the strength of the alliance and the competencies that are brought to bear on the project.

Some scholars regard PPPs as the answer to many economic growth and development problems facing state and local governments today (Mullin, 2002). Mullin (2002) contests that a successful PPP increases the probability of a good economic development effort being successful and increases the net benefits to one or more of the partners, without decreasing that of any partner (ibid).

3.2.1 Partnerships process

A partnership involves local actors working together through communicative action to come up with different local economic development initiatives that are beneficial to all. The local government is to create the conditions whereby firms, business organizations and public agencies can engage in self-organized process of interactive learning that will intern lead to local competence for policy. All actors are placed in a situation where they can assess their own situation and learn by comparing with other experiences (Helmsing, 2001). The process of partnerships can be similar to a process of collaboration which involves co-operation and the identification of different interests of all stakeholders which may have the potential to lead to conflict (Healey, 1997). Within partnerships for local economic development some people may have different interests when it comes to retail development such as, profits, job creation, economy increased, investment, etc but they all have to come up with a solution that will work for all.

3.2.2 Partnerships in LED

"Development ultimately is not a matter of GNP or money or physical capital or foreign exchange, but of the capacity of a society to tap the root of popular creativity, to free up and empower people to exercise their intelligence and their individual and collective efforts to achieve a better life" (Levitt as cited in Delany 2008).

Partnerships within LED encompass the public and private sectors as well as non-government organizations which ensure that all LED strategies are locally-owned, designed and delivered

(Delany, 2008). Delany opposes the top-down LED approach that assumes communities are mere inactive participants in the development. He advocates for them to play an active role from the beginning to the end. Ackron (n.d) states that it is crucial to find the "right" mix of partners to serve the interests of LED in each individual community. It does not serve anyone to just mix partners for sake of having a partnership; it needs to recognise the essential uniqueness of communities and the diversity of their various problems and circumstances. People within the partnership need to have the same interests and must be willing to compromise for the welfare and growth of the community. Bennett and Krebs (1993) argue that the perfect partnerships can diversify the initiative, draw in more stakeholders and maximise the potential success and benefits of the process.

3.2.3 Types of Partnerships for Local Economic Development

There are other forms of partnerships beside the traditional PPP where all stakeholders (public, private and civil society) work together to achieve a common good and share the benefits that accrue from the project. One type of partnership is where there is an ongoing, formal relationship between the city government and a business to which each makes a defined contribution and from which each is expected to receive a specific benefit. The overall purpose of this partnership may be job creation, to increase the level of income, neighborhood improvement or other measures of local community development (Walzer and Jacobs, 1998). Within this form of partnership for local economic development, the local government will provide land and building to a business centre and the business partner produces the labour, raw materials, capital and management expertise (Walzer and Jacobs, 1998). Both parties share in the risks, gains and losses of the business venture. Another form of partnership is where the local government waives taxes or fees or relaxes regulations to entice business investment or the local municipality assembles the land and makes public improvements in the hope of enticing private business (Walzer and Jacobs, 1998). This type of partnership is what is currently happening in the townships whereby the private sector buys the land from the municipality and builds a shopping mall. The role of the municipality is to improve on their infrastructure and branding their locations for the attraction of the private sector involvement.

3.2.4 Roles and interests within the partnerships

Private companies bring financial resources, project and management skills, and quality control. The civil sector brings local knowledge, commitment to the community, and longevity of local

presence. Further, Rogerson (1996) argue the (citizens/communities of these local areas) are the biggest resource for local economic development. They are resourceful, skilled and able to take full advantage of economic opportunities. They are innovative and able to participate in and/or establish, run and grow thriving enterprises. They produce locally made and branded products for the domestic and international market that are of high quality and appeal to the needs of different consumers. They develop solutions and products that are affordable and meet the needs of poorer communities.

The public sector (the state) brings regulatory powers, strategic coordination, expenditure budgets and a holistic vision of the project, within the context of community and country-wide development goals (Lee, 2006). Miraftab (2004) argues that within PPP all parties have different interests i.e. the private sector is profit driven and the civil societies are welfare driven while the local government regulate the relationship between the partners and keeps the playing fields level and strives to protect the interest of the disadvantaged groups. Miraftab (2004) warns that a weak government with inadequate will or resources in any of those areas cannot effectively negotiate to lead a partnership processes or guide their outcomes. Moreover, the state regulatory capacity is not likely to serve the interests of the poor or the weaker members of the partnership unless strong civil society organisations and their democratic participation prompt them it to do so. Therefore the strength of the grassroots movements is critical for shaping partnership strategies and ensures the support by the local and central government including their regulatory capacities (ibid).

3.3 PUBLIC-PRIVATE PARTNERSHIPS WITHIN LED

Partnerships within LED encourage local communities to work together with the support and facilitation of the local state and other external stakeholders to achieve sustainable economic growth and development that brings an improved quality of life for all (Khanya-aicdd, 2007). Private companies, including social enterprises and cooperatives, form the heart of the economy and have a crucial role to play as partner with public and community role players that will ultimately stimulate tough and inclusive local economies (Khanya-aicdd, 2007). However, public-private partnerships have been mostly encouraged to help poor people with communities in situations where the government funds alone is less help or has failed to reach them in magnitudes. Through PPPs, poor people can have access to jobs that might lead to the improvement in their quality of lives, skills development through transfer of skills and knowledge

from the private sector and empowerment that will be due to support of new emerging small micro entrepreneurs that are found in the community.

3.4 THE INTERNATIONAL EXPERIENCE OF PARTNERSHIPS

Rogerson (1996) outlined several lessons that can be learned by South Africa from the experiences of PPP from the British and the United States. In both these countries, the lead role is played by local government as it could not be expected that the private sector would take the initiative directly in furthering the welfare of the population as a whole. There is growing mutual recognition on the part of the public sector of the need for private sector resources and skills and conversely on the part of the private sector of the benefits of seeking public sector assistance. Moreover, there is a need for the public and private sector to reconcile their different objectives and agendas such that they can share a common agenda for joint action. With regards to partnership formation, there is a need for high level organization and commitment with the private sector overcoming its common attitude of skepticism concerning local authority motives and instead become active in the process of confidence building and forging a partnership momentum and lastly, consensus building and strategy formation is vital and demands a local economic development vision which is public sector-led. In South Africa, the private sector has not been a major player in public private partnerships precisely because the sort of facilitative condition of such partnerships have not yet been realized either by national or local government initiatives (Rogerson, 1996).

3.5 BENEFITS OF PUBLIC-PRIVATE PARTNERSHIPS

Public-private partnerships reduce transaction costs among interests groups, compete for investment, increase jobs, improve economic restructuring, and help to overcome fiscal constraints for urban revitalization. Akintoye, Beck and Hardcastle (2003) argue that PPP can enhance government's capacity to develop integrated solutions; facilitate creative and innovative approaches; reduce the cost to implement the project; reduce the time to implement the project; transfer certain risks to the private project sector; attract larger, potentially more sophisticated, bidders to the project and access skills, experience and technology.

Hailey (1997) also argues that the benefits of building effective partnerships can make more efficient use of scarce resources, increasing institutional sustainability, improving participation, and sharing of skills, knowledge and learning. Fowler (1998) notes that effective partnerships

contribute to building social capital because they help develop a range of trustworthy, reciprocal relationship which binds individuals, groups, communities and society together. Buckland (1998:241) argue that 'features of social organization, such as trust, norms (customary behaviour), and networks, that can improve the efficiency of society by facilitating co-ordinated actions.

He further notes that these partnerships also encourage local ownership, facilitate the growth and development of local institutions and promote shared learning. Moreover, effective partnerships result in a greater local involvement and ability to handle complex problems. Finally, PPP can help build local capacity, facilitate the transfer of skills and knowledge and encourage mutual dialogue (Hailey, 1997). PPP can encourage better quality decision making process and ensure that there is a broader accountability and transparency in actions taken by all stakeholders especially municipalities. As a result through accountability and transparency, they will create local municipalities with reduced wastage, nepotism, corruption and abuse of power (ibid). PPPs facilitate private sector investments in sustainable LED projects and because they include the public sector and non government organisations, they eliminate reliance on grant funding and distribute the benefits to all stakeholders. Nonetheless, PPPs should not be used as a panacea for all local economic development projects since they have their shortfalls.

3.6 MAJOR PROBLEMS WITHIN PARTNERSHIPS

Within partnerships, there are usually some power imbalances between partners. Within every partnership, there are partners who have access to money, expertise and political power while there are other partners who are have few resources and therefore those with the power might influence the outcomes of the any project for their own benefit. There is also over dependency in one funding source and there is also deep-rooted suspicion about the motives of the private sector. The different in language and culture also hinder public-private partnerships in fully reaching their potential. Tomlinson (1994) warns that the heavy reliance on the private sector resources means than partnerships limit the scope of the public agencies and the requirement of the citizen's participation are diminished. Tomlinson further critique PPPs by disputing that they have some element of inequalities, "they exclude participation by community bodies, bypass democratic processes and bias a city's development strategy in favour of specific interest groups" (1994:84).

3.7 CRITICISMS OF PARTNERSHIPS

Miraftab (2004) argues that PPP emerged amongst two groups: neoliberals that trust the market forces and who want less of a role for government and more for the private sector on the grounds that government is inefficient. The second group which is called the neoconservatives shares the same thinking as the neoliberals but further contest that the tax payers must also be given a role to play in developing places. The latter group advocates for both the inclusion of the private sector and the public sector working together in partnership. Miraftab, arguing against the neoliberal agenda, states that PPPs remove the poor's access to basic services and facilities and take away the responsibility of government in serving the public good (ibid).

Partnerships have been further criticized by Walzer and Jacobs (1998), who argue that partnerships are a myth which is there to legitimize and maintain existing social and political structures that generate inequalities and limit public deliberation and discourse. Bennett and Krebs (1991) supported by Tomlinson see PPPs as the local government shifting its responsibility for dealing with job creation, unemployment and poverty to the private sector. Bennett and Krebs (1991) continue to criticize the PPPs as not being entirely democratic and serve a particular's group's interest (private sector or nongovernmental organizations) who have the access to money, expertise and political power. Miraftab (2004) argues that private sector firms approach the government and their impoverished communities with the message of power sharing but once the process is in motion the interests of the poor are often overwhelmed by those of the most powerful members of the partnership – the private sector.

Furthermore Meyer-Stamer (2003) notes that PPP might not necessary work because many developing countries government officials and business people, in particular in micro and small businesses, have different class backgrounds, which makes communication difficult hence working together will be problematic. The class background and access to material possessions yields power to some and disadvantage the other groups. Hemson (1998) argues that PPPs represent innovative approaches to the problems of inertia and traditional methods in local government yet could lead to the atrophy of local self-government and local democracy, and its replacement by the growth of government by contract in which local government declines responsibility for improving service delivery and ends its supporting procedures, thereby legitimizing further commercialization (Hemson 1998). Bond (2002: 8) notes that investment by the private sector in any PPP is good, but the benefits are unlikely to accrue to the neediest

unless they are active participants in new development, with the capacity to plan, monitor and enforce wider benefits".

3.8 PLANNING THEORY

3.8.1 Collaborative or Communicative Planning

Public-private partnerships are pragmatic solutions to the need for more coordination and cooperation in planning for LED (Walzer and Jacobs 1998). Partnerships are also parallel with the recent planning thought of collaborative planning and consensus building which involves a variety of stakeholders in long-term face-to-face discussions to come up with plans and policies on debatable public issues (Innes and Booher, 2002). The collaboration process is simply and foremost one of learning, which transforms participants' previously held convictions and helps them to develop new shared meanings, purposes, and innovative approaches to otherwise intractable issues (Innes and Booher 1999).

According to Healey (2002) collaborative planning is based on communicative theory which reinforces the conception of interaction and co-operation within planning. The exchanging of view points by different stakeholders allows for the building of capacity. It allows for all stakeholders to gain insight into each actor's interests and further allows for informed decision making (Healey, 1997; Innes, 1998). Collaborative planning stipulates what is needed to make co-operation sustainable as part of the process, and for policy approaches to participation to be put into action (Paulsen, 2007). Collaborative planning finds value in establishing and maintaining economic linkages based on partnerships (Mayoux, 2003). The role of planners in a collaborative planning processes like the public-private partnership must include:(a) identifying and involving the stakeholders and perspectives necessary to solve a problem; (b) evaluating the capacity for change (level of trust, skills for collaboration, information needed); and (c) facilitating a credible, open process for broad-based involvement (Chrislip and Larson 1994).

Walzer and Jacobs (1998) also note that the growth of PPPs has also affected the ways in which public decision making takes place and its ultimate effectiveness by changing the number of active decisions makers and sharing the responsibility for decisions among more players. However, Brand and Gaffikin (2007) argue that there is an apparent irony in the promotion of collaborative practice rooted in values of cohesion, solidarity and inclusivity in a world that is deemed to be individualist, socially fragmented, competitive, or in other words, uncollaborative.

Harbermas (1990) cautions that in a partnership people or groups come together with different ethics, beliefs, and interests, therefore, it is a challenging exercise for economic development planners to promote integrity and mutual consensus to advance local economies.

The danger with collaborative planning is that society is not a uniform entity, and most of the collaborative planning tend to ignore that there will be conflict and that power dynamics will favour the minority and excludes the local communities. In the process of collaboration and consensus building on what constitute a good LED strategy, private sector generally has experience and expertise and is able to enter into contracts that may primarily service their own interests and shape the decisions to be in their favour. Therefore this creates a situation of power imbalances where one group with more material resources than other groups can influence the other parties with fewer resources to do the things that they would have not done under normal circumstances (Innes and Booher, 2002). Habermas (1984) argues that through communication people can reach liberation and that they are capable of putting their interests aside and not exercise power in their discussions. Collaborative planning is collaborative problem solving, but it allows the parties to anticipate a conflict and to work collaboratively to plan and manage ways to avoid the conflict. Booher and Innes, (2003) however criticise collaborative planning by stating that is difficult and time consuming. It is also expensive if done properly however it can be less expensive to society than years of lawsuits or competing legislation and failures to solve problems. One of the benefits of partnerships is their promise of justice and equity, this Bara Mall will fall short if it is not analysed using the just city approach which clearly stipulates the ideal just city.

3.8.2 The Just City Approach

The Just City Approach perceive a Just City as one which promotes increased wealth and equitable sharing of that wealth by all citizens irrespective of differences found in a given society (Fainstein, 2000). This approach argues that through the sharing of power, a just city can be achieved. The application of the just city approach in the case of the Bara Mall partnership will seek to investigate whether different stakeholders tried to work together in building a mall that benefited and also assess if there were no power dynamics that led to one party benefiting more at the expense of others marginalised community members. Municipalities in South Africa are also mandated to ensure that all citizens within the city take part in the matters affecting the city, further; even the local economic development policy stipulates that the municipality must play a

facilitating role between the private sector and the community organization in ensuring that they all benefit from the local economy. Public private partnerships are just one of the vehicles that are there to ensure effective participation of all local people in local economic development initiatives. Fainstein (2000) states that participatory processes at the city level, are there to actualize local democracy by transforming power relations to bring the previously excluded into decision-making process.

However the just approach does realize that sometimes participation can lead to an unjust city. Fainstein argues that there can be various vested interests by the powerful social groups who might influence the city plan at the expense of the poor (ibid.). The just city approach will allow for the investigation for vested interest within the Bara Mall partnership. The role of planners within the just city approach is to investigate who is most likely to benefit from the participatory process and how is marginalised. It very important as a planner to ask who benefits in these participatory processes and whose voice is heard in these participatory processes? (ibid).

3.8.3 The Role of the Planners in Partnerships

Planners' roles in partnerships are to bring stakeholders together, gather and share information, and help social structures to learn from their experiences. Planners can alert citizens to the issues of the day, arm them with technical and political information, and otherwise encourage community-based planning actions. It would then be necessary for them to work in the midst of the wide variety of views expressed by diverse interest groups to formulate new consensus policies that might be widely supported (Sager 1994). Susskind and Ozawa (1984) argue that the technical analytic skills of planners are highly useful to fulfilling the traditional aims of mediators given complex problems within numerous stakeholder groups.

Moreover, participation and consensus is pivotal if planning is going to be relevant, legitimate and effective in changing the status quo. Parnell, Pieterse, Swilling and Wooldridge (2002) argue that participation is a process of social learning because it serves to empower uninformed, marginalised citizens about how they can advance their interests in conjunction with their multiple communities. Within LED the local government, the public and private sector are expected to enter into a partnership that will ensure that they all come up with strategies that will ensure job creation, local economic growth, attract inward investment, promote skills development, etc, here a planner can be helpful in making sure that all parties are represented

and that no dominant group take advantage or exploits the other. Planners can use collaboration positively to shift the balance of power, knowledge, and participation in decision-making and enhance the legitimacy of previously excluded ideas or groups (Healey, 1996).

Planners are facilitators in LED as a local level function of government. LED depends upon cooperation in order for it to be successful (Swinburn, 2002). The role of the planner in collaboration as a stepping stone to co-operation must be acknowledged to include new definitions of mediation and facilitation (Sandercock, 1998). She suggests that if planners learned the interpersonal skills of mediators in identifying interests (goals), crafting options (alternatives), and finding "fair" decision rules (criteria), they would improve their effectiveness (Healey 1997; Innes 1995).

3.9 CONCLUSION

Public-private partnerships are an institutional response to the increasing complexity and fragmentation of community life for improvement of urban governance and help build community consensus and strengthen local capacity to enhance the quality of community life. Partnerships are a valuable component of the development process because they can help build local capacity, facilitate the transfer of skills and knowledge and encourage mutual dialogue. Partnerships can lead to a better quality decision making, spread of ownership of decision-making process and ensure that there is broader accountability for the projects. Hailey (2000:317) argues that partnerships can “link the government and other institutions and foster greater levels of transparency and accountability within their administration and so reduce the wastage, nepotism, corruption and abuse of power which has become virtually institutionalized”.

Parnell, Pieterse, Swilling and Wooldridge (2002) do however warn against using participation as a blanket solution for all development issues or problems and argue that it should be used to foster access to relevant information, influence over the allocation of scarce resources, awareness about the benefits of collective action in terms of strengthening livelihood strategies and increasing social capital and citizenship. Partnerships will also promote responsibility and accountability of different stakeholder within local communities.

3.10 CRITERIA FOR EVALUATING PARTNERSHIPS

Hailey (2000) stipulates five characteristics of effective partnerships such as clarity and purpose; mutual trust and respect; investment of time and resources; negotiation of roles and responsibility; and long-term sustainability. Rosenau (2000) suggests that partnerships can be evaluated on how they experiment and measure up on cost and quality performance, equity, access, citizen participation and democracy within the project. She further states that their implications for accountability should be measured.

Criteria	Very poor	moderate	good	Very good	excellent
Cost and quality performance					
equity					
access					
Citizen participation					
democracy					
accountability					

Table 2: Criteria for evaluating partnerships

4 CHAPTER FOUR: CHALLENGES AND LESSONS LEARNED IN THE BARA MALL PARTNERSHIP

4.1 INTRODUCTION

This chapter presents the results of the study that were found during the interviews with two senior managers from DPLG and all the stakeholders within the Bara Mall (local business association, Landmark (private sector), and the City of Johannesburg) in order to find out their role or influence within the projects. These findings were thematically analysed using the concepts from the literature review and the planning theories.

4.2 BARA MALL

Bara Mall was initially a private sector driven project that was implemented without any direct consultation with the community organisations and the local business organisation. It was approved by the CoJ metropolitan region because of its potential to generate more investment and create job opportunities to a community that is vulnerable to unemployment and poverty. According to Meyer-Stamer (2006), many local governments think that, because they have mandate for LED, they must and can do on their own, without involving other actors in the delivery. It was when the local businesses and local communities realised that there was some construction happening in their local area without them knowing that they then forwarded their complaints to the municipality. The region D municipality had to come up with ways of bringing the private sector and the local stakeholders to form a partnership that will implement the project.

4.2.1 The Stakeholders and Their Roles and Responsibilities

Landmark provided funding that they loaned from Nedbank. The different community based businesses were responsible for providing the necessary material and were also subcontracted by the main constructor. According to the Soweto region D LED Unit manager, they helped with the town planning methods (town planning scheme, for land use consideration to check if the area is zoned for what the Landmark want to use it for). They also provided bulk infrastructure but also acted as a facilitator of the partnership. It also played a role of the connector when there was conflict between the local organization, business associations and Landmark. They also brought together all different parties and also ensured that the project was implemented with all parties working together and ensured that there was transparency and that all the

parties were delivering on their different roles. According to Meyer-Stamer (2006) municipalities can act as a connector by linking local, provincial and international spheres, facilitate growth of social capital (mobilising stakeholders and forming economic governance institutions), incorporate local role players directly in partnerships and to access funds from the other spheres of government.

4.3 NATURE OF PARTNERSHIPS

There is a huge gap between what scholars define public-private partnership with the partnership in Bara Mall. In Bara Mall the partnership came as a result of conflict between all stakeholders over the lack of consultation by the private sector and local municipality over the mall development. Innes and Booher (2002) see partnership as involving a variety of stakeholders in a long term face-face discussions to come up with plan and policies on debatable public issues. However in Bara Mall, the private sector already had decided that they wanted a mall and were in the process on implementing the project without any direct consultation with other stakeholders. The private sector's action violated the notion of trust and transparency that according to Hailey (2000) might lead to suspicion that the private sector is not being honest about their motives of partnering. Hailey (2000) notes if there is trust in any partnership all partners are assured that they are needed to accomplish the aims and objectives of the project.

Within the Bara Mall partnership, there was lack of crucial communication which is important for building co-operation and consensus building. Moreover, the private sector thought that it didn't need the help of other stakeholders to build the mall. This then reinforces Brand and Gaffikin (2007) idea of an uncollaborative world that exists in society where there exist individualists, social fragmentation and competition. Hence according these scholars it is impossible to promote collaborative practice rooted in values of cohesion, solidarity and inclusivity in such a society. It is when stakeholders realize some interdependence within each other that partnerships can work.

4.4 THE IMPACT OF THE PARTNERSHIPS

4.4.1 Economic growth and promotion of inward investment

Economic development is a critical objective for all partnerships, through the provision of jobs and other opportunities they can enhance disadvantaged and/or marginalized populations and make regions stronger and more competitive (Kurucza, McCottry, Strong, Omole 2007). Since Bara Mall was developed before Maponya Mall and Jabulani Mall, it acted as a catalyst for more commercial development in Soweto. Overall, these developments have had a major impact in terms of improving convenience and overall quality of life in Soweto. Economic growth of the region has also been achieved. Organisations like Infusion have voiced their concerns over the retail developments in Soweto that have to a certain extent given communities endless options, however, they question whether all the retailers who have invested in Soweto will succeed given the dizzying speed and intensity at which retail and entertainment facilities have mushroomed (infusion, 2007). Therefore this poses questions about whether all these shopping malls may suffocate rather than enhance the booming market in Soweto (ibid). Infusion (2007) poses a crucial concern on the type of development that is mainly focusing on retail in Soweto. It argues that, if some retailers do not succeed because of the investment approach taken in Soweto, it may create the belief that if it did not work in Soweto it will not work anywhere else thus denying other townships investment opportunities. Therefore, Soweto at the moment is observed by other development expert and other local municipality in order to assess whether the development that stems from retail development work or not.

However over a period of time with all this investment of the same kind, moving in to Soweto, it is worrying that the property rate of Soweto and there might be an increase of monthly instalment in services like water, electricity therefore affecting the communities surrounding the mall. These malls and other development initiative like office development, hotels have lead to an increase in the property rate. This means that not everyone can afford to move into Soweto unless they have money. Therefore it is concerning that these developments might be leading to the exclusion of the poor who have always perceived townships as places of refuge. Another interesting finding is that as soon as the malls move into particular areas, there is always a trend particularly in South Africa whereby, franchises like KFC, Chicken Lickin, Nandos, and Fontana and petrol filling stations start moving in closer to the mall in order to take advantage of the population that buys within the mall. Therefore, development and investment that is brought in by the shopping malls is similar.

4.4.2 Employment creation and poverty alleviation

Rogerson (2002) asserts that the eradication of poverty is a prime basis of sustainable development and successful LED. Both nationally and internationally, LED has been regarded as an important tool to deal with poverty alleviation. Within the Bara Mall partnership amongst the skilled people, about 600 jobs prior to construction and -/+200 permanent staff members earning from R3000-R4000 salaries. Total disposable income brought into the community is more or less R8, 400.00 million. This is very commendable but as there was an exclusion of other uneducated people from the selection processes and the sustainability of some of the jobs is questioned. According to the Soweto Retail Strategy in 2005 there was about 40% of unemployed people and only 20% of employed people; it will be advisable to come up less stringent selection criteria for employment. Moreover, according to the Soweto Retail Strategy in 2005, there was only 20% of people who finished their matriculation and only about 5% of people with some tertiary education in Bara. Meaning that there were about 75% of people who have either didn't have any form of education and some who didn't finish their matriculation let alone have some experience in banking, customer care, computer skills, etc.

However through the 600 employment created in Bara, the levels of poverty in the community were decreased and the people's quality of lives and were improved since they had income to buy their necessities. According to Afrobarometer (2004), for poor families, meeting their most basic needs such as food, water and shelter is a daily struggle. Therefore through the jobs that people got from working in Bara Mall, putting food on people's tables was not a struggle anymore. These jobs have also increased people's capacity for labour which is classified by Moser (1996) as cited in Rogerson, 1999) as poor people's greatest asset.

In South Africa, decades of apartheid and racial policies have led to a high prevalence of poverty among the majority of the people. According to Burger (2002) after the transformation to democracy in 1994, the government placed the need to address poverty and socioeconomic imbalances at the centre of the development agenda. Therefore greater pressure is placed on local government to develop development projects that achieve greater economic growth as well as alleviating poverty. Poverty alleviation and job creation are the key focus area of our LED programme and job opportunities are created through entrepreneurial training that entails a sound support system, the marketing of products, use of technology and access to finance.

May (2000) argues that through employment creation and poverty alleviation, the high level of inequalities that seem to dampening the country's economic growth rate can be decreased. Moreover, Wekwete (1998) contends addressing the challenge of urban poverty in South Africa will demand the mainstreaming of policy interventions at all three tiers of government, viz., national, provincial and local. Furthermore, Rogerson (1999) outlines other interventions apart from job creation by municipalities that can help alleviate policy in townships; inter alia, coordination and integration of incoming development projects in order to ensure that they have poverty alleviation outcomes. The municipality need to provide to local communities security and protection from crime and natural disasters. (Moser, 1996; Moser and Holland, 1997 as cited in Rogerson, 1999) argue that the asset base of the poor may be eroded dramatically by the negative consequences of crime, violence or by the impact of disasters such as floods or environmental hazards.

Moreover, Rogerson (1999) notes that people's access to municipal services such as access to water supply, sanitation, refuse removal, drainage, flood protection, local roads, public transport, street lighting and traffic management. Therefore, the Soweto municipality cannot just assume that job creation from the mall will solely lead to poverty alleviation, they must also look into Rogerson's other intervention for poverty alleviation in townships.

However, Rogerson (1999) also contend that in South Africa fewer interventions are set out for poverty alleviation and few have succeeded. He notes that this is because few municipalities are conscious of how their LED strategies can be designed, structured and monitored to ensure a systematic strengthening in the assets of the poor and a reduction in their vulnerability. He contends that there are two factors underlie the dearth of explicit anti-poverty strategies; first, is the false assumption that economic growth in itself is good and will automatically filter down benefits to the urban poor (ibid). The second is a lack of detailed information concerning audits or profiles of urban poverty that might permit the formulation of coherent local anti-poverty strategies (Pieterse, 1998b as cited in Rogerson, 1999). Lastly Rogerson (1999) notes that most antipoverty initiatives internationally including South Africa are undermined by issues of capacity within local governments, legal constraints on the range of their initiatives, and most importantly, by financial weakness.

4.4.3 Participation

Through the public private partnership, the local community and businesses owner has an opportunity to be part of the project that shaped their way of lives. Through the working together of all the stakeholders, each party got to understand the other party's needs and major concerns were address in a collective effort. The community had a chance to be involved in decision making and the local government together with the private sector learnt to be responsive to people's needs. The USAID (2008) states that LED should focus on the region's potential and identify specifically what local stakeholders can and need to do to ensure their local community reaches its potential. According to the agency, the partnership between private, public and non-profit actors becomes crucial for a sustainable development process. Therefore bringing local stakeholders around one table through a consultation and dialogue can help to build trust, encourage innovation and promote the creation of social networks and activities. Most importantly, the involvement of stakeholders fosters social cohesion, thereby decreasing the risk of further conflict (ibid).

4.4.4 Capacity building

The greatest asset that poor communities often have to offer is their labour capacity (Abrahams, 2003). Hamilton (n. d) maintains that successful partnerships require commitment to capacity building and the training of public administrators i.e. local municipalities. According to managing director of Landmark, it was hard to decide on the right sub contractor for providing services to the main contractor since they were not sure if they were experienced enough. He argues that it is a major challenge to work with emerging subcontractors because it is hard determine who is more experienced and who is not and hence they relied more on the CoJ choosing for them since they have worked with them and know who does a good job and who does not. In support of the managing Director of Landmark, the LED unit manager, stated that they are the ones who provided the Landmark the list of different local constructors and a list of local unemployed people that could be used during the construction phase. The list consists of people who have registered on the municipality's database as looking for business or employment on different projects that are implemented within Soweto. According to Hamilton (n. d) within partnerships, there must be an open and transparent procurement process that is not discriminatory to SMEs, it must have zero tolerance to corruption and it must afford opportunities to the local communities through labour intensive methods.

Therefore the Bara Mall project can be commended for ensuring that the procurement process was just. However not everyone on the database was employed in Bara Mall because the developer and the mall tenants specifically wanted people with a matriculation customer care, banking and have some computer skills. The principal contractor wanted business owners with a proven experience in the construction industry and hired local people who have some experience in the building industry. Therefore the private sector only wanted to work with skilled workers in a township and sidelined the majority of unskilled workers. They were not willing to offer training in order to capacitate the local communities.

In order to ensure transparency, the LED unit manager always sat in the interviewing panel of the hiring company in order to ensure that it they employed local people and used local businesses for any construction job. The managing director of Landmark supports the Soweto LED Unit manager by stating only locally based people were employed during the implementation of Bara Mall and that the material used was locally produced. Furthermore, the principal contractor subcontracted locally based companies. According to the managing director of Landmark also pointed out that their use of local people in the implementation of Bara Mall was to fulfil Landmark's vision that seeks to ensure that local communities are empowered and benefits from their developments. Furthermore, when the Bara Mall was ready for operation, about 35% of local businesses owners were afforded space within the Mall.



Figure 4: One of the locally owned businesses within the mall

Therefore, in the Bara Mall, the local contracting companies were involved in the procurement of the project even though the private sector had less trust in them. The local people were also employed during the construction phase of the project. Tendler and Amorim (1996) contend that an important direct means of support for job creation is through the means of public procurement programs which have been utilized very positively to target and assist labour-intensive forms of production with major employment creation spin offs. Rogerson (1999) contends that intervention for job creation and capacity building in the developing world can be hindered by the weakness and lack of capacity of local governments. This lack of capacity by the local government maximises the gap for entrepreneurship and the prospects of job creation in the informal and micro-enterprise economy, particularly in urban Africa (ibid). According to the Soweto LED Unit senior manager, they lack the capacity and resources to do certain projects and are trying to capacitate themselves through training and workshops given to them by different institutions.

4.5 CHALLENGES TO THE PARTNERSHIP

This section seeks to outline some of the challenges that the Bara Mall partnership had to overcome in order to successfully implement the project. Firstly, challenges that were present before the project construction will be outlined followed by the challenges after the construction.

4.5.1 Challenges before the Construction

- **Lack of Consultation and Communication**

Initially, Bara Mall was an initiative of the private sector with no direct community engagement. The private sector had started bringing in contractors and equipment when the local communities and business owners realized that there is some big development in the area that they didn't know anything about. Local business owners started complaining to the City of Johannesburg and threatening Landmark and saying that they will not accept such projects, let alone support it. All construction processes were put on hold for a period of time until all stakeholders met and agreed on the way that will work and benefits everyone. The chairperson of Sobico argued that the private sector, most of the times tends to invest into Soweto without proper consultation and seem to be benefiting from the history of Soweto that is at the moment creating a competitive advantage that drive development to Soweto. This lack of consultation led to a lack of trust between the stakeholders and constant conflicts and the CoJ had to play a

mediating role most of the time. The concept of collaborative or communicative planning was not actualized during the early stages of the Bara Mall partnership. The lack of consultation hindered co operation and consensus building therefore the development of Bara Mall did not take into consideration the interests of the local stakeholders. Mutual learning was not achieved. Stein and Harper (2003) argue that the role of the planner in communicative planning is to facilitate and ensure that power and sectional interests are eliminated in the process so that mutual consensus could be achieved. Therefore if there was a planner in the Bara Mall project, it could have ensured that meaningful consultation took place and that the stakeholders' concerns were addressed and that there was justice and fair distribution of resources.

If development is to take place and benefit all stakeholders and be supported and accepted by all, the local municipality and the private sector need to learn to do proper consultation with all the stakeholders in Soweto about any development that takes place in Soweto and how inform people on how they could get involved and benefit from such development. One of the members of Sobico who is a restaurant (Sakh'umzi) owner on the Vilakazi Street gave an example about the municipality not consulting with him and other business owners in the same street about plans to renovate Vilakazi Street and expanding it for tourism purposes. Moreover, the chairperson of Sobico also noted that if they had known about the Soweto Retail Strategy that showed the potential of retail in Soweto, they could have raised enough capital and developed a shopping mall that takes full advantage potential for retail in Soweto and would have ensured that benefits will be shared equally and would have came up with interventions to help displaced spaza shops.

Consultation and communication are an essential part of bringing on board our stakeholders to ensure success of policy. The consultation of key stakeholders ensures that their inputs are taken into account when it comes to policy development, implementation and monitoring and evaluation. Ackron (n.d) advocates for more than just consultation in LED, he argues that it is important in the LED process to go beyond mere consultation on developmental matters as required by legislation and to achieve the ideal of full and ongoing participation by all stakeholders in generating and assimilating a common community vision and working constructively to achieve that vision in the common interest. Their feedback is vital to ensure accuracy in further development of the policy and also shows how they react to policy objectives and will determine whether policy is accepted. Therefore it is crucial that individuals within each

target group need to know why the policy is under consideration, how it may impact on them, and why they are being consulted.

- **Politicizing Development**

Landmark's Managing Director complained about local municipalities giving first preference to politicians when is comes to LED development projects and advised that this has the potential to drive private investors away. Marais, Botes and Mosothoane (2002) supported by the DPLG (2006), argue that one of the major stumbling blocks facing municipalities is the politicisation of development through the exclusion of role-players. Nel et al (2002) and Tomlinson (2003) also saw the exclusion of the private sector within LED and the politicisation of development as an issue, where individual interests override the greater common good.

When local municipalities politicise development they allow individual interests to override the greater common good. The politicisation of development according to the chairperson of Sobico is also what they are also fighting against when it comes to procurement of projects. He gave an example of how the local council approves development projects from investors and then award tenders to friends and families and marginalised the local business owners. The two senior managers from the DPLG are against the discrimination of small emerging subcontractors in communities, they argue that it is very important to include the local SMMEs in the procurement process of projects. Their involvement sustains their businesses and exposes them to expert knowledge from the private sector investors. Kitchin and Ovens (2004) are critical of public-private partnerships and argue that they often also suit the private sector, as the municipalities bear some of the risks associated with the new investments. They also argue that there is also potential of public sector involvement to open up space for corruption and the bribery of councillors and officials (ibid).

However Meyer-Stamer (2003) supports to a certain degree the politicisation of development and feels that local politicians should be the main drivers of LED projects. He argues that local politicians have to deliver economic development to create jobs and income for their constituency and channel resources to their clientele. Therefore Meyer-Stamer would support the local municipalities when they give first preference to politicians when it comes to developing LED projects.

- **Sourcing of experienced workers**

Another problem was the use of imported skilled workers into the Mall by the private sector and major retail chains. According to senior manager of the LED Unit, these retail stores were not really comfortable hiring local people for managerial position, they preferred transferring them from their other stores and only hired local communities for jobs such as cleaners, cashiers, store attendants, sales people, etc. Further, the chairperson of Sobico also complained that the principle constructor brought in their own qualified foreman and managers and did not use local people for such positions. Therefore Madell and Culliman (2007) were correct when they argued that there is a tendency in shopping malls to use local labour for low skilled and low income positions an sourcing the higher income jobs from elsewhere. In Soweto, there seem to a mismatch between the skill requirements of existing managerial jobs and the skill levels of the under employed and unemployed. Even though it is desirable to create jobs for existing skill levels however it may be more desirable to have training programs that can instil skill levels to meet the needs of managerial jobs, since inadequate skills are a major barrier to employment.

4.5.2 Challenges after the construction of the Mall

- **Tenant mix**

According to Kirsten some mega stores were reluctant to move some of their stores to Soweto and they were worried about the demand for their products and the high rate of unemployment. Therefore Landmark had to convince the other big retail owners that Bara Mall is in a perfect position and has the potential to divert people from doing their shopping in the CBD and in surrounding shopping malls like Southgate. This reluctance by the major retail owner can be explained using Harrison, Todes and Watson's analysis of the townships during the apartheid era. They noted that large formal economic activities and major retailers tended to avoid township areas, partly because of low thresholds (populations are spatially dispersed rather than agglomerated, and generally poor), but also because of crime and violence (Harrison, Todes and Watson's (1997). Therefore the growth of large-scale industry, office and retail development was occurring in metropolitan areas outside of townships, and very often at considerable distances from them (ibid). Large retail developments are continuing to locate along freeways accessible to white areas, and increasingly also to coloured and Indian areas (ibid).

The only retailers who saw the townships as a potential place for business were Pick n Pay, OK, Shoprite Checkers who for a long time have to expanding their businesses to all African

townships. Weatherspoon and Reardon (2003) observed that supermarkets like Pick n Pay, OK, Shoprite Checkers are extending into poor neighbourhoods of large cities and towns all around the developing world, including in Africa because of the rise in urbanization and the rise of the middle class in countries such as Kenya and South Africa.

However, the managing director of Landmark explained that it was after he convinced the larger retail owners using the findings from the CoJ study in the retail potential in Soweto that they agreed to move their businesses to Soweto. When the City Of Johannesburg did a study in Soweto in 2002, they discovered that there was there was about 4.2 billion per annum of retail demand and that most people did their shopping in the CBD and at the shopping malls in the close proximity like South Gate. The City of Johannesburg supported the development of an additional 70 000m² of retail space in Soweto over the five years 2004 to 2009. This retail demand increased due to the high rise in the middle class and population increase.

- **Importance of big tenants in any mall**

According to Cloete (2003), the operating success of a shopping centre often depends on using a large convenience store as a magnet or principal tenant. A balanced tenant mix would ensure that the shops in a shopping centre complement each other in terms of the quality and variety of their products. The kind and number of shops depend on the needs of the population in the centre's trading area (Cloete 2003:364). The tenant mix has to meet consumer demands in terms of variety and appeal, create traffic to the centre, prolong the duration of shopping trips, encourage cross-shopping in the centre, and meet the centre's productivity demands (ibid).

Therefore as much as South African planning has changed, there are still negative perceptions about townships in general and it is very crucial to note that not all townships are developing at the same pace and not all of them will attract private sector development. The government has to come up with clear strategies on how to develop all townships in order to ensure that they all have the potential to attract private sector investment. Moreover, the importance of research into townships has proven to be very crucial in planning and development as a whole. If it was not for the Soweto Retail Strategy, the private sector would still have negative perceptions of Soweto. The City of Johannesburg is commended for taking this initiative and other big metropolitan areas are advised to do the same.

- **Rent**

"It was hard coming up with the right rent rates that will ensure that the company makes profit and makes returns that can pay back the loan and get some extra profit some for the company" said the Managing Director from Landmark". He continued to say that pressure from local business to have the local business owners pay less in the Mall also was another constraint in coming up with the most financially viable solution. This is reiterated by the chairperson of Sobico who argued that there were some efforts to convince the developers to offer special rent rates to local business owners who wanted to trade within the Mall. However the private sector insisted that every company trading within the Bara Mall must pay the same amount of rent. In order to take into consideration the request of the local business owners, the Managing Director of Landmark noted that they considered lowering the rate but, the quantity surveyors advised them otherwise arguing that they will not have enough profit from the Mall if they decided to lower the rent. Cloete (2003) contends that rental income is an essential element of property investments. Muller (2002) in agreement with Cloete also states that the lower rent has a negative effect on the performance of property investment. Therefore it is understandable that Landmark wanted to ensure that they charge rent that will yield maximum profit returns.

Landmark took the quantity surveyor's advice and thus, all businesses that were operating within the Mall paid the same amount of rent per square metre. As a result most of the locally owned businesses that were trading within the Mall during the few years of operation started closing down and new owners who are from within and from outside Soweto were given renting spaces. This proves that rent was an important factor that led to local business closing down.

As far as the rent is concerned, the private sector has proven to be very inconsiderate as far as the community's needs are concerned but just preoccupied with making profit at the expense of other people's livelihoods. Tomlinson (1994) contends that when profit seeking behaviour occurs in public-private partnerships, municipal democracy is compromised, business control over public resources allocation is increased and development strategy is formulated without wide participation. Within the Bara Mall partnership, there were power imbalances between partners since within every partnership, there are partners who have access to money, and expertise and political power while there are other partners who are have few resources. It can be assumed that the other stakeholders allowed the private sector to have their way because they know that they were depending on them for the funding on the project. Abraham (2003)

acknowledges that there is often an unequal distribution of power within partnerships and advises that community structures need to be well organised so that they can challenge the decisions taken by the private sector and local government concerning development in their area. He further sees the active participation of the local community in LED is vital to its long-term success and contributing toward sustainable development in the locality.

- **Unsustainable Businesses**

The chairperson of Sobico felt the rent was just one of many reasons why locally owned businesses closed down. Other reasons included high competition and lack of demand for their own products also played a crucial role. He further explained that "they tended to be selling the same products that are sold in mega outlets and hence people preferred buying groceries from Shoprite since they were cheap and most probably fresher". The managing director of Landmark also felt that the rent was not the only reason why the locally owned businesses closed within the Mall. He noted that they closed down due to the lack of business acumen, cash flow and marketing and selling of the same products that are sold by the big retailers at a cheaper rate. Mavundla who is the chairperson of African Co-operative for Hawkers and Informal Businesses (Achib) was quoted by Bisseker (2006) outlining a number of reasons why informal retailers do not grow. He states that they do not grow because of the lack of business and retail merchandising knowledge, which includes a lack of access to finance, and their inability to get volume discounts from wholesalers.



Figure 5: Closed down shop In Bara Mall due to high competition

Cloete (2003:403) believes that the weaker tenants are characterized by low trading density, low traffic count, declining sales volume, slow or nonpayment of rent, inadequate marketing activities, reduced inventory, frequent reduced-price sales, poor housekeeping, poor management, and high staff turnover.

From the above argument it can be deduced that its was not entirely the private sector's fault that local businesses closed down but the owners of the shops also lacked crucial skills in sustainable business development. This shows that within the partnership the interests of the private sector often prevail because as the project financer, they have the power to dictate the parameters of the project. The two senior managers from the DPLG warned against power imbalances in partnerships which have the potential to limit effective partnerships.

- **Justice and Equity**

Within the Bara Mall, the hiring criteria excluded most members of the society and most profits were not invested back into the community. Therefore there was an unjust process that was further perpetuated by the vested interests of the private sector in coming into the townships and building malls without taking into consideration the views and the needs of the community members. Local business owners felt that all development within Soweto must be approved by them and it should also benefit the whole community. Therefore the people's views in Soweto are not taken into consideration during planning processes. Therefore they do not shape development and there is a top down planning approach. Sandercock (1998) contends that a Just City will only be achieved once the voices of the poor have penetrated the planning or policy making arena and influence the day to day governing of the city. Therefore for justice to be achieved in Soweto there needs to be community inclusivity in the planning processes. Sandercock's idea of planning from the borderlands promotes a bottom-up approach to city governance that will defy and supersede the modernist tradition with the post-modern one (Sandercock, 1998). Harrison (2006) emphasises that the bottom up approach to planning will give the marginalised and excluded groups an opportunity to influence the formal decision-making processes with the city.

Another finding from the Bara Mall partnership is the perceived racial element. According to the Chairperson of Sobico, the local community would feel better if the malls in townships were owned by black people from the townships, but instead they are owned by white people. He gave an example of how the communities would rather support Maponya Mall because it was built by a black man instead of supporting white owned shopping malls. Hence the Sowetans still feel that a white man is still capable of committing injustices and would feel comfortable knowing that a black man was reaping the benefits that accrue from the mall developments. Therefore, this means that partnerships with white people in townships are unlikely to be based on trust and mutual benefits. Brand and Gaffikin (2007) see irony in the promotion of collaborative practice rooted in values of cohesion, solidarity and inclusivity in a world that is deemed to be individualist, socially fragmented, and competitive.

Another Soweto businessman, Balfour Makhetha, the president of the Greater Soweto Chamber of Commerce, was quoted by Khuzwayo (2004) as saying that

"The retail malls should offer equity to black people if they wanted to operate in the townships...Fighting apartheid was fighting for equity. It would have been a natural progression if these malls had been black. This is a black man's initiative and as long as they are white, we have no interest in them; they have no interest in us. The war is not over, we challenged the first situation and we defeated it. The challenge is now on us as black people in the townships... White capital has got its own agenda".

Therefore this means that a just city was not achieved due to uneven redistribution of the benefits that were generated and people had no equal access to employment. In South Africa, planners will have to come up with development initiatives that first seek to empower black people to be on the equal basis as the white people before making the black and white people work together. Even though the white people bring investment in building shopping malls in townships, they need to be convinced to share their benefits and always listen to the communities.

Displacement of spaza shops

Shopping malls are very good LED projects since they generate economic growth, employ a vast number of people and attract more investment, alleviate poverty and ensure that money is retained into the communities through wages and salaries. Tustin and Goetz (2008) dispute that

the opening of four major shopping malls (Protea Gardens, Bara Mall, Jabulani and Maponya) in Soweto since 2005 has changed the entire shopping landscape and shopping experience of Sowetans. In their research on the Soweto retail sector, they discovered that more than nine of every 10 Sowetans buy from local Soweto retailers (ibid). However it is common that when large scale retail companies move into the township, the surrounding informal traders will be displaced. During the construction of the Mall, a number of business owners from the surrounding areas of the Mall complained about how the Mall will impact badly on their currently running spaza shops. The local spaza shop owners feared that people will no longer be buying from them but would prefer buying their groceries from the Mall. According to the local people, it is much cheaper to do shopping in a mall and they can now manage to buy in volumes and the products are fresher than the ones they buy at the spaza shops. It was also interesting to note that even the spaza shops owners did their own individual shopping in the Bara Mall.

During the first days of the opening of Bara Mall a number of spaza shops around the Mall closed down. Authors like Dada (2005) cited in Kalima-Phiri, 2005) argued that shopping malls in townships undermine local savings by encouraging consumerism and exacerbate poverty by effectively contributing to the destruction of family businesses such as spaza shops.

All the stakeholders were aware of this challenge but fewer interventions were devised to solve this challenge. There seem to be a situation where the formal economy with most advantages is preferred over the informal economy which has allegedly failed to bring a broader impact to the economy. According to the senior manager from the DPLG, the municipalities are encouraged to use shopping mall development as LED projects since they have a broader impact than the displaced spaza shops that do not employ local people and do not necessarily attract investment. Kentridge as cited in Rogerson (1997) warned against the over-emphasis on industrial investment through place marketing and the search for inward investors that amount to only a limited approach to LED. He argued that this emphasis leads to the neglect of the vital issue of attending to the needs of existing enterprise or of improving the existing industrial environment. The DPLG instead of pushing for the empowerment and the development of informal retailers is preoccupied with attracting shopping malls within the township which promises temporary gains. The question is whether in future these malls are will collapse or they are going to last and be used by the future generations.

5.1. Importance of the informal sector or informal economy

According to Bisseker (2006) the informal sector forms the economic foundation of many black communities, with the profits being circulated within the township and supporting downstream industries. Informal trading is also one of South Africa's biggest employment creators. Stats South Africa's Labour Force Survey shows that in the year to September 2005, 35% of all the new jobs created (232 000 jobs out of a total of 658 000) were for street hawkers and other forms of informal retail trade. "It would be an economic disaster if we were to lose these traders," (ibid).

The informal sector is predominantly an urban phenomenon. It comprises individuals who are either not absorbed or who are laid off from the formal sector and it is a sector in which women, immigrants and disenfranchised population groups have significant representation (Dlamini, 2002). Therefore in a community with a higher unemployment rate like Soweto, the informal economy which is practiced within the community plays a crucial role as the source of income. According to Devey et al (2005) there is a strong correlation between being poor and working in informal retailing. Berry, Von Blottnitz, Cassim, Kesper, Rajaratnam and Van Seventer (2002) reiterate the importance of the informal sector by noting that, in all developing countries, the so-called informal sector (consisting of survivalist and micro-enterprises) functions largely as an unemployment cushion for those with limited skills, and young job seekers.

Therefore, this makes informal retailing a potential target for pro-poor policy intervention (Lund and Skinner 2004). Castells and Portes (1989) contest that in the era of globalization; informality complements the formal sector of the economy as it absorbs those who are unemployed. They also note that there is a need for government to tolerate and support the informal economy because it plays a crucial role by providing for those who are excluded from the formal economic processes within the country or city (ibid). Furthermore, Castells and Portes (1989) noted that it is very likely that informality will remain a dominant feature in South Africa and other parts of the world. They further contest that informality will be part of the economy for a long time, due to processes of globalization that continue to restructure the workplace, thus pushing citizens with no qualifications into informality (i.e. informal economy and settlements). Lastly, for Castells and Portes (1989) informality provides the urban poor with the way to find or seek ‘refuge’ in, the city, in the context of globalization, which has fragmented the society and traditional institutions of power.

Berry et al (2002) note that with appropriate support (including finance, infrastructure and mentoring), there could be a considerable increase in entrepreneurship in rural areas and townships among coloured and black people. Further, Sizwe Tati: Managing Executive: Absa Small Business contends that the success of small informal retailers will only be possible where they have access to market opportunities, direct participation in the broader South African economy to enhance job creation and economic activity, access to innovation and incubator facilities and hubs, access to finance, aftercare from coaching and mentoring, ongoing guidance and support on implementing the business plan, upgrading and transferring of knowledge and skills.

The best contemporary estimates suggest that total employment in informal retailing across South Africa is somewhere in the range of 900 000 and 1.2 million people (Devey et al. 2005). In Soweto, the best estimate for 2004 is that informal trading generates an estimated R128 million of turnover per annum, a figure which represents 12 percent of turnover in Soweto (City of Johannesburg 2004, 24). Of this total it is further estimated that R81 million is accounted for by spazas (and shebeens) and R47 million by informal traders either operating on the street (R43 million) or in organised markets (R4 million) (City of Johannesburg 2004, 22). Within the scope of informal retailing the largest volume of activity can be accounted for by street traders; spazas; and, in township areas, by general dealers (Ligthelm 2003, 2004).

5.2. Interventions for the displaced informal spaza shops

Bisseker (2006) contends that the arrival of new shopping malls in townships is making life difficult for South Africa's informal traders. She maintains that unless something is done, job losses are inevitable and these communities will begin to lose some of the wealth that has been built up over many years (ibid). The project consultant of the CoJ said that the City of Johannesburg is aware of the impact of the shopping malls and as a result they are currently trying to come up with a strategy that will group different informal retailer operations into one big corner supermarket that will be situated closer to the people and will operate until later hours of the day when the malls have closed. This will ensure that these informal retailers can cater for people who do their shopping during the late hours of the day due to their different commitments during the day. It will also cater for people who are staying in places that are far from the shopping malls. This type of planning for small scale retailers where they are agglomerated into one area of business has also been recognized by Dewar and Watson (1990) as cited in Tomlinson (1994). They argue that the physical agglomeration of small traders and producers

are the most powerful instrument for stimulating informal sector activities (ibid). When different small informal retailers are grouped into one area, their collective size and the range of choices which they offer to the consumer, allows them to create a market that enables them to compete with larger formal retailers which have a tendency to monopolise trade (ibid). Therefore in the application of this view in the Bara Mall project, all the displaced informal retailers can all be grouped as the project consultant alluded to and allowed to trade collectively in a supermarket. These supermarkets will allow them to compete in the same level as the Bara Mall.

The Chairperson of Soweto Business Initiative Council (Sobico) was quoted by Good News South Africa (2006) as saying that they were establishing strategies to help general dealers cope with the changes to their businesses. Sobico planned to engage mall stakeholders as well as the large scale retail companies to discuss ways in which the small business owners can be empowered.[4] He further said that in Bara Mall, they wanted to get benefits from the major retail stores like Pick n Pay, Score, and Checkers because they are major threats to their businesses. He lastly said that the local business owners surrounding Bara Mall were supposed to be given 5% of shares by owners of the large scale retail outlets (OK, Shoprite, Pick n Pay) as a compensation for their displaced spaza shops. It is however impossible to assess as to how this direct transfer of shares is going to lead to sustainable business growth in Soweto.

However, it is very encouraging to see that the impact of the shopping mall development within townships on the spaza shops is acknowledged by the businesses owners and by the City of Johannesburg and some measures are being formulated in order to address the shortfalls of the malls in townships. There are other measures that the African Co-operative for Hawkers and Informal Businesses (Achib) has developed in order to help the informal businesses and hawker (Bisseker 2006). They are trying to create a network of branded MyStore Co-operatives in townships, owned by entrepreneurs that will act as wholesalers to the retailers in the group. About 54 MyStore co-operatives and 1500 co-operative retailers running nationwide are anticipated to reduce retailers' costs by about 10%. Hawkers will be able to brand themselves as R3 Co-operative Stores but, whereas they tend to sell fruit and vegetables, in future they will be able to use their Achib links to diversify into nonperishables, clothing, toiletries and a range of cheap Achib branded products. The Achib's initiative has the potential to assist all the informal retailers who are displaced by providing them with access to funding and skills. Sonny

[4] The Good News (2006). *Soweto's first mega mall opens* INTERNET www.sagoodnews.co.za

Boy Nsukwini, a hawker operating outside Park Station, confirms that his business was taking a down turn since the malls came to Soweto, but is excited about the Achib project because *"it's going to make even the hawkers powerful now…We are going to get goods cheaper and they're going to make my shop look better," he says. "The training is there and after the training you're given credit. It's going to make our lives better."* (ibid)

The national government can help in making initiatives like this a part of national SMME development strategies as they have the potential to be pro poor LED initiatives. This shows the importance of community knowledge about good LED initiatives. Therefore there is a need to move away from the expert driven LED initiatives that seem to work against the interests of the urban poor (Sandercock, 1998).

6. Lack of the multiplier effect

The private sector created a Mall that they pride themselves for and made enough profit than they had anticipated. Moreover the Mall attracted more investment and local empowerment and made the lives of people from Soweto in terms of retail a lot easier. However there were no programmes initiated by the private sector that are directed at developing local communities and ensuring that the some of the profits generated by Bara Mall were circulating locally. Madell and Cullinan (2007) argue that the pattern of ownership within the malls results in the income generated not being retained and re-spent in the area. There is no multiplier effect: a strategy that encourages consumers to "buy local," thereby keeping money circulating locally. This means that corporate owned chains have a smaller effect as profits are exported out of a local economy to the corporate owner elsewhere.

According to Masango-Makgotlho (2006) there is a need to expand local multipliers through encouraging new shopping malls in localities where existing second economy retail entrepreneurs (spazas) are inevitably displaced. George Senosha, one of the owners of Pick n Pay in Soshanguve, as a way of investing some of his profits to community development purchases most of his products from local farmers. In a joint venture with Ackerman Foundation, he donated R300 000 for drilling boreholes to provide water for the farmers and offered training on how to make quality products and more donations were made to local orphanages and crèches (Bisseker, 2006). These are some of the ways that Landmark can invest back their profit back into Soweto instead of taking all the profits outside.

4.6 BENEFITS TO DIFFERENT STAKEHOLDERS

The private sector realised the importance of consultation with local stakeholders since the lack of consultation actually hinder the project's implementation. Nevertheless because the local business owners were not properly organised during the construction of Bara Mall, they felt that they did not benefit as much as they would have hoped from the partnership. Even though local business did not bring any resources to the partnership but wanted to get more benefits from the major retail stores like Pick n Pay, Score, and Checkers that they perceive to be major threats to their businesses.

According to the chairperson of Sobico the local business owners surrounding Bara Mall were supposed to be given 5% of shares by big retailers as a compensation for their displaced spaza shops. Because of the perceived limited benefits from the major developments coming into Soweto, the chairperson of Sobico argued that when there in a major project that is to be implemented in Soweto by the private sector, they now request a certain portion of the total project money to be set aside for local business owners. In order to ensure that set aside percentage of money spreads to all business, different companies through consortiums tender for services like putting in the carpets, fitting in windows, electricity, tiles and cleaning of the Mall itself after the construction phase. The percentage of money however excludes the money that will be paid to subcontractors and the local workers by the principal contractor. He also provided an example of how Sobico is currently involved in the University of Johannesburg (UJ) campus expansion project which is said to cost R1 billion. This is a UJ initiative to enhance the skills development of the local businesses owners and make them part of the development. Within this project, the university has set aside about 10% towards Sobico that they can access through tendering for floor tiling, window fitting, cleaning services, material supply, etc. This 10% is exclusive of the 90% money that the principal constructor will share with local subcontractors during the project implementation.

From the experience of the shopping mall development, the local business owners have realised the importance of uniting and fighting against injustice. They have also realised that the local municipalities are not always effective in fighting for a fair distribution of the resource because it seems like they also did not intervene when the private sector and the local businesses owners were having troubles coming up with the equally beneficial rent price. Therefore Miraftab (2004) was correct when he warned that a weak government with

inadequate will or resources in any of those areas cannot effectively negotiate to lead a partnership processes or guide their outcomes. Moreover, the state regulatory capacity is not likely to serve the interests of the poor or the weaker members of the partnership unless strong civil society organisations and their democratic participation prompt them to do so. Therefore the strength of the grassroots movements is critical for shaping partnership strategies and ensures the support by the local and central government (ibid).Tomlinson (1994) also realised the potential of organised community organisations. He argues that they have the ability to fight against inequalities and will have a better chance of being included in decision making processes, with favourable budgetary allocations for their neighbourhoods and obtain resources for development projects.The mobilisation by Sobico has been acknowledged by other organisations and now there is fair or an acceptable distribution of the resources.

4.7 NEW POLICY DIRECTIONS

For the purpose of tracking how the LED policy has changed and its direction, the researcher felt that it will be important to know from the senior managers of the DPLG as to what informs this change. The section below looks at new policy directions and its impact on the broader communities. Critiques of this paradigm shift in policy will also be outlined

In an interview with the two senior managers from the DPLG the researcher discovered that the latest Local Economic Development policy: *Stimulating and Developing Sustainable Local Economies: National Framework for LED in South Africa* is a top down initiative that was developed using the international practice with no consultation with local municipalities. It came about as the response to the shortfalls of previous projects that the local municipalities were implementing in their municipalities. For example local municipalities used to provide funding to small groups of people who wanted to start market gardens and bakeries. In the long run these small projects were less profitable and benefited only a few people. They were unsustainable and people were becoming overly dependent on the funding. The policy also wanted to encourage municipalities to establish their own funds for infrastructure development that would create an enabling environment to attract investment. “The policy clearly stipulates that the municipality is not to be on driving seat of LED projects but must act as a facilitator between all the stakeholders. It must also ensure the overall welfare of the local communities” said one of the managers. The senior managers from the DPLG also pointed out that municipalities are encouraged to work towards improving their governance in order to ensure proper development.

Davis and Rylance (2005) disagree with the notion of the top-down approach to LED because they argue that it is largely ineffective in causing growth. Further Zikode (2008) as cited by Delany (2008) argues that community-based organizations are strongly opposed to the top-down approach to development that sees people as nothing else than the helpless individuals who cannot think for themselves. In justifying their claim, Davis and Rylance (2005) contend that within the top-down approach the multitude of specific factors related to each target area are overlooked and investment in growth poles or centres does not stimulate the surrounding areas as expected. Strengthening linkages is generally not a priority and small medium and micro-enterprises (SMMEs) are not specifically targeted (ibid).

Davis and Rylance (2005) also warn policy developers, development practitioners and planners that locations are not homogeneous and every place needs to have its own specific LED initiatives that will address the challenges and opportunities in its own location. In South Africa, the national LED policies often ignore the development discrepancies that were left by apartheid regime and see all the townships as homogeneous.

4.7.1 Latest form of LED strategies

The senior managers from the DPLG argued that “there are different initiatives of LED that are currently taking place within different places and they range from housing schemes, tourism development, shopping malls, etc”. They further note that “there are no clear guidelines as to what constitutes an LED strategy, the DPLG is happy with any projects as long as it creates jobs, economic growth and attract investment”. Tomlinson (2003) has always been very critical about the confusion of LED strategies that are stipulated by the DPLG and the Department of Trade and Industry. He argues that the Department of Provincial and Local Government sometimes means by LED, any economic and social activities undertaken at a local level and sometimes any activities undertaken by any sphere of government that have unplanned local economic impacts, while the DTI put emphasis on small business (SMMEs) as the LED strategies (ibid).

Rogerson (2002) reiterates this by stating that there is a striking historical divide between the early LED activities which were undertaken by DPLG and the Department of Trade and Industry (DTI) with the former concentrating on issues of poverty alleviation and the latter more strongly

oriented towards the promotion of economic growth. This confusion is still apparent in the municipalities. The Senior Manager of the CoJ Region D LED unit, noted that they are confused as to whether to regard shopping malls as part of their LED strategy or not because their dominant strategies involve promoting SMME development. Their responsibility in promoting SMMEs is to ensure that they refer people to finance institutions such as ABSA and other institutions that will help them with business skills. Therefore the CoJ region D Unit is focusing on SMMEs which involved a "facilitative" approach that includes improving the business environment through regulatory change to assist SMMEs. It also monitors the provision of Business Development Services (BDS) support through "third parties", including NGOs, or the private sector through direct provision and "embedded services" (DTI 2006).

4.8 CRITIQUES OF THE POLICY

4.8.1 Lack of integration and coordination in LED Policy Implementation

There was confusion within the CoJ Region D as to how they are to implement LED projects since according to the senior manager who works in the LED Unit they were never told of any new LED policy that they need to implement in their local space by the DPLG. When the CoJ metropolitan region told them that a mall was going to be built in their area they welcomed Landmark idea and endorsed the implementation of their plans. Therefore this means that there is no direct consultation between the provincial and local governments, and the local municipalities are left to carry out the LED policy with no help and intervention from other spheres of government. This proves Tomlinson's argument when he contends that in South Africa, even though LED is a mandatory task of local government and is part of an extensive decentralisation effort there is no clear concept and no consistent pattern of implementation given to them by the provincial government (2003). This also proves that the metropolitan region approves LED plans without any consultation with the smaller regions and does not guide them as to how they can best implement their projects. The City of Johannesburg did not inform and train their LED unit managers about policy direction and implementation in order to ensure coherent and proper implementation of projects.

According to the Senior Manager for LED policy, the DPLG wants to make the local municipalities as independent as possible with no direct interaction or consultation with the national sphere. The national government is responsible for only policy development but policy implementation is the responsibility of the provincial and the local government. "However there

is some consultation that is done haphazardly with some municipalities calling for assistance but we always refer them to the provincial government since we feel that they are entrusted with a bigger mandate to help the municipalities in implementing the LED policy" said the senior manager of DPLG.This also proves Rossouw-Brink's argument when he noted that the DPLG's preoccupation with local government as the engine for LED has led to lack of communication and lack of guidance from the other spheres of government and abandoning of other more inclusive approaches.

According to Davis and Rylance (2005) it is important to note that implementing LED should not just be a responsibility of local institutions but also other spheres. The participation of national and provincial government is critical especially when local institutions are weak on the ground as they can play important complementary and enabling roles. The provincial government can provide critical resources and services, such as training and finance. The national sector agencies mediate between the local and the global and provide windows through which local firms can better understand global changes and participate in international markets.

4.8.2 Lack of Monitoring and Evaluation for LED in Local Municipalities

The previous LED policies (pro poor) according to Rogerson (1999) led to mixed results due to the lack of appropriate monitoring mechanisms for evaluating local economic development. However, the two senior managers mentioned that there is still no unit within DPLG that that looks into all the LED projects in order to ensure that they lead to desired outcomes. In an effort to justify the lack of monitoring and evaluation of the LED policy implementation, one of the DPLG's senior managers for LED support motivated that in government departments, there is already a lot of monitoring and evaluation that takes place by different people. She further explained how some municipalities contend that half of their staff members are employed to prepare reports for monitoring and evaluation. They say that they spend 80% of their time reporting rather than doing other crucial things that will lead to the development of their area. Moreover she noted that even though M&E is important in tracking best practice and identifying challenges, the problem is how it will be done, who will carry it out and who will they report to.

a) The Importance of Monitoring and Evaluation

The monitoring and evaluation process is used by organisations as a tool for judging results in terms of performance and specific achievements. They are used to enhance learning, improve

decision-making, and hold actors accountable (Hague, Wakely, Crespin and Jasko, 2006). According to the Department of Economic Development from KwaZulu-Natal (2008), without monitoring and evaluation, the systematic tracking of actual performance against projects or programme plan, and the determination of any variances against the plan are not possible. First monitoring enables the programme to proactively determine necessary adjustments in terms of activities, schedules and resource allocation thus ensuring that the programme remain on track. Secondly, it serves an important accountability function by requiring resource expenditure to be justified. Monitoring and evaluation is more effective when it is done by people who are engaged with LED rather than by outsiders, so called neutral actors who are unfamiliar with the conditions that come during and after planned interventions (Hague et al, 2006) Therefore the City of Johannesburg should assess and measure the impact of LED projects in order to allow for the assessment of which LED projects or instruments are working and which ones are failing. This assessment will help municipalities to choose projects and instruments which best realise LED objectives (Nel, 1997). It will assist the municipality to target their resources effectively and avoid wasting time and resource on projects which do not effectively realise the development objectives (May, 2000). Davis and Rylance (2005) contend that LED monitoring and evaluation processes need not be overly bureaucratic and contain vague procedures.

4.9 RETAIL DEVELOPMENT IN SOWETO

The City of Johannesburg has managed to create an environment through developing proper infrastructure (roads, transport, services, etc) and through the study (Soweto Retail Strategy) that they did on the lack of retail in Soweto. This study outlined the benefits that investors stand to benefit if they move their business into Soweto. This has attracted many private sector companies to come and build shopping malls in Soweto. As a result, there are about eight retail centres, namely Bara Mall, Maponya Mall, Jabulani Mall, Protea Gardens, Diepkloof Plaza, Dobsonville Mall, Asanbhe Neighbourhood Centre and Orlando Ekhaya that are there to fulfill all the Soweto's citizens retail needs. According Mabotja (2008) shopping malls have a potential in local economies to unlock municipalities' local economic development interventions which focuses on sustainable small business development, job creation and the promotion of cultural and township tourism.

However consultants like Dr Prinsloo and Viruly are not that enthusiastic about having so many retail outlets in one township. The Soweto Retail Strategy stipulated that there is a high

disposable income and high population rate as an advantage to investing in Soweto. However the Soweto Economic Activity Area Study estimated that only 44 percent of the total population of Soweto can be considered as economically active. This means that there is a high dependency rate. The Soweto Economic Activity Area Study further showed that the unemployment figures for 2001 reflected unemployment at 53 percent, which increases the dependency factor. According to Viruly the significant rise in retail development in Soweto may detract from retailing activity in the Johannesburg city centre and it will primarily divert the higher-order retailing such as some of the furniture stores and clothing stores. However Fraser believes that retail development in Soweto will not necessarily affect the CBD since many people shopping in the inner city are commuters, and their shopping patterns would not change that much. There is also a lot of cross-border shopping in the inner city with people from outside South Africa. Fraser points out that there are 400000 shoppers from other African countries that come to shop in the inner city every year (Eprop, 2005).

However, it is evident that the shopping malls are not leading to sustainable economies and encouraging the growth of SMMEs, and instead they are destroying the already existing informal retails. This is deduced from the fact that the locally owned businesses trading within the Bara Mall do not survive under the competition of the major tenants. Moreover a number of spaza shops surrounding Bara Mall have closed down and the municipality is currently developing ways of helping these informal retailers.

4.10 FACTORS LEADING TO GOOD PARTNERSHIPS

According to the two senior managers from the DPLG there are three major factors that have potential to lead to the success of partnerships, i.e. good governance, transparency and accountability.

4.10.1 Good Governance

Good governance is a process of decision making that recognises, respects and engages all the potential actors and the stakeholders who will be affected by decisions that are made (Hague *et al*, 2006). According to Hamilton (n.d) good governance is one of the key principles for improving the quality of institutions that deal with partnerships. They lead to coherent partnership policy, enable strong institutions, allow for cooperative risk sharing and mutual support and lead to transparency in the partnerships. He also maintains that it lead to

accountability to citizens and sets conditions to achieve maximum development impact. Therefore if there was good governance within the Bara Mall partnership, the Mall was going to put people's needs at the forefront and the Mall was going to achieve maximum impact (ibid).

4.10.2 Transparency

Medarova-Bergstrom (n.d) views transparency as the stepping stone to effective partnerships and as having the ability to give people access to information and limiting the misuse of funds. Transparency allows for easy transparent communication to people about the project development and gives them a chance to comments and outline major concerns about Bara Mall development. Further if the municipality was transparent in terms of their development plans, the businesses owners in Soweto might have known about the potential of retail in the area and could have came up with capital as a group and developed a mall.

4.10.3 Accountability

Equitable partnerships are characterised by mutual accountability between partners and the need to recognise that each party has different objectives and brings different capacity to the partnership (Blagescu and Young, 2005). Accountability is the means through which individuals and organisations are held responsible for their decisions and actions (ibid). Accountability also has a potential to manage the power relations between actors which interact or affect each other directly or indirectly. If there was accountability in Bara Mall the private sector will have taken responsibility for the displaced spaza shops rather than allowing the local municipality and the local business to come up with interventions alone. Further, the power imbalances would have managed and levelled the ground for mutual benefits of all stakeholders.

Ashman (2001 as cited in Blagescu and Young (2005) provides other critical factors associated with effective partnerships such as the development of trust, cooperative interpersonal relationships, and processes which promote communication, mutual influence and joint learning.

4.11 CRITERIA FOR EVALUATING THE PARTNERSHIPS IN BARA MALL

Criteria	Very poor	moderate	good	Very good	excellent
Cost and quality		✓			

performance					
equity		✓			
access			✓		
Citizen participation		✓			
democracy		✓			
accountability			✓		

Table 3: Criteria for Evaluating the Partnerships in Bara Mall

Discussion

There was moderate equity within the partnership since the private sector wanted skilled workers to work within the Bara Mall. The benefits from the Mall have not been spent within Soweto and there was no equal redistribution of resources. People were not consulted by the private sector together with the CoJ Region D, therefore they did not have a say in how Bara Mall should be developed. The private sector did not take into consideration the objections of charging the locally owned businesses trading within the Mall. There was good access to the Mall in terms of local businesses owners who wanted to open their businesses within the Mall. Because the municipality ensured that the process of procurement and hiring was transparent, accountability was achieved. There was moderate citizen participation which can also be attributed to lack the consultation. This means that communities' needs were not addressed and the generated benefits did not reach all stakeholders

4.12 CONCLUSION

In Bara Mall, the partnership has proven to be flawed with private interests overriding the interests of the community and the local municipality lacking the capacity to deal with diverse interests. Therefore the municipality was not the driver or the catalyst of this LED project but merely a connector of different stakeholders and opened room for some engagement and communication. There were no skill transfers to the community subcontractors and even the employees within the Mall. The selection criteria for employment were very selective and discriminating against the uneducated community members. The private sector was not willing to invest some funds towards skill development but still expected to work with experienced subcontractors. It was also not willing to train and empower local communities by hiring them for

senior positions. They outsourced people who were not citizens of Soweto to take up managerial positions. These research findings have proven that there is a serious gap between policy development and policy implementation in South Africa with all the spheres of government not willing to work together in making coherent projects. Even though the national government acknowledged the lack of capacity within local government; it is reluctant to help with policy implementation. There are no direct guidelines even from the metropolitans on how to implement the LED policy.

5 CHAPTER FIVE: CREATING EFFECTIVE PARTNERSHIPS

5.1 INTRODUCTION

This chapter starts by outlining major findings from the research. Using the analysis from Chapter Four, recommendations that will ensure successful public-private partnerships and collaborative planning are provided. This chapter also will lastly point out areas of further study and investigation on partnerships.

5.2 CONCLUSION

Whilst many of LED features have changed dramatically since its inception in the 1960s, its essential elements of enhancing competitiveness, and enhancing the roles of local governments, private and voluntary sectors simultaneously have remained the same. Due to failures of state-led, community-led and private-led development, the need for partnership as an effective tool for LED retail projects emerged. The focus on pro poor LED initiatives for development excluded the private sector while the focus on pro-growth LED gave rise to unequal distribution of the benefits. Therefore a call for initiatives that are both pro poor and pro-growth was realised internationally. In South Africa, there was a realization that supporting SMMEs through direct subsidies (pro poor LED) had less impact in achieving employment creation, economic growth, and investment attraction. Therefore, there was a move toward encouraging the development of larger enterprise developments i.e. shopping malls in townships through private sector involvement (pro-growth). These large enterprise developments are supposed to be developed through public private partnerships in order to ensure that their benefits are distributed equally to all stakeholders within a given society.

The implementation of shopping malls in townships has had both positive and negative results. However, the policy developers did not take into consideration the impact that these malls would have on the current informal enterprises that have been operating in townships and have been the source of income for many uneducated disadvantaged community members especially women.

Additionally, they did not take into consideration the socio-economic, cultural and class differences that might hinder consensus building or collaboration within the public private partnership. Within the Bara Mall partnership, there was lack of consultation with the community

stakeholders that led to some kind of conflict and the delay of the project implementation. All stakeholders found themselves with dealing with challenges like the displacement of informal sectors, lack of capacity of the municipality, outsourcing of skills, and the discrimination of uneducated people. The local communities are not happy with the white people or Indians who own the malls and would rather have the malls owned by black people from Soweto.

The LED policy encourages the use of partnerships in implementing LED projects but has not given clear guidelines to local municipalities on how they need to be done. Municipalities find themselves with a difficult task of resolving conflicting interests between the stakeholders within shopping malls and when seeking interventions from the policy developers they are directed to the provincial government. The private sector is driving LED in townships and ignoring the needs of the communities even though they are within the realm of 'partnership'. The crucial skills development and the profits being re-spent on developing the townships is just a utopia that will not be achieved unless the private sector is help accountable for their actions. More and more spaza shops are displaced but there are no interventions developed to help the businesses owners. The municipality and Sobico are the only parties that are trying to come up with possible solutions to help the displaced spaza shops owners while the private sector has no such plans.

The municipalities who are mandated to ensure that the needs of the communities are met are overshadowed by the powers of the private sector as the project funders. Within partnerships in retail development, there is lack of consultation with stakeholders and they are dominated by the interests of the private sector who are just profit driven. The notion that partnerships in retail development will lead to larger retailers supporting the already existing SMMEs is not enough. The private sector treats them as all other tenants that are seeking space within the Mall and makes them pay the same amount of rent as the already established tenants. The locally owned shops within the Mall are not surviving because of the expensive rent, lack of business knowledge, access to finance, innovative products, marketing skills and how to generally manage their finances. As a result they had to move out of the Mall and new businesses move in. Because there was not a clear guideline procedure as to how this empowerment must take place, the private sector does not feel obliged to come up with strategies that will ensure that locally owned businesses survive within the malls. Moreover, the private sector is not investing back some of the money into communities but they are spending their profits outside the townships.

Further, the local communities are not happy that the shopping malls are mostly owned by white and Indian people from outside Soweto and they would rather have black people from the township owning them. According to the chairperson of Sobico, they know that the competitive advantage is partially created by the apartheid history in Soweto and feel that they are the ones who have preserved it and should be the ones who should benefit from any development that comes into their area.

5.3 RECOMMENDATIONS

5.3.1 Creating Collaboration in Partnerships

Collaborative partnerships can be created through communication and consultation, social inclusivity and limited power imbalances.

1) Importance of Communication and Consultation

Collaborative planning can promote collective planning of projects and overall implementation. Lack of collective planning for the project created challenges to the partnership and led to conflicts that had major cost implications. It is only through collaborative planning that conflicts can be limited and that plans of development are discussed and approved by all stakeholders through dialogue. Through communication and consultation, people can be given an opportunity to voice out their major concerns and clarify their intentions for bringing in a mall within townships. Healey (1997) and Innes (1998) argue that the exchange of views by different stakeholders allows for the building of capacity to allow for informed gaining insight into each actor's interests and further allows for informed decision making that incorporates these diverse interests. It is important in the PPP process to go beyond mere consultation on LED matters but also achieve the ideal of full and ongoing participation by all stakeholders in generating and assimilating a common community vision and working constructively to achieve that vision in the common interest.

In cases where conflict arises, planners need to intervene within partnerships. Hague *et al* (2006) argue that planners must develop the skills to manage conflicts and enable negotiated consensus around key development issues. These skills include: "the capacity to anticipate potential conflict of interests and recognize the key issues quickly; an open attitude; with the willingness to compromise and solve problems; patience and stamina; flexibility to tolerate

conflict and stress; excellent listening skills and sensitivity and experience; as well as an ability to cope with personal attacks or abuse" (Hague *et al*, 2006:31).

2) Enhancing Decision Making Skills

Through collaborative planning, the people's capacity in decision making can be enhanced and allows for manageable responsibilities to be shared accordingly. Walzer and Jacobs (1998) note that the growth of PPPs has also affected the ways in which public decision making takes place and its ultimate effectiveness by changing the number of active decisions makers and sharing the responsibility for decisions among more players. When people are given responsibilities that they have capacity in carrying out, the project implementation will carry out as planned with no people failing to deliver on their responsibilities.

3) Fighting Social Fragmentation through Promoting social Inclusivity

Simon (2003) argues that creating local economic development initiatives is not easy as more often than not it involves overcoming political, organisational and societal fragmentation. Soweto is characterized by society that is well known for standing up against social injustices. Hence whenever people from Soweto feel like the development of shopping malls is bringing an injustice, instead of equal benefits, they will not keep quiet. Moreover local businesses owners from Soweto feel that they have fought very hard during the apartheid era against the state and that it is through their history that Soweto has such a competitive advantage. Hence, they feel that all development that takes place in Soweto must be approved by them and it should also benefit the whole community. This shows how socially fragmented and different the stakeholders are and therefore there is a need to come up with ways of ensuring that their difference does not hinder the effective partnership outcomes.

Hague et al (2006:92) argue that society is not homogeneous. It comprises of different groups on the basis of class, gender, age, ethnicity, religion and physical/mental ability. They have different demands and perceptions and offer different attributes to urban society, all of which need to be heard and responded to. However Brand and Gaffikin (2007) are not as enthusiastic about social inclusion as Hague et al. They argue that there is an apparent irony in the promotion of collaborative practice rooted in values of cohesion, solidarity and inclusivity in a world that is deemed to be individualist, socially fragmented, competitive, or in other words, uncollaborative. This means that much focus needs to be directed towards process like partnerships that have the potential to promote inclusivity especially when they take into

consideration different people's development interests and ensure that there is an equal redistribution of resources.

4) Limiting the Power Imbalances

The private sector generally has experience and expertise and is able to enter into contracts that may primarily serve their own interests and shape the decisions in their favour. Therefore this creates, a situation in which one group with more material resources can influence the other parties with fewer resources to do the things that they would not have done under normal circumstances (Innes and Booher, 2002). Habermas (1984) argues that through communication people can reach liberation and that they are capable of putting their interests aside and not exercise power in their discussions. Therefore communication needs to be enhanced if partnerships are to limit power influences. The role of planners in such instances will be to ensure that every partnership consists of different representative bodies from any given community. They also need to monitor power imbalances by ensuring that each party recognizes its interdependence with the other parties in order to implement projects. Tomlinson (1994) notes that it is when public private partnerships are transformed into representative bodies with no party taking dominance that they will fully promote fair outcomes.

5) The Role of a Planner

It will be beneficial for planners and economic development practitioners to be involved in the LED Department in every municipality. Professional planners and economic development professionals will help address the market challenges and ensure that all stakeholders are included in the planning process. Planners are uniquely trained to cross boundaries and facilitate communication and collaboration across sectors and facilitate a broader dialogue and ensure the voices of the marginalised and other important stakeholders are not ignored. Planners can play a key facilitation role in ensure that these new collaborations represent a sharing of power and expertise. Planners are increasingly recognizing the important role that local service sectors like shopping malls play in direct employment, provision of needed services, and regional economic integration (Markusen 2004). Michael Porter (1995) advised planners to balance social supports and the focus on the competitive industries in the regional economy. He argues that if planners focus on helping these industries become more competitive, then the additional resources necessary to enhance local services and quality of life will result from the enhanced profitability of the private sector. Planners have acknowledged that social supports provide the foundation for economic development and recognize that, in the

long term, economic development is about sustainability and enhanced quality of life (Harrison and Glasmeier 1997). They also know that the purpose of economic development is community and human development as well as jobs and income.

5.4 RECOMMENDATIONS FOR SPECIFIC MALLS IN JOHANNESBURG

5.4.1 Training

Human Resource Development should be the key focus for local economic development strategies. Low skill levels, especially amongst the poor, are a key constraint facing potential investors. Furthermore, poor people are unlikely to benefit from whatever new jobs there are unless they have appropriate skills. Local authorities can either support the establishment of local training bodies or focus the activities of national training agencies in the local area. In addition, conditions can be imposed on companies doing business with the municipality, requiring that firms provide a minimum amount of training for their employees. There should be training programmes oriented to post-high school individuals who can provide the unemployed portion of the labour force with marketable skills which can be used to seek employment in the other parts of Soweto or in the region.

Investment in entrepreneurship education and training will make a valuable long-term contribution towards producing the quality and quantity of entrepreneurs that South Africa needs, including initiatives at the level of the community, trading associations, schools and colleges. The training programmes can cover broader skills packages ranging from *selling a unique product, customer care, business management, business finance, finance management*, maths and accounting classes lessons, etc. There is also a need to invest in the extension of services that advises and supports start-up businesses to previously marginalised areas. Further, crucial to business development is entrepreneurship training and access to competitive commercial business services. The government should also provide people with necessary start up capital and in the long run, monitor the progress of the businesses and give assistance when necessary. However, writers like Ackron (n.d) would beg to differ from this view. He argues that the government's critical medium term role is not only the establishment of new businesses *per se* or the provision of business support services as in the past but it must also promote viable competitive market in business services to local business.

5.4.2 Depoliticising Development

If local government wants to entirely attract private investment, they need to realize the important role that the private sector plays in development. Even though local politicians understand the local community's needs and claim to represent the interests of the poor, they are mostly criticised for being involved in corruption. White (1996) believes that depoliticising development can be done through transformative participation. Transformative participation empowers the local people in the practical experience of being involved in considering options, making decisions, and taking collective action to fight injustice. It leads on to greater consciousness and confidence in people's ability to make a difference. She also has left faith in politicians as active participants in development project and believes that they far more interested in votes than listening to the needs of the people. (ibid)

5.4.3 Supermarkets Development in Townships

The shopping malls are not good developers of townships, even though they do lead to job creation, but their profits are spent outside the area and they are destroying the informal sector. It is very crucial that the government supports the emergence of SMMEs in townships as the driver of the local economy. Researchers like Rogerson, have highlighted that the reason why SMMEs are failing and not leading to anticipated results. Rogerson thinks it is because of the incompetence of the institutions that are set out to help these enterprises. Moreover, the lack of crucial services like water and electricity also lead to small enterprises not doing well. The townships are not ready for enterprises like shopping malls. It might be helpful to start by moving different spaza shops and hawkers into a supermarket and allow them compete at the same level because the competition that comes from the malls is too harsh. Supermarkets will allow for job creation and ensure that profits are retained within the townships. Further by the incorporation of hawkers within the supermarket, further displacement will be minimized. According to Weatherspoon and Reardon (2003), the rapid spread of supermarkets in the developing areas was seen driving many traditional food retailers, such as small corner stores and public market places out of business. The introduction of successful supermarkets can encourage low-income areas to become more vital and viable, not only by providing more shopping opportunities in a more competitive environment, but also by creating employment opportunities for area residents (ibid).

5.4.4 Skills development

Any shopping mall development within a township should be in conjunction with high quality skills training, small business support, job creation and poverty alleviation. Soweto still has limited skilled personnel, and therefore the local government has to come up with initiatives that will capacitate people. The development of shopping malls cannot be prevented within the townships, therefore the private sector must be forced to hire local people and train local people without skills. The local business owners need to be given training on business skills such as accounting, mathematics, customer care, product development, etc. Moreover the government and the private sector must financially support the locally owned businesses who are trading within the malls because they are not used to paying rent but have always been trading in their own backyards. The money that the government will provide will be there to help with the rent until the business start growing and making more profits. It is important that these local business owners are mentored and are constantly monitored in order to ensure that they are properly guided and are helped where they make mistakes.

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7 APPENDICES

Interviews

1. The Managing Director for Landmark. New Doornfontein. (Interview, 20 July 2008. time: 11h00 am)

2. Senior Manager of the City of Johannesburg Region D Local Economic Development Unit (Interview, 8 August 2008. time: 9h00 am)

3. The Chairperson of Sobico. Soweto Market (Interview, 04 September, 2008. time: 13h00 pm)

4. Senior Manager of the LED Policy and Senior Manager for the LED Support: Department of Provincial and Local Government (dplg). Pretoria (interview, 01 October, 2008: 12h00 pm)

Consent form

Introduce the survey

My name is Noxolo Mabuza and I am from Wits University. I am conducting my research for my Maters of Science in Development Planning
I have used my judgment to choose some respondents to be in this part of the study, and you were selected

- I am trying to understand the how partnerships are used as a tool for effective local economic development projects in the development of shopping malls : the case of Bara Mall

I have some questions that I wish to ask you about your involvement in the Bara Mall development

ALL INFORMATION THAT YOU PROVIDE WILL BE CONFIDENTIAL

CONSENT QUESTIONS *CIRCLE THE APPROPRIATE ANSWER*	Yes	No
Do you understand the purpose of the study, and what will be required of you if you agree to take part?	1	2
Have your questions concerning this study have been answered?	1	2
If no, what further questions do you wish to ask?	RECORD QUESTION	
Do you understand that at any time you may withdraw from this study without giving a reason?	1	2
Do you understand that this study is in no way linked any government organization or any developers company?	1	2
Do you agree to take part in this study?	1	2

VERBAL CONSENT: I, the interviewer/fieldworker, confirm that the respondent gave verbal consent to be interviewed

Signature of interviewer/fieldworker……

A	Date	__ __/ __ __ / __ ___	
B	Name of interviewer		
C	Time started interview	Time finished interview	
D	Place of interview		
G	occupation		

Questionnaires

1. National government: Department of provincial and local government

Which LED policy guard local municipalities LED Units?

Were the local municipalities consulted when drafting the LED policy?

How often do you consult with local municipalities in order to ensure that they are having fewer problems when implementing LED projects?

What are the latest forms of LED projects?

How are they funded?

How are LED projects implemented?

Does the DPLG ever intervene in public-private partnerships at the local level?

What makes a successful public-private partnership?

What are the challenges of public-private partnerships? And how can municipalities overcome them?

Do you have a monitoring and evaluation unit that look into all the LED projects in order to ensure that they lead to desired outcomes?

Under what political, social, and economical conditions and institutional arrangements and in what processes can PPPs succeed?

2. PRIVATE SECTOR: LANDMARK

1) Who came up with the idea to build a Bara Mall and why?

2) Why build the Mall in Soweto and not Alex or any other township?

3) Who were you in partnership with when the Mall was built?

4) What did each party bring to the development of the Mall?

5) What do you think you learned from the partnership?

6) What did you least like in the partnership?

7) What were the challenges that you came up within the partnership

8) What were the interventions that were set in place for displaced informal retailers surrounding Bara Mall?

9) How many numbers of jobs that were created during the construction?

10) Were there any small constructors that were hired during the construction phase of the Mall?

11) Do you think that PPP are an effective mechanism to carrying out LED projects and why?

3. Public sector: City of Johannesburg Region D

What is the latest form of LED projects, are they pro growth or pro poor? Or rather, how are they going to reduce inequalities and poverty?

Previously most LED have not succeeded because local government has been perceived to lack the capacity and resource and had limited experience in terms of promoting economic development, what has the COJ done to promote skills and equip local municipalities with resources to ensure that LED projects succeeds?

Are all the LED projects implemented by PPPs as the LED policy stipulates?
What is your definition of Public-private partnership?

Who came with the idea to build Bara Mall?

What was your responsibility as local government within the project?

Who funded the project?

What were the challenges that the partnership faces and how did they deal with them?

What were the lessons learned?

What were the interventions that were set up in order to help the displaced informal retailers surrounding Bara Mall?

Under what circumstances do you think partnerships work?

4. Soweto Business Organization: the chairperson of Soweto Business Initiative Company (Sobico)

How many companies were involved during the Bara Mall development?

According to your own opinion, was there a partnership, if yes, what king of partnership?

What were the roles and responsibilities of each party in the partnership?

What resources did each party bring into the partnership?

What were the challenges of the partnership and how were they resolved?

What were the major benefits of the partnership?

Do you think partnerships lead to sustainable projects?