

https://dspace.org/

Investigating the Role of LED as a Tool for Poverty Alleviation in Mbombela Municipality

Mahlalela, Simangele

2014

http://hdl.handle.net/10539/20466

Mahlalela, S (2014). Investigating the Role of LED as a Tool for Poverty Alleviation in Mbombela Municipality, University of the Witwatersrand, Johannesburg

Downloaded from a DSpace repository. https://dspace.org/

Investigating the Role of LED as a Tool for Poverty Alleviation in Mbombela Municipality

Simangele Mahlalela

A research report submitted to the Faculty of Engineering and Built Environment, University of Witwatersrand, Johannesburg, in partial fulfilment of the requirements for the Degree of BSc Honours in Urban and Regional Planning Johannesburg, 2014

"No political democracy can survive and flourish if the majority of its people remain in poverty, without land, without their basic needs being met and without tangible prospects for a better life. Attacking poverty and deprivation will, therefore, be the first priority of the democratic Government" (African National Congress, 1994:5).

"Endemic and widespread poverty continues to disfigure the face of our country. It will always be impossible for us to say that we have fully restored the dignity of all our people as long as this situation persists. For this reason, the struggle to eradicate poverty has been, and will continue to be, a central part of the national effort to build the new South Africa" (President Mbeki, 2004).

Abstract

Since 1994, with the dawn of democracy, South Africa has remained with the challenge of reintegrating itself into the global economy and addressing the imbalances created by the apartheid regime. There have been a plethora of policies underpinned by neo-marxist and neo-liberal ideals that have been adopted by the state in order to promote economic growth and poverty alleviation. Amongst these policies are the Local Economic Development (LED) policies which have been aimed at growing local economies as well as to uplift previously disadvantaged groups. South Africa has been experiencing difficulties in finding a balance between developing pro-growth and pro-poor LED strategies and this has led to the criticism that 'LED strategies in the country tend to be pro-growth rather than pro-poor' . Due to this argument, the role of LED as a tool for poverty alleviation has therefore been challenged and this research report stems from that concern. The purpose of this research report is explore the concept of pro-poor LED in South Africa and to investigate how it is able to contribute towards poverty alleviation at a local context. The study area, Mbombela Municipality, forms the basis for this investigation in the exploration of four aspects of LED, namely; provision of services, infrastructure development (roads), job creation and business creation. The finding is that LED in Mbombela has not yet been able to impact on poverty alleviation significantly and this is due to the municipality's lack of effective pro-poor strategies, poor implementation of projects and lack of resources and capacity.

Declaration

I declare that this dissertation is entirely my own unaided work. It is submitted for the degree of BSc Honours in Urban and Regional Planning in the University of Witwatersrand, Johannesburg. It has not been submitted before for any other degree or examination in any other University

_____

Name of candidate

_____ day of _____, 2014

Acknowledgements

Undertaking this academic journey would not have been possible without God, the greatest honour and thanks goes to the Almighty one. “For I can do all things through Christ who gives me strength” (Phillipians 4:13)

I extend my sincere gratitude to my very big family. To my maternal mom and paternal moms, aunts, grandma and cousins, your constant love, support and encouragement is what got me here. A special thanks goes to my aunt Gcinaphi Khoza for her assistance and intellectual guidance as she’s been on the same journey.

I am especially grateful to my uncle Edward Khoza for his continual and unconditional support from the very beginning of everything. “Malume, words cannot describe what this has meant to me”

I wish to thank my supervisor, Mfaniseni Sihlongonyane for providing me with general guidance and critical academic support and input.

I am thankful to the respondents in Mbombela Municipality who took the time and effort to contribute to my research.

Table of Contents

1.0 Chapter One: The Untamed Relationship Between LED and Poverty Alleviation 1

1.1 Introduction to the Problem 1

1.2 Research Question for the Study 4

1.2.1 Aim of Research 4

1.2.3 Research Rationale 5

1.3 Conceptual Framework for Understanding the Relationship between LED and Poverty Alleviation 5

1.3.1 Core Concepts in the Study 5

1.4 Research Methods Employed in Study 10

1.4.1 Library Research 10

1.4.2 Case Study of Mbombela Municipality 11

..... 13

1.4.3 Interviews conducted 13

1.4.4 Mapping of the area 14

1.5 Ethical consideration 14

1.6 Limitations of the study 14

1.7 Chapter outline 15

2.0 Chapter Two: The Phenomenon of LED as a Solution to Poverty in South Africa 18

2.1 Introduction 18

2.2 Reaching consensus on the definition of Local Economic Development 18

2.3 Towards an understanding of poverty 23

2.4 LED as a pro-poor strategy in South Africa 26

2.5 Theoretical Perspectives of LED 28

2.5.1 The Neo-Liberal Perspective of LED and Poverty 28

2.5.2 The Neo-marxist Perspective of LED and Poverty 30

2.5.3 Centrism 31

2.5.4 Linking Sustainable Development with LED 33
2. 6 Conclusion 34
3.0 Chapter Three: Interrogating Economic Policies and Challenges of LED in South Africa 36
3.1 Introduction 36
3.2 Exploring polices that have ushered LED 36
3.3 Key Role Players 41
3.4 The Implications of the Institutional Set Up for Local Economic Development 43
3.5 Conclusion 46
4.0 Chapter Four: Status of Mbombela Municipality 49
4.1 Introduction 49
4.2 A Brief History of Mbombela 49
4.3 Geographical location o Mbombela 50
4.4 State of Mbombela 52
4.5 Spatial Development Pattern of Mbombela 55
4.6 Demographic Profile of Mbombela 56
4.7 Conclusion 61
5.0 Chapter Five : The Impact of LED on Poverty in Mbombela in Mbombela 63
5.1 Introduction 63
5.2 LED in Mbombela 63
5.3 Findings on Local Economic Development in Mbombela 67
5.3.1 Provision of Basic Services 71
5.3.2 Job and business creation 72
5.3.3 Infrastructure development 73
5.4 Conclusion 74
6.0 Chapter Six : Towards LED for Poverty Alleviation 76
6.1 Introduction 76
6.2 Cyclical Challenges of LED 76

6.3 A Conceptual Framework for an 'LED and Poverty Alleviation Improvement Plan'.....79

6.4 Improving LED in Mbombela Municipality.....83

6.5 Planning and LED.....84

6.6 Conclusion.....85

List of Tables

	Page
Table 2.1 Ten Guiding Principles for LED	20
Table 4.6.3 Population Distribution according to sex and age	58
Table 4.6.4 Employment profile	59
Table 4.6.5 Income Profile	60

List of Figures

	Page
Figure 1 Conceptual framework of core concepts	7
Figure 2 Context map of case study	13
Figure 3 Image displaying poverty	23
Figure 4 Mbombela location at national scale	51
Figure 5 Mbombela location at provincial scale	52
Figure 6 Mbombela sub areas	54
Figure 7 Population distribution of Enhlanzeni (2012)	56
Figure 8 Number of households (2012)	57
Figure 9 Population distribution according to age (2012)	60

List of Acronyms

LED	Local Economic Development
SDI	Spatial Development Initiative
EPZ	Export Processing Zone
CID	City Improvement District
SEZ	Special Economic Zone
DPLG	Department of Provincial and Local Government
COGTA	Department of Co-operative Governance and Traditional Affairs
IDP	Integrated Development Plan
SDF	Spatial Development Framework
MLM	Mbombela Local Municipality
NSDP	National Spatial Development Perspective
PGDS	Provincial Growth and Development Strategies
RIDS	Regional Industrial Development Strategy
ICC	International Convention Centre
RDP	Reconstruction and Development Programme
GEAR	Growth, Employment and Redistribution
ASGISA	Accelerated and Shared Growth Initiative for South Africa
NGP	New Growth Path
IDZ	Industrial Development Zone

Appendices

1. Consent Form
2. Questionnaire

1.0 Chapter One: The Untamed Relationship Between LED and Poverty Alleviation

1.1 Introduction to the Problem

We were thrown back to the township, to the village ,and time, merciless and accomplice took our life, here we are then, we popped out of life to death, having witnessed the worst unemployment, jailed and diseased and impoverished.

Mongane Wally Serote, South African poet and writer

For most South Africans this poem is a narrative of their lives as ordinary black South African citizens during the apartheid era. These are the people that formed communities that were disadvantaged and marginalised. Since then, South Africa has undergone a political transformation which has put into effect certain economic and social challenges in the country. With this transformation having taken place, one would expect that significant change has occurred, but instead the only result that has transpired is that socio-economic and spatial realities in South Africa have not been adequately addressed (Cameron, 2000). These socio-economic and spatial realities are such that South Africa is currently characterised by a fragmented spatial configuration, geographical economic inequalities and extreme poverty. In 2008, 14 years into democracy, a high proportion of 48 percent of the South African population was living under the poverty line. This percentage was comprised of individuals that are living on approximately R524 a month (NPC, 2014). The important question that arises from this is: What has the post-apartheid state done to redress the problem of poverty? And, is it working?

One of the ways in which the state is attempting to address poverty is through Local Economic Development. According to Meyer-Stamer (2003), this concept was aimed at alleviating poverty, developing infrastructure and uplifting previously disadvantaged groups. While there are other forms of government interventions attempting to contribute to poverty alleviation such social grants, provision of housing and basic services at no cost, LED has been the main approach emerging from municipal intervention. The need for poverty alleviation interventions is motivated by the apartheid legacy in the country.

According to Rogerson and Nel (2007) the government was centralised under the apartheid rule and it promoted development in areas designated to non-blacks only. The lack of economic development meant that areas such as townships and rural areas were marginalised and that black people were displaced and did not have adequate resources in order to improve their quality of life. The imperative to support LED and poverty therefore derives from this experience. This type of LED that addresses poverty had been applied in Stutterheim, a small rural service centre in Eastern Cape South Africa (Nel and McQuaid, 2002). Palframan (1992;1) states that the town "that was once the epitome of everything wrong in South Africa…has developed into a model of everything that can go right when people are committed to building a life and a future together".

Futhermore, Nel (2001) shares a view that even after ten years of LED experience the outcomes of LED on poverty alleviation are insignificant. Not only are the outcomes insignificant, LED specialists have been experiencing difficulties in integrating LED strategies with poverty alleviation and this has limited the impact that LED can have on poverty (Rogerson, 1999). What one can take from this is that the problem that is being faced with LED alleviating poverty is not the political will or prioritisation of the issue at hand, but rather how the implementation and execution of LED is failing to yield satisfactory results (Boulle *et al,* 2005). The inability of integrating LED strategies with poverty means that the state has not yet been able to successfully find ways of addressing poverty with LED and hence the insignificant outcomes.

While Nel (2001) believes that LED should focus on poverty alleviation. Boivard (1992) argues that the South African government undertake interventions which are predominantly directed towards macro-economic problems such as unemployment and economic growth. This is a valid point as addressing unemployment is a national priority and can also lead to poverty alleviation. However, the issue is that the focus becomes pro-growth rather than pro-poor. For example, the Spatial Development Initiatives launched in 1995 served as a support structure for the Growth, Employment and Redistribution (GEAR) policy (Rogerson, 2004). According to Crush and Rogerson (2012), an evaluation of SDIs highlighted that the initiative made progress regarding its main objective to draw inward investment to certain regions as a basis for economic development and growth, however its benefits to the poor have been limited and indirect.

According to Tomlinson (2001) some of the challenges that have been limiting LED in contributing to poverty alleviation is attributable to the influence of neo-liberal policies and global competition. Neo-liberal policies are founded on macro-economic principles which emphasise economic growth and reduction of unemployment without making any reference to the social benefits of these two components (Kohler *et al,* 2012). This places localities under intense pressure to become globally competitive through focussing interventions such as LED on pro-growth sectors. This focus on pro-growth sectors then leaves no room for social issues such as poverty to be tackled.

As a result Local Economic Development strategies such as Export Processing Zones, Industrial Development Zones and City Improvement Districts initiatives have been failing to create employment opportunities for the poor especially in small towns and rural areas where they are needed most. For every job that is created by these LED initiatives, there are high costs that are incurred and this has deemed these strategies not be feasible in some areas especially areas with low skills (Bond, 2002). This means that the jobs that are created by CIDs, Export Processing Zones and Industrial Development Zones are not sustainable and fewer jobs are created, meaning that poor communities do not stand to benefit a lot from these types of LED strategies. Furthermore, according to Didier *et al* (2012;134) "CIDs remain deeply entrenched in private strategies linked to market".

Another factor is that LED strategies such as SDIs consider space to comprise of resources e.g. minerals rather than considering space to comprise also of people and communities. The tendency for expansive projects such as SDIs is to therefore target areas that are rich in resources. This is a problem because such areas are coincidentally those which were previously targeted by the apartheid government for development. As such, areas such as the Pretoria and Witwatersrand from which the apartheid space economy previously thrived on (Sihlongonyane, 2006) have been favoured at the expense of areas that are secondary/small cities or rural. To this day a majority of development continues to be directed to the Johannesburg and Pretoria urban areas and this means that the apartheid space economy and spatial configuration is inadvertently intensified by LED initiatives. This inclination is concerning because poverty cannot be alleviated while development is still being directed to the same areas which are already developed.

Furthermore, Tomlinson (2003) argues that the failure of pro-poor LED can be attributed to the fact that it has a very broad definition. The Department of Provincial and Local Government refers to LED as economic and social activities while other external activities by government are also considered LED. For example, there is a mix-up between provision of social grants and LED grants for social infrastructure. As this conception persists invariably, this makes it difficult to pin down what is considered LED so that focused, targeted interventions can be undertaken with clear LED outcomes.

1.2 Research Question for the Study

How are Local Economic Development activities in Mbombela Municipality contributing to poverty alleviation in terms of: job creation, business creation, provision of basic services and infrastructure development (roads)?

1.2.1 Aim of Research

The aim of this research is to investigate one of government's interventions for poverty alleviation. This is to find out whethr government LED interventions are actually working to alleviate poverty in the areas of; **job creation, business creation as well as infrastructure development (roads) and provision of basic services**. The research will identify the LED approaches that are being used to do within the Mbombela context. By conducting this research, pro-poor LED in South Africa is going to be tested on whether it is working to remedy the imbalances that have been created by the past in term of social, economic and spatial development.

1.2.2 Research Sub-questions

The following sub-questions are explored in the study to gain deeper understanding of the issues:

a) What is Local Economic development in South Africa?
b) What relationship exists between LED and poverty alleviation?
c) What theoretical perspectives have informed LED and economic development policies in SA?
d) What are the LED legislative frameworks and policies existing in SA?
e) How do these policies relate to poverty and how it can be alleviated?
f) What LED plans and strategies have been put in place in Mbombela Municipality?

g) How do these plans, programmes and strategies deal with poverty alleviation in the area?
h) What challenges have been encountered during the implementation of these plans and strategies?
i) What planning recommendations can be made to address these challenges?

1.2.3 Research Rationale

Undertaking this research will assist in providing a critical understanding of both the theoretical and practical dynamics of LED and the challenges faced with it alleviating poverty. This research is significant because it will make an enquiry on the disparities that exist between pro-poor and pro-growth strategies in South Africa and the factors that have influenced such. This research also seeks to contribute to the understanding of the dialogue on the role of LED as a tool for poverty alleviation. This will not necessarily bridge any gap in research and literature, but will instead contribute to the understanding of LED and poverty alleviation. The ultimate question to be answered from this research is whether LED has the potential to address poverty or whether the state should start considering other approaches and strategies towards poverty alleviation. It is important to remember that the context of this case study plays a major role on the outcome of the research. The research is conducted using a medium sized municipality in order to understand the challenges that smaller municipalities face in conducting LED strategies especially in terms of institutional and resource capacity. This means that the outcome will be subject to the character of a medium sized municipality and may not be applicable to bigger municipalities and metropolitan areas. The research may contribute to the broader scope of promoting development agendas that support the poor since it is believed that the poor are lingering behind in terms of economic development 20 years into democracy.

1.3 Conceptual Framework for Understanding the Relationship between LED and Poverty Alleviation

1.3.1 Core Concepts in the Study

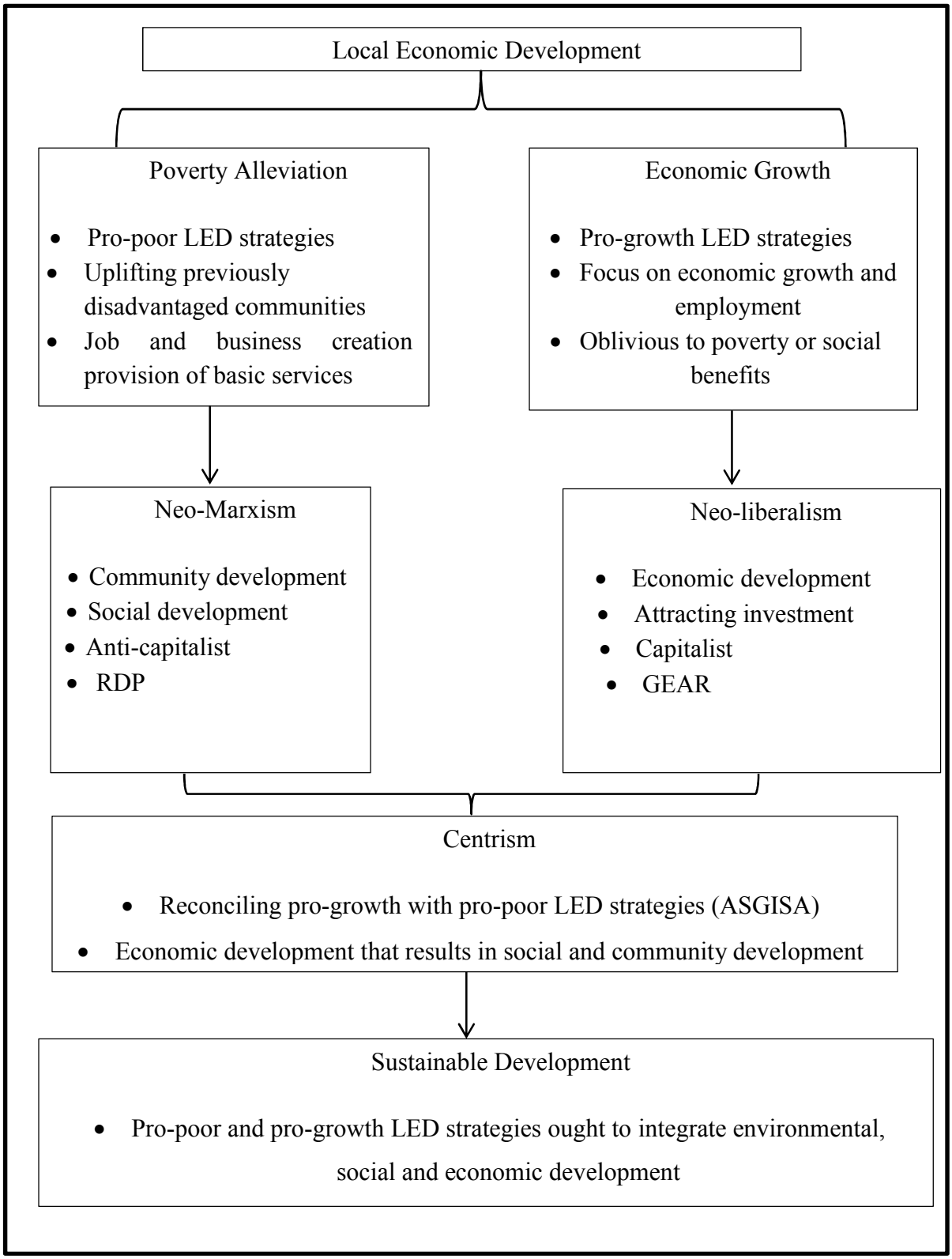
There are a few concepts that are important in framing the relationship between Local Economic Development and poverty alleviation especially within the context of this research. Local Economic Development, Poverty Alleviation and Local Government are the concepts that are vital to this research as they are all obtained in the research topic title. These concepts are discussed below:

Local Economic Development is a broad concept and is therefore viewed in the manner in which it is conceptualised in the African and more specifically the South African context in this research. This means that LED is viewed on the basis of its emergence and development since post-apartheid South Africa with international influence. The research focuses on four components of LED and these components are; job creation, business creation, provision of basic services and infrastructure development (roads). These four components will be accounted for in the Mbombela Municipality case study and this will mean that LED in Mbombela as a whole will be analysed.

Due to the fact that the research topic focuses on both LED and poverty alleviation, poverty alleviation is viewed as a concept that exists within the parameters of LED, seeing that it is an objective of it. Poverty is a complex concept and therefore the intricate nature of poverty will not be discussed here. Suffice to say poverty is conceptualised within LED in terms of aggregate conditions e.g. low income, limited resources, etc. As such, poverty alleviation as presented in this study is concerned with areas of limited resources. In the research the focus is on poverty alleviation within the context of Mbombela municipality. It is also vital for this research to acknowledge the difference between pro-poor and pro-growth strategies. Pro-poor strategies are those which are directly focussing on addressing poverty or other socio-economic ills and target certain marginalised groups for example, development and support of small businesses. Contrary to this, pro-growth strategies are those which do not directly focus on addressing poverty but believe that poverty can be indirectly affected by factors such as economic growth.

This third concept is local government. This concept is central to linking LED and poverty alleviation because while LED policies and frameworks are constructed and developed at national and provincial spheres of government, the specific LED strategies, plans and projects are undertaken at the local sphere of government. For example Mbombela local municipality has a local strategy that is executed at their local level, but with the financial and institutional support of national and provincial government. This is the level at which this research is also investigating LED and poverty alleviation. However references are made to the overall national LED framework as a whole. Figure 1 on the following page illustrates how the discussed concepts relate to one another as well as the theoretical perspectives that form the basis for discourse on LED and poverty alleviation.

Figure 1: Conceptual Framework of the core concepts and perspectives explored in the research



Local Economic Development as a tool for poverty alleviation is a notion that is highly contested. Within the contestation of this notion there are various conceptual components that come into play and will be discussed in the literature to follow. These components are; sustainability, policy principles, implementation, pro-poor LED and pro-growth LED and they are imbedded in three theoretical perspectives namely; neo-liberalism, neo-marxism, and centrism.

The first theoretical perspective is neo-liberalism. It is based on the argument that South African economic development policies are largely framed by neo-liberal policies and are therefore inclined to pro-growth development. Van Vuuren (2013) in his paper 'Varieties of Neoliberalism within the Post-Cold War period: Economic Policy in Post-Apartheid South Africa' writes about the development of neoliberalism and how that has framed and influenced policy formulation in the post-apartheid context of South Africa. These include policies such as Growth, Employment and Redistribution (GEAR) policy. This assumes that the prioritisation of economic development and economic growth in LED strategies can be attributed to the neo-liberal roots framing our economic policies. This is significant for LED as a tool for poverty alleviation due to the fact that neoliberal policies have been critiqued for being market-oriented, therefore having a high emphasis on stimulating economic growth and not so much alleviating poverty (Van Vuuren, 2013). This argument forms a basis for the scrutiny of economic policies informing the LED process in SA in order to interrogate the extent to which these policies have contributed to hindering LED from alleviating poverty.

According to Wallis and Reddy (2012) the manner in which Local Economic Development strategies are seeking to alleviate poverty within the African context is not sustainable. This is noted in the authors' article, 'Local Economic Development: A Critique of the African Experience'. Contrary to Rogerson's (1999) argument on how LED is not integrated with poverty alleviation, these authors engage in a discussion on how LED in Africa is integrated with community development, which in turn serves as a strategy for poverty alleviation. Furthermore, it is noted that although LED is being used as a tool for poverty alleviation in Africa, it fails to do this in a manner which promotes sustainable development. This is justified by the fact that, because LED as a poverty alleviation tool is conceptualised in this manner, it focuses on achieving social goals in the short term period. LED strategies in Africa, they argue, work to remedy social problems in the short term and fail to focus on achieving sustainable development over the long term.

The second theoretical perspective is neo-marxism which is framed by the argument made by Rogerson on LED needing to be pro-poor inclined. According to Rogerson (1999) Local Economic Development specialists are constantly faced with the predicament of not being able to find solutions for integrating LED strategies and programmes with poverty alleviation in post-apartheid South Africa. The author reinforces his argument by making use of a few case studies, which includes the Mbombela area and emphasising that LED is a concept which ought to contribute to the realisation of the objectives of the Reconstruction and Development Programme social development policy. His reason for making this argument is that the main objective of LED in South Africa is to promote the growth of local economies and alleviate poverty. This is supported by Blakely (1989) who asserts that LED is a process that engages a locality's community organisations in stimulating economic activity and employment. This is done through enabling the community to use the existing human, institutional and natural resources that a locality possesses in order to create job opportunities. The predicament however that remains is that in the time that LED has been in progression it has had a greater impact on growing local economies rather than alleviating poverty. Some authors such as Hlela and Stack (2002) would attribute this to policy implementation. They elaborate on how policy implementation in SA can be improved as many policies are often poorly implemented and therefore do not yield the anticipated results. This serves as a point of reference for investigating LED strategies and programmes in order to conclude on whether the implementation process has been one of the factors that have hindered LED from contributing to poverty alleviation especially.

The third theoretical perspective is centrism which is supported by Nel who argues that both poverty alleviation and economic growth are equally important. According to Nel (2001) similarly to the northern countries, it is imperative that LED in the southern countries be assessed on the basis of its potential to address poverty challenges while promoting growth. This suggests that LED should be viewed as both a pro-poor and pro-growth strategy in SA, as highlighted by Nel (2001) in his article 'Local Economic Development: A Review and Assessment of its Current Status South Africa'. He acknowledges that this is the case for LED in the country as it is undertaken in four different manners namely; formal local government initiatives, community-based initiatives, section 21 development corporations and top-down LED. While suggesting that LED in SA might be promoting both economic and poverty alleviation strategies, "there are very real barriers which exist at present to the further expansion and application of LED programmes" (Nel, 2001). His argument is that

the reality of LED in the country is that the whole concept of LED has been getting the necessary attention by policy-makers, but even after ten years of experience the results are inadequate. Agreeing with this argument is Page (2006) who believes that a development strategy should take into account both pro-poor and pro-growth elements within it. He further on suggests that African countries should have a shared growth approach which will ensure that a balance is reached between pro-poor and pro-growth development strategies

1.4 Research Methods Employed in Study

This research has adopted a qualitative approach in this study. A qualitative approach is one which "is a means for exploring and understanding the meaning individuals or groups ascribe to a social or human problem" (Creswell, 2009). A qualitative research approach attempts to gain an internal perspective of a problem by viewing it holistically (Welman *et al*, 2005). Qualitative research methods include: literature review, case study, interviews and mapping.

1.4.1 Library Research

The literature has allowed for a critical engagement of the different discourses, arguments and debates on the research topic, making this research multifaceted. The literature is reflective of the Local Economic Development and how it relates to poverty alleviation, the nature of poverty, pro-poor and pro-growth LED strategies and policies which have framed LED. There were various forms of literature that were used, including;

a) **Old and current journals** on LED and poverty alleviation were used to gain an understanding on the research topic. This has provided material on what has been already discovered on the topic and the different standpoints that have been taken on the topic. The use of journals that were published at different times provided a view on how different authors were tracking the evolution of LED throughout the years. This has helped in comparing and contrasting the different views such as neo-liberalism, neo-marxism and centrism in order to have provided a more holistic response to the research question. These journals were accessed through the library database and from the internet and serves the purpose of being secondary sources.

b) **Books** were used as a primary source for this research. The books provided origin information which is fundamental for the research. This was key for the in-depth analysis of concepts and theories on LED and poverty alleviation. It has assisted in

relating the topic not only in South African context but in the African and global context, which is imperative for understanding the significance of LED and poverty alleviation in SA. The books were attained from the school library and some were electronic copies from the internet.

c) **Internet articles** from websites were used as evidence to substantiate some of the arguments that are made in this research document. The articles provided a spectrum of opinions on certain factors relating to the reality of LED in South Africa such as unemployment and legislature, which contributed to the discourse and the findings. This method was also used to get information on the history of the case study.

d) **Government documents** were used to give the perspective of government on the topic, which differs in some respects and is similar in other respects from the literature. This has also helped to fill in the gaps that exist between the literature and what government proposes. These include the municipality's annual reports, Integrated Development Plans, LED strategy plan, demographics and statistical reports, which were used to assess the impact on poverty. Within the report the categories that were focussed on are job creation, business creation, provision of basic services and infrastructure development (roads). National and provincial frameworks were also used to investigate the correlation between the three spheres of government and the broader vision captured in policy.

1.4.2 Case Study of Mbombela Municipality

The study area that was chosen for this research is Mbombela Local Municipality. Mbombela Local Municipality is located in Mpumalanga, South Africa. This local Municipality forms as one of five local municipalities under the Enhlanzeni District. It has a LED strategy plan that it follows and this will make the research practical to conduct. It was also chosen because this area will serve as a representation of how LED is dealt with in other medium sized municipalities with a population of approximately 590 000. The case study serves as the focal point of the research as it was used to respond to the research question. The areas of the case study that will be considered in the research are;

a) **History,** in order to gain an understanding on how, when and why the Mbombela area was established. This is will provide a basis for interrogating the way LED is conducted in the area.

b) **Demographics** were in order to gain insight on the population residing in the Mbombela area. This is in terms of the population distribution within categories such as age, gender, literacy, race and development of areas.

c) **Statistical data** was done in order to highlight the important features concerning the Mbombela population. These features include unemployment rate and population growth rates. The Demographics overlap with the statistical data and these two aspects of the case study are important for consideration of the type of LED strategies that are employed.

d) **Municipal boundaries** and areas, was in order to be able to demarcate the boundaries of the Mbombela area and its population. This is important for investigating LED and its impact.

e) **State of Mbombela** was done in order to gain understanding on the area's strengths, opportunities, weaknesses and threats. This is also important for making recommendations.

This section is crucial for this research report because it introduces the case study and gives an understanding of the physical, social and economic dynamics of the case study that come into play when dealing with LED. Providing this kind of information plays an important role in the analysis and assessment of LED and poverty alleviation in the area. Figure 2 is showing a map of Mbombela's location within a national context. An understanding of the area was enhanced by the interviews that were conducted.

Figure 2: Context map showing the location of Mbombela municipality (Mbombela SDF, 2012)



1.4.3 Interviews conducted

There were two in-depth interviews that were conducted. This type of research method was chosen in order to provide the research with a subjective view of the municipality. The first interview was conducted with the LED micro policy senior manager from within the municipality of Mbombela. The reason for this was that the interview gave insight on how the municipal structures operate in the way that they deal with LED. It would also give insight on how the municipality works together with stakeholders outside of their structure, how those relationships are formed and sustained and how each gets to benefit. Lastly, it would also provide a practical view of how exactly LED is translated in space, how it is facilitated and implemented by local government in this area.

Essentially, the first interviewee provided a subjective view of how the municipality is dealing with LED in terms of policy and how this relates to poverty alleviation in the area and other anti-poverty policies. The second interview was conducted with a LED officer within the municipality. This interviewee was interviewed in order to also provide a subjective but practical view of how the municipality is undertaking LED and how this is useful for poverty alleviation. The second view was more focussed on the implementation

side of LED. This has been measured against the view of the first interviewee, which has provided insight into the kind of LED strategies and projects in the area and how they are conceptualised in policy and implemented. These interviews have been crucial for the research in terms of getting a practical and theoretical view of the realisation of LED strategies and programmes and how they aim to benefit the communities. In order to interrogate the LED strategies, mapping of the area was important to know the spatial opportunities and constraints that exist.

1.4.4 Mapping of the area

Mapping has been used firstly to contextualise the area of study. Through the use of existing maps produced for this research, information is represented. This information is on the subdivision of the municipality, roads, locational advantage and spatial features of the area, which has been shown spatially. Mapping has also shown how the area links and relates to other areas. This is important for the research because it provides a spatial element that cannot be acquired from the documents and reports on the study area.

1.5 Ethical consideration

The people that were interviewed for this research were contacted prior to the time of the interview. A consent form was issued to each interviewee which assured that they remain anonymous and that their names would not be mentioned in the research. The interviewees were handed an outline of the research containing, problem statement, research topic, research question and the questions that they would be asked. This was done before the interview was conducted and the interviewees were given sufficient time to familiarise themselves with the questions they needed to respond to. The interviewees were not forced to do the interview. It was to their own discretion, which questions they did or did not want to answer and they were not forced or manipulated into giving confidential information. The interviews were conducted in a professional manner and the time used to conduct an interview with each interviewee was depended on their availability. No vulnerable individuals were approached for the interview.

1.6 Limitations of the study

The limitations for the research that were experienced were the time for interviews. The one interviewee was more willing and had more time to give a deeper range of information on the research. The other interviewee did not have as much time or willingness and so the information provided did not extend as far and as deep as the first interviewee. This made it

a little difficult to then compare the two views on the matter at hand. Another limitation to the research was the number of interviews that were conducted. Statistically the sample of interviewees within government structure does not give the clearest indication of the different experiences in dealing with LED. The amount of information that the municipality was willing to make available was also a limitation because not all the information that was asked for was given. Furthermore, the relationship with the interviewees would have been more beneficial if more resources were availed. The lack of monitoring and evaluation of LED projects limited the findings of the study. The inability to go into the area and conduct interviews with the residents and project managers provided a limitation for the research as it would have provided the research with another dimension of understanding the outcomes of LED in the area. The results that were obtained from the findings are biased because the case study that was used as a basis for analysis is a medium sized municipality. This means that it cannot be assumed that similar findings would be applicable to a smaller or metropolitan municipality.

1.7 Chapter outline

Chapter One: Untamed Relationship Between LED and Poverty Alleviation

This is an introduction to the research. A brief introduction on what Local Economic Development and poverty alleviation has come to mean in South Africa is provided here. This chapter encapsulates the whole purpose of the research by familiarising the reader with what the research topic is about, why it is chosen and what the research aims to do. It explains to the reader how the research will be conducted in order to answer the research question. At the end of this chapter the reader will know all the necessary details relating to the research topic.

Chapter Two: The Phenomena of LED as a Solution to Poverty in SA

This chapter takes a journey into uncovering the concept of Local Economic Development in South Africa, while relating it to the African context and distinguishing it from the global context. Poverty is introduced in this chapter and is related to LED resulting in a discussion on pro-poor LED in South Africa. The discussion on pro-poor LED in South Africa then provides a platform for discourse on the distinction of pro-poor and pro-growth LED and the theoretical perspectives that frame these two approaches. The theoretical perspectives allude to the concept of sustainable development and the end of the chapter considers the sustainability of LED strategies both pro-poor and pro-growth.

Chapter Three: Interrogating Economic Policies and Challenges of LED in South Africa

This part of the research interrogates the government side of LED in South Africa. Contained here are the different policies and legislative frameworks that have directly and indirectly influenced LED in the country. This chapter also takes a view at how LED is facilitated and implemented between the three spheres of government and relevant stakeholders. Furthermore, the key issues and challenges that are faced by government with LED are investigated outlined here, with a specific focus on local government.

Chapter Four: Status Quo of Mbombela Municipality

This is the part of the research that introduces the case study. It helps the reader to familiarise themselves with the area that has been chosen for this research through providing information on the history of the area, the statistical data of the area as well as the demographics of the area. Visual aids are provided for the reader to get a sense of spatial orientation of the case study. An in-depth analysis if the population is provided which highlights areas such as employment, age, gender and literacy.

Chapter Five: The impact of LED on Poverty Alleviation in Mbombela Municipality

The Mbombela LED strategy is introduced in this chapter. This part of the research becomes more practical as it makes use of reports and statistics in order to look at how LED has had an impact on job creation, basic services provision, business creation and infrastructure development (roads) in the area. The aim of this section is to find out whether LED in the area has been able to contribute to alleviating poverty and how it has done so. This also takes into account any challenges that have been encountered in terms of LED as a tool of poverty alleviation and if these challenges have been addressed as well as takes a view at LED in the area and how the municipality is dealing with the concept in alleviating poverty.

Chapter Six: Towards LED for Poverty Alleviation

This final part of the research takes into account the findings from the case study on how LED in the area is contributing to poverty alleviation and concludes on the research topic on the basis of that. Crucial in this section are the planning interventions that are recommended as a tool for improvement in the area of LED and poverty alleviation. A reflection is

provided in this section on the significant areas that have been discussed in the research in order to show how everything is integrated and this is included in the conclusion.

2.0 Chapter Two: The Phenomenon of LED as a Solution to Poverty in South Africa

2.1 Introduction

Local Economic is a vast concept that is cross cutting and interdisciplinary, especially when being related to poverty within the South African context. There have been many debates and arguments that have contributed to defining the role of LED as a tool for poverty alleviation contrary to the conventional LED as a tool for economic growth. This goes to show that LED is progressively receiving national and international attention as a potential development strategy. South Africa drew its attention to the LED at a later stage than most countries and is therefore still grappling with finding its feet within the realm of LED. It is due to this late birth of LED in South Africa that this chapter explores the relationship/link between LED and poverty. This will be done in an effort to engage in a discourse around the effectiveness of ineffectiveness of this relationship in SA.

The aim of this chapter is to frame an understanding of pro-poor LED as well as the nature of poverty within the first section. Local Economic Development will be defined in a manner which makes reference to international experience, while focusing at the South African context. The second section deals with the various arguments on poverty alleviation by relating LED to poverty from three different theoretical perspectives namely; neo-liberalism, neo-marxism and centrism. While these perspectives are not exhaustive of all arguments on this subject matter, the intentions of this study is to capture the essential approaches through which arguments for and against, are put forward.

2.2 Reaching consensus on the definition of Local Economic Development

Local Economic Development is an ambiguous concept that has been defined differently by various individuals. One of the earliest definitions emerged when LED was introduced within the development medium as early as the 1970s. This was a relevant time period for LED to occur due to the oil and energy crisis that had occurred within this time and affected economies of many countries. This was also a time when the concept of participatory development was evolving and becoming popular. This concept of participation was one which sought to include communities in development projects and thrive on two different perspectives (Tufte & Mefalopulos, 2009). The two perspectives are the social movement perspectives which aimed to mobilise people and enabling them to guide the course of their

lives and the institutional perspective which aims to include people's inputs on the design and implementation of development projects (Tufte and Mefalopulos, 2009).

Due to the above mentioned historical developments regarding participation, the definition of Local Economic Development is therefore a process of engagement that aims to involve various stakeholders in activities whereby they can stimulate the economic activity of an area. This is done through making use of the area's local resources which comes in the form of; human, capital, natural and institutional resources in order to make the area as independent as possible (Hasan, 1998). This definition of LED embodies the concept of participatory development as it is concerned with involving different stakeholders within and outside of communities, giving each one the opportunity to participate in the economic development plans of an area. This means that individuals are able to not only have an input and opinion on the design and implementation of the development direction of an area, but through this, individuals are able to guide the direction of their own lives. This definition of LED speaks to the how LED is able to contribute to poverty alleviation not through physical attributes but through including people in planning processes and giving people a voice. The underlying thought in this definition is that LED is a mode of uplifting communities especially those that have been previously oppressed particularly in the case of South African communities.

According to Hasan (1998) Local Economic Development can also be defined as a concept that responds to the instability of local economies caused by failed regional policies. He notes that the failure of the regional policies in addressing regional disparities have led to an increase in internationalisation of economic activity and an increase in investment mobility which has led to the emergence of LED. LED has emerged as a mechanism for contributing to poverty alleviation through physical development that will aid in attracting investment.

The Draft discussion paper, Africities 2006 outlines ten guiding principles that form the foundational basis of defining Local Economic Development. These principles stem from global practice and they are contained in the Table 2.1.

Table 2.1: Ten Guiding Principles for Defining Local Economic Development.

LED is:	**Explanation**
a) Strategically structured process	This is based on understanding the economic and social dynamics of an area, structuring competitive advantages and minimising an area's weaknesses and threats
b) Founded on a territorial approach	Primary purpose is to have functional economic space at regional or city levels, incorporating urban and rural space and using sectoral methods
c) Locally owned, designed and distributed	Each strategy must be designed and distributed locally in order to address local urgencies and exclusive competitive positions
d) Best realised through partnerships for design and implementation	LED strategies are inclined to be designed by public, private and local government community actors partnerships
e) Reinforced by integrated government actions at both the vertical and horizontal tiers.	All tiers of government need to participate as partners in LED, it is necessary for each tier to equally reinforce and integrate national and local urgencies
f) Fixated on enabling a favourable local business environment for all stakeholders	LED facilitates private sector growth through reducing 'red-tape', and reducing transaction costs
g) Encompasses integrated interventions across numerous sectors	Unlike traditional supply side sectors approaches which only address certain sectors, LED addresses various sectors thereby maximising synergies
h) Encompasses calibrating interventions in hard, soft and institutional infrastructure	It is essential to invest in human capital, economic infrastructure, institutional support and inclusion programmes as different components of LED

i) Prioritises development and withholding of local business and people.	Contrary to early LED focussing on attracting investment and being unsustainable, LED presently focuses on growing local economies
j) Public, private and non-governmental actors are involved in delivering projects	All sectors being public, private and community have specific competencies in delivering LED projects

Source: Africities 2006;2

In Table 2.1 it is evident that essentially LED is concerned with partnerships of different stakeholders, each being integrated with the other and benefitting one another. Vital to LED is the process of enabling a business and investment environment and encouraging cooperation between different tiers of government. The approach of LED seems to be one that contains features of sustainability as it draws on economic, social and spatial spheres and seeks to equally contribute to all spheres. These principles also draw on three aspects of LED that are the focus of this research. Reference is made to the advancement of local business, producing an enabling environment for local economies to thrive which can be achieved through soft and hard infrastructure as well as providing basic services. This will in turn increase the potential for jobs to be created and in turn contribute to poverty alleviation.

Furthermore, to get a better understanding of LED for poverty alleviation, Helmsing (2003;69) identifies three approaches to LED. When integrated with the ten guiding principles, the three approaches exemplify LED initiatives that relate to poverty alleviation in the sense that they endeavour to uplift communities that are underdeveloped and are in need of not only economic development but social development and spatial transformation. Helmsing (2003;69) stresses the point that LED should involve: Community economic development, Enterprise development and Locality development. For Helmsing community economic development should be concerned with helping households to diversify economic activities (i.e agriculture, sewing) in order to be able to develop their livelihood that will result in the reduction of poverty and vulnerability. Some of the components of community economic development he identifies are settlement upgrading, improving housing, basic service delivery and stimulating the community's economy. He argues that enterprise development should essentially involve the development of the local economic base. This

refers to the activities that include export of goods and services to other areas. This may include agglomeration of economies which is advantageous for an area as labour and inputs are specialised. This may also lead to collective action as the concentration of local producers may lobby for public support and even infrastructure which can force the state to come to the party and provide support. Moreover, Helmsing (2003) emphasises locality development in as far as a local area can develop its export base and facilitate the building of infrastructure that is supportive to its growth. He argues that when an area is specialising in a certain field such as manufacturing, physical infrastructure should be provided for it along with other infrastructure such as socio-economic infrastructure. Socio-economic infrastructure might be a training centre that relates to the kind of work done in the manufacturing factory to benefit the community by rendering skills and training.

It is important to note that these three categories that are integrated with the ten guiding principles in defining LED within the parameters of this research in relation to poverty alleviation. This means that the definitions that have been provided only capture the essence of what LED has come to mean in its contribution to poverty alleviation from a global perspective and this will be used to explore LED and poverty alleviation in South Africa later in the rest of the study.

2.3 Towards an understanding of poverty

Before going into detail about LED and poverty alleviation in South Africa it vital that poverty is first dealt with. A general assumption that is made regarding poverty is that it is a product of factors such as lack of income, unemployment, food insecurity, degraded environments, overpopulation, uneven distribution of resources and lack of education (Discussion document, 2008). In the event of having mentioned all these factors it becomes interesting to note that as a matter of fact, there are many other factors that attribute to poverty. The cartoon in Figure 3 gives an indication of what other factors can contribute to an individual's 'poverty status'.

Figure 3: Image Displaying How Poverty can be Understood in Various Ways



Source: *www.hakikazi.org* (accessed 28 April 2014)

Kessides (2005) argues that the marvel of urban poverty relates to both economic and institutional factors. Poverty, in particular urban poverty, is complex and does not only entail people having to acquire jobs and access to services. This means that macroeconomic factors such as inflation have an influence on the goods and services that individuals can afford to consume and access. It might be a result of inflation causing a rise in general price level of goods and services. However, macroeconomic factors are not the only influence on individuals' and households' consumption of goods and access to services, but also location. Access to services is decreased when populations are located within a far distance from

where the services are. This means that some people have to travel great distances to get to their places of employment (Behrens and Wilkinson, 2003). Great travel distances results in a considerable amount of income spent on public transportation which decreases disposal income, making the quantity and quality of food that they can afford to consume less. Marginalisation of populations is quite detrimental to their social, economic and environmental wellbeing (Vasconcellos, 2003).

According to Brillantes *et al* (2002) institutional factors that contribute to poverty entail political institutions. Political institutions are those that mainly set the agenda for development either at national, provincial or local level. It is for this reason that these institution's mandates and agenda are guided by certain values and principles. Those values and principles determine the institutions' priorities and interest groups. Due to this, there are often groups that are deemed more important than others, which means that these groups are prioritised. This determines where projects such as poverty alleviation programmes are directed and which groups stand to benefit. The implementation of poverty alleviation programmes according to political will then become exclusionary, helping some groups break out of poverty while others remain in a stagnant position. It is therefore important to note that political will serves as a driving force for poverty alleviation within aspects such as social development, good governance and pro-poor growth

An important consideration in this study in the appreciation of the complexity of understanding poverty comes from the asset vulnerability framework. According to Baumann (2003;96) the asset vulnerability framework is a structure that demonstrates how households constantly need to juggle various assets as their circumstance change in order to maximise their livelihood. A household that is able to maximise their livelihood means that they are able to survive on a day to day basis. These assets that are juggled in order to maximise livelihoods are:

a) Labour and human capital which consist of factors such as health status, skills, education and experience.
b) Productive assets which are tangible assets, consisting of land and housing.
c) Household relations which refer to mechanisms one needs to generate income
d) Social capital refers to the relations within communities and between the households within the communities which form a basis of trust and inter-household knowledge.

e) Natural assets which refer to food, firewood and water
f) Financial assets refer to savings and access to credit (Baumann, 2003; 96)

The asset vulnerability framework acknowledges that poverty has many more aspects to it than inadequate real income and that one can maintain their livelihood by making use of other assets which may fall under the groups of assets mentioned above. The asset vulnerability framework does not dispute the fact that income and labour plays an important role in people's livelihoods, however it does consider that one can do without income and labour productivity if the necessary assets are available to them (Baumann, 2003).

Significant to this framework is that household's vulnerability to income or difficulties is not due to income or savings, but the worth and amount of assets obtainable to them. In essence, the more assets one has or a household has, the less vulnerable those people are. Assets however are not the only element to decrease vulnerability. Vulnerability is also decreased by being able to respond to or capitalise on opportunities, to resist negative effects or being able to recover from them (Moser, 1998). What makes this asset vulnerability framework significant for this research is that it gives a deeper understanding of poverty and provides an unconventional manner of thinking about LED and poverty alleviation. It alludes to the fact if LED pro-poor strategies are not able to provide employment opportunities for every individual to obtain a real income then, there are other ways of supporting households in a manner that will help them get by on a daily basis and this will contribute to addressing poverty. This provides confidence in knowing that having a job is not the only way of living outside of poverty; however this has not yet been explored with LED.

It is necessary to consider different avenues for LED contributing to poverty alleviation, however, realistically speaking, it does not help to look into these other avenues whilst the South African policies and strategies continue to conceptualise poverty from the surface and does not get to the root. This is emphasised by Mbuli (2008) who stresses that the rationale that is used to conceptualise poverty is predominantly grounded on the premise that the concepts employed to define poverty determines the techniques used to measure it. He highlights that this influences anti-poverty policies, stating that "in order for the South African government's poverty reduction strategies to be more effective, they need to be informed by what is meant by poverty in the South African context. In South Africa poverty is "defined by reference to socially perceived necessities in terms of activities, possessions

and access to services" (Noble *et al,* 2004;2). Poverty has been a challenge in all of Africa for decades and this will continue to persist unless LED addresses it from the foundation, because that is the only way to give effect to results that are significant.

2.4 LED as a pro-poor strategy in South Africa

LED that focuses on addressing poverty is often framed as pro-poor in South Africa. The development of the notion of pro-poor LED got introduced gradually as it was conceptualised across many policy documents and legislature. According to Patterson (2008) the policy framework for Local Economic Development was founded on the South African Constitution. Section 152 (c) and 153 (a) of the Constitution outlines the obligations for local government to "promote social and economic development" as well as to "structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community". Contained in the Reconstruction and Development Programme of 1994 was the concept of LED, which was implicitly referred to as having to support community-based development and initiatives which are locally based. Subsequent to this were the Urban Development Framework (1997) and the Rural Development Framework, which emphasised the same concepts. These frameworks were highly focussed on housing and infrastructure programmes and so LED was not prioritised as it was believed that the challenges of poverty could be addressed through the provision of housing and infrastructure.

Patterson (2008) notes that it was recognised by government that these policies were not quite as practical as one would expect and therefore more practical development policies were developed. These policies were more focussed on pursuing methods of promoting the first and second economies. This meant that LED could be viewed as a pro-poor strategy that would be stimulated through several support mechanisms. Furthermore, LED could be viewed as a pro-poor strategy due the fact that the Local Government White Paper of 1998 provided municipalities with the obligation to address key issues such as disfigured settlement patterns, spatial segregation and backlogs in service delivery. This was then supported by Integrated Development Plans introduced by the Local Government Transition Act of 1993 which prioritised and gave direction as to how these key issues can be dealt with.

It became significant for LED to be pro-poor in South Africa because it needed to be recognised that attention should be paid to both the micro-economic measures at a local level and the macro-economic measures at a national level. The one was not more important than the other especially because macro-economic measures could not explicitly deal with issues such as social and economic inequalities and geographical disparities (Sachs 2005). Moreover, according to Sachs (2005; 1) "in countries adversely affected by poverty, prioritising the needs of the poor must feature prominently in the design of LED interventions". This quote vastly applies to South Africa because the history of colonisation and apartheid in the country remains embattled with staggering levels of poverty.

This is justified by Nel (2005) who informs that South Africa has a highly dualistic economy, regarded as formal (first) economy and informal (second) economy. It has a formal economy worthy of a world class status; however in 2001 an estimate of 40% of the population was unemployed. The individuals comprising the 40% of the population were unemployed and dependent on welfare grants and generating income from the informal economy in order to survive. This makes planning for development in South Africa very difficult, which is why, the South African government has put a stress on developmental local government and a focus on pro-poor policy. Important to note is that the South African government is also concerned with making sure that municipalities are aware of the fact that they have a responsibility to work in partnership with local communities in trying to find ways of meeting the community's needs and improving their quality of lives in a sustainable manner. According to Trading Economics (2014) this number has since dropped to 25.50% in 2014 and this shows that significant effort has been made to address unemployment and give effect to poverty alleviation. However the rate should be reduced even further before one can be sure that a considerable amount of the population is employed and not living in abject poverty.

It has become clear that a large number of the population has been oppressed by apartheid in the past and many of them remain subjected to poverty in the present in South Africa. It is also clear that the South African government is well aware of this and are finding ways to address poverty and the challenges that are related to it. This can be seen in the legislation and development frameworks that have been put in place to guide all tiers of government on how to address poverty through strategies such as pro-poor LED. Poverty alleviation has taken equal priority as economic growth in terms of LED and it is good to know that society's needs and lives are not being jeopardised for economic gain. One might argue,

however that in practice this is not embodied by the attempts of government, making this matter a highly controversial one and this controversy is subject to conflicting theoretical perspectives that exist.

2.5 Theoretical Perspectives of LED

Defining the role LED as a tool for poverty alleviation is dependent on one's ideological system of values and beliefs which informs the theoretical perspective that is favoured and represented. This has an impact on the way that Local Economic Development is translated from context to context, what strategies are used and what aspects of LED are prioritised. Comparing and contrasting theoretical perspectives against one another demonstrates just how LED approaches towards poverty can differ accordingly and therefore the different LED theoretical perspectives that will be compared and contrasted here are; Neo-Liberalism, Neo-Marxism and centrism.

2.5.1 The Neo-Liberal Perspective of LED and Poverty

The neo-liberal stance on the role of LED as it relates to poverty alleviation is one that is supported by scholars such as Simon (2003) who believes that the South African policies for LED since the late 1990s are founded and directed towards a neoliberal vision. Van Vuuren (2013) supports this notion by expressing that the development of neoliberalism has largely framed and influenced policy formulation in the post-apartheid context of South Africa. This means that the economic development policies such as LED are subject to global economic factors such as competitive advantage and market forces.

According to Peyroux (2006) neo-liberalism introduced a shift in policy as seen with the shift from the Reconstruction and Development Programme social development policy to the Growth, Employment and Redistribution macro-economic policy. This shift reduced moved from a focus on the welfare state and provision of services to a focus on private public partnership, market driven economic growth and outsourcing of public services.

Thus the approaches adopted to support LED in South Africa often involve, City Improvement Districts as in inner-city Johannesburg and Export Processing Zones, Precincts, targeted investments to boost sectors, attracting businesses and industry and providing infrastructure for companies and firms to operate effectively.

It can be said that the focus of economic development policies on a neoliberal vision has compromised the effectiveness of pro-poor LED as it can be assumed that the real agenda

that is being supported is pro-growth LED. These pro-growth strategies that do not take into account any social concerns and often assume that once economic growth is achieved, poverty can be addressed through the trickle-down effect. Neo-liberalism prioritises pro-growth strategies over community development strategies that are concerned with taking developmental measure to improve on issues of health, employment, skills and training, education, welfare and the overall economic wellbeing of households and individuals within a community (Vicente and Hindson, 2005). This defeats the purpose of pro-poor LED because a trickle-down effect may render a form of redistribution to the poor communities, but that does not mean that it will contribute to alleviating poverty.

The compromise that is made is said to be due to the fact that direct support for community enterprises by the state is believed to be detrimental to the existing businesses within a locality. In this sense it is believed that community development, which supports poor and disadvantaged communities, is not central to LED.

Instead, it is believed that on-going issues in communities create opportunities for business enterprises (Vicente & Hindson, 2005). This view on what LED should prioritise is one that is oblivious to addressing basic human needs as the RDP policy aims to do and with this kind of mentality it would be very challenging to be able to alleviate poverty. This is because this view believes in the presence of people needing in order to let businesses enterprises thrive.

Contrary to this author Helmsing (2003) argues otherwise, raising the point that in fact community economic development refers to the actions taken by local government to strengthen the capability of individuals, households and groups within a community to be able to absorb jobs and business opportunities, to improve livelihoods and encourage economic prosperity (Vincente and Hindson, 2005). There is more to community economic development than just supporting poor and marginalised areas. It entails promoting self-help and empowerment. This is done through stimulating employment and bettering working and living standards. According to this view community economic development is important for LED because “profits are the means to community enterprise, not ends in themselves” (Vincente & Hindson, 2005; 25). This view is one that can be supported because it is sensitive to the needs of communities while also considering how this can work to economically benefit a local area as well.

2.5.2 The Neo-marxist Perspective of LED and Poverty

Neo-marxians analyse the economic system from a dualistic theory point of view. This means that they believe that at the end of it all, the economic system is reduced to a struggle between two classes, the capitalists and the proletariat. Neo-marxians believe that society should do away with the capitalist system, meaning that there should no longer be private ownership of the means of production nor should there be private incomes (Gruchy, 1984). Amongst some of the authors that support this perspective is Blakely (1989) who asserts that LED is a process that engages a locality's community organisations in stimulating economic activity and employment. This is done through enabling the community to use the existing human, institutional and natural resources that a locality possesses in order to create job opportunities. The approach is one dimensional and sees poverty as a challenge that can be addressed through employment and does not really consider addressing other social issues that may lead to poverty alleviation.

Blakely's LED approach may prove to be problematic because such previous attempts have gone wrong before. According to Newman and Geddes (1999) as with Blakely, LED in the post-war period was solely fixed on promoting local economic activity and was not really concerned with how communities stand to benefit. This approach concerned itself with improving the economic prospects residents and local businesses through the strategic location of local companies. This was in turn seen as a very capitalist approach as it was driven by the private sector and not the state source. This approach to LED proved to be unsuccessful as problems arose in the structure and mass production process of firms and companies. The firms and companies made decisions without taking into consideration the social costs that these decisions would incur. Due to this lack of consideration towards the communities and the aftermath of deindustrialisation, the state remained with the burden of picking up the pieces of job losses, declining local income, social exclusion and growing poverty.

The lesson to take from this is that within the realm of the neo-marxist perspective the role of LED in addressing poverty may not always work to benefit the community even if the community is involved in the LED approach. This can be justified by van der Heijden (2008) who notes that majority of LED initiatives have proved unsustainable solely because the main focus of most municipal LED initiatives was community economic development projects.

The reason for this was that once donor or public sector funding was no longer available the projects could not operate effectively and this then meant that there was no real long-term impact on poverty reduction. This is the reason why the Department of Provincial and Local Government decided that they need not attempt to create jobs directly but rather to provide the means to do so which may entail skills training providing resources and institutional capacity that will help the communities to help themselves (DPLG, 2006). This kind of approach to LED does not only take into consideration the financial short-term benefit of community economic development but also the social development of the community through providing means of economic development. This would entail LED initiatives such as support for small and medium businesses, training and capacity building as well as the improvement of basic services and infrastructure. Furthermore Bond (2002;2) suggests that "to achieve bottom-up LED, with all its social and environmental benefits, requires an approach to municipal services provision based upon municipal responsibilities to provide basic minimal amount of water/sanitation…and electricity". This is what the state was trying to enforce through the Reconstruction and Development Programme.

These propositions are understood by Swack and Mason (1987) as they suggest that self-sufficiency and empowerment are two important components that can be provided through the process of LED. They believe that these components do not only address the basic needs of communities, but have the ability to enable communities to establish their own organisations through which they can operate in order to come up with solutions to address their own poverty and other social concerns. This is an important factor to take into account when considering that self-sufficiency and empowerment creates a sense of attainment of power by citizens whereby they feel that they can stand up for their rights. This helps people to contribute to creating just and healthy societies which epitomise citizen-centred advocacy (Miller and VeneKlasen). This does not only put out individuals within communities at the centre of development, it gives the communities itself the opportunity to take control of what happens in their localities in terms of economic, social or spatial development.

2.5.3 Centrism

The centrism approach to Local Economic Development means that both pro-growth and pro-poor LED strategies should be equally prioritised, suggesting that there should be a balance between the two. With this being said Nel (2001) suggests that, similar to the northern countries, it is imperative that LED in the southern countries be assessed on the basis of its potential to address poverty challenges while promoting growth. This suggests

that LED should be viewed as both a pro-poor and pro-growth strategy in SA and not as a separate entity of either pro-poor or pro-growth. This is very important to consider because it deals with this conflict of wanting to either be pro-poor or pro-growth. Instead there is a way of doing away with this through LED strategies such as branding, infrastructure provision, general business start-up grants in public banks, improving education, health, etc. which supposedly do not lean towards any pro-poor or pro-growth side. Giddens (1998) supports the centrist perspective and stresses that there needs to be a balance between; the government, market and civil society.

According to Page (2006), a development strategy, which in this case is Local Economic Development, should take into account both pro-poor and pro-growth elements within it. He further on suggests that African countries should have a shared growth approach which will ensure that a balance is reached between pro-poor and pro-growth development strategies. Very significant to this authors argument is that shared growth means that growth of income of the poor is not the primary policy objective. Instead the objective is to create and sustain growth through targeting areas of education, health, rural development, micro and small business enterprise. The poor will be able to benefit from this because the shared growth approach to development strategies will be designed in such a way that the poor will be able to participate and benefit from it.

This might be the case for this author, however it is argued that a focus on economic growth is in fact important as it does actually work to benefit the poor as much as it benefits anyone else in society. This emphasises the importance of development policies such as macroeconomic policies and the institutions that support it in playing a role of poverty reduction within countries. This evidence was presented by illustrations of how economic growth increased the incomes of poor populations (Dollar and Kraay, 2002). This argument presents the view that maybe being centrist is not the best approach to take when it comes to reducing poverty and promoting economic growth. This argument instead suggests that there are alternative ways for the poor to benefit from economic growth and that is to prioritise pro-growth strategies over pro-poor strategies, because eventually the poor will be able to benefit.

With the two views that support centrism on the one hand and does not support centrism on the other hand one begins to wonder what really works better. This can be said because both sides of the arguments present that either way the poor do get to benefit. What it then comes

down to is how the poor stand to benefit from what has been argued by the two contrasting authors. Through asking this question one can then conclude that the centrism approach which looks at the balance between pro-poor and pro-growth development strategies is the better approach. This can be said because the centrist approach grapples with the development of the poor not just from the income point of view but also from a human and social capital point of view. Taking into account areas such as education, health and rural development means that there is also a focus on improving the quality of life of the poor as income cannot always do this. This has been exemplified by the asset vulnerability framework which shows how income is not the only way that the poor can be brought out of poverty.

Nevertheless, while this seems like a pragmatic approach, it has conceptual and well practical challenges. In practice, striking the balance between the two is hard, given that every action is socially constructed with symbolic and political meaning. It does not consider that each context has its own challenges and at time those challenges may only require pro-poor LED strategies or only pro-growth LED strategies. The centrist approach can be accused of lacking political sensitivity. For example, rural areas often require pro-poor LED strategies such as; public works programmes, encouragement and support of small-scale farming and small business support (Rural Development Framework, 1997).

2.5.4 Linking Sustainable Development with LED

Sustainable development is featured in the last section of this chapter in order to briefly explore its relationship with LED and poverty. There is no doubt that sustainable development seen as an important aspect of development. DPLG (2006) stresses the significance of LED when dealing with anything concerning people, their living circumstances and the world that they live in. However, LED in South Africa has been criticised for not focussing on sustainable development. This is noted by Meyer-Stamer (2003) who recognises that Local Economic Development in South Africa is only making its way to sustainable development. Local Economic Development in the sense of sustainable development means that development should not be following a solely economic basis. Instead economic development should lead to social development while also not being detrimental to the environment. This means that Local Economic Development should be administered in a manner which reconciles social, economic and environmental development.

Wallis and Reddy (2012*)* argue that the manner in which Local Economic Development strategies are seeking to alleviate poverty within the African context is not sustainable. By noting that pro-poor LED strategies in Africa are not sustainable these authors are not referring to the reconciliation of economic, social and economic development. This form of sustainability refers to LED being integrated with social development, however the social goals that it seeks to achieve is done with focus to short term period, ignoring what this may mean in the long term. This is interesting because when one considers the term of sustainability such matters are not looked into. According to Meyer-Stamer (2003) South Africa has not been dealing with this concept for a long time. However policies and development frameworks are grappling with the concept more now and this can only mean that this concept will become more and more prominent. An example of policy that is concerning itself with the concept of sustainability is the Integrated Sustainable Rural Development Strategy (2000) which makes reference to socially cohesive and steady communities that have establishments of institutions as well as sustainable economies and access to social amenities .Paradoxically, without considering the long term effects sustainable development cannot be realised and this strategy faces this challenge because it focuses on short term.

With this being said, according to Newby (1991), when policy refers to sustainable development especially in the area of Local Economic Development it is making reference to quality life, fairness and equity, participation and partnership, environmental care and thought for the future. It is alluded that although in this sense sustainable development's principles are defined clearly, the concept remains one that is hard apply. This is due to the fact that sustainable development encompasses many aspects and to successfully apply it there would need to be many policy interventions. The concept of sustainability would need to be integrated into policies of land use, housing, transport and economic development. Now that one begins to realise how complex the concept of sustainable development is, it can be understood why sustainable development of LED is challenging in South Africa.

2. 6 Conclusion

From what has been discussed in this chapter it is clear that poverty on its own is a very complex concept and so finding ways to eradicate or alleviate it is even more complex. The South African government needs to begin to look into possible solutions for understanding poverty in a manner that considers certain factors. Amongst others these factors can be the fact that; poverty can be temporary or chronic, poverty can mean different things to different

people depending on their value system and poverty can be associated with vulnerabilities or exclusion. This can be the start to finding pro-poor LED strategies that are effective, however LED as a concept on its own is a challenge. This is because nature the of LED is economically inclined as it is concerned with promoting economic activities and business enterprises through creating a viable environment for these elements to thrive in, but ignoring how communities stand to benefit from this is detrimental to failure. It is this very nature of LED that makes it difficult to be integrated with poverty alleviation. Regardless of the difficult transition from a focus on just growing local economies to also alleviating poverty, LED in South Africa cannot escape its obligation to improve the lives of poor and uplift marginalised communities. In this respect, the only solution that can be applicable in addressing this would be for LED to strive to realise its potential in contributing to both poverty alleviation and economic growth depending on the context of the situation and the challenges being faced. Legislature already makes reference to this by suggesting that local government needs to contribute to the economic as well as the social development of communities and does not prioritise one over the other. The solution to this would be to adopt a centrist approach to LED, however it has been established that this approach carries utopian ideals and is oblivious to the distinctiveness of each problem that needs to be addressed by LED. Instead centrism assumes that It is however concerning that the general execution of policies in South Africa is a problem and does not translate such concepts as effectively into reality (Hlela & Stack, 2002).

The other challenge with LED and poverty alleviation is not just with the inability to integrated LED strategies as Rogerson (1991) argues, but similarly the lack of integration of LED strategies and policies with sustainability. The concept of sustainable development is recognised in the National LED Framework (2006) however there is no effort made to discuss how this concept fits into the broader concept of LED and how this can be employed in areas such as job creation, business creation, infrastructure development and provision of basic services. This means that there is disjuncture in sustainable development in terms of policy and implementation of the policies in a manner which incorporates sustainability.

3.0 Chapter Three: Interrogating Economic Policies and Challenges of LED in South Africa

3.1 Introduction

Local Economic Development in South Africa has been framed by a plethora of legislative frameworks and policies at all spheres of government. These policies and legislature were mainly adopted after the end of the apartheid era and so they mainly speak to how past imbalances can be addressed. These include four major policies; the Reconstruction and Development Programme (1994), the Growth, Employment and Redistribution (1996) and the Accelerated and Shared Growth Initiative for South Africa (2006) and New Growth Path (2011). This chapter will be exploring these and other legislation, frameworks and policies which have shaped LED both directly and indirectly. A description of the relevant institutions and role players that have attributed to the development of the LED framework will then be provided with their specific roles and contributions. It is important to note that Local Economic Development operates at a local government level, however this does not disregard the role that the national and provincial government plays within LED. While engaging in a discussion of the relevant policies that have influenced LED, reference will be made to how the policies link to the theoretical perspectives of neo-marxism, neo-liberalism and centrism.

The role of this chapter is therefore to provide insight into how economic and other development policies conceptualise LED and poverty alleviation. While doing this, particular attention will be paid to the four aspects of LED that this research focuses on, which are; job creation, business creation, infrastructure development (roads) and provision of basic services.

3.2 Exploring polices that have ushered LED

The dawn of democracy in South Africa is what informed the agenda of transformation and reconstruction that rapidly became national priority in the country (CDE, 1995). The apartheid free government saw the opportunity to rid the country of restrictive and oppressive apartheid policies by introducing a range of new progressive policies that have informed and supported other policies such as Local Economic Development. One of the earliest and momentous national policy was the Reconstruction and Development Programme (RDP) of 1994. According Knight (2001), the RDP can be viewed a social development policy because it seeks to address basic needs such as housing, education,

health and other services. It also takes on a spatial planning approach as it emphasises the role of spatial reconfiguration in order to address the physical planning that was done during apartheid. This was a key aspect of the RDP as it saw a relationship between reconstruction and development, suggesting that the provision of houses and basic services can also help to create jobs which meant that public works could be a way of job creation. The key programmes of the RDP were; meeting basic needs, developing human resources, democratising the state and society, building the economy and implementing the RDP.

When considering the aim of the RDP and its key objectives, it can be said that this policy had a neo-marxist inspiration with a reformist perspective on addressing the issue of poverty. This policy's approach was demonstrative of pro-poor LED because it focuses on the social development of communities by providing services and using this to create employment opportunities. The policy prioritises the welfare of individuals in a community, especially those previously disadvantaged by apartheid, rather than prioritising economic growth. However, it sought to reform the discourse of development as well as its social practice by introducing e.g. bottom up approach, basic needs etc (see RDP 1994). This policy continues to inform many of the state's policies and plans such as the National Development Plan which seeks to reduce inequality and eradicate poverty by 2030 (NPC, 2011).

The second major policy was the Growth, Employment and Redistribution (GEAR) policy that was introduced in 1996. GEAR was a strategy that was introduced during a time when the South African rand was depreciating and foreign exchange reserves were at an ultimate low. This policy then sought to save the country's economy through other policies contained within its framework from possible crisis. Amongst these policies were; trade liberalisation, a relaxation of exchange controls, regulated flexibility in labour markets, strict deficit reduction targets and private sector investment just to name a few. This policy framework is seen as one which has determined the trajectory of post-apartheid economic transformation in South Africa (Heintz, 2003).

The GEAR macro-economic policy framework is deeply imbedded in neo-liberal principles and this is representative of pro-growth LED. This can be said because the policy overtly focuses on the development and growth of the economy through consideration of global market factors. GEAR does not explicitly express how it aims to address poverty, however,

it does assume that economic growth will be the force that will enable the country's wealth to trickle down to the poor. Although, economic growth can lead to job creation, thereby decreasing unemployment, the implicit nature or indirect nature of the policy has placed a priority on business and market forces.

The third major policy was the Accelerated and Shared Growth Initiative of South Africa (ASGISA) that was introduced in 2006. According to the Parliamentary Liason Office (2006) former president Thabo Mbeki argued that, "the challenge facing government was not to change government policy but to ensure that they were implemented" (PLO 2006;2). It is for this reason that improving policy implementation and economic growth became the primary objective of ASGISA. The policy aimed at dealing with challenges such as; inadequate financial resources, lack of human resources to implement policies, and lack of people driven development amongst others. It aims to support small business, encourage investments and develop infrastructure (PLO, 2006).

While considering the different policy objectives of ASGISA and the challenges that were being addressed, one can make the assumption that this policy exhibits both principles of neo-liberalism and neo-marxism, meaning this it has a centrist approach. This is akin to the idea that the Mbeki government was Third Way in character – enamoured with the approach of embracing neoliberal policies in general, but providing social support as a means of cushioning the negative effects of the market. This is because the policy makes reference to both economic growth and social development initiatives. For example, in terms of economic growth reference is made to sector development and infrastructure investment whereas there is also a focus on social development in terms of education, skills development and support for small businesses. Thus, the approach taken to address poverty seems to be one that incorporates both pro-growth and pro-poor LED strategies. Similarly according to Nattrass (2011) the New Growth Path aims to increase job employment whilst making the economy more efficient, inclusive and labour absorbing. This would be achieved through "a mix of direct government job creation, social-democratic consensus building and macroeconomic, labour and industrial policies" (Nattrass 2011;1). Amongst the objectives of this framework is education, training and skills development for the youth as well as a fast growing, competitive, labour-absorbing, green economy that will reduce poverty and inequality.

As with the RDP, GEAR and ASGISA these policies were developed by National government which is responsible for the coordination of public policies and investment programmes regarding Local Economic Development. These policies inform any LED strategy that is developed by local government and provide general guidance for LED processes. There have however been other legislations and planning-specific policies and frameworks that have informed the LED framework in South Africa, such as the National Spatial Development Perspective (NSDP), Industrial Policy and the Provincial Growth and Development Strategies (PGDS). These have been the main driving forces for local and national economic growth and development (DPLG, 2006).

One of the fundamental legislation is the Constitution of the country. The Constitution (1996), recognises that the local government has a significant role to play in promoting social and economic development. Section 153 of the Constitution states that: *"A municipality must structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community".* This means that municipalities need to address poverty through providing services such as housing, water, electricity etc. and through economic development initiatives that will grow the economy of an area i.e development of businesses.

As acknowledged in the South African LED Network (2014), the White Paper on Local Government (1998) through which the notion of a 'developmental local government' was born, defines 'developmental local government' as "Local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs, and improve the quality of their lives." This implies that in order for LED to contribute to poverty alleviation the state has the obligation to employ strategies that target communities and address their challenges accordingly. This has been done in the Mbombela municipality with the job linkage centre which "targets uneducated young people to offer them opportunities for skills development and training so that they can attain jobs" (Respondent 1, 2014)

The Municipal Systems Act (2000) is the most significant legislation. It is responsible for making Integrated Development Planning by local government compulsory. It has also legislated a number of fundamental LED obligations, duties and responsibilities. The aim of the Act is to help municipalities to ensure the social and economic upliftment of local communities through providing fundamental principles, processes and mechanisms (SALGA, 2010). This Act is significant for LED and poverty alleviation because it provides guidance for how municipalities can carry out LED processes and plans efficiently. This can act as a institutional catalyst to propel LED to adequately address poverty.

Furthermore, LED guidelines to Institutional Arrangements (2000) emphasises a community-oriented approach to LED. This emphasises that LED should be pro-poor inclined and that it should seek to target previously disadvantaged communities and individuals. This document shares the same sentiments as the document, Refocusing Development on the Poor: LED Policy Paper (2001) which looks at how LED strategies and programmes can be directed towards benefiting the poor and how to overcome challenges that act as obstacles to this (Patterson, 2008). Similarly, the Draft LED Policy (2002) which emphasised that the approach to LED should be more community-orientated and that LED should be pro-poor and focus on targeting previously disadvantaged groups and marginalised communities.

A Policy Paper on Integrated Development Planning (2000) and IDP Guide Pack indicate what Integrated Development Planning entails as this is key for municipalities. IDPs play a vital role in the development process of a municipality because they provide the vision for development of and LED is a component which forms a part of the economic plan contained in an IDP. This is where an LED approach of a municipality is determined and without pro-poor strategies being prioritised here there can be no contribution to poverty alleviation. In terms of policy and governance, the National Spatial Development Perspective has made a key contribution to the LED policy debate. This policy focuses on government action and the provision of improved coordination and alignment between the three spheres of government. This is meant to improve government decisions in terms of investment and development spending. This is important for the execution of LED pro-poor strategies to ensure that the results that transpire are those that are anticipated in terms of the types of jobs created, type of services and infrastructure provided as well as business created. This also applies to the Policy Guidelines for Implementing LED in South Africa (2005). This

recognises the importance of effective implementation of LED in order for government to successfully grow the national economy and build a single integrated economy that is beneficial to all citizens, poor or rich.

The National Framework for LED in South Africa (2006) is one which aims to build a shared understanding of good LED practice and motivate municipalities to strive for more effective implementation. It also provides the objectives, guiding principles and outcomes for LED. The objectives are; supporting local economies in realising their optimal potentials and making local communities active participants in the economy of the country, waging the national fight against poverty more effectively through local level debates, strategies and actions, improving community access to economic initiatives, support-programmes and information and improving the coordination of economic development planning and implementation across government and between government and non-governmental actors.

These key objectives of the LED framework speak directly to LED and poverty alleviation. From this framework one cannot say that LED favours pro-growth over pro-poor or otherwise. This could mean that the conflict tends to arise when it comes to what LED programmes are established and how they are implemented.

The Revised National LED Framework (2012-2016) which takes into account all the aspects of the previous National LED framework, however it draws on practical experiences and attempts to relate to more current LED related policies. This shows that LED is adapting to the ever changing context of South Africa and learning from past LED practices.

3.3 Key Role Players

The key role player within the LED framework is recognised as being the Local Government because according to van der Heijden (2008;4), the then Department of Provincial and Local Government the Local Government now the Department of Co-operative Governance and Traditional Affairs has 3 central roles to play in LED namely:

a) To provide guidance, direction and leadership in the formation of policies in order to ensure that the cost of doing business is reduced as much as possible and that people have easy access to participate in the local economy.

b) To provide administration of policy, programmes and projects in order to ensure the maximum development and growth impact of the programmes and projects.
c) To initiate economic development programmes by providing public spending, regulatory powers and promoting small business development, social enterprises and cooperatives (van der Heijden, 2008;4)

The Department of Co-operative Governance and Traditional Affairs is the main role player of the LED framework and under the Department of Provincial and Local Government there are other role players that have contributed towards the LED framework namely; Municipal finances, which is inclusive of the budgeting and funding of LED strategies supported by the National Treasury (van der Heijden, 2008). The Department of Co-operative Governance and Traditional Affairs has dedicated a Chief Directorate to LED along with other programmes such as the Integrated Sustainable Rural Development Programme and Urban Renewal Programme. According to Patterson (2008) this Chief Directorate under the Department of Provincial and Local Government provided support through developing and reviewing national policy, providing direct and proactive support to provincial and local government, managing the LED Fund and assisting in the process of LED capacity building.

The Department of Trade and Industry can also be viewed as one of the role player that has contributed to the LED framework. This can be said because the Department of Trade and Industry also has a responsibility to see to economic growth and employment opportunities. This is aligned with the LED National Policy Framework and this is being supported by the Regional Industrial Development Strategy (RIDS) which ultimately focuses on the address of obstacles within the functioning of the economy (Patterson, 2008).

Other role players are found at the provincial and local spheres of government which may consist of district municipalities, metropolitans, municipalities, private stakeholders and community organisations. There are also other stakeholders such as business, labour and civil society organisations that need to work together in order to improve local economic development (DPLG, 2003;3).

The different spheres of government play different roles in LED. National and provincial government has the responsibility to ensure that LED gives effect to employment opportunities, urban renewal and sustainable rural development. This means that LED initiatives must have an economic development approach which is all inclusive and

redistributive in the sense that it benefits disadvantaged and marginalised communities within a particular municipality. Local government on the other hand has the responsibility in joining national and regional resources in order to ensure that their localities are being promoted and to also facilitate strategic partnerships in order to promote and sustain economic growth. It is important that LED have this local partnership along with national, provincial and regional structures all working to support and promote local initiatives of LED (DPLG, 2003; 3).

3.4 The Implications of the Institutional Set Up for Local Economic Development

Since its transition from apartheid to democracy South Africa has been grappling with three significant theoretical standpoints in terms of policies that aim to address issues created by apartheid and promote development. These three phases have been marked by the three major policy frameworks which are representative of the three theoretical perspectives presented in this research. The RDP policy was one that was informed by neo-marxist ideals, the second being GEAR was informed by neo-liberal ideals and the third ASGISA policy was informed by both neo-marxist and neo-liberal ideals. This suggests that with time, the priorities of the country change according to what major challenges are being faced. With this being the case, one would expect that issues such as poverty, unemployment and lack of economic growth would be addressed adequately. This is however not the case, meaning that the country is not fully able to materialise its policies due to challenges that are often encountered by the government. According to Choga *et al* (2013) some of the challenges that have been hindering the success of South African policies, more especially in this case LED, are;

The first challenge is **lack of common understanding of the role of LED and LED processes**. The definition of the LED concept has been contested for as long as it has surfaced here in South Africa post-1994. The different approaches to LED that have been presented in Integrated Development Plans (IDPs) have made it clear that there is not one collective approach in the development of LED strategies. This challenge is especially a problem when it comes to determining what an effective and sustainable LED strategy is and what the role of the local government is in that. This is because many a times having a LED strategy does not mean necessarily mean that LED will take place. Local government and LED practitioners are also faced with the predicament of interpret and apply the many various policies, frameworks and legislation around LED. There is no oversight the content that is found in IDPs and this means that even though the DPLG LED approach might insist

that LED is not about projects, majority of smaller local municipalities have LED strategies that are completely project-based. Ultimately the challenge is that key role players of LED between municipalities, districts and province do not know their respective roles that they need to play in LED and municipalities are not seeing that LED is a central priority for them. Instead most municipalities are focussed on other areas such disaster management.

The second challenge is **an increasing urban-rural divide.** It is a significant challenge for South Africa to address the historical imbalances that have resulted in unbalanced space economy and inequity amongst the citizens. There is an increasing inequality that is manifesting itself among the South African population and this inequality is most prevalent between the increasing gap between rural and urban areas. This can be seen in the difference in job prospects, real incomes, standards of living and quality of life of individuals. The concern in regard of LED is the performance of it in larger municipalities and metros and smaller municipalities. Generally growth and development strategies and policies such as industrial and sector policies tend to favour metro regions, resulting in overall good economic performance and a LED advantage with stronger LED networks, effective LED strategies and access to improved skills and resources. Metros have access to much more funding and have upright understanding of modern developments in LED processes and practises. On the other hand smaller municipalities do not have designated LED teams or councillors responsible for LED and therefore smaller municipalities do not prioritise LED and do not have access to much of the funding either.

The third challenge is the **practical spatial constraints of economic planning at a very local level.** The broader national policy guidelines require that all local areas develop and implement their own LED strategies. The problem with this is that in reality the economic activities that exist have strong components which mostly do not correspond with the boundaries of that particular local area. In actual reality there are very few local economies due to the fact that strong spatial components are a result of long value specialisation and optimisation of economies of scale. This basically means that if an area is under-developed and secluded, that area has very slim chances of having a self-contained independent economic structure in the way that a metro area might have. The obstacle that comes with this is that policies and guidelines do not address this issue and instead assume that metros and smaller municipalities' economic structure have the same spatial reality. This can be exemplified by the sector approach which is used in most of the country's economic and

industrial policies and is oblivious to the fact that economic structures of different local areas do not have the same spatial reality.

The fourth challenge is **the ineffective relationship between provinces, districts and local authorities.** The predicament here is that theoretically LED planning is intended to be aligned in the way that it is undertaken by provinces, districts and local municipalities, but this is not the case in practise. The fact that IDPs often refer to national, provincial and district urgencies and plans is seldom reflected in the local LED plans and strategies. This can be attributed to the fact that LED officials view the term local in a very literal sense and become oblivious to the fact that a local economy is naturally and intrinsically connected to the district, province, national and even the global economy. This distorted relationship between province, districts and local authorities is the reason why resources that are allocated to the development of comprehensive plans at district and local level cannot be determined on how they add value.

The fifth challenge is **the lack of effective LED networks in many areas.** LED networks are central for success in LED practise. Largely metro areas have been good at effectively establishing LED networks with the private sector. These networks add value to participatory approach to the development of strategies and the diverse roles that private and local authorities undertake in LED. These networks serve the purpose of strengthening interaction between the public and private sector and for the local authority to assume its role as a facilitator and not a participant.

The sixth challenge is **the inability of several local authorities to clearly define an LED strategy within the broader IDP process.** This is concerned with the fact that legally local municipalities are required to have an Integrated Development Plan (IDP) that must contain an LED section, therefore in effect LED can be considered to be a part of a broader development plan. Within LED the local authorities are viewed as the facilitators but in smaller municipalities this is not the case. Smaller local municipalities have been faced with the predicament of on-going pressure from the residents for better service delivery and not effective LED strategies. This has resulted in these smaller municipalities interpreting pro-poor development planning as service delivery in the form of housing, water, waste management just to name a few. This is what happens at the expense of creating a conducive environment for business and economic activity to thrive. This can be attributed

to the integration of LED into the IDP process as IDP concerns itself with the direct delivery of goods and services to citizens.

The sixth challenge is **the lack of planning resources and capacity.** This deals with fact that smaller municipalities do not possess the internal skills or resources in order to be able to purchase external skills that are crucial to the development of effective LED plans. There is a lack of general planning, economic and business skills. This has been seen to result in the poor quality of LED plans which is then characterised by; project focus, targets that are impractical and the incapability of recognising the drivers of economic development and opportunity. There is no monitoring of LED plans in smaller municipalities and this results in the local government not being able to provide feedback on why their LED plans are failing.

It is surprising that such challenges persist within the scope of Local Economic Development when most of what is mentioned is captured in the objectives and goals of the policies that have been discussed. For instance, the ineffective relationship between provinces, districts and local authorities is an issue of coordination which is accounted for in the ASGISA policy. This is the case with most of the challenges, although there is not a specific reference made to LED, however the ways in which the challenges are addressed in the policies can be a guide for addressing these challenges within the spectrum of LED.

3.5 Conclusion

There are plenty of challenges and issues that are being faced within the governmental structures in terms LED and the policies, legislation and frameworks that frame it. The South African government for approximately the past two decades have largely focussed their development and growth agenda on alleviating poverty, generating great quantities of employment opportunities and structuring sustained economic growth. The focus of this development and growth agenda has been driven by different programmes, policies and strategies such as the Reconstruction and Development Programme (RDP), Accelerated Shared Growth Initiative for South Africa (ASGISA), National Spatial Development Framework (NSDP) and the Provincial Growth and Development Strategies (PGDS) just to name a few (Koma, 2012).

It can be said that the South African government has set out a clear but broad vision on the direction that it intends on taking in terms of how the economy will be driven and even more so how it seeks to intervene in poor and marginalised communities. The challenge

with this is that national policies can often not be fully captured and translated at the local level effectively.

The local government is regarded as the integral part of government in realising the growth and development mandate set out by the national and provincial development programmes and strategies (Koma, 2012). The problem with this is that there is a widespread difference between LED in metropolitan areas and smaller municipalities. It is for instance much easier to have successful LED practices in metropolitan areas than in smaller municipalities simply because of the difference in resource and institutional capacity, access to skills, funding and the locational advantages. This can be attributed to the fact that LED policies and frameworks assume the structure of all municipalities to be the same and this inability to differentiate smaller municipalities from metros will continue to be the downfall of LED in smaller municipalities. According to Respondent 2 who is the Senior Manager of Micro-policy and Planning at Mbombela municipality "policies are often on track, but implementation and coordination is lacking and this is detrimental to LED" (Respondent 2, 2014). The way in which the LED framework is constructed and aligned with other national and provincial policies works well theoretically. It is however concerning how these theoretical frameworks cannot be adequately interpreted into practice and this is hindering the impact of LED on poverty alleviation and economic growth have become evident through this chapter.

Furthermore, there is often competition between Integrated Development Plans and Local Economic Development plans. While LED forms a component of IDPs, this is often disregarded and municipalities tend to experience difficulties in deciding how to allocate capital resources. Municipalities view LED separately from IDPs and prioritise IDPs over any other municipal plans (Respondent 2, 2014)

There exist gaps in institutions and policies which affects the effectiveness of LED on poverty alleviation. Institutional gaps according to Pieterse (2007) exist because powers and functions that are distributed between the three spheres of government are distributed in a manner which does not differentiate between who sets policy and who merely implements the policies. The author also alludes that "sectoral policy frameworks defined particular roles for municipalities which may not be the most rational or practical for newly established municipalities, or the most appropriate from an integrated development perspective" (Pieterse, 2007;8). The problem with most of South African policies and

institutional arrangements is that it is not realistic but rather ambitious. In the case of LED, municipalities are commonly not able to live up to their prescribed roles and responsibilities and policies as with the Mbombela LED draft strategy are often utopian and this results in the actual policy or plan not being implemented, but rather an improvised version of it. The outcome of this is that resources are wasted and municipalities become uncertain about the development route that they are following.

4.0 Chapter Four: Status of Mbombela Municipality

4.1 Introduction

Mbombela municipality is the chosen study area for this research. The term 'Mbombela' refers to a conglomeration of people within a small area, in the Siswati language (Mbombela IDP; 2013). Mbombela is considered to be secondary city that is growing rapidly, however this growth is slower than that of secondary cities such as Polokwane. As with all South African cities, the spatial form of Mbombela includes fragments of former homelands and a belt of peri-urban settlements that are situated far from towns (Harrison and Todes, 2013). With the rapid change that is taking place in Mbombela it would be interesting to explore the LED interventions in the city as this relates to economic and social development. This chapter will therefore be engaging in a discussion on the study area that has been chosen to test how LED can contribute to poverty alleviation. The aim of this chapter is to give a description of the Mbombela area in terms of its history, demographics, statistical data and current status. A profile is drawn up in terms of the city's economic, social and spatial features while taking in order to understand the broader economic and developmental context of Mbombela.

4.2 A Brief History of Mbombela

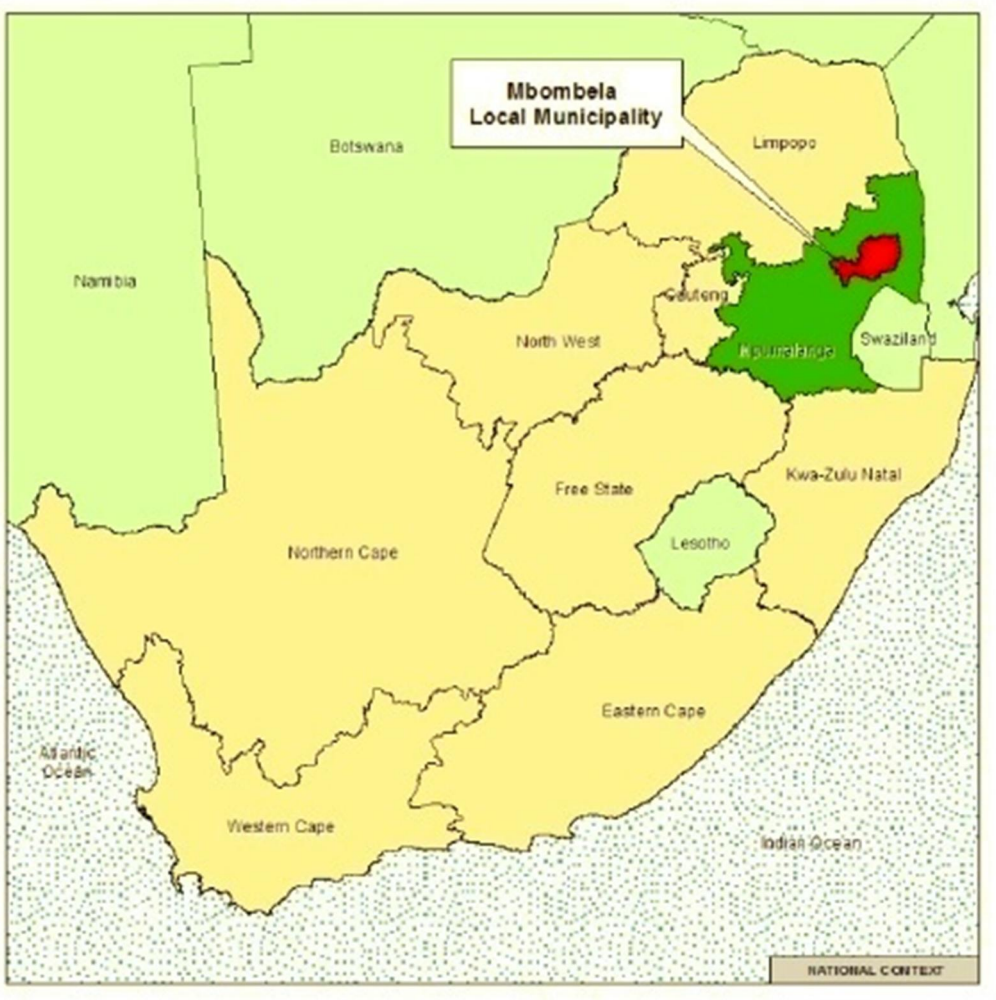
The most prominent town within the Mbombela Municipality area is Nelspruit, which is also the capital city of the Mpumalanga Province that was previously known as the Eastern Transvaal. Nelspruit has been shaped by a few significant historical events that have contributed to making the town into what it has become today. According to Nelspruit Web (2014) the birth of Nelspruit was sparked by the voortrekkers that were the first to settle in surrounding areas of Nelspruit in 1845. The discovery of gold 28 later in Barberton, became the object for the influx of people that started moving to the region and made the region recognised as people decided to reside in the region even after the gold ran out. The establishment of Nelspruit can also be attributed to the railway line that was constructed during the late 1800s and provided a link between Maputo and South Africa, through the Nelspruit area. At this time one of the most popular tourist attractions in South Africa, Kruger National Park, was established. During 1899 and 1902 Nelspruit was used as a control centre for South Africa when the Freedom Wars took place and this developed and grew Nelspruit even further. In essence the Nel Brothers are the people who founded Nelspruit by properly establishing it while living in a site close to the Nel Stream. In 1940

Nelspruit became known as the municipality of Mbombela and following this in 2009 was the South African government's decision that Nelspruit must be called Mbombela.

4.3 Geographical location Mbombela

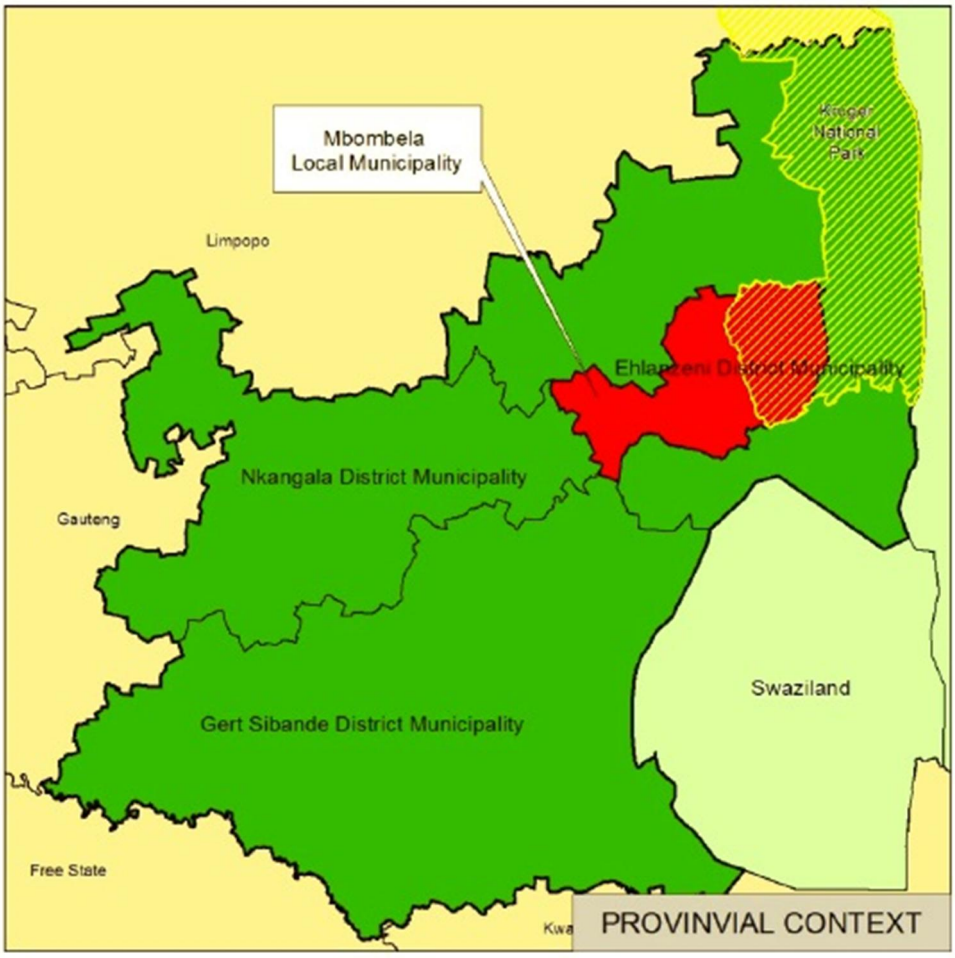
Mbombela municipality is located in the North-Eastern part of South Africa, within the Lowveld region of Mpumalanga Province as shown in the map in Figure 4. The municipality is ideally located as it is not too far from the economic hub of South Africa, Johannesburg and neighbouring countries such as Swaziland and Maputo. Due to its location this area has become crucial for servicing the neighbouring countries and acts as an entrance into South Africa from these countries. In order to navigate from and to Swaziland and Maputo one cannot bypass the Mbombela area and this has been crucial for the development of infrastructure and economic activities in this part of Mpumalanga (Mbombela SDF 2012).

Figure 4: Location of Mbombela at national scale (Mbombela SDF, 2012)



The Mbombela municipality was established in 2000 by merging White River, Hazyview and Nelspruit local councils. The municipality is one of five municipalities under the Enhlanzeni District Municipality alongside Nkomazi, Umjindi, Thaba Chweu and Bushbuckridge local municipalities (Mbombela IDP, 2013). The prominent towns and settlements that are situated within the Mbombela Municipality region are Daantjie, Hazyview, Kabokweni, Kanyamazane, Matsulu, Msogwaba, Nelspruit, Nsikazi, Tekwane, Rocky's Drift and White River.

Figure 5: Location of Mbombela at Provincial scale(Mbombela SDF, 2012)



The Mbombela Municipality is distributed into 5 sub areas being Nelspruit B, Nelspruit A, Nelspruit C, Hazyview and Nsikazi. The division of the Municipality into these areas is shown in the map seen in Figure 6.

4.4 State of Mbombela

Mbombela, which is commonly known as Nelspruit, is considered to be the gateway to popularly known Kruger National Park and neighbouring countries Swaziland and Mozambique. It is also considered to be favourable destination due to its tropical climate and its proximity to eco-tourism and adventure activities. Mbombela has a lively agricultural sector, which is supported by the Kruger Mpumalanga International Airport aiding with the import and export of oranges, mangos, avocados, lemons, litchis and bananas (Mbombela Draft LED strategy, 2012).

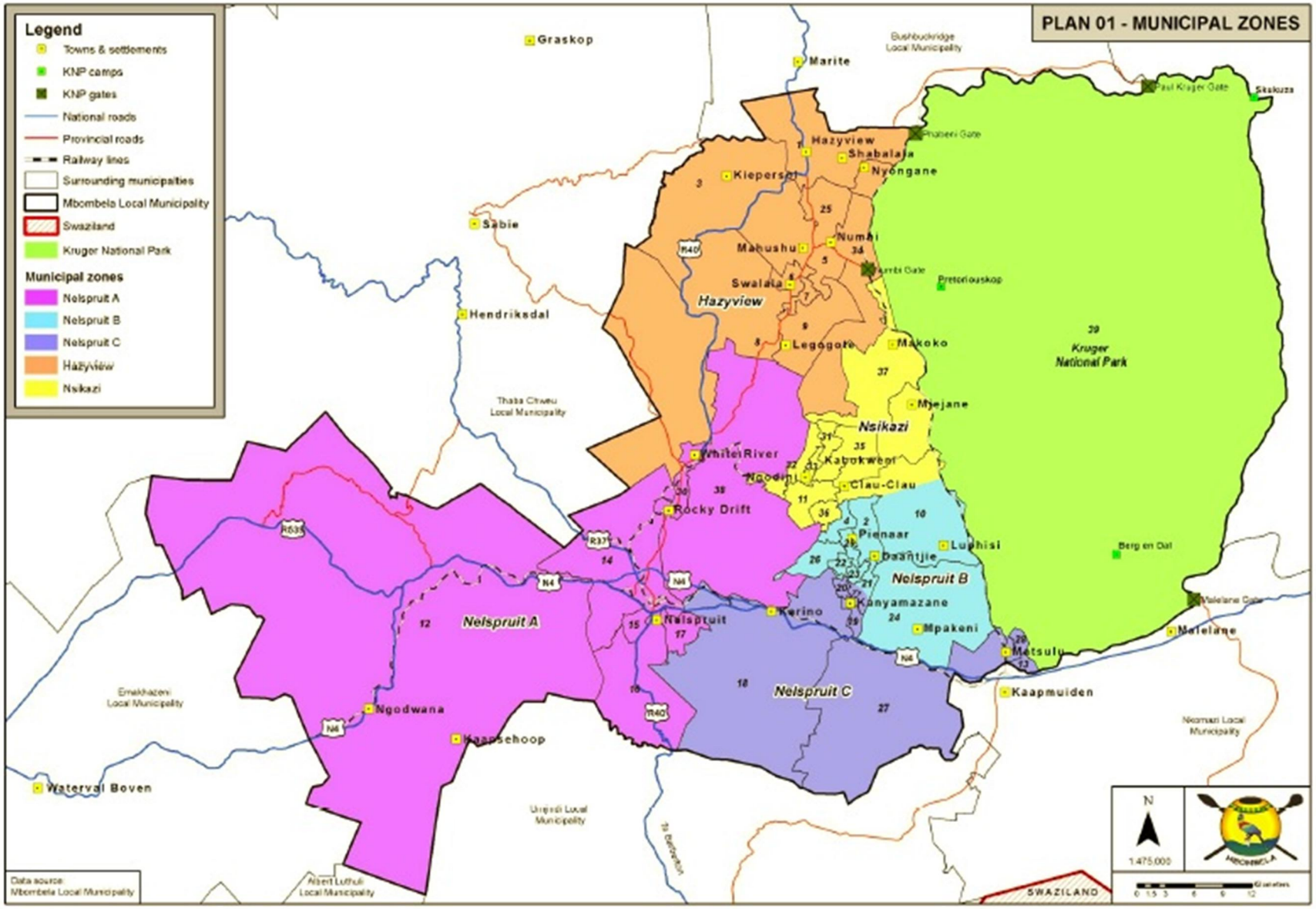
According to the Mbombela SDF from 2012, some of the advantages that the Mbombela Municipality possesses compared to the other municipalities are; strategic location, infrastructure, beautiful environment and fertile land. Mbombela is strategically located as it is three hours' drive away from Johannesburg and two hours' drive away from Maputo. It is due to this reason that Mbombela is regarded as the regional service hub of Mpumalanga, the southern part of Mozambique as well as Swaziland.

In terms of infrastructure, Mbombela has high-grade infrastructure, which include the Kruger Mpumalanga International Airport, Mbombela soccer stadium, railway links to Zimbabwe, Swaziland, Mozambique and the rest of South Africa. One of the most significant pieces of infrastructure is the N4 Maputo Corridor that links Gauteng and the Maputo sea port. Mbombela has a scenic environment as it is full of natural landscapes, which makes it a sought after tourist destination. Moreover, Mbombela has fertile land allocated along its Crocodile River Valley and Sabie River. This has been beneficial for the fruit crops that are grown in within and around Mbombela and exported to other areas (Mbombela SDF, 2012).

Mbombela has a GGP which is estimated to be R7.3 billion, making up 12,2% of the total GGP of the Mpumalanga Province. The leading sectors are manufacturing, trade and catering, finance and real estate also including agriculture and forestry that is supported by government (Mayoral Report, 2002). Economic growth in Mbombela is estimated to be to be 2,8% per annum. Certain western areas within Mbombela have high birth rates (4%) which exceeds the GGP rate and this is why the municipality is hoping that the SDI initiatives and growing tourism sector will improve Mbombela and its residents' economic development (Adams and Moila, undated).

The Mbombela municipality area has many strengths and opportunities that can be capitalised on in terms of infrastructure, location, tourism and agriculture. With the strengths and opportunities however there are always weaknesses and threats that also exist. Some of the weaknesses and threats which can be rather viewed as limitations relate to capacity. The municipality is considerably sized growing at a rapid rate. This means that there is a considerable amount of resources that need to be allocated to the municipality in order to achieve social, economic and physical development. These resources need to be financial, human capital and institutional. Unfortunately the municipality continues to face a growing challenge whereby they are not attaining an adequate amount of these resources and this is a hindrance that is slowing the process of development especially when it comes to LED addressing poverty.

Figure 6: Mbombela sub areas*(*Mbombela SDF, 2012*)*



4.5 Spatial Development Pattern of Mbombela

According to the Mbombela IDP (2009/2010;24), the prevailing development pattern of Mbombela Local Municipality has been a result of various factors such as laws of segregation prior to 1994, which ensured that certain communities were divided into different areas with different levels of development. Contributing to this has also been policies regarding zoning. The areas which fall within the eastern development axis, being mainly Nsikazi, contains 85% of the municipality's population, however this highly populated part of the municipality is generally poorly developed with weak engineering and infrastructure services. This part of the municipality possesses various factors which have been restricting development and amongst these factors are;

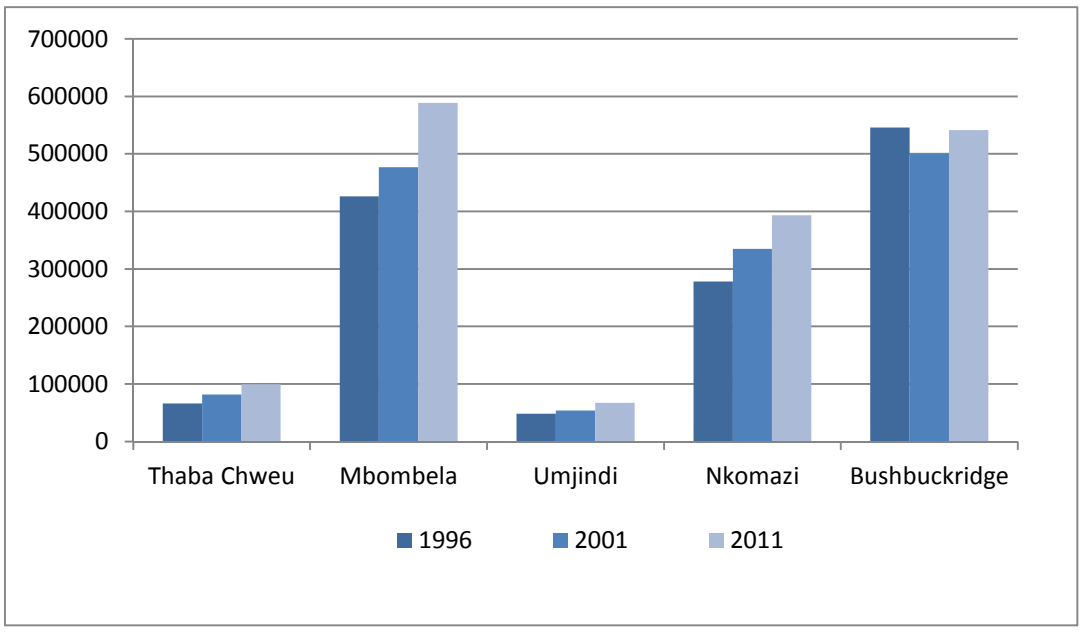
a) Restricted internal accessibility which was associated with inadequate tarred bus and taxi routes.
b) Inadequate provision of basic services such as water, sewerage, roads, stormwater control and social facilities.
c) Lack of development control which is due to the influx of people and disjointed development.

Contrary to the eastern development axis, the areas which fall within the western development axis are more strongly developed as they attract commercial, industrial, service, business and residential development which is mostly concentrated in Nelspruit, Rocky Drift, Whiteriver and Hazyview. These areas cover the minority of the population of the Mbombela municipality, however these areas in the western and southern development axis attract more than 85% of all industrial, commercial and retail developments (Mbombela IDP 2009/2010;26). This proves that similar to all South African cities, the Mbombela area suffers from spatial disparities in terms of space economy, provision of basic services and infrastructure. This urges LED in Mbombela to address these spatial disparities and transform the spatial configuration of the area in order to say that pro-poor LED in Mbombela is actually working because more than 80% of the population can be said to be living under poor conditions.

4.6 Demographic Profile of Mbombela

4.6.1 Population size of Mbombela Municipality

Figure 7: Population distribution in Enhlanzeni District (Mbombela Annual Report, 2012)



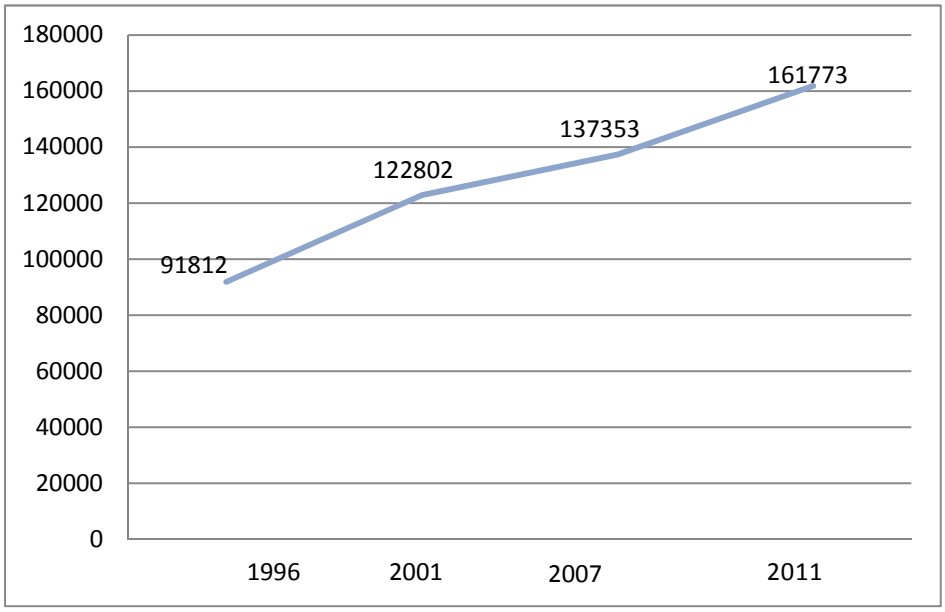
The table above in Figure 7 is displaying the population distribution amongst the 5 local municipalities under the Enhlanzeni district municipality. It is clear from the table that the two largest municipalities are Bushbuckridge and Mbombela, however as from 2011 Mbombela is the biggest municipality in terms of population. Due to the fact that Mbombela is the largest municipality under the Enhlanzeni District municipality there will exist a greater pressure for development and to meet the growing needs of the rapidly growing population. For this reason more resources and support needs to be granted to this municipality. Numerically speaking, Mbombela municipality has a population of 588794(Census, 2011) and this constitutes 35% of the population of the Enhlanzeni District.

According to the Mbombela Annual Report for 2012, Mbombela Local Municipality is one of the fastest growing municipalities within the district. The annual population growth of this municipality has been recorded at 1.13% between the years 1996 and 2001 and this then escalated to 2.11% between the years 2001 and 2011. This can be attributed to natural growth and inmigration, which would mean that people see that they stand to benefit from moving to this municipality whether it may be from other provinces, cities, town or municipalities. A amount of 40.67% of immigrants within the Enhlanzeni district choose to go to Mbombela. This means that the municipality has a high economic potential to attract

people from all over South Africa (Mbombela Annual Report, 2012). According to the Mbombela IDP 2013 the racial composition of the Mbombela population consists predominantly of african black people constituting 89.40% of the population. This is followed by 8.74% whites, 0.95% of coloureds and 0.95% of Indians/Asians. Corresponding with the racial profile is the dominating language which is SiSwati followed by Afrikaans and English. Due to the dominant language being SiSwati the Mbombela population were able to force the municipality to translate key documents such as IDP and Budget and Service Delivery and Budget Implementation Plan into SiSwati to ensure they understand the municipality's plans. This means that people can be able to understand the municipality's LED plans and projects. This is necessary for involving people and establishing communication between the people and the municipality so that people may take interest in participating in the LED projects, which will contribute to the success of the projects.

4.6.2 Number of households (MLM Annual Report 2012)

Figure 8: Number of households in Mbombela municipality



The number of households in the municipality has a direct effect on how the municipality plans for development. This is because with growing households there will be provision that needs to be made for land and basic services. The graph in Figure 8 illustrates the linear growth rate of the municipality's households. This will mean that the demand and pressure

for basic services such as water, electricity and sanitation increases also and the outcome of an increasing households will also be a demand for employment opportunities.

The increase in these households can be attributed to the fact that the average household size has decreased over the years from 4.46 in 1996 to 3.69 in 2001 and 3.59 in 2011. This is resulting in smaller households being formed but more households in the municipality, which is a disadvantage for the municipality because they provide services according to the number of households and not the size (Mbombela IDP 2013).

What this means for LED is that there will be more pressure on the municipality to prioritise providing basic services for these increasing households. This could result in the municipality having to compromise other LED projects in order to have more funds for service delivery. This is not necessarily a good thing because service delivery is a continual obligation from the municipality's side regardless of whether people can pay for those services or not, therefore other LED projects need to take priority so that people can get jobs, be able to afford paying for services and contributing to the municipality's revenue.

4.6.3 Age and sex composition of population (Mbombela IDP, 2013)

Table 4.6.3 : Population distribution of Mbombela according to sex and age

Age	**1996**	**2001**	**2011**
0-14	36.36%	34.56%	29.83%
14-35(youth)	40.59%	42.47%	43.49%
15-64(economically active)	57.29%	61.49%	65.95%
65+(elderly)	6.3%	3.96%	4.22%
Gender			
Female	52%	52.26%	51%
Male	48%	47.74%	49%

According to what has been presented in Table 4.6.3 the population of the Mbombela municipality is relatively young. Not only is the population of the municipality relatively young, but the more than half of the population is economically active. The population under 14 years of age has decreased over the years, while the youth population has been increasing. This means that there exist an increasing need for Local Economic Development programmes that will create jobs and skills training opportunities instead of early childhood development services. The composition between males and females in the population has not changed in a significant manner. What this means for LED is that programmes need not favour a particular gender but rather be all inclusive for all genders for, if not then amount of jobs for the different genders must balance out. For eg. construction jobs are more for men and catering jobs for women, the two must take equal priority.

With regards to a portion of the population that are living with disabilities, according to Stats SA 2011 5.23% of the population of the municipality consists of people with disabilities. This number has decreased from 5.84% in 1996 and 5.32% in 2001. The disability unemployment rate however has increased from 32.03 in 1996 to 38.28% in 2001. This means that the municipality does not have enough measures in place to ensure that people with disabilities are acquiring jobs and this are the type of challenges that pro-poor LED should be addressing.

4.6.4 Employment Profile (MLM Annual Report, 2012)

Table 4.6.4: Employment profile of Mbombela

Age	**1996**	**2001**	**2011**
15-65(general)	28.72%	37.77%	28.14%
15-65(persons with disabilities)	32.03%	38.23%	
15-65(women)	38.11%	46.13%	33.47%
15-35(youth)	35.30%	46.15%	36.76%

The employment rate is a good indicator which shows the municipality's ability to generate revenue. According to the Table 4.6.4, the employment rate of the municipality is quite high, it is however reassuring to see that the unemployment rate in every category has decreased between the years 2001 and 2011. This means that the municipality has been putting measures in place to address the unemployment challenge and succeeding in doing so to some extent as in general the unemployment rate has decreased from 37.77% in 2001 to 28.14% in 2011. Unemployment is especially high amongst women, youth and people with disabilities. This is concerning because these portions of the population can be viewed as the most vulnerable and also because women and youth make up most of the population. The municipality therefore means needs to focus on creating jobs directly and indirectly as its ability to generate revenue is being compromised by the level of unemployment.

4.6.5 Income profile (MLM IDP, 2013)

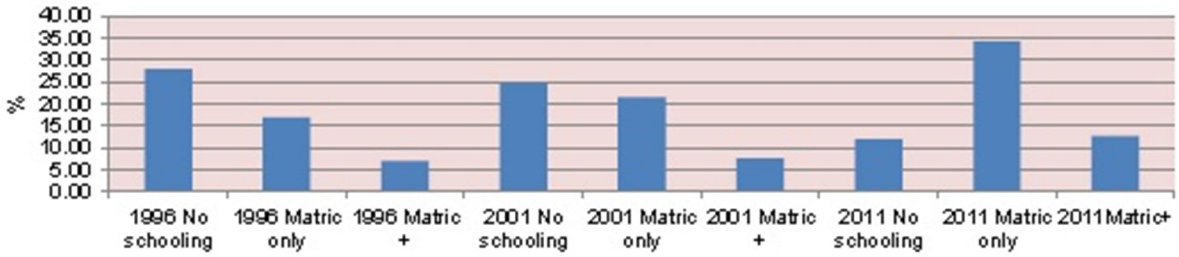
Table 4.6.5: Income profile of Mbombela population

Individual Income levels	Number of individuals	%	Number of individuals	%
	Year "2007"		Year "2011"	
No income	222,666	42.60%	236727	43,23
R 1 - R 400	113,409	21.70%	116445	21,26
R 401 - R 800	38,245	7.32%	18532	3,38
R 801 - R 1 600	64,225	12.29%	66048	12,06
R 1 601 - R 3 200	24,311	4.65%	39342	7,18
R 3 201 - R 6 400	17,524	3.35%	23947	4,37
R 6 401 - R 12 800	18,027	3.45%	21822	3,98
R 12 801 - R 25 600	9,817	1.88	15924	2,90
R 25 601 - R 51 200	2,692	0.51%	6139	1,12
R 51 201 - R 102 400	612	0.12%	1527	0,27
R 102 401 - R 204 800	230	0.04%	633	0,11
R 204 801 or more	67	0.01%	481	0,08
Total	522,722	100%	547567	100%

The information in Table 4.6.5 displays the distribution of individual income of the population of Mbombela. The majority of individuals do not receive any income at all at 43.23% in 2011, which is an increase from 42.6% in 2007. The most individuals earn between the bracket of R801 and R1600 per month. As the income bracket increases, the percentage of individuals decreases. This means that predominantly the population of Mbombela are in the low income bracket and that the gap between the low income individuals and high income individuals is great. This is an indication that there is indeed a need for LED strategies that will create sustainable job opportunities.

4.6.6 Education

Figure 3: Population distribution according to education (Mbombela Annual Report, 2012)



Education is a good indicator to determine the level of development a population along with its chances at acquiring employment(Mbombela IDP 2013) . The graph is depicting that the portion of the population with no schooling has decreased over the years while the portion of the population with matric only and higher qualifications has increased from 1996 to 2011. The municipality has been successful in encouraging young people to take education seriously however the people with higher qualifications has not increased as rapidly and this could be due to the low level of tertiary facilities.

The lack of young people with higher qualifications limits the type and number of employment opportunities available and this is not has a negative effect on the unemployment rate. The high portion of the population acquiring matric only will result in a high number of individuals generating income within the low income bracket as they acquire low skilled jobs. This is not going to help in bridging the gap between the low income groups and high income groups.

4.7 Conclusion

The Mbombela municipality has many strengths and opportunities that is making it very appealing for people to move to. The fact that it is the home of the capital of the Mpumalanga province has greatly contributed to its appeal and economic potential to attract people. The municipality is growing at a rapid rate and as much as unemployment levels have been able to decrease, the municipality does not seem to be dealing with its growing population rate and household number adequately. The municipality can achieve much greater results with the proper institutional, resources and finances measures put in place. Perhaps the development plans and strategies need to have more of a focus on underdeveloped areas within the municipality and the disadvantaged groups in order for the municipality to make a greater deal of progress. From the information that has been

provided regarding the state of the municipality, its demographics and profile it has become clear that there is a definite need for a Local Economic Development that captures the shortfalls and challenges of the municipality in their entirety.

This can be said because according to van der Heijden (2008) municipalities such as Mbombela lack an understanding of their economic space. Furthermore, the municipality does not consider adequately analysing statistical data and other information relating to the area and this has resulted in LED strategies that are not implementable. There seems to be a discrepancy between the municipality's economic profile, social profile and spatial profile. The Mbombela Municipality economy seems to be thriving on its location, agricultural sector and tourism sector. While this is beneficial for the municipality there seems to be very little attention that is paid to the many rural areas that are lacking basic services and infrastructure. It is concerning that the municipality is not concerning itself with the human development as this ultimately affects the economic growth of a region or area in terms of the portion of the population that can be absorbed into the workforce and those who can start their own businesses. What the municipality needs to realise is that, the less people are reliant on the state, the more the state can use its revenue to address other issues development issues. The municipality is making the mistake of prioritising its resources over its people and this has been a downfall for LED before as it has been seen to reinforce the apartheid space economy by doing this (Sihlongonyane, 2006)

5.0 Chapter Five: The Impact of LED on Poverty in Mbombela in Mbombela

5.1 Introduction

Local Economic Development in South Africa manifests itself at a local government level, being informed by both national and provincial policy. Mbombela municipality has been grappling with the concept of Local Economic Development for a few years now and have been consistent in their endeavour to produce LED strategies that will guide economic development within the municipality. The primary foci in these LED strategies have been creating a favourable environment for employment opportunities to occur and for attracting investments. This chapter of the research will be analysing the most current Mbombela municipality strategy in an attempt to understand how LED in Mbombela is contributing to poverty alleviation.

This will be done through discussing the important components of the municipality's LED strategy and programmes that have been implemented, looking at how these components and programmes relate to poverty alleviation and examining the outcomes of the municipality's LED efforts. The outcomes that will be examined will serve as a point of reference to conclude on how LED in Mbombela has contributed to LED. It is imperative that it be noted that this research will be looking at LED not just from the perspective of how Mbombela defines it, but from a broader perspectives which accounts not only for jobs and investments, but for infrastructure and basic services. Essentially the three areas of LED that will be evaluated with regards to contributing to poverty alleviation are; infrastructure, employment and basic services.

5.2 LED in Mbombela

The Mbombela LED strategy has been informed by national policies such as the Accelerated and Shared Growth Initiative of South Africa, National Spatial Development Perspective, Municipal Systems Act and National Framework for LED in South Africa just to name a few. At the provincial level the municipality's LED strategy is informed by the Provincial Growth and Development Strategy which is developed by the Mpumalanga Provincial Government. At the district level the LED strategy is aligned with the Integrated Development Plan and Spatial Development Framework which is developed by the Enhlanzeni District Municipality. These plans have been the main driving forces behind the Mbombela LED strategy along with its objectives, aims and goals. According to the

Mbombela IDP (2013) the municipalty's IDP is centred on its ability to provide key infrastructure that will help the municipality to succeed in achieving sustainable and shared economic growth. This is the underlying premise for all the sector plans that are contained in the IDP document. These sector plans include; Spatial Development Framework, Local Economic Development Strategy, Integrated Waste Management Plan and Integrated Transport Plan amongst others. The Integrated Waste Management Plan and Integrated Transport Plan can be seen as supporting plans for the Local Economic Development Strategy and Integrated Development Plan. These plans relate to the provision of basic services and infrastructure development components of LED. These provide direction on how the services will be provided, where and at what capacity. These include waste management, provision of public transport as well as the roads infrastructure and routes.

Within these plans the one that closely relates to LED the Spatial Development Framework according to Respondent 1 (2014). The SDF gives a spatial perspective of how the LED plans and projects are dispersed across the municipality and why. It also recognises areas of economic potential and priority areas for services and infrastructure. The IDP speaks to LED on the grounds of shared economic growth which means that the poor will not be side lined but will benefit from the economic growth of the municipality and in the provision of the key infrastructure that is needed to achieve the growth. This however does not assure that the IDP will directly target the poor population of the municipality.

The Spatial Development Framework's main goal is for it to achieve a spatial form desired by the municipality. The main objectives of the SDF are; providing a logical and clear framework for private and public sector investment, promoting sustainable development in the natural and built environment, facilitating social, economic and environmental sustainability and providing policies and principles that will help to guide spatial development (Mbombela SDF, 2012) . The SDF does not directly speak to LED and poverty alleviation however one can assume that social, economic and environmental sustainability may mean that the municipality will focus on social and economic development of its population as well as spatial integration and spatial development (i.e providing services and infrastructure) in poor and degrading areas.

Further plans and strategies that are aligned with LED in the municipality include; Environmental Management Plan, Inner City Regional Plan, Rural Development Strategy,

Investment Strategy, Service Delivery Implementation Plan and Revenue Enhancement Strategy.

Mbombela has thus far had two LED strategies and the most current one is a LED strategy draft created in 2012. This LED strategy draft was compiled in order to address the shortcomings of the 2008 LED strategy which was considered to be unsustainable and was aligned with the changes that had been made to the municipality's Integrated Development Plan and Spatial Development Framework. The municipality's LED draft strategy is rooted on 5 principle aims which have been highly influenced by the Sunderland Local Municipality's LED strategy (Economic Master Plan). The reason for this was that the Sunderland Municipality had adopted a new strategy for economic development after its economy collapsed during the mid-1980s. The new strategy for economic development enabled the municipality to decrease its unemployment rate from 22% then to 7.33% currently and yield more investment.

The first principle aim is: Becoming the most efficient municipality in the country supported by world-class infrastructure. The municipality aims to do this through working with other municipalities locally and internationally in order to benchmark certain processes and to monitor and execute the delivery of basic services within the stipulated budget and on time. Furthermore the municipality will provide an enabling environment for attracting sustainable investments. The result of this would be measured by monitoring reductions in basic service delivery backlogs and an increase in registered investors.

The second principle aim is: Becoming an all inclusive city economy for all ages. The municipality aims to do this through developing a skills strategy that will promote education at the grade 12 level. Through partnering with higher education systems in order to provide Adult Basic Education and training and promoting structured mentorships and learnerships. The result of this would be measured by the increase in the number of grade 12 graduates and an increase in the extent of young people who attain employment through the Job Linkage Scheme

The third principle aim is: Becoming the most technologically advanced city in Africa. This will be done through installing fibre optic cabling specifically throughout the Special Economic Zone (SEZ) and also installing Broadband Internet connectivity throughout the region. There will also be a showcase of the region's innovation potential through creating Science and Technology parks as well as high definition digital advertisement boards that

will captivate the amount of tourists that are moving through the region. The result of this would then be measured by the speed of internet connectivity and the increase in technology sector investors.

The fourth principle aim is: Becoming a new kind of university city. This will be done through adopting the practices that are associated with best performing universities in the country and through capitalising on the regions that are within close proximity to the Kruger National Park in order to engage in ecological, environmental, tourism as well as science and technology studies and research. Whether this is working will be judged on the number of local grade 12 students taking up higher grade subjects in order to qualify for admission to university.

The fifth principle aim is: Becoming an environmentally friendly city. This will be done through creating awareness in urban and rural communities and through the implementation of Waste Management Programmes in all communities. Furthermore the municipality will partner with the private sector and NGOs in order to create sustainable waste recycling centres and also implement the green initiatives in government buildings. The outcome will be measured according to the increase in the amount of tons of waste at the recycling centres and also according to the reduction of the carbon footprint within the government buildings.

When considering the principle aims of the Mbombela municipality in their endeavour to implement Local Economic development initiatives, there is one that more directly addresses the issue of Local Economic Development contributing to poverty alleviation. The municipality is looking to improve its service delivery through monitoring and executing basic service delivery more effectively as well as to create sustainable employment opportunities. According to Bond (2002) it is important to always remember that LED activities should be rooted upon the development of the poor as stated in the South African policy document on LED.

This means that the Mbombela municipality's LED strategy ought to direct all their objectives and aims on the development of the poor making its LED initiatives pro-growth but pro-poor in their nature. In the case of the Mbombela municipality it is clear that the main focus is for pro-growth Local Economic Development strategies a majority of the aims embody neo-liberalism. This can be said because most of the aims for economic development such as; investments, special economic zones and technological advancement

are economically inclined. This is not to say that these forms of initiatives cannot be beneficial for the poor.

The argument is that these forms of strategies tend to increase economic growth and it is believed that sustained economic growth reduces poverty as average income is increased. It is however important to note that there is no assurance that the increase in average income in a country will result in an increase in the incomes of the population living in poverty (Page 2005). This means that yes, the economically inclined LED initiatives are good for economic growth of a country, but that does not mean that the poor will be benefitting from this economic growth. Unless pro-growth LED initiatives begin to prioritise the benefits of the poor in their approach then it is better to focus on pro-poor strategies when trying to alleviate poverty in marginalised and underdeveloped areas as pro-growth strategies tend to favour urban and developed areas.

On the contrary the Mbombela Municipality's Integrated Development Plan (2012;102) suggests that since 1995 Local Economic Development in South Africa has shifted from having a pro-poor focus to having an economic growth focus as this is seen as a sustainable contribution to the lives of the poor. This would imply that pro-poor strategies have not been successful in contributing to alleviating poverty.

5.3 Findings on Local Economic Development in Mbombela

The primary aim of Local Economic Development in Mbombela has been to create an enabling environment in order to generate sustainable employment and investment. From the interviews that have been conducted with some of the government officials that are associated with LED in the Mbombela municipality these have been the findings.

Generally, the municipality is doing well in terms of economic performance due to the fact that it contributes a lot to the provincial economy and Nelspruit, one of the areas within the municipality, is the capital city of Mpumalanga. The municipality is considered to have a high economic potential because it is Mpumalanga's economic hub and service centre with plenty of industry and tourist attraction. The municipality also caters to neighbouring countries such as Swaziland and Mozambique. The municipality also has many developments that are happening as well as infrastructure being provided. As well as the municipality might be doing in terms of its economic sector, this is restricted to the urban areas as people in rural areas are living amongst high levels of poverty. The municipality operates as an urban municipality whilst more than 75% of the population is living in rural

areas. This 75% of the population in the rural areas have very limited access to basic services, most are unemployed and unskilled and this cannot be addressed by the municipality as they do not possess the capacity to provide.

LED in Mbombela is considered to be a process by which the municipality can create an environment that is conducive for the attracting investment, capitalising on economic opportunities, creating jobs, establishing and retaining business and for developing entrepreneurs. This also means that provision of basic services is not really considered to be a part of Local Economic Development regardless of the fact that the LED strategy considers service delivery and providing basic services a step towards addressing poverty and achieving efficiency within the municipality. This goes against the Local Economic Development's Framework (DPLG 2006; 23), which implores municipalities to invest in communities and provide good governance through rendering effective service delivery, providing and maintaining quality infrastructure and services in financially sustainable manner. The Mbombela municipality does not realise that this is important for municipalities in order to for the public and market to gain confidence in them. It is also an important step towards addressing poverty as it is an improvement of people's living conditions and also addresses spatial disparities of underdevelopment in certain communities.

The lack of focus on service delivery can be attributed to the lack of a proper LED strategy that responds to the Mbombela Municipality's context. The Mbombela Municipality does admit to not having a clear LED strategy as the one Mbombela LED strategy 2008, was not up to standard and the current LED strategy 2012 is only a draft which has been criticised for being superficial and out of context. The Enhlanzeni District Municipality's LED strategy is also not on par and does not offer any foundational support for to the local municipalities LED strategies. Furthermore the municipality regards the support structures, institutions and funding that it receives to be adequate, however LED is still lacking as the focus is mostly on the Integrated Development Plan and the Spatial Development Framework. Furthermore, LED in Mbombela is considered to be indirectly aimed at poverty alleviation because the LED projects are highly focused on job creation business creation and skills development, however the outcomes of this are not truly known. This is due to the fact that the municipality has a shortcoming of not monitoring or evaluating the progress of their projects.

These unmonitored LED projects that are currently underway and are focussing on indirectly addressing poverty include; cooperatives, construction of poetry, community works programme, allocation of market stalls, informal trade summit, job linkage centre and the expanded public works programme. The cooperatives project is a project whereby people form groups and get support from the municipality by creating job opportunities for the people in the community including the youth, women and people with disabilities. This project is also aimed at identifying key areas that can be invested in by the municipality.

The construction of poetry houses is meant to encourage people to explore job opportunities through arts and crafts within their communities. The community works programme is helping the municipality to recognise people from poor and marginalised communities in order to help them form their own businesses. The expanded public works programme is a national programme operating within all spheres of government and aims to extract unemployed and unskilled people in order to grant them productive work that will increase their capacity to generate income. It also seeks to address the gap in social welfare. The allocation of trade stalls is the municipality's way of supporting the second economy and encouraging activities within it as with the informal summit that gives a voice to the people who are operating within the second economy and also equips them with skills. The job linkage centre is a project that aims to link economic activities and to afford people from underprivileged and marginalised communities with access to skills development, training and

The way in which these programmes aim to address the issue of poverty is through is through the identification of poor communities and individuals within those communities who are then assisted in forming their own businesses. Ward committees are trained and offered training and skills development for them to have SMMEs and market stalls are provided to support people who generate income from the second economy. It is however concerning that the projects are not considered to be established enough to show progress or tangible results. This means that the LED projects that are directed towards poverty alleviation in the municipality are not succeeding in contributing towards decreasing levels of poverty in marginalised and underdeveloped communities.

Local Economic Development in Mbombela municipality is mostly aimed at creating jobs and creating businesses, which is evident from the projects that are being implemented. The

municipality has however been facing challenges with the implementation of the projects as outcomes can never be completely predicted.

The challenges that the municipality has encountered are that the municipality has no real knowledge of the municipality's population due to the fact that there are plenty of foreign people that are residing in the rural areas and cannot be accounted for. This has proven to be a challenge for the municipality because this means that the municipality is expected to plan for these areas without knowing the parameters and population pressures under which they need to plan. According to one of the respondents "planning has a direct effect on poverty" however "you cannot alleviate poverty when you do not know the population". This suggests that an estimated population number becomes a hindrance in poverty alleviation.

The municipality is faced with the challenge of working in many rural areas where the population is predominantly made up of young people who are uneducated. This presents difficulties for the municipalities as it makes it harder for training and skills development to take place.

The municipality mostly works in rural areas in terms of the LED projects that they are operating and this in itself presents many obstacles. Plenty of the rural areas are under traditional authorities and in many cases the traditional authorities believe that they own all of the land in the rural areas and therefore feel the need to restrict some of the municipality's plans for development on 'their land'. This serves as a major setback for the municipality as they need to think of other ways to execute their plans and projects.

While the municipality may be faced with difficult traditional authorities that do not want to cooperate with the land. Development plans and projects are also challenged by private owners of land who will only sell their land to the government with a very high price. More often than not the municipality encounters such problems because the government does not own a lot of land.

The municipality is doing its best to address these challenges that they often face when attempting to implement their plans and projects. The municipality does, however, feel that they cannot address the in migration of foreigners, but they are trying to formalise some rural areas and trying to get the traditional authorities to cooperate while doing so because that will mean that they will be able to direct investment into those areas. The municipality is also addressing the challenges through encouraging the youth to study and through

granting unqualified people training so that they can access employment opportunities. The government is also helping the municipality in buying land so that they may proceed with their plans and projects without any obstacles.

The municipality is trying to ensure that they maximise the potential of their LED projects to address poverty through ensuring that similar IDP projects are distributed to all wards and ensuring that local people are employed. They encourage shopping complexes and other development to assist in absorbing people into the job market and importantly the rural development strategy is being developed to assist in farming and agriculture which has the capacity of creating many permanent jobs and contributing to the economy. The municipality has no concrete way of showing the outcomes of their projects as they do not monitor or evaluate the projects, therefore in order to get a sense of the outcomes of municipality's efforts an evaluation of job creation and business creation, infrastructure development and basic services provision will be made.

Further findings on LED in Mbombela municipality are related to amount of jobs that have been created, infrastructure that has been built and basic services that have been provided. These are important to take into account in order to understand how these have contributed to addressing poverty as with the LED projects.

5.3.1 Provision of Basic Services

The Mbombela Municipality does not consider the provision of basic services to be a part of LED, but it is included in this research as a part of it simply because the National Framework for Local Economic Development considers providing basic services to communities to be part and parcel of LED. It is also included because the municipality's LED strategy does acknowledge that in order for Mbombela to function as an efficient municipality it needs to deliver basic services within budget and on time. The focus for basic services provision here is in the poor communities of Mbombela, being the rural areas in order to see how the part of LED contributes to poverty alleviation.

According to the 2012/2013 Mbombela Annual Report;

During the 2011/2012 financial year the municipality pledged to connect 300 households with water, but only managed to connect 240 households. This number then more than doubled in the 2012/2013 financial year as when 750 households were connected with water from the 950 target that was set by the municipality. This means that the municipality is

improving its service delivery. However the gap between what is needed and what they can provide is increasing with the years, which might mean that the demand for services is increasing.

The number of households who received toilets in 2011/2012 was 2320 out of a target of 2419 and in 2012/2013 out of the 300 target for households to receive toilets none were delivered. This is a setback from what has happened with the water connection as no improvements to deliver were made.

The number of households that were provided with a legal electricity connection were 371 out of a target of 428 in 2011/2012 and 413 out of a target of 1494 in 2012/2013. This is another situation showing a lack of progress by the municipality in delivering a service through the progression of the years.

The numbers of stands which have been formalised have been 4000 which is 100% delivery of the target in 2011/2012 and none in 2012/2013. This should be made a priority because the formalisation of stands means that the municipality has an obligation to provide services for those households.

The 2012/2013 financial year has captured 300 beneficiaries of subsidy housing.

In both financial years of 2011/2012 and 2012/2013 a 100% delivery target was met in registering poor households for them to receive free basic services in serviced areas. This number was 12500 households in 2011/2012 and 11502 in 2012/2013. These serviced areas include Matsulu, Kanyamazane and Kabokweni. This is reassuring for households that are poor; however the municipality still has a long way to go in helping more poor households.

5.3.2 Job and business creation

Job creation is a major priority in the Mbombela Municipality and according to the respondents in the municipality;

There are 4000 jobs that have been created through LED in the year 2013. It has not been made clear whether these jobs have been permanent jobs or what types of jobs these are. From what the focus of LED is in terms of job creation, one would assume that the jobs are generated from new businesses being developed, developments that are being constructed, people hired to help in providing basic services and jobs in the second economy (Respondant 1, 2014).

According to the Mbombela Annual Report (2012) ,in terms of equipping people for jobs and creating businesses, in the financial year 2011/2012 200 people were trained for economic related activities within management and governance levels and 200 Cooperatives were trained on management and governance. In 2012/2013 100 cooperatives were trained on management and governments. From these cooperatives only 18 registered as legal entities in 2011/2012 and 32 registered as legal entities in 2012/2013 which is an improvement from the previous year. It does however seem that the municipality need to do more to get people to register their cooperatives and do business as this the number for the registered cooperatives are approximately between 10% in 2011/2102 and approximately 30% in 2012/2013 from the ones that were trained. This is an improvement from the previous year but more can be done. Important to note here is that cooperatives are considered to be SMMEs. Within the 2012/2013 financial year 81 trade trolleys have been delivered, 28 stalls have been built and 40 barber shades procured. This shows the municipality's commitment to supporting activities within the second economy.

5.3.3 Infrastructure development

Infrastructure development is important to grant physical access to amenities such as education facilities, health facilities, recreational facilities, general community facilities i.e police stations and employment opportunities. Infrastructure development focus here is based on what can be done in marginalised and poor communities to improve their lives and prospects for the future.

The kilometres of roads which have been converted from gravel to tar was 10.3 km from a target of 15.2 km in 2011/2012 and it was 16.8 km out of a target of 21.8 km in 2012/2013. This shows some consistency in the municipality's ability to provide.The municipality has built one community hall in Msogwaba, 24 airconditioners have been installed in 4 libraries, 60 soccer fields were upgraded and 12 new soccer fields built (Mbombela Annual Report, 2012).

The municipality has not been done much in terms of infrastructure development and this area of Local Economic Development needs to be granted more attention as community facilities and other infrastructure plays a major role in social development especially in poor communities. It is not enough for the municipality to only give households water and electricity connections because those households need to also develop themselves and live in an environment that will promote that.

It is important that it be noted that infrastructure development, job and business creation as well provision of basic services are all related to one another because when the municipality is able to help to create jobs and businesses it is able to generate revenue from the taxes that will be paid by the people. The more revenue the municipality is generating the more it capacity it has to provide services in even the marginalised and poor communities and to also develop infrastructure.

The municipality claims apart from measuring how many roads they have built or how many houses have been given water, they measure their extent to which they are contributing to poverty alleviation by looking into the amount of service delivery protests, looking at how many jobs they have created and through reviewing their plans in order to assess their impacts (Respondent 2, 2014)

5.4 Conclusion

The Mbombela municipality is one which can be said to be thriving economically as it has grown over the years and have attracted people and businesses to it. The municipality might be doing well but it has not yet completely figured out how to contribute to poverty alleviation vigorously, however it is trying. From the findings presented in this chapter it has become clear that the municipality is better at promoting 'urban' LED, focussed on attracting investments and businesses and building new infrastructure than 'rural' LED which focuses on alleviating poverty and supporting small businesses. This is very concerning when considering that more than 75% of the population of the municipality lives in rural areas and these rural areas are filled with poverty. This would mean that a majority of the population of the Mbombela municipality is poor and may remain poor as the municipality claims to not have the needed capacity to address this. The LED strategy draft 2012 is not helping the situation as the respondents working in the municipality have suggested that the strategy is not contextual enough and focuses on 'urban' LED. This means that LED in Mbombela is more capable of achieving desired results when implementing and promoting neo-liberal or pro-growth LED than neo-marxist or pro-poor LED. This supports the argument that LED in South Africa tends to be pro-growth inclined.

It is for this reason that the respondents have made recommendations in order for LED to operate better in the municipality. They have suggested that the LED strategy needs to be credible, it needs to talk to the local economy and that it should contain an implementation plan which is clear and is not general with clear targets, indicators as well as corresponding

with the Integrated Development Plan and Spatial Development Framework. There should be an involvement of all the stakeholders, private and public sector as well as communities and individuals. There should be an establishment of LED forums, whereby all sectors will be represented in discussing the way forward for LED. All the LED plans should also be aligned and there must be a correlation between the district, national and provincial levels of government. The one area the municipality feels that it has not capitalised on in terms of LED is tourism and they are looking into finding ways to change this. The municipality makes reference to implementing LED in a sustainable manner, however this is not translated into the plans or projects.

6.0 Chapter Six : Towards LED for Poverty Alleviation

6.1 Introduction

In order to give effect to Local Economic Development that contributes to poverty alleviation, there are certain challenges that need to be recognised and overcome. Within this research there have been challenges that relate to policy, practice and implementation as well as structural and non-structural components of LED. These challenges have been highlighted throughout the five chapters of the research as they have not only hindered Local Economic Development from contributing effectively to poverty alleviation but that have hindered the feasibility of LED in the country all together. In order to start considering how the challenges can be addressed, the challenges will be presented in the first part of the chapter. The second chapter will provide possible recommendations for each of the challenges through making use of a conceptual framework in order to explain how the challenges will be addressed so that LED may contribute to poverty alleviation more effectively.

6.2 Cyclical Challenges of LED

Some of the key LED challenges that have been identified in the research are;

a) Lack of common understanding of the role of LED and LED processes
b) Ineffective pro-poor LED strategies
c) LED that suits the South African context
d) Inability of LED to spatially transform South African cities
e) Inadequate planning resources and capacity
f) The ineffective relationship between provinces, districts and local authorities
g) Urban economic development overpowering rural economic development (i.e 85% of developments in Mbombela restricted to urban areas)

Lack of Common Understanding of the Role of LED and LED Processes

According to Choga *et al* (2013) the LED concept has never been clearly defined since it began to emerge post 1994 in South Africa. Local governments have been approaching LED in various ways which are presented in Integrated Development Plans and this has meant that there is no one mutual approach when it comes to the development of LED strategies. There simply needs to be a common understanding of what LED is, what it entails and what the role of government (national, provincial and local) is in implementing LED.

Furthermore, as in the case of Mbombela, municipalities often disregard what entails LED activities according to the National LED framework i.e. provision of basic services. This is because municipalities do not make use of LED support that is provided by the state.

Ineffective Pro-poor LED Strategies

In South Africa pro-poor LED strategies are fairly widespread, however in most cases the local government does not concern itself with involving the local business community in the process of developing these pro-poor LED strategies. This has resulted in the local government instigating pro-poor initiatives that are limited such as sewing schemes or craft production. Due to the fact that these initiatives are presented as LED, the outcomes of these initiatives are often measured in terms of social and economic indicators. These outcomes have proven to be disappointing in the areas of economic growth and job creation, thus giving LED a negative connotation (Rodriguez-Pose and Tijmstra, 2005;5). This type of approach to developing LED strategies completely defeats the purpose of LED being a bottom-up approach as it does not consider the insight and knowledge of the communities that are being assisted. Furthermore it can be considered to be impractical as it does not address yield results in the field of job creation or economic growth.

Local Economic Development that fits the South African Context

According to Rodriguez-Pose & Tijmstra (2005;5) sub-Saharan Africa is different from the rest of the world and therefore requires extraordinary solutions to its development problems. It is argued here that strategically planned LED may be a solution to sub-Saharan African countries as it may provide an approach that is more flexible and effective to enhance economic growth and reduce poverty simultaneously. The factor that typically results in LED being ineffective is the context of the LED strategies or projects. Often LED projects and strategies are adopted from countries around the world that do not fit the profile of South Africa and regardless of that those projects and strategies are implemented here. Furthermore, there is a disjuncture between policies and practice. LED plans are sometimes unrealistic and cannot be translated into practice because they are not sensitive to an area's specific challenges and the capabilities of the municipalities in terms of implementation. An example of this is the Mbombela draft LED strategy which was adopted from the Sunderland Local Municipality in the United Kingdom. According to Respondent 1 (2014) the Mbombela municipality's LED strategy remains a draft strategy due to this dilemma.

Inability of LED to spatially transform South African cities

LED strategies in the form of SDIs have intricate and unsustainable relationships between capital, space and the state. They continue to create and reinforce the existing shape of the relationship with benefits accruing for those areas that had already benefited. There is an existing gap between SDI's and IDP's, because SDIs do not fall in line with the goals of IDPs for they do not take into account the local existing conditions that prevail. SDIs are primarily motivated by availability of resources in space not by the resourcefulness of people, so what a place has to offer is more paramount to what the people within a locality can offer to the growth of the economy. SDIs seem to have a lot to do with "resourced" spaces since it emphasizes the development of space and the exclusive exploitation of resources on the basis of economic rationality and finally SDIs perpetuate the apartheid space economy, by targeting investment to those already richly resourced areas identified by the apartheid regime (Sihlongonyane, 2006 and Rogerson, 2004). The problem with practices such as LED, township economic development and other economic strategies is that they require locational advantage and certain geographical resources. This is the reason why development and investment then tends to be concentrated in certain areas while other areas continue to suffer from underdevelopment. In order to overcome this there needs to a development of spatial interventions that are combined with planning that will challenge the current patterns of socio-spatial separation (van Donk and Gorgens, undated).

Inadequate Planning Resources and Capacity

Respondents from the Mbombela Municipality have mentioned that one of the challenges that they face in implementing LED projects successfully is the lack of resources and institutional capacity. Furthermore there is no consideration or additional support granted to smaller and medium sized municipalities who have the least resources and capacity (Respondent 1 & 2, 2014).

The Ineffective Relationship between Provinces, Districts and Local authorities

Intergovernmental linkages are very important, LED planning is intended to be aligned in the way that it is undertaken by provinces, districts and local municipalities, but this is not the case in practise. The fact that IDPs often refer to national, provincial and district urgencies and plans is seldom reflected in the local LED plans and strategies. This can be attributed to the fact that LED officials view the term local in a very literal sense and

become oblivious to the fact that a local economy is naturally and intrinsically connected to the district, province, national and even the global economy (Choga *et al,* 2013).

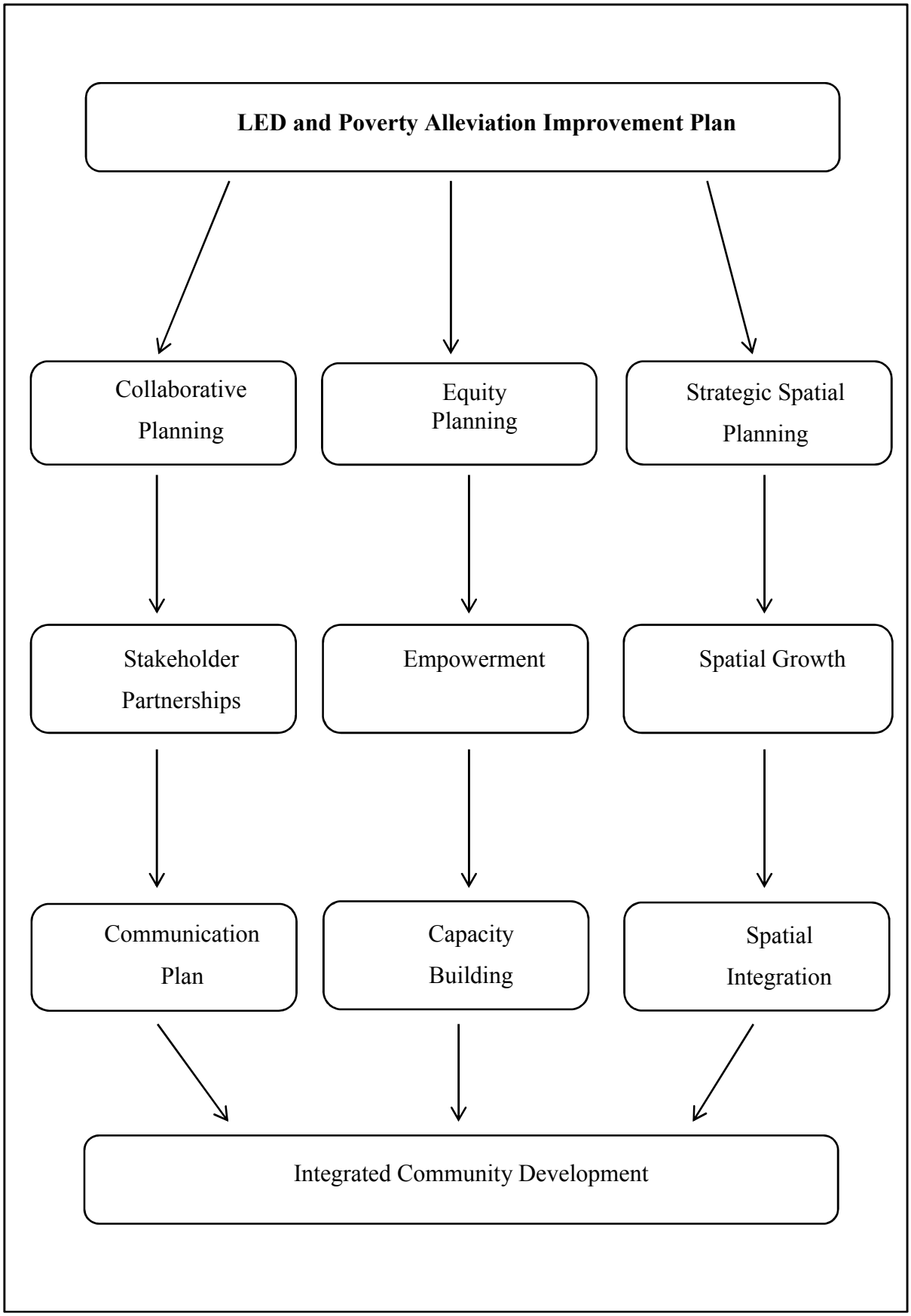
Urban Economic Development Overpowering Rural Economic Development

"Urban areas receive most investment from both public and private sectors and have far higher standards of service provision and infrastructure" (SANCO, 1995:24). Urban areas are often prioritised over non-urban rural areas. This is captured in both policy and in practice which directs development initiatives and funding to urban areas which has resulted in developed areas becoming more developed while underdeveloped areas are left to degrade. This is also the case in Mbombela Municipality where more than 70% of the population lives rural areas, however an estimated 80% of the developments are taking place in the urban areas.

6.3 A Conceptual Framework for an 'LED and Poverty Alleviation Improvement Plan'

The conceptual framework presented in Figure 6.3 is a representation of the 'LED and Poverty Alleviation Improvement Plan". It is encompasses the three major planning recommendations namely; collaborative planning, equity planning and spatial planning and elaborates on each. The plan that is presented in this framework is not an exhaustive plan but rather provides insight into possible ways to address LED challenges with regards to poverty alleviation.

Figure 6.3: Conceptual Framework of Plan to Address LED Challenges



Collaborative Planning "develops an approach to understanding and evaluating governance processes, and especially those that focus on developing qualities of place and territory" (Healey, 2003; 107). According to Healey (2003) collaborative planning acknowledges that all planning activities, which is LED in this case, involves, interaction and establishing relations. This type of planning is concerned with the process of communication, interaction and representation of different groups rather than the end product. It seeks to highlight the importance of complexity and diversity in planning processes and practices.

Collaborative planning will be useful for addressing LED challenges because this challenge calls for collaborative planning because it will ensure that different stakeholders from all spheres of government, private sector and community organisations are able to establish a reciprocal relationship. Establishing such a relationship will create dependency between the stakeholders that will force them to work collectively. This is not only important for the practice of LED but for policies to be aligned and correlate from the national level down to the local level as well as their implementation.

This type of planning will also permit the establishment of LED networks and forums to allow for municipalities to interact and understand exactly what LED is along with its processes through contact sessions. This will make use of a communication plan that will not only reach out to LED networks and forums but to individuals in communities. Doing this will allow LED forums and networks to explore different LED approaches while establishing a common LED understanding as well as learning from other municipalities' LED practices. It will also help communities to be aware of LED and encourage them to participate in LED activities.

Equity Planning is defined as a planning which "consciously seek to redistribute power, resources, or participation away from local elites and toward poor and working class citizens" (Sandercock, 1998;93). This type of planning is one which makes an effort to understand urban inequalities and contests urban policies and plans on which portions of the population get what (Sandercock, 1998). The purpose of equity planning is to empower those that are often marginalised and to ensure that these marginalised groups, which are often the poor, are being recognised in policy and benefitting from those policies and plans. One can say that within LED, equity planning advocates for plans and strategies that will not only benefit the poor but will also empower them. According to Wilson (1996; 618)

"empowerment is community economic development from the inside out". The material facets of development namely; jobs, businesses, income, investments and productivity are but "the visible tip of a very deep iceberg composed of individual change and community building".

In a country such as South Africa that has suffered from oppression, empowerment becomes a crucial component of uplifting previously disadvantaged communities. People need to desire change in order to welcome change, to embrace it and to ensure that it working successfully. The public or private sector cannot go into communities and enforce their LED projects if the people are reluctant and do not want to participate because these projects are aimed at helping those communities.

When people are empowered they seek ways to get themselves out of challenging conditions such as poverty. It is those people who are empowered that strive to have more and instead of wanting the state to help them they want to help themselves. Empowerment can come in the form of education, skills development and training. The outcome of equity planning and empowerment is that the state will be able to employ effective pro-poor LED strategies because they will know the groups that need to be targeted i.e; women, disabled, youth and will use strategies that will work to uplift and benefit them. Capacity building will also be achieved within communities through this. Communities will become more self-sufficient and will not only rely on the state to help them escape poverty. Equity planning will also ensure that development in non-urban areas is not compromised for development in urban areas.

Strategic Spatial Planning "reflects a process view and are characterised by intersectoral coordination and financial feasibility. The output is not just a plan for land use but a set of interrelated strategies for land, infrastructure and financial and institutional development" (Erkan, 2009;93). The main purpose of strategic spatial planning is to provide a clear long term plan, which contains an integrated vision of the future of a region based on the evaluation of the strengths, weaknesses, opportunities and threats of the region (Erkan, 2009). Evaluating the strengths, weaknesses, opportunities and threats and basing the vision on the outcome of the evaluation will guarantee that strengths and opportunities are maximised and capitalised on and that weaknesses and threats are minimised as much as possible. This will ensure that the change that needs to take place is directed by the vision of the strategic plan, which will prohibit any forces putting pressure on the region to develop

and grow a certain way that might not be as feasible to the area as with the strategic plan vision. According to Todes *et al* (2009) the aim of strategic spatial planning in the case of South Africa has been to restructure urban areas at a macro-level. Policy frameworks such as spatial development frameworks served as a component of integrated development plans, which give guidance to municipalities in administrating integrated growth and development.

Due to these reasons strategic spatial planning will ensure that LED serves to restructure the South African cities if employed correctly. Strategic planning does not only consider the spatial components of planning and development but the institutional, financial and resources. This will be helpful for capacity building within municipalities because through conducting a SWOT analysis of a locality because then the municipality will know where to maximise its strengths and opportunities and where to minimise the weaknesses and threats. This will also help municipalities to allocate financial or institutional resources effectively and fairly thereby achieving spatial growth and integration as rural and non-urban areas will also be targeted.

Collaborative planning, equity planning and strategic spatial planning can work to improve LED and poverty alleviation and lead to Integrated Community Development in the process of doing this. The conceptual framework presenting the planning approaches embodies a neo-marxist perspective on LED and poverty alleviation because it takes on a people-centred approach. This means that the framework considers the communities, municipalities and other stakeholders first before considering how LED plans can be translated into space in a many which will represent the interests of the stakeholders. All these types of planning can be criticised as they all have their shortcomings, however this is not the aim of the chapter.

6.4 Improving LED in Mbombela Municipality

All the challenges and recommendations that have been mentioned are applicable to MLM, however more specific to the municipality. According to the Respondents 1 & 2, the municipality has many tourist attractions and destination. While this is the case the municipality has not really explored ways in which it can link its tourism activities with Local Economic Development in the area. For this reason, it would be beneficial for the municipality to embark on LED and tourism LED strategy that would not only attract tourists into the municipality, but will attract investment and in turn create job opportunities which are permanent along with a platform for small businesses. This can be achieved

because tourism planning is about creating localities as centres for consumption. From what is depicted in the Mbombela annual report 2012, there has been an increase in cooperatives or what is known as SMMEs that have been registered. It has been a growing national concern that SMMEs do not receive adequate institutional support once they have been established, which is due to an uneven geographical distribution of service providers (Rogerson, 2004).

This means that there needs to be more attention given to SMME support that can be provided not only by government sectors but also by community organisations, private institutions and local businesses. From a national government level down to a local government level there needs to be forums that are formed especially for stakeholders to engage in expressing their grievances and progress relating to their businesses. It is uncertain whether SMMEs are able to contribute to poverty alleviation however, if given the adequate support and monitoring these businesses may have an opportunity to grow, create jobs and encourage other business to be established. The SMMEs do not only need support from the public and private sectors but from individuals within the communities as well. The community needs to be encouraged to purchase directly or use these business services and the businesses need to use local resources which will help in forming an economic base for their localities. Mbombela Municipality also needs to find ways to monitor and assess their LED projects in order to keep record of the progress that is being made and to know what shortfalls and opportunities exist.

6.5 Planning and LED

Planners have a significant role to play in ensuring that LED leads to poverty alleviation. According to Sandercock (1998; 86) "Planners purposes are to maximise welfare and solve problems through the use of analytical tools from the social sciences that influence decisions and through the design of regulations and implementation strategies that will produce desired outcomes". In the context of Local Economic Development this means that in conducting planning for areas, the objective is to guarantee the safety, health and wellbeing of people and to address any challenges that might be persisting amongst them. In order to do this there needs to be a level of understanding from a social, economic, political and spatial point of view that will inform the plans, strategies and regulations that will guide the process of embedding positive change in communities. With Local Economic Development one understands the treacherous historical trajectory that has created the need for this strategy in South African communities both urban and non-urban. The role of the planner

then becomes for them to be the facilitator of this process of change, ensuring that challenges such as poverty are addressed and that the welfare of those who are at a disadvantage is maximised.

6.6 Conclusion

There are a number of reasons why Local Economic Development is seen to be viable solution for economic development in a developing country such as South Africa. For many years communities and portions of the population of South Africa has been oppressed by the government of that time, pre-1994. The LED practice is one which enables communities to be in a position of power, whereby they are able to participate and influence developmental processes and plans that will determine their social and economic prospects. LED allows for localities to define their own needs as national priorities have the tendency of differing from local priorities. It allows for the localities to implore their local practices, traditions and customs and this will prompt enthusiasm and commitment to making LED strategies work. With this being said local objectives can be realised through LED if collective consensus is reached and structural frameworks are provided for implementation.

LED encourages partnerships with stakeholders, private sector, public sector, organisations and institutions. This practice relies upon the collective collaboration of a range of sectors from community organisations, government and private institutions. This means that in doing so LED presents a platform whereby a wide range of opinions can be offered. This however means that with the many different stakeholders and opinions that are represented there needs to be a level of consensus building and democratic principles that are applied within the sphere of decision making. LED creates opportunities for previously unheard parts of the population and sectors to express themselves. What then remains from this is how local communities can improve their environments and better equip themselves in order to be able to carry out LED strategies effectively.

The most challenging factor about LED is that it may be successful at a regional or provincial context as is the case with most SDIs such as the Maputo Development Corridor and many of the initiative undertaken in areas of high potential such as Johannesburg. The problem that is then encountered is that these LED strategies do not guarantee the upliftment of previously disadvantaged areas or a trickle-down effect. There is always a possibility of LED taking place in isolation and not promoting development in poor and marginalised communities.

The idea of LED is one that can work to the advantage of both economic growth and poverty alleviation of executed correctly. Institutional drivers along with capacity building and resource allocation are key for the successful implementation of LED. As with everything in South Africa, political will is key in realising a plan or strategy. This not only prioritises LED, but also raises awareness of what is being attempted to achieve but also opens up LED to the public and private sector which may yield unexpected assistance from various entities. Stakeholders need to develop their interests in the process of planning and implementing LED and need to participate and be included in the success of the strategies so that they may see the outcomes and improve where necessary.

In one of the interviews conducted with an official from the municipality it was mentioned that the LED projects that have been undertaken by the municipality are not monitored or evaluated on their outcomes. If this was to proceed one would have no way of knowing what aspects of the projects are working, which aspects are not working and where there is room for improvement. This suggests that there needs to be a level of accountability and responsibility from not only the government but from the various stakeholders that are affected by the projects. Ownership of LED projects and programmes needs to be taken so that monitoring can take place and results can be measured.

The failure of most LED projects can be avoided by simply focussing on the sectors with the most development potential and pairing them up with sectors with less development potential then ensuring a balanced stimulation of growth between the two categories of sectors. There needs to be assurance that the necessary funding and support has been obtained before a decision is made to implement a particular project. The government needs to ensure that economic development is occurring across all projects in order to eliminate the ones that are falling behind in time and avoiding collateral damage and resources being wasted.

One opportunity to be considered within LED is a centrist approach to this practice. This would mean that both LED pro-poor and pro-growth strategies would find a point of convergence whereby no one approach is prioritised over the other. Pro-poor LED strategies have been criticised for not really being successful when it comes to job creation and growing local economies. Pro-growth strategies on the other hand have been complimented for working better than pro-poor LED strategies in growing economies. Considering that the outcomes of the two are not balanced it only seems sensible to combine the two in order to

get a desired result. Pro-poor strategies often do not receive as much investment and priority as pro-growth strategies and pro-growth strategies are considered to be oblivious to the need for development in underprivileged and previously disadvantaged communities. These shortcomings can be overcome and going further into successfully implementing LED and attaining desired economic and social outcomes, centrism seems like a viable solution.

References

- Adams, W. and Moila, B. (2003) Executive Summary of Nelspruit (Mbombela) case study, http://www.sarpn.org.za
- Africities (2006) Furthering The Local Economic Development Agenda in Africa, A draft discussion paper presented by the Municipal development Partnership
- Baumann, T. (2003) Housing Policy and Poverty in South Africa In Khan, F and Thring, P (eds) *Housing Policy and Practice in Post-Apartheid South Africa*. Johannesburg: Heinemann
- Behrens, R. and Wilkinson, P. (2003) Housing and urban and passenger transport policy and planning in South African cities: A problematic relationship? In *Confronting Fragmentation: housing and urban development in a democratising society,* Cape Town: University of Cape Town Press.
- Blakely, E. J (1989) Planning Local Economic Development: Theory and Practice, Sage Publications, Newbury Park London
- Bond, P. (2002), Local Economic Development Debates in South Africa, Occasional Papers No. 6, Municipal Services Project
- Boulle, J. , Douglas, S. and Parnell, S. (2005) Institutionalising Pro-poor Local Economic Development Through Expanded Public Works In the Urban Environment of Cape Town, World Bank
- Bovaird, T. (1992) Local Economic Development and the City. Urban Studies 29 (3/4): pp 343-368
- Brillantes, A. B., Deolaikar, A. B., Gaiha, R., Pernia, E. M. and Racelis, M. (2002) Poverty Reduction and the Role of Institutions in Developing Asia, ERD Working Paper Series no. 10
- Cameron, B. (2000) The Future of Cities in South Africa, South African Transport Conference papers
- Centre for Development and Enterprise (1995) Building Policy Skills in South Africa, Johannesburg
- Choga, I., Hofisi, C., Maredza, A., Mbeba, R. (2013) Scoring Local Economic Development Goals in South Africa: Why Local Government is Failing to Score, Mediterranean Journal Of Social Sciences Vol 4, No 3, MCSER Publishing, Rome, Italy

- Creswell, J. W (2009) Research Design: Qualitative, Quantitative and Mixed Methods Approaches, 3rd Edition, Sage Publications
- Crush, J. and Rogerson, C. M. (2012) New Industrial Space: Evaluating South Africa's Spatial Development Initiatives (SDI) Programme, South African Geographic Journal 83:2 pp 85-92
- Department of Finance (1996) Growth, Employment and Redistribution: A Macro-economic Strategy
- Department of Provincial and Local Government (2003) Local Economic Development, A Resource Book for Municipal Councillors and Officials
- Department of Provincial and Local Government (2006) Stimulating and Developing Sustainable Local Economies, National Framework for Local Economic Development(LED) in South Africa(2006-2011)
- Department of Provincial and Local Government (2006), Stimulating and Developing Sustainable Local Economies, National Framework for Local Economic Development
- Didier, S. , Morange, M. and Peyroux, E. (2012) The Adaptive Nature of Neoliberalism at the Local Scale: Fifteen Years of City Improvement Districts in Cape Town and Johannesburg.
- Dollar, D. and Kraay, A. (2002) Growth is Good for the Poor, Journal for Economic Growth, 7, pp 195-225
- Erkan, P. (2009) A 'New and Soft' Urban Planning Paradigm: The Strategic Spatial Planning, Suleyman Demirel University, pp 89-100
- Giddens, A. (1998) The Third Way: The Renewal of Social Democracy, Cambridge, Polity Press
- Gruchy, A. G. (1984) Neo-Institutionalism, Neo-Marxism and Neo-Keynesianism: An Evaluation, Journal of Economic Issues Vol 18 No 2
- Hasan, L. (1998) Contextualising Local Economic Development for Developing Countries, Pakistan Institute of Development Economics
- Healey, P. (2008) Collaborative Planning in Perspective, Vol 2(2): 101-123, Sage Publications
- Heintz, J. (2003) Out of Gear? Economic Policy and Performance in Post-apartheid South Africa, Political Economy Research Institute

- Helmsing, A. H. J., (2003) Local Economic Development: New Generations of Actors, Policies and Instruments for Africa, Institute of Social Studies , The Hague, The Netherlands
- Hindson, D. and Vicente, V. (2005) Whither LED in South Africa?, A Commentary on the Policy Guidelines for Implementing Local Economic Development in South Africa
- Hlela, K. and Stack, L. (2000) Enhancing Policy Implementation: Lessons from the Health Sector, Centre for Policy Studies, Johannesburg
- Kessides, C. (2005) The Urban Transition in Sub-Saharan Africa: Implications for the Economic Growth and Poverty Reduction, Urban Development Unit Transport and Urban Development Department, The World Bank
- Knight, R. (2001) South Africa: Economic Policy and Development
- Koma, S. B. (2012) Local Economic Development in South Africa : Policy Implications, Vol 5, No 3
- Mayer-Stamer, J. (2003) "The Hexagon of Local Economic Development and LED in South Africa" www.mesopartner.com
- Mbombela Local Municipality (2002) Provincial Mayoral Report
- Mbombela Local Municipality Annual Report (2012)
- Mbombela Local Municipality IDP (2009/2010)
- Mbombela Local Municipality IDP (2012)
- Mbombela Local Municipality IDP (2013)
- Mbombela Local Municipality LED Draft strategy (2012)
- Mbombela Local Municipality LED strategy (2008)
- Mbombela Local Municipality SDF (2012)
- Mbuli, B. N. (2008) Poverty Reduction Strategies in South Africa, University of South Africa
- Mefalopulos, T. and Tufte, T. (2009) Participatory communication: A Practical Guide, World Bank Working Paper NO. 170
- Moser, C. O. N. (1996) Confronting Crisis. A Summary of Household Responses to Poverty and Vulnerability in Four Poor Urban Communities. Environmental Sustainable Development Studies and Monographs Series No. 7. The World Bank, Washington, D.C.

- Moser, C. O. N., (1998) The Asset Vulnerability Framework: Reassessing Urban Poverty Reduction Strategies, World Development, Vol. 26, No. 1
- National Framework for Local Economic Development in South Africa(2006 – 2011)
- National Planning Commision (2011) National Development Plan
- National Rural Development Framework (1997)
- Nattrass, N. (2011) The New Growth Path: Game Changing Vision or Cop-out?, School of Economics, University of Cape Town
- Nel, E. (2001) Local Economic Development: A Review and Assessment of its Current Status in South Africa, Urban Stud 2001 38: 1003(*electronic*)
- Nel, E. (2005) Investigation of Pro-Poor Local Economic Development in South Africa, World Bank- Netherlands Partnership Program, "Evaluating and Disseminating Experiences in Local Economic Development"
- Nel, E. L. and McQuaid, R. W. (2002) The Evolution of Local Economic Development in South Africa: The Case of Stutterheim and Social Capital
- Nelspruit web (2014) www.nelspruitweb.co.za
- Newman, I. and Geddes, M. (1999) Evolution and Conflict in Local Economic Development, Local Economy, 14: 1, 12-26
- Page, J. (2006) Strategies for Pro-poor Growth: Pro-poor, Pro-growth or Both?
- Palframan, A. (2005) A syntactical analysis of settlement form – an investigation of Socio-spatial characteristics in low-income housing settlements in Port Elizabeth, South Africa. *World Congress on Housing*
- Parkin, M., Kholer, M., Lakay, L., Rhodes, B., Saayman, A., Shloer, V., Scholtz, F. and Thompson, K. (2012) Global and Southern African Perspectives, Economics, Pearson Education South Africa
- Parliamentary Liason Office (2006) An Outline and Brief Analysis of ASGISA
- Patterson, C. (2008) Country Report Local Economic Development in South Africa, GTZ Strengthening Local Governance Programme's LED component in South Africa
- Peyroux, E. (2006) City Improvement Districts in Johannesburg: An examination of the local variations of the BID Model
- Pieterse, E. (2007) South African Local Governance: Ambitions, Experiences and Challenges
- Reconstruction and Development Programme (1994) African National Congress

- Refocusing Development On The Poor, Draft Local Economic Development Policy
- Republic of South Africa, Ministry of Provincial Affairs and Constitutional Development (1998) White Paper on Local Government.
- Republic of South Africa (1996) Growth, Employment and Redistribution- A Macro-
- Republic of South Africa (1998), Municipal Structures Act, Act 117 of 1998.
- Republic of South Africa (2000) Accelerating Growth and Development: The Contribution of an Integrated Manufacturing Strategy.
- Republic of South Africa (2000), Municipal Systems Act, Act 32 of 2000
- Republic of South Africa, Department of Provincial and Local Government (2001)
- Rodriguez-Pose, A. and Tijmstra, S. (2005) Local Economic Development as an Alternative Approach to Economic Development in Sub-Saharan Africa, World Bank
- Rogerson and Nel (2007), Evolving Local Economic Development Policy and Practice in South Africa with Special Reference to Smaller Urban Centres. Urban Forum(2007) 18: pp 1-11
- Rogerson C.M. (2004) From Spatial Development Initiative to Blue IQ: Sub-National Economic Planning in Gauteng. Urban Forum, 15 (1): 74-101.
- Rogerson, C. M (1999) Local Economic Development and Urban Poverty Alleviation: The Experience of Post-Apartheid South Africa, HABITAT INT,. Vol. 23, No. 4, pp 511-534,
- SA LED Network (2014) led.co.za/
- Sachs, J. (2006) The end of poverty, Investigating Pro-Poor Local Economic Development in South Africa
- Sandercock, L. (1998) Towards Cosmopolis: Planning for Multicultural Cities, Chichester, John Willey and Sons
- Sihlongonyane, M. F. (2006) Debunking Spatial Development Initiatives in South Africal, Geographical Journal, Volume 88 Number 2, pages 139-149.
- Swack, M. and Mason, D. (1987) Community Economic Development as a Tool for Social Intervention In Bennett (ed) *Social Intervention Theory and Practice*
- Welman, C., Kruger, F. and Mitchell, B. (2005) Research Methodology, South Africa, Oxford University Press
- www.hakikazi.org

- Simon, D. (2003) Contextualising South African Local Economic Development within Current Development Debates: The International Setting, Urban Forum, Vol. 14, No. 2-3, April- September
- South African Government (1996) The Constitution of the Republic of South Africa,
- South African History Online (2014) www.sahistory.org.za
- The Presidency (2008) Towards an Anti-Poverty Strategy for South Africa, A Discussion Document
- South African National Civic Organisation (1995) Strategies and Policies for Local Economic Development in the new South Africa: Friedich Ebert Stiftung, Johannesburg
- Statistics South Africa, Census (2011) www.statssa.gov.za/census2011/
- The Presidency (2006) The National Spatial Development Perspective
- DEPARTMENT OF Land Affairs and Rural Development task team (1997) The Urban Development Framework
- Todes, A. , Karam, A. , Klug, N. , Malaza, N. (2010) Beyond master planning? New approaches to spatial planning in Ekurhuleni, South Africa, School of Architecture and Planning University of the Witwatersrand
- Todes, A. and Harrison, P. (2013) Spatial Considerations In The Development Of Urban Policy In South Africa: A Research Paper As Input Into The Preparation Of The Integrated Urban Development Framework (IUDF)
- Tomlinson, R. (2001) The Local Development mirage in South Africa, , GeoForum 34(2003) 113-122, Graduate School of Public and Development Management, University of the Witwatersrand, South Africa
- Trading Economics (2014) www.tradingeconomics.com/
- Van der Heijden, T. (2008) Key Issues in Local Economic Development in South Africa and a potential role for SALGA, SALGA LED position paper
- Van Donk, M. and Gorgens, T. (undated) From Basic Needs towardsSsocio-spatial Transformation: Coming to Grips with the 'Right to the City' for the urban poor in South Africa.
- Van Vuuren, (2013) Varieties of the Neoliberalism within the Post-Cold War period: Economic Policy in Post-Apartheid South Africa, Stellenbosch University

- Van Vuuren, I. (2013) Varieties of the Neoliberalism within the Post-Cold War period: Economic Policy in Post-Apartheid South Africa, Stellenbosch University
- Vasconcellos, E. (2003) The urban transportation crisis in developing countries: alternative policies for an equitable space. In Whitelegg, J. and Haq, G. (eds), *The Earthscan Reader on World Transport: Policy and Practice,* London: Earthscan
- Wallis, M. and Reddy, P. (2012) Local Economic Development: A Critique of the African Experience, Vol 31 No 2, pp 70-88, Unisa Press
- Wilson, A. P. (1996) Empowerment: Community Economic Development from the Inside Out, Urban Stud 33:617, Sage Publications
- Adams, W. and Moila, B. (2003) Executive Summary of Nelspruit (Mbombela) case study, http://www.sarpn.org.za
- Africities (2006) Furthering The Local Economic Development Agenda in Africa, A draft discussion paper presented by the Municipal development Partnership
- Baumann, T. (2003) Housing Policy and Poverty in South Africa In Khan, F and Thring, P (eds) *Housing Policy and Practice in Post-Apartheid South Africa*. Johannesburg: Heinemann
- Behrens, R. and Wilkinson, P. (2003) Housing and urban and passenger transport policy and planning in South African cities: A problematic relationship? In *Confronting Fragmentation: housing and urban development in a democratising society,* Cape Town: University of Cape Town Press.
- Blakely, E. J (1989) Planning Local Economic Development: Theory and Practice, Sage Publications, Newbury Park London
- Bond, P. (2002), Local Economic Development Debates in South Africa, Occasional Papers No. 6, Municipal Services Project
- Boulle, J. , Douglas, S. and Parnell, S. (2005) Institutionalising Pro-poor Local Economic Development Through Expanded Public Works In the Urban Environment of Cape Town, World Bank
- Bovaird, T. (1992) Local Economic Development and the City. Urban Studies 29 (3/4): pp 343-368
- Brillantes, A. B., Deolaikar, A. B., Gaiha, R., Pernia, E. M. and Racelis, M. (2002) Poverty Reduction and the Role of Institutions in Developing Asia, ERD Working Paper Series no. 10

- Cameron, B. (2000) The Future of Cities in South Africa, South African Transport Conference papers
- Centre for Development and Enterprise (1995) Building Policy Skills in South Africa, Johannesburg
- Choga, I., Hofisi, C., Maredza, A., Mbeba, R. (2013) Scoring Local Economic Development Goals in South Africa: Why Local Government is Failing to Score, Mediterranean Journal Of Social Sciences Vol 4, No 3, MCSER Publishing, Rome, Italy
- Creswell, J. W (2009) Research Design: Qualitative, Quantitative and Mixed Methods Approaches, 3rd Edition, Sage Publications
- Crush, J. and Rogerson, C. M. (2012) New Industrial Space: Evaluating South Africa's Spatial Development Initiatives (SDI) Programme, South African Geographic Journal 83:2 pp 85-92
- Department of Finance (1996) Growth, Employment and Redistribution: A Macro-economic Strategy
- DEPARTMENT OF Land Affairs and Rural Development task team (1997) The Urban Development Framework
- Department of Provincial and Local Government (2003) Local Economic Development, A Resource Book for Municipal Councillors and Officials
- Department of Provincial and Local Government (2006) Stimulating and Developing Sustainable Local Economies, National Framework for Local Economic Development(LED) in South Africa(2006-2011)
- Department of Provincial and Local Government (2006), Stimulating and Developing Sustainable Local Economies, National Framework for Local Economic Development
- Didier, S. , Morange, M. and Peyroux, E. (2012) The Adaptive Nature of Neoliberalism at the Local Scale: Fifteen Years of City Improvement Districts in Cape Town and Johannesburg.
- Dollar, D. and Kraay, A. (2002) Growth is Good for the Poor, Journal for Economic Growth, 7, pp 195-225
- Erkan, P. (2009) A 'New and Soft' Urban Planning Paradigm: The Strategic Spatial Planning, Suleyman Demirel University, pp 89-100
- Giddens, A. (1998) The Third Way: The Renewal of Social Democracy, Cambridge, Polity Press

- Gruchy, A. G. (1984) Neo-Institutionalism, Neo-Marxism and Neo-Keynesianism: An Evaluation, Journal of Economic Issues Vol 18 No 2
- Hasan, L. (1998) Contextualising Local Economic Development for Developing Countries, Pakistan Institute of Development Economics
- Healey, P. (2008) Collaborative Planning in Perspective, Vol 2(2): 101-123, Sage Publications
- Heintz, J. (2003) Out of Gear? Economic Policy and Performance in Post-apartheid South Africa, Political Economy Research Institute
- Helmsing, A. H. J., (2003) Local Economic Development: New Generations of Actors, Policies and Instruments for Africa, Institute of Social Studies , The Hague, The Netherlands
- Hindson, D. and Vicente, V. (2005) Whither LED in South Africa?, A Commentary on the Policy Guidelines for Implementing Local Economic Development in South Africa
- Hlela, K. and Stack, L. (2000) Enhancing Policy Implementation: Lessons from the Health Sector, Centre for Policy Studies, Johannesburg
- Kessides, C. (2005) The Urban Transition in Sub-Saharan Africa: Implications for the Economic Growth and Poverty Reduction, Urban Development Unit Transport and Urban Development Department, The World Bank
- Knight, R. (2001) South Africa: Economic Policy and Development
- Koma, S. B. (2012) Local Economic Development in South Africa : Policy Implications, Vol 5, No 3
- Mayer-Stamer, J. (2003) "The Hexagon of Local Economic Development and LED in South Africa" www.mesopartner.com
- Mbombela Local Municipality (2002) Provincial Mayoral Report
- Mbombela Local Municipality Annual Report (2012)
- Mbombela Local Municipality IDP (2009/2010)
- Mbombela Local Municipality IDP (2012)
- Mbombela Local Municipality IDP (2013)
- Mbombela Local Municipality LED Draft strategy (2012)
- Mbombela Local Municipality LED strategy (2008)
- Mbombela Local Municipality SDF (2012)

- Mbuli, B. N. (2008) Poverty Reduction Strategies in South Africa, University of South Africa
- Mefalopulos, T. and Tufte, T. (2009) Participatory communication: A Practical Guide, World Bank Working Paper NO. 170
- Miller, V. and VeneKlasen, L. (2002) Power and Empowerment, PLA notes, 43: 39-41
- Moser, C. O. N. (1996) Confronting Crisis. A Summary of Household Responses to Poverty and Vulnerability in Four Poor Urban Communities. Environmental Sustainable Development Studies and Monographs Series No. 7. The World Bank, Washington, D.C.
- Moser, C. O. N., (1998) The Asset Vulnerability Framework: Reassessing Urban Poverty Reduction Strategies, World Development, Vol. 26, No. 1
- National Framework for Local Economic Development in South Africa(2006 – 2011)
- National Planning Commision (2011) National Development Plan
- National Rural Development Framework (1997)
- Nattrass, N. (2011) The New Growth Path: Game Changing Vision or Cop-out?, School of Economics, University of Cape Town
- Nel, E. (2001) Local Economic Development: A Review and Assessment of its Current Status in South Africa, Urban Stud 2001 38: 1003(*electronic*)
- Nel, E. (2005) Investigation of Pro-Poor Local Economic Development in South Africa, World Bank- Netherlands Partnership Program, "Evaluating and Disseminating Experiences in Local Economic Development"
- Nel, E. L. and McQuaid, R. W. (2002) The Evolution of Local Economic Development in South Africa: The Case of Stutterheim and Social Capital
- Nelspruit web (2014) www.nelspruitweb.co.za
- Newman, I. and Geddes, M. (1999) Evolution and Conflict in Local Economic Development, Local Economy, 14: 1, 12-26
- Noble, M., Ratcliffe, A. and Wright, G. (2004) Conceptualising, Defining and Measuring Poverty in South Africa: An Argument for the Consensual Approach, Centre for the Analysis of South African Social Policy, University of Oxford
- Page, J. (2006) Strategies for Pro-poor Growth: Pro-poor, Pro-growth or Both?

- Palframan, A. (2005) A syntactical analysis of settlement form – an investigation of Socio-spatial characteristics in low-income housing settlements in Port Elizabeth, South Africa. *World Congress on Housing*
- Parkin, M., Kholer, M., Lakay, L., Rhodes, B., Saayman, A., Shloer, V., Scholtz, F. and Thompson, K. (2012) Global and Southern African Perspectives, Economics, Pearson Education South Africa
- Parliamentary Liason Office (2006) An Outline and Brief Analysis of ASGISA
- Patterson, C. (2008) Country Report Local Economic Development in South Africa, GTZ Strengthening Local Governance Programme's LED component in South Africa
- Peyroux, E. (2006) City Improvement Districts in Johannesburg: An examination of the local variations of the BID Model
- Pieterse, E. (2007) South African Local Governance: Ambitions, Experiences and Challenges
- Reconstruction and Development Programme (1994) African National Congress
- Refocusing Development On The Poor, Draft Local Economic Development Policy
- Republic of South Africa, Ministry of Provincial Affairs and Constitutional Development (1998) White Paper on Local Government.
- Republic of South Africa (1996) Growth, Employment and Redistribution- A Macro-
- Republic of South Africa (1998), Municipal Structures Act, Act 117 of 1998.
- Republic of South Africa (2000) Accelerating Growth and Development: The Contribution of an Integrated Manufacturing Strategy.
- Republic of South Africa (2000), Municipal Systems Act, Act 32 of 2000
- Republic of South Africa, Department of Provincial and Local Government (2001)
- Rodriguez-Pose, A. and Tijmstra, S. (2005) Local Economic Development as an Alternative Approach to Economic Development in Sub-Saharan Africa, World Bank
- Rogerson and Nel (2007), Evolving Local Economic Development Policy and Practice in South Africa with Special Reference to Smaller Urban Centres. Urban Forum(2007) 18: pp 1-11
- Rogerson C.M. (2004) From Spatial Development Initiative to Blue IQ: Sub-National Economic Planning in Gauteng. Urban Forum, 15 (1): 74-101.

- Rogerson, C. M (1999) Local Economic Development and Urban Poverty Alleviation: The Experience of Post-Apartheid South Africa, HABITAT INT,. Vol. 23, No. 4, pp 511-534,
- Sachs, J. (2006) The end of poverty, Investigating Pro-Poor Local Economic Development in South Africa
- Sandercock, L. (1998) Towards Cosmopolis: Planning for Multicultural Cities, Chichester, John Willey and Sons
- Sihlongonyane, M. F. (2006) Debunking Spatial Development Initiatives in South Africal, Geographical Journal, Volume 88 Number 2, pages 139-149.
- Simon, D. (2003) Contextualising South African Local Economic Development within Current Development Debates: The International Setting, Urban Forum, Vol. 14, No. 2-3, April- September
- South African Local Government Association (2010) SA LED Network, (2014) led.co.za/
- South African Government (1996) The Constitution of the Republic of South Africa,
- South African History Online (2014) www.sahistory.org.za
- South African National Civic Organisation (1995) Strategies and Policies for Local Economic Development in the new South Africa: Friedich Ebert Stiftung, Johannesburg
- Statistics South Africa, Census (2011) www.statssa.gov.za/census2011/
- Swack, M. and Mason, D. (1987) Community Economic Development as a Tool for Social Intervention In Bennett (ed) *Social Intervention Theory and Practice*
- The Presidency (2006) The National Spatial Development Perspective
- The Presidency (2008) Towards an Anti-Poverty Strategy for South Africa, A Discussion Document
- Todes, A. , Karam, A. , Klug, N. , Malaza, N. (2010) Beyond master planning? New approaches to spatial planning in Ekurhuleni, South Africa, School of Architecture and Planning University of the Witwatersrand
- Todes, A. and Harrison, P. (2013) Spatial Considerations In The Development Of Urban Policy In South Africa: A Research Paper As Input Into The Preparation Of The Integrated Urban Development Framework (IUDF)

- Tomlinson, R. (2001) The Local Development mirage in South Africa, , GeoForum 34(2003) 113-122, Graduate School of Public and Development Management, University of the Witwatersrand, South Africa
- Trading Economics (2014) www.tradingeconomics.com/
- Van der Heijden, T. (2008) Key Issues in Local Economic Development in South Africa and a potential role for SALGA, SALGA LED position paper
- Van Donk, M. and Gorgens, T. (undated) From Basic Needs towardsSsocio-spatial Transformation: Coming to Grips with the 'Right to the City' for the urban poor in South Africa.
- Van Vuuren, (2013) Varieties of the Neoliberalism within the Post-Cold War period: Economic Policy in Post-Apartheid South Africa, Stellenbosch University
- Van Vuuren, I. (2013) Varieties of the Neoliberalism within the Post-Cold War period: Economic Policy in Post-Apartheid South Africa, Stellenbosch University
- Vasconcellos, E. (2003) The urban transportation crisis in developing countries: alternative policies for an equitable space. In Whitelegg, J. and Haq, G. (eds), *The Earthscan Reader on World Transport: Policy and Practice,* London: Earthscan
- Wallis, M. and Reddy, P. (2012) Local Economic Development: A Critique of the African Experience, Vol 31 No 2, pp 70-88, Unisa Press
- Welman, C., Kruger, F. and Mitchell, B. (2005) Research Methodology, South Africa, Oxford University Press
- Wilson, A. P. (1996) Empowerment: Community Economic Development from the Inside Out, Urban Stud 33:617, Sage Publications
- www.hakikazi.org *accessed image 28 April 2014*

Consent Form

Hi, my name is Simangele Mahlalela, I am a student registered at the University of Witwatersrand in the School of Architecture and Planning.

I am currently in the process of conducting research for the submission of a research report(thesis/dissertation) as a requirement for my Bachelor of Science with Honours in Urban and Regional Planning.

My research title is "Investigating the role of Local Economic Development as a tool for Poverty Alleviation in Mbombela Municipality". The aim of the research is to explore one of government's LED intervention for poverty alleviation in order to gain an understanding of whether it is working successfully or not.

In order to conduct this research, I humbly ask that I interview you. Your participation is entirely voluntarily and you are free to decline the request to participate if you wish to do so. You may also discontinue your participation at any time or refrain from answering questions that you are not comfortable with answering during the interview. I will use the information obtained from you together with the information obtained from other participants in order to prepare a research report for the School of Architecture and Planning at Wits University. If you agree the information will be attributed to you.

Your anonymity and confidentiality of all information revealed will be treated with the utmost respect. If you wish I will refer to you by the term Respondent and allocate a number to you.

Thank you for your willingness to participate in this study. Below is the consent form.

CONSENT

I,……., am willing to take part in this study and understand that my participation is voluntarily and that I can withdraw from participation at any time, for whatever reason.

Name: _____

Signature of Interviewee: _____

Date: _____

Please also sign below if you are willing to allow your name to be recorded and used in the research report.

Signature: _____

Questionnaire for Interviewees

General Questions
Name:

Position:

Duration of time working in this position:

In what way are you involved in LED activities in the municipality:

Specific questions

1. What is the aim of LED in Umjindi municipality?
2. What is the general economic performance of the municipality?
3. What plans and strategies are being used to support LED in Umjindi?

Plans	**Strategies**

4. Where does the municipality get funding for LED?

Private funding	**Government funding**	**Other**

5. Which government institutions render support for LED in Umjindi, who do you work with?

Institutions	**National, provincial or local**	**Nature of Support**

6. Which non-government institutions render support for LED in Umjind?

Non-government institution	**Nature of support**

7. How does the LED strategy aim to address poverty?
8. Are your LED strategies, plans and project aimed at growing businesses and investment or targeting the poor?
9. Which LED projects are aimed at?

Job creation	**Business creation**	**Provision of basic services and infrastructure**

10. What is the performance of these areas in contributing towards poverty alleviation?

Job creation	**Business creation**	**Provision of basic services and infrastructure**

11. What issues relating to poverty are faced by the municipality?
12. What LED projects are aimed directly at alleviating poverty?
13. What challenges has and is the municipality facing in alleviating poverty through LED projects?
14. How are you addressing these challenges?
15. What other mechanisms besides LED are used to alleviate poverty?
16. What have achievements have you made thus far in terms of LED and poverty alleviation?
17. What changes have you put in place since you started working in the municipality?

18. How does the municipality measure whether LED is contributing to poverty alleviation?