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Integrated development plans and their effect on local economic development: A case study of Mpumalanga

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Chapter One

Introduction

1.1 Introduction

The sphere of local government in South Africa has, for many years, been seen as a subservient sphere of government. Dominated by both provincial and central government, local government was forced to implement development plans that were developed by the top spheres of government (DCD, 1998; Rogerson, 2002). This meant that local governments played an administrative role in economic development under the apartheid government (Rogerson, 2002). However, with the change of government in 1994 there was a change in the manner that local government was viewed (RSA, 1998). It was designated as a separate sphere of government that was to play a central role in the economic development of the country (DPLG, 1998; Bobat *et al*. 2000; DPLG, 2000a). This change in the role of local government meant that local economic development (LED) became a central key to the development planning in South Africa. In 1996, central governments implemented a strategy to co-ordinate and structure the planning process for LED in local municipalities. According to the Local Government Transition Act of 1993 all municipalities and district councils were to implement an Integrated Development Plan (DCD, 1998; Harrison, 2001). These integrated development plans (IDPs) were to have specific guidelines which governed their format and content (DPLG, 2000b, Coetzee, 2000). The concept of IDPs stems from an international move (particularly in Europe) to centrally format the development process (Rose *et al*, 1992; Hasting *et al*, 1995; Cooke, 1996; Mackinnon, 2000). Thus, very specific and extensive

guidelines have been drawn up for the writing of an IDP by the South African Department of Provincial and Local Government and municipalities were to have finished their first IDP by March 2002.

Despite their growing significance, little research has been done on IDPs in South Africa (DCD, 1998; Coetzee, 2000; 2000b; DPLG, 2000c; Sutcliffe, 2000; Harrison, 2001; DPLG, 2002). Most of the existing literature around IDPs is by government departments that wish to give local government officials an understanding of how to write an IDP. For this reason this research is expanding on a topic that is little explored in South Africa. IDPs are seen as the way forward for LED in South Africa; they are seen as a mechanism that will help develop capacity and integrate different government departments so as to have a consolidated LED process (DPLG, 2000d). In municipalities that do not have any LED policy, IDPs may be the path towards developing a LED strategy. Nevertheless, in municipalities that have LED policies the introduction of IDPs may lead to a radical change in the way that they formulate, implement and conduct their LED.

1.2 Objectives

The primary aim of this project is to determine the way in which LED policy and practice have been changed by the implementation of IDPs using Mpumalanga Province as a case study. The objective is to create an understanding of the way IDPs are affecting local government and if this impact is adversely affecting LED. Very little work has been done on IDPs in South Africa with the exception of Harrison (2000) and Nel and Binns (2003). Most of the critical literature on the topic does not look at case studies of IDPs due to the

fact that the deadline for municipalities to release their IDPs was March 2002. This recent deadline has meant that there have been few assessments on the implementation of IDPs and how they are affecting LED policy.

Another objective of this research is to analyze the role that central government is playing in LED. By enforcing IDPs through legislation and forcing local municipalities to spend resources and manpower writing an IDP, central government is playing a large role in the manner in which LED is practiced in South Africa (Planact, 1998; FCR, 1998). That is not to say that local municipalities are told what policies to implement but rather in what manner they have to go about formulating the policy. In South Africa, local government is an independent sphere of Government and thus is to operate as an entity on it's own linking it to the other spheres of provincial and national government (RSA, 1998). By creating centralized legislation governing LED, central government may be greatly influencing the autonomy of local government (Swilling, 1997; Planact, 1998).

This research also aims to look at the way that integration in IDPs is taking place. IDPs encourage linkages and integration between local municipalities and district councils. Thus each municipality should be aware of the policy of adjacent municipalities and their district councils. At present this seems an almost impossible task as in March 2002 many municipalities still had not released their final IDP document. Thus, without thorough communication between local municipalities and district councils there would be very little integration between municipalities.

Figure 1.1 The Geographical Location of Mpumalanga

Source: MDB, 2005.

The integral issue is of major importance in the case of Mpumalanga which for several years has had an LED policy that has focused on Spatial Development Initiatives and development corridors (Rogerson, 2000b). 'Regional' LED may not be possible if LED is to be formulated through IDPs. Municipalities may not have the human and financial capacity to develop LED policy that is linked to other municipality's policy.

Another area of focus for this research is the capacity of municipalities. As seen in Figure 1.1, Mpumalanga has 3 District Councils, 1 Cross Border DC and 20 local municipal councils. A district council (DC) is the level of governance directly above local municipalities, thus each DC will have a number of local municipalities in its jurisdiction. A cross border DC is a DC that transcends a provincial border. Many of these local municipalities have small tax bases and few resources (MDB, 2001). Creating an IDP may put a major strain on the capacity of the municipalities and focus their capacity on writing the IDP rather than on LED policy. That said the IDP may be a good mechanism because it focuses the resources of the municipalities in a very specific manner. Municipalities that previously did not have any LED policies now are forced to implement some sort of LED through their IDP. This policy may, however, be very weak as the municipality potentially may only be doing this task in order to fulfill the legislative requirements. Accordingly, this research will also focus on the human resource capacity of the municipalities and how it is put to use in writing an IDP.

This research project is organized as follows:

- Chapter Two is a literature review of both local and international trends in LED. An analysis of the build-up of policy leading to IDPs in South Africa is also done.

- Chapter Three will review IDP policy, what it is and its implications for municipalities.

- Chapter Four provides an overview of Mpumalanga with particular reference to the development strategy of the province.

- Chapter Five analyzes the IDPs from all the municipalities and uses empirical data collected from a questionnaire survey to review the trends in LED from municipalities in Mpumalanga.

- Chapter Six looks at the role that National Government has played in orchestrating the IDP policy and how local Municipalities are being forced to use this policy.

- Chapter Seven is the conclusion of this research which offers a summary of the key findings and a policy recommendation for the future of IDP policy and LED practice in South Africa.

1.3 Research Methodology

The research involves a mix of analysis of IDP documents and interviews with municipalities in Mpumalanga Province. The study analyses the IDPs from all the Municipalities. In the paper, the IDPs have been sourced from the Integrated Development Plan Nerve Center, the DPLG, The Provincial Departments of Provincial and Local Government and from the municipalities themselves. These documents are

analysed and a comparison to the previous LED strategies and policies is undertaken. In addition to documentary analyses, the study draws upon interviews made. All 23 local government departments in Mpumalanga were interviewed using a structured questionnaire in order to gain a deeper insight into the IDP process in Mpumalanga. This questionnaire examines how the IDPs are affecting the function of LED in the province, and assesses the opinions of municipal manager's perception of the National Governments influence on LED directives in local municipalities (See Appendix A).

Chapter Two

The Development of Local Economic Development

2.1 Introduction

The rise of the use of local economic development (LED) strategies as a tool for development can be seen in international development policy. Global economic factors have forced many governments to realign their strategies of development and these governments have used LED as an effective tool for development (Helmsing, 2001; World Bank, 2002). With the effects of globalization and de-industrialization, local governments have had to develop their own strategies for development or lose their economic base. The rise of LED as a development strategy can be seen in the 1970's when local governments in America and Britain began to focus on their geographical areas as centers for development and growth. This was a move away from the traditional approach where central governments enforced centralized policies of regional development. Local governments now have to compete with each other both domestically and internationally for investment (Oatley and Lambert, 1998). Thus the change in the world economy brought about by globalization and the mobility of capital has led to the use of LED as a determining factor in the development and regeneration of many local areas.

The rise of LED in developed countries began to influence the thinking of many policy makers in both developed and underdeveloped countries (Binns and Nel, 1999; Helmsing, 2001; Rogerson, 2000a; 2000b; World Bank, 2002). Although developing countries have been slow in utilizing LED as an economic strategy many countries, such as Brazil

(McCormick, 1998) and South Africa (Rogerson, 2000b), have been leaders in the field of LED. LED strategy and research from both sides of the Atlantic have influenced South Africa and this has led to an increasing number of locally based LED strategies and policies.

This chapter will explore the development of LED both in South Africa and internationally by looking at the policy and strategy of LED planners. It will also look at how the rise of LED in the early 1970's and the successive growth of LED policy internationally has shaped contemporary LED policy in South Africa.

2.2 The Meaning of LED

Local Economic Development has been identified as a strategy that will have an important role in addressing poverty, underdevelopment and the regeneration of underdeveloped geographical areas (DPLG, 2000a; 2000b; Nel, 1999; World Bank, 2000; 2002). Cities, towns and local municipal areas, (both rural and urban) can implement LED strategies that will help shape and develop the economies of that area. If these LED policies and strategies are successful, the macro-economy of any given country will be boosted due to the micro-economic units created through LED (Moser, 1998; Rogerson, 2003). LED in many countries is, therefore, seen as a national planning priority. The important role of LED is not only emphasized by local governments but also by central governments who see LED as a strategy for development of the entire country or, as is the case of Europe, an entire continent (Henderson, 1999).

This attention that LED has attracted has meant that LED has been given great prominence in policy making. Institutions such as the World Bank and the International Monetary Fund (IMF) see LED as vital for the sustainable development of countries and regions (IMF, 2003; World Bank, 2000, 2002). This prominence has permeated into South Africa where both the constitution and legislation gives reference to LED (DCD, 1998; DPLG, 2000a; 2000d). A number of central government policies give reference to LED as a strategy for development. In South Africa, LED is highlighted in policy documents such as the Reconstruction and Development Programme (RDP), Growth, Employment and Redistribution strategy (GEAR), the Housing White Paper, and the White Paper on Local Government.

With this importance placed on LED by central policy makers, it is necessary to know the exact meaning of the term and what definable outcomes are attainable when implementing an LED policy. The meaning of LED is, however, a much contested term. Helmsing, (2001; p.1) refers to LED as "multi-sectional, multi-actor and multi-level.". This reference shows the complexity of LED and that it is not simply an individual policy that can be implemented using a given set of rules. Rather, LED is a highly complex term that has to be contextualized in each local area. LED can affect all areas of a local economy; the public, private and community economy can be influenced by the strategy that LED follows. The input of government, business and NGOs of the area should influence this strategy. However, LED policy cannot only focus on the local economy but also the global, national and regional economy and policy (Nel, 1994; 1995; Robinson, 2000). This is because local areas are influenced by factors far beyond their borders and control. Thus because of this

contextualization of LED, there can be no one single definition of LED and no one set of definable outcomes.

There is some consensus on the general meaning of the term LED (Auty, 1995; Daniels, 1996; Harvey, 1989; Rogerson, 2003; Syrett, 1995; World Bank, 2000). The World Bank's (2001) core objectives for LED are those of enhancing competitiveness and sustainable economic growth. This definition is, however, a very broad definition. Under this understanding of LED one could fit almost any workable strategy for economic growth.

In recent research, two main strategies for LED have been dominating policy (Clarke and Gaile, 1998; Rogerson, 2003). The first is the market-led approach of business development. This approach is more of a capital-led approach that aims at improving competitiveness and adjusting to the macro-economic environment. Furthermore, this strategy aims at wealth generation in the formal sector of the economy and equates poverty reduction with an increase in the local economy from the investment of external capital. Such strategies aim to liberalize the local economy to attract both financial and human resources to the area. This LED strategy focuses more on developing business rather than developing communities and the underlying objective is pro-growth rather than pro-poor.

The second main strategy for LED policy is the market-critical approach of community development. Such a stratergy focuses on the empowerment of the local community and has a very strong pro-poor approach. Strategies focusing on the development of local business and support of small, medium and micro-enterprises (SMME's) rather than

attracting external investment are given prominence. This policy has a strong social awareness and looks for employment growth for local communities and self-reliance of the region.

Although these two strategies have very different methods of implementation they do share the over-riding objective of local development. Thus, LED has different forms of implementation but the main objective is always the same, to grow the local economy in a sustainable manner.

LED cannot have a single definition or a single structure for implementation. This is because each local area has different influences and structures that shape its future. Each LED strategy has to recognize this influence and incorporate it into their LED strategy. In the same way, LED cannot have a general set of definable outcomes. The only general outcome for LED is sustainable growth. However, this can only be seen after the LED policy has been implemented and can only influence future strategies. LED is such a broad concept that to give it one definition or one fixed strategy would defeat the object of local development. LED is meant to be local actors influencing development in the locality they understand. Local actors are more able to understand the pressures and influences of their local economies and are thus in a better position to influence the development process in the region (Malecki, 1997; Pedersen, 2000). LED is about local policy makers integrating their economy into the global economy. Ideally these local actors should be autonomous and accountable to the local community.

For the purpose of this research, a workable definition of LED has to be available. Due to the nature of the study, the researcher has chosen the market-critical approach of community development. This is because LED is being approached at from the local government policy and not the local business. In this case, LED has a pro-poor and pro-social development concern because of the nature of central policy such as the RDP. Thus, the outcomes of LED would be the improvement of service delivery and the implementation of community based projects; these outcomes will be explored further in this study.

2.3 The Origins of Local Economic Development.

LED has not always been given a priority in economic and geographical development. Before the 1970s, local governments were not seen as influential and thus were not given much autonomy when it came to economic policy and development. Local governments were seen more as administration centers rather than places of local policy making (Fosler, 1991; Rogerson, 2003). Local governments were fitted into a policy framework that was implemented by central governments and helped administer regional policy. Overall, there was little regard for the local sphere of government or their capacity for development.

This is not to say that regional development policy is not implemented any more. Many places in the world still have large regional economic policies (Rose *et al*, 1992; Hasting *et al*, 1995; Cooke, 1996; Mackinnon, 2000). LED has, however, become a large part of many government's economic strategy (McCormick, 1998; RSA, 1998; Tendler, 1997). In India, for example, LED has overtaken policy as the prime driving force in the development of rural women (Tendler, 1997).

The rise of LED as a central policy came to the fore in the 1970s. There was a marked move from local governments being places of local administration to places of local entrepreneurialism (Harvey, 1989). The paradigm shift was in response to the economic crisis of the 1970s. De-industrialization saw many cities in the developed world lose their economic bases to the cheap labour conditions of the developing world. Many cities in developed countries started experiencing a flight of capital. This loss in their traditional economic base prompted local governments to respond to this flight by promoting their localities as a viable place for business. It meant that cities now had to focus on policy that made their location more attractive that any other, both domestically and abroad. Thus, there was a shift in policy for local government, from the traditional role of provision of welfare and services to that of "more outwardly-orientated policies designed to foster and encourage local growth and economic development" (Hubbard and Hall, 1998, p.2). Competition with other locations and new norms of production forced local actors to participate in the policy of their locality.

2.4 The Rise of LED in the North

The growth of LED in the USA was in response to federal policy that was not benefiting local governments in peripheral areas. In the 1960s and 1970s the federal government considered it their role to address economic underdevelopment in America.

Thus, a number of large-scale public works programmes were developed to promote these areas. "President Kennedy and Johnson funded programs intended to relieve unemployment and improve incomes … Programs generally stressed investment in infrastructure such as highways, and industrial parks and growth centers that were intended to attract manufacturing investment. In effect, the programmes were intended to integrate backward economies into the national economy' (Tomlinson, 1994, p.41). These massive projects did not, however, have their intended effects and many local governments began to become disillusioned with such macro-policy initiatives.

This disappointment led many local governments into a new policy regime, that of local boosterism. Local governments began to compete against each other to attract business. The concept called 'Smokestack chasing', pitted localities against one another for existing resources. 'Smokestack chasing' policy focused on the attraction of outside investment and promoting the locality through incentives. Many local governments offered tax breaks and subsidies to attract business. Similar boosterism strategy for LED can still be seen in many places today (Harris, 2000). The desire to implement policies that focus solely on market led policy and place promotion is very tempting due to the simplicity of these policies. Supply-side strategy highlights the myopic form that LED can take. Indeed, McKenna (1992, p. 27) argues: "If a subsidy is not offered, the state or local area in question is not in the running for that investment'. In the USA, therefore, the development of LED policy was a reaction by disillusioned local governments. The federal government did not bring about the desired development and this prompted local actors to develop alternative policy that

would influence their economic development, even if it was to the detriment of other local areas.

In the United Kingdom, a more structured strategy for LED emerged. In response to neo-liberal economic policies of central economic planning, several local authorities embarked on a strategy of local economic policy making. This lead to the establishment of enterprise boards (Best, 1989; Lawless, 1990). These boards were publicly accountable and answerable to democratically elected officials. Local governments in the UK were also given incentives for development by the central state and thus had to compete for central funds.

Internationally, three waves of LED have been identified (Rogerson, 2002). These waves show the shift in LED policy. It is important to note that although many leading local governments have adjusted their LED policy according to local trends, many local governments are still using older LED practices.

The first wave of LED was seen in the 1970s with a marked move away from traditional macro-policy and a move to localities trying to attract external investment. Thus, local governments focused on developing an environment that was attractive to business. Local governments new role was to ensure that their region maintained their competitive capacity. Local governments provided tax breaks and economic incentives to attract existing business from other areas.

The second wave of development focused on internal development. Local government focused on developing and retaining existing local business. Local governments realized the importance of being self-sustaining and of the advantage of having a 'home grown' industrial base.

The third, and latest wave, of development, focuses on making the whole business environment favorable, promoting public private partnerships, developing human resources and harnessing private funds for public benefit. This LED strategy has a very strong internal investment attraction with the facilitation of clusters, the development of the work forces and nurturing of local businesses. The local government needs to be flexible and adapt to the changing global economic climate. The World Bank (2000) has been a central source for the ethos of the current wave of LED strategies and identifies the following as of primary importance to LED initiatives:

- the need for macro-economic and political stability,
- fiscal and political decentralization,
- the widespread privatization of whole industries and the decentralization of government services,
- increasing democratization,
- the innovation of appropriate industrial incentive schemes and tax reform.

The World Bank (2001, 2002) suggests the following ten factors as imperative to the process of LED:

- Ensuring that the local investment climate is functional for local enterprise
- Supporting small and medium sized enterprise
- Encouraging new enterprise
- Attracting inward investment
- Investing in physical infrastructure by improving the build environment for business
- Investing in soft infrastructure including human resource development, institutional support and regulatory issues
- Supporting the growth of business clusters
- Targeting particular geographical areas for regeneration or growth
- Supporting survivalist primary informal sector enterprise
- Targeting certain disadvantaged groups.

These suggestions for LED are, however, very broad and could be implemented in many ways. It is thus imperative to develop strategies for the implementation of LED as well as have sets of outcome for the LED process.

2.5 The Development of LED in South Africa.

South Africa has been involved in spatial planning for many decades. The 1960's saw an emergence of regional planning under national government (Hunter, 1994). The apartheid government pushed for the decentralization of industries into peripheral areas to ensure that the black working class was excluded from employment in the cities. The government of the time wanted to have modernized capitalist cities of white citizens and a black work force that was unsophisticated, residing in the outlying rural areas. A National Department of

Planning was set up in 1964 to co-ordinate this regional development. During the 1970s a new regional policy was developed called the National Physical Development Plan. This comprehensive regional plan was technocratic and promoted the rational distribution of economic activity across space. This strategy identified growth poles for both new metropolitan regions and secondary regions known as growth points. This method of planning was, however, highly criticized. It was said that the National Physical Development Plan was an irrational economic system, based on ideology rather than economic factors.

The 1980's saw the Good Hope Conference and the rise of a new regional development policy. Under this plan, South Africa was to be divided into eight development regions (Rogerson, 1998). The policy focused on providing incentives to industry to decentralize and focused on the maximum mobility of production and enterprise. A substantial amount of criticism was leveled against this policy. The high financial costs of the incentive system made the policy unsustainable. The provision of incentives also failed to create self-sustaining industrial development. The National Regional Development Programme was set up in the early 1990's to promote a more sustainable system of development (Harrison, 1992). The programme was focused on export orientated growth. The aim of this regional policy was to remove the market distortions that had in the past favoured the cities. Regions were meant to produce their own detailed strategies complying with these policies.

Thus, it is clear that regional development planning was a fundamental aspect of development policy pre-1994. The political parties that ruled South Africa during apartheid

used regional planning as a strategy for economic growth. Local governments were not given much authority and were instead zones of administration. The power of government was centralized and LED was not seen as an effective strategy for growth. Regional development policy had been entrenched in the development strategy of the country for decades and the introduction of LED has brought about a paradigm shift in development policy.

The advent of democracy brought with it a new paradigm in development planning in South Africa and the rise of LED as the mechanism for economic growth (Nel *et al*, 1997; Rogerson, 1997; Binns and Nell, 1999; Bloch, 2000). Since 1994, LED has become a critical instrument for policy and planning in both rural and urban development (RSA, 1998). The rise of LED in South Africa can be attributed more to the trends of the international experience than the local South African policy. The opening up of the South African economy to global forces and the liberalization of economic policy has meant that centralized regional policy is no longer desirable and local governments have to embark on a new strategy of 'Developmental Local Government' (Rogerson, 2003). Central government has placed more autonomous power in the hands of local government and has made the local municipalities responsible for the development of their localities (DPLG, 2000c).

The development of LED as an integral strategy in South Africa has been marked by the introduction of several significant policy documents. The Growth, Employment and Redistribution Strategy (GEAR) was central in providing a policy platform for local

governments to play a central role in the development of the country. The main institutional driver of LED in South Africa has been the Department of Provincial and Local Government (DPLG), which has formulated a number of documents and policies on LED. The Department of Trade and Industry has also extended the role of local municipalities and thus promoted LED through spatial development initiatives, tax holidays, cluster initiatives and small business development (Bloch, 2000). In addition, the South African LED policy environment has been shaped by a number of local and international actors (DBSA, 2000; GHK Group, 2000; World Bank, 2000, 2001). Currently many actors, from government departments to private sector companies, NGOs and community organizations are involved in the driving of LED.

Four institutional variations of LED have been identified (Nel, 2000; Rogerson, 2003). The first are formal government initiatives that overlap with local government initiatives and are similar to boostering local investment. The best example of these can be found in the metropolitan regions such as Johannesburg and Pretoria (Blue IQ, 2002). These LED initiatives are designed to attract high-end economic activities in manufacturing, tourism and knowledge based activities. These LED initiatives often require high levels of resources and expertise and can often only be performed by the sophisticated metropolitan regions.

The second forms of LED initiatives are community-based initiatives. These are often used in small towns where NGOs, CBOs or the church, are the lead players in the LED programme. This system is often due to lack of capacity by the local government and thus private individuals and organizations take a leading role (Rogerson, 2003).

Third, are LED initiatives driven by Section 21 companies. These companies will oversee LED programmes in an area. Companies such as the Mpumalanga Investment Initiative, Kwa-Zulu Natal Investment Initiative and WESGRO are subsidiaries of companies that develop and implement LED policy in their respective regions (DPLG, 2000b, p. 18).

Fourth, and finally, is the top-down approach of LED. LED should be a locally driven policy, yet it is not suprising that with the past development strategies there are a number of regional development practices. The most notable of these are the spatial development initiatives (SDIs) (Rogerson, 2001; 2003). SDIs have had large budgets and in South Africa have primarily focused on 'development corridors'. Corridors such as the Maputo Development Corridor, between Johannesburg and Maputo, focus on building infrastructure using public and private funds. The aim is to develop an axis for development and job creation. Recently, there has been less emphasis on the concept of SDIs.

The DPLG sees LED as:

"…linked to the overarching concept of developmental local government and of the national governments interpretation of LED as an outcome based on local initiate and driven by local stakeholders 'to stimulate economic growth and development'. The process whereby local initiatives combine skills, resources and ideas aims 'to create employment opportunities for local residents alleviate poverty, and redistribute resources and opportunities to the benefit of all local residents'" (Rogerson, 2003, p. 23).

With this criteria for LED, South Africa aims to have a market critical approach of LED aimed at pro-poor initiatives. The draft paper on LED (RSA, 2002) puts forward that LEDs outcomes are:

- To balance local economic strategies so they achieve both increasing competitiveness sometimes through economic transformation and poverty alleviation and job creation;
- To address enormous pent-up demand for service delivery, particularly where services have not reached vulnerable members of society, as well as severe affordability constraints;
- To engage in more open, transparent and mutuality respectful state-society relations; and
- To forge new and reform inter-governmental relations (DPLG, 2000, p.1)

Although these outcomes create a base in which to work on LED policy, the specific strategies that needed to be used are not given by the DPLG but are meant to be derived from local government initiatives.

The basis for LED in South Africa has been set out by a number of pieces of legislation, most recently the draft paper on LED. This document outlines the role that local governments are to play in policy and strategy of development. Yet, despite the central government's documents on LED, there are still a number of local variations of LED policies that are implemented by local government (Swilling, 1997; Bobat *et al*, 2000; Coetzee, 2000; Harrison, 2001). This diversity could be understood as a good thing. Each

local municipality has different needs and obligations and thus LED policy and strategy has to differ to accommodate this.

In South Africa, however, there is a sharp contrast between the wealth of the major metropolitan regions and the poverty of the rural municipalities. This contrast can be seen in the LED policy and strategy. Metropolitan regions have extensive LED budgets and have set up specialists units to manage their LED policy. The Blue IQ project in Johannesburg is an example of an LED project with a multi-billion Rand budget (Blue IQ, 2002). In contrast, poorer municipalities such as the King Sabata Municipality in the Eastern Cape do not have an LED strategy, nor do they have the financial capacity to develop one (King Sabata Municipality, 2002). Such stark contrasts show that LED in South Africa has potential in many areas, however, poorer municipalities and local governments do not have the resources to invest in elaborate plans and often see them as unnecessary.

2.6 Conclusion

LED policy has seen fast development since the 1960s. Local and national governments recognize that development is only possible with efficient development policy. The shifts in LED policy internationally have ranged from boosterism to community based initiatives. There are, however, no set criteria for effective LED. The South African government has recognized this. During apartheid, local development focused on racial segregation. However, the democratic government elected in 1994 has changed this distorted regional policy of the past. Local Governments are now given a greater role to play in the economic development of their localities. Although LED is an important part of the contemporary international development strategy in many places it is not fully

utilized (Planact, 1998; Savage, 1998). The contemporary South African policy regime has, however, now made it mandatory that all municipalities are to have Integrated Development Plans (RSA, 1998). These plans have set guidelines and force all local governments in the country to develop an LED strategy (DPLG, 2000a, 2000b, 2000c, 2000e). It is important to analyse how this legislation will affect LED policy in South Africa, especially in the rural underdeveloped regions of the country.

Chapter 3

Integrated Development Plans: A structural requirement for LED Policy

3.1 Introduction

The South African Government recognizes the importance of LED in promoting development in South Africa (RSA, 1994). It is seen that local governments play a vital role in rectifying the economic and social injustices of the past (RSA, 1994; RSA, 1998). Local government's role is acknowledged in the constitution, which puts forward that local government has a responsibility to be developmental and drive local economic growth. This theme is picked up further by the White Paper on Local Government (RSA,1998). This document draws particular attention to the developmental role that local Governments should play and that they should be proactive and even aggressive in obtaining higher levels of growth.

To achieve this level of economic growth the White Paper on Local Government emphasizes the use of Integrated Development Plans. The paper states: " ... Integrated Development plans (IDPs) provide powerful tools for municipalities to facilitate integrated and co-ordinated delivery within their locality" (RSA, 1998. p. 19.). The South African government has thus placed great emphasis on IDPs as the mechanism that guides both LED and delivery of municipal services (RSA, 1998, 1994; DPLG, 2000a, 2000b).

The White Paper on Local Government is not, however, the only prominent document that refers to IDPs as crucial in the facilitation of LED policy. There are, 12 National Government policy papers which emphasize IDPs as key to LED and service delivery. Tourism, transport, urban development and even education emphasize the IDP as an essential part of LED (GTZ, 1998). With this noted, it is necessary to understand the process and make up of IDPs. It is obvious that integration between departments is essential in the formation of an IDP (DPLG, 2000b). The Department of Provincial and Local Government (DPLG) has released extensive guidelines for municipalities to follow when writing an IDP (DPLG, 2000b, 2000c, 2000d, 2000e, 2000f, 2000g, 2000h). All municipalities are to have a structured IDP that is similar in appearance, albeit not necessarily in content.

Although only limited research has been done on IDPs in South Africa, criticism of them has thus far highlighted the lack of capacity in local municipalities (Watson, 1998; Harrison, 2001; Hologram, 2003a, 2003b). IDPs have been called 'wish lists' for municipalities and have been accused of consuming much needed resources (Harrison, 2001). The aim in this chapter is to look at IDP requirements as set out by the DPLG and other national departments. In addition, the chapter will look at the critical literature surrounding IDPs.

3.2 Legal Requirements of IDPs.

The constitution of South Africa provides the overriding framework for local government policy (RSA, 1994). The constitution provides for local government as a

distinct and separate sphere of Government. This sphere of government is required to:

- Provide democratic and accountable government;
- Ensure the provision of services to all communities in a sustainable way;
- Promote social and economic development;
- Encourage the involvement of local communities in local government.

These features encourage local governments to be developmental and to promote and participate in LED. LED is, in fact, a central part of a developmental local government and thus a constitutional requirement (RSA, 1994; 1998). Although local government is a separate sphere of government, the constitution does encourage all levels of government to be accountable and to interact with each other. In this context, IDPs were seen as a suitable option to policy makers (GTZ, 1998; RSA, 1998).

Drawing from international experience and with assistance from the German Technical Co-operation, the South African government began to institutionalize the IDP process. The first main policy documents that emphasized IDPs were the Reconstruction and Development Programme (RDP) and the Growth, Employment and Redistribution Strategy (GEAR). Both these documents aim to see an improvement of standards of

living while supporting a move towards economic development and capitalism. Thus, IDPs come out of a context where a social democratic state encourages capitalist growth and social welfare. IDPs are not the catalysts for local growth but rather the mechanism used to outline policy and strategy for LED (RSA,1999; Harrison, 2001).

Since 1994, reference to IDPs can be found in many policy papers. This shows the versatility of IDPs and that they are seen by a number of departments as key for policy implementation (GTZ, 1998). Although not all make specific reference to LED each refer to an aspect of LED that is crucial to economic and social development. The papers that refer directly to IDPs are:

- The Local government white paper.
- White paper for Social Welfare.
- Water supply and sanitation White Paper.
- Housing White Paper.
- The Development and promotion of Tourism in South Africa White paper
- National Transport Policy White paper.
- Education White paper.
- Urban Development Strategy.
- Rural Development Strategy.
- White paper on RDP.
- GEAR.
- White Paper on South African Land Policy

- White paper on Environmental Management Policy for South Africa
- White paper on local government

All these references to IDPs show the importance of this policy at the National Governmental level. It has further been made law that all local and district municipalities in South Africa are to have an IDP that needs to be reviewed every five years (after municipal elections) (RSA, 2000a). The national policy requirements has entrenched IDPs into the local government system and made it a compulsory aspect of local governance in South Africa. Local economic development remains a key outcome of IDPs and thus cannot be separated from the process (RSA, 1996a).

In the DPLG's 'Local Economic Development Manual Series', IDPs are seen as an integral part of the LED process in Local Municipalities (RSA, 2000a; 2000j). Figure 3.1 shows the relationship between IDPs and LED as put forward by the DPLG.

It is thought that the LED policy process can be structured and co-ordinated through the writing and implementation of an IDP. Thus, municipalities that do not have a structured LED framework are now forced to develop one through the IDP requirements.

Figure 3.1 Integrated Development Planning System.

Source: DPLG, 2000a, p.1

3.3 Structure of IDPs

It is clear that while the legal and policy framework requires local municipalities to draw up IDPs, there is still the issue of what exactly is the definition of an IDP. In 1998 the Department of Constitutional Development and the GTZ, brought out an IDP process manual. A three hundred-page document was provided to local municipalities in order to write and understand an IDP.

Many municipalities found this policy document overwhelming and felt IDPs were impractical (Hologram, 2003a, 2003b). Smaller municipalities with less capacity failed to produce interim IDPs for the 2000 deadline and cited the difficulty of the GTZ document as the reason for the delay. Thus, while IDPs were a legal requirement for all municipalities by 2000, not all municipalities produced such an IDP and even fewer municipalities felt that IDPs were an integral part of municipal policy.

In 2000, however, the DPLG released a set of seven guide documents on IDPs. These documents were easier to understand and issued to all the municipalities in the country. Further IDP task groups called Planning, Implementation, Management and Monitoring System (PIMMS) were set up to assist municipalities across the country in formulating IDPs (PIMMS, 2003).

In the DPLG's guide packs there is a very clear set of guide lines on how to set up an IDP (DPLG, 2000c). This has led to a great degree of uniformity in the formation of almost all IDPs across the country. Only IDPs produced by the major municipalities venture into

developing extremely complex IDPs. Smaller municipalities seem to stick very closely to the DPLG guide lines when for fulfilling the legislative requirements.

An IDP consists of four main processes which are:

- Planning- Identifying of issues, objectives and strategies.

- Resource allocation- Human and financial resources are committed to the projects.

- Implementation- The actual execution of the projects.

- Monitoring and review.

These four steps define any IDP, yet most municipalities follow the exact make up of the IDP. This will not necessarily have a negative impact but many municipalities copy the exact wording and detail of the guide packs which implies that these municipalities are not fully engaging with the process of IDPs but rather merely fulfilling the legal requirements of the process.

Integration is a fundamental part of the IDP process. Not only must all departments within a local municipality work closely together to formulate an IDP but inter-municipality participation is seen as integral (DPLG, 2000c, 2000d, 2000e).

IDPs are focused on integration between all spheres of government. The National Government formulates policy that governs provincial and local government. The second tier of government is provincial government. Which also makes legislation that governs local government. The final tier of government is local government. The local government tier is divided into two administrative sectors. The District Council (DC) is a local government region that has a number of smaller municipalities in its jurisdiction.

DCs and Local Municipalities are encouraged to work together to develop economic development strategy not only for their own municipality but for the region as a whole. Thus, municipalities are encouraged to share their IDPs with their neighbours and with other district municipalities. District municipalities are meant to help co-ordinate this process by making sure the LED policy of two municipalities that fall into their jurisdiction are not conflicting (GTZ, 1998; DPLG, 2000c). For example a district municipality would discourage two adjacent municipalities from developing conference centres that would compete against one another.

This situation, however, goes against the concept of 'developmental governance' that is encouraged in the Constitution and White Paper on Local Government. Municipalities that are engaging in LED policy that pull resources and development away from one locality to its own is, in essence, competing against that locality (Jessop, 1998). So if a municipality engages in a policy that will benefit itself but be detrimental to its neighbour it should be seen as being developmental. Hall *et al* (1998) point out that because of the mobility of capital and increasingly the mobility of labour and jobs, all municipalities

internationally compete for these resources. IDPs encourage municipalities to be both developmental and co-operative. In some cases this is possible, however, in other cases this may be a contradiction in terms.

3.4 LED and IDPs

Although most aspects of IDP documents do not directly talk about LED, almost all projects in an IDP will influence local development. A main feature of any IDP is basic service delivery (DPLG, 2000c; 2000d). This is an essential area of LED. Without basic services provided to the poor of an area it is impossible to see a rise in standards and a growth in the local economy. Small, medium and micro enterprises (SMME's) are often the catalysts for growth in a local municipality. By providing basic services , such as water and electricity, to an area, local entrepreneurs are able to develop their own home-based industry (Godsell and Maphalala, 1990).

Using IDPs, municipalities are meant to spell out the strategies and capital projects that they are going to engage in. These projects will (and can) range from basic service delivery to infrastructure development. The IDP requires that the municipality specifies the source of income for the project and the role it will play in development and in black economic empowerment (BEE). Municipalities are encouraged to help address the racial and economic imbalances of the past by providing skills training for previously disadvantaged groups and by hiring and outsourcing to companies that are owned by black owners.

All these projects can lead to an increase in economic activity in the municipality and a growth of the local economy. Although this is an integral aspect of IDPs it is felt that many IDPs are simply 'wish lists' (Harrison, 2001; Hologram, 2003a) in that they comprise projects that municipalities would like to engage in but do not have the resources or capacity to do so. The IDP thus becomes a waste of resources within itself as the municipality focuses on the development of an IDP rather than on a specific LED strategy.

This arrangement is, of course, not the ideal situation for an IDP. An IDP is meant to be an integrator of all sectoral departments in a municipality leading to a more coherent and focused development strategy. To do this, however, is a difficult process and often only the larger municipalities are able to achieve it. The Buffalo City municipality, for example, has accepted that they are not fully able to conduct a IDP by stating in their IDP that they have not fully completed all the guide lines of an IDP (Buffalo City, 2000). Buffalo City is a relatively large and prosperous municipality and it is unclear whether smaller municipalities are able to conduct efficient IDPs.

This being said, IDPs in theory are good drivers for LED. Many municipalities do not have effective LED policy and thus are ineffective in developing new growth in their precinct. The prospects of IDP's force municipalities to, at least, think about an LED strategy and develop a means for growth, even if it is a wish list (Hologram, 2003b).

Although LED is difficult to define, IDPs are forcing many municipalities to engage in the process. This can, however, lead to a negative backlash from local government. Municipalities could feel that IDPs are a drain on their resources. Many municipalities have simply outsourced the writing of their IDPs to consulting firms (Hologram, 2003a). These firms simply fulfill legislation and then return the completed IDP to the municipality. This is a financial drain on the municipalities, as local government officials do not even gain experience of formulating their own IDP (DCD, 1998). Although IDPs are written by local government there is a centralized system of control whereby local government as an independent sphere of government is required to put forward an IDP because of central government legislation.

3.5 The Structure of Government in South Africa

South Africa is a liberal democracy and thus has a responsibility to its constitution to provide democratically elected officials to its people. Thus, elections are held at the three tiers of the South African government. These are National Government, Provincial Government and Local Government. These tiers are independent spheres of government and are independent of each other. Nevertheless, the constitution of the country places great emphasis on the need for the three tiers to be integrated so that they can work together to provided good governance (RSA, 1996a).

The first tier of government is that of National Government. The national government is the first tier and is driven by the constitution. Thus, the constitution places much

emphasis on LED and the rise of developmental local government and thus national government needs to make this concept law.

National government houses the DPLG or the Department of Provincial and local government. This department is meant to not only assist the other two tiers of government but also to link the top tier of government to the lower tiers. The DPLG has been set up in Pretoria to check that the provincial and local government is in fact implementing national government legislation.

The next sphere of government is provincial government. This is the government of the nine provinces of South Africa. Each province has a parliament and a legislature. However, unlike national government, provincial government legislation is only applicable to the province in which it presides. Provincial government is also often involved in the provision of services and delivery of infrastructure. In some cases, provincial government administers the hospitals and roads of the province.

Provincial government is also very often involved in the development of large-scale investment in the province. The new infrastructure programme to be implemented in South Africa is to be administered by the provincial government. For example, in Mpumalanga, the Maputo Development Corridor was a Provincial driven development and was a priority for the ex-premier of Mpumalanga. Provincial government can thus be a major role player in the development of a province.

Local government is the third tier of government. This tier can be divided into municipal government and District councils. Each province is divided into district councils and each district council is divided into local municipalities. The District council is meant to help co-ordinate local municipalities. One of the main functions of the DC is to provide services to a group of municipalities that they do not have the capacity to deliver. Thus, in some provinces, the DC provide services such as fire fighting and hospital service to a group of municipalities. This is to prevent municipalities from having to extend their budgets to these functions and lowers costs by sharing services.

The DCs often play a larger role in local government in rural areas. One of the concerns for local government is the lack of capacity. Many small municipalities have neither the economic or human resources to deliver efficient services to their jurisdiction. DCs are larger and thus can provide better quality of service to poorer municipalities.

Some problems have arisen by dividing local government into District Councils and Local councils. The powers and functions of DC and local councils are often not clearly defined. This has, in some cases, led to municipalities and DCs providing the same services or neither providing the service. Powers and functions of municipalities are often major issues as budget resources have to be allocated to services and many do not want to take on responsibility for services that a DC can provide.

3.6 Critical Review of IDPs

There is very little literature that critically accesses how IDPs have been used by

Municipalities (Watson, 1998; Xaba, 2000; Harrison, 2001; Hologram, 2003a, 2003b). This limited volume of criticism is due to the fact that IDPs have not been implemented policy for very long. Thus, the full impact of IDPs has not been seen yet. There has, however, been some criticism of the IDP process (Harrison, 2001).

The first round of IDPs has been performed in a difficult and complicated environment. Many municipalities did not fully understand the requirements and concepts of IDPs and have thus 'farmed' them out to consultancies. Many of these consultants were themselves inexperienced in the IDP process.

Many municipalities failed to accept ownership of the IDP process. The IDP guide packs state that the municipal manager is the leader or driver of the IDP process. In many municipalities the municipal manager does not drive the process and does not recognize the IDPs written by consultants as the driving force of development in the province (Harrison, 2000).

This situation has meant that there is a lack of commitment in the integration of planning between departments, on the one hand, and different spheres of government on the other. Although there is not much evidence of this, there seems to be little co-operation in the formulation of IDPs and many municipalities do not recognize their adjacent municipality's IDPs (Hologram, 2003a). There is also a poor link between planning at a local and district level. Co-operation between these two spheres of local government is paramount if IDPs are to function as planning practice. District government has,

however, often drawn up an IDP without looking at the IDPs of the local municipalities that make up its constituency. This could lead to conflicts of interest between the local and district municipalities (Harrison, 2000; Xaba, 2000).

There is poor planning from local municipalities. Many local municipal planners are skilled in spatial planning and not in development planning and this has meant that there is a lack of understanding of the concept of LED. Municipalities with limited capacity, both human and financial, are not capable of formulating an IDP that will drive municipal growth (Xaba, 2000).

One of the key elements of IDPs is the participation of local communities. There is, however, difficulty in getting these communities to become involved in the IDP process (Hologram, 2003a, 2004). This situation is not only a problem in South Africa but also internationally where the lack of interest for participation of local forums has been widely observed (Harrison, 2001).

There is often resistance to change by municipal planners. Conflict has arisen between planning officials and the new and inexperienced councilors. Thus, whilst the IDP process may have political will, it does not necessarily have drive from the non-elected administration office of local government (Harrison, 2001).

Spatial framework is a key policy influence on local government and without a clearly set out spatial framework policy, municipalities can restrict their growth to specific areas of

their jurisdiction. In addition, there is a difficulty in linking different departments with different time horizons. This fundamentally weakens the implementation of IDPs as municipal budgets are due for completion before the IDP (Harrison, 2000). Thus, an IDP may have to conform to a municipal budget rather than being a document that shapes spending.

These criticisms are, however, not well-documented. This research aims to provide more insight into whether there are problems in the IDP process and whether with time and experience local government, particularly in Mpumalanga, can overcome these problems.

3.7 Conclusion

Local Economic Development is an integral part of the drive for economic development in South Africa. The South African Government has placed much emphasis on LED and has incorporated the importance of local government driving LED in the constitution (RSA, 1994; 1998; 2000a). As a mechanism for the implementation of effective local government, the DPLG has seen fit to make it compulsory for all municipalities to implement IDPs (DPLG, 2000a). These plans are policy structures that force all municipalities to develop IDP documents for their municipality. Incorporated into the IDP will be LED strategy. IDPs are, however, very expensive documents and municipalities that have little financial and human resources often see the writing of an IDP as a waste of these resources (Harrison, 2000). The difficulty of developing an IDP also leads some municipalities to understand an IDP only to fulfill the requirements of the law. This situation means that IDPs will not be the driving policy document of

municipalities as the DPLG would wish. Although IDPs are given considerable importance in the legislation of the country, the critical literature on IDPs suggests that many municipalities do not have the capacity to develop comprehensive and viable IDPs. This then will be confirmed in the Mpumalanga case study.

Chapter Four

Mpumalanga: Paradigm Shift in LED Policy

4.1 Introduction

It is evident that the South African Government has placed such a great importance on IDPs as structures for growth and development. The government has placed in the hands of municipalities the legal right to develop their own constituencies. This is not that the central government has lost interest in local development but rather that local government is seen as integral in the development process and that without local economic development driven by local actors there will be little development in South Africa.

Even at a provincial level of government, IDPs are seen as essential areas for socioeconomic development. This is clearly seen in the Mpumalanga Development and Growth strategy. In this strategy the Provincial government outlines not only LED as an essential player in economic development but also IDPs as mechanisms to achieve this growth (Mpumalanga, 2004). Mpumalanga is a useful case study as it has had large scale economic development support from central government, in particular through the implementation of the MDC and now is expected to implement IDPs with local municipalities developing their own LED policies. In the years that followed the democratisation of South Africa, Mpumalanga was recognized as an area that had economic potential that had been ignored by the apartheid government. It was thus felt that that province should have a development strategy that is not only linked to the economic heartland of South Africa (Gauteng) but also to neighbouring Maputo and its port facilities.

This, it was felt, could be best achieved by building a development corridor between Gauteng and Maputo, through Mpumalanga. This massive infrastructural development ended in 1999. With its termination Mpumalanga has not seen much LED support from central government. With the introduction of IDP policy, local municipalities are now meant to develop their own economic develop strategies. The aim in this chapter is to focus on the previous LED strategy in the province then the current economic development strategy of the province. Finally, using empirical data from a questionnaire survey which was completed by 20 of the 23 municipalities in Mpumalanga, examine the 'buy-in' of municipalities and District councils (DC) to the provincial strategy.

4.2 Spatial Development Initiatives: the Prelude to IDPs in Mpumalanga

The Spatial Development Initiatives Programmes is driven by the Department of Trade and Industry, and is a specific location-bound project (Rogerson 2002). The aim of an SDI is to have focused investment in an area. This is brought about by an anchor project that is the major investment project. This anchor project is intended to bring about spin-off investment in the area.

After the 1994 elections, Mpumalanga was recognized as an area of unrealized economic potential, especially for tourism. For this reason the government embarked on a massive investment drive over six years which saw billions of Rands been pumped into the area in the form of infrastructure (Rogerson, 2002). The main development project for Mpumalanga was a development corridor between the Witwatersrand region of Gauteng, through Mpumalanga to Maputo in Mozambique.

This project saw an upgrade in infrastructure of the main road, the N3. The main road was made into a dual lane highway. On either side of the highway a fifty-kilometer development corridor was declared. This area was designated as the zone for intense development and infrastructure. This area encompasses about two-thirds of the entire province (Rogerson, 2002). The other key investment projects for the Maputo Development Corridor were the upgrading of the railway, the development of the Maputo Port and upgrade of telecommunications between South Africa and Mozambique.

Although the Maputo Development Corridor did bring about massive infrastructural development in Mpumalanga it is important to note that many local people felt that the development had had little impact on them (Rogerson, 2002). Although along the development corridor LED planning workshops were completed in all municipalities, municipalities outside these areas were, however, neglected.

The MDC was not seen as a long-term project but rather a short-term intervention for the under-development of the region during apartheid. Mpumalanga will have to develop its own niche within the framework of the MDC if it aims in the long term to attract secondary development from the projects surrounding the corridor.

It is within this context that IDPs have been implemented in the Mpumalanga area. The SDI programme was a centralized top-down approach. This programme had little consultation with the local people, a massive budget and a competent team working on it.

LED is now left to the local municipalities, which must use limited budgets and capacity to write, research and implement an IDP.

4.3 Municipal Structure of Mpumalanga

After the change in national government and the end of apartheid in South Africa, 9 new provinces were demarcated in the country (RSA 1995). Mpumalanga was part of the old eastern Transvaal and covers an area of 72 585 sq.km (MDB 2004a). Gauteng, Kwa-Zulu Natal, Limpopo Province and the Kruger National Park border the province. In addition, the province has an international border with Swaziland.

Mpumalanga is one of South Africa's poorer provinces and contributes 16% to GDP of the country (MDB, 2004a). The capital of the province is Nelspuit. Mpumalanga is divided into three District Councils (DCs), one Cross Border District Council and twenty one local municipalities. Table 4.1 shows the breakdown of distinct councils and municipalities. Fig 4.1 shows the geographical breakdown of the province and the demarcation of the DCs and municipalities.

Table 4.1 District Councils and the Municipalities that fall in their Jurisdiction.

District Councils	Municipalities.
Nkangala District Council	MiddleBurg Municipality
	Highland Municipality
	Thembisile Municipality
	Dr. Js Moroka Municipality
	Delmas Municipality
	Emalaheni Municipality
Sekhukhune Cross Border DC	Greater Groblersdal Municipality
	Greater Tubatse Municipality
	Greater Marble Hall Municipality
Eastvaal District Council	Albert Luthuli Municipality
	Msukaligwa Municipality
	Mkhondo Municipality
	Seme Municipality
	Lekwa Municipality
	Dipaleseng Municipality
	Highveld East Municipality
Ehlanzeni District Council	Thaba Cheweu Municipality
	Mbombela Municipality
	Umjindi Municipality
	Nkomazi Municipality

Source: MDB, 2004

The spatial breakdown of these municipalities can be seen in fig 4.1 which also shows the map is the Maputo Development corridor. This indicates the extent that LED policy had on the spatial development of the province.

Figure. 4.1 Political Demarcation of Mpumalanga

Source: MDB, 2003

4.4 The Economic Development Strategy of Mpumalanga.

The development strategy of Mpumalanga is defined in the growth and development strategy for the province (Mpumalanga, 2004). The first strategy document was written in 1996 and the latest has been prepared in 2003. The previous strategy focused on national policy with the emphasis on infrastructure development and the Maputo Development Corridor (Mpumalanga, 1996)

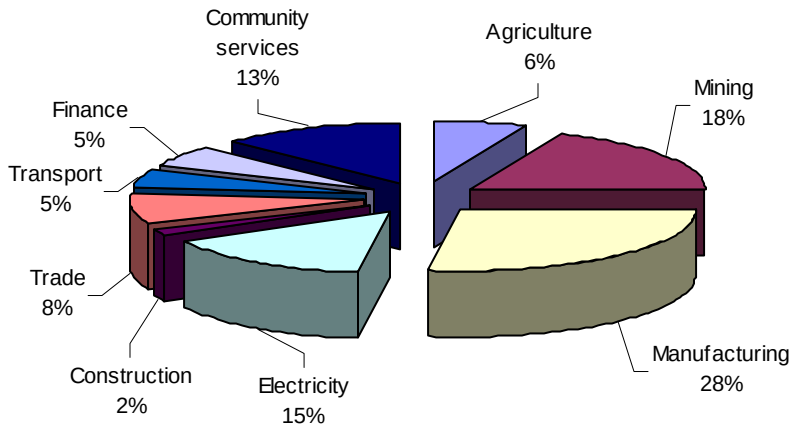
The aim of the new (compiled 2003) strategy is to integrate national strategy, provincial strategy and local IDPs. This has been done by creating a number of priorities for the province. These are:

- Economic Development
- Development Infrastructure
- Human Resource Development
- Social Infrastructure
- Environmental Development
- Good Governance

(Mpumalanga, 2004)

Although these focus areas are vital to any development strategy it is evident that LED has not been specifically included, despite the importance it has received in national policy. Furthermore, as each focus area is universal, the development strategy of the province does not seem to focus clearly on the actual problems and advantages of the province.

Figure 4.2: Mpumalanga GGP contribution, 2001



Source: Mpumalanga Development Strategy, 2003

Although Mpumalanga does not have a large economy, only contributing 16% of national GDP, the economy is relatively diverse with manufacturing making up the biggest sector (see fig. 4.2). Tourism does not, however, receive any recognition as a sector yet it is marked by the province as a major growth sector. However, transport is the fastest growing sector in the economy growing at 5.2% per annum, due largely to the Mpumalanga development corridor. The growth and development strategy of Mpumalanga also recognizes that tourism is not a main contributor in the economy because of underutilization of its current tourism infrastructure. This could be for a number of reasons. It is felt that tourism has the potential for massive growth.

There are already a number of tourism initiated industries in the province with the potential to expand. However, with the choice of tourism as a mechanism for growth come the

potential problems of tourism such as the fluctuation of tourist markets and strong competition from other regions, both locally and internationally. The desire to unlock tourism potential in the province must not be done in neglect of already established sectors. Manufacturing and mining in the province and even agriculture have the potential for growth and thus should also be prioritized.

Economic development in Mpumalanga is defined in terms of employment creation and redistribution of resources (Mpumalanga, 2004). This is a redistributive agenda for growth and is in line with the ruling African National Congress manifesto (ANC 2004) but not necessarily with the central governments agenda for growth (RSA, 2004b). The focus is to get foreign investment to boost economic growth through development of enterprises and SMME support. Mpumalanga does, however, also have a support network for SMMEs, which involves support for agriculture and tourism.

The province recognizes the need for good governance as a central factor in economic development. This is externally important, as Mpumalanga has had a number of corruption charges in the province (Adams, 2004). One of the major scandals was the vast amount spent on the building of the new provincial offices in the province (Adams, 2004). Critics claimed that such a vast amount of money should not be spent on this endeavour in such a poor province.

There is also an acknowledgement of the need to improve infrastructure in the province.

This is needed to improve not only economic development but also to provide infrastructure for the development of tourism.

This will be helped by the recent announcement in the State of the Nation address by President Mbeki that R10 billion will be spent on infrastructure projects in the next 10 years (RSA, 2004b). This may lead to new provincial development projects, albeit may undermine the role of local IDPs in the development of infrastructure.

The growth and development strategy cites the now defunct, RDP policy as emphasizing that household infrastructure has to be improved in order to achieve 'true development'. This priority is seen clearly in IDPs as a central part of the IDPs is given to service delivery. The discussion of the RDP does again, however, show the redistributive tilt of the Mpumalanga development strategy. The RDP offices were closed in 1996 by the central government. This was done to show foreign investors a more moderate capitalist development strategy by government.

The development strategy sees the following four issues as key in the development of local infrastructure.

- Economic Growth - The provision of economic infrastructure such as electricity, water, roads and telecommunications improves the flow and access to goods, services, people, resources, markets and information, thereby improving the efficiency of production and competitiveness.

- Quality of life - Access to goods, services and opportunities also improves the standard of living of people and their ability to engage in income –generating activities.

- Poverty Alleviation - The provision of basic infrastructure, in particular, is a relatively low-cost and effective method of alleviating poverty.

- Employment and Skills - If approached correctly, large investments in infrastructure will create opportunities for jobs and building skills. This can be achieved if infrastructure programmes focus on small-scale entrepreneurs, labour intensive construction techniques, basic education and skills training, and, in some contexts, community public work programmes.

The growth and development strategy for Mpumalanga defines six areas of policy in which growth can be achieved. The paper does, however, acknowledge that due to a lack of capacity not all the policies can be successfully carried out by the province. The areas are, 1) reviewing existing policies to enhance employment and investment, 2) Provision of economic services to communities, 3) Marketing the province, 4) SMME support, 5) Promotion of hi-tech industry, and 6) training.

1. The reviewing of policy is viewed as a good way to assess the effectiveness of a policy but it can also be a risky political move. For example, the previous Premier of Mpumalanga was a main driver of the Maputo Development Corridor. If it is

acknowledged that this strategy was a waste, this premier will be seen as unable to lead. Yet it is important to make sure that policy is up-to-date and relevant.

2. Provision of economic services to communities could include the provision of transport or free rent to shop holders. Such policies could, however, conflict with the growth of SMMEs as it would make entering the sector more difficult.

3. In terms of marketing, the Mpumalanga growth and development strategy seemed very skeptical of this policy and criticized it by saying that international research shows that tax breaks to foreign investors do not necessarily work. The focus of the province's development is SMME growth. If foreign players were to dominate the market it would possibly lead to a decline in SMMEs in that sector. For example, if a major retail outlet were to open in a poor area it would possibly drive out the spaza shops in the vicinity.

4. SMME support is a main aim of the province. It can be seen as a major employer and a way to develop human capital by providing skills to entrepreneurs.

5. The provision of high tech industry is an ambitious policy, as Mpumalanga does not have a competitive advantage in IT. The proximity to Gauteng, the hub of IT, may be an incentive to outsource. There is, however, a mention of the timber industry and the need to develop a secondary timber industry rather than simply exporting raw

timber, which is a strategy, is more in line with the competitive advantage of the province.

6. Training is a vital part of development in any situation. A well-trained work force is vital to economic development.

Through the development strategies and priorities of the province it is clear to see the core aim is not to attract foreign investment but rather to build up local capacity for SMMEs. The ability to develop local entrepreneurs is essential in LED, however, without the capacity and support of local municipalities these initiatives will not work. IDPs are critical in the development of the local infrastructure yet the development strategy of the province does not mention them in this section.

Table 4.2 shows the major service delivery backlogs for the province. Most of the service shortfall has to be made up by the district councils and the local municipalities. In most cases of service delivery less than 50% of households have full service delivery. Harrison (2000) has questioned the capacity of the local sphere of government to rectify this backlog. Local government is struggling to find resources to manage existing infrastructure and services. This can be seen but the recent debate in parliament about the capacity for local municipalities to run their financial affairs. The Minister of Finance has proposed sweeping changes to legislation to assist municipalities in managing their income.

Table 4.2: Urban and rural distribution of services in Mpumalanga Province

	Below service	Basic service	Intermediate service	Full service
Water				
Urban	18.0%	14.7%	24.8%	42.4%
Rural	30.9%	23.3%	22.2%	23.6%
Sanitation				
Urban	39.1	8.6	0	52.3
Rural	57.9	2.8	19.8	19.6
Electricity				
Urban	29.9	2.8	28.0	39.3
Rural	63.3	0.4	14.5	21.8
Roads				
Urban	26.1	7.8	18.7	47.4
Rural	N/A	N/A	N/A	N/A
Stormwater				
Urban	30.0	12.7	10.2	47.12
Rural	N/A	N/A	N/A	N/A

Source: Mpumalanga Infrastructure Investment Programme Report, January 2001

The provision of basic services is a vital part of LED. Without basic services local entrepreneurs cannot gain access to the infrastructure and power that they need to function. The economic growth strategy of the province is to grow SMMEs but without

basic services this is practically impossible. The main question is where the province will find the necessary funds to address the backlog. Already Mpumalanga is seen as one of the country's poorer provinces (MDB, 2000). Thus, without basic infrastructure there will be little chance of development yet without development there is little chance of finding the money to develop infrastructure.

The Growth and Development strategy for the province set out ten clear outcomes for the next ten years of the province. These outcomes and the strategies need, however, to be 'bought into' by the local municipalities and the DCs. If they are not, the province may be trying to invest in areas the municipalities do not agree with. The targeted outcomes for the province are:

- 2.5% growth in GGP per annum.
- Increase in disposable income by 8% per annum.
- 10% increase in SMME contribution to the provincial GGP per annum.
- Increase contribution of the tourism sector towards GGP by 10% annually.
- Human Development Index to be 0.70 in ten years.
- 15% increase in the value of annual exports.
- 15% increase in the real private sector investment per annum.
- 25% reduction in unemployment rate within five years.
- 15% increase in high tech exports.
- Increase the number of operating computers per capita in the province.
- Increase in technological competitiveness.

Although these outcomes are all positive without the acknowledgement of them by the local municipalities, IDPs will either be overriding the provincial mandate or visa versa. Either way, integration as set out in the constitution is vital to effective LED.

The next section of this chapter will look at the way local municipalities have taken on the provincial strategy outline above and how integrated local municipalities are with one another. This will be done by drawing from data from the questionnaire administered to senior officials in local government in Mpumalanga by the researcher.

4.5 IDPs effect on Municipal LED policy

LED is a central function of local government (Nel & Binns, 2003). This is particularly true for South Africa where the constitution makes it compulsory for municipalities to perform LED. The constitution has recognized the important role that local government plays in developing its vicinity. The DPLG has recognized that local municipalities are the most effective means of addressing the social and economic imbalances in a community (DPLG, 2002, 2003). This decision was made with international examples in mind and the idea that local municipalities must be developmental. In Mpumalanga, development regional planning and the Maputo development corridor have dominated development planning. The shift in planning to local municipalities probably would have an important effect on LED in the region.

In a survey done in 2003 by the researcher in which 20 of the 23 local municipalities in Mpumalanga were interviewed, 63% of municipalities in Mpumalanga did not have LED departments before IDPs made LED a compulsory part of municipal function. This figure has dropped significantly to 44%, which shows that municipalities now recognize that LED is a central function of their operation. The effect of the new number of LED departments in the province is yet to be seen, however, any increase in awareness of LED and its effects can only be positive.

This increase in LED departments may also show less reliance on regional planning in the area. Municipalities are more interested in the specific needs of their municipalities. The shift towards LED policy as opposed to regional planning can be seen by the cynicism that some municipalities have towards the MDC. For example, in the 2003 interview, the municipal manager for Umjindi stated that after the previous premier for Mpumalanga left office, there was no more drive for the MDC and it just stopped being a priority.

Although LED does often have a political driver behind it, the local LED departments focus more on their municipalities. It is significant to note that half of the municipalities that did have LED departments did not have the IDPs of their neighbouring municipalities as seen in the researcher's questionnaire in 2003. This can show that local municipalities are becoming more developmental and less focused on the needs of adjacent municipalities. The need to be developmental is strongly driven by both the constitution and the White Paper of Local Government. This has encouraged

municipalities into a drive to become economically self-sustainable and not focused on regional integration.

Overall, while it is clear that municipalities are becoming more aware of LED because of the legislative requirements of IDPs, this may be leading to fragmentation of economic development in the area. The next chapter will analyze whether local municipalities are integrating their IDPs with those of the DC and municipality.

4.6 Conclusion.

The regional integration of Mpumalanga's development policy was clear when the province had a regional development strategy. This strategy, the Maputo Development corridor, was driven by the ex-premier of the province and impacted upon almost the whole province. Local municipalities were not required to engage in LED and thus seemed not to be concerned with the pursuit. This can be noted by the fact that 63% of municipalities did not have LED departments before 2000. The Maputo Development Corridor was seen as one way to optimize the development of a high potential province. The corridor was not only to bring tourists to the province by improving an upgrade in infrastructure but also to develop transport links between Gauteng and Mozambique. However, the MDC has lost some political will and there has been a clear shift in the policy direction of the province. This move has been away from the centralized planning policy to one of more integrated and local development.

The Mpumalanga growth and development strategy emphasizes the need to develop local enterprises and to increase employment. This strategy emphasizes a redistributive tendency with focus on the needs of the poor and service delivery to the poor rather than to big business. This is viewed as a paradigm shift away from the massive infrastructural, telecommunication and electrical investment in the province to encourage outside investment. This shift is, however, encouraged by national legislation, which places the responsibility of development firmly in the hands of the municipality. IDPs are now a critical tool in shaping LED policy and the provincial development strategy does recognize this. Municipalities are now starting to develop their own LED departments and strengthen their capacity in LED. IDPs have thus brought about a change in LED policy, from a regional-based development strategy to one that focuses more on local enterprise and municipal involvement.

Chapter Five

The IDPs and LED in Mpumalanga

5.1 Introduction

The role of IDPs in LED has been clearly set out by legislation (RSA, 1998; South Africa 1994; DPLG, 1999a). IDPs now have to include LED as strategy for all municipalities and District Councils (DCs). This requirement has meant that some municipalities have had to set up LED departments for the first time to engage in this task. These departments are not necessarily equipped with the knowledge and skill to develop effective LED strategy. Accordingly, many municipalities in Mpumalanga simply use consultants to develop LED strategy for their IDPs. Another common strategy for LED strategy is to simply draw up a wish list (Harrison, 2001; Harrison, 2003). Wish lists are LED policies that are projects a municipality would like to undertake, rather than a practical set of objectives that can be achieved.

Municipalities, have to compile an IDP, as it is a legislative requirement (RSA, 1998). Yet many municipalities do not have the economic and human capacity to develop IDPs to the standard which is set out in legislation. This will greatly affect the LED strategy in municipalities. Further, poor LED strategy could even damage the economic prosperity by undermining sectors of a local economy.

Thus, without efficient integration in a province, municipalities may become rivals rather than co-operators. A municipality planning its own LED strategy through an IDP may

not take into account the LED strategy from its neighboring municipalities and its DC. This situation in turn could lead to the emergence of highly individualistic LED policy with little buy-in of provincial and local LED strategy.

Many municipalities have complained that there is insufficient training for the write up on IDPs and that there is even less training on LED strategy. Municipalities have complained that IDP training has not been repeated and that trained individuals have left the municipality and no replacements can be found. These are potentially major flaws in the IDP process and could undermine the process. Many municipalities are not capable of developing effective IDPs. Although the DPLG has provided a call center to assist municipalities, it seems that some smaller municipalities do not know about this process and instead want direct assistance.

Although there are some problems in the IDP process and strategy it is still a vital part in engaging smaller municipalities and DC in the LED process. This chapter examines the LED policies of municipalities and DCs in Mpumalanga. It will analyze to what extent the LED policies in IDPs are wish lists and how municipalities are 'buying in' to each other's IDPs. In addition, the chapter will focus on the integration of municipal LED in regard to the strategy of the Mpumalanga province. Finally, the focus will assess whether municipalities have fulfilled the legal requirements of central government when writing an IDP and whether merely fulfilling legal requirements is sufficient to have effective LED policy.

5.2 LED Policy in IDPs

It is significant to note that not all IDPs in Mpumalanga have direct LED policy in them, as is illustrated by the case of Albert Luthuli, Delmas, Mkhondo and Nkomazi municipalities. Many IDPs simply state that LED is important to their municipality and that it should be part of economic development, as seen in the IDPs of Thembisile (2002) and Msukaligwa (2002). It is vital to note that not all municipalities in Mpumalanga are capable of performing effective IDPs and that LED is often not a priority in the municipality. This situation is not always surprising as many municipalities in the province are very poor and lack capacity. Often such situations lead to these municipalities focusing on basic service delivery rather than on LED strategy. The best examples of these in Mpumalanga are, Delmas Gert Sibande and Greater Groblersdal (see Fig 4.1).

When municipalities were asked what LED meant to their municipality the overwhelming response was either, small, medium and micro-enterprise (SMME) support and job creation. Only one municipality, Albert Luthuli in the Eastvaal DC said that LED was " Opening up economic opportunities in the municipality" (Albert Luthuli, 2002, p. 163). This shows the small understanding of the concepts of LED in the local municipalities and the DCs. This can be further seen in the LED policy seen in the IDPs of the province. For example, Gert Sibande District Council's (formally Eastvaal DC) strategy for LED in their IDP is to:

- Promote a strategic and action-orientated approach to economic development

as a role of local government

- Strengthen networks and promote Council and departmental co-ordination and co-operation with business, labour, non-government capacity in Eastvaal District Municipality and Local Municipalities facilitating education of officials and councilors on economic development
- Foster the Vision, Mission and Core values of the Eastvaal District Municipality in striving to be a world class organization (Gert Sibande, 2002, p. 156)

This LED strategy is more of a desired outcome than an effective strategy. It seems that many municipalities have simply stated their outcomes when developing LED strategy. The Mission and core values of Gert Sibande District Council, as set out in the LED policy, is to be 'poverty free', to have an 'effective local' government, a 'healthy and safe environment' and to develop human capital. These are all appropriate outcomes, but a true LED strategy would reflect how these outcomes would be achieved.

Thus, it can be assumed that the outcomes of LED are to be achieved if the projects in the IDP are achieved. There are a number of specific projects set out by all IDPs. These infrastructural and developmental projects are often a large part of an IDP (DPLG, 1999b; 1999c). In Gert Sibande District Council, for example, there are thirty-two capital investment projects, ranging from provision of sewerage to land acquisition totaling an amount of R45 million. That figure seems a large amount for a District council, which has an annual capital budget of about R3 million

By contrast, Ehlanzeni District Council has a far more comprehensive LED strategy. The municipality states that LED will only happen if the IDP is implemented. This is an acknowledgement that LED and the IDP are implicitly linked. The DC no longer has an individual LED strategy but rather has a holistic view that LED is only achievable if IDP projects are implemented and successful. This position is a move away from specific LED policy in this DC as LED is viewed as a derivative of capital projects and infrastructural development. Ehlanzeni has identified specific sources of income for LED projects. The DC has placed a great amount of emphasis that LED is a primary outcome for its IDP. Although it does separate tourism for its LED strategy, it has found a number of sources of income from Provincial, national and local government.

These sources are,

- Consolidated Municipal Infrastructure Programme (CMIP)
- Local Economic Development Fund

  Human resource development and capacity-building financing sources
- Entrepreneur Incentive Schemes (entrepreneur incentive schemes administered by the Department of
- Trade and Industry (DTI), Industrial Development Corporation (IDC) and related agencies)
- Funds to boost local culture, environment and tourism
- Community Based Public Works Programme
- Poverty Relief Programme: Department of Social Services, Population and Development

- Poverty Alleviation Programmes: Department of Arts, Culture
- Programmes of the Department of Agriculture, Conservation and Environment (three programmes

  currently exist through which the department is able to address poverty alleviation, namely the Land care programme, LRAD and Flood Disaster Relief)
- Programmes of the Department of Land Affairs (all relates closely to land ownership: and thus relates to LED in the sense that land is an asset, which can create an income).
- National Development Agency (NDA)

(Ehlanzeni, 2002, p. 64)

The reason that such a listing of financial sources is so vital is that no other municipality or DC in Mpumalanga has recognized these sources. Many municipalities have huge IDP capital expenditure projects, the largest being Tembisile Municipality with a capital expenditure expense of R15,900,000 yet an annual budget of R14,532,547 (Tembisile, 2003). In order for these municipalities to have some realistic expectation from their IDP they need to find alternative sources of income. It is clear that Ehlanzeni DC has done so. Ehlanzeni DC does not, however, state the specific amount they will receive from these sources yet the fact that they acknowledge that without external funding most of the projects will not be realized is a significant point. In Table 5.1 the amount of funding from external sources can be seen. For many of the municipalities in Mpumalanga, their IDP project cannot be completed without external funding, yet in many cases the funding falls far short of demand.

Table 5.1. The amount of external funding and the cost of proposed basic service expenditure for Municipalities IDPs.

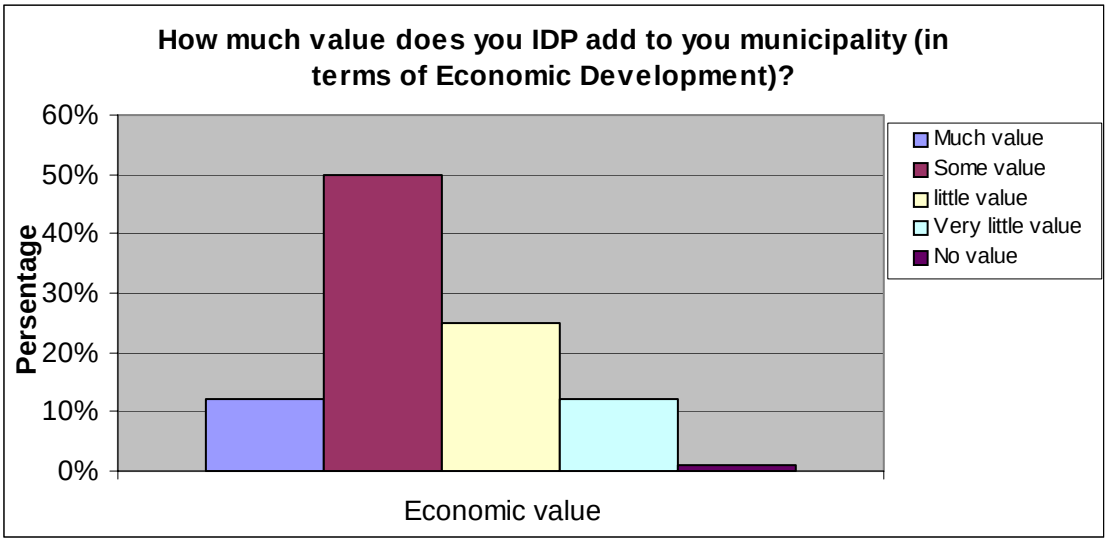
Municipalities	Amount of IDP budget allocated to basic Service Delivery	External Funding for IDP Projects (R)
Nkangala District Council	0	67703531
Middleburg Municipality	39069000	11341617
Highland Municipality	5475987	4849014
Thembisile Municipality	12900000	12492980
Dr. Js Moroka Municipality	20868434	12802204
Delmas Municipality	18629000	4330745
Emalahleni Municipality	55251140	19273570
Sekhukhune Cross Border DC	0	107014855
Greater Groblersdal Municipality	13770000	14551704
Greater Tubatse Municipality	72816688	1 9269241
Greater Marble Hall Municipality	4395000	9250969
Gert Sibande District Council (Formerly Eastvaal)	2100000	89561793
Albert Luthuli Municipality	7311000	20922040
Msukaligwa Municipality	14526000	11790740
Mkhondo Municipality	0	8201899

Seme Municipality	20330000	8201899
Lekwa Municipality	24003000	9401352
Dipaleseng Municipality	8005000	4601308
Govan Mbeki Municipality (Formerly Highveld East)	11938489	22935061
Ehlanzeni District Council	0	90404813
Thaba Cheweu Municipality	11385757	9862788
Mbombela Municipality	74734251	38680299
Nkomazi Municipality	5877700	25813774
Umjindi Municipality	9077675	6338868

Source: MDB & Municipal IDPs

An interesting facet of municipal development is Cross-Border District Councils (CBDCs). These CBDCs have to comply with both of the provincial mandates for development that they fall in. The result of this situation can lead to the development of a generic IDP as is the case of Sekhukhune CBDC, which is a municipality that is in both Mpumalanga and Limpopo Province. The focus on LED is once again limited to tourism, SMME and job creation (See Table 5.2) (Sekhukhune, 2002). This is a trend in many of the municipalities and the LED policy is limited to these three basic functions (see Table 5.1 & 5.2).

Figure 5.1. Amount of Economic value Municipalities thought that their IDPs provided.



Source: Survey.

Fig 5.1 is based upon results from the questionnaire given to the Mpumalanga municipalities in 2003. It shows that while many municipalities felt that their IDPs added value to their municipality a large proportion indicated that little economic value was obtained from their IDP. This finding is significant because many municipalities have expressed a concern that IDPs are difficult and that they do not have sufficient training to perform an IDP.

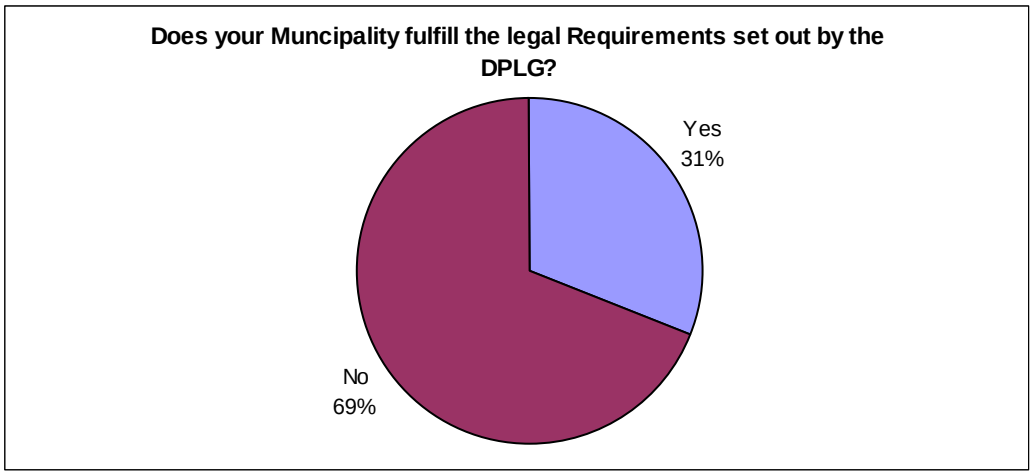
Further, in the questionnaire the municipal manager of Umjindi in the Ehlanzeni District Council stated that none of the employees were trained for either LED or IDPs. Many municipalities also complained that often individuals trained for LED and IDPs left their municipalities to work elsewhere. These individuals took their training with them and the DPLG did not train other employees. Thus, many municipalities felt that the DPLG needed to provide repeat training.

Fig 5.2 shows that 69% of municipalities in Mpumalanga stated that they did not fulfill all the legal requirements when writing an IDP. A large number of municipalities simply fulfill some of the legal requirements and claim that they do not have the capacity to write better IDPs. This is the case in many municipalities across the country as seen in the Eastern Cape as well (Buffalo City, 2002). Overall, there is consensus that smaller municipalities do not have the capacity to perform successful IDPs (Harrison, 2002) yet to have as many as 69% unable to, indicates some major flaw in IDP training and capacity or in the IDP process as a whole.

At present, only the major South African municipalities have comprehensive and sophisticated IDPs. The DPLG has, however provided an example of an ideal IDP from Mopani DC in the Limpopo province (IDPNCa, 2004; see Appendix B). This IDP does, however, seem also to fall short of an ideal IDP (DPLG, 1999a) yet it is far more appropriate for local municipalities to use this as an example for an IDP that of the larger municipalities such as Johannesburg or Tshwane.

Despite the shortfall in IDPs all municipalities felt that they provided some positive influence in their municipality. These show that IDPs have also begun a process whereby municipalities are engaging with LED and economic development, many for the first time. This first round of IDP has begun a process where LED policy and strategy is becoming an area of focus for many municipalities that did not engage with the topic previously.

Figure 5.2. Percentage of municipalities that fulfill the legal requirements when writing an IDP.



Source: Survey.

5.3 Tourism as a Growth Strategy in IDPs.

Tourism is a vital part of South Africa's economic growth strategy (RSA, 2002a; 2003). Tourism is seen as an appropriate mechanism for job creation, especially in places of natural beauty, such as Mpumalanga where tourism can be encouraged with little capital investment (DFID, 1999; Cattarinich, 2001; Goodwin, 2000). Eco-tourism and sustainability are also seen as inter-linked and much literature has commented on the use of tourism to uplift local communities (Deloitte and Touche, *et al*. 1999; Ashley, 2000; Tosun, 2000; Ashley and Roe, 2002).

In this context it is not surprising to see that every IDP in Mpumalanga mentions tourism as a mechanism for economic growth (See Table 5.2). In 1996 Mpumalanga was recognized by central government as an underutilized tourist area (RSA, 1996). Every municipality and DC in the province has recognized this and aims to grow tourism. As

seen in Table 5.2, all municipalities in Mpumalanga have projects in their IDPs that are tourism related yet not all IDPs have dedicated LED strategies.

Table 5.2: Tourism projects in each municipality and the municipalities that have dedicated LED sections in their IDPs.

Municipalities	Number of tourism or tourism related projects in the IDP	Municipalities that have a section of their IDPs dedicated to LED
Nkangala District Council	16	yes
Middleburg Municipality	8	yes
Highland Municipality	1	no
Thembisile Municipality	10	no
Dr. Js Moroka Municipality	6	no
Delmas Municipality	3	yes
Emalahleni Municipality	2	yes
Sekhukhune Cross Border DC	1	Yes
Greater Groblersdal Municipality	6	no
Greater Tubatse Municipality	4	yes
Greater Marble Hall Municipality	2	no

Gert Sibande District Council (Formerly Eastvaal)	14	yes
Albert Luthuli Municipality	6	yes
Msukaligwa Municipality	7	no
Mkhondo Municipality	4	no
Seme Municipality	16	yes
Lekwa Municipality	2	yes
Dipaleseng Municipality	6	no
Govan Mbeki Municipality (Formerly Highveld East)	4	yes
Ehlanzeni District Council	25	no
Thaba Cheweu Municipality	13	yes
Mbombela Municipality	1	yes
Umjindi Municipality	23	yes
Nkomazi Municipality	8	yes

Source: Municipal IDPs.

While tourism can be seen as a successful tool in development in Mpumalanga it is necessary to distinguish between integration in tourism policy and developmental governance. In integrated development local municipalities would be interacting with one another to bring about prosperity to the entire region. That concept is the essential

aim of IDPs (GTZ, 1996). Municipalities show by working together to develop strategic advantages and generate economic development across that region.

45% of municipalities interviewed by the researcher in 2003, did not have a copy of all their neighbour's IDPs and 25% of municipalities did not have a copy of their DCs IDP. Such a situation makes integration difficult. It seems that municipalities are less concerned with the region as a whole but rather in development of their own municipality.

The constitution of South Africa (1996) and the White Paper on Local Government (RSA, 1998) encourage local municipalities to have developmental governance. These requirements entail Mpumalanga's local government being actively involved in economic development. In the past local government was a service provider and a bureaucratic steward. Local government was only to act passively and to ensure the effective administration of its constituency (MDB, 1999). With a developmental local government, local government is to actively become engaged in marketing itself to investors and peruse investment.

Such a system of development does, however, have its disadvantages. Local municipalities are encouraged to act like business and aggressively campaign for development, a situation which has lead to competition between municipalities for investment. Municipalities stop working together to regenerate as a region but rather focus solely on themselves. The pursuit of tourism as a mechanism for growth by all the

municipalities in Mpumalanga seems to encourage competition between municipalities rather than integration. The development of tourism may be a byproduct of this intense competition yet many smaller municipalities may be focusing too much energy on tourism and not have a competitive advantage in the region.

Integration could be pursued if municipalities were encouraged to focus on their competitive advantages rather than simply focus on tourism as a generator of development. Many municipalities clearly have a definite advantage for tourism, For example, the municipalities of Ehlanzeni, Bohabela and Nkomazi which all border the Kruger National Park (see Fig 4.1). By contrast, municipalities like Delmas should rather focus on other mechanisms for growth and development such as agriculture in which the area has a competitive advantage rather than tourism (see Table 5.1).

Having a developmental local government can encourage municipalities to become more competitive when competing for direct foreign investment. This, however, should not be done without the full understanding that by competing for resources municipalities put themselves at risk of being outbid and loosing resources invested in the bidding campaign.

5.4 Viability of Capital Projects in IDPs.

Much of the criticism towards IDPs has been that they are purely 'wish lists' (Harrison, 2000, 2002). Many municipalities do not have the budgetary capacity to implement the capital projects that are found in their IDPs. This means that the project lists are not

representations of what the municipality will do but rather what municipalities would like to do if they had the funds. If a municipal IDP is simply a wish list it is argued that the IDP is in itself is a waste of resources and should not be done.

Table 5.3 shows the annual income of all the municipalities and DCs in Mpumalanga. It also indicates the annual contribution the municipality would have to make to undertake all its IDPs obligations. It is important to note that alternative sources of funding are also available for capital projects. In the State of the Nation address in 2004 President Mbeki promised a massive increase in spending no capital projects (Mbeki, 2004). The Minister of Finance Mr. Manuel has issued R10 billion over the next ten years for this (Manuel, 2004). Thus, although these funds have not been fully earmarked, municipalities can apply to this and other funds for assistance.

Although these funds are available, as indicated earlier, only Ehlanzeni has stated in their IDP that additional sources of income will be found for capital projects.

Table 5.3. The Annual income and annual capital expenditure of Municipalities.

Municipalities	Annual Income 2002/03 (R)	Capital expenses (R)
Nkangala District Council	205,959,035	2,375,500
MiddleBurg Municipality	271,097,000	55,666,000
Highland Municipality	33,320,778	7,121,975
Thembisile Municipality	14,532,547	15,900,000
Dr. Js Moroka Municipality	31,624,884	23,868,434

Delmas Municipality	48,751,098	20,306,000
Emalahleni Municipality	35,050,000	59,089,750
Sekhukhune Cross Border DC	186,976,206	1,613,300
Greater Groblersdal Municipality	45,132,280	15,138,000
Greater Tubatse Municipality	24,673,740	77,910,248
Greater Marble Hall Municipality	41,747,320	7,258,000
Gert Sibande District Council (Formerly Eastvaal)	126,769,430	3,095,615
Albert Luthuli Municipality	41,979,690	9,518,520
Msukaligwa Municipality	112,068,362	25,428,415
Mkhondo Municipality	54,027,595	No Info
Seme Municipality	48,095,730	22,576,000
Lekwa Municipality	109,136,142	31,076,050
Dipaleseng Municipality	29,418,800	8,005,000
Govan Mbeki Municipality (Formerly Highveld East)	334,222,019	21,323,304
Ehlanzeni District Council	20,227,773	18,023,779

Thaba Cheweu Municipality	79,253,184	13,924,017
Mbombela Municipality	342,311,765	95,256,167
Umjindi Municipality	48,934,403	10,533,930
Nkomazi Municipality	63,350,400	8,257,900

Source: Municipal IDPs; MDB, 2003

It is clear from Table 5.3 that not all IDPs in Mpumalanga are wish lists, such as Dipaleseng and Nkangala DC. Many IDPs would only take a small percentage of the municipalities funds to complete. This is a positive sign for IDPs. It may suggest a lack of drive in IDP project or sensitivity that the municipalities realize their capabilities.

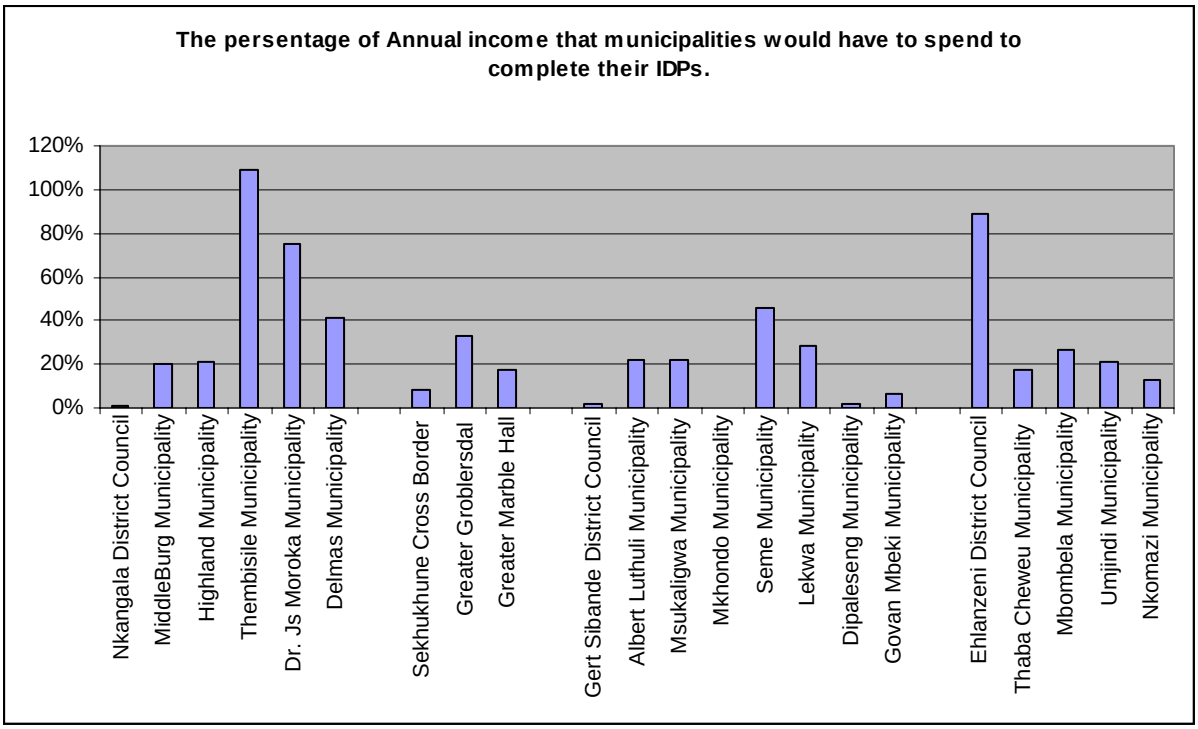
IDPs are five-year plans and for this reason their budgets can only be calculated over five year periods. If municipalities were to only use their current sources of income to finance their IDPs, many could not. Some municipalities, such as Thembisile Municipality, have large IDP expenditure that would consume more than their annual income. This would suggest that the Thembisile IDP is a wish list. It seems that this is also case with, Dr. Js Moroka Municipality and Seme Municipality. Although Ehlanzeni District Council also has a large capital budget, the DC does have a strategy for fund raising and it is thus unclear whether this municipality will be able to fulfill the capital projects in its IDP.

Not that all municipal IDPs are wish lists. Due to the poor process of monitoring the implementation of IDP project, many municipalities are not aware of how far many of

their IDP projects are. Thus, municipalities that have small IDP expenditure may not have the funds or will to spend finances on these projects.

It is also important to note that municipal budgets are not the only source of revenue for capital projects and LED projects. Yet very few municipalities noted what their funding would come from. When so many municipalities have committed to infrastructural improvements in their IDPs it is important to note where the sources of funding for these projects will be.

Figure 5.3. The percentage of annual income municipalities would have to spend to fulfill their IDP obligations.



Source: Municipal IDPs & MDB 2003a

Much of the criticism of IDPs is that municipalities do not have the financial resources to commit to IDP project particularly ones relating to LED. Yet it seems that many municipalities such as Marble Hall are being financially realistic about their IDPs capital expenditure (Marble Hall, 2002). The fact that these projects are not classed specifically as LED does not mean that they are not LED initiatives. The building of roads, taxi ranks and extension of electricity, (all mentioned in Marble Hall IDP) are projects that will promote LED in the region (Marble Hall, 2002).

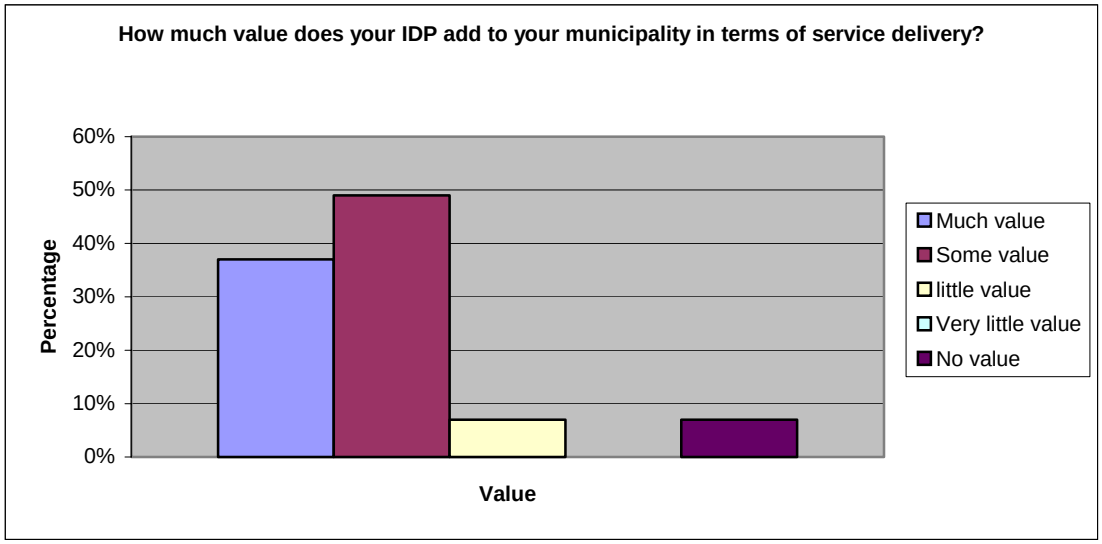
IDPs may be wish lists for some municipality, yet it is clear that many municipalities are taking the process seriously. The first complete IDPs had a learning curve. The fact that IDPs are now a standard of LED policy in South Africa that makes them important. Although many municipalities may not, at present, have the capacity to write an effective IDP, this does not limit their current and future importance. IDPs can be an effective tool in LED policy and strategy for both small and large municipalities and, with assistance from provincial and national government local municipalities may begin to engage with issues of development, previously an activity only done by central government.

5.5 Basic Service Delivery in IDPs

One of the central themes of all IDPs is service delivery (DPLG, 1999c). This is seen throughout the country, including Mpumalanga. Service delivery is poor in many parts of South Africa and government, at all levels, needs to address this problem (MDB, 2003). A central aspect of addressing this process is effective IDPs. All Mpumalanga's IDPs have very large basic service infrastructure expansion programmes. As basic

service delivery is central to LED, IDPs once again address a need that may have previously been overlooked.

Figure 5.4:Value Added to service delivery from IDPs.



Source: Survey.

It is clear from Fig 5.4 that IDPs contribute more to the improvement of service delivery than they do to economic development seen in Fig 5.1. In many cases municipalities which often do not have the training for LED opt to make their LED policy one of basic service delivery. LED thus not only takes on a strategic effect on local areas but also a focus on improving the quality of life for the poor.

Although LED is not a core activity of IDPs and municipalities have claimed themselves that they are not trained and capable of conducting LED, it is still entrenched in the IDP process. This is a fundamental swing away from the previous LED policy practice in the province, which was centralized and done by the national and provincial government.

5.6 Conclusion.

Much of the criticism against IDPs has been against the municipality's capacity to write them (Harrison, 2002). As discussed in the previous chapter, (see chapter 4) IDPs are very complex and take training and expertise to perform effectively. It was shown that in Mpumalanga, many small and rural municipalities do not have this capacity. In many cases this is true; many municipalities do not have the capacity to fulfill all the legal obligations of an IDP. In Mpumalanga almost all the municipalities stated that they did not fulfill all the legal requirements of an IDP. This finding, however, does not nullify the importance of doing an IDP. Many municipalities are benefiting from the IDP process and are beginning to focus on service delivery and LED where previously they did not perform that function. Although they may not be complete IDPs, as a first round of policy documents they are significant.

Municipalities are not always aware of international standards and practice of LED. All the municipalities in Mpumalanga want to grow tourism in their vicinity. This is not a major problem except that by competing against one another they may not all benefit from one source of growth.

Another criticism of IDPs has been that municipalities are simply writing wish list, projects that they would like to do but cannot afford. However, by looking at the financial statements of the municipalities it is clear that many are being realistic and have not over-committed themselves. LED is often not the focus of IDPs. Instead, it is shown

that Mpumalanga's municipalities have focused on service delivery and capital projects. LED would most likely be a derivative of these types of projects. IDPs are a shift away from the regional planning of the late 1990s and a move to more capacity building for local government. Overall, there are many shortcomings in many of the municipal IDPs, yet without these IDPs, municipalities would not be engaging in any LED strategy.

Chapter Six

Developing Technologies of Governance

6.1 Introduction

The aim in this chapter is to explore the developing of technologies of governance. The autonomy of local government is a constitutional right (RSA, 1998). Local government is to be a separate sphere of government in South Africa working in relation to provincial and national government (RSA, 1996a). This is not meant to be a subordinate relationship but one of equality. The three tiered relationship is, however, difficult to manage. Many local governments in South Africa have poor capacity (Harrison, 2001; 2003). Some municipalities have themselves admitted to this state of affairs (Buffalo City, 2002; Umjindi, 2002). The nature of local government dictates that local government is a central part of socio-economic reform, which places much responsibility into the hands of local actors without the capacity to handle this autonomy.

Central government has thus legislated a system of tools, through the IDP legislation, to prompt local government to accept the role of developmental leadership (RSA, 2000). Although local authorities may not wish to function within the new IDP framework, legislation has been drawn up at a national level that has forced local government to abide by this new challenge. A key question is whether national government is trying to over-ride the autonomy of local government by legislating against local government acting independently.

This is a very serious scenario in South Africa. Local government is often the only sphere of Government that is not dominated by the African National Congress (ANC) (IEC, 2004). At both National and Provincial Government, the ANC is the ruling party. Indeed at local level, other political parties dominate many local governments. By suppressing the autonomy of local government the ruling party may have an agenda of complete political control (Ranco and Imrie, 2000).

Although the constitution does provide autonomy to local government, central government can use 'technologies of governance' to manipulate local governance (Healey, 1997). Technologies of governance are tools of governance that force actors to manage their constituencies in a particular manner, by regulating choice to local actors (Dean, 1999; Raco & Imrie, 2000).

Leadership is vital in the implementation of effective LED (Harvey, 1989; Atkinson, 1999). For local actors to have LED policy that is not overridden by regional policy, sufficient political will at all levels of government is needed. Although IDPs have been made the official mechanism for LED it is unclear whether there is much initiative at national and provincial level to support this. The aim in this chapter is to look at the concept of technologies of governance, and then the relationship between local and central government will be assessed by looking at the tools provided by central government to assist in the writing of IDPs. Finally, the leadership and political will to drive LED and IDPs will be looked at, in the case of Mpumalanga.

6.2 Tools, Technologies and Legislative Requirements of Government

It is imperative that all spheres of government work together to form effective strategies for development (RSA, 1996a). In South Africa the constitution sets out the spheres of government as separate and autonomous (RSA, 1996a). This enables local government to have a crucial say in policy and strategy that affect it at a local level. Although all spheres of government need to work together, there is often a major capacity difference between local government and the other two spheres (Central and provincial) (Harrison,2001). Accordingly, while local government is meant to act independently, many local municipalities and District Councils (DCs) are not capable of this.

Despite this lack of capacity there is a large amount of responsibility placed into the hand of local government (RSA, 1998; DPLG, 2000a; 2000b). Local economic development (LED) is one of these crucial functions (RSA, 1998; DPLG, 2000a). Legislation and the constitution have made it mandatory that local government act as developmental governments and actively pursue economic development (RSA, 1998; RSA; 2001).

This task has changed the role of local authority. Pre-1994, local authority was administrative, subsequent to this new legislation, local government is to change the underlying reasoning and engage in economic development (DPLG, 2000a). An LED mandate was given by the constitution but no definite mechanism for LED was decided on (RSA, 1996a). It meant that some local governments, particularly urban centres, produced major LED initiatives while smaller municipalities had none (Harrison, 2001).

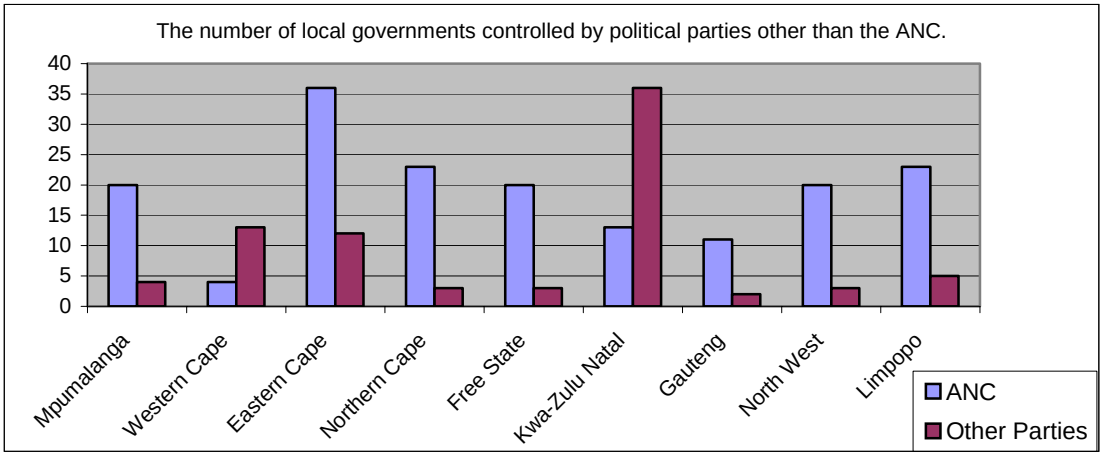
However, this is not the only dilemma facing national government. Many municipalities in South Africa are not ruled by the ANC. The ANC is the ruling party of national government and ruled seven out of the nine provinces until the 2004 elections where it gained control of all the provinces (IEC, 2004).

This has meant that the only sphere of government that is not completely controlled by the ANC is local government. It must be noted that the ANC is not undemocratic and gained control of government through a legal democratic process. This being said, an autonomous local authority has the means to undermine central government in its jurisdiction. Figure 6.1. shows the number of local municipalities ruled by political parties other than the ANC.

This situation has led to the national government passing legislation that governs the workings of local government. These tools can be called technologies of governance. Dean (1999, p. 65) refers to technologies of governance as:

"it seems as if we are seeing the emergence of a range of rationalities and techniques that seek to govern without governing society, to govern through regulating choices made by discrete and autonomous actors in the context of their particular commitments to families and communities".

Figure 6.1. The number of local municipalities ruled by political parties other than the ANC.



Source: IEC, 2004

By restricting choices of local actors and forcing them to follow guidelines and legislation, national government is governing without direct participation (Foucault, 1979). This process controls the choices of local municipalities and forces them into performing Integrated Development Plans (IDPs). IDPs are very powerful technologies of governance as they create specific guidelines and rules for LED in municipalities. As Ranco and Imrie (2000, p. 2191) put it, "[Technologies of Governance] shaped, guided and moulded into one capable of responsibly exercising … freedom through systems of dominance".

Hence, legislation that very specifically governs the manner that local autonomous authorities are meant to act are technologies of governance from national government. This is clearly the case of IDPs where the independent actions of local actors are governed by legislation so that they can only express their freedom of policy through the legislated IDP process.

It is also important to note that local governments are not only dominated by the IDP legislation. There are other legislative requirements that can be classified as technologies of governance such as:

- GEAR (RSA, 1996c)
- The White Paper on Local Government (RSA, 1998)
- Municipalities Act of 2001 (RSA, 2001)
- Demarcation Act of 1996 (RSA, 1996c)

This shows a desire of national government to have some sort of control of local areas of government. This has lead to a situation where local government is not necessarily autonomous but rather has to adhere to central government's requirement for governance.

One of the key tools of governance with regard to IDPs is the Integrated Development Plan Nerve Center (IDPNC) (DPLG, 2004). This office was set up to replace the PIMSS, which was initially training municipalities to perform IDPs. The IDPNC's aim is to assist all spheres of government to work together. It aims to oversee the processing, procedures, strategic direction and standards of IDPs. The aims of the IDPNC are:

- To strengthen the link between local, provincial and national priorities and objectives, resource allocation and implementation;

- To provide a means whereby municipalities can maintain and communicate key IDP information, thereby supporting ease of access and use by stakeholders across government;
- To support integrated infrastructure and service delivery;
- To support coordinated between sectors, clusters and priority areas;
- To support inter-governmental spatial coordination with regard to investment
- To support the timely submission of key planning information to one another; and
- To promote strong, clear flows of information across spheres.

(IDPNCb, 2004)

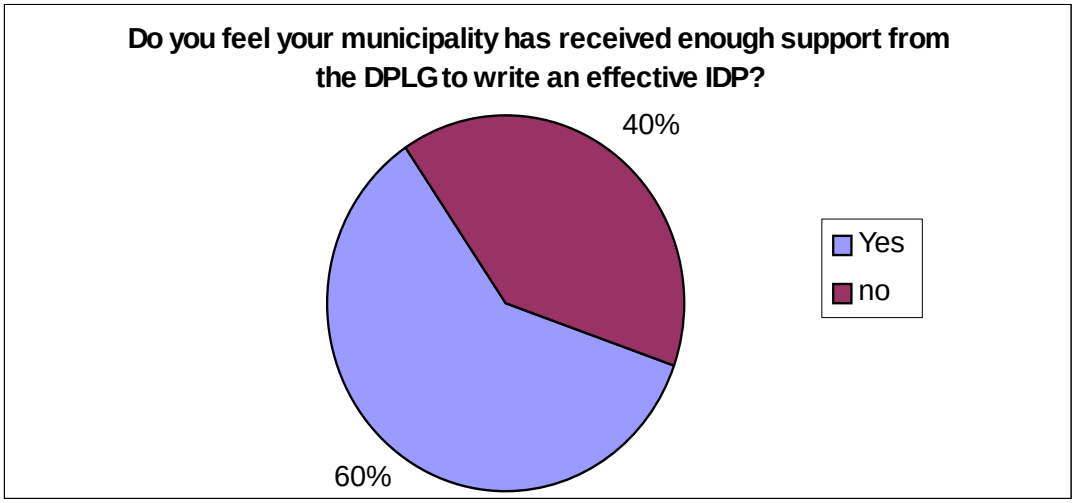
These aims are somewhat ambitious, not only because the IDPNC is an electronic based medium which is difficult for many rural municipalities to use but also because of its lack of legal jurisdiction. Municipalities are not bound by legal requirement to submit their IDPs to the IDPNC. Rather, they are only required to submit their IDPs to their provincial Premier's office. For this reason not all IDPs are available on the IDPNC's web site (www.idps.org.za). Because of this technology, the nerve center lacks the participation of municipalities to act as a facilitator of integration.

Municipalities are able to use the IDPNC as a resource in developing their own IDPs. This is needed if IDPs are to be integrated both horizontally and vertically. One of the main features of the IDPNC is that it is electronic. The former PIMSS system was based in each province with back up found on the internet. The IDPNC is solely on the internet and on a call centre basis. The rationale for this is that IDPs were mainly paper based and this made

it difficult for other municipalities and spheres of government to obtain the information. By making the IDPNC electronically based it is claimed that IDPs will be easily accessible (IDPNC, 2004b).

The IDPNC is set up by the Department for Provincial and Local Government (DPLG) and aims to act as a centre for IDP activity. This is vital if IDPs are to be integrated between municipalities. Research during the 2003 interviews with municipalities in Mpumalanga shows that 40% of municipalities in Mpumalanga felt that the DPLG did not provide sufficient support when writing an IDP (Fig. 6.2). The same percentage did not have a copy of their neighbouring municipality's IDPs. This shows that, as yet, the IDPNC is not completely sufficient. Moreover, only half of the IDPs for Mpumalanga are available on the IDPNC's web site.

Figure 6.2: The percentage of municipalities that did not think that the DPLG provided sufficient support.



Source: Survey.

Having an electronic based IDP assistance programme may not, however, be very useful. In Mpumalanga only one District Council (Eastvaal DC in 2002) had a web site (SALGA, 2004). This leads to the premise that many smaller municipalities do not have the capacity to sufficiently use an electronic based resource. Municipalities have complained about a lack of support from the DPLG, despite the opening of the IDPNC.

Comments from questionnaires given by the municipalities included the following responses;

- "They [the DPLG] could do more" (Umjindi)

- "The guide packs are to complex and smaller municipalities should be given an easier format" (Seme)

- "The DPLG tends to give more support to the metro[politan] regions" (Albert Luthuli)

- "The DPLG workshops didn't address the issues" (Thembisile)

Overall, such responses reveal that not all municipalities are accessing the IDPNC web site and that many municipalities are not satisfied with support. However, a small number of municipalities did rate the DPLG's support as "excellent" (Gert Sibande) and "superb" (Dipaleseng). This shows that some level of success is being reached.

The IDPNC is a new support network, replacing the PIMMS assistance scheme (IDPNC

2003). This new electronic based system is a step forward, albeit many small and rural municipalities do not have the capacity to utilize electronic based resources. This has created a fundamental flaw in the new support system. At the time of the study, the IDPNC was, however, still in the process of being set up (DPLG, 2004). Over time there may be an increase in its assistance to municipalities, albeit this can only be done if municipalities are trained and equipped to use electronic resources.

6.3 Local Leadership of IDPs

It has been felt that many municipalities do not have the capacity to perform IDPs (Oranje *et al*, 1998; Harrison, 2001; 2003). The capacity issue is not, however, only in IDPs. A recent article showed that there was a drastic replacement of civil service after the 1994 elections and by 2000, 70% of civil servants jobs were in the hands of new black workers (Adams, 2004). This swift change in personnel has meant a reduction in capacity. Previous experienced employees were replaced by inexperienced workers, which has lead to the rise of a number of consultants that work alongside the government departments and assist in drawing up documents (Adams, 2004). In particular, an increasing amount of resources are spent on consultants who perform tasks that municipalities are unable to do. Indeed, the survey depicted that 83% of the municipalities in Mpumalanga used consultants, in some form, when writing up their IDPs. Although 56% of the Mpumalanga municipalities stated that the municipal manager was the 'leader' of the IDP process, the use of consultants is widespread.

With this trend in mind it is important to note that the writing of IDPs is not exclusive to

municipalities but rather is out-sourced to consultants. This finding indicates that IDPs do not have the political backing of municipal managers or local authorities and instead are rather purely documents drawn up because of the legislative requirements.

It must be observed that even the model IDP from the IDPNC used consultants (Mopani, 2003). Whether the consultants are capable of performing an effective IDP is also questionable. The extensive use of consultants may undermine the IDP process. IDP policy may not be adopted due to the lack of input from the municipalities. Further, capacity to perform IDPs may not be enhanced. If a local municipality performs an IDP, over time they may learn from the process and alternately write an effective IDP. If consultants constantly write up the IDPs, capacity building by the municipalities may not take place.

The leadership of IDPs is integral to the ultimate success of the project. The DPLG's guide packs strongly suggest that the municipal manager must be the leader of the IDP process (DPLG, 2000a; 2000c). If consultants take on this role there will be a long-term undermining of the process.

6.4 National and Provincial Leadership

It is vital that IDPs have strong leadership at a provincial and national level. There appears to be strong consensus at a national level that IDPs are the best mechanism for development at a local level (RSA, 1996a; 1998; DPLG, 1999). But, in terms of Local Economic Development (LED) there does not seem to be a central leader for IDPs. In budget and policy speeches by both President Mbeki (2004) and the Minister of Finance Mr. Trevor

Manuel (2004a; 2004b) there is a focus on central government spending on massive infrastructural projects, albeit, with little mention of IDPs as facilitators of growth.

In the State of the Nation address in 2004, President Mbeki stated that there needs to be integration between all spheres of government. He proposed that there needs to be better integration between the Provincial Growth and Development Strategies (PGDSs), the Municipal Integrated Development Plans (IDPs) and the National Spatial Development Perspective (NSDP). The process is to be headed by the Presidency in conjunction with the Departments of Provincial and Local Government (DPLG), Land Affairs (DLA), Trade and Industry (DTI) and National Treasury (NT), all national offices. The reason that no provincial or municipal offices are included is because of the tight timetable. Although this is an important process, it leads away from the concept of LED as developed by autonomous local authorities. It seems that local municipalities are meant to rather integrate their policies with the NSDP and the PGDS. This points to a top-down system of economic development rather than a bottom-up process.

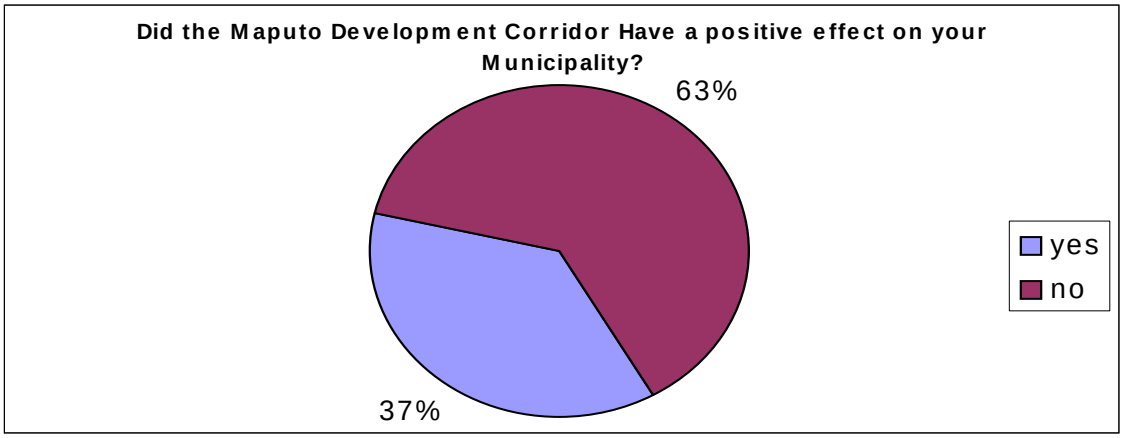
Overall, this suggests that economic development priorities of national government are not based at a local level (through IDPs) but rather are centralized spending programmes. Although much of the international literature suggests that LED is an effective mechanism for growth (and much policy in South Africa points to this), national policy spending seems to suggest central and regional planning.

At a provincial level there is more of an indication that LED is taking priority. In

Mpumalanga, there is a shift away from the Maputo Development Corridor (MDC) type of development, to a more formalized local development strategy. Yet some municipalities have noted that the previous MP for the province drove the MDC. Thus 'political will' could influence the outcome of LED and shift the regional policy towards central planning once again.

It is worth noting that LED is a highly politicized activity and can be controlled and manipulated by national and provincial policy (Cooke, 1986). In Mpumalanga, it has been shown that there has been a shift in policy, albeit this could easily be reversed. LED is a highly fluid concept and often difficult to quantify; political leadership is imperative to its success. Nevertheless it is not yet clear if there is political will at all spheres of government and whether the current LED mechanism of IDPs will last under new leadership. In Figure 6.3. it is shown that the expenditure of billions of Rands spent on the MDC only benefited a few municipalities in Mpumalanga.

Figure 6.3: The perceived impact of the Mpumalanga Development Corridor on Municipalities in Mpumalanga.



Source: Survey.

The current trend of centralizing development programmes could undermine the LED policy written by the Municipalities. Accordingly, central government needs to focus on making sure that municipalities are kept as key players in the development process and not again relegated to administrators of national government policy.

6.5 Conclusion

LED can be a major contribution to development in any country (Cooke, 1989; World Bank, 2001). The use of local actors to find solutions for development has had many successes (Newman, 1986). Legislation in South Africa pointed to LED as the mechanism for growth in the Country (RSA, 1996a ; 1998). IDPs were made the particular tool for municipalities to develop LED policy (RSA, 2000a). Despite this apparent trend in the country towards LED, there still seems to be a reality of centralized planning (Mbeki, 2004). A recent report found that 126 municipalities out of 284 did not have the capacity to deliver effective basic

services. Suggesting that municipalities are unlikely to deliver effective LED policy. Thus, municipalities must be given guidelines to generate effective LED policy.

This, however, may not be the only reason that there is such restrictive legislation governing the writing of IDPs. Local government is the only sphere of government that the ruling party does not dominate (IEC, 2004). This situation could lead the national government to make 'technologies of governance', which are pieces of legislation that restrict local autonomous municipalities to working in a legislative environment created by the national political will (Ranco, and Imrie, 2000). It is argued that national government i in South Africa, governs through legislative technologies of governance by limiting the choices municipalities can make.

By using technologies of governance there seems to be a subtle trend to national control rather than local autonomy. Funding for development, which is R10 billion for the next ten years, is controlled by national government (Manuel, 2004). In final analysis, there is a tendency for political will to favor central and regional planning rather that LED despite the legislative requirements.

Chapter Seven

Summary and Conclusion

7.1 Introduction

LED has been shown to be a vital part of national economic development. Both the developed and the developing world have many success stories of LED initiated development. The sphere of local government in South Africa has, for many years, been seen as a subservient sphere of government. Dominated by both provincial and central government, local government was forced to implement development plans that were developed by the top spheres of government (DCD, 1998; Rogerson, 2002). This meant that local governments played an administrative role in economic development in the apartheid years (Rogerson, 2002). However, with the change of government in 1994 there was a change in the manner that local government was viewed (RSA, 1998).

This research has analysed a topic that is little explored in South Africa. IDPs are seen as the way forward for LED in South Africa; they are seen as a mechanism to develop capacity and integrate different government departments so as to have a consolidated LED process (DPLG, 2000d). In municipalities that do not have any LED policy, IDPs may be the path towards developing a LED strategy. Nevertheless, in municipalities that have LED policies the introduction of IDPs may lead to a radical change in the way that they formulate, implement and conduct their LED. This chapter outlines the findings of the research and then makes policy recommendations for both LED policy and IDP strategy.

7.2 Shifts in LED Policy in South Africa.

There has been a clear paradigm shift in LED policy in South Africa over the past ten years. Local government was seen as an administrative sector in government. This has been radically changed and local government is now viewed as a vital player in economic development. This shift is clearly seen in legislation and policy at both a national and provincial level.

Provincial government in Mpumalanga has had a shift in economic development strategy. The Maputo Development Corridor was the main development tool for the province during the late 1990s. This development was the main mechanism for growth and strongly supported by provincial government. The shift to LED has been quick but not necessarily successful. The Mpumalanga Growth and Development Strategy points to municipalities as the new drivers of economic growth and the province's IDPs to be the tools for LED. This shift away from regional planning is significant as it places much more responsibility into the hands of Local Government. Many local governments in the province do not feel that they are fully capable of performing successful IDPs and want more assistance from the Provincial and Local government. Yet despite this there is a clear legislative mandate for LED.

However, although there is a paradigm shift in policy, this shift is not necessarily a reality. Central Government seems to be emphasizing central control of developmental finances. There is a drive to have R10-billion spent on infrastructure in South Africa, to be administered at a national level. Thus, although there is a shift towards local

developmental governance, the capacity that municipalities may have influences, National Government to continue to act as the central planning of development.

7.3 Governments Rights and Responsibility in LED

The role of central government in LED has often been criticized (Hasting and McArther, 1995; Coetzee, 2000). Central government often does not understand the dynamics of a local area and thus does not develop policy that is suitable to that locality. This concern is central in the critical literature on IDPs (Cranko, 1999; Planact, 1998; Harrison, 2001). Central government has forced local government to implement an LED mechanism with the consent of the local networks. Thus, central government is placing a large amount of political pressure on the way in which local municipalities function. This situation could undermine the autonomy of the local government structure and lead to the centralizing of political power.

This centralization of power is not only seen in the IDP system but the ANC-led government is considering changing the three tiers of government into a single public service (Hlangani, 2002). This legislation further restricts the workings of local government. Thus, there seems to be a trend towards more centralized governance of local municipalities. Healey (1997, 125) states:

"The way rights and duties are formally specified, distributed and redeemed in any legal and administrative system has a significant effect in structuring power relations and

governance practice. Their specification reveals much about the political form and culture of a political community“.

Thus, the rights and responsibility of local government may be eroded by central government legislation that forces them to function in a specific manner. The use of managerial technologies, such as budgetary management and auditing are instrumental in giving central government the capacity to shape local institutional practice. Yet, at the same time, local government retains some scope to translate the central directives (Mackinnon, 2000). Rose and Miller (1992) call this process of centralization 'technologies of government' and conclude that by doing this central government is able to stabilize a system that is decentralized and chaotic.

The South African constitution states that the local tier of government is an independent and separate sphere of government (RSA, 1994). The rights and responsibility of central government towards this independent sphere of government are not clear. Thus central government has used legislation to influence the way in which local government functions. Further, the DPLG has set up a call center to facilitate the IDP process. The Integrated Development Plan Nerve Center is a major tool in assisting Mpumalanga Municipalities in writing an effective IDP. However, this nerve center is an electronic resource and is accessible through the Internet. Only one of the municipalities in Mpumalanga has a web site and some municipalities do not even have email addresses. This would imply a lack of technical sophistication on the part of the municipalities. It is

thus unlikely that an electronically based IDPNC would be of great use or greatly used by many of the municipalities in the province.

Further, the IDPNC does not have legislative jurisdiction of municipalities. Municipalities have no legal obligation to supply the IDPNC with information about their IDPs or to send them their IDPs. This could lead to a scenario where municipalities that do not have the capacity to develop IDPs not submitting these documents and thus not receiving the necessary support from the IDPNC. Municipalities in Mpumalanga felt that the DPLG needed to provide more local support in the form of workshops. One of the main complaints was that trained workers did not replace trained IDP officers who resigned from municipalities and that the DPLG was no longer providing sufficient training for new employees. The IDPNC may be trying to address this by their web site yet, without personal interaction with municipalities, many feel that they are not having their training needs met.

7.4 Policy Recommendations.

The IDP process is a very complex one. This has been reiterated in much of the critical literature and by many of the municipalities. The DPLG has drawn up a set of guide packs for the writing of an IDP. Both the DPLG and the German Technical Institute did the first Guide. The Document over 300 pages, was seen as ineffectual for smaller municipalities and thus was replaced by the DPLG guide packs.

Many of Mpumalanga's smaller municipalities have expressed concern over the complexity of the literature. Further, the packs are not clear and concise about exactly how to write an IDP and do not give a breakdown of how to write an IDP. Further, workshops organized by the DPLG to assist municipalities in writing IDPs are no longer running. This has created problems when new employees are unable to access local workshops on IDPs.

For this reason it is vital for the IDP process to be simplified. It is clear that Mpumalanga municipalities are incapable and unwilling to write IDPs that fulfil all the requirements set out by the DPLG. Although there is a process to change the assistance given by the department, the IDP support process and the writing of IDPs is still too complex.

The IDPNC is the DPLG's solution to making IDP support more accessible. This, however, is not necessarily a good mechanism for assistance. Municipalities need to have more local personal contact. The DPLG should put permanent IDP support centres in each province. Such Provincial support centres do not have to be permanent and could be phased out as municipalities become more competent in writing IDPs.

The centers should have a mobile unit that is able to go to municipalities that are struggling to complete their IDPs in order to assist them. This would mean that less initiative would be placed on small under-staffed municipalities and more on the DPLG. Further, the DPLG should provide a list of competent consultants that work on IDPs. This group of consultants should be regulated by the DPLG and the sanctioned

consultants only, do municipal IDPs. Part of the compliance process for the consultants is that a process of knowledge and skill transfer must take place. These types of mechanisms are short term and aim to build the capacity of municipalities.

It should also become compulsory for all municipalities to send their IDPs to: (1) their neighbours, (2) the District Council they fall under, (3) The Provincial Government (this is already required), (4) the DPLG.

1) Some municipalities do not have copies of their neighbours IDPs. This is not only against the concept of IDPs but is also hindering effective IDP writing. Without co-operation between municipalities it is impossible for integration to occur in a local region. IDPs are the legislative mechanism for this process yet municipalities do not share IDPs with one another.

2) Sharing is vital for upward integration. DCs must have an understanding of the municipalities that fall under them. Further the DCs IDP should simply be a accumulation of the IDPs of all the Municipalities IDPs. This would further enhance the concept of bottom-up development.

3) It is compulsory for IDPs to be sent to the Provincial Government office. The Provincial Government should then make LED policy and regional development practice based on the IDPs. Thus, the influence of governance would be from municipalities rather than from Provincial Government.

4) It is surprising that it is not compulsory for all municipalities to send their IDPs to the DPLG. The IDPNC has to request municipalities to send their IDPs and there is no national centre where all the IDPs are kept. This shows the lack of importance that national government places in IDPs and shows that IDPs are not taken into consideration by national government when writing development policy. This should not be the case and national policy makers should at least have seen the IDPs if not use them as a base for all national policy.

Integration is the primary aim of IDPs both between local government and provincial and national government. The integration that IDPs are meant to address is not, however, being successfully done by IDPs in their current capacity, which is due to the lack of political will from provincial and national Government.

7.5 LED Capacity Building

There has been a fundamental shift in LED policy in South Africa. This shift is seen in numerous pieces of legislation that talk of LED and IDPs that are to take a predominant role in development policy. This is particularly clear in the constitution and the white paper on Local Government. Many other pieces of legislation and other white papers mention IDPs as important in policy development. It is clear that LED is seen as important in South Africa.

This legislative obligation is not however, matched by the reality. There are two main reasons for this, first, there is a lack of capacity at local government level. From budget management to staff development, local governments have failed many times. Reports in the popular media have highlighted these short commings. This lack of capacity necessitates that national and provincial government plays a more predominant role in development. Some local governments, especially small rural governments, simply do not have the resources to write an effective IDP and engage with LED.

National and Provincial Government has had to provide support and policy to assist municipalities. This is even seen in the DPLG. The department has given an example of an ideal IDP for Mopani District Council. This IDP is not the document envisioned by the legislation and guide packs but it assists smaller municipalities in developing an effective document. Only the larger metropolitan municipalities have developed comprehensive IDPs.

The second reason for a lack of LED driven development is a desire from National Government to centralize control. It is clear that the strongest sphere of government is National Government. The recent Public Works Programmes envisioned by both the President and the Minister of Finance are to be driven by National Government. Furthermore, a desire to have a greater leadership position in all sphere of government has caused National Government to develop technologies of government that force local government to work in a system that manipulates their role in government.

South Africa has a very modern constitution in many areas. This is true for the role that local government is expected to play. Yet the lack of leadership and the lack of capacity in smaller local governments undermine this role. National Government needs to focus on capacity building at local government rather than control of local government. By doing this, local government will be able to perform their constitutional duties and influence the development of the South African economy in a greater capacity.

7.6 The Role of Tourism in IDPs

South Africa is aiming to grow international and local tourism. The contribution to the economy from tourism is a much-talked about factor by National government. For this reason many municipalities in Mpumalanga see tourism as a means of growing their economy. It was shown that every municipality in Mpumalanga mentions tourism in their IDPs. Tourism is to be a source of income and a mechanism for growth but it does have substantial problems. The nature of tourism is such that it is a highly competitive market. A local government that relies on tourism as a mechanism for growth is competing with international destinations and with established local destinations.

For this reason tourism needs to be seen as having obstacles to growth. Mpumalanga is an underdeveloped tourism destination, yet it cannot afford to place too much emphasis on the role of tourism in the development strategy. Not all municipalities in Mpumalanga can rely on tourism and some municipalities will not see the growth of their tourism industry, as they are not as competitive as their neighbours are.

Local municipalities need to access their major competitive advantage in relation to their competition. Municipalities close to the Kruger Park may be able to use tourism as a successful strategy but Municipalities near to Gauteng should rather focus on developing commercial and industrial ties with the economic heartland of the country. In Mpumalanga, tourism could be a mechanism for growth but in the highly competitive tourism market it is unwise for all municipalities to focus on one sector.

7.7 The Future Role of IDPs

IDPs do have a future as policy in South Africa. It is important for local government to have LED policy, yet because of the lack of capacity in South Africa many do not. IDP can work as the facilitator of the LED process. Smaller municipalities must be encouraged to engage with LED and build their capacity. This can often only be done through practice.

None the less, the preparation of an IDPs must not be done simply because it is legislated. An IDP that is done for this reason is a waste of resources that many municipalities cannot afford. The DPLG needs to assist Local government to use IDPs as a tool for LED. They must not govern municipalities and force them into writing documents that are of no practical value.

The constitution of South Africa requires municipalities to be developmental. This makes municipalities similar to corporations, with main aim to be profit and growth; IDPs can be the facilitatory tool for this process yet it is not the only one. LED can take

many forms and by making IDPs too rigid, national government is forcing more bureaucracy on an already over burdened local government.

7.8 Conclusion

The role of government in South Africa is divided into three spheres. National, Provincial and Local Government are three separate and autonomous spheres in South Africa. Each sphere of government is engaged with the concept of LED. Local government does not however, always have the capacity to fully understand the LED process. This has lead national government to legislate IDPs as a facilitatory tool for LED. IDPs are meant to help municipalities engage with LED and have a plan for development. With the assistance of the DPLG, municipalities are to develop their own IDP that will act as a five-year development plan. Many municipalities do not however, have the resources to develop an effective IDP. This has meant that some IDPs are simplistic wish lists that are unrealistic. The IDPNC, set up by the DPLG is not always an effective tool in helping local government write an effective IDP. This electronic resource has limitations for the smaller municipalities that do not have access and understanding of the Internet. This and the size of the IDP guide pack makes writing an IDP a very complex process. National Government needs to simplify the IDP process and encourage effective LED that will be put into practice. Although local government capacity for LED is often not very good, leadership for implementing 'bottom up' development policy needs to be stronger. Legislation and the constitution of South Africa call for 'bottom up' development, yet many development strategies are still directed at a national level. IDPs do have a place in assisting municipalities in writing

effective LED policy but they need to empower the municipalities to write policy rather than govern municipalities, which then simply produce wish lists. LED is vital for the economic development of South Africa. The experience of Mpumalanga shows clearly the need for effective engagement of the topic by all levels of government.

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APPENDIX A

APPENDIX B