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The expanded public works programme as a tool for local economic development: policies,processes, mechanisms and institutional arrangements

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CHAPTER ONE

1. INTRODUCTION: SETTING THE SCENE

1.1 Background

Since 1994 the South African government anchored by the success of the first and inclusive democratic elections adopted policies, processes, strategies, planning tools and programmes (e.g. Broad Based Black Economic Empowerment, National Spatial Development Perspective (NSDP), the provincial Growth and Development Strategies (GDS), local government Integrated Development Plans (IDPs), Working for Water Programme) in an attempt to address imbalances of the past and those created by the apartheid system.

There were serious challenges particularly with the adoption of a liberal constitution and the abandonment of the Reconstruction and Development Programme (RDP) which was viewed as being socialist by private capital. In 1996, the Growth, Employment and Redistribution (GEAR) macroeconomic policy was adopted by government and was met with resistance particularly by those leaning to the left within the Tripartite Alliance comprising the ANC, the Congress of South African Trade Unions (COSATU) and the South African Communist Party (SACP). They regarded the new macroeconomic as neo-liberal and pandering to the markets.

Nonetheless, a new path within the context of these global challenges (e.g., poverty, massive unemployment and widening inequality) had to be charted. Various concepts which were taking root then had to be adopted, one of them was the concept of local economic development in which communities, the public and private sectors work together to realise local economic development (LED) and growth in a particular locality. Also the South African government developed programmes such as the Expanded Public Works Programme (EPWP) which is a strategy that is aimed at addressing unemployment in the country (Philips, 2004; Wilcock, 2005). In the same vein, government was particularly finding it difficult to attain policy coherence and

coordination. Subsequently, various processes and mechanisms were attempted involving role players at the national, provincial and local spheres of government.

This culminated in the enactment of the *Intergovernmental Relations Act* (13of 2005) which seeks to provide for provide for processes, structures and institutions to promote and facilitate intergovernmental relations and provide for the appropriate mechanisms and procedures to facilitate settlement of intergovernmental disputes. Below the concepts and programmes of local economic development, the Expanded Public Works Programme and intergovernmental relations are described.

Local Economic Development (LED)

There are many definitions of local economic development, the commonly accepted one, defines LED as a process whereby communities, the public sector, especially local government and the private sector work together to mobilise, exploit and harness local resources for economic development to the benefit of the locality. Normally the process is driven by local government from the mayor's or executive manager's office of the municipality and in many instances from one of the municipality's departments such as the town planning or LED department. Therefore, LED is a "subnational action, usually sub-state and sub-regional, taking place within the context of a local labour market" (Nel, 1995:4). The location of the LED function within the municipality is critical and has an impact on its effectiveness and efficiency.

The Expanded Public Works Programme (EPWP)

The Expanded Public Works Programme is a government initiative and strategy whose main objective is to broadly have a massive nationwide programme which will draw a significant number of the unemployed into productive work, so that workers gain skills while they work and increase their capacity to earn an income. Central to the government's public works programmes is to "be used to simultaneously achieve the following objectives: providing public services; temporarily increasing incomes; increasing dignity, reducing alienation, and giving people valuable experience of the

workplace; and making a modest contribution to increasing skills levels (Philips, 2004:2; NDPW, 2004a; DPTRW, 2004a, DSD *et al*, 2004, McCord, 2003).

Intergovernmental Relations (IGR)

Intergovernmental relations encompass all the complex and interdependent relations among various spheres of government as well as the coordination of public policies among national, provincial and local governments through programme reporting requirements, grants-in-aid, the planning and budgetary process and informal communication among officials (Mathebula and Malan, 2002:4). Intergovernmental relations also refer to the fiscal and administrative processes by which spheres of government share revenues and other resources generally accompanied by special conditions that must be satisfied as prerequisites to receiving assistance. The *White Paper on Local Government* (RSA, 1998:38) defines intergovernmental relations as a set of formal and informal processes as well as institutional arrangements and structures for bilateral and multilateral co-operation within and between the three spheres of government.

How Does All This Fit into Development Planning?

Local economic development, the Expanded Public Works Programme and other government programmes and interventions are framed within the integrated development planning process (DPLG, 2000). Harrison (2003) observes that the various processes and interactions that took place in *Cabinet Lekgotlas* which sought to address the question of intergovernmental planning. This places planning in the forefront of government processes, mechanisms and institutional arrangements, judging from the current fragmentation "within and across spheres of government" (Harrison, 2003:1).

Therefore, the research will investigate the possibility that there may be (if it does not) potential for utilising EPWP as a tool for long-term local economic development. Indeed, this will be discussed within the context of intergovernmental relations. In other words, what structures and how these could be optimally utilised to realise both

the developmental objectives of the Expanded Public Works Programme and local economic development programme; in turn achieve the broader goals of the government's developmental agenda. The Gauteng Province Expanded Public Works Propgramme and the Ekurhuleni Metropolitan Municipality local economic development strategy will be investigated. From the results of the investigation conclusions will be made in relation to what are the implications for planning and suggest a way forward. The following section looks at the context in which the research was conducted.

1.2 The Context of the Research

The research should be seen within the context of global shifts in economic relations and structures which is characterised by globalisation on the one hand and extreme and growing inequality on the other. Thus the South African policy and legislative framework draws from influences that are shaping and defining the world today. President Thabo Mbeki's address to the United Nations Millennium Review Summit Meeting encapsulates the global challenge of poverty, unemployment and inequality when he stated that:

> "We believe that the central challenge we face today is to ensure that globalisation becomes a positive force for all the world's people. For while globalisation offers great opportunities, at present its benefits are unevenly shared, while its costs are evenly distributed. We recognise that developing countries and countries with economies in transition face special conditions in responding to this central challenge. Thus, only through broad and sustained efforts to create a shared future, based upon our common humanity in all its diversity, can globalisation be made fully inclusive and equitable" (ANC Today, 2005:1).

The fundamental argument in this statement is that the world cannot continue to ignore the consequences of globalisation. In part positive, bringing unimaginable riches and comfort to a select few yet consistently pushing a vast majority of the world's population to the margins and disproportionately apportioning the costs that come with development to the poor. These are in the form of environmental degradation which are a result of population growth, poverty and government policies. For example, international lending agencies such as the World Bank and IMF encourage developing

countries to borrow huge sums of money from developed countries to finance projects such as roads, mines, logging operations, oil drilling and dams in tropical forests. The result is that to stimulate economic growth (and in some cases to pay the interest on loans from developed countries), these countries often sell off some of their precious natural resources such timber – mostly to developed countries (Miller, 1998: 34). Hence Presidents Mbeki's assertion that the benefits continually accrue to the rich nations and the cost burden to poor nations as the trade relationships are heavily skewed in favour of those who have access to the global capital markets.

Therefore, programmes such as the Expanded Public Works Programme must to a large extent contend with global economic and market shifts. They are supposed to be undertaken under these unequal relationships in terms of capital endowment which are acquired at a premium and in the process defeat the objectives of alleviating poverty, reducing unemployment and inequality. As McCord (2003) points out, this may have the added effect of constraining expenditure on public works and compares the current expenditure with that of the 1930s which was a substantial portion of national budgets. Implicitly, this point to the current economic conditions that may render such programmes ineffective in poverty reduction and easing unemployment. The same frustration with the current global economic relations are expressed by the South African President, Thabo Mbeki.

Similarly, local economic development and its strategies at the local government level have to be locally focused yet take cognisance of global events. The *White Paper on Local Government* (1998*)* concedes that the local economy of municipalities needs to take cognisance of the global economic framework and operate within its confines in order to succeed in attracting global capital in particular in areas where the municipality has competitive advantage. In neoclassical economics which informs the current global economic configuration, this implies that poor communities are unlikely to participate fully in international trade. The following section discusses the research problem.

1.3 Research Problem Statement

The research problem is premised on the hypothetical assumption that there is no policy integration and synergy between the EPWP and LED, which together they could be utilised as a powerful tool for the empowerment of historically disadvantaged communities in particular in to empower them economically.

To that effect, the research report will argue that the South African government has formulated various policies and programmes to overcome the legacy of apartheid which has left many communities, particularly the African majority with no basic skills, education and means to compete in the formal employment market and economy, let alone in the current global economy which demands a different set of skills that are largely information- and knowledge-based. In an attempt to overcome this, the South African government has initiated, *inter alia*, the Expanded Public Works Programme (EPWP) which was rolled out nationally to build social and economic infrastructure such as clinics and roads that will provide temporary relief for unemployment and poverty. This programme according to the South African government, in conjunction with other government initiated programmes such as the National Skills Development Strategy through the statutory Sector Education and Training Authorities (SETAs), it is hoped will help people acquire valuable and essential skills that could be useful in the employment market or put the recipients in a position to play a vital role in the economy as entrepreneurs.

At the same time, local government is transforming to enable it to be in a position to tackle the challenges of service delivery. Among these challenges, was ensuring that local economic development (LED) policies are formulated and implemented. The formulation of LED strategies and implementation has occurred but with some varying degrees of success when one reviews the literature on LED in South African local government entities. The concept of LED has been in existence in South Africa in various forms but it has now taken a different form and centre stage in South African local government; where it is an integral part of a developmental local government and finds its strength from the South African *Constitution of 1996* and other policy

documents such as the *White Paper on Local Government of 1998*. In the following section the aims and objectives of the study are discussed.

1.4 Research Aims and Objectives

The fundamental objective of this research is to investigate the hypothetical assumption that the Expanded Public Works Programme (EPWP) has the potential to stimulate local economic development (LED) and in turn play a critical role in developing and growing local small businesses, creating medium to long term employment, reduce poverty and address inequality. It also assumes that the policy framework has not played the role it was meant to. Thus, it sets out to prove or disprove this assumption. This will be after having established that in fact, the state has played a major role in the revival and development of economies of industrialised nations and newly industrialised nations (e.g., in Europe and Asia) through the public fiscus.

After having established the philosophical, theoretical and conceptual framework with regards to EPWP and LED, the study will attempt to draw lessons from international practice and how this could be applied to the South African context and taking into consideration the existing global political economy. From these international experiences, it will be argued that the processes of the EPWP and LED and other similar government programmes should be viewed in the context of planning processes (e.g. the IDP) of local government.

To realise this broad objective, the study sets the following objectives:

- To establish the theoretical and conceptual framework for public works and LED;
- To investigate how the intergovernmental relations and intergovernmental planning frameworks relate to EPWP and local economic development;
- To investigate the policy and legislative framework in which the EPWP and local economic are undertaken;
- To investigate the processes, mechanisms and institutional arrangements in place to enable EPWP and LED; and

- To examine the implications to planning and make recommendations.

Once the philosophical, theoretical and conceptual framework has been developed in Chapter Two, in later chapters it will be argued that EPWP can be used as tool for local economic development (LED) provided that the appropriate processes, mechanisms and institutional arrangements are put in place by all spheres of government and to a large extent with the involvement of the private sector within the current national and global political economy. It will be argued that notwithstanding the current macroeconomic policy – Growth Employment and Redistribution (GEAR) strategy, the South African government can expend resources to the poor and the historically disadvantaged through EPWP and LED strategies and may still pursue the notion of a developmental state as enshrined in the South African *Constitution* and various policy documents. This position will be supported with international literature and international experience.

Caveat*: It must be noted that this is not exhaustive number crunching exercise or a study of the impact of the two programmes being investigated. Both are relatively in their infancy, as such a proper evaluation of their impact would be nearly impossible.*

1.5 Research Methods

The research was largely a desktop (qualitative) exercise entailing an extensive examination of literature on local economic development, economic development, public works, economics, intergovernmental relations and planning and this included books, journal articles, discussion and working papers, reports, press statements, newsletters, news articles, speeches, lectures, website searches, government legislation, policies, strategies, programmes, etcetera.

Therefore, the literature review entailed examining and reading across the economic, economic development, local economic development, intergovernmental relations development and planning paradigms, however, the emphasis was largely on the three concepts of local economic development, infrastructure investment and development

and intergovernmental relations. Of particular importance though, was the exploration and examination of South African legislative, policy and programmatic framework that inform the Expanded Public Works Programme and local economic development and related government literature that was available. Similarly, international literature was subjected to the same academic scrutiny and rigour.

The study also involved engagement with the stakeholders in the form of interviews which dealt with various government policies and programmes in which they were requested to express their expert opinion on whether there is coherence, integration and if not, how they foresee synergies being created and encouraged. The interviews were limited to local economic development processes in the Ekurhuleni Metropolitan Municipal (EMM) were the Councillor and Executive Director responsible for local economic development were interviewed. In terms of the Expanded Public Works Programme, officials from the Gauteng Provincial Department of Department of Public Transport, Roads and Works (DPTRW) were interviewed.

The main research methods were:

(a) Literature review substantively exploring the concepts of economic development, local economic development, infrastructure development and investment and intergovernmental relations;

(b) Legislative and policy review encompassing the Expanded Public Works Programme, local economic development and intergovernmental relations;

(c) Secondary data collection on the Expanded Public Works Programme and local economic development in the South African and international context;

(d) Secondary data on evaluation of Expanded Public Works Programme and local economic development policies, strategies; and implementation in the South African context; and

(e) Interviews with the relevant stakeholders in Ekurhuleni Metropolitan Municipality (EMM) and the Gauteng Provincial Government Department of Public Transport, Roads and Works (DPTRW). The interviews were conducted with Counsellor Mohamed Akoon responsible (Member of the Mayoral

Committee) for Local Economic Development and Ms Karuna Mohan, Executive Director: Local Economic Development from Ekurhuleni Metropolitan Municipality. From the Gauteng Provincial Department of Public Transport, Roads and Works interviews were conducted with Ms Sheeren Rawat, Deputy-Director General: Public Works and Mr. Kaelo Sedumedi, Acting Chief Director: EPWP.

1.6 Structure of the Research Report

Chapter Two conceptualises public works and local economic development. The chapter examines the philosophies, theories and concepts behind local economic development and public sector intervention internationally and within the South African context. Furthermore, this chapter also investigates the rationale for state intervention in the stimulation of economic growth and development through mass public works programmes utilising public sector funds.

Chapter Three looks at the Expanded Public Works Programme and local economic development in the context of intergovernmental relations**:** This chapter briefly defines the concept intergovernmental relations and differentiate it from cooperative government; examines intergovernmental relations in South Africa, in particular, the policy and legislative framework; the mechanisms for intergovernmental relations in South Africa at national, provincial and local spheres of government; explores the policy and legislative framework in terms of the Expanded Public Works Programme and local economic development in South Africa; and investigates where the Expanded Public Works Programme and local economic development programme fit in the intergovernmental relations and planning context.

Chapter Four reviews the national perspective and conceptualisation of the Expanded Public Works Programme and local economic development programme. Firstly, it looks at the Expanded Public Works Programme in terms of its four pillars: infrastructure, economic, environment and culture, and social sectors, in particular, the policy pronouncements and for the five year period; secondly, the local economic

development programme is examined; and thirdly, institutional arrangements are discussed for both programmes.

Chapter Five looks at the Expanded Public Works Programme and local economic development policy and strategic objectives and interventions in the Gauteng Province and Ekurhuleni Metropolitan Municipality. It investigates the mechanisms in place to implement EPWP and LED provincially and locally. It puts the Gauteng Province and Ekurhuleni Metropolitan Municipality in the South African context; examines the Expanded Public Works Programme in the Gauteng Province and local economic development in the Ekurhuleni Metropolitan Municipality; and draw conclusions on the successes and challenges so far based on the findings.

In **Chapter Six** conclusions are made based on the analysis of the Gauteng Province's Expanded Public Works Programme and the Ekurhuleni Metropolitan Municipality local economic development policies and strategies. It touches on the implications that these programmes have on planning across all spheres, in particular at the local government sphere and concludes by making recommendations for policy and programmatic alignment and improvement. The following chapter will discuss the theoretical underpinnings of the EPWP and local economic development and attempt to establish a relationship between the two. Subsequently, a conceptual framework which will guide the study will be developed.

CHAPTER TWO

2. CONCEPTUALISING THE EXPANDED PUBLIC WORKS PROGRAMME AND LOCAL ECONOMIC DEVELOPMENT

2.1 Overview

This chapter seeks to explore the concepts of public works and local economic development. Once these concepts are dealt with, it will attempt to establish the relationship between the concept of public works (or more generally the concept of infrastructure investment and development) and its link to the notion of local economic development. Following the discussion on the concepts of infrastructure investment and development and local economic development, the possibility of utilising the public works as a tool for local economic development is examined. However, before the discussion on the aforementioned concepts is delved into, it would be useful to look at few economic concepts that prompt governments to intervene in economy.

2.1.1 On Public Works

The debate about whether infrastructure investment and development (encompassing economic, environmental and culture, physical and social infrastructure in the South African context) can result in economic growth and development and social development is centred on the debate about who should be responsible for such large-scale investments. This dilemma could be addressed by borrowing from theories in economic development and economics literature such as the existence of public goods, natural monopolies, merit goods and externalities (Ilori, 2004:1; Black *et al*, 2003).

The **public goods paradigm** conjectures that these goods, which once provided become available to all whether or not payments are made for the services. Ilori (*ibid.*) goes on to suggest that no private concern would be willing to invest in such ventures considering the difficulty in recovering such investments. Notable examples are defence, safety and security, environmental health, street lighting, etcetera, which are provided by the public sector (Ilori, 2004; Black *et al*, 2003:28-29).

The **concept of natural monopolies** relates to the fact that the provision of some goods requires large economies of scale to bring the unit costs of such goods to manageable levels. Thus, there must necessarily be a single investor in the economy to reap the benefits of the services provided (Ilori, 2004:1). Hence the provision of electricity, rail services, water supply, and etcetera are dominated by large enterprises or state agencies or enterprises, predominantly in developing countries.

In terms of the **merit goods concept**, these are goods that are considered to have some intrinsic value and which left to individual consumers, would generally not be consumed at the required levels. Merit goods include education, health and social welfare on so forth. Black *et al* (2003:36-37), go further to postulate that political factors play a major role in the provision and access to merit goods. Such goods are considered to be so "meritorious that they are often provided via the national budget' and the reason being that 'the individual who is buying or receiving them often coffers certain 'external' benefits on other people, and hence on the broader community" (Black *et al*, 2003:36). Thus, the state has the responsibility to intervene where benefits of providing a service or good is to the betterment of society (Wilson and Ramphele, 1989:308). For instance, the provision of education and health services, results in a long-term literate, skilled population and local economic development and healthy population which justifies that the state intervenes via public expenditure.

The **concept of externalities or external effects** refers to a situation where actions of an individual producer or consumer confer a benefit or cost on another party. Positive externalities tend to be actions of the producer or consumer which confers a benefit on another party free of charge and negative externalities are those actions which impose a cost on the other party, for which they are not compensated. These actions could be technological which have a direct effect on the level of production and consumption of the other party or they could be pecuniary in that they may change the demand and supply conditions, hence the market prices, facing the other party (Black *et al*, 2003:37). Because of positive externalities of the some of the goods such as education

and health care, their full benefits would not be realised if left in the hands of private producers, hence government usually comes in to ensure the availability of such goods.

2.1.2 More Useful Concepts

In addition to the above concepts, there are a few economic development theoretical paradigms that must be briefly examined that relate to infrastructure development or public works and economic growth and development. Familoni (2004:1) identifies four such theories which could be useful in explaining the need to embark on a public works programme: the doctrine of unbalanced growth; the wage-goods strategy; vent for surplus theory; and privatisation and commercialisation theory. Only three are discussed here.

The **doctrine of unbalanced growth** asserts that no developing country has sufficient endowment resources to enable it invest simultaneously in all sectors of the economy in order to achieve balanced growth. It further evolved to argue that 'investments in strategically selected industries or sectors of the economy will lead to new investment opportunities and so pave the way to further economic development' and goes to identify what it calls 'convergent and divergent series of investments.' Convergent series of investments are those projects that appropriate more external economies than they create while divergent series create more external economies than they appropriate (Familoni, 2004:1; Ellerman, 2000:6-7).

Hence, the central thrust of this notion is that development policy must aspire to the prevention of convergent series of investments and the promotion of divergent series of investments. That is, for development to take place, 'a deliberate strategy of unbalancing the economy should be adopted' by investing in either in social overhead capital (SOC) or in directly productive activities (DPA). Accordingly, 'investment in SOC is advocated not because of its direct effect on final output, but because it permits and in fact invites DPA to come in' since some social overhead capital investment is required as a prerequisite of directly productive activities. For example, in India, Russia and Nigeria, this growth strategy of massive investments in such social

overhead capital as irrigation, transport, communications, energy, education and health has been pursued (*ibid.*). The doctrine of unbalanced growth finds expression in the South African National Spatial Development Perspective (NSDP) which seeks to make infrastructure investment and development in areas of greatest potential economically and balance this by investing in human capital to encourage and enable people to move where there are opportunities (The Presidency, 2003).

From an economic perspective, the **Vent for Surplus Theory** postulates that countries generally operate inside their productive possibilities curves, they are producing at less than full capacity. As result, underutilisation of resources, principally labour, is a major feature of countries, in particular developing countries. The reasoning, therefore, is that 'unemployed resources can be mobilised to produce goods and services, both public and private, to push the economy closer to, or on its production possibility curves (Familoni, 2004:2). The fundamental argument here, is that societal resources, both in public and private sector are not used optimally and efficiently, hence the pursuance of the expanded public works programme by the South African government to expand the stock of economic and social infrastructure. It is also to utilise the surplus labour available in the country, through labour-intensive strategies.

The **Privatisation and Commercialisation Theory** is seen as the latest form of the neo-liberal *laissez faire* policy or development strategy. The approach advocates for the deregulation of the economy in attempt to encourage privatisation, enterprise initiative and subsequently boost productivity and efficiency. The main characteristics of this school of thought are the "the disengagement of the government from ownership such as state-owned enterprises (SOEs) and the concomitant sale of such to private entrepreneurs" (Familoni, 2004:2-3). By advocating for a minimal state, it is asserted and anticipated that the organised private sector would be the main driving force or engine of development and growth while the government's role would be that of catalyst, mainly responsible for the creation of an enabling environment, hopefully for the growth of the economy. However, experience in most developing shows that

relying on the private sector to drive development and provision of basic services has been less impressive (The World Bank, 1994; Corbridge, 1995:393; Familoni, 2004:2).

The concepts discussed above: public goods; natural monopolies, externalities or externalities; doctrine of unbalanced growth; vent for surplus theory (production possibilities curves); and privatisation and commercialisation theory, all are manifested in various forms in the South African policy approach and can be gleaned from South Africa's policies. For instance, the RDP was more inclined to the public goods paradigm and GEAR one would argue that it could be married to the privatisation and commercialisation theory. GEAR, at least in many of aspects (e.g., macroeconomic stability, inflation targeting, fiscal discipline, etc), is viewed as pro-market and non-intervention, yet programmes such as the EPWP have combination of the public goods, merit goods, externalities and privatisation and commercialisation notions. The concept of local economic development and decentralisation are briefly discussed below.

2.1.3 Local Economic Development and Decentralisation

The growing significance of local economic development, is centred on the expansion of decentralisation in developing countries. According to literature available on the subjects of decentralisation and local economic development; it is widely accepted that with the expansion of decentralisation that local economic development has taken centre stage throughout the world, very much so in developing countries and within the international donor community (Helmsing, 2001 and Meyer-Stamer, 2003).

Of particular interest and important to note as Meyer-Stamer (2003:1) clearly points out is that "advanced industrialised countries have been doing local economic development for quite a while though the profile of local economic development in OECD countries is changing as well." Meyer-Stamer attributes this unprecedented interest in local economic development to the fact that "many developing countries are pursuing decentralisation policies, and as part and parcel of responsibilities for promotion of economic development are also delegated to provincial and/or local

governments"; and the fact that "many developing countries suffer, for different reasons, from limited governance and delivery capacity at the national level"; and regardless of decentralisation policy, there are other more pressing issues: unemployment and poverty, which may compel local actors to get involve in economic promotion activities. Meyer-Stamer (2003) argues that these, *inter alia*, are strongly and urgently felt at the local level.

Recently, decentralisation in most countries of the South: Africa, Asia and Latin America, has taken centre stage and has been pursued at varying degrees and evidence shows sparsely distributed successes and overt failures, particularly in African countries (Ndegwa, 2002). In spite of these obvious failures at democratic decentralisation, African countries have decentralisation as their "stated goal" (Olowu, 2003) and since "African countries are the least formally decentralised" (*ibid.*). The slow pace of decentralisation and persistence of centralised systems of government in Africa, amongst other things, are attributed to reasons that are said to be historical, political and economic (Oluwu, 2003).

Maina (2003:17) attributes the dismal failure of decentralisation in Africa to the philosophy of central planning of the 1950s and 1960s on the "highly centralised government in a number of countries, in Africa, Asia and Latin America" and this consequently resulted in a "powerful provincial and district administration being the local division of the Office of the President" which "operate, principally without much input from the local communities." Decentralisation should be truly manifest at local government level for local economic development to success.

Therefore, decentralisation, which its proponents purport, as Johnson (2001:521) argues is "presented as the *sine qua non*" for development; it is an attempt to make the "state apparatus more exposed and therefore more responsive to local needs and aspirations". In the same vein, local economic development, it is argued that, will only be possible where decentralisation prevails and is entrenched, again Johnson (2001:524) alerts us when he directs our attention to "findings from Asia, as well as

other parts of the developing world, highlighting an underlying tension between the autonomy that governments require to plan and implement coherent policy and the participatory spirit of representative democracy." The suggestion here is that there is no direct correlation between decentralisation and local economic development or any evidence to support any causal effect. Nonetheless, it is within this context that most local governments are supposed to pursue and implement local economic development.

In the following sections, the concepts of public works and local economic development will be discussed. Having dealt with these concepts, it shall be attempted to establish the relationship between the concept of public works (or more generally the concept of infrastructure investment and development) and its link to the notion of local economic development. In particular, by identifying similar or identical constituents that are found in both concepts. Following the discussion on the concepts of infrastructure and local economic development, the possibility of utilising the expanded public works programme as a tool for local economic development will be examined. It will be concluded by taking position in terms of the approach will be adopted throughout this research report.

2.2 Understanding the Concept of Public Works

What is Public Works?

There are numerous definitions. However, the following definitions should be sufficient to capture the meaning of the concept of public works. The World Bank (1994:2) encapsulates the term public works in its definition of infrastructure. According to the World Bank (1994), infrastructure relates to public utilities – power, telecommunications, piped water supply, sanitation and sewerage, solid waste collection and disposal, and piped gas; public works – roads and major dam and canal works for irrigation and drainage; and other transport sectors – urban and interurban railways, urban transport, ports and waterways and airports.

Many governments and commentators on the subject, have accepted that the term infrastructure is an umbrella term for many activities referred to as "social overhead

capital" by such development economists as Paul Rosenstein-Rodan, Ragnar Nurkse and Albert Hirschmann (Aschauer, 1998; Wilson and Ramphele, 1989:341-345; Lee and Anas, 1990:1; Kessides, 1993; The Wold Bank, 1994; Corbridge, 1995; DBSA, 1998; Bougheas and Demetrades, 2001:1; Banes *et al*, 2000:2-3; Goel, 2002:3; The Allen Consulting Group, 2003:4; Ukwu, 2004:1; Dandago, 2004:1; Oyeranti, 2004:1; Mailafia, 2004:1; Grubic, 2004:2-3).

Mailafia (2004:1) observes that 'the term infrastructure in economic literature has come to replace such often interchangeably used terms as social overhead capital, basic industries, basic services, public utilities, public goods, etcetera.' Mailafia expands the definition to include responsibility for social services such as schools and hospitals, setting up the organisation for the supply of water and electricity, provision of advice, equipment, inputs, microloans and the various housing schemes to provide better housing for the people. South Africa's approach to public works closely resonates with this approach which is multsectoral: social, economic, physical and environmental and cultural. Oyeranti (2004:1) suggests that the term infrastructure was coined by 'military strategists in their attempt to indicate wide-ranging elements of war logistics' during the Second World War. Subsequently, development economists began to use the term interchangeably with 'overhead capital' which suggested that those services without which primary, secondary and tertiary production activities cannot function. It is argued, in its widest sense, infrastructure:

> "…includes all public services from law and order through education and public health to transportation, communication, power and water supply as well as such agricultural overhead capital as irrigation and drainage systems." (Hirschman, 1958:83) cited in Oyeranti (2004:1).

There is no universal definition of the term infrastructure but it is characterised by the following: scale of economies in production; consumption externalities, non-excludability; and non-tradability (*ibid.*). Thus, infrastructure seen from what impact it has on economic growth and the development process, it is considered to broadly refer to all basic inputs into and requirements for the proper functioning of the economy.

Dandago (2004:1) conceptualises infrastructure as the basic structures and facilities necessary for a country or organisation to function efficiently. Dandago, therefore, contends that for a country to achieve industrialisation and economic development, infrastructural facilities must be well developed and be made available 'in every nook and cranny of the country.' He also points out that there is a social aspect to infrastructural, such as education, training, health, and so on – which could be referred to as human capital. Dandago's theorisation renotes with the South African conceptualisation of public works. Ukuwu (2004:1) hypothesises that infrastructure, *inter alia*, is 'a collective term for the subordinate parts of an undertaking' or 'the basic foundations of a society or enterprise' and concludes by stating that infrastructure is recognised as underlying and is the foundation for sustaining an enabling environment for economic development. Most importantly, Dandago (2004:1) stresses that infrastructural development should be analysed from the wider perspective of sustainable development, not only for the individual infrastructural project and programme but of the socio-economic system and the environment as a whole.

Masika and Baden (1997:2) adopt quite a different stance by bring in another dimension, that of poverty and equity. They argue that in the context of economic liberalisation and macroeconomic development, infrastructure provides an enabling environment for the productivity of households and firms. In the process of infrastructure provision, there are important implications for equity and poverty. They accept the traditional definitions of infrastructure but argue that with globalisation and economic liberalisation, infrastructure provision is no longer the exclusive preserve of national governments. The private sector is increasingly playing a major role in infrastructure investment and development in light of 'inefficient provision and maintenance of infrastructure and basic services in developing countries', largely exacerbated by debt and economic restructuring (*ibid.).*

The South African Expanded Public Works programme conceptualises infrastructure in the traditional sense as alluded to above but goes on to say its programme encompasses the following: the economy, physical infrastructure; the environment and

social aspects. These four are divided into four sector plans – the economic sector plan which focuses on programmes using government expenditure on goods and services, to provide work experience of small enterprising learning and incubation programmes ; the infrastructure sector plan is concerned with labour intensive government–funded infrastructures projects; the environmental and culture sector plan addresses work opportunities in public environmental programmes ; and the social sector plan deals with work opportunities in public social programmes (NDPW, 2004). The debates relating to on infrastructure spending and provision will be discussed below.

2.2.1 What are the Major Debates on Public Works?

A plethora of literature, formal and informal research has shown that public infrastructure or public works or massive public expenditure has a positive relationship with economic growth and development. Tatom (1991:3-5) points out that there is a 'growing body of literature now that argues that the public stock has significant, positive effects on private output, productivity and capital formation.' In a similar vein, some authors argue that there has been numerous econometric, formal and informal research which clearly has found a positive relationship between public expenditure, particularly on infrastructure with an enabling environment for private sector economic activity and social development (Ramirez and Esfahani, 1999; Rovolis and Spence 1998; Ministry of Finance, 1998; ACCI 2002; Sachs and Bajpai, 2001; Barro ,1998; Canaleta *et al*, 1996; Philips, 2004; Van Reyneveld 2005; ANC Today, 2004, 2004a, 2004b, 2004c, 2004d; ILO, 2004; Wilcock, 2005; Kessides, 1993; Tatom, 1991; Albala-Bertrand,1997; Banes *et al*, 2000; Canel, 1991; Lee and Anas, 1990; Grubic, 2004). The two approaches (taking into cognisance what has been discussed earlier) by Masika and Baden and Kessides may assist in formulating the conceptual framework which will serve as common thread throughout this research.

Masika and Baden's (1997:2-5) assertions are instructive in that they begin to capture some the policy and programmatic objectives of the South Africa Expanded Public Works Programme. These relate to their arguments on gender, poverty and equality and their link to infrastructure. In terms of poverty and its linkage, they purport that

public infrastructure of acceptable quality stimulates economic growth and is a prerequisite for economic and social development. The quality of infrastructure and service provision is important in attracting foreign direct investment (FDI), with the potential to generate new employment opportunities. Access to a range of basic infrastructure services (e.g. clean water, sanitation) is often regarded as an indicator of well-being. Infrastructure services can reduce poverty through health improvements, for example, by improving water and sanitation, which decreases incidence of illness, and associated lack of productivity.

According to Masika and Baden (1997:6) there is growing attention to gender issues in mainstream infrastructure provision on the identification of gender-differentiated preferences, roles and responsibilities, and therefore differentiated needs for services. They argue that focusing more infrastructural investment on services used by and appropriate to women will reduce demands on women's time and/or improve their or other household members' health and welfare, with significant poverty implications. For instance, water and sanitation services are considered to be 'female' activities and to have considerable potential health benefits, hence they advocate a development of gender-sensitive policy and practice (*ibid.).* As alluded to above, the South African Expanded Public Works Programme has a strong gender bias. It favours women involvement in most its projects where quarters are exclusively to encourage women participation.

Kessides (1993) hypothesises that infrastructure contributes to the raising of quality of life. It does this by creating amenities in the physical environment such as clean water, land and air; and by providing spatial order in human settlements and public works of architectural appeal and civic pride; providing outputs which are valued in their own right such as transportation and communication services as consumption goods; and by contributing to improved personal health and national integration. On a more global scale, Kessides (1993) outlines what she calls the 'nature and channels of impact on economic development' as regards infrastructure investment by the public sector. She argues that infrastructure contributes to economic growth by acting through both

supply and demand. What she posits is that in an aggregate or broader sense, the character and availability of infrastructure influence the marginal productivity of private capital; public investment thus complements private investment.

Kessides (1993) goes on to say that at macroeconomic level, this effect of infrastructure is seen significantly through: reduced costs of production and structural impacts on demand and supply. In terms of reduced costs of production, infrastructure affects profitability, levels of output, income, and employment, particularly for small to medium scale enterprises. More importantly and relevant to developing countries, infrastructure also has an impact on the costs and service quality in international trade (trade logistics), which determines competitiveness in export and import markets.

However, Kessides (1993) cautions and makes a suggestion that the following four conditions must be observed for an impact on economic development: firstly, the basic macroeconomic climate should be conducive to an efficient allocation of resources; this reduces the potential for investment in infrastructure to take resources away from ("crowd-out") other more productive investment. Secondly, there should be sufficient complement and productive capacity of other resources. Thirdly, ensure that infrastructure investments with the most significant and durable benefits in terms of both production and consumption are encouraged. Finally, ensure that infrastructure is used efficiently and economically and have minimal impacts on the environment by subjecting infrastructure services to user charges. Kessides (1993) argues that the absence of user charges has worsened inequalities and drastically reduced access to the poor.

Masika and Baden's conceptualisation of infrastructure investment and development emphasise social equity and inclusion while the Kessides' model delves into the economics of providing infrastructure and user charges which is viewed as tending to be exclusionary. They all agree that infrastructure has an important role to play in the local economy. Both approaches are not necessarily ominous but a balance needs to be found without overemphasising the one over the other. The public sector has an

important role to play as much as the private sector. Both have their advantages and disadvantages. Therefore, the approach or conceptual framework of this study would be to leverage advantages from both approaches in which market efficiencies are sought and social equity and protection of the most vulnerable and marginalised in society is actively pursued. The following section takes a look at the concept of local economic development.

2.3 Understanding the Concept of Local Economic Development

The concept of economic development refers to the process of creating wealth through the mobilisation of human, financial, capital, physical and natural resources to generate marketable goods and services (Bingham and Mier, 1993). In essence, this definition of economic development addresses to two aspects of the term economic development. It alludes to both a process and practice (Malizia and Feser, 1999:13).

The economic development process is viewed as a growth process – the mobilisation of resources to produce marketable products *(ibid.)*. However, Malizia and Feser (1999:13-14) lament the fact that the definition is static since it fails to show that economic development, as a process and a practice, is a long-term, ongoing enterprise. That is to say, as new problems are dealt with new ones always crop up and by implication economic development should be regarded as a dynamic and an evolving process. The concept of local economic development draws its theoretical foundations from neoclassical economics and economic development theories and it is within this context that local economic development is discussed.

What Is Local Economic Development?

Helmsing (2001) defines local economic development "as a process in which partnerships between local governments, community and civic groups and the private sector are established to manage existing resources to create jobs and stimulate the economy of a well-defined area" and that local economic development "emphasises local control, using the potentials of human, institutional and physical and area natural resources."

However, central to the approach to local economic development, is the fundamental shift to local place- and people-oriented approaches to dealing with market opportunities as well as failures and unevenness in both national and global economies. This has given impetus to the notion that the "capacity to solve the problems of low-income areas lies within these communities" and that communities have the potential through partnerships to identify their assets and use them to build a better local economy (Blakely and Bradshaw, 2002:53-54).

Blakely and Bradshaw (2002:53) contend that communities, therefore, must market their resources intelligently and gain competitive advantage to create new firms and maintain their existing economic base. To achieve this, communities must use their current human, social, institutional, and physical resources to build a self-sustaining economic system.

To realise economic development and growth, Blakely and Bradshaw (2002:54) identify two possible approaches to local economic development policy. Table 2.1 below, outlines these approaches. The central argument is that the *corporate centred approach*, which emphasises urban real estate development and industrial attraction should be balanced with the *alternative approach* which attempts to steer economic development activities to local disadvantaged residents (Blakely and Bradshaw, 2002:55).

Two Approaches to Local Economic Development POLICY		
Dimension	**Corporate Centre Approach**	**Alternative Approach**
Public and private sector	• Primacy of private sector market decisions = private sector lead • Public sector responsible for creating an economic and social climate conducive to private investment	• Private sector market decisions influenced by public sector interventions = public sector • Public sector responsible for guiding private investment decisions so they generate desired economic development outcomes
Public sector planning	• Objectives favouring growth and tax expansion • Planning processes that are relatively inaccessible to low-income and ethnic minority	• Objectives favouring the creation of direct benefits for low-income an ethnic minority residents • Planning processes that are

	groups	relatively accessible to low-income an ethnic minority groups
Public sector interventions	• Public resources provided as a means of accommodating needs of private industry • Intervention in areas likely to generate growth (e.g. attraction of businesses from outside the city) • Targeting of growth sectors (e.g. advanced services, high tech, tourism) • Targeting of head quarters and branch plants • concentration of projects in central business districts and surrounding areas • Emphasis on the creation of jobs for white-collar and highly skilled workers	• Public resources provided conditionally as a means of ensuring specific economic development alternatives • Intervention in areas likely to produce direct benefits low-income and ethnic minority residents (e.g. retraining of displaced workers) • Targeting growth sectors and sectors able to meet important economic needs • Targeting locally owned establishments • Decentralisation of project locations • Emphasis on the range of local labour needs, including those of underemployed, unskilled, and blue-collar workers

Table 2.1 Approaches to Local Economic Development Policy

Source: Blakely and Bradshaw, 2002.

Meyer-Stamer (2003) urges that local economic development should not be confused with community development as is the case in most developing countries and some industrialised countries. Meyer-Stamer (2003:3) argues that "LED cannot be separated from the community. But community involvement and community mobilisation are distinct from community development. According to Meyer-Stamer "community development is effectively part and parcel of social policy. Its objectives, target groups and incentives are quite different from those of LED. Community development is about supporting and empowering the weak and disadvantaged, whereas LED is about business and competitiveness." Helmsing (2001:2) strengthens this notion by asserting that "LED initiatives mobilise actors, organisations and resources, develop new institutions and local systems through dialogue and strategic actions."

The concept of economic development as being a process has appeal in the sense that it allows one to learn and draw on own internal energies, allows for growth and exploration. Bingham and Mier's (1993) assertion that local economic development is about learning and optimising the 'human, social, institutional, and physical resources to build a self-sustaining economic system' also captures the concepts collaboration and sustainable development. This is the approach that will be adopted here. Where the balancing of the economic, social and environmental aspects of development will be emphasised throughout this research. A brief history of local economic development is discussed and tabulated below.

Brief History of local economic development: Its Evolution

The evolution of local economic development takes the form of three waves: the first wave begins in the 1960s and proceeds to the early 1980s; the second wave originates in 1980s through to the mid 1990s and the final and third wave emerges in the late 1990s and proceeds to the present (Webster and Muller 2000; The World Bank, 2003). Table 2.2 below illustrates the three waves, their focus and the tools employed for local economic development.

A cursory look at the historical waves, one could argue that in terms of focus and tools, there has not been much movement. South Africa being a developing country, still employs the various tools from the 1960s through to the 1990s. For instance, attracting foreign direct investment, hard infrastructure investment, etc. The Expanded Public Works Programme, Gautrain, Coega Bay, and JIA IDZ are few notable examples.

Three Waves of Local Economic Development	
Focus	**Tools**
1960s to early 1980s	
• Mobile manufacturing investment from outside local area. • Attraction of foreign direct investment. • Making hard infrastructure investments.	• Large grants, tax breaks, subsidised loans for manufacturing investors. • Subsidised hard infrastructure investment. • Lowered production costs through techniques like recruitment of cheap labour.

(Public sector only)	
1980s to mid 1990s	
• Retention and growing of existing local businesses. • Continued emphasis on inward investment attraction but usually more targeted to specific sectors or from certain geographic areas. **(Public sector only)**	• Direct payments to individuals businesses. • Business incubators/workspace. • Advice and training for small-medium scale enterprises. • Technical support. • Business start-up support. • Both hard and soft infrastructure investment.
Late 1990s onwards	
• Making whole business environments favourable. • "Soft" infrastructure investments (e.g. human resource development, regulatory rationalisation). • Public/private partnerships. • Leveraging private sector investments for public good. • Improving quality of life and security for communities and potential investors. • Highly targeted inward investment attraction, building on local comparative advantage. **(Public sector local economic development, usually)**	• Holistic strategy to provide a facilitative local business environment. • Focus on stimulating growth of local firms. • Cross-community networking and collaboration. • Emphasis on developing collaborative business relationships. • Workforce development and soft infrastructure provision. • Supporting quality of life improvements. • Focus on service sector as well as manufacturing. • Facilitating economically-linked business clusters.

Table 2.2: Three Waves of local Economic Development

Source: Webster and Muller, 2000.

The are many theories which have influenced local economic development. Four theoretical foundations of local economic development will be discussed below. These are thought to have relevance to the South African context and can be discerned in the local economic development policies of most local authorities (Nel and Rogerson, 2005).

What are some of the Theoretical Foundations of Local Economic Development?

The debate on local economic development is centred around the discourse on the concept of economic development as it has evolved throughout the years. Thus, the frustration with neoclassical economic theories and the shift from pure economics to local economic development paradigms is borne by a move to focus on localities and communities. Nevertheless, the theoretical foundations are important to simply ignore.

Neoclassical Growth Theory has basic categories that are sectors or regions that comprise the macroeconomy. Economic development is defined as an increase in the rate of economic growth, measured in terms of changes in output or income per capita. The theory has two essential dynamics. First dynamic entails aggregate models, the savings that support investment and capital that drives the growth process. The second dynamic relates to regional models, factor prices – specifically, the relative returns on investment and relative wage rates – stimulate factor flows that result in regional growth. The growth theory suggests that the free market system should be respected and that what is necessary must be done to support the efficient allocation of resources and the operation of the price mechanism. In some instances, some of the simplest growth models may suggest that there is no need for planning (or state) intervention but would rely on complex econometric formulations to address some economic development activities (Malizia and Feser, 1999:25; Blakely and Bradshaw, 2002:57-58). This approach could be said to have inspired the current and dominate neo-liberal ideology which advocates for a minimalist state and informs the concept of privatisation and commercialisation discussed earlier.

The **Growth Pole Theory** treats industries as the basic unit of analysis, one that exists in an economic space. Economic development is the structural change caused by the growth of new propulsive industries. Propulsive industries are the poles of growth which represent the fundamental element of the theory. Growth poles first initiate, then diffuse development. Growth pole theory tries to be a general theory of the initiation and diffusion of development based on Francois Perroux's domination effect. Growth centre strategies are based on this theory (Malizia and Feser, 1999:23-24).

Other important theories are the entrepreneurship and flexible production theories which will be briefly discussed. **Entrepreneurship Theories** postulate that the basic category of economic development is the entrepreneurial function as embodied in the entrepreneur. Development proceeds as changes in firms and industries result in more resilient, diverse economies. The fundamental element driving the development process is innovation. However, this strength may render the theory not easy to apply in a consistent manner. The most common application of the theory, is to support an industrial environment ecology favourable to entrepreneurial people (Malizia and Feser, 1999:29).

Flexible Production Theories focus on production regimes and related methods of industrial organisation as basic categories. The regional development implications of customised, batch, and long-run (or 'Fordist') production regimes – as well as outsourcing practices, supplier relations, and processes of vertical integration and disintegration – are the principal concerns. Development is just quantitative growth but also qualitative change in industrial mix, firm structure, and sources of competitiveness (for example, from least-cost or price-focused competition to that based on innovation, product differentiation and niche marketing). It argues that firms must adapt to this new environment by adopting flexible production technologies, managing supplier relationships, and using interfirm networks for information sharing and joint problem-solving (Malizia and Feser, 1999:29-30). This notion could be applied to the promotion of innovation hubs, incubator and cooperatives programmes in South Africa.

The major strengths of the flexible production theory are the focus on rich, complex production dynamics within firms, between firms, and between firms and labour. The weaknesses are related to the strengths in that the focus on specific micro relations means that implications for regional aggregates are often neglected. In terms of application the theory informs industry cluster strategies, buyer-supplier networking initiatives, technology transfer programmes, small-firm programmes, and some type of

worker ownership and labour management practices applied at community level (Malizia and Feser, 1999:30).

As Blakely and Bradshaw (2002:66-72) observe, the existing development approaches are "inadequate to explain and direct local economic development activities." Table 2.3 shows their reformulation of the concepts emphasised by various theories. They come up with a model which encompasses locality, business and economic base, employment resources and community resources. They are brought together to form a new synthesis which is people- and place-oriented.

Component	Old Concept	New Concept
Locality	Physical location (near natural resources, transportation, markets) enhances economic options.	A quality environment and strong community capacity multiply natural advantages for economic growth.
Business and Economic Base	Export base industries and firms create jobs and stimulate increased local business.	Clusters of competitive industries linked in a regional network of all types of firms create new growth and income.
Employment Resources	More firms create more jobs, even if many are minimum.	Comprehensive skills development and technological innovation lead to quality jobs and higher wages.
Community Resources	Single purpose organisation can enhance economic opportunities in the communities.	Collaborative partnerships of many community groups are needed to establish a broad foundation for competitive industries.

Table 2.3: A Reformulation of the Components of Local Economic Development

Source: Blakley and Bradshaw, 2002.

This approach begins to capture and elucidate some of the conceptual positions adopted in this chapter. Where it is argued that interventions should balance between efficiencies (e.g., government enabling economic entities to function efficiently) and

recognise the debates concerning issues of equity, inclusion, participation and other broader dynamic forces that characterise society. Therefore, the conceptual stance of this research is that the three pillars of sustainable development: economy, social and environmental equity should be fully observed. As much we need to sustain ourselves from the earth's resources, we must also ensure that irreparable damage is avoided.

In the same vein, resources should be distributed in a manner that does not disadvantage those who do not have the means to enjoy them. Furthermore, a situation where communities are forced to interact or impact negatively on the environment should be avoided. For that reason, it is important for local economic development to attempt to achieve a balance – strive for sustainable development. Similarly, this postulation must apply to the concepts discussed earlier relating to the concept of public works or infrastructure investment and development and its provision.

What Does Local Economic Development Entail?

Local economic development according to Bingham and Mier (1993:xv) should be seen and understood as problem solving, running a business, building a growth machine, preserving nature and place, releasing human capital potential, exerting leadership and most importantly a quest for social justice. They argue that a basic understanding of these 'metaphors' begins to inform and ingrain the concept of local economic development, not only in the mind, but in the manner that it should be practiced on a daily basis.

Elements of a Successful Local Economic Development

Having set the conceptual framework and touched on some of the theoretical underpinnings, it is necessary to look at of the elements required to for a successful local economic development strategy.

Local economic development involves: building quality jobs for the current population; achieving local economic stability; and building a diverse economic and employment base. The building of quality jobs for the current population deals with

how to skill the local population to take advantage of the current opportunities and those that may arise from outside employers. In recent years, the skills sets that are required by employers have dramatically changed. Local communities and labour pools might find that they lack the requisite skills to take advantage of new opportunities. Therefore, a population data analysis may be required to determine what skills are available and for which sectors of the local economy. Where a shortage of skills is identified, new training programmes may need to be developed and people trained to close the skills gap (Bingham and Mier, 1993:159).

Achieving local economic stability relates to the fact that economic development will be successful only if the community has a specific approach to meet all needs of business (i.e. land, finance, labour, infrastructure, and technical assistance in addition to labour). All these needs rely on accurate and organised information on economic resources and socioeconomic data. Furthermore, communities economic development strategies should be designed in such a way that they provide an alternative mix of resources to entice new technology firms or retain existing firms as they expand or seek expanded international markets (Bingham and Mier, 1993:159).

The building of a diverse economic and employment base entails the community having a broad base to provide continuing employment opportunities to residents. As it naturally happens, firms become global and communities must constantly keep abreast of development. Most critically, communities in the midst of these global developments must develop regional strategies to create a web of economic and social infrastructure that will act as hubs for globally competitive firms or industries (Bingham and Mier, 1993:159-160).

In terms of the theoretical discussion above, it is clear that there are various approaches to public works programmes and local economic development. In essence, some emphasise strong state intervention while others advocate for a hands-off approach. As pointed out Masika and Baden (1997) and Kessides (1993) seem to be on extreme opposites to each other.

It would appear that Masika and Baden are of the view that strong state intervention is needed particularly where the poor are involved (public goods, equity and inclusion issues) whereas Kessides favours the neo-liberal approach where the markets take centre stage and shape how resources are appropriated. However, Masika and Baden concede that the private sector has a major role to play if efficiencies are to be realised. Meyer-Stamer (2003), Malazia and Feser (1999) and Blakely and Bradshaw (2002) favour integrated approaches where all societal processes, mechanisms, institutional capacities are coordinated and leveraged for optimal policy impact.

In this study it is stated that both extremes have their merits. But a combination or mix of some of the approaches is required (Masika and Baden 19997; Malazia and Feser, 1999; Blakely and Bradshaw, 2002; Meyer-Stamer, 2003). A policy mix in this instance in terms of the market-oriented view, would be that government recognises that municipalities should adopt attraction, entrepreneurial strategies based on neo-classical economic approaches by giving incentives which focus on industries with comparative advantage. The South African government also advocates an interventionist instance. This is exemplified by policies that require transfers (social grants) to the poor, people with disabilities and children designed to deal with poverty. Other policies include BBBEE, preferential procurement, SMME development, employment equity and capital injections into the economy in the form of infrastructure investment and development (Gauteng Provincial Government, 2005; The Presidency, 2003). Also central to this policy mix approach is the concept of collaboration to engender a cooperative environment across all societal entities.

Conceptually this is the position that will be adopted throughout this research which informs the current South African policy framework. Thus, Table 2.1 and 2.3 encapsulates the theoretical position of this research, in particular the alternative and new concept approaches given South Africa's historical past and the economic, social and environmental vulnerability of the majority of its citizens.

2.4 The Relationship between Public Works and Local Economic Development

At the theoretical level both concepts borrow heavily from economic development and economic theories. Therefore, a theoretical relationship exists between the concept of infrastructure investment and development (the terms public works and infrastructure will be used interchangeably to imply a similar meaning) and local economic development. For instance, when the theories covering both concepts were discussed above there was an emphasis on infrastructure investment to stimulate economic growth and development, that is, the inputs derived from the economy are used for infrastructure development. Consequently, this suggests that public expenditure on infrastructure inevitably leads to economic activities where resources from public expenditure are captured by enterprises through the supply of goods and services in a continuous process.

A theoretical convergence can be discerned when the unbalanced growth theory and the concept of growth poles are examined. They both describe a development strategy based on the concept of geographical growth centres. They hypothesise that in order for an economy to increase income, it must first develop within itself one or several "regional centres of economic strength" termed "growth points" or "growth poles." They call for public investment policy that will direct investment toward industries with extensive backward and forward linkages with other industries, which would enable the creation of the most advantageous external economies – those external to the firm or industry (Malazia and Feser, 1999:106-107).

The argument for pursuing unbalanced growth or growth pole strategies, is that privately funded investment and growth increase demand for public services such as electricity and water. Therefore, it is possible for government to induce private sector investment to a chosen area by "installing necessary services beforehand" (Malazia and Feser, 1999:107). Notable examples in the South African context are Industrial Development Zones (IDZs) such as the Johannesburg International Airport IDZ project to increase freight capacity in anticipation of increased international trade and tourism. According to the unbalanced growth theory, the benefits which accrue from such

public investments could be used to counteract the polarisation effects created by the market, that is, address issues of equity and national cohesion (*ibid*.).

Both public works and local economic development as currently conceptualised in the South African context, *inter alia*, endeavour to achieve economic development, empower marginalised communities and groups (minorities, women, people with special needs, the youth, etc), involve communities, build capacity, develop new skills, reduce the capital/labour ratio, develop and capacitate small, micro and medium enterprises (SMMEs), integrate processes such as programmes or activities within the community and economic sphere. Most importantly, both concepts seek to address poverty, unemployment and inequality visited upon by past injustices and the current global economic shifts (Wallace, 1990:179-182; Corbridge, 1995:393; DBSA, 1998:91-126; Malizia and Feser, 2002:4; Wilcock, 2005:61).

For instance, Wilcock (2005:66) argues that through the Expanded Public Works Programme, the use of SMMEs can contribute to economic development as they tend to use labour-intensive methods unlike large corporations which can afford extensive capital outlays; they tend to contribute to the multiplier effect by paying lower taxes, by not importing extensively and not saving extensively due to their need to maintain cash-flow and tends to increase the participation of poor communities. In addition , Wilcock (2005:67) recognises that local economic development is can play a significant role in the implementation of the Expanded Public Works Programme, but local economic development structures in many municipalities tend to be delegated quite far down the municipal structure. This limits its success as it is hampered by the lack of a 'champion' with political standing. Hence, the assertion that there is a relationship between two concepts and that it should be fully exploited to the advantage of the most vulnerable in society. The following section looks at the EPWP as a tool for local economic development.

2.5 The Expanded Public Works Programme as a Tool for Local Economic Development

A review of literature revealed widespread use of public works programmes which had objectives other than just the creation of infrastructure. The best known ones are Roosevelt's "New Deal" which provided work during the Great Depression and the Marshall Plan to rebuild Europe's infrastructure and economies after World War II and such programmes have also been successful in other parts of the world such as Asia and parts of Africa. In the light of serious poverty, unemployment and income inequality problems facing South Africa, and the fiscal constraints within which the country functions, it is essential that the contribution to socio-economic development, of every programme which can contribute positively, be maximised (Wilcock, 2005:61). Hence, the scale of the Expanded Public Works Programme present an opportunity to drive local economic development, if both programmes are properly aligned with one another to optimise resource allocation and utilisation.

In hindsight, the emphasis of infrastructure programmes such as CMIP (Consolidated Municipal Infrastructure Programme) has, in the past, been on achieving the primary goals resulting in an under-achievement of the secondary goals. Experience has shown that job creation and equity goals detailed in business plans and design reports are seldom followed up by funding agencies (*ibid.*). A similar argument could be advanced with regard to the Community-Based Public Works Programme whose aim was disproportionately skewed to towards achieving secondary objectives.

As Wilcock (2005:62) and government quarterly reports on the EPWP (NDPW, 2004c, 2004d ,2005a, 2005b) state, the arguments usually advanced against pursuing secondary goals of infrastructure development are that this adds to the cost, reduces quality and takes longer. Setting and monitoring these goals also ties up resources which municipalities, provincial departments and funding agencies mostly do not have. He point outs that according to studies undertaken by Watermeyer (1998) and Gounden (2000), the case studies have shown that the premium paid for the use of targeted enterprises is low (0.8% in the case of the Watermeyer study).

Implying that even where there are cost premiums on the initial tendered price and/or through the additional supervision and monitoring required it is necessary to take a holistic view and to determine total lifetime benefits including the welfare costs to the state of unemployed people. As stated in the *Green Paper* on the reform of public procurement process "value for money need not be a measure of monetary cost alone." Where unemployment is reduced there will also be benefits to society in terms of reduced crime and social unrest (*ibid.*).

As Wilcock (2005:61) points out, research by a number of authors has shown that the creation of infrastructure can also be used to achieve a number of secondary socio-economic goals including: local economic development, job creation, SMME development, black economic empowerment, skills transfer, poverty relief and social and gender equity. Infrastructure delivery can also reduce income inequality. An econometric analysis by the World Bank of 121 countries over the period 1960 to 2000 revealed that infrastructure development has significant positive effect on long-term economic growth and that it can reduce income inequality dependent on improved quality.

Thus, the theoretical foundations of public works is based on the notion that productive public expenditure in the area of infrastructure (such as roads, transportation, and housing) can play an important role in promoting economic development and encourage private investment. Developments in endogenous growth theory introduce the possibility of productive role of public expenditure (Fedderke *et al*, 2005). Fedderke *et al* (2005) argue that according to research, it emerges that economic growth and economic infrastructure in South Africa have a causal relationship. It appears that investment in infrastructure does lead to economic growth and does so directly and indirectly (the latter raising the marginal productivity of capital). However, there is weak evidence of feedback from output to infrastructure.

2.6 Conclusion: Interpretation of the Concepts and Precepts for the Study

Based on the discussions of the various theories and concepts: the public goods paradigm; natural monopolies; merit goods; externalities or external effects; doctrine of unbalanced growth; vent for surplus theory; privatisation and commercialisation theory (in relation to public works); corporate centred and alternative approaches; new synthesis approach (Blakely and Bradshaw, 2002); neo-classical theory; growth pole theory; entrepreneurship theories and flexible production theories (in relation to local economic development) a conceptual framework and approach of the research is set.

2.6.1 Interpretation of Concepts

Briefly to recap on the interpretation of the concepts. It was argued that both the concepts of public works and local economic development owe their existence to theories of economic development and the field of economics. It was pointed out that there are similarities between the growth pole theory and the doctrine of unbalanced growth, therefore a theoretical divergence between public works and local economic development is discernable. The other theories and concepts form a foundation for both public works and economic development. Infrastructure development is seen as a primary objective focused on broader macroeconomic imperatives while local economic development is considered a secondary objective, as it is people- and place-oriented involving local resources, institutions, people, etc (Bingham and Mier, 1993; Malazia and Feser, 1999; Blakely and Bradshaw, 2002; Wilcock, 2004).

Therefore, if this is the case, it was contended that, public works must be used as a tool for local economic development which will further address other secondary socio-economic goals including: job creation; SMME development; black economic empowerment; skills transfer; poverty relief and social and gender equity. As many of the authors (e.g., Bingham and Mier, 1993, Malazia and Feser, 1999; Blakely and Bradshaw, 2002; Wilcock, 2005) point out the potential of any programme to be realised depends largely on the policy, institutions, processes and mechanisms instituted.

It was also posited that the study positions itself by adopting a conceptual framework that embraces a number of these concepts, specifically those that seek to achieve both efficiency and address equity issues. For instance, the unbalanced growth doctrine advocates for infrastructure investment and development in areas of economic potential while the alternative (Malazia and Feser, 1999) and new synthesis (Blakely and Bradshaw, 2002) approaches advocate for a integrated approach where market forces are accommodated and vulnerable groups in society are catered for. It concluded that the South African policy framework is characterised by compromises and it is within that framework that the research is approached.

Issues of partnerships and collaboration between multifarious and diverse societal entities come out very strongly which indicates a move away from the notion that there are experts who possess all the solutions. As Daianu (2004:34-36) observes, 'policy and institutional diversity' is influenced by: institution and policy competition; ideology; values (culture) and institutions; complexity; economic openness; international agreements; policy conditionality and special circumstances. The implication is that South Africa, to a large extent, exhibits some or all of these characteristics.

From a planning perspective, the above assertion lends itself to and can be framed within the collaborative planning paradigm which postulates that to arrive at a certain goal, particularly in matters of development the there should be some form of compromise and consensus. Which is characteristic of South Africa and its institutions.

Essentially, the paradigm envisages (development) planning as an interactive and interpretative process; occurring among diverse and fluid discourse communities; a respectful interpersonal and intercultural discussion methodology; focusing on the 'arenas of struggle' where public discussion occurs and where problems, strategies, tactics and values are identified, discussed, evaluated and where conflicts are mediated; advancing assorted claims for different forms and types of policy

development; developing a reflective capacity that enables participants to evaluate and re-evaluate; strategic discourses being opened up to be inclusionary of all interested parties which, in turn, generate new planning discourses; participants in the discourse gaining knowledge of other participants in addition to learning new relations, values and understandings; participants being able to collaborate to change the existing conditions; and participants being encouraged to find ways to practically achieve their planning desires, not simply to agree and list their objectives (Barlow, 1995:2-3; Allmendinger, 2001:124; Allmendinger and Tewdwr-Jones, 2002:26;). A cursory look at South Africa's planning systems and processes such as the NSDP, PGDS and IDPs indicate a strong influence of this approach.

2.6.2 Precepts for the Study

The main objective of the study is to establish the potential of infrastructure investment and development as a tool for local economic development (and other secondary objectives, i.e., gender equity, etc). To do that, the study will confine itself to the flowing precepts:

1) *Policy and Legislative Framework*

- What is the legislative and policy framework in place to enable public works and local economic development?
- What are the programmes and strategies in place to support public works and local economic development?

2) *Processes and Mechanisms*

- What processes are taking place to enable public works and local economic development across all spheres of government?
- What mechanisms are in place to enable public works and local economic development across all sphere of government?

3) *Institutional Arrangements*

- What institutional processes are utilised to enable public works and local economic development at national, provincial and local level?
- What institutional structures are in place to enable public works and local economic development at national, provincial and local level?

4) *Intergovernmental Relations and Planning Frameworks*

- What role will the new intergovernmental relations regime play?
- How can the intergovernmental planning framework play an enabling role?

Thus, having laid the conceptual framework it would be useful to look at the policy, institutional and legislative framework; the processes embarked on; and the mechanisms utilised to realise the potential of public works, in particular with the government's Expanded Public Works Programme as a tool for local economic development. The study will look at these programmes in the context of intergovernmental relations and planning frameworks and what role they can possibly play. An attempt will be made to answer all these questions throughout this study, not in any particular order.

The following chapter discusses the concept of intergovernmental relations and the role it could play or should be or is playing in the implementation and enablement of the Expanded Public Works Programme and local economic development programme.

CHAPTER THREE

3. THE EXPANDED PUBLIC WORKS PROGRAMME AND LOCAL ECONOMIC DEVELOPMENT IN THE CONTEXT OF INTERGOVERNMENTAL RELATIONS

3.1 Overview

This chapter will briefly define the concept of intergovernmental relations and differentiate it from cooperative government; examine intergovernmental relations systems in South Africa at national, provincial and local spheres of government; explore the policy and legislative framework in terms of the Expanded Public Works Programme and local economic development in South Africa; investigate where the Expanded Public Works Programme and local economic development programme fit in within the intergovernmental relations and intergovernmental planning context ; and make conclusions on the preceding discussions. However, it would be useful to briefly discuss a few concepts relating to intergovernmental relations.

3.1.1 Defining the Concepts: Intergovernmental Relations and Co-Operative Government

Intergovernmental relations encompass all the complex and interdependent relations among various spheres of government as well as the co-ordination of public policies among national, provincial and local governments through programme reporting requirements, grants-in-aid, the planning and budgetary process and informal communication among officials. Intergovernmental relations also relate to the fiscal and administrative processes by which spheres of government share revenues and other resources generally accompanied by special conditions that must be satisfied as prerequisites to receiving assistance (DPLG, 1999:22; Mathebula and Malan, 2002:4;; Layman, 2003:8-9).

The *White Paper on Local Government* (1998:38) defines intergovernmental relations as a set of formal and informal processes as well as institutional arrangements and

structures for bilateral and multilateral co-operation within and between the three spheres of government. According to Anderson (1960:3) intergovernmental relations are important interactions occurring between governmental institutions of all types and in all spheres. The distinctive features of intergovernmental relations suggest the increased complexity and interdependency in political systems.

Mentzel and Fick (1996:101) define intergovernmental relations as follows:
"a mechanism for multi and bi-lateral, formal and informal, multi-sectoral and sectoral, legislative, executive and administrative interaction entailing joint decision-making, *consultation, co-ordination, implementation and advice between spheres of government at vertical as well as horizontal levels and touching on every governmental activity.*"

From the definitions of intergovernmental relations it becomes clear that the nature of the interaction between different spheres of government varies constantly in terms of the degree of co-operation, depending on the dynamics of the system and the role-players involved at any given time and in accommodating and managing interdependence, geographical and social diversity, as well as ongoing comprehensive transformation (Mathebula and Malan, 2002:4). Thus, the success of intergovernmental relations is a function of the level of participation by the key role-players in the system, and that the extent of participation, whether of a competitive or co-operative nature, finally determines the character of the system of intergovernmental relations.

Co-operative government represents the basic values of the government as stipulated in chapter three, Section 41(2) and other provisions of the *Constitution* and the implementation of these values through the establishment of structures and institutions. Cooperative government is a partnership between the three spheres of government where each sphere is distinctive and has a specific role to fulfill and should promote constructive relations between them. Co-operative government does not ignore differences of approach and viewpoint between the different spheres but encourages

healthy debate to address the needs of the people they represent by making use of the resources available to government. It also recognises participation by the citizenry, encourages cooperation between all spheres of government and acknowledges the complexity of processes and institutional arrangements (Fox and Meyer, 1995:28; De Villiers, 1994:30).

There is a conceptual difference between co-operative government and intergovernmental relations which is evident in the reference made to the principles of co-operative government *and* intergovernmental relations in Chapter three of the *Constitution.* Co-operative government is a fundamental philosophy of government (constitutional norm) that governs all aspects and activities of government and includes the decentralisation of power to other spheres of government and encompasses the structures of government as well as the organisation and exercising of political power. Intergovernmental relations are specifically concerned with the institutional, political and financial arrangements for interaction between the different spheres of government and organs of state as stipulated in the *Constitution.* While co-operative government refers to partnership in government as well as the values connected with it, namely national unity, peace, proper co-operation and co-ordination, effective communication and infinitesimal conflict avoidance (Mathebula and Malan, 2002; Mathebula, 2004).

Within the context of intergovernmental relations and cooperative government, the programmes of the Expanded Public Works Programme and local economic development need to be seen within the integrated development planning context. Thus, from a planning perspective, the concept of intergovernmental relations and cooperative government set the framework for an intergovernmental planning system which incorporates national (NSDP), provincial (PGDS) and local government (IDPs) plans. This approach currently dominates the current national discourse on policy coherence, which asks how to "…mobilise all our people and our country's resources toward that final eradication of apartheid and the building of democratic, non-racial and non-sexist future" (Harrison, 2003:2; The Presidency, 20003, 2004:2; GPG, 2005:15; DPLG, 2001:11).

It is, therefore, also possible to draw parallels, to a certain extent, between the concept of intergovernmental relations and the current dominant paradigm in planning, namely, collaborative planning. In essence, the approach sees planning as a process of interaction, interpretation, engagement and compromise (Barlow, 1995:2-3; Allmendinger, 2001:124; Allmendinger and Tewdwr-Jones, 2002:26;). A cursory look at South Africa's planning processes and systems such as the NSDP, PDGS and IDPs indicate a strong influence of this approach. The constitutional, legislative and policy environment in terms of intergovernmental relations is discussed in the following section.

3.2 Intergovernmental Relations in South Africa: Constitutional, Legislative and Policy Framework

The *Constitution* states that "government is constituted as national, provincial and local spheres of government which are distinctive, interdependent and interrelated" (s 40(1)). These concepts reflect the constituent components of the decentralised South African state (DPLG, 1999:23; Mathebula and Malan, 2002:3; Layman, 2003:8-9; Mathebula, 2004).

The distinctiveness of each sphere is the degree of legislative and executive autonomy entrenched by the *Constitution*. One sphere is distinguishable from the other in its powers to make laws and execute them. The concept distinctiveness posits that each sphere has distinguishing legislative and executive competencies. The allocation of competencies is based on the assumption that there are particular interests which are best served by the respective spheres of government. The existence of unique provincial and local interests called for their protection and promotion not through a unitary but a decentralised state. Explicitly, that is, each sphere exists in its own right; it is the final decision-maker on a defined range of functions and accountable to its constituency for its decisions (DPLG, 1999:23; Mathebula and Malan, 2002: ; Layman, 2003:8).

The degree to which one sphere of government relies on another for the proper fulfilment of its constitutional functions, is referred to as the interdependence of the spheres of government. Two interrelated aspects of dependency can be identified. In the first instance, the provincial and local spheres have an entitlement to assistance from the national and provincial governments respectively, in order to assist them to fulfil their constitutional obligations. In the second instance, reciprocally, the entitlement is the duty on the national and provincial spheres to supervise the provincial and local spheres respectively to ensure that they fulfil their constitutional functions. This duty entails both monitoring of the other sphere and intervening when a dependent sphere fails to fulfil its functions. This interdependence between the spheres is thus reflected in this co-relationship in which a particular sphere has the responsibility of empowerment and oversight, as well as, under certain circumstances, intervention in the dependent sphere (DPLG, 1999:23; De Visser, 2005: 214).

The duty of each sphere to "cooperate with one another in mutual trust and good faith" for the greater good of the country as a whole is termed the interrelatedness of the spheres. Based on the distinctiveness of each sphere, the relationship is one of relative equality. It is assumed that this relationship must be realised within the duty of cooperative government and therefore it would not result in "competitive federalism". As a consequent, a duty is imposed on each sphere to avoid litigation against another sphere (DPLG, 1999:23; De Visser, 2005:217). Therefore, the *Constitution* of the Republic sets the constitutional framework for intergovernmental relations in South Africa.

The recent enactment by Parliament of the *Intergovernmental Relations Act (No.13 of 2005)* sets the legislative framework. The *Act* establishes the legal framework for the establishment of intergovernmental relations structures; information sharing; joint programmes of action; conduct of intergovernmental relations; strategic planning and settlement of intergovernmental disputes that may arise between the spheres. Furthermore, the *Act* gives effect to the constitutional injunction of section 41(2) and

seeks to "facilitate and promote intergovernmental relations" by anchoring the system within a broad statutory framework (Layman, 2003:28-30).

It does so by: articulating the key objectives of cooperative government; providing the institutional spine of the system by regulating intergovernmental relations (IGR) forums; and providing a basic framework for the settlement of intergovernmental disputes. However, the *Act* also treads carefully as it recognises that intergovernmental relations "comprises of relations between executives of distinctive spheres, and are thus inherently political, the system should not be overregulated by law" (Layman, 2003:28). To that end, non-statutory measures should be adopted to provide for the required systems and procedures necessary for overlapping coordination in all the spheres.

In interviews with Councillor Akoon (interview, 2005), Member of the Mayoral Committee responsible for Local Economic Development in the Ekurhuleni Metropolitan Municipality and Mr. Sedumedi (interview, 2005) of the Department of Public Transport, Roads and Work (DPTRW) they are of the view that relationships or cooperation cannot be legislated but it depends on how government officials and other role-players interpret government policies, the attitudes and the mindset they have towards their work within the public service context. They argue that rather more work should be done at influencing human behaviour.

In relation to planning and programmes such as the Expanded Public Works Programme and local economic development, the intergovernmental relations legislative framework by setting principles and objects such as cooperative government between spheres that are geared towards: sustainable development; integrated delivery of public goods and services and; effective implementation of legislation. These objects are to be achieved by an intergovernmental system that must ensure: mutual consultation on policy and legislation; coordinated strategic planning; and accountability for performance and expenditure in terms of legislation (Layman,

2003:29). It is hoped that the promulgation of the *Act* will provide for a greater opportunity for the various state entities to engage.

An important breakthrough in the *Act* is the recognition of local government as the key location of delivery and development. It entrenches the duty of other spheres of government to consult and more than before, actively engage with local government and further entitles local government to participate in any intergovernmental forum that discusses policy matters that materially affect local government. In the following section intergovernmental relations systems in South Africa are examined.

3.3 Intergovernmental Relations Systems in South Africa

The *Intergovernmental Relations Act, 2005 (No. 13 of 2005)* in its *Preamble* it states that "…all spheres of government must provide effective, efficient, transparent, accountable and coherent government for the Republic to secure the well-being of the people and the progressive realisation of their constitutional rights" and recognises that "…one of the most pervasive challenges facing our country as a developmental state is the need for government to redress poverty, underdevelopment, marginalisation of people and communities and other legacies of apartheid and discrimination."

Efficiency and equity is at the core of the South African policy thrust. As alluded to elsewhere, the NSDP, PGDS and IDPs as planning and strategic instruments are quite clear that while seeking to encourage investment in areas of high potential, policy interventions must equally seek to remedy past and existing inequalities. Thus the intergovernmental relations framework is framed within this context.

Emanating from the *Constitution*, the *Intergovernmental Relations Act, 2005 (No. 13 of 2005)* in addition to the existing intergovernmental structures, establishes the following operational principles:

- Intergovernmental forums are not executive decision-making bodies but may take resolutions or make recommendations to the executives of the participating spheres

of government. It is for the executive of each sphere to decide whether or not to adopt a resolution or recommendations (Layman; 2003:30).

- Intergovernmental forums should regularise their functioning by adopting a protocol that deals with the basic operational framework of the forum (*ibid.)*; and
- Technical support structures may be established and duly authorised to undertake technical tasks (*ibid.).*

In addition to the existing intergovernmental structures, namely: the President's Coordination Council (PCC); MinMECs; Budget Council and Budget Forum; technical forums such as the Forum of South African Directors-General (FOSAD); Provincial Intergovernmental Relations forums and local government participation through the South African Local Government Association (SALGA), the *Intergovernmental Relations Act (RSA, 2005)* makes provision for the establishment of intergovernmental relations forums.

In recognition of policy gaps, the *Act* makes provision for the establishment of National Intergovernmental Forums (NIFs); Provincial Intergovernmental Forums (PIFs); Municipal Intergovernmental Forums (MIFs); intergovernmental technical support structures; a framework for the conduct of intergovernmental forums and settlement of intergovernmental disputes. Therefore, the Act as much as it establishes new intergovernmental structures, it maintains continuity by not abolishing the old structures. This also applies to provincial structures.

At provincial level, the *Act* establishes the Premier's Intergovernmental Forum to "promote and facilitate intergovernmental relations between the province and local governments in the province" and at the local government level the *Act* makes provision for the establishment of a "district municipality intergovernmental forum to promote and facilitate intergovernmental relations between the district municipality and the local municipalities in the district."

Intergovernmental Technical Support Structures are provided for if there is a need for formal technical support for the forum. It must consist of officials representing the governments or organs of state participating in the intergovernmental forum which established the technical support structure; and may include any persons who may assist in supporting the intergovernmental forum. A conclusion could be made that the legislative framework, attempts to cut across all spheres of government, organs of state such as parastals, state agencies and institutions. In the following section, an overview of the policy and legislative framework in terms of the Expanded Public Works Programme and local economic development in South Africa follows.

3.4 The Expanded Public Works Programme and Local Economic Development in South Africa: An Overview of Legislative and Policy Framework

The Expanded Public Works Programme

The Expanded Public Works Programme is the responsibility of National Department of Public Works (NDPW). At the time of writing the department was administering 37 acts, ordinances and sections of acts. These acts, ordinances and sections of acts are important as they relate directly on how the government is going to undertake the Expanded Public Works Programme. It needs access to resources such as land, skills and so forth. This legislative framework largely ranges from management, expropriation, disposal and transfer of state lands and the reorganisation of the built environment professions.

However, the following acts are important. They should be briefly elucidated on, as they have an impact on how government policies are implemented. They include the following:

- *Construction Industry Development Board Act No.38 of 2000* – provides for the establishment of the Construction Industry Development Board (CIBD), and matters incidental thereto;

- *Council for the Built Environment Act No.43 2000* – provides for the establishment of the Council for the Built Environment and matters incidental thereto;
- *Architectural Profession Act No.44 of 2000* – provides for the establishment of the Council for the Architectural Profession and matters incidental thereto;
- *Landscape Architectural Professional Act No.45 of 2000* – provides for the establishment of the Council for the Landscape Architectural Profession and matters incidental thereto;
- *Engineering Profession of South Africa Act No.46 of 2000* – to provide for the establishment of the Council for the Engineering Profession and matters incidental thereto;
- *Property Valuers Profession Act No.47 2000* – provides for the establishment of the Council for the Property Valuers Profession and matters incidental thereto;
- *Project and Construction Management Profession Act No.48 of 2000)* – provides for the establishment of the Council for the Project and Construction Management Profession and matters incidental thereto; and
- *Quantity Surveying Profession Act No. 49 of 2000* – to provide for the establishment of the Council for the Quantity Surveying Profession and matters incidental thereto (NDPW, 2004).

As can be seen, most of the legislation referred to here relate to the professions related to the organisations, expertise and skills required for delivery on infrastructural programmes.

The Local Economic Development Programme

The local economic development programme is the responsibility of the national Department of Provincial and Local Government (DPLG) and it operates under a plethora of legislation and policy framework which includes, *inter alia*, the following:

- The national *Constitution, Act No. 108 of 1996 (RSA, 1996*), legally mandates local government to 'promote social and economic development' and as Nel

and Binns (2001) put it, "this marks a significant departure from the previous service-orientated focus of local government and has led to a series of important policy and legal developments…" and that this key "constitutional principle has been refined and outlined in depth in a whole chapter in the key Local Government White Paper 1998";

- The *Local Government White Paper 1998 (RSA, 1998)* introduced the concept of 'developmental local government' and the *White Paper* goes on to define the concept as "local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives";
- The *Local Government Transition Act, 1993,* this piece of legislation sees local economic development as part of the Integrated development Planning (IDP) process which entails that a "state-driven, consensus-seeking planning process has been seen as the key priority and output for local authorities and their associated 'communities', rather than the implementation of support initiatives *per se*" (Bloch, 2000);
- The *Development Facilitation Act, 1995*, it was "a key local government planning and development tool" and "which introduced measures to facilitate and accelerate the implementation of the reconstruction and development programmes and projects in relation to land, laying down general principles governing land development throughout the country" (Nel and Binns, 2001).
- The *Local Government Municipal Demarcation Act, 2000* "is concerned with determining new municipal boundaries throughout South Africa, a process undertaken between 1998 and 2000." This *Act s*ought to eliminate small and ineffective local councils through combining neighbouring or near local authority areas under a single jurisdiction, and also assigned rural areas surrounding urban centres to the control of the latter (Nel and Binns, 2001);
- The *Local Government Municipal Structures Act, 1998,* the principles of the Local Government White were incorporated into this act and "extends and develops the provisions of the *Local Government Transition Act of 1996*. The *Act* provides for the three categories of municipalities…, to operate within the

newly demarcated areas and assigns them specific powers and duties. The duties and powers are based on the Constitution and are generally of a service type nature, but include the following LED-type foci: tourism; planning; public works; infrastructure development; and markets" (Nel and Binns, 2001);

- The *Local Government Municipal Systems Act, 2000,* the principles of the Local Government White were incorporated into this act and "provides the 'core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of communities, and ensure universal access to essential services that are affordable to all" (Nel and Binns, 2001);
- The *Growth, Employment and Redistribution* (GEAR) strategy, this policy document as Nel and Binns (2001) observe is "in line with the political-agendas around the world, and yet in spite of internal opposition from unions and community groups, the South African government has firmly wedded itself to a neo-liberal economic agenda" and in terms of this policy document, the government "…needs to proactively lay the basis for market-driven economic expansion and growth" and regards "…the role of government as being that of facilitating market expansion, with local government having a key role to play in stimulating economic development through investment in infrastructure to 'crowd in private investment and boost short-term economic performance";
- The *Reconstruction and Development Programme (RDP), 1994*, advances the notion that "development is not about delivery of goods to a passive citizenry. It is about active involvement and empowerment" (Nel and Binns, 2001). The RDP (DPLG, 2001:4) goes on to state that in order to foster the growth of local economies, broadly representative institutions must be established to address local economic development needs. Their purpose would be to formulate strategies to address job creation and community development (for example, leveraging private sector funds for community development, investment strategies, training, small business and agricultural development, etc.). It argues that, if necessary, the democratic government must provide subsidies as a catalyst for job creation programmes controlled by communities and/or

workers; and target appropriate job creation and development programmes in the most neglected and impoverished area of the country. In due course, all such projects should sustain themselves; and

- The *Local Economic Development Policy Paper: Refocusing Development on the Poor, 2001*, is mandated by the above policies and legislative framework. The policy paper outlines six strategies, namely: community economic development; link profitable growth to redistributive development/financing; explicit linkages between "living wages," human capital development and productivity; development and maintenance of infrastructure and services; plugging the leaks in the local economy; and retention and expansion of existing businesses (DPLG, 2001:6-7).

For instance, the policy paper (DPLG, 2001:6) in terms of the first strategy – community economic development, states that municipal assistance must be aimed at the grassroots. Beneficiaries will range from community businesses and cooperatives, to "local exchange and trading systems" (LETS), to "third sector" development experiments (e.g., People's Housing Process), savings collectives and informal lending arrangements, community-based environmental management and maintenance schemes, urban farming projects, etc. Such community-based strategies should emphasise the importance of working directly with low-income communities and their organisations. One important component of this approach is support for institutions such as community development trusts and worker- or community-controlled enterprises. These may be local credit unions or development corporations and another component is the development of small, micro and medium enterprises (SMMEs) which may allow for higher job creation. Municipalities may by creating an SMME-friendly environment in which they may develop and grow by providing business infrastructure, service subsidies, affordable finance, technical support through business advice centres, opportunities for involvement of SMMEs in government procurement processes (especially in relation to infrastructure delivery, and strategic support to link and network key sectors in which SMMEs dominate.

The fundamental rationale for adopting this policy and legislative framework was, *inter alia*, the need for the reorganisation and transformation of government structures and the operating environment to enable delivery of services. Nonetheless, some observers such as Bond (2003) do not agree with some (GEAR) of these policy approaches and legislative frameworks which he argues have worsened the plight of the poor and enriched the owners of capital. The following section discusses the Expanded Public Works Programme and the local economic development programme in the context of intergovernmental relations.

3.5 The Expanded Public Works Programme and Local Economic Development in the Context of Intergovernmental Relations

Intergovernmental relations stipulate consultation and cooperation between the various spheres of government. This goes as far as interaction and participation in government programmes cutting across all spheres. The Expanded Public Works Programme is a national programme driven from the National Ministry and Department of Public Works, but its implementation must happen in all spheres of government. The local economic development programme is driven by the National Department of Provincial and Local Government but it is implemented at the local level where communities, local businesses, organisations are supposed to combine their human and capital resources to realise economic development in their localities.

Both the Expanded Public Works Programme and local economic development programme cut across all policy imperatives. Therefore, they are firmly rooted within the intergovernmental relations framework which entails the establishment of a system in all spheres of government to plan together to provide a coherent approach to service delivery and development (Layman, 2003:15). The Expanded Public Works Programme and local economic development programme are about development and delivery of services.

Hence, the overall planning framework of government has been to ensure that development and service delivery happens through various programmes. Central to

this planning framework is the Medium Term Strategic Framework (MTSF), in turn, it informs the Medium Term Expenditure Budget Framework (MTEF). The latter framework (and the accompanying Medium Term Budget Policy Statement) is used as a tool to encourage cooperation across ministries and planning in three-year cycles. The planning framework ensures that policy priorities of all government spheres are derived from the electoral mandate and that these priorities inform budgeting (Layman, 2003:15-16).

With the enactment of *Intergovernmental Relations Act (RSA, 2005)* it envisaged that greater engagement and cooperation would take place, wherein all the spheres of government would combines their resources, where necessary to achieve the developmental objectives set at all the spheres of government. By implication this is supposed to place the Expanded Public Works Programme and local economic strategies within the intergovernmental relations framework wherein policy incoherence will be hopefully resolved.

Thus, from a planning perspective, according to Layman (2003:16) in "December 2001 the PCC articulated this principle as follows: in state-wide planning, municipal integrated development plans (IDPs) must serve as the basis for aligning the policies, planning and budgeting of all three spheres." Consequently, IDPs are regarded as an intergovernmental planning tool for the entire state. Hence, the assertion in this report, is that the Expanded Public Works Programme and local economic development can only find true expression through and within the intergovernmental relations framework which of course occurs across all spheres of government. The following section makes a conclusion in relation to the preceding discussions.

3.6 Conclusion

The chapter began (section 3.1) by defining the basic concepts relating to intergovernmental relations. It distinguished between intergovernmental relations and cooperative government, the former relating to all the complex and interdependent relations among various spheres of government as well as the co-ordination of public

policies among national, provincial and local governments, and the latter referring to a partnership between the three spheres of government where each sphere is distinctive and has a specific role to fulfill and should promote constructive relations between them.

It was also pointed out that the concept of intergovernmental relations draws from the provisions of the South African *Constitution* and that theoretically, from a planning perspective, parallels can be drawn from the principles of intergovernmental relations and collaborative planning, which postulates that human interactions are governed by particular interests, norms, values, beliefs and persuasions which need to be catered for. In section 3.2 the constitutional, legislative and policy framework was laid out. In the following section (section 3.3) the intergovernmental relations system was discussed. A distinct feature of the IGRA is that for the first time, local government can participate across all these structures.

The Expanded Public Works Programme and local economic development programme legislative framework was explored. In terms of the Expanded Public Works Programme, a number legislative pieces were promulgated in 2000 covering various fields in the built environment and with regards to the local economic development programme the *Local Economic Development Policy Paper: Refocusing Development on the Poor 2001* forms the policy thrust. Within this context the *Constitution*, *GEAR*, *RDP* and other legislative and programmatic frameworks (e.g., Municipal Systems Act, Urban Renewal Programme, etc) mandate both programmes in varying degrees.

In section 3.5 it was contended that the Expanded Public Works Programme and local economic development programme are firmly lodged within the intergovernmental relations and planning framework wherein the IDPs are regarded as the fundamental tool in all spheres for government policy coherence. In the next chapter, the Expanded Public Works Programme and the local economic development is briefly discussed in the national context and explores the perspectives and conceptualisations of these programmes.

CHAPTER FOUR

4. NATIONAL PERSPECTIVE AND CONCEPTUALISATION: THE EXPANDED PUBLIC WORKS PROGRAMME AND THE LOCAL ECONOMIC DEVELOPMENT PROGRAMME

4.1 Overview

This chapter looks at the national perspective and conceptualisation of the Expanded Public Works Programme and local economic development programme; and makes conclusions in terms of the preceding discussions. Firstly, it looks at the Expanded Public Works Programme in terms of its four pillars: infrastructure, economic, environment and culture, and social sectors, in particular, the policy pronouncements for the five year period. Secondly, the local economic development programme is examined. The conceptualisation and national perspective is explored. Thirdly, the institutional arrangements framework is discussed for both programmes and finally, conclusions are made.

Both the Expanded Public Works Programme and local economic development programme should be conceptualised within the intergovernmental relations framework, in particular the intergovernmental planning framework which uses planning tools in the form of the National Spatial Development Perspective (NSDP), the Provincial Growth and Development Strategy (PGDS) and the Integrated Development Plans (IDPs). As already alluded to in the previous chapter, both programmes are developmental in nature and are designed to enhance service delivery while addressing issues of efficiency and redressing past and existing disparities.

How do the NSDP, PDGS and IDPs seek to achieve policy coherence? According to the NSDP, which is seen as a fundamental departure from empirical descriptions used in other spatial perspective and as a tool for, *inter alia*, "reconfiguration of apartheid spatial relations" and that development planning should acknowledge the "existing and changing spatial patterns of population settlement, economic development and general potential" (The Presidency, 2003:4). It is an acceptance that the conditions in which

planning occurs has dramatically changed whereas the challenge of poverty, inequality, unemployment has grown. The re-admittance of South Africa into the community of nations and the realities of the global economy cannot be ignored. Therefore, the NSDP seeks to find a balance between the two.

On the policy coherence front, the NSDP is conceptualised as having a relationship with the PGDS and the municipal IDPs which argues that the NSDP should be "informed by the identification of development potential within their respective areas" (The Presidency, 2003:37-38). Having said that, the argument that is made here, is that if local economic development is an important outcome of the integrated development planning process; therefore, the NSDP and PGDS are important inputs into the programme. Hence, the insistence that they are intertwined and interrelated and should be viewed as such.

4.2 The Expanded Public Works Programme

The President announced during his State of Nation Address at the opening of Parliament in February 2003, that government will embark on the Expanded Public Works Programme. The Expanded Pubic Works Programme is considered one of government's short to medium-term programme for reducing unemployment, which the Growth and Development Summit agreed in June 2003 must be halved in 2014 (NDPW, 2004a:44). This policy approach also ties in with the Millennium Development Goals (MDGs) which sought to broadly address poverty, unemployment and inequality through by the year 2015 through various policy interventions.

Government also argues that, therefore, the Expanded Public Works Programme is not the only intervention to reduce unemployment. The programme should be seen within the context of the "larger framework of government interventions, such as improving the regulatory environment to stimulate economic growth, employment and investment, crime prevention, and promoting human resource development" (NDPW, 2004a:44). Thus, the Expanded Public Works Programme objectives are: to draw a significant numbers of the unemployed into productive work to enable them to earn an

income within the first five years of the programme; to provide unemployed people with education and skills within the first five years of the programme; to ensure those participants in the EPWP are able to translate the experience and/or either enabled to set up their own business/service or become employed; and to utilise public sector budgets to reduce and alleviate unemployment (DSD *et al*, 2004a:7).

To that end, the National Department of Public Works (NDPW) is charged with the coordination of the Expanded Public Works Programme (EPWP). The national goal being the alleviation of poverty and unemployment in the country through training, job creation and the provision and maintenance of infrastructure. To that effect, the NDPW argues that is in a position to optimise: cost-effectiveness, quality, labour-based methods of construction; support for emerging contractors; responsive and uniform procurement policy; and mechanisms to track developments and focus on objectives and targets. The department also contends that jointly with the government's Construction Education and Training Authority (CETA), it will coordinate the process of building capacity of the construction industry and "at the same time address the dire shortage of built environment professional and technical skills" (NDPW, 2004a:2).

As alluded to elsewhere in this report, the Expanded Public Works Programme comprises of four sectors: infrastructure; economic; social and environment and culture. The **infrastructure sector plan** aims to achieve a large impact in a short time by focusing on construction, rehabilitation and maintenance activities which will offer the best opportunity for use of labour. This will focus in particular on low-volume roads, trenching, stormwater and pavements and this will be undertaken through labour-intensive methods. Of fundamental importance here, is that this sector plan does not exclude other types of infrastructure and all other public bodies are encouraged to be innovative and creative in order to expand the use of labour-intensive methods (NDPW, 2004b:2).

The four focus areas referred to above will be targeted through attaching specific conditions to the Provincial and Municipal Infrastructure Grants (PIG and MIG). In addition to these grants, additional areas of labour-intensive infrastructure provision and maintenance have been identified. These areas include the following: labour-intensive construction of civil works through the Department of Housing (DOH); trenching in electrification projects through Eskom (Department of Minerals and Energy (DME)); remaining CMIP projects earmarked for Labour Intensive Construction (DPLG); road maintenance and higher volume roads (NDOT) and building maintenance (NDPW) (NDPW, 2004b:2-3).

The **economic sector plan** focuses on entrepreneurial and cooperative income-generating activities. The sector has a target of establishing 3 000 venture learnerships, it is expected that these enterprises will employ 12 000 people on temporary and the output should be 3 000 SMMEs. Cabinet approved the plan for the period 2004/2005 to 2008/2009. It is hoped that the Expanded Public Works Programme economic sector will develop sustainable businesses in various sectors through a structured programme. The Department of Trade and Industry (DTI) has been charged with the responsibility of coordinating the Expanded Public Works Programme economic sector.

Therefore, the economic venture learnership should be able to "empower learners with the necessary managerial and entrepreneurial skills required to set up and manage new ventures and will provide learner entrepreneurs with work opportunities and a track record to ensure that the learner graduates from operating in the second economy to functioning effectively in the first economy" (EPWP, 2005:4). Consequently, preference will be given to historically disadvantaged individuals, women and youth. Of course, people with existing businesses and technical skills in certain area will not be necessarily excluded. The venture learnership seeks to address the economic/administrative and behavioural barriers such as lack of continuity of access to work opportunities; access to finance/credit; training; mentoring; user-friendly procurements procedures; quick payment procedures, et cetera.

The **social sector plan**, will in the initial stages focus on the provision of **Home/Community-Based Care** and **Early Childhood Development** for the 2004/2005 financial year. The social cluster comprises the Departments of Social Development, Education and Health. Much of the work of these departments depends on the input of volunteers and civil society organisations and is suitable for the development of the Expanded Public Works Programme. It expected that incremental additions will be made to the current programmes once research has been undertaken. Resources will be committed for planning in the 2004/2005 financial year (DSD *et al*, 2004:8).

With regards to the two programmes, the **Home/Community-Based Care and Support Programme** entail the provision of comprehensive services including health and social services, by formal and informal caregivers in the home. Its fundamental objective is to encourage participation of people, respond to the needs of people, encourage a traditional way of life and strengthen mutual aid opportunities and social responsibility in order to promote, restore and maintain a person's maximal level of comfort, function and health including care towards a dignified death (*ibid.).*

As a result, the Home/Community-Based Care and Support Programme includes: early identification of families in need, orphans and vulnerable children; addressing the needs of children headed households; linking families and caregivers with poverty alleviation programmes and services in the community; patient care and support related to HIV/AIDS and other chronic conditions; information and education; patient and family counselling and support; addressing discrimination against, stigmatisation and disclosures of chronic diseases; family support including capacity building, family planning burials, support for children and social services advice; and income generating projects (DSD *et al*, 2004:8).

The **Early Childhood Development (ECD)** programme entails the processes by which children from birth to nine years grow and thrive, physically, mentally, emotionally, spiritually, morally and socially. The Expanded Public Works

Programme will focus on children from birth to six years old. However, the government concedes that there is no integrated plan for implementation of a comprehensive ECD and argues that it is critically needed to ensure that all the basic needs of the most vulnerable children are met (DSD *et al*, 2004:11). All ECD programmes target the unemployed and/or underemployed parents and caregivers.

Government points out that once a review of the current (2003/2004) MTEF expenditure, the following are possible expansion areas: school nutrition programme; school sports coaches; maintenance of schools; construction of schools; adult education; teacher aids in special schools; administrative support at schools and community development. Other areas include: Directly Observed Therapy (DOTS); Voluntary Counselling and Testing (VCT); nutrition advisors; lay counsellors; malaria officers and community health workers; community development workers; emergency food relief; food security and flagships programmes. These programmes will be carried out by the Departments of Education (DoE), Health (DoH) and Social Development (DSD) respectively (DSD *et al*, 2004:13-14). This policy approach is meant to begin to realise the government's development agenda of utilising the state machinery through the fiscus to address economic and social disparities created by the pre-1994 dispensation.

The **environment and culture sector plan** cuts across a number of government programmes, in particular those in the Departments of Environmental Affairs and Tourism (DEAT), Water Affairs (DWAF), Arts and Culture (DAC) and Agriculture (NDA). Figure 4.1 illuminates this interrelationship between and interconnectedness of the various programmes at the national, provincial and local spheres of government (NDPW, 2004c:4-5).

This interrelationship and interconnectedness exists across all spheres as constitutional provision is made for concurrent or/and exclusive functions. For instance, Figure 4.1 below postulates that programmes emanating from the integrated development planning process must interact and align with the provincial Growth and Development

Strategies (PGDS) and ultimately feed into national programmes where synergies and sharing of resources will supposedly occur.

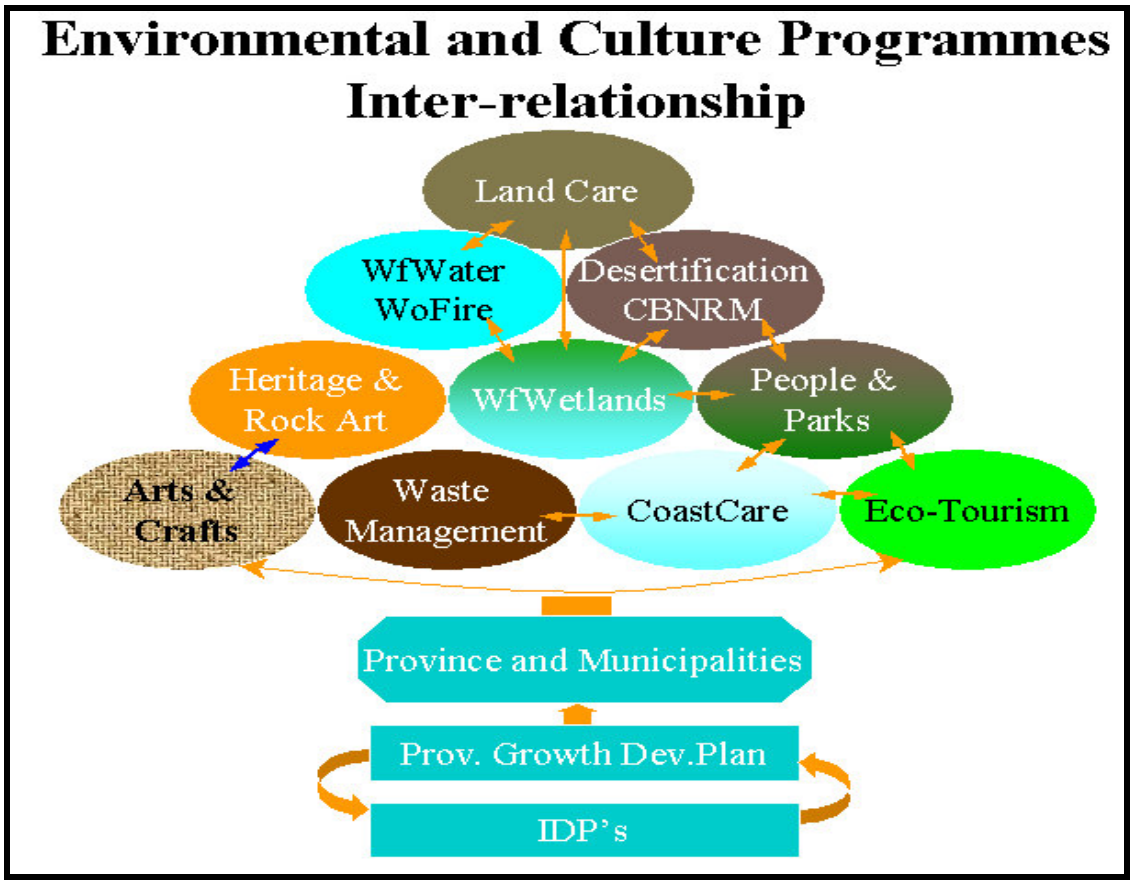


Figure 4.1: Interrelationship between Programmes

Source: NDPW, 2004b.

A conclusion can be drawn that the South African government's approach, that its conceptualisation and design of the Expanded Public Works Programme, far exceeds the traditional view of public works which normally focuses on physical infrastructure investment and development. The current discourse that advocates for an integrated and participatory approach to development has been fully captured – the economy, the environment and equity are encapsulated in the South African approach to public works. The policy approach seeks to address issues of sustainable development – touching on the economic, societal and environmental aspects, in an attempt to achieve policy coherence and coordinated implementation.

However, by own its admission, the South African government concedes that failure is possible if the challenge of, *inter alia*, skills development and capacity building is not adequately addressed. In following section, the national perspective and conceptualisation of the local economic development programme will be briefly discussed.

4.3 The Local Economic Development Programme

The National Department of Provincial and Local Government (DPLG) is responsible for five key developmental programmes: the Municipal Infrastructure Grant (MIG); Free Basic Services (FBS); Local Economic Development (LED); the Urban Renewal Programme (URP); and the Integrated Sustainable Development Programme (ISRDP). In terms of the local economic development programme, the DPLG must give support in the following areas: development and review of national policy, strategy and guidelines on local economic development; provide direct and hands-on support to provincial and local government; manage the Local Economic Development Fund; provide management and technical support to Nodal Economic Development Planning; and assisting on local economic development capacity building processes (DPLG, 2005:20; DPLG, 2000:22-25).

The South African government acknowledges the important role of local government and recognises that municipalities are a key player in shaping the local economy. Thus, a local economic development plan is required output of the integrated development plan (IDP) process and it holds many direct advantages. The *White Paper on Local Government 1998* and subsequent legislation (for example, the *Local Government: Municipal Systems Act, 200t*) states specifically that one of the key outcomes of developmental local government is the maximising of social development and *economic growth*. Fundamental to the role of local government in economic development is the need for local governments to appraise their *comparative and competitive advantage* and to structure their local economic development strategy on it (DPLG, 2000:22).

The government is flexible in its approach to local economic development. Local government can either adopt the direct or indirect route in involvement in the local economy. Direct participation includes: formulating policy and leading integrated economic development; collating and interpreting economic information through economic research and maintaining an economic database; coordinating government's economic development and related programmes; providing infrastructure for business activities in previously (historically) disadvantaged areas; facilitating sustainable community projects; supporting small, medium and micro-enterprises (SMMEs) by facilitating access to funding and training; and developing incentives for local municipal investment (DPLG, 2000:22). The EMM's local economic development strategy has many of these characteristics. Indirect participation could include: creating an enabling environment by rendering better services; improving operational efficiency by speeding up licensing applications; attracting and facilitating development funding for the municipal area; and disseminating information on local economic development, in conjunction with other spheres of government, civil society organisations and private sector (DPLG. 2000:22).

To strengthen the assertion that there is definitely a link between local economic development and other government programmes, in particular the Expanded Public Works Programme, not on a theoretical but at the policy level as well – the following should be ample evidence. The DPLG (2000:23) asserts that there is a number of government programmes to address local economic development , most of them with funding mechanisms.

These include: the Local Economic Development Fund (has been incorporated into the Municipal Infrastructure Grant (MIG)) – it provides for municipalities for projects that lead to job creation, poverty alleviation and redistribution; the DPLG Social Plan Fund – provides 'Regeneration Study Grants' to municipalities which are experiencing large scale retrenchments; Consolidated Municipal Infrastructure (to be phased out and replaced by the MIG and PIG), National Housing Programmes, Spatial Development Initiatives (SDIs) and Department of Transport's (NDoT) subsidy programme – these

are funding resources for financing the development and maintenance of infrastructure and services; business initiative schemes administered by the DTI, the Industrial Development Corporation (IDC) and related agencies – focusing on the 'competitive edge' of such specific areas; Khula Enterprise supports the provision of loans to and equity investments in SMMEs by issuing guarantees on behalf of entrepreneurs to financial institutions; and the Development Bank of Southern Africa (DBSA) is a development finance institution that municipalities can approach for grants and loans to finance local economic development initiatives. Financial assistance is also available for developing infrastructure such as municipal, rural, social, eco-tourism and entrepreneurial infrastructure (DPLG, 2000:23-24). The following section the institutional arrangements in terms of the EPWP and local economic development are discussed.

4.4 Institutional Arrangements the Expanded Public Works Programme and Local Economic Development

Within the intergovernmental relations framework, it is prudent to ponder the institutional mechanisms that are contemplated at the national sphere of government in order to realise the implementation of the two programmes. To this end, a brief discussion of the institutional arrangements in terms of the Expanded Public Works Programme (infrastructure, economic, environment and culture, and social sector plans) and the local economic development programme would be useful.

4.4.1 The Expanded Public Works Programme

In the **Infrastructure Sector**, a coordinating committee has been established. The Sector Co-ordinating Committee (SCC) at national level. Provinces have been requested to establish provincial steering committees (PSC) to coordinate the EPWP programme provincially. The implementation process for the EPWP has been designed to minimise the burden placed on provinces and municipalities. The EPWP will place most of the burden on the private construction industry, namely the Consulting Engineering and Contracting Industry, for implementation. Nonetheless, support for the provinces and municipalities will be required to ensure that they

understand and execute their role in the programme. Support will be provided in the following ways: **N**DPW will develop and provide guidelines for the implementation of labour intensive projects by Provinces, Municipalities and Departments; **N**DPW will hold training sessions with the Project Management Units to be established by DPLG to enable these to be able to help manage EPWP projects at Municipal level and NDPW will provide training to Municipalities on the use of the Guidelines for implementation of projects under the EPWP (NDPW, 2004b:6-7).

In the **Economic Sector**, the NDPW and Services Sector Education and Training Authority (SETA), as custodian of the New Venture Creation Learnership (NVCL) will enter into a Memorandum of Agreement (MOA) for the implementation and assessment of the learnerships. A similar agreement will be concluded with the Construction Education and Training Authority (CETA), as custodians of the Construction Contractor Learnership National Qualification Framework Level 2 (CCO2).

An MOA will also be signed between NDPW and the relevant SETA, which specifies the number of learnerships the relevant SETA will fund. The NDPW will communicate with all public bodies (e.g., national and provincial department, municipality, public entity, municipal entity, constitutional institution, etc) to offer them the opportunity to participate in the learnership programme. Once the relevant public body agrees to undertake learnerships, an MOA will be signed between NDPW, the relevant SETA and public body. This MOA sets out the roles and responsibilities of the various parties, and sets out a basic policy framework for the implementation of the programme, to which all the parties to the MOA agree to abide by (NDPW, 2005:6).

The four parties (NDPW, the Services SETA/CETA, the relevant SETA and the relevant public work) will form an Executive Committee to oversee and manage the implementation of learnerships. This committee is charged with the overall management of the learnership implementation (NDPW, 2005:7). A management

committee will also be formed comprising NDPW, the Services SETA/CETA, the relevant SETA, the public body, appointed mentors, training providers and the Amalgamated Banks of South Africa (ABSA Bank). This committee will be responsible for the day-to-day management of the learnerships and will facilitate and manage the responsibilities as described in the tripartite MOA (*ibid.*).

In terms of the **Environment and Culture Sector**, the institutional arrangements envisaged are to ensure that DEAT as the lead sector Department is able to coordinate sector programme activities that will give effect to the achievement of the objectives of the Expanded Public Works Programmes (NDPW, 2004c:15). The intention is not to complicate or impinge on various line departmental functional mandates and obligations, but to foster interdepartmental relations or partnerships which will facilitate minimum duplication of efforts, effective implementation models, consistency in reporting and tools of measurement used, efficient resource allocation and use and sharing of best models (*ibid.*).

The role of the lead sector department is as follows: to establish a sector coordinating committee; determine a sector strategic framework and produce a sector plan; set targets and performance standards; review sector EPWP targets (new areas); and put in place a funding strategy (MTEF, Donor, etc.). Furthermore, the lead sector department must put in place a sector training and capacity building framework, which includes: identification of training needs for the sector; identification of exit strategies within the sector; define linkages between training and exit strategies; establishment of necessary NQF qualifications and unit standards; facilitate new agreements and Memorandum of Understanding (MOUs) (Department of Labour); establish an effective monitoring and evaluation system for the sector; and submit regular sector reports to the overall coordinating departments (NDPW) (*ibid.*).

In addition to the above, there are the EPWP Coordinating Committees (see Figure 4.2) comprising the Directors-Generals of the Environment and Culture Sector Committee, The Coordinating Committee, the Provincial Sector Forum, District Municipality IDP forums, and Project Steering Committee. According to the figure

below, all the committees interact with each other across all spheres of government and ultimately report to the Presidency and Cabinet Lekgotla.

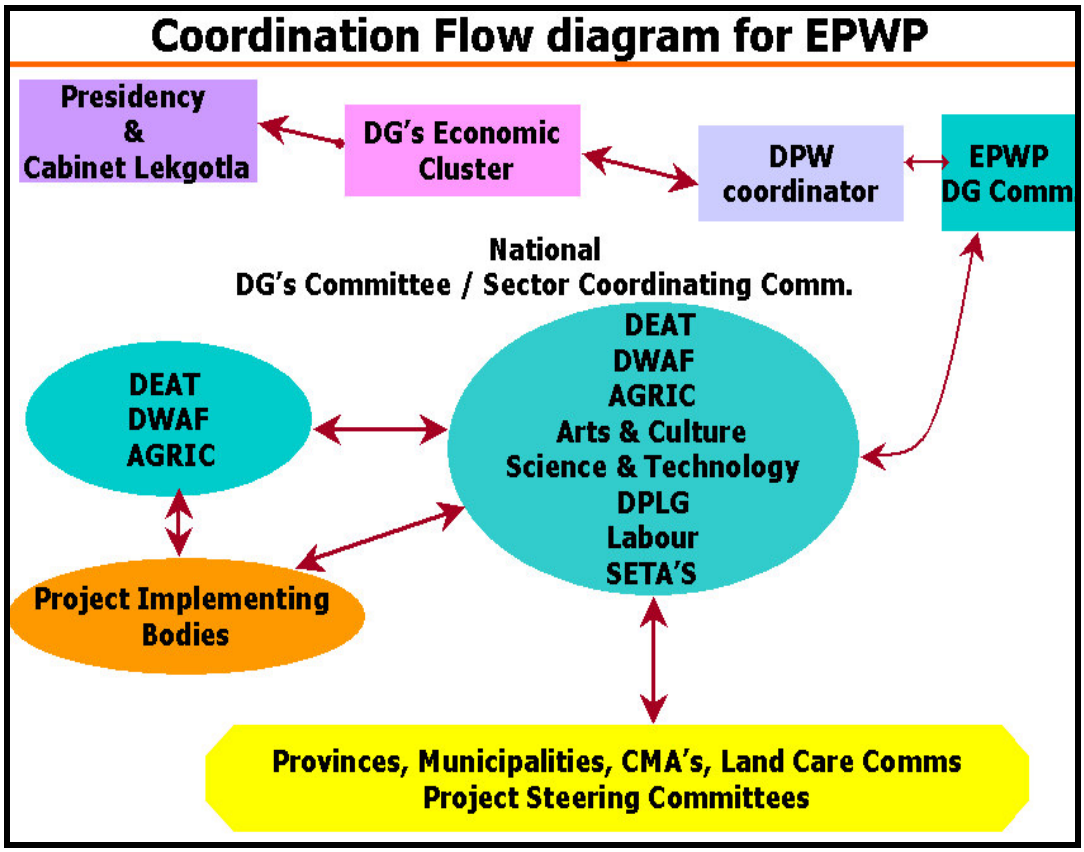


Figure 4.2: EPWP Coordination Flow Diagram

Source: NDPW, 2004.

The **Social Sector** envisages institutional arrangements that will permit integrated delivery, effective control and ongoing monitoring and assessment at both national and provincial level. The following diagram (Figure 4.3) represents the envisioned coordinating structures at national and provincial level. Additionally, interdepartmental task teams were set up and reporting to the Steering Committee which was responsible for developing the Social Sector Plan (DSD *et al*, 2004: 21-27).

According to Figure 4.3 below, at the national level, the following should occur (DSD *et al*, 2004:22): regular reports to the Directors-General (DG); an annual meeting of the three Directors-General to review progress; a mandated inter-departmental steering committee at national level responsible for the overall coordination of the EPWP. The

committee will meet monthly. A champion (and an alternative), appointed by the Directors-General, will serve on this committee. All communication on specific programmes will be channelled via existing line managers responsible for the programmatic areas; a quarterly stakeholder coordinating forum involving all the stakeholders participating in the programme will be convened by the steering committee to review progress, table reports and discuss strategic issues; and internal departmental task teams will be established for each EPWP programme. These task teams will involve practitioners and implementers and will report to the departmental champion.

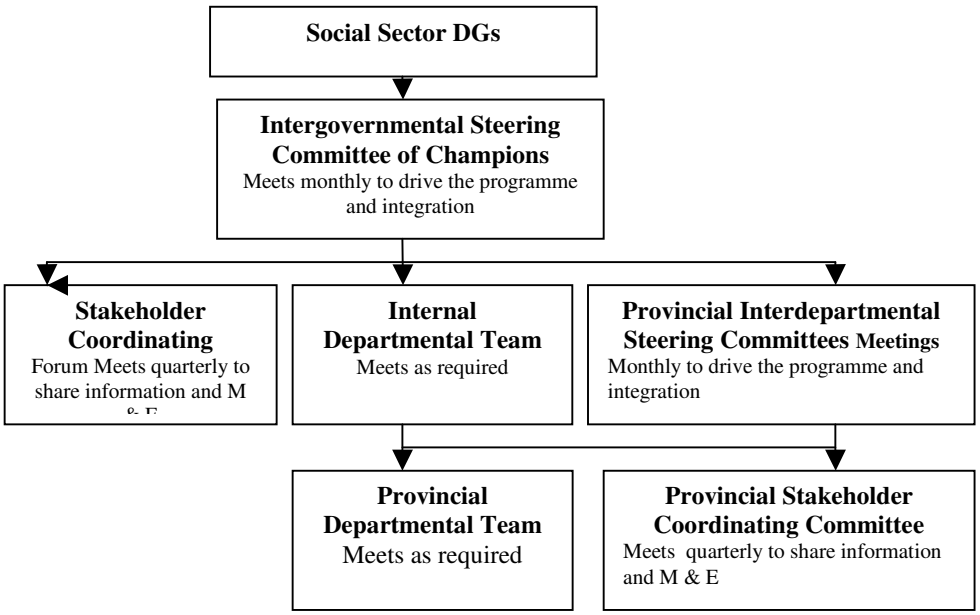


Figure 4.3: Institutional Arrangements for Coordination in the Social Sector

Source: DSD *et al*, 2004.

At the provincial level, it is expected that (*DSD et al,* 2004:22-23): a mandated interdepartmental steering committee at provincial level responsible for the overall coordination of the EPWP will be established. The committee will meet monthly. A champion (and an alternative), appointed by the MECs, will serve on this committee. All the other areas are similar to the national functions of coordinating bodies. It is pointed out that while officials within the two identified programmes are currently

responsible for this function, reports suggests that there is inadequate capacity to monitor compliance or delivery and that further capacity is required. One suggestion might be to establish a coordination office in each province (at Director level) responsible for ensuring coordination and consistency in approach.

At the local level, the role of the local spheres is viewed as critical. Government acknowledges that local government will play a key role in mobilising community action in planning and implementing EPWP. District level managers are crucial to linking services to community-based initiatives and integrating programmes into existing community services and facilities. It is abundantly clear that the Expanded Public Works Programme is not seen as a stand alone government intervention driven from the centre but a tool integrates into worthy causes in communities.

Judging from the elaborate institutional mechanisms the government has taken tremendous steps to ensure that there is policy coherence and a common understanding amongst all stakeholders. A question which may be posed is how to achieve inter- and multi-sectoral coherence and inspire stakeholders to action in view of realising the developmental agenda of government? In one of the interviews conducted for this report, the interviewees (Rawat and Sedumedi, 2005) are of the view that the biggest challenge facing the implementation of the Expanded Public Works Programme: is policy and programme interpretation, conceptualisation and the multi-faceted nature of the programme which makes it impossible to bring all relevant stakeholders on board.

Councillor Mohamed Akoon (interview, 2005) of the Ekurhuleni Metropolitan Municipality and responsible for the Local Economic Development Portfolio, expressed a similar sentiment. Councillor Akoon (interview, 2005) is of view that there is not much awareness of the programme in the municipality and if there are projects taking place in the municipality, are without proper consultation. However, he argues that in terms of the policy and legislative framework substantial advances have been made but the problem is that people still tend to operate in “silos” and engage in “turf wars.”

The NDPW quarterly reports on the Expanded Public Works Programme support this view when it is observed that:

> "The EPWP is on course to meet its job creation targets. However, there is still an ongoing need to correct the tendency for the EPWP to be seen as a Department of Public Works (NDPW) programme rather than as a programme of the whole government, and to intensify efforts to overcome widespread resistance to the use of more labour-intense methods in infrastructure. This resistance is based on the perception labour-intensive methods are more difficult to manage, take longer, are more costly, and result in inferior quality products…" (NDPW, 2004c:16, 2004d:19, 2005a:18, 2005b:16).

4.4.2 The Local Economic Development Programme

As indicated elsewhere in this report, the local economic development programme is conceptualised and located within the integrated development planning framework. The South African government interprets local economic development as an approach towards economic development which allows and encourages local people to work together to achieve sustainable economic growth and development by which economic benefits and quality of life accrues to all residents in a municipal area. As evidenced by the following statement (DPLG, 2000:24):

> "If LED is identified as a priority issue in the IDP process, specific strategies and projects will be formulated to address LED. LED, however, represents the economic dimension of development at local level and should be considered throughout the IDP process even if it has not been identified as a priority issue…."

In essence, this implies that when strategy, project, programme and plan formulation takes place, opportunities for local economic development need to be considered and incorporated for addressing priority issues. Thus, strategies, programmes and projects are thought to have an economic impact on the locality, be they provincial or national.

4.5 Conclusion

Clearly the approach by both the government departments (NDPW and DPLG) is that the Expanded Public Works Programme and local economic development programme

show that indeed they are key tools in achieving economic growth and development whilst addressing issues of social equity and environmental sustainability. The programmes cannot be divorced from the broader planning tools such as the NSDP, PGDS and municipal IDPs which are also located within the intergovernmental relations framework.

In order to realise this, the appropriate structures should be instituted. To that end, the South African government's extensive public works and local economic development programmes have attempted to institute such structures and support mechanisms for national, provincial and local spheres of government.

The next chapter analyses the Gauteng Provincial Government's Department of Public Transport, Roads and Works (DPTRW) EPWP and local economic development strategy of the Ekurhuleni Metropolitan Municipality they are analysed to determine convergence and coherence in policy approach.

CHAPTER FIVE

5. THE EXPANDED PUBLIC WORKS PROGRAMME AND LOCAL ECONOMIC DEVELOPMENT: THE CASE OF GAUTENG AND EKURHULENI METROPOLITAN MUNICIPALITY

5.1 Overview

This chapter locates the Gauteng Province and Ekurhuleni Metropolitan Municipality in the South African context; examines the Expanded Public Works Programme in the Gauteng Province and local economic development in the Ekurhuleni Metropolitan Municipality; explore the mechanisms for integrating the Expanded Public Works Programme into local economic development strategies of local government in particular of the Ekurhuleni Metropolitan Municipality and draw conclusions on the successes so far and challenges.

In Chapter One, the research problem was stated as the: hypothetical assumption that there is no policy integration and synergies between the EPWP and LED which together they could be utilised as a powerful tool for the empowerment of historically disadvantaged communities in particular to empower them economically (and achieve secondary objectives, Wilcock, 2004). It was further stated that the research problem also relates to the fact that intergovernmental relations and planning processes in government have failed to play their role of integration, spatially, economically and socially (Huchzermeyer, 2003). To that end, it will be asked what role can the new intergovernmental relations policy and legislative framework play in enabling effective planning processes. From the problem statement a few questions could be raised: 1) What is the practice if policy is in place?; 2) having examined the literature, policy and practice, what is the possibility for EPWP as a tool for LED?; 3) What role can intergovernmental relations play?; 4) and what about planning? Based on the interviews conducted with the officials and a councillor from the Gauteng Provincial Government Department of Public Transport, Roads (DPTRW) and Ekurhuleni Metropolitan Municipality (EMM) respectively, these possibilities are explored.

5.1.1 Policy is in Place. What is the Matter?

An examination of academic literature, reading of print and electronic media, government media releases, speeches, annual reports, departmental minutes, interviews and interactions with government officials (in this instance, Ms S. Rawat, Mr. K. Sedumedi and Ms. K. Mohan), political leadership (Councillor H. Akoon) the findings clearly point to the fact that there is still a problem in achieving policy coherence. In the words of **Councillor Mohamed Akoon** (interview, 2005), MMC: Local Economic Development Portfolio, Mayoral Committee, Ekurhuleni Metropolitan Municipality, public sector officials, political leadership and government institutions still "operate in silos" and engage in "turf wars".

Ms Shereen Rawat (interview, 2005), Deputy-Director-General, Gauteng Provincial Government Department of Public Transport, Roads and Works (DPTRW) interprets the lack of an integrated approach in terms of the Expanded Public Works Programme mainly to poor coordination. Given the multi-sectoral nature of the programme, it is extremely difficult to get stakeholders together. Compounding the problem, when stakeholders do get together, the level of participation is varied and tends to defeat the purpose of the gathering. Some stakeholders are concerned with strategic issues while others want to discuss operational matters.

Issues of interpretation and conceptualisation of policy are some of the problems that hamper effective and efficient implementation of government policy. This is the view of **Mr. Sedumedi** (interview, 2005), Acting Chief Director, Expanded Public Works Programme, in the Department of Public Transport, Roads and Works (DPTRW). He postulates that there has to be a fundamental shift from instrumental rationality to more a collaborative approach in the manner in which development is conceptualised. He views development is an exercise that cuts across societal structures and processes not only the preserve domain of professionals and experts. It must encompass and embrace an array of players in communities.

Specifically with regards to the Expanded Public Works Programme, Mr. Sedumedi is of the view that awareness of the programme needs to be intensified. This sentiment agrees with the one expressed by Councillor Akoon that there is lack of awareness in the municipality.

Ms Karuna Mohan (questionnaire, 2005), Executive Director: LED, Ekurhuleni Metropolitan Municiplaity (EMM) shares the same view. Her interpretation of the problem is that, in her own words, "The harnessing of the capital investment plans of government for LED is indeed a challenge especially as it requires interdepartmental co-ordination." It could be assumed here that she refers to municipal interdepartmental coordination as shall be seen later.

However, they agree that there is nothing that has to fundamentally change in terms of the policy and legislative environment. Therefore, the conclusion could be made that the problem is not of policy but deeply rooted in practice which is informed by how policy is interpreted and indeed, directly impacts on how functions are executed. Interpretations are not necessarily an anathema but if the end result is characterised as policy failure, they should be a cause for concern – especially with the pressure on government to deliver.

5.1.2 Any Possibilities: Can EPWP be a Tool for Local Economic Development?

All the interviewees are of the view that the EPWP has potential to stimulate local economic development as the Executive Director: LED, EMM (Ms K. Mohan, 2005) points out, "We have had more success harnessing the major capital investment programme of government – the R165 million investment in infrastructure to be expended by DPE (Department of Public Enterprises) to improve the Ekurhuleni economy. Most of the capital goods needed are manufactured in Ekurhuleni" and "provincially – Department of Finance and Economic Affairs, GEDA and other agencies of the province, the LED Department has seconded a representative to the Liquor Board committee at local level; GEP has not formalised their plans with the department as yet, initial talks are underway, but the old GAUMAC office in the

region has an established link with LED." Indeed there is a relationship with the province but not directly with the DTPRW.

5.1.3 Intergovernmental Relations Legislation: A Revelation?

Not by any measure. Councillor Akoon posits that no amount of legislating can build relationships. It is a matter of attitude and mindset. Mohan (2005) is very much optimistic when she observes that "By our very nature, and the implementation framework, plan and programme, LED is conducted through an intergovernmental process."

5.1.4 What about Planning?

From what has been established so far, for instance, in the form of institutional structures, the existing ones and those that are being strengthened to better understand and move towards policy coherence, definitely, planning has a role. Planning comes out strongly when the integrated development planning process is brought to the fore in the form of IDPs, PGDS and NSDP.

In this context, the Ekurhuleni Metropolitan Municipality has formed links with the Department of Finance and Economic Affairs and some of its agencies and programmes, such as the newly established Gauteng Enterprise Propeller (GEP), the Gauteng Economic Development Agency (GEDA) and GAUMAC programme (Gauteng Manufacturing) (Mohan, 2005). There is a link between the DPTRW and local economic development unit in terms of LED Strategic Plan for IDP 2005-2009, but the link depends on institutional rearrangement and the role of municipal Project Management Unit (PMU) (EMM IDP, 2005/2006). From what can gleaned from the answers to a questionnaire sent to the Executive Director: LED, EMM, there are still persistent problems with intergovernmental coordination and what Councillor Akoon (2005) referred to as "operating in silos" and "turf wars." In the following section Gauteng is contextualised.

5.2 The Gauteng Province in Context

The Gauteng Province is the economic hub of South Africa. Gauteng covers just over 17 000 km^2 – approximately 1.4% of the total land surface of South Africa. It is the smallest of the nine provinces. Despite its size, Gauteng is home to approximately 9 million people. In the seSotho languages 'Gauteng' means 'Place of Gold', which is appropriate as the province has its economic and historic roots in the thriving gold industry that was sparked off by the discovery of gold in Johannesburg in 1886 (Gauteng Provincial Government, 2005). Figure 5.1 puts the area of Gauteng in context in terms of the Republic of South Africa.

The province has a highly developed transport and communications infrastructure, excellent financial institutions and a well-serviced urban environment. The Gauteng Province has developed a special urban and industrial character that is uniquely African. In recent years, this energy has been directed towards developing a province for the new millennium, a smart province that is globally competitive. The Gauteng Provincial Government has re-aligned its focal economic sectors from low value added production to more sophisticated sectors such as information technology, finance and business (Gauteng Provincial Government, 2005).

Despite all the apparent prosperity, the Gauteng Province experiences challenges and socio-economic gaps that need to be addressed. The *Gauteng Growth and Development Strategy* (2005:6) characterises these as the following: continued high levels of poverty and unemployment; provision of permanent housing to approximately 23.9% of households in the informal settlements and 10.5% households living in “backyards” or traditional housing; provision of education to the 8% of the population that still has no education at all; provision of electricity to households for various purposes: 20% of Gauteng’s people still electricity for lighting, 30% for heating purposes and 27% for cooking; and provision of piped water to the remaining 2.5% households. This represents a mixture of need for social and economic infrastructure that the EPWP is attempting to address.

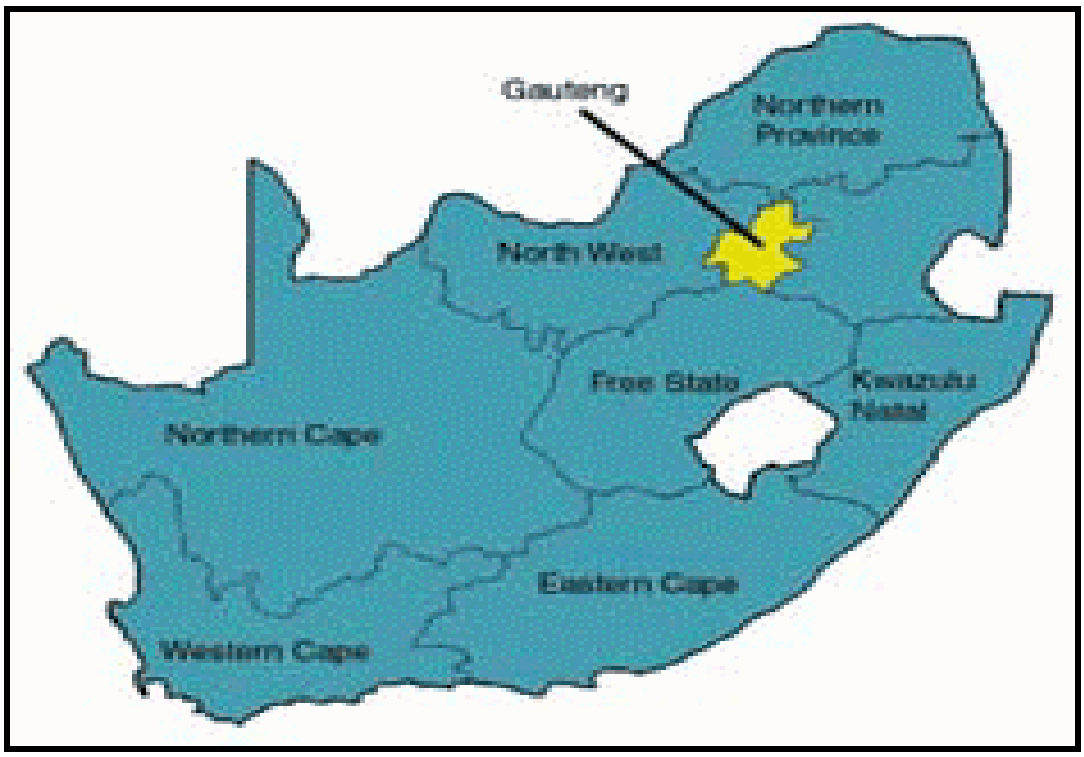


Figure 5.1: The Gauteng Province in Context

Source: http://www.gpg.gov.za, 2005.

The GDS sets principles, focus areas, a vision and objectives and to realise these it identifies mechanisms: SMME development; skills development; BBBEE, growing and transforming the economy; ensuring a shared economy; poverty alleviation; efficient government (institutional arrangements, e-government, strengthening of intergovernmental relations) and the notion of city region. To catalyse the process to a high development trajectory: the Gautrain; public transport; connectivity; housing; public safety and urban information system; 2010 strategy; social infrastructure; the SMME Agency; and political and fiscal resources (leadership and championing) are seen as the critical and essential ingredients needed to start addressing the "socio-economic gaps and challenges" (GPG, 2005).

All these activities involve intense economic activities (housing, social infrastructure, Gautrain, public, 2010 Strategy, and connectivity) and social transformation (BBBEE, SMME, political and fiscal resources). Public spending on infrastructure and other interventions in the economy, do, as pointed out in the conceptual framework,

inevitably lead to economic activity. Hence the EPWP and LED should be conceptualised and contextualised in this setting.

5.3 The Expanded Public Works Programme: The Gauteng Province

In the Gauteng Province the Gauteng Provincial Government Department of Public Transport, Roads and Works (DPTRW) is the responsible authority in terms of the coordination and implementation of the Expanded Public Works Programme, in particular the infrastructure component. It has an oversight and coordination role in the other three sectors: economic, social and environment and culture.

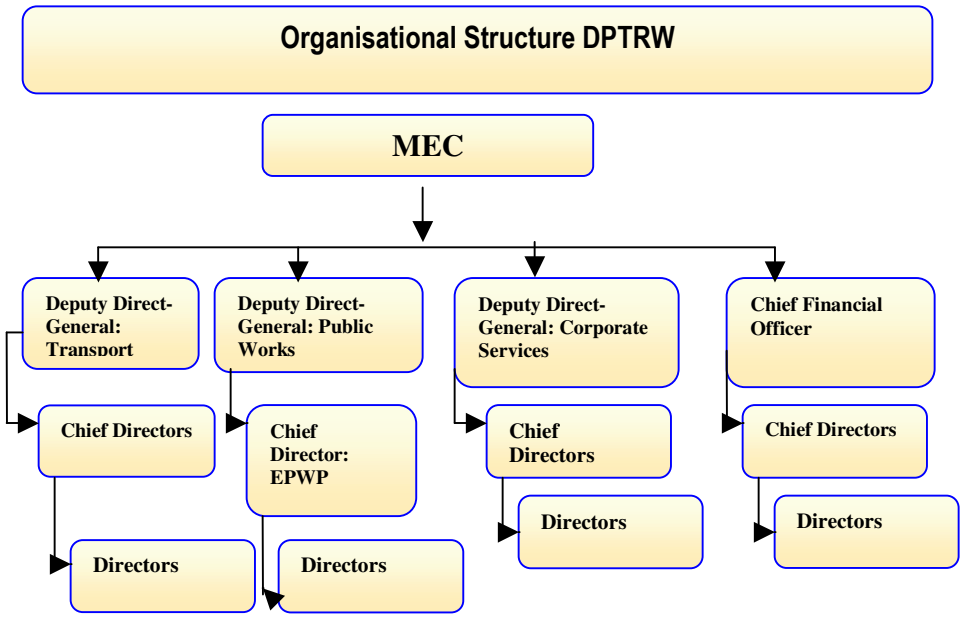


Figure 5.2: Organisational Structure Department of Public Transport, Roads & Works
Source: DPTRW, 2005.

The department of Public Transport, Roads and Works (DPTRW) has a dedicated division or branch headed by a Deputy Director-General (DDG) reporting to the Head of Department (HOD). The department is in the process of elevating the current unit

responsible for the EPWP progress to a Chief Directorate: EPWP (see Figure 5.2 for a simplified organisational structure of DPRW) reporting directly to the DDG (Rawat and Sedumedi, 2005).

Therefore, the function is highly placed with the organisational structure and indicates the importance that it is accorded. However, a detailed examination of the organisational structure, some functions such as public works planning, project management and monitoring and evaluation are placed in different chief directorates. This is likely to pose and exacerbate serious challenges in terms of coordinated implementation and information sharing.

The Gauteng Province's Expanded Public Works Programme was launched on 31 August 2004 and this leaves no room to make a proper evaluation of the realisation of the objectives the department has set itself in its *Strategic Plan 2004 – 2009.* Needless to say, it would be interesting and informative to scrutinise the budget allocations for the programmes and projects related to the Expanded Public Works Programme for the financial years 2004/2005, 2005/2006, 2006/2007, 2007/2008 and 2008/2009.

The DPTRW sets itself six strategic objectives up to the year 2009, the next general election in South Africa. The six strategic objectives are: (1) the provision of accessible, affordable, reliable, integrated and environmentally sustainable public transport system; (2) effective management and transformation of transport and socio-economic infrastructure related institutions, systems and processes; (3) support economic growth and investments through the provision of appropriate transport systems and socio-economic infrastructure; (4) integrate transport systems and socio-economic infrastructure systems in the Gauteng Province and development strategy and development plans of other spheres of government; **(5) implement the Expanded Public Works programmes in a manner that optimises employment and addresses economic and social needs of the poor**; and (6) effective and efficient management of the department (DPTRW, 2004:18-28). Most importanlty, the DPTRW attempts to align its strategic objectives with the national, provincial and local government and in

the same breath seeks to bring civil society and partners on board. However, these are only medium term policy pronouncements it would be important to match these with budgets and the intended outcomes.

The strategic objectives outline the indicators; activities to be carried out to realise the objectives and the expected results. The research will confine itself to the public works programme, in particular the Expanded Public Works Programme of the department and relate it to local economic development strategy in Ekurhuleni Metropolitan Municipality.

In terms of the *Strategic Plan 2004 – 2009*, the DPTRW's (2004:25-26) strategic objective five is to "implement the Expanded Public Works Programme in a manner that optimises employment and addresses economic and social needs of the poor". In order to ascertain that this is being achieved, the following will be the indicators: labour content/job creation; contribution to service delivery; coordinated strategy adopted and implemented; establish EPWP delivery mechanism; increased private sector investment; long-term skills development; long-term sustainability and appropriate beneficiaries. The DPTRW (2004:25) will undertake the following three activities to realise strategic objective five: formulate an Expanded Public Works Programme strategy for improved service delivery; establish a coordinated management of the Expanded Public Works Programme; and have Expanded Public Works Programme turn around projects.

The formulation of the Expanded Public Works Programme strategy for improved service delivery will entail planning, coordinating and implementation of the Expanded Public Works Programme by all provincial governments; develop a provincial framework on the Expanded Public Works Programme; review the Gauteng Labour-Intensive Programme; review the work teams strategy of the Expanded Public Works Public Programme; have a clear labour intensive strategy through the Expanded Public Works Programme to create jobs; have an integrated Expanded Public Works Programme guided by number of jobs created, learnerships, skills development, equity,

socioeconomic impact and value for money; utilise public sector budgets to reduce or alleviate unemployment and poverty. The expected results are: more jobs created; increase in learnerships; training for the youth; training for women; training for people with disabilities and measurable socio-economic impact and improved sustainability (DPTRW, 2004:25). What progress has been made in this regard, in particular in terms of setting up the necessary structures to the achieve the desired results?

The Expanded Public Works Programme coordinated management activities involve the following: the establishment of an appropriate centralised coordination and management structure to ensure speedy and qualitative service delivery. The results are that the structure should be established and must be functioning by April 2005 (DPTRW, 2004:25). Has the structure been established and is it functioning as it is supposed to? Once this question is answered, the question of local economic development strategies tapping into this programme will begin to be dealt with.

The Expanded Public Works Programme turn around projects activities encompass the following: building community partnerships and consumer organisations to expand public awareness and their rights in services delivered by the department and private service providers; development, and effective and efficient functioning of multi-purpose centres; review of existing CBPWP in terms of project size, scope and impact; building and modernising healthcare and education facilities, multi-purpose centres, roads, sewage and stormwater drainage systems; communities proactively participate in the maintenance of government assets; Zivuseni Programme: renewal of community assets and development of local skills, develop structured training programmes and a number of viable exit strategies for the programmes at the end of the six months period of employment and link trained beneficiaries to a number of procurement opportunities at the end of the employment programme; and Siyasebenza: Gauteng Labour Intensive Programme (LIP), water reticulation, sanitation, streets, stormwater construction, social building (sports, recreation and schools, local access roads and maintenance of infrastructure projects, adopt the method specification in its approach, involving identification of activities that could be implemented using labour-intensive

construction methods, use for new, rehabilitation, upgrading and maintenance ((DPTRW, 2004:25-26). A major criticism of the EPWP is its failure to target the most vulnerable and below a brief discussion follows on this aspect.

5.3.1 Targeting Beneficiaries

The DPRTW has undertaken an exercise to identify poverty stricken areas/zones in order to assist in its targeting of vulnerable communities (see Table 5.1). It has identified 46 economic sub – zones and classified these into five levels or categories, namely:

- Level 1 – Poverty-Stricken Communities
- Level 2 – Developing Communities
- Level 3 – Stabilising Communities
- Level 4 – Sustainable Communities
- Level 5 – Prosperous Communities

These zones show typical characteristics of the Second Economy, and the developmental challenges relate to the structural manifestation of poverty, under-development and marginalisation. These areas are characterised by issues such as inadequate access to services, high levels of poverty and unemployment (DPTRW, 2005:2-3).

The DPTRW proposes the following development priorities in this economic zone: increased and renewed investment in basic infrastructure to acceptable basic levels and standards; integrated and directed government-led intervention (all departments) as part of a targeted investment programme; implementation of programmes and projects to spur Community-based Economic Development; provision of social and community services as part of an "integrated development package"; and utilisation of Public-Private Sector Partnerships (PPPs) to leverage investment resources (DPTRW, 2005:3-4).

As can be seen from Table 5.1 below, Ekurhuleni's former black townships dominate the list of poverty stricken areas.

Zone Number	Areas
30	Bekkersdal, Zuurbekom, Azaadville, Mohlakeng, Toekomsrus, Kagiso, Rietvallei
38	Mamelodi, Silvertondale, Waltloo, Eersterust, Jan Niemandpark
8	Lenasia South, Ennerdale, Orange Farm, Deep South, Stretford
22	Evaton, Sebokeng, Polokong, West Side Park, Eatonside, Steelview, Roshnee, Ebenhaezer, Rust-ter-Vaal
41	Temba, Hammanskraal, Petronella, Pyramid
6	Soweto, Protea Glen, Naledi, Meadowlands, Orlando, Eldorado Park, Diepkloof, Lenasia, Baralink, Dobsonville
40	Soshanguve, Mabopane, GaRankuwa
9	Tembisa, Olifantsfontein, Modderfontein, Birchleigh, Kaalfontein, Clayville, Ivory Park, Ebony Park, Rabie Ridge
16	Tsakane, KwaThema, Geluksdal, Rand Collieries AH, Selcourt, Bluegum View, Masetjhaba View, Palm Ridge, Dunnottar
15	Alberton, Vosloorus, Tokoza, Katlehong, Alrode, Meyersdal, Brackenhurst, Mapleton AH, Eden Park
26	Carletonville, Khutsong, Western Deep Levels, Welverdiend, Blyvooruitzicht, Blybank
13	Benoni, Daveyton, Apex, Farrarmere, Etwatwa, Crystal Park, Rynfield AH, Putfontein, Mandela Park
45	Bronkhorstspruit, Ekandustria, Witpoort, Ekangala, Zitobeni
4	Alexandra, Modderfontein, Linbro Park, Wynberg, Buccleuch

Table 5.1: Level 1 Economic Zones: Poverty-Stricken Communities

Source: DPTRW, 2005.

As shall be shown below, using the quarterly reports from the National Department of Public Works (NDPW), the results of the first four quarters were submitted to the national EPWP Unit. This is an important development in that the government public works programme has been criticised for its inability to target the intended beneficiaries, that is, women, youth and people with disabilities (McCord, 2003:28). McCord contends that proper targeting of these groups particularly women, the transfers that occur "tend to deliver greater human and social capital benefits to households than those received by men."

To deal with Level 1 Economic Zones (Table 5.1) which are poverty stricken communities, the Gauteng Province's EPWP proposes interventions in these areas as shown in **Appendix C**). From these interventions it is clear that local economic development initiatives are seen as important elements to resuscitate such communities and infrastructure investment and development features strongly in the policy intervention. Therefore, the policy intervention conforms with the hypothesis that infrastructure development is a perquisite for economic development. However, the question that should be asked is, are these areas of economic potential or should the intervention focus on human capital where people are skilled and encouraged to seek opportunities elsewhere as conceptualised in NSDP. It suggests that planning should be informed by the notion of investing in people not places, taking into cognisance the spatial, economic and social disparities created in the past dispensation (The Presidency, 2003).

5.3.2 What has been Achieved So Far?

The study precepts (in Chapter Two) were to examine the policy and legislative framework; processes and mechanisms; institutional arrangements and intergovernmental relations and planning frameworks and ask the following questions: *What is the legislative and policy framework in place to enable public works and local economic development?*; What are the programmes and strategies in place to support public works and local economic development?; *What processes are taking place to enable public works and local economic development across all spheres of government?*; What mechanisms are in place to enable public works and local economic development across all sphere of government?; *What institutional processes are utilised to enable public works and local economic development at national, provincial and local level?*; What institutional structures are in place to enable public works and local economic development at national, provincial and local level?; *What role will the new intergovernmental relations regime play?; and How can the intergovernmental planning framework play an enabling role?* Most of these questions were answered, in large part, in the third and fourth chapters.

The Gauteng Province EPWP was launched slightly more than a year ago (31 August 2004) it would be impossible to make a proper assessment. But the first four quarterly reports show that some of the targets set at the national, provincial, departmental level and by EPWP sector are being progressively achieved. The figures were taken from the fourth quarterly report including cumulative data from previous quarters.

In terms of national totals including provincial figures by sector, the figures for the infrastructure sector for the target groups are: youth (39%), women (35%) and people with disabilities (0.4%) respectively. National targets being the recruitment of 60% women, 20% youth (aged between 18 and 25 years) and 2% people with disabilities (McCord, 2003:28). Obviously more work needs to be done in this sector to attract more women and people with disabilities.

The economic sector (provincial only) the figures are: youth (25%), women (20%) and people with disabilities (0.8%) respectively. The environment and culture sector (national and provincial) the figures are: youth (50%), women (44%) and people with disabilities (1.1%) respectively and the social sector (provincial: Mpumalanga) the figures are: youth (36%), women (64%) and people with disabilities (0.3%) respectively.

As can be seen, women are underrepresented in most of the sectors where government spending tends to be high (the infrastructure and environment and culture sectors) and only one province reported on time during this quarter (fourth quarter).

Figures 5.3 shows the infrastructure sector figures for the Gauteng Province. Targets for the financial year 2004/2005 were not set but the number of work opportunities numbered well over 46 0000, out of this figure, 54% were youth, 25% women and 0.6% people with disabilities. The work opportunities came mainly from Labour Intensive Projects (LIP); Public Works (PW), Construction and Maintenance (C&M), the Community-Based Public Works Programme (CBPWP), Zivuseni and Job Creation

programmes. The largest contributors where the LIP, CBPWP and Zivuseni programmes.

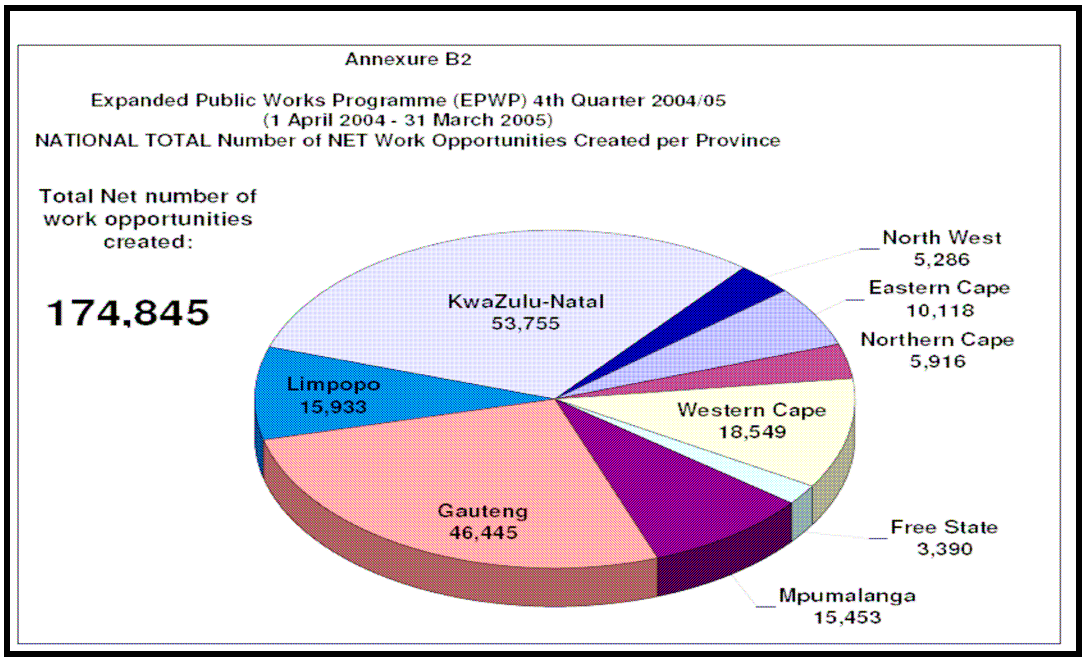


Figure 5.3: EPWP Consolidated by Sector

Source: NDPW, 2005a.

The objective of this study was not to analyse quantitative data but investigate the policy and legislative framework, examine the processes, mechanisms and institutional arrangements that are in place for the implementation of the EPWP. This exercise was to illustrate the magnitude of the programme and the problems that may arise. The Gauteng Province failed to report on the other three sectors for the fourth quarterly report.

5.3.3 Provincial Institutional Arrangements and Implementation Models

Institutional Arrangements

In order to enable implementation of the Gauteng Province Expanded Works Programme, the following institutional arrangements are envisioned: a Provincial Coordination Committee (PCC); create departmental implementation capacity by

setting up a unit: the Chief Directorate: Expanded Public Works; lead departments to prepare EPWP sector business plans and establish intergovernmental linkages (DPTRW, 2004:20).

The Provincial Coordinating Committee (PCC) is responsible for the coordination of the Provincial EPWP efforts. The Department of Public Transport, Roads and Works (through the Chief-Directorate: Expanded Public Works Programme) will convene the PSC (Provincial Steering Committee) and also provide a secretariat support to the PSC. The PCC will comprise of the various Provincial Departments that are responsible for the coordination of the four EPWP sectors. The suggested provincial departments that should be entrusted with the responsibility of being sector-coordinating departments are listed in **Appendix A1** (DPTRW, 2004:18).

Intergovernmental linkages are critical with the three metropolitan municipalities and the three district municipalities in the province. This is to ensure that the full scope of the Provincial EPWP efforts and initiatives could be consolidated. The Gauteng Department Local Government (DLG) should take the lead in this coordination effort given its close working relationship with the local government structures(*ibid.*). DLG is responsible for the Municipal Infrastructure (MIG) in the Gauteng Province and coordinates the formulation of Integrated Development Plans (IDP). It is important to create these linkages but this requires cooperation from all sector departments.

Implementation and Community Participation Models

In terms of the implementation programme the following actions were taken : established a Cabinet Committee; memorandum of understanding between the CETA and the Gauteng Province; memorandum of understanding between the Gauteng Provincial Government and the National Department of Public Works (NDPW); memorandum of understanding between the Gauteng Provincial Government and the National Department of Labour (DoL); consultations with the various provincial departments; preparation of sector business plans; departmental EPWP unit capacitation (sourcing internal staff and external agents); and initiation of Gauteng

EPWP projects. All this culminated in the launch of the EPWP programme on 31 August 2004 (DPTRW, 2004:17-18).

The reporting, monitoring and evaluation component entails monitoring indicators (key six indicators: job opportunity, persons years of employment, project budgets, person training days, demographic data and project wage rate); reporting forms and templates; flow of monitoring information and evaluation of the Gauteng EPWP. However, at the time of writing the vacancy of Director: Monitoring and Evaluation according to the organisational structure was still unfilled. Important to note though, the Gauteng Province submits that the evaluation could be internal and external at various intervals determined by the coordinating department, DPTRW.

The Gauteng Province EPWP in addition to outlining the objectives; key performance criteria; scope of the EPWP; targeting (geographic and social); labour relations framework; and financial implications, it has set up training and community participation models (**see Appendix A2 and A3**). The community participation model adopts the CBPWP model. Therefore, there are indications that attempts are being to set up the necessary mechanisms, link with processes and institutional arrangements to ensure the success of the Gauteng EPWP. EMM's local economic development policy and strategy is discussed in the following section.

5.4 Ekurhuleni Metropolitan Municipality in Context

The Ekurhuleni Metropolitan Municipality is one of the six metropolitan municipalities in South Africa and one of the three in the Gauteng Province. The Ekurhuleni Metropolitan Municipality was established after the Municipal Elections held on 5 December 2000 and is responsible for the rendering of municipal services to the area formerly known as the East Rand (EMM IDP, 2004/2005).

The name Ekurhuleni is a Tsonga word, meaning 'place of peace'. The name was chosen following a public participation process in which hundreds of public submissions from all over the region were received. The use of a Tsonga word, one of

South Africa's eleven official languages, exemplifies the rich diversity of cultures within the area and the Municipality's determination to provide expression to all its residents (*ibid.*).

The region has approximately 2.5-million residents and comprises some 190 000 hectares of land. It has more than 8 000 industries and a bustling commercial sector. The region is responsible for some 23% of the Gross Geographic Product (GGP) of Gauteng, Sub-Saharan Africa's most economically powerful region. Ekurhuleni offers countless opportunities in both the manufacturing and service industries (*ibid.*). The region is divided into three service delivery regions (North, South and East) with 88 wards in total. There are 88 Ward Councillors and 87 Proportionally Representative Councillors, totalling 175 Councillors (*ibid*). Figure 4.3 contextualises the EMM geographically in terms of the African continent, South Africa and the Gauteng Province.

Given the economic position that Ekurhuleni Metropolitan Municipality occupies within Gauteng and the Gauteng Province in South Africa and the Continent, it would appropriate to say that both have to constantly reposition themselves to take advantage of economic opportunities available locally and beyond South Africa's borders. Clearly, there has to be a balance between economic growth and development with social equity and environmental imperatives – particularly in light of the social, spatial and economic disparities that exist within and without the Gauteng Province and Ekurhuleni Metropolitan Municipality. Government, therefore, *inter alia*, is of the view that both the local economic development and the Expanded Public Works Programmes may assist in attending to the tripartite scourge of massive unemployment, widespread poverty and persistent inequality.

5.4.1 Political Arrangements: The Reason Why EMM's LED Strategy is Successful

The figure below (Figure 5.5) illustrates the political structure of the municipality. It is important to note the location of the local economic development function in political structure.

Councillor Akoon (interview, 2005), Member of the Mayoral Committee responsible for Local Economic Development in EMM, made a point to the effect that the EMM's Local Economic Development Strategy is one of the most successful in the country.

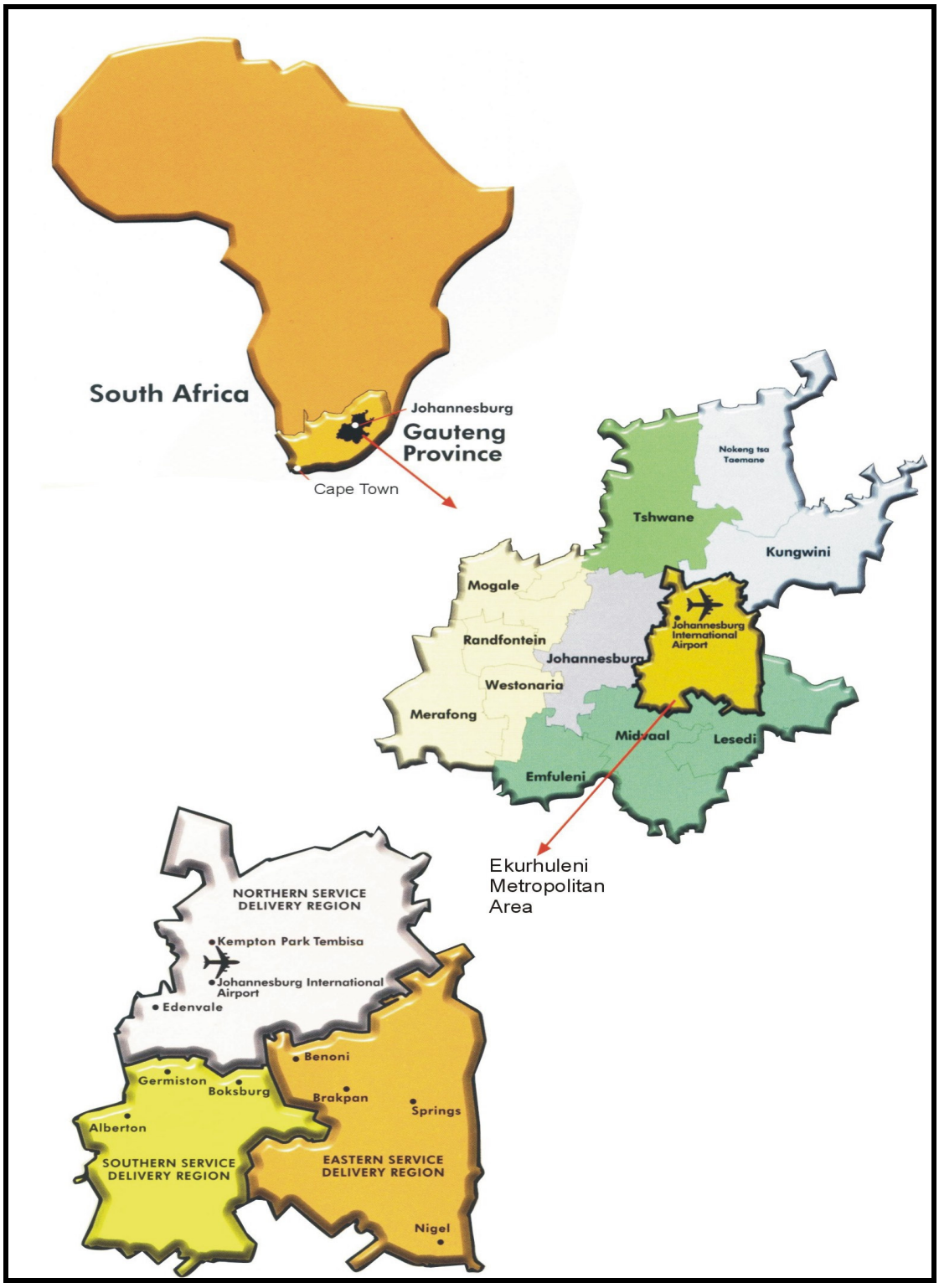


Figure 5.4: Ekurhuleni Metropolitan Municipality in Context

Source: http://www.ekurhuleni.com, 2005.

As Wilcock (2005) points out, for local economic development to leverage provincial and national programmes such as the Expanded Public Works Programme, the LED function should not be regarded as a function on its own and its success dependent on the LED manager.

The function should not be delegated far down the structure. Its success can be limited by the lack of a "champion" with seniority or political standing. Most critically, the LED function needs to be given upgraded status within local authorities and needs to be become a culture which pervades all the municipality's activities rather than just another function competing for scarce resources (Wilcock, 2005). The importance given to the LED function in EMM may explain Councillor Akoon's assertion.

Administratively, the LED function (see Figure 5.6) also highly placed with the organisational structure of EMM. The Executive Director: Local Economic Development reports to the Strategic Executive Director, who reports to the City Manager. This is two levels below the political head.

Therefore, one could say that the LED function, enjoying political authority and being highly placed with the administrative structure of EMM, is in a position to interact interdepartmentally and at a mayoral committee level within the council. Processes such as the Integrated Development Plans (IDPs) and its concomitant sectoral plans, are in a position to engage with local economic development processes.

These engagements, should go beyond the municipality such as leveraging provincial and national programmes and strategies such as the Expanded Public Works Programme and the Gauteng Provincial Growth and Development Strategy which has the following strategic interventions: Gautrain; SMME Agency (GEP); Public Transport; BBBEE; Housing; 2010 Strategy amongst others.

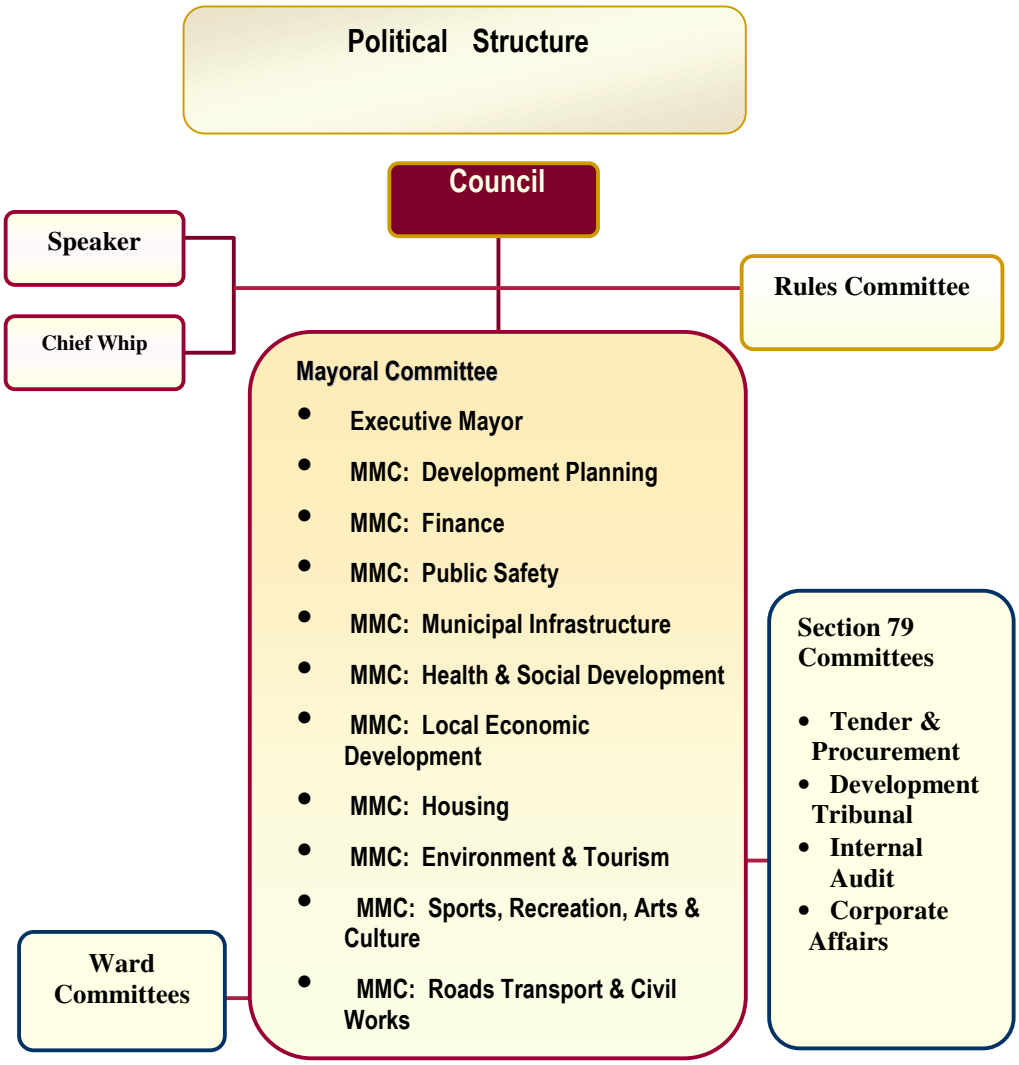


Figure 5.5: EMM Political Structure

Source: EMM IDP, 2004.

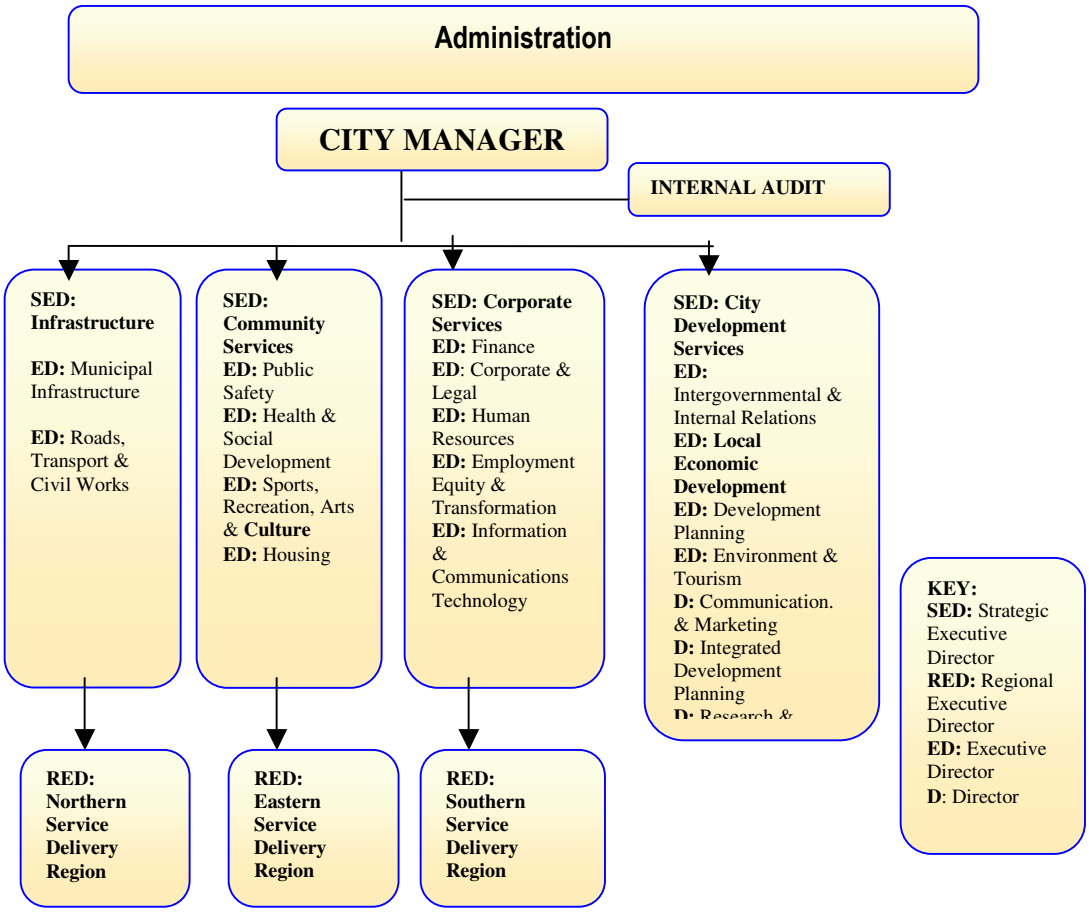


Figure 5.6: EMM Administration

Source: EMM IDP, 2004.

5.5 Local Economic Development: Ekurhuleni Metropolitan Municipality

The local economic development function in Ekurhuleni Metropolitan Municipality falls under the Development Services Cluster under the direction of the Strategic Executive Director. The formulation and implementation of policy and strategy with regard to local economic development is the responsibility of the Executive Director: Local Economic Development.

The EMM embarked an extensive consultative and collaborative process which involved internal (within the EMM local government structures) and external stakeholders. The process began in 2002 and it yielded a number of policy documents. These are the most notable ones: The Ekurhuleni Local Economic Development Policy (2003); Ekurhuleni Economic Strategy (2003); LED Policy and Strategy Implementation Framework (2003); and Local Economic Sustainability Strategy (2003).

The documents that served as input into the policy and strategy formulation entailed extensive studies of the municipality, these were, *inter alia*, the following: economic profile; HIV/AIDS and manufacturing in companies in Ekurhuleni; labour market review; challenges facing cities in decline; environmental studies; procurement strategy; industrial policy; revenue streams studies; transport studies; innovations on service delivery; LED and the economy; promotion of export oriented agriculture studies; property rates (23% of revenue); strategy on skills development; small scale mining; waste management and environmental management.

The mechanisms used and processes followed involved consulting the relevant stakeholders across the municipal structures and outside see **Appendices B1; B2; B3** and **B4** for a detailed outline.

The Ekurhuleni Metropolitan Municipality identified a number of strengths and weaknesses for the *LED Strategic Plan for IDP 2005 – 2009*. They are identified as the following: dominant manufacturing sector; good agricultural land; proximity to the international airport (JIA); access to a large urban market; skilled manufacturing workforce; strong trade links, road and air networks; Wadeville Development Corridor; JIA IDZ, half of the population is of working age; adoption of LED Policy and structure and geographic location (EMM, 2005).

In terms of weaknesses, amongst other, these were regarded as posing serious challenges: LED initiatives implemented in a fragmented and uncoordinated manner; great spatial separations and disparities between towns and townships; urban sprawl increase service provision and transport costs; increasing unemployment; decline in sectoral economic activity; high levels of poverty; invisibility of work done by women where there is no infrastructure; inadequate capacity for delivering sustainable LED Policy; lack of empowered mass participation; incomplete institutional integration of the new municipality; leakage of purchase power and failure at legal reform-apartheid by-laws still in place are inimical to economic development (*ibid.*).

Local Economic Development Policy Framework

The EMM has drawn up principles for a local economic development policy framework. They need no explanation, most are clear and straightforward and easy to understand. Most draw from national government policy and one begins to see a move towards policy coherence. They are: a people focus and putting the poor first (Batho Pele); recognition of the differences within communities; recognition of the holistic nature of people's lives; linking micro with macro; accessible institutional structures and processes; mainstreaming the environment within the holistic approach; state-led partnership approaches between community, labour and private sector; and learning to listen (EMM, 2005/). The EMM policy, strategy and implementation framework adopted was in 2003. In essence this is fairly a new structure very much like the Expanded Public Works Programme which was announced in 2003 by the President of the Republic of South Africa. Therefore, a proper assessment in terms of community impact is not possible.

With regard to the LED policy framework in the Ekurhuleni Metropolitan Municipality, there are ten (10) policy thrusts, namely: local production for local need; a cooperative movement to represent community-based interventions in the local economy; a skills development network; develop and sustain urban and commercial agriculture to build food security; promote waste recycling and reusable energy; build local development capital; ensure participatory and integrated planning; maintain

linkages with the industrial base; facilitate and grow SMMEs; and affirm local procurement (EMM, 2005).

The EMM's LED strategy identifies the following the aspects: administered pricing and tariffs; ring fencing of revenue; developing and sustaining economic sectors (covering agriculture – primary, manufacturing and construction – secondary, and services – tertiary; finance – tertiary; electricity and water services – public Sector); development zones; harnessing conditional grants; mainstreaming the informal sector and women into the formal economy; procurement; service levels to business and industry linked to retention plans and register of businesses-formal and informal.

The EMM plans to drive this LED strategy by ensuring: cooperative governance; partnership; rapid responsiveness to innovation and investment and sound intergovernmental relations. One can conclude that the EMM has managed to create an environment (policies, processes, mechanisms, and institutional arrangements) where parties concerned can engage and deliberate on policy direction across all the societal structures.

In terms of both programmes, the Expanded Public Works Programme and local economic development in the Gauteng Province and EMM, although it is difficult to make a proper assessment of the impact on communities, have managed to set up structures and build on others to ensure policy coherence and programme implementation. The EMM recognises that there are still issues of equity in the municipality that must be dealt with and the Gauteng Provincial Government in terms of the EPWP have identified economic zones, the EMM features strongly in their economic zone 1 which was identified as an of area poverty stricken communities.

5.6 Conclusion

The preceding assessment of the policy and strategic objectives of both the provincial department (DPTRW) and EMM reveal that there are fundamental overlaps and possible synergies and synchronisation can be further explored. Most certainly, the

Expanded Public Works Programme features strongly in the EMM IDP and there appears to be interdepartmental cooperation within the municipality. In terms of the DPTRW their activities and outcomes do relate to issues of local economic development such as SMME development, simplifying procurement procedures, and the emphasis on increasing the labour:capital ratio in favour of labour intensive methods. What the DPTRW is silent about is how to actively engage with local government on programmes which have been identified by communities as priorities. This is seen as the sole responsibility of the Gauteng Department of Local Government.

It is apparent there are fundamental challenges that are facing government with regard to the delivery of services, in particular, programmes such as the Expanded Public Works and local economic development, where the question of skills, training, capacity and other blockages keep resurfacing in the policy engagement. In their *LED Strategic Plan for IDP 2005 – 2009*, the LED Department identify core challenges and one of these is:

> "Implementation of the LED Policy and Strategy requires a mind set shift within the municipality to work both vertically and horizontally in a cross cutting manner. The centrality and strategic nature of LED in municipal work, in the regulatory processes, the implementation mechanisms and vehicles needs to be acknowledged. This requires a shift from the bureaucratic culture, which is organised on vertical, departmentally focused manner of fulfilling administrative requirements. In order to achieve local economic development the global view of the region, a focused approach to the strategy and support for a completely new functional entity which attempts to bring together a small team of professionals with business analysis and business process transformation skills will be required to ensure that the responsibility of delivery a core or basic service enables economic empowerment in society."

In a way this encapsulates the views expressed by the interviewees on the interpretation of policy by government officials and other stakeholders. In the final chapter, conclusions are made, implications for the planning profession are pointed out and recommendations for a way forward are suggested.

CHAPTER SIX

6. CONCLUSIONS: IMPLICATIONS FOR PLANNING AND RECOMMENDATIONS

6.1 Overview

Massive poverty, unemployment and inequality characterises most developing countries, South Africa is no exception. South Africa's situation is exacerbated by its past history of racial, economic and spatial exclusion and the current global economic architecture. When the ANC-led government came into power in 1994, it had to devise policy interventions to respond to these challenges. Some of these policy interventions yielded programmes such as the Expanded Public Works Programme and local economic development programme within a framework of intergovernmental relations and planning.

The research report set out to establish that the Expanded Public Works Programme has an inherent potential to stimulate local economic development. An extensive literature review ensued, and a conceptual framework was developed. In the literature, the theoretical relationship between public works, in particular, infrastructure investment and development and economic development was established. It was argued that both concepts draw their philosophical and theoretical foundations from economic development and economics. It was also established that South Africa's public works programme embraces the concept of sustainable development – its policy intervention and programme design goes beyond the traditional definition of infrastructure development by focusing on secondary objectives: equity, gender equity, skills development, poverty alleviation and so on.

However, as many of the authors and interviewees (Masika and Baden, 1997; Wilcock, 2005; McCutcheon and Taylor-Parkins, 2003; Kessides, 1993; Malazia and Feser,

1999; Blakely and Bradshaw, 2002; Meyer-Stamer, 2003) argue, for any of the programmes to succeed, resources are required. But most importantly, policies, processes, mechanisms and institutional arrangements must be in place first and must be responsive.

6.2 Conclusions : Recap

Within the context of these challenges, all spheres of government and given the infancy of the policies, processes, mechanisms and institutional arrangements discussed in this study, are beginning to engage. However, there is still much work to be done as the processes unfold. In essence, there is room for optimism if one considers the amount of work done by EMM to establish relationships across all governmental and societal entities. The EMM local economic development policy and strategy and proposed interventions they echo government policy framework as discussed in this study.

What can be said in terms of conclusions is to briefly go back to what this report intended do. Firstly, the study set out to investigate the hypothesis that the South African Expanded Public Works Programme can serve as a powerful tool for local economic development. Firstly, this was in the context of a policy and legislative framework: intergovernmental relations and the planning process, which was assumed to be underutilised. Furthermore, it acknowledged that South Africa is linked to the global economic system which poses serious challenges in realising policy objectives.

Secondly, it was argued that the concept of public works and local economic development borrow from economic development and economics theories. A theoretical convergence was established where it was said that theories of unbalanced growth (Albert Hirschman, development theory) and growth pole (Francois Perroux, economics theory) shared similar attributes. It was further argued that there has been a shift from focusing on pure economics and physical infrastructure to what Wilcock (2004) calls secondary objectives: social and environmental equity. Hence, it was possible to develop a conceptual framework which said that the approach of the study

will be both an interventionist and a non-interventionist position in view of optimising efficiencies and protecting the most vulnerable and marginalised in society.
Thirdly, it was argued that the concept of intergovernmental relations and planning are central to the concepts of public works and local economic development. The postulation was that if public works is viewed firstly as a primary objective by the public and private sectors and public expenditure is to occur, then the necessary structures, policies, regulatory framework, processes and mechanisms need to be place. It was posited that it would ensure that issues of efficiency and equity are addressed. In other words, the markets cannot be left alone in the hope that there will be a 'trickle-down effect' to those are most vulnerable and marginalised in society.

Fourthly, the Expanded Public Works Programme and the local economic development programmes were reviewed from a national perspective and conceptualisation. It was established that indeed, the national perspective and conceptualisation resonates with the conceptual framework that was developed earlier. Similarly, the policy and legislative framework is conceptualised in such a manner that it embraces efficiencies while it recognises that 'secondary objectives' need to be addressed given the historical, racial, economic and spatial disparities in South Africa and that government should intervene.

And finally, the Gauteng Province's EPWP and local economic development policies and strategies of EMM were analysed and it was established that they reverberate with the national policy and legislative framework. Both the province and EMM have committed themselves to intergovernmental planning and relations by setting up structures, engaging in processes and devising mechanisms to ensure the leveraging of resources across all societal entities.

However, it was pointed out that the right policies, processes and institutional arrangements might be in place in but the practice might be contrary. All of the interviewees share the same sentiment that there is a problem in policy interpretation and conceptualisation. It was also alluded to the fact that government entities were

operating 'silos' and engaging 'turf wars' which are sometimes interpreted as policy failure. Therefore, a fundamental mental and mind set shift to implement government policy and programmes and ultimately achieve relative policy coherence was required. In the next section, the implications for planning discussed.

6.3 Implications for Planning

As alluded to elsewhere in this report, the IDP process and as Layman (2003:16) attests, in "… state-wide planning, municipal integrated development plans (IDPs) must serve as the basis for aligning the policies, planning and budgeting of all three spheres." Thus, planning must position itself in such a manner it is able to assume this colossal task of integrating and ensuring policy coherence. It is a call to the planning profession to take centre stage. Subsequently, the policy pronouncement by government was a clarion call for planning to cast aside its shady past and begin to engage in the national development discourse and assist to shape government policy.

Harrison (2003:8) sheds light on the task that awaits planning by alluding to the concepts of integrated governance, policy coherence and adoption of cluster models since 1999 by the Mbeki Administration. Essentially, these entails bringing together the various ministries and departments that share commonalities or related portfolios: social services; macroeconomic; governance; safety and security; investment and employment; and international relations. Planning as an interdisciplinary and cross cutting field has an advantage to interpret and engage with these processes, and institutions and guide policy direction.

6.4 Recommendations

In terms of the study, the apparent challenges are intergovernmental and interdepartmental coordination across all the spheres of government even where structures are in place for cooperation and engagement. Issues of capacity at institutional and implantation level, skills in particular in the built environment are highlighted as critical for the success of the EPWP programme and the EMM alluded to the fact they are undercapacitated in terms of business analysis and business process

transformation skills. A few suggestions are made below for policy optimisation. Most of the areas have been adequately covered in terms of policy and strategic documents, what is needed is to commit resources.

In terms of the Gauteng Province EPWP the following needs to be looked at:

- Engage with local municipalities robustly, directly or through the DLG to create awareness on the EPWP, e.g. community radio stations, newspapers or local multipurpose centres
- Commit human and financial resources for the proper functioning and strengthening of the various implementation institutions
- Speed up the improvement of procurement turnaround times, especially where small businesses are concerned
- Capacitate internal staff to able to engage with processes competently and compassionately especially when dealing with poor communities and small business
- Intensify the inculcation of the Batho Pele principles in view of the fact that the public sector is still perceived as unresponsive and inefficient when dealing with the general public, especially poor communities

With regards to EMM LED policy and strategy, areas of improvement are:

- Resource and capacitate programmes that are targeted at women, youth, people with disabilities and historically disadvantaged communities
- Make link with Municipal Infrastructure Portfolio for political leadership to leverage the EPWP at provincial level
- Vigorously pursue skills development strategy to enable communities to take charge of their destinies and participate in the local economy
- Intensify process of removing apartheid by-laws which are hampering small business
- Political interaction and engagement at Mayoral Committee level is required to deal with interdepartmental coordination in view of achieving municipal-wide impact of LED strategies and interventions