The role of National LED Policies and Frameworks in enabling Ekurhuleni's LED Strategy

A Research Report by

Alistair Fray

(Student No. 601987)

Mr Murray Cairns

(Supervisor)

Graduate School of Public & Development Management

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Research contributes 25% to total)

Tel: 082 334 8958
Eml: alistair.fray@gmail.com

ABSTRACT

In March 2005 the state published the “Guidelines for Implementing LED in South Africa” (Guidelines) and followed this up in September 2006 with the LED Policy Framework “Stimulating and Developing Sustainable Local Economies” (Framework). Both the Guidelines and the Framework was meant to assist local government with the development and implementation of their LED Strategies/Plans.

This research report critically examines the relationship between the LED Strategy of the Ekurhuleni Metropolitan Municipality and the Guidelines and Framework as set out by National Government. It assesses to what extent these and other associated policies and guidelines facilitated the outcomes of the Ekurhuleni’s LED Strategy. It attempts to answer the question: To what extent has the outcomes of the LED Strategy of the Ekurhuleni Metropolitan Municipality been influenced by national government policies on LED?

The theoretical framework of this research report is based on an examination of international and South African literature dealing, to some extent with development issues, but in the main with LED. Conceptually the research process was guided by i) the two globally emerging LED themes, ii) the main areas of implementation of LED and iii) the policies and guidelines on LED of the South African Government.

The research findings indicate that the Ekurhuleni Metropolitan Municipality’s LED implementation process was actually fairly aligned to both the National LED Guideline and the National LED Framework. It emerged that the National LED Framework and Guideline was modelled on the Ekurhuleni Strategy. The Aerotropolis Strategy was the only action being implemented that did not really align itself to the Guideline or the `Framework other than to be seen as a “competitive advantage”

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Chapter One

“Poverty is not an accident. Like slavery and apartheid, it is man-made and can be removed by the actions of human beings”

Nelson Mandela

1 INTRODUCTION

1.1 Introduction

Since the watershed 1994 elections in South Africa, the state has introduced a number of policy measures to tackle the severe economic and employment crisis which the ‘new’ South Africa had inherited from the apartheid regime. One of the key policy measures is the increased autonomy provided to local government in managing its affairs. This has brought a new dimension to how municipalities are structured (Grant & Dollery, 2010). The White Paper on Local Government provides for additional tasks which comes with this increase autonomy, stating that local government “…is responsible for taking active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities” (Provincial Affairs & Constitutional Development, 1998, p. 24).

The responsibility of local government to encourage social development and to play a role in the development of the local economy can therefore be seen as a “new role” that has constitutionally and legislatively been allocated to local government (Taylor, 2003, p. 294). This is a notable deviation from the case prior to 1994 where municipalities were only responsible for delivering typical municipal services (Nel & Binns, 2001). This additional function has given rise to Local Economic Development (LED), as a development approach, to grow in stature in South Africa, especially in the development planning arena (Rogerson, 2008).

The South African government has gone one step further and has legislated LED as part of the Local Government Integrated Development Planning (IDP) process. This means that all municipalities in South Africa should have an LED Strategy as part of its IDP. In addition, the state has introduced policy frameworks and guidelines which are aimed at supporting and guiding the implementation of LED activities, especially at a local government level.

The purpose of this research therefore is to study how LED is being implemented at the sphere of local government, focusing on the Ekurhuleni Metropolitan Municipality, and to specifically assess to what extent national government's policy frameworks and guidelines, have facilitated the outcomes of the Ekurhuleni Metropolitan Municipality's local economic development strategy.

1.2 Local Economic Development - the Global Context

According to McCann (2008) the greatest institutional and technological changes which affected the way the modern world looked at economics occurred between 1988 and 1994. During this period the world witnessed the unification of Germany in 1989, the opening up of the Chinese market, the introduction of the Euro as the new 'currency' of the European Monetary Union, leading to a EU single market in 1992, the emergence of a 'new' South Africa in 1994, industrial reforms in India and Indonesia (Barca, McCann, & Rodríguez-Pose, 2012). In addition, this period saw a number of treaties on investment and taxation between countries being concluded (McCann, 2008). As a result of these and other factors, theories around economic growth and development have, in the last few decades, made huge strides (Barca *et al*., 2012).

However, one cannot look at economic growth and development without looking at globalisation trends which are now shaping how governments look at economic development (Felbinger & Robey, 2001). According to Weiss (1999, p. 60), because of globalisation "the state is no longer in command of its territory" and in essence has lost control of its national economy. This has given rise to localities and regions identifying their endogenous strengths and then pursuing their own locally driven economic development strategies. Rücker & Trah (2007) believe that globalisation provides both opportunities and risks for a local economy. On the one hand they indicate that there is pressure placed on a local economy to compete on a global stage and to adapt to all the global forces being placed on it. While on the other hand they say it provides new opportunities to participate in different markets and to attract a variety of investors. These strategies that are implemented by localities to deal with both the opportunities and risks for their local economies are what is called Local Economic Development (LED).

Local Economic Development has been practised on a large-scale, especially in developed countries in the Northern hemisphere. From the late 1960s, to the early

1970s local economic development in the United Kingdom took the form of Local Enterprise Boards driven by the public sector, while in Europe and the United States it took the form of private sector led initiatives (Gaule, 2011). In the southern hemisphere, especially in developing countries, LED is a fairly recent phenomenon. However it is gradually emerging as a strong process for reasons that are not too different from that of countries in the northern hemisphere (Nel, 2001)

1.3 Local Economic Development - the South African Context

Like the rest of the world, localities within South Africa are experiencing the same pressures exerted by globalisation and the opportunities presented by the opening up of world markets. However, the situation in South Africa is exacerbated by the legacy of apartheid which created a spatial divide based on race and this legacy still stubbornly lingers, after 20 years of democratic rule.

As a way of combating this legacy, the post-apartheid government has committed itself to implementing development strategies that would counter discriminatory approaches to community development (Nel, Hill, & Binns, 1997). Local government within South Africa has therefore, subsequently, been given more powers and functions through the Constitution and through a number of legislated acts. For example, the Municipal Structures Act No. 117 of 1998 not only makes available the criteria for determining the type of municipality to be established in an area, but sets out appropriate division of functions and powers between categories of municipality. The Municipal Systems Act, No. 32 of 2000 provides for the core principles, mechanisms and processes, including forms of public participation in municipal decision-making, that are necessary to enable municipalities to move progressively towards the social and economic upliftment of local communities. These acts and other legislation including the Municipal Fiscal Powers and Functions Act No. 12 of 2007, the Municipal Finance Management Act No 56 of 2003 and the Municipal Property Rates Act No. 6 of 2004 have provided municipalities with more powers and functions than they have ever had in the past.

The White Paper on Local Government which indicates the approach the democratic state will follow with regards to local government states that a “Developmental Local Government is 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." (Provincial Affairs & Constitutional Development, 1998, p. 23).

It is within this global, historical and legislative context that local economic development has become a "tried and tested" tool to speed up economic development in the post-apartheid South Africa (Kanyane, 2008, p. 699). However Kanyane (2008) goes on to indicate that even though a lot has been achieved in South Africa since 1994, local economic development initiatives still have to operate in provinces such as Limpopo, Eastern Cape and the Free State where the rate of poverty is still much higher than the norm.

1.4 Local Economic Development - an Overview

Local Economic Development, commonly known as LED, is an approach being used worldwide as a means to develop and grow local economies. It is about local people tackling economic challenges together in order for their specific locality[1] to achieve sustainable growth and provide economic benefits to all (World Bank, 2004). It focuses on the outcomes of local initiatives which are driven, and in most instances, executed by local stakeholders. Broadly the objective of any LED initiative is to create employment opportunities for local communities (Kanyane, 2008).

A lot has been written about local economic development as a means of tackling economic challenges occurring at a local municipal level. However experience has shown that the practice of LED is continually evolving (DPLG, 2006). Nel (2001) indicates that LED has no real cut and dried definition, nor does it have a specific set of characteristics which can be ascribed to it. However, approximately three decades ago the academic fraternity started writing about the commonalities found within this phenomenon. One of those, Syrett (1995, p. 3) talks about LED as a "process" which has "Local Economic Initiatives" and which he says involves mobilising and developing resources found at a local level in order to tackle local socio-economic problems. He further indicates that these local economic initiatives are executed by different types of institutions including small firms, co-operatives, community-run businesses, self-help networks and development support agencies. While Zaaijer and Sara (1993, p. 129), like Syrett, believe that Local Economic Development is "essentially a process" they add in the component of "partnership arrangements"

[1] A locality is a "descriptive term for where people live out their daily working lives" (Cooke, 1989, p. 3)

amongst the role-players, "in order to create new jobs and stimulate economic activity in an economic area".

In addition, there is a debate around the difference between the theories of 'local' economic development and that of 'national' economic development. In this respect, Tello (2010) has identified 4 aspects that separate these theories. The first aspect is the position of the locality in the geographical area. Local economic development does not assume that the area is homogeneous. The second aspect is the type of goods and services the different spheres of government provide. In general, these goods and services differ greatly between national and local. The third aspect is the role and participation of local stakeholders. At a national level the inputs of the stakeholders are not considered. Finally, the fourth aspect is the multidisciplinary system which characterises local economic initiatives. At a local level, spatial theory, economic theory, governance systems, are just some of the issues which would affect local economic development.

1.5 South Africa and Local Economic Development

In South Africa, Local Economic Development first appeared as a developmental theme in the 1990s with the emphasis on small and medium enterprise development. Since South Africa's transition to democracy, local economic development has become an important component of the development planning process (Rogerson, 2010b). Even though the South African government had legislated LED as a planning process through the Local Government Integrated Development Plan, during the very early stages of implementation, there has been limited success at a local government level. This was mainly due to a lack of policy or guidelines in place for municipalities to effectively carry out local economic development (Rogerson, 2007).

Since 1995, there have been many changes in the way LED activities are implemented across South Africa. The first real attempt by the state to financially support LED occurred in the 2000/01 financial year when a conditional grant was provided to municipalities (through the national Department of Provincial and Local Government - DPLG) for "Social Plan Measures" which was to provide funding for "local economic regeneration studies in localities affected by large-scale retrenchments" (National Treasury, 2000, p. 17). A year later, this conditional grant had evolved into the "LED Fund and Social Plan Measures Grant" (LEDF) with the purpose of supporting "planning and implementation of job creation and poverty alleviation projects" (National Treasury, 2001, p. 42). Municipalities had to 'apply' through a 'business plan' to DPLG in order to access the LEDF. Based on predetermined criteria, the business plan was evaluated and the application of the municipality was either approved or turned down. The LEDF conditional grant was run for five years from its inception in 2000, however the implementation of the activities funded by the grant was done in a policy vacuum (Nel & Rogerson, 2007).

The period 2005-2007 marked a major turning point in the policy development arena of South Africa (Rogerson, 2011) with the release of the Guidelines for Implementing LED in South Africa and the National LED Framework - *Stimulating and Developing Sustainable Local Economies.* The National Framework has as its main theme the creation of "robust and inclusive local economies" (DPLG, 2006, p. 17). Both the Policy Guidelines and the National Framework, for the first time, provided a comprehensive policy framework and common understanding and goals for the practice of LED within the local government arena.

Despite these provisions, there are still a number of obstacles that municipalities experience during the implementation of local economic development initiatives. These challenges range from municipalities not taking LED seriously as a developmental process, to the inadequate capacity and capability of municipal staff to plan, manage and implement local economic development initiatives (Rogerson, 2010b).

1.6 Ekurhuleni and Local Economic Development

1.6.1 The Background

Ekurhuleni is one of the eight metropolitan municipalities in South Africa and forms one of the six districts of the Gauteng Province, which includes two other metros namely Johannesburg and Tswane (Pretoria). The name 'Ekurhuleni' is a Tsonga word meaning 'place of peace'. Ekurhuleni Metropolitan Municipality is unique in the sense that of the six Metropolitan municipalities that existed at the time of the implementation of the new Municipal Systems Act (No 32 of 2000), it was the only Metropolitan municipality that was not formed around a uni-city (Interview: Mohan, 2015). Ekurhuleni is actually an amalgamation of the nine different East Rand towns of Alberton, Benoni, Boksburg, Brakpan, Edenvale, Germiston, Kempton Park, Nigel, and Springs and two administrative areas (from the Transitional Local Councils between 1995 and 2000). Each of these towns had their own residential township where, historically, the African population resided, and their own industrial base.

Table 1: Towns, Townships and Industrial Nodes of Ekurhuleni

Town	Township/s	Industrial Zone
Alberton	Thokoza	Alrode, Benoni South
Benoni	Daveyton, Etwatwa & Wattville	Apex
Boksburg	Vosloorus	Jet Park, Anderbolt
Brakpan	Tsakana	Vulcania, Maryvlei
Edenvale	Lethabong, Umthembeka	Sebenza
Germiston	Katlehong	Elandsfontein, Wadeville
Kempton Park	Thembisa	Spartan, Isando & Chloorkop
Nigel	Duduza	Vorsterskroon
Springs	KwaThema	New Era, Nuffield

1.6.2 The History

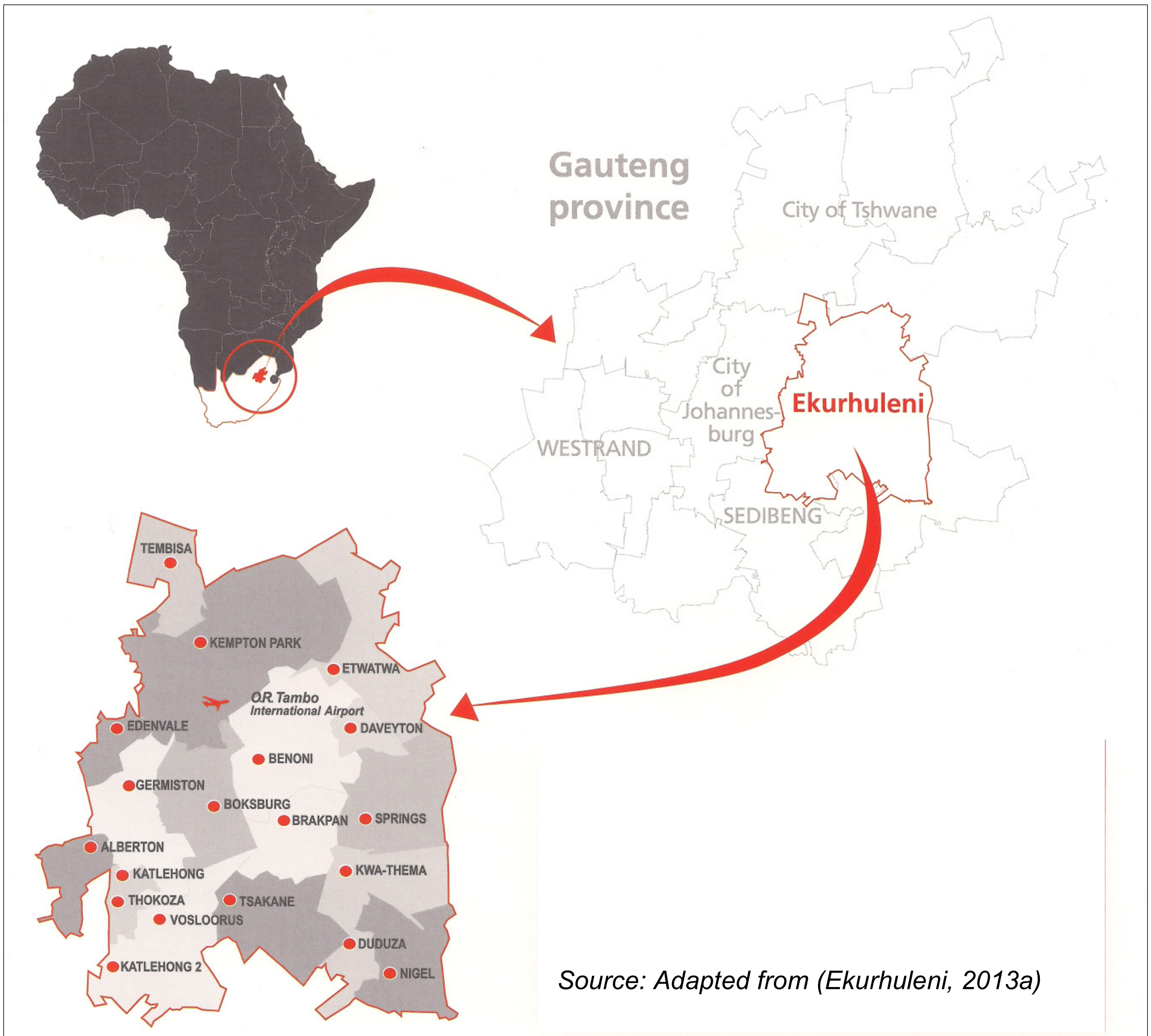
The nine East Rand towns making up Ekurhuleni and their industrial zones were spawned as mining settlements towards the end of the 19th century, and were influenced by the ‘gold rush’ which started around 1910 (Nieftagodien, 2006). As a direct result of the need to transport gold and to receive mining resources, transport infrastructure and especially rail infrastructure and networks in Gauteng started in Ekurhuleni (Germiston) (Interview: Mohan, 2015).

Machaka and Roberts (2006, p. 120), indicate that Ekurhuleni has the “largest concentration of industrial activity in South Africa”. They even believe that it could be the largest in all of sub-Saharan Africa. The concentration of the different industries occurred historically because of the manufacturing and supply of gold mining machinery and other types of hardware including, later in the 1960s – 70s, that of military products (Rogerson, 2005b). During those early periods, the East Rand became South Africa’s workshop of industry where the “engineering and metal companies dominated the region’s industrial landscape” (Nieftagodien, 2006, p. 95 & 96). According to a Natural Resource Development Council Report of 1957 a “third of the country’s industrial establishments” between 1948 and 1949 were located in the East Rand (as cited in Nieftagodien, 2006, p. 94). Although the manufacturing economy entered a period of decline from the mid-1970s onwards (Rogerson C. , 2005b), according to Machaka and Roberts (2006), the Ekurhuleni of today still reflects that legacy of how its industries were structured in the gold booming years.

1.6.3 The Present

Presently, Ekurhuleni probably best reflects the average profile of the eight Metropolitan Municipalities in South Africa based on the unemployment rate (28.8%), economic growth rate (2.47%) and population size (3,178,470), where it is ranked fourth out of the eight Metropolitan Municipalities in each of these categories (Stats SA, 2011). Like all Metropolitan Municipalities, it is urban-based with 99.4% of its population living in either formal or informal urban settlements. However, its 122 informal settlements (more than the number of wards in the metro) give it one of the highest numbers of informal settlements of all the Metropolitan Municipalities (Ekurhuleni IDP, 2013; Interview: Mohan, 2015). The development balance that the municipality therefore has to maintain between the formal and informal settlements further adds to the development challenges of Ekurhuleni.

Figure 1: Map and situational context of the Ekurhuleni Metropolitan Municipality



Source: Adapted from (Ekurhuleni, 2013a)

In the first published State of the Cities Report in 2004, the South African Cities Network (SACN) recognises that even though Ekurhuleni is a municipality on its own, it forms “part of a much larger urban system that now spans much of Gauteng and beyond” (SACN, 2004, p. 24). All those interviewed from the Ekurhuleni Metropolitan municipality during the course of this research agreed that any planning and implementation of any policy or strategy has to take into consideration the other five districts of the Gauteng Province. This sentiment by both appointed and elected officials confirms the notion that Ekurhuleni, together with its sister metros in Gauteng, Johannesburg and Tswane and the two other key municipalities of Mogale City (Krugersdorp) and Emfuleni (Vereeniging and Vanderbijlpark), “constitute a virtually continuous urban ‘extent’” (SACN, 2004, p. 24) and as such have an influence on each other’s economies.

1.6.4 The LED Framework

According to Mohan (Interview, 2015), it is within the historical background of these nine different towns, their amalgamation into one municipal area and the recent activities around what constitutes a Metropolitan municipality that the economic thinking and planning for Ekurhuleni emerged. It took almost a year of stakeholder consultations and testing with communities when the first Local Economic Development Framework for the Ekurhuleni Metropolitan Municipality was presented to the Municipal Council for adoption in February 2003 (Interview: Mohan, 2015). The Framework consisted of three parts namely: (i) Ekurhuleni Local Economic Development Policy which sets out ten policy thrusts which are based on eight development principles, (ii) Ekurhuleni Economic Strategy which points to the manner in which the Ekurhuleni economy should be structured and managed and (iii) LED Policy and Strategy Implementation Framework which sets out the vision, mission and objectives of the Local Economic Development Framework (Ekurhuleni LED Directorate, 2003). These three components of the LED Framework laid the foundation for all the subsequent LED strategies and initiatives developed and implemented by Ekurhuleni (Interview: Mohan, 2015).

The LED Policy Framework takes into consideration the specific economic nuances of the municipality. For example, the Ekurhuleni LED policy framework recognises that the municipality has an above average number of manufacturing businesses in its boundaries (Ekurhuleni IDP, 2013) and therefore the LED strategies that are developed should reflect this. It emphasises an inclusive driven process which makes use of co-operatives as a means of bringing the poor and vulnerable into the mainstream economy of Ekurhuleni. In a Case Study prepared for the World Bank-Netherlands Partnership Program, Rogerson (2005a, p. 11) indicates that there is an "over-riding pro-poor" focus in the LED Policy of Ekurhuleni which is "reflected directly in many of the policy thrusts for creating a people-centred economy".

1.7 Problem Statement

There is a vast amount of literature on local economic development in South Africa. Most of it relates to how it has evolved (Bloch, 2000; Nel, 2001; Nel, Binns, & Bek, 2009); what the possibilities of local economic development are (Abrahams, 2003; Rogerson, 2010); how government policies relate to the phenomenon (Nel & Binns, 2001; Nel & Rogerson, 2007); how the 3 categories (Metro, District and Local) of municipality go about doing local economic development (Gibb & Nel, 2007; Rogerson, 2000); and how the different sectors are affected by the phenomenon (Gunter & Scheepers, 2010; Marais, 2010; Heideman, 2011).

However, there seems to be a gap in the literature around the efficacy of the local economic development strategy that must be developed by the different categories of municipalities, and how legislative and regulatory frameworks facilitate this efficacy. The LED strategy is one of the components of the Integrated Development Plan (IDP), which is a legislated requirement for local government. No literature could be found on how the LED Policy Guidelines or the National LED Framework has affected and influenced the LED strategies of municipalities, how it has supported the effectiveness of these strategies and whether the measures articulated have guided the outcomes of the municipal LED strategy

It is important to know how national policies affect the implementation of activities and mandates of municipalities. Without this knowledge and understanding, policies cannot be reviewed and adapted in order to effectively guide implementation or serve the purpose for which they have been created.

By assessing and evaluating how government policies affect and influence the outcomes of the Ekurhuleni Local Economic Development Strategy, the study will determine how effective the Policy Guidelines and the National Framework are in guiding and supporting the implementation of the Strategy. As an additional by-product, it will highlight the capacity and capability that the municipality has to plan, manage and implement the local economic development initiatives of the municipality.

A study like this will feed into the review process of the National LED Framework which is underway at present (to be completed by the end of the 2014/15 financial year) and contribute to the fine-tuning of government policies around local economic development. It will also provide input in the subsequent LED Implementation Plan which is scheduled to be drafted in time for the new local government cycle starting in 2016.

1.8 Purpose Statement

The purpose of this research is to assess to what extent government's National Framework for Local Economic Development and the associated Policy Guidelines, as set out by the Department of Provincial and Local Government, has facilitated the outcomes of the Ekurhuleni Metropolitan Municipality's local economic development strategy.

Through an approach which solicited information from those involved in the LED strategy planning and implementation process and the beneficiaries of the strategy, the research attempts to answer how the outcomes of the LED Strategy of the Ekurhuleni Metropolitan Municipality has been influenced by national government policies on LED and whether this strategy conforms to policy guidelines.

1.9 Research Question

How has the National Framework for Local Economic Development and the Local Economic Development Policy Guidelines enabled the appointed and elected officials of the Ekurhuleni Metropolitan Municipality to strengthen its planning and implementation process of its Local Economic Development Strategy and to what extent has the achievement of the outcomes of the LED strategy been due to this "improved" planning process?

1.10 Structure of the Research Report

The research report has six chapters altogether

<u>Chapter One: Introduction</u>. This chapter provides a brief background around the context of LED globally, nationally and within Ekurhuleni. It also elaborates the problem statement, purpose of the research, and the research question.

Chapter Two: Literature Review. This chapter looks at the literature written on local economic development at a global level, and at a national and local level. It elaborates the emerging themes of local economic development and the changes that local economic development is undergoing. It also provides a conceptual framework for the gathering of information

Chapter Three: Methodology. This chapter elaborates the way the researcher went about collecting the data and the type of processes that the researcher used to start analysing the data.

Chapter Four: Presentation of the Data. This chapter presented the data in a structured way based on the conceptual framework elaborated in Chapter Two

Chapter Five: Analysis. This chapter uses the data gathered and presented in Chapter Four, compares it with the information contained in Chapter Two and, using the Conceptual Framework, analyses the data into coherent information.

Chapter Six: Conclusion.This chapter reviews each of the chapters and provides a conclusion to the research report.

Chapter Two

"The best of a book is not the thought which it contains, but the thought which it suggests; just as the charm of music dwells not in the tones but in the echoes of our hearts."

Oliver Wendell Holmes

2 LITERATURE REVIEW

2.1 Introduction

The purpose of this chapter is to provide a review of some of the academic literature found on Local Economic Development (LED) which in turn served as a basis for the research study on assessing the role of National LED Policies and Frameworks in enabling Ekurhuleni's LED Strategy.

This Literature Review briefly looks at the history of Local Economic Development as it evolved over time and provides a brief overview of LED literature at an international level where it touches on the two schools of thought which are predominant in the Local Economic Development debate. It then looks at LED literature specifically in a South African context. After this broad view of LED in the South African context, the literature review then drills down into the emerging issues, trends and challenges faced by local government in South Africa in implementing Local Economic Development initiatives.

Because of the vast amount of literature which exists on Local Economic Development, this review cannot be seen as an all-encompassing one. The international literature was sourced mainly to provide the history of LED and the globalised context in which it is executed. However, the main focus of the review is on the academic writing pertaining to the post-apartheid era of South Africa. Most of the literature which therefore has been sourced was from the period of the early 1990s to the most recently written papers.

Approximately 90% of the literature search and sourcing was done through the University of the Witwatersrand databases while the other 10% was done through the Google Scholar search engine. The search strings used to categorise the source material were limited to three main areas/issues namely (i) Local Economic Development, (ii) Globalisation and LED and (iii) Developmental Local Government and LED. As far as possible, Africa and specifically South Africa, was included as the 'regional' search string. In addition to these main areas/issues, these search strings also brought up pertinent literature around entrepreneurship, sustainable development, city regions, decentralisation and the 'pro-poor' approach to LED.

2.2 Background to Local Economic Development

2.2.1 How It Started

Research and academic writing shows that there is no clear knowledge of when Local Economic Development as we now know it really started. However there is agreement that it is definitely not a new phenomenon. Ward (1990) indicates that for more than a hundred years it has been a distinct feature of the way local government administered their localities in the North. Gaule (2011) on the other hand cites that it first began in the 1930s with efforts to attract certain industries into certain localities using a number of different types of incentives, while Swinburn (2007) believes that the 1st wave of local economic development started in the 1960s.

However, even though it's hard to gauge when LED really started, it has been within the public/government practices since the early industrial age (Blakely, 2003). According to Blakely, communities soon realised that manufacturing, unlike agriculture which depended entirely on the quality of the soil, was more mobile and could be enticed to move from one locality to the other. Communities therefore soon started contesting for industrial factories to locate to their areas on the basis of some sort of favourable condition. Soon it emerged that government at all levels (Central, Regional and Local) started fundamentally changing how their political and economic systems were structure so that they could take advantage of these new industrial activities emerging . (Blakely, 2003).

These new industrial activities had implications for infrastructure (railroads and paved roads) for the movement of goods, and town planning for the location of space for industrial purposes. It also change the way people related to each other (those who owned land and those who moved or produced goods) and also how people were educated to fit into the new industrial processes (Blakely, 2003)

2.3 Defining Local Economic Development

The phenomenon of local economic development has been widely written about since the early 1990s by a number of different academics and authors as can be seen in the significant variety of books and articles on the topic (Abrahams, 2003;

Ballard & Schwella, 2000; Clark & Montjoy, 2001; Cox, 1995; Hanpwaye, 2008; Nel & Binns, 2001; Nel H., 2001; Rich, 1992; Rogerson, 2000; Ward, 1990)

However, it is clear from the number of different ways that it is interpreted, that the phenomenon does not have a cut and dried definition, nor does it have a specific set of characteristics which can be ascribed to it (Nel, 2001). A number of people and organisations have made attempts to define local economic development. Blakely (1994, p. xvi) defined it as

> *the process in which local governments or community-based organisations engage to stimulate or maintain business activity and/or employment. The principal goal of LED is to stimulate local employment opportunities in sectors that improve the community, using existing human, natural and institutional resources.*

Zaaijer and Sara (1993, p. 129) stated that Local Economic Development

> *is essentially a process in which local government and/or community-based groups manage the existing resources and enter into partnership arrangements with the private sector, or with each other, to create new jobs and stimulate economic activity in an economic area.*

While the World Bank (2004, p. 1) indicates that the purpose of local economic development

> *is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.*

As indicated earlier these definitions cannot be taken as the alpha and omega of what constitutes LED. However from these and other attempts to define it, there is a pattern that emerges that commonly represents the general type of characteristics of the overall concept of local economic development. These are:

- public, private and community sectors working together/collectively or forming partnerships;
- the use of local/endogenous resources as a means of economic development;
- participatory processes leading to ownership and management of economic activities at a local level;
- creation of employment and stimulation of inclusive economic growth;

- competitive advantage and better conditions/conducive environment for economic opportunities;
- territorial rather than sectorial approach.

In a similar vein, Tello (2010) has identified 4 aspects that separate the theories of ‘local’ economic development from that of ‘national’ economic development. The first aspect is the position of the locality in the geographical area. Local economic development does not assume that the area is homogeneous. The second aspect is the type of goods and services the different spheres of government provide. In general, these goods and services differ greatly between national and local. The third aspect is the role and participation of local stakeholders. At a national level the inputs of the stakeholders are not considered. Finally, the fourth aspect is the multidisciplinary system which characterises local economic initiatives. At a local level, spatial theory, economic theory, governance systems, are just some of the issues which would affect local economic development.

2.4 Local Economic Development Internationally

From the literature, it is apparent that Local Economic Development has been practised on a large-scale, especially in developed countries in the Northern hemisphere. From the late 1960s, to the early 1970s the literature indicates that local economic development in the United Kingdom took the form of Local Enterprise Boards driven by the public sector, while in Europe and the United States it took the form of private sector led initiatives (Gaule, 2011).

In the 80s and early 90s governments started to focus on entrepreneurship and enterprise development. This change was seen both in Europe and in North America. However in Europe a lot more public-private partnerships started to emerge.

These developments in the Northern hemisphere are described by Swinburn (2007, p. 4 & 5) as “three waves” of the local economic development movement. According to Swinburn the first wave took place from 1960s to the early 1980s in which the drive for manufactured goods and investment attraction from outside the locality was strived for. This second wave took place from the 1980s to mid-1990s and consisted of small and medium enterprise development and local business retention and growth. The third wave started in the 1990s and continues today and has been driven by globalisation and looks at creating the environment in which economic growth can prosper especially at a local level.

In the countries of the northern hemisphere, especially those developed countries, although they have been elements of place marketing, LED in its present form has only really become prolific in the last 20-30 years (Nel, 2001). It has become a lot more important not only for local government, but also for central and regional governments. The main reason for this increase in the push for LED is as a result of globalisation and the push for localities to start to take advantage of the process and to strive and improve economic and social conditions within a specific locality (Rich, 1992).

In the southern hemisphere, especially in developing countries, LED seems to be a fairly recent phenomenon. However it is gradually emerging as a strong process for reasons that are not too different from that of countries in the northern hemisphere. However this process is still in the beginning stages and not too many countries in the southern hemisphere are practising it extensively (Nel, 2001).

2.4.1 Globalisation and Local Economic Development

Like the Industrial Revolution had a major impact on the political and economic systems of the past, causing governments to rethink these systems, the concept of globalisation is having a similar effect - making governments fundamentally rethink and redesign how they do business today (Felbinger & Robey, 2001). The major improvements in technology over the last 20 to 30 years, especially in communication and transport has made the world a much smaller place to live in and has brought nations much closer together into a globalised world (Scott, 2001). From the literature, the concept and definition of globalisation is not fully agreed upon as it spans so many different areas including, politics, economics, social sciences, geography and even anthropology amongst others (Dannreuther & Lekhi, 2000). The literature also indicates that it is a highly debated issue (Mabongunje, 2000; Simon, 1997; Thrift, 1994).

There are basically two schools of thought on globalization. There are those that believe that there are major features at the social, economic, geographical and political level impacting on the world as we experience it today, and which they lay at the door of globalisation. Then there are also those who are sceptical about the process and believe that globalisation is not this life changing event but a myth which hides the fact that the international economy has been divided into 3 major blocs (the European Union, North America and the Pacific Rim Countries) in which a handful of national governments still remain powerful (Held, McGrew, Goldblatt, & Perraton, 1999; Tadić, 2006)

Some authors and academics writing on globalisation even believe that globalisation is the cause that many states are no longer in control of managing and governing their territories. They also believe that globalisation has caused the political autonomy of the state to be eroded. However, Weiss (1999) believes that this is a vague argument which has been manipulated to suit existing conditions and to strengthen the arguments of globalisation sceptics.

In the eye of the sceptic, globalisation has just brought more hardships on those states that have been disadvantaged in the past, and only a handful of established economies are reaping the benefit. However, Stiglitz (2002) questions the fact that globalisation can have the negative effects as argued by the sceptics. He believes that it is not so much globalisation per se, but how countries and states manage the globalisation process.

At the heart of the difference between the two schools of thought is not so much the fact that changes in the global economy are taking place, but it's about what changes are taking place, how important these changes are and who or what are driving these changes (Weiss, 1999).

Because change is the common denominator in the globalisation argument, a reasonable conclusion can therefore be made that the state should redesign its processes and its policy around economic development in order to be successful in the global economy (Felbinger & Robey, 2001). It is therefore fair to say that because economic conditions associated with globalisation has changed, states need to approach economic development in a completely new and different way. One of the most important ways that the states can adapt to globalisation is by decentralising economic development from national to local and thereby promoting the concept and implementation of local economic development (Rogerson, 2000).

In his paper, Cox (1995) also further argues that globalisation has given rise to a more global space economy. He states that emphasis in the United States of America is being placed on Urban Development which he calls urban politics or more accurately the 'politics of local economic development' (Cox, 1995, p. 213). Cox believes that in developing knowledge in the area of globalisation, its effects on competition and that relationship to the politics of local economic development, there will be much to gain economically for the local urban area.

According to Rücker & Trah (2007), globalisation provides both opportunities and risks for a local economy. On the one hand there is pressure placed on a local economy to compete on a global stage and to adapt to all the global forces being placed on it. While on the other hand it provides new opportunities to participate in different markets and to attract a variety of investors. They believe that although globalisation has put a lot of pressure on local economies, it has also forced local economic development to become an innovative approach to overcoming the marginalisation that has been experienced especially in emerging economies (Rüecker & Trah, 2007).

On the face of it, globalisation, as understood by all the writers and academics, no matter which school of thought they belong to, is here to stay. It is regarded as a continuous process which has a wide range of implications for local government because of its trends and influences which has its roots in international economic activity (Ballard & Schwella, 2000). Local government, which is closer to the people and should therefore be able to be better at interpreting what is needed at a local level, have been given a new mandate which encourages them to focus on economic development (Gaule, 2011).

When interpreting the literature on globalisation and local economic development, this decentralise responsibility to deal with economic development at a local level therefore seems the best way to mitigate the negative effects, and to take advantage of opportunities presented by globalisation.

2.4.2 Emerging Themes for Local Economic Development

From the literature, there are two themes that emerged out of the way LED is being practised. These themes seem to sit on opposite ends of the local economic development spectrum.

2.4.2.1 Local Economic Development as Strategic Planning

On the one hand we have LED being pushed as a strategic planning process by the World Bank through its LED Primer document (World Bank, 2004). This theme is taken further by UN Habitat in its series of 5 volumes of LED development manuals.

This approach puts forward a systematic, step-by-step method that an institution (mainly government or donors) need to undertake to implement local economic development. It proposes a 5 stage local economic development process namely (1) Organising the Effort - which would involve issues like institutional arrangements and stakeholder involvement, (2) Local Economy Assessment - as this would be important to establish a baseline of the existing economy; (3) Strategy Making - developing a vision, goals, objectives programmes, projects and action plans; (4) Strategy Implementation - this would actually be the execution of the actions set out in stage 3; (5) Strategy Review - the strategy should be reviewed regularly in order to justify plan based on the changing local conditions.

However in the eyes of detractors, this process is seen as a supply driven, top-down approach to addressing a problem (in this instance and economic problem) which in most instances addresses the symptoms of the problem rather than the cause (Meyer-Stamer & Cunningham, 2005). This systematic planning process is also equated to what (Pritchett & Woolcock, 2004, p. 193) call the “algorithm for solving public service concerns”. They argue that this method has failed a lot more times than the few real successes it has shown.

In general, although this method does provide the user (mainly the public sector) with a set methodology, one can see 2 major flaws in this approach.

1. Even though stakeholders who need to be involved in the process are identified, there is a tendency for this process to be supplied driven rather than demand driven (top down approach), and
2. Because it follows a step-by-step process, it might not be flexible enough and able to respond to emerging economic opportunities or threats within a locality.

2.4.2.2 Market Driven Approach to LED

On the other hand we have proponents who believe that you cannot plan for Local Economic Development, but that the market will drive economic development at a local level. They believe that the only role that government should play is one of creating an environment in which local economies can develop (Meyer-Stamer & Cunningham, 2005). They also advocated that the role of government should be that of identifying and implementing catalytic projects which addresses the cause of obstacles to development rather than just the symptoms (Meyer-Stamer & Cunningham, 2005).

This theme sees LED as a continuous process of adaptation and change and it recognises that in order to positively stimulate the local economy, "systemic change" has to take place which affects not only the division/unit of the municipality dealing with economic development, but the municipality itself (Meyer-Stamer, 2008, p. 1). This market driven approach is characterised by LED activities and initiatives which take advantage of economic opportunities that arise (Rüecker & Trah, 2007) and can therefore not really be planned for. The belief is that the only planning that is done, especially at the public sector level, is at a level of activities where government is able to remove bureaucratic actions which hinder local businesses and implement activities which strengthens the "competitiveness of local firms" (Rüecker & Trah, 2007, p. 15).

Although this approach is a lot more bottom up than a top-down, there are also 2 major flaws that one can see.

1. Markets are not perfect and, especially in areas where structural economic deficiencies brought on by laws and policies (apartheid for example), it will be difficult for the market to correct these, and
2. The process needs to be constantly driven by a champion, and if this does not happen and inclusive economic development process would not emerge.

2.5 South Africa and Local Economic Development

Local Economic Development in South Africa first appeared as a developmental theme in the 1990s with the emphasis on small and medium enterprise development. However, since South Africa's transition to democracy, local economic development has become an important component of the development planning process (Rogerson, 2010b). Local economic development as a process has seen increased acceptance because the objective of the South African government is to increase the sustainability of local economies and to ensure their robustness in a globalised world.

Although local economic development has its roots in the developed economies of the North, its emergence as a strategy in the South is due to persistent poverty being experienced and the slow growth of many economies. When combined with the radical fluctuations in the global economic environment and the inability of many states to intervene at the local level a "fillip for locally-based initiatives" has been provided (Rodríguez-Pose & Tijmstra, 2007, p. 522).

Since becoming a democracy in 1994, South Africa has seen a radical change in the way it has structured local government. Many authors and academics are expounding on some of the reasons why local government is playing a much greater role in the development arena (Abrahams, 2003; Ballard & Schwella, 2000; Nel & Binns, 2001; Simon, 2003; Turok, 2010).

Nel & Binns (2001) write that there are number of interconnected reasons why it is expected that local government in South Africa should play such a major role in development. These reasons they indicate include:

1. The massive unemployment problem being experienced by South Africa. This problem needs to be tackled in an innovative way and must include the involvement of local government.
2. The Constitution mandates Local Government to “promote social and economic development” (Act 108, 1996) in its localities. This is a radical change from the role played by local government in the past which was purely around service delivery.
3. The policy of the ruling party in the National Government is that communities on the ground should be empowered to make decisions around their own development. The rationale for this is that local government, which is closer to communities, would be more responsive to the needs of their communities.
4. The Government of South Africa follows, to a large extent a neoliberal economic agenda which emphasises the fact that government plays a minimal interventionist role in the economy.
5. Local government in South Africa is an independent sphere of government which has an equal status to that of national and provincial government. As such their mandate might differ in a number of aspects to that of the other spheres, but their potential to play a major role in development is also recognised.

Fuller *et al* (2004) conclude that decentralisation and the transfer of control of a range of functions (including responsibility for development) from central/national government to regional/district and local government have created conditions where new local economic activities can flourish.

2.5.1 Developmental Local Government

The concept of a Developmental State has become quite a key talking point, especially in Africa. Turok (2010) in his writings, indicate that this is in part due to the negative reaction to the failure of market reforms (Washington Consensus) to deliver on any sort of socio-economic upliftment in Africa.

The South African Government has also made a conscious effort to pursue the ideal of a developmental state because some of the policies that it has followed since the advent of democracy in 1994 have, according to Turok (2010, p. 497), not gone far enough to address “particular challenges”, especially the reduction of unemployment

However, the literature on this is in agreement that a developmental state should harness the capacity and capability of all spheres of government in order to execute the core concepts (including local economic development) of a developmental state (Nel & Binns, 2001; Parnell, 2004; Simon, 2003).

Linked to this developmental state concept, the decentralisation of powers and functions to local government has given rise to ‘Developmental Local Government’ in South Africa. Nel & Binns (2003) further state that the developmental agenda that is being adopted is because there is a major shift in policy, not only in South Africa, but around the world, on the increasing importance of the role and function of local government in the development process. Both Rogerson (2000) and Nel (2001) write that even though South African municipalities and cities have their own problems, and might be cautious in tackling many issues, they are in some instances trailblazers for municipalities around the world when it comes to change and transformation, especially when tackling the historical apartheid inequalities. Nel & Binns (2003) also write that, for developmental local government to be successful, the key priority interventions should be in the way cities and towns are administratively managed, how municipalities govern their localities, how effective the public participates in municipal activities, how emerging and existing businesses are supported and how infrastructure is developed, supported and maintained.

Based on the policies and laws that have been developed, Nel & Binns (2001) also indicate that within the South African context ‘Developmental Local Government’ should attain four key results:

- provide houses and basic services to communities, with priority given to those in the community who currently have little or no access to either housing or basic services;
- address the spatial legacy of apartheid by creating cities, towns and rural areas which are integrated, cohesive and fit to live in;

- achieve sustainable economic growth in local economies, with local government playing a major role in creating an environment for, and facilitating, the creation of employment opportunities, and
- empowering communities to take charge of their own development and in this way ensuring an inclusive economy.

2.5.2 The context within which Local Economic Development is practised

2.5.2.1 Poverty

Chronic poverty is one of the main problems that the South African government has to contend with (UNDP, 2003) which is due to a number of factors that have been handed down from one generation to the other. Aliber (2003, p. 476) writes in his article that this “intergenerational dimension” of poverty was caused mainly by colonialism and the policy of apartheid. Aliber contends that these were the two main issues which ensured that the majority of the black population had limited economic opportunities coming their way.

A study done by Roberts (2001) in KwaZulu Natal (which to some extent can be extrapolated to the rest of South Africa) found that more than 80% of chronically poor households were found in rural areas. The study also showed that these chronically poor households had a lot more members than other households and in many instances were headed by women. An additional finding was that the educational and literacy status of adults within these chronically poor households were lower than those who were not considered chronically poor.

Aliber (2003) also states that one of the hurdles to the eradication of poverty is also the policymaker’s inability to understand the poverty that they are trying to address as well as the types of measures needed to address poverty.

2.5.2.2 ‘First’ and ‘Second’ Economy in South Africa

During his State of the nation address in 2003, then President Thabo Mbeki opened up the proverbial ‘can of worms’ when he described South Africa as having a dual economy and society. He went further to explain that on the one hand there was an economy that was contemporary in nature and fairly well developed, while the other was regarded as underdeveloped and had deep-rooted poverty (Presidency, 2003). Even though we did not specifically mention it in his address, this ‘dual’ economy was characterised as the 1st and 2nd economies respectively. Rogerson, in his editorial in the journal Geoforum (2007a) indicates that the terminology of 'second economy' is widely accepted in government circles as it appears in a number of policies.

However, the terminology and use of 'second economy' has been criticised by a number of analysts and academics (Frye, 2006; Reynolds & van Zyl, 2006). Reynolds & van Zyl (2006) write that it is just another way of hiding the reason why government's programs and service delivery is not changing the plight of the poor. They argue that this is just another way of not dealing with some of the problems found within government programs which in many instances are causing the plight of the poor not change.

Frye (2006) argues that the 'second economy' is a hidden attempt to ensure the acceptance of support to business needs and to encourage separate and uneven growth between the rich and the poor.

Government later released a statement clarifying the dual economy by indicating that the 'second economy' actually referred to the informal economy. In her article, Skinner (2006) indicates that this whole debate has actually one positive aspect and that is that it highlighted the role that government could play in the informal economy.

2.5.3 Local Economic Development – Policies and Guidelines

It is clear that since 1995 there has been many changes in the way LED activities are implemented across South Africa and this has been extensively written about by a number of authors and academics (Gunter & Scheepers, 2010; Koma, 2012; Naudé & Coetzee, 2004; Nel, Hill, & Goodenough, 2007; Nel H. J., 2001; Rogerson, 2010a; Xuza, 2007). For some academic observers the initial focus that South Africa had on poverty alleviation as part of the LED implementation process is against the market-driven approach of business development (Meyer-Stamer & Cunningham, 2005). Other critics felt that the way LED was applied had much too broad a scope of activities and therefore lacked proper definition (Bloch, 2000).

However at the very early stages of the implementation process of local economic development there had been very limited success at a local government level. This was mainly due to the fact that there was no policy or guidelines in place for municipalities to actually effectively carry out local economic development (Rogerson, 2007). Both national and local government had to rely on individual interpretation of what was understood by what the Constitution and the White Paper on Local Government said the role and function of municipality should be in local economic development. One could say that during that period, local economic development took place in a vacuum and because although it was legislated there is no defined policy or guidelines (Nel & Rogerson, 2007).

National government launched the LED fund in 1999. This fund was meant to provide support in a direct way to programs and projects which would address poverty in the different localities. However because of the way the program was implemented a perception was created that LED was only about poverty relief through small community-based projects. When many of the projects failed it clearly damaged the perceptions of what local economic development could achieve. (Nel & Rogerson, 2007).

However, according to Rogerson (2011), the period 2005-2007 marked a major turning point in the policy development arena of South Africa. According to Rogerson, the release of the Guidelines for Implementing LED (DPLG, 2005) and the National LED Framework - *Stimulating and Developing Sustainable Local Economies* (DPLG, 2006) provided a common understanding and goals for local government.

Rogerson sees this policy development as furnishing the “essential basis for a phase of consolidation and for the foundations of forward movement in the progress of local economic development activities in practice” (Rogerson, 2011, p. 152).

2.5.4 Local Economic Development examples in South Africa

Because South Africa started so soon after its first Democratic Elections on its local economic development programmes, other African countries are extremely interested in learning from the experiences that South Africa has had over the past few years (Rogerson, 2010).

Meyer-Stamer (2008) indicates that where the process of systemic competitiveness dominates LED practice, these cities and the outcomes compares favourably to the outcomes of those of middle income countries.

As a consequence of the work that was being done on LED in South Africa over the past two decades most of the research on LED in Africa has come from what has been happening in South Africa. South Africa is seen as the laboratory for the practice and research of LED in Africa (Rogerson, 2010b).

2.6 Conceptual Framework guiding the Research Process

Based on the literature, there are five important areas of implementation that are emerging for municipalities to implement namely 'Economic Governance, Enterprise Development, Livelihoods Development, Locality Development and Workforce Development' (DLGTA, 2014; LEDNA, 2009; UNCDF, 2008).

Table 2: Five Areas of LED Implementation

1. Economic Governance	▪ Organising LED ▪ Municipal Improvements ▪ Inclusion ▪ LED planning (within IDP framework) ▪ LED Policy
2. Enterprise Development	▪ Enabling Environments ▪ Business Attraction ▪ Business Retention ▪ Clusters ▪ Value Chains ▪ SMMEs ▪ Innovation ▪ Agriculture
3. Livelihoods Development	▪ Basic services ▪ Community Development ▪ Community Inclusion ▪ Emphasis on Youth ▪ Emphasis on Women
4. Locality Development	▪ Transport ▪ Telecommunications ▪ Energy ▪ Water & Sanitation ▪ Sites and Premises ▪ Natural Resource Management ▪ Regeneration
5. Workforce Development	▪ Job Search ▪ Skills Development ▪ Youth Development ▪ Women Development

Source: Adapted from: (UNCDF, 2008, p 1)

The following conceptual framework reflects all the important aspects in the literature review which has a bearing on how LED is implemented in South Africa and will be used to guide the research process.

Table 3: Conceptual Framework guiding the Research Process

	Concept Unpacked	**Authors/Institutions**	**Relevance to topic**
LED Themes	LED as a Strategic Planning Process with 5 Stages	World Bank, UN Habitat,	Although LED is legislated as a strategic planning process within the IDP, municipalities are also making use of economic opportunities as they arise..
	LED as a Market Driven Approach	Jorg Meyer-Stammer; Shawn Cunningham; Gabriele Trah; GTZ	
LED Areas of Implementation	Economic Governance.	United Nations Capital Development Fund; LEDNA; DEDEAT	These areas are the focus where municipal LED activities are implemented.
	Enterprise Development		
	Locality Development		
LED Policies & Guidelines	Guidelines for Implementing LED in South Africa National LED Framework	DPLG (DCoG)	These are national government policies, guidelines and frameworks which municipalities should follow.

2.7 Conclusion

Although there are two schools of thought, one around LED as strategic planning and the other as a market driven approach, a middle ground between these two approaches seems to be the best route that LED can take.

The literature also shows that quite a lot has been done on local economic development in South Africa. In many instances local government has taken the lead around changes and transforms in order to execute its developmental mandate and in so doing its local economic development initiatives. Because of the lead South Africa has taken in this respect, other African countries are looking towards emulating what has been done in South Africa. Everything has not been perfect, and that at the beginning, a number of errors had been committed by government and other stakeholders when it came to LED initiatives. However there is now a much broader understanding that LED is a dynamic process which sees on-going changes.

The literature also tells us that the South African government, during the early stages of implementation, also had no policy which could guide the three spheres of government in how to implement local economic development. To some extent the problems and misconceptions experienced during that time can still be seen. However a number of fairly well intentioned policies and guidelines have been put in place, and although these are not perfect, have guided the implementation of local economic development in a lot more logical and effective manner.

Chapter Three

"The way to do research is to attack the facts at the point of greatest astonishment."

Celia Green

3 RESEARCH METHODOLOGY

3.1 Introduction

There are three important aspects that have emerged out of the literature that guided the research methodology and methods. The first aspect is the policies that guide LED in South Africa. These are the Guidelines for Implementing LED in South Africa – (March 2005), and the National Framework for LED in South Africa – (September 2006).

The second aspect is the emerging themes around local economic development which on the one hand advocates LED as a strategic planning issue, while on the opposite end of the spectrum advocates LED as a market driven process.

The final aspect is the five LED implementation areas which local government needs to consider as illustrated in Table 2. Because of the limitations of the research study - it only constitutes 25% of the entire degree course - only three of the five LED implementation areas guided the research process, namely 'economic governance', 'enterprise development' and 'locality development'. These three were chosen because they have been emphasised by government as the important components of local economic development that needs to be implemented by local government.

3.2 The Quants and Quals Quandary

The nature of the research that was carried out - that of assessing to what extent government policies have influenced the outcomes of the Ekurhuleni local economic development strategy - required the researcher to play a major role in the collection, analysis and the interpretation of the data. The main reason for this was that the research was carried out in a social context and the data that was generated was dictated by the experience of the people working within the local economic development sphere of the municipality.

The application of local economic development to a large extent involves the behaviour, actions and capabilities of people (Rogerson, 2007). Also, the outcomes of the Ekurhuleni local economic development strategy, whether positive or negative, rely on what people have done rather than the natural order of things.

The word ‘economic’ in the concept of local economic development could imply a quantitative research methodology. However, when studying the outcomes of the Ekurhuleni local economic development strategy, the research process rather looked at the human and social element and the effect it had on the outcomes of the strategy. The study also answered the question on the capacity and capability of staff of the municipality including whether the government policies and guidelines on local economic development are implemented by the municipality. A qualitative research methodology therefore best suited an approach which elicited information that allowed the theory to be generated.

The nature of the issues that were researched was a people driven process. Interpretivist epistemology was followed in this research process as it differentiates the human element from the “objects of the natural sciences” (Bryman, 2012, p. 30).

3.3 Research Design

A number of elements were involved when assessing the influence that government policies had on the outcomes of the Ekurhuleni Metropolitan Municipality’s Local Economic Development Strategy. These included the role-players who had been involved to ensure that the outcomes of the LED strategy were achieved and also certain beneficiaries (represented mainly by informal traders) of the outcomes, had to be involved in the process. The assessment also involved looking at the planned outputs and resources needed to achieve the outcomes. The type of information that therefore needed to be gathered lent itself to a qualitative research strategy, as the data gathered constructed the final outcome of the research process.

Because South Africa follows a ‘LED as a strategic planning process’ route, determining whether this approach was working and thus delivering successful outcomes, was also an important component of the research process. The research also assumed that to some extent certain parts of the Ekurhuleni LED strategy relied on a market driven approach. This process took the form of data being gathered, and at the same time analysed in order to generate new information and data. This “constructivism” approach - which implies that the social phenomenon and categories are also “in a constant state of revision” (Bryman, 2012, p. 33) - was an important feature of the qualitative research methodology that was used in the research process.

3.4 Type of qualitative research and research methods

Because Ekurhuleni's local economic development strategy is a five-year strategy and was adopted in June 2011, the assumption was that the strategy was implemented for more than three years. Because the research was focused on one issue – the LED Strategy of the Ekurhuleni Metro – a case study was an appropriate research methodology. This implied that two things needed to be considered when the research process was undertaking, namely that a number of activities had already taken place, and secondly that some activities still needed to take place.

Because the strategy has not been completed and was on-going, a formative (and to some extent a summative) type of research took place. Even though the purpose of the research, as indicated earlier, was to 'assess the influence of governments policy on the outcomes of the LED strategy' a formative assessment dominated as the strategy was ongoing. However, certain summative aspects of research also played a role, especially on sections of the strategy that had been completed.

The research method allowed the researcher to understand how the strategy and the activities thereof, met the needs of the beneficiaries. However, a very important aspect was the fact that the outcomes, its associated activities and the indicators for the activities had been planned at the beginning of the strategy development process.

3.5 Sample

Because of the nature of the research, the sample was focused and not probability sampling (which seeks to sample people on a random basis). In this instance, because the unit of analysis was the Ekurhuleni LED strategy and the Government LED policies, the sampling was done purposefully so that those people who were sampled, and the documents and other data that were looked at was relevant to 'assessing the influence of governments policies on the outcomes of the Ekurhuleni LED strategy'.

This "purposive sampling" (Bryman, 2012, p. 416) was strategically focused on those who were best able to provide information as there was a limited budget to run the research process, and the timeframe and availability of participants was very limited.

In order to be able to understand the process followed by government in developing the National LED Framework, two of the persons which were intimately involved in the process were interviewed. Both of these individuals were involved in the process through the Department of Provincial and Local Government. The section describing the National LED Policy Guidelines and Frameworks was based on the information provided by these two people.

Information specifically around the planning development and implementation of the LED strategy, were gathered from interviews held with five people within Ekurhuleni consisting of four appointed officials (including the HOD of Economic Development Department), and an elected official who had been appointed as the Member of the Mayoral Committee (MMC) for City Planning and Economic Development These individuals were crucial as they are the implementers of the Ekurhuleni LED strategy while the MMC plays an oversight role on the implementation of the strategy. In addition, the ex-Executive Director of the Local Economic Development Directorate, who was instrumental in developing the strategy in 2003, was also interviewed.

In order to ensure that information and data was triangulated, and also to get a perspective from the side of the beneficiaries of the strategy, a focus group consisting of six beneficiaries of the economic development strategy was also run.

As part of the triangulation process, data was also collected from a number of different documents pertaining to the LED strategy. These included the annual report of the municipality, the Ekurhuleni Growth and Development Strategy 2055, the LED Policy and Strategy Framework, the Provincial Growth and Development Strategy 2055, and various documents either commissioned by Ekurhuleni itself or by other institutions (e.g World Bank Pro-Poor LED Report).

This sampling strategy allowed for the examination of information and data, firstly from those who were implementing the strategy, and then from those who were representing the beneficiaries of the strategy. It allowed the researcher to compare both similarities within the focused participants but also the differences that there experienced.

3.6 Data collection methods and analysis

Because of the limited timeframe available and because of the focus of the research, data was collected through a semi-structured interview and also through a focus group.

The semi-structured interviews were done on an individual basis with each of the four members from the Ekurhuleni Economic and Development Department. These interviews took place in an environment which was familiar to each of the individuals - mainly in their offices and in meeting rooms. Three of these individuals provided information to the researcher on the strategy development process as they had participated in its development since 2003. The ex-Executive Director was able to provide information on the development of the Ekurhuleni LED policy and strategy document in 2003 and the period until 2008. All six of them were able to talk about their experiences around the implementation process of the strategy. During this part of the research process, the researcher received data regarding what the expected outcomes of the strategy were. Although this process only provided information from the municipality, this information was juxtaposed with that coming from the focus group which basically was considered as information directly from beneficiaries.

The MMC City Planning and Economic Development also underwent a semi-structured interview on an individual basis. However the questions within his interview were slightly nuanced towards his role of oversight rather than implementation. The MMC was not part of the strategy development process, as he was newly elected for the present term.

6 community representatives were identified to participate in the focus group. The participation of the community representatives were strictly on a voluntary basis. (Two of these representatives wanted to remain anonymous and requested that their names not be used in the research report.) In the instance of the focus group, participants were provided with certain themes around the outcomes of the LED strategy which they needed to discuss for approximately 1½ hours. The focus group were moderated/facilitated by the researcher who guided the discussions. Permission was obtained from the participants to record and keep track of the discussions During this part of the research process, the researcher received data regarding what actually was delivered by those implementing the strategy.

Following the constructivist approach, both the semi-structured interviews and the focus group were digitally recorded and certain portions transcribed in order to capture as much data as possible. The transcriptions were reviewed, and a process of “coding” took place (Bryman, 2012, p. 568). Much of the coding was “thematically driven” based on the conceptual framework set out in Chapter 2. However there was also a measure of “open coding” which yielded concepts, which were outside the themes of the conceptual framework. In this instance ongoing comparison was done between the indicators of the LED strategy and the concepts which had emerged. By exploring the relationship between the different categories, the data that was generated and collected was then analysed.

As indicated earlier, secondary data sourced from the Integrated Development Plan (IDP), the LED Strategy, the quarterly reports from the LED Unit and annual reports of the municipality was used to corroborate the information and data that was collected. Secondary data and information was collected from documents and sources outside of the municipality, for example the Gauteng Provincial Growth and Development Strategy 2055, reports from the Gauteng Provincial Government Economic Cluster of departments and from Stats SA.

Both the collected primary and the secondary data led to the narrative of the main section of the research report.

3.7 Validity and reliability

Validity and reliability was an important aspect of the research process. There were a number of things that the researcher implemented to ensure that the information that was received was valid and that the research outcome was reliable.

In the first instance, once the information has been collected and written up, certain people (not all) who had been interviewed, were approached to look at the data that was captured from their interviews (full transcription were provided to these individuals) and which has been incorporated into Chapter 4 of the research report. This group of people were asked to validate whether the information that has been captured in this chapter had been done accurately. In addition, this group of people were also asked, once a draft report was available’ to comment on the draft report and to indicate whether the conclusion derived from the data made sense.

A final process was the triangulation of the data coming from the interview process, the focus group process and the documentation, correlating the information, and checking it for inconsistencies and in this way the emerging findings was confirmed.

3.8 The Researcher's role in the process and the ethical considerations

The researcher has been involved in LED or components of LED since 1994 when he started capacity building training courses for small, medium and micro enterprises (SMME) as a means of creating jobs and developing local economies. More recently he has been involved with local economic development at two levels - firstly at the policy level and secondly at an implementation support level.

At the policy level, during his tenure as Director: Local Economic Development Support at the National Department of Provincial and Local Government (DPLG), he was responsible for developing the “Guidelines for Local Economic Development in South Africa” (March 2005) and The National Framework for LED “Stimulating and Developing Sustainable Local Economies” (September 2006). In addition, during this period, he was also responsible for managing the ‘R470 million Local Economic Development Fund (LEDF)’, which provided conditional grants to municipalities for the implementation of LED initiatives. He also acted as the contact person between the European Union funded LED programmes in South Africa. As such he played a major role in the conceptualisation of the EU funded Limpopo LED Programme (Mafato-A-Kgoale), the KwaZulu Natal LED Programme (Gijima) and the Eastern Cape LED Programme (Thina Sinako). As an independent consultant, he also supported the Eastern Cape Provincial Department of Economic Development in developing the Eastern Cape Local and Regional Economic Development (LRED) Strategic Framework.

In this regard, the researcher always tried to play the role of a neutral observer in the research process rather than act as a participant who had prior knowledge of government policies. Other than clarifying certain questions participants had, in both the focus groups and the one-on-one interviews, around the policies and frameworks, the researcher sought not to influence, in anyway, the discussions of the focus group or interview responses of the individuals. Where certain individuals knew of the involvement of the researcher in the policy development space, it may have affected the rapport between them, and in turn may have affected the type of information that was provided. In this instance, as a means to verify information and obtain objective information, additional questions were asked to supplement the standard prepared interview questionnaire.

At the implementation support level, the researcher has supported a number of municipalities to develop their LED Strategies/Plans, including, amongst others, Kouga, Ditsobotla, Alfred Nzo and OR Tambo municipalities. He also ran a number of LED capacity building programmes for a range of municipalities across South Africa. As part of the Tina Sinako LED Programme and jointly with the Nelson Mandela Bay Metropolitan University, he ran and accredited capacity building programme for LED District Support Teams in the Eastern Cape. The Researcher was also appointed, for a period of two years, as a project assessor by the Thina Sinako LED Programme. His role was to assess all project plan applications to the Local Government Support Fund (worth approximately €7 million). He was also appointed by the Eastern Cape Department of Local Government to assess the outcomes of the LED Strategies/plans of a range of different categories of municipalities in the Eastern Cape (15 altogether). The Department was therefore able to provide targeted support to the different categories of municipalities. This experience especially at the implementation support level allowed the researcher to be able to have an in-depth critical look at the LED Strategic Framework of the Ekurhuleni Metropolitan municipality and to assess how it had been influenced by the different national policies.

The Researcher's role in the research process was guided by ethical principles in social research conveniently clustered by Diener and Crandall (1978) into four main groups namely: i) where participants can be harmed; ii) where informed consent is not obtained; iii) where the privacy of the participant is invaded and iv) where deception is involved. The nature of the research ensured that there was never a possibility for participants to be harmed. All participants, whether they were part of the one-on-one interviews or within the focus group, were provided with a consent form (which they signed) setting out in detail issues around the research process, and the reasons for the research including issues of privacy. The researcher emphasise that all information provided will be kept strictly confidential and would be used only for the research process. As a means of ensuring that no deception was involved in the process, a draft copy of the research report was provided to Ekurhuleni

Chapter Four

"World class communities come in all shapes and sizes, they are not determined by geography, and/or natural resources so much as by the mindset of their local leadership."

Don Allen Holbrook

4 PRESENTATION OF THE DATA

4.1 Introduction

This chapter presents all the data found during the research process. It is based on the conceptual framework and methodology set out in Chapter three, and which laid a solid foundation for the research. The chapter is based on primary data which was collected during the individual interviews and the focus group session with individuals from the Economic Development Department, Councillors, some of the beneficiaries of the Ekurhuleni programmes and the previous Executive Director of the LED Unit. Primary data was also collected from individuals who were involved in national LED policy development. Secondary data was collected during the course of the interviews and also from the documents downloaded from web pages - mainly the Ekurhuleni Metropolitan Municipality webpage.

To a large degree, the coding that was done with the transcripts of the interviews and the focus group was driven by the themes as set out in the conceptual framework table in Chapter 2 of the document. However because there were certain elements which fell outside of the themes provided in table 2, some measure of "open coding" was also done. The open coding brought out some fairly interesting issues of the strategy implementation process which in the main did not fit the themes that were initially set out.

This chapter sets out in a bit more detail what the National LED Policy Guidelines and Framework comprises of and also mentions the academic critique on the content of the documents. It then looks at policies and strategies at a provincial level which has an effect on the Ekurhuleni LED Strategy. It also outlines in a bit more detail the Ekurhuleni LED strategy framework which was developed in the earlier part of the establishment of the municipality and which still guides a lot of what is happening with local economic development in the municipality. The chapter then outlines the findings of the fieldwork and summarises the important issues coming out of the research process.

4.2 National LED Policy Guidelines and Frameworks

4.2.1 Policy guidelines for implementing LED in South Africa

The brand-new system of local government started in 2000, with local government expected to do a lot more in the sense of developing their local economies than at any other time in the history of local government (Nel, 2001). Unfortunately, in those early years, municipalities were doing a wide range of different activities which in many instances were not really about economic development, but about social development and poverty alleviation. As Chris Gilmore, Senior Technical Advisor to the DPLG LED Unit emphasised:

> *Local economic development was so new to local government that the 'activities' assumed to be LED, were being done haphazardly by the newly formed municipalities. It turned out that many of the projects being done by municipalities were small poverty alleviation projects rather than sustainable economic projects. It was therefore important for national government to at least provide some form of policy or guideline that municipalities could follow during the early years of the new local government system.* (Interview with Chris Gilmore, 2015)

National government had, since early in 2000 started working on a policy for LED that could be used by all spheres of government in order to ensure that all LED activities in the three spheres of government are aligned. However that consultative process was a long one and although draft policy had been set out for discussion, no policy was yet in place. One of the first tasks Yusuf Patel tackled when he was promoted to head the Chief Directorate: Development Planning and LED at DPLG was to ensure something was put in place.

> *One of the things I thought was important at that time was to provide guidance to municipalities around LED. It was fine to look at the policy and develop the policy, but what was happening at a municipal level while the policy was being developed was a question mark. I therefore indicated to the team that the information already gathered around the policy process could be used to start putting a set of guidelines together that would start providing municipalities with a*

> *strategic direction for implementing LED.* (Interview with Yusuf Patel, 2015)

In March 2005, and after a lengthy consultative process which saw a number of LED 'draft documents' (Interview with Chris Gilmore, 2015), the DPLG released the Policy Guidelines for Implementing Local Economic Development in South Africa which had as its theme 'Robust and Inclusive Municipal Economies' (DPLG, 2005). The broad objectives of these Guidelines were:

- *to guide municipalities away from a 'project based' approach to interventions based on real needs of communities;*
- *to promote public and private investment and target public sector support especially in creating an ideal environment for private sector investment:*
- *to encourage government to maximise job creation through public infrastructure and service investment.* (DPLG, 2005, pp. 4-5).

The Guidelines also made it clear that although the Constitution placed a "great responsibility on municipalities to facilitate LED", the schedule in the constitution dealing with local government does not set out LED as one of the functions of local government. (DPLG, 2005, p. 10). This led municipalities to see LED as an unfunded mandate. The Guideline encourages municipalities not to consider LED as an unfunded mandate, but to play a "connector role" where they can "draw on resources locked in a range of different government support instruments" (DPLG, 2005, p. 10). Yusuf Patel in his interview emphasises this:

> *However I think the important thing that the guidelines emphasise was that even though LED is not found in the schedule of activities for Municipalities, it should not be considered an 'unfunded' mandate but that local government had to play a role to ensure that the environment was conducive to job creation.* (Interview with Yusuf Patel, 2015)

The Guideline is the first document that sets out a vision for local economic development in South Africa and it states that the vision is for "robust and inclusive municipal economies exploiting local opportunities, real potential and competitive advantages, addressing local needs and contributing to national government objectives" (DPLG, 2005, p. 21).

The guideline also sets out what the different spheres of government should be doing around local economic development. It suggests that at a national level, government should set up a National LED Forum which should work towards:

> *Improving integrated economic planning;*
>
> - *Co-ordinating access to funding and finance for LED initiatives and the creation of multi-sourced funding streams;*
> - *Improving the performance of local government with respect to all aspects of local economic development;*
> - *Assisting local government in identifying and capitalising on local competitive advantage for territorial economic and social development;*
> - *Improving sustainable access to investment finance necessary to capitalise on local competitive advantage for economic development;*
> - *Ensuring the participation of previously disadvantaged communities and individuals in the realisation of the opportunities offered by local economic development.* (DPLG, 2005, p. 29).

At a provincial level, the Guideline encourages provincial government to also set up similar LED Fora as at the national level, but mainly to support what is happening at a national level. However, the guideline emphasises the need for provincial departments dealing with local economic development to have "qualified and empowered LED's staff that can provide quality technical support to municipalities" (DPLG, 2005, p. 32).

However it is for municipalities that the guideline provides a fairly detailed point by point 'How municipalities should do it?' list of things. The most important aspects are highlighted below:

- to operationalise the local social economic environment - create a conducive environment in which economic opportunities are generated;
- ensure that money does not 'leak' out of the local economy;
- develop human capital focused on what the local economy needs;
- support SMME development by providing infrastructure, financial and non-financial support, access to government procurement etc.;
- support and work with Chamber of Commerce and business associations;
- put strategies in place that would retain and expand local businesses;

- ensure inclusive economies through community economic development (DPLG, 2005).

The guideline hoped to build a shared understanding of local economic development at all three spheres of government and laid the basis for deepening community access to economic initiatives, support programmes and information (DPLG, 2005).

However, Hindson & Vicente (2005) believe that the guideline had actually moved government away from dealing with community economic development. Their interpretation was that within the content of the Guideline “there is rejection of the concept of community economic development” and that BBBEE, “seems to be intended as the main immediate focus of LED policy" (Hindson & Vicente, 2005, p. 5). Chris Gilmore, in his interview had an emphatic response to this criticism:

> *The guideline caused a major controversy as we had purposefully not distinguished between Community Economic Development and Local Economic Development. We believed that the two were the same thing and if you separated them, the impression might be that one was different to the other. The idea was that LED was about developing the local economy and that included all communities. So there was never an intention to exclude any communities when we only talked about LED.* (Interview with Chris Gilmore, 2015)

As further criticism that Hindson & Vicente point out is that the Guidelines offers a central state approach to local economic development, thus putting “central government at centre-stage, and focus most, if not all, attention on effective coordination of state resources” (Hindson & Vicente, 2005, p. 6) (Hindson & Vicente, 2005, p. 6). They argue that national government uses the dualistic nature of the South African economy as an argument to play a much more interventionist role in the economy. Chris Gilmore in his interview emphasised that this was never the intention of the guideline:

> *What was really surprising for us was the fact that some people saw the guidelines as trying to cement a centralist approach to LED by national government. The intention of the guideline was never to emphasise the interventionist approach, but to indicate to people that it was important not to leave the correction of the market to the market, but that government needed to correct the really bad intervention into the market made by the previous regime.* (Interview with Chris Gilmore, 2015)

In summary the National LED guideline provided specific guidance to municipalities as there was no policy in place. It gave municipalities step-by-step measures that could be done in order to execute effective and efficient LED initiatives. It started the process of ensuring that municipalities were able to implement LED initiatives in more coherent manner.

Yusuf Patel in his interview shows the importance of the guideline when he intimates that:

> *You know, in retrospect the LED Guidelines was an important step in the development of the National Framework for LED, as it tried to give municipalities an idea of what LED was and what were some of things that could and should be done. The idea was to tackle economic development in a different wa*y (Interview with Yusuf Patel 2015).

4.2.2 National Framework for LED in South Africa

This idea of being different to the norm, as indicated by Yusuf Patel, is highlighted by Rogerson (2008) when he indicates that because the Framework introduces the concept of local competitive advantage, an important shift away from the normal way municipalities have been trying to achieve economic growth and to reduce poverty was achieved.

According to Yusuf Patel, once the guidelines had been set up:

> *The next step was to look at the four or five most important things that needed to be done in order to immediately have an impact on the local economy and to build a framework around that. This was basically the thinking around the National Framework for LED. The Working Group and Advisory Group, felt that we needed to focus the LED activities around a few manageable strategies so that we could easily implement them, but also just as easily be able to monitor, from a national point of view, what is happening at the local government level around LED* (Interview with Yusuf Patel, 2015).

The National Framework for LED was launched in August 2006 had as its main objective to support the growth of sustainable local economies by ensuring an integrated government approach. (DPLG, 2006). Although the framework takes into consideration the changing practice of LED, it is based on the context and challenges experienced in South Africa. Because the Framework also had a fixed period it also sought to achieve the following outcomes:

Table 4: Outcomes of the National Framework for LED

1	The municipal economies of the 46 district and six metros are analysed in order to understand the challenges and potential of these areas
2	The comparative advantage of the district and Metro municipalities are identified and incorporated into their LED strategies in order to create unique competitive advantage
3	District and Metro municipalities have credible LED programmes, which are implemented effectively by a LED Unit or similar entity dedicated specifically to LED.
4	LED is strategically placed in the organisational configuration of Municipalities so that they are able to manage inputs that impact and strengthen the economy of their locality.
5	The implementation of the Inter-Governmental Relations Framework (IGRF) Act occur in order to encourage joint economic planning among municipalities and with Provincial and National Government
6	Municipalities have innovative spatial development strategies, land-use policies, by-laws and implementation capacity to facilitate fast and effective business establishment and functioning, especially for informal/street traders, and SMEs
7	At least one public-private partnership through which a major investment has been sourced occurs in each Municipalities.
8	A national centre of excellence is established which will allow for the monitoring, learning and research of local and regional economies.

Source: Adapted from (DPLG, 2006, pp. 7-8)

According to Yusuf Patel, there was a clear understanding by all involved that the strategy should only set out strategic actions that were within the realm of what government had control over. In his interview Chris Gilmore succinctly sets out what the feeling was at that stage:

> *Making a long wish-list of what should be done in LED was out of the question and would lead to spectacular failure* (Interview with Chris Gilmore, 2015).

The National LED Framework therefore did not seek to provide a long list of things the municipality's needed to do. It identified only four strategies which to a large extent was manageable for municipalities and government as a whole to implement. The following table sets out the four key strategies of the LED Framework and briefly outlines each of the main actions that needed to be done.

Table 5: The LED Framework 4 Key Strategies and Main Actions

	Key Strategy	Main Action
1	Improve good governance, service delivery, public and market confidence in municipalities	• Intensify support to municipalities under Project Consolidate[2]. • Monitor and Report on Implementation of the Municipal Finance Management Act (MFMA) and Property Rates Act. • Assist municipalities to finalise appropriate spatial policies in their IDPs that are linked to a municipal-wide land-use management system. • Improve infrastructure investment and inter-governmental coordination

[2] Project Consolidate was a hands-on programme of support and engagement for local government.

	Key Strategy	Main Action
		• Support Municipal- Economic Forums
2	Spatial development analysis and planning exploiting the comparative advantage and competitiveness of the 52 municipal regions (46 Districts and 6 Metros)	• Undertake analysis of the 52 municipal economies. • Target priority growth sectors. • Build capability for a knowledge economy and innovation. • Market the 52 Regions and their Products • Establish Innovative Funding Instruments • Perform Regulatory impact assessments
3	Intensify Enterprise support and business infrastructure development	• Implement the new small business development strategy • Improve Access to Finance for enterprises.
4	Introduce Sustainable Developmental Community Investment Programming (SDCIP). *SDCI) is about moving beyond project-based community economic development. It is rather a much more empowering approach, utilising innovative instruments to systematically build community competence and capacity.* *SDCIP suggests building community, and using a powerful cultural dynamic as the main vehicle and partner for LED together with the resourcing of organised communities to carry out key local functions, provide services and become important productive units.*	• Introduce SDCIP to decision-makers in the public and private sector, and to communities (ward committees and traditional leaders in particular) • Sectors in which the techniques and approaches can be applied are as follows: o Crafts. The 500,000 people or so employed in this sector should be introduced to SDCIP o Fresh Produce. There is potential, by some organisers of community gardens, to produce cash incomes from community gardens, and expanding their scope and co-ordination through the creation of agricultural (producer) and consumer cooperatives. o Waste Collection. Through the use of SDCIP approaches and eliminating the middlemen, incomes of waste collectors can be improved. o Street trading. SDCIP offers traders an opportunity to become more involved in decisions that impact on their livelihoods. o Sub-contracted Clothing and Textiles. Clustering, through SDCIP approaches, offers potential to increase incomes through order sharing in the sector where 55 per cent of the operators are informal o Traditional Medicine. SDCIP can play a role in better regulation and increased support value chains.

Source: Adapted from (DPLG, 2006, pp. 23-31)

According to Yusuf Patel both the LED Framework and the LED Guideline had their critics:

> *One of the principles of the Guideline and the Framework was something to the effect that Government should not be apologetic about playing an interventionist role in the economy. That was actually a major issue for a lot of people who felt that government should not play a role in the economy. The private sector was especially critical about this issue and felt that government intervention would have a negative impact on the local economy. However, the apartheid history we come from dictates that government in one way or the other has to intervene in the economy. On the other side of the spectrum, especially when it came to the LED Guidelines, we had people being extremely critical about the*

> *way we thought about the guidelines again. The feeling was that the guidelines had left out the important component of Community Economic Development. Some people felt that the guidelines were leaving out an important component of inclusiveness and therefore the LED that was being proposed would leave out many of the marginalised communities* (Interview with Yusuf Patel, 2015).

Chris Gilmore, in his interview, is a lot more forthright when he indicates that LED practised in developed countries of the north is far different to how it should be done in South Africa.

> *These countries did not have a system, considered a crime against humanity, forced onto the majority of people, which left an educational and skills deficit and if we leave it up to the 'market' to correct this 'distorted economic situation' the injustice of the past will be further perpetuate* (Interview with Chris Gilmore, 2015).

Yusuf Patel admits that the process was very difficult because both the LED guideline and the LED framework was developed within a policy and guideline vacuum. He goes on to add that:

> *It was a process of learning-by-doing. One of the important things I believe we did correctly was to ensure that the LED Framework had a start date and a specific end date. This would enable all those who came after to review the LED Framework and to make all the necessary adaptations to the Framework based on the lessons that were learnt during that period of time. We have therefore not written anything in stone. I think eventually people started to understand this* (Interview with Yusuf Patel, 2015).

In summary, the National LED Framework provided a common vision for LED in South Africa. It articulated only four strategies that needed to be done within the 2006-2011 municipal period. It also provided municipalities with what is expected of them to do around local economic development. However because of the policy vacuum around local economic development that existed, the process was set within a certain time frame.

4.2.3 Other National Policies and Documents Directly Affecting LED

It is important to mention some of the other National government policies which will directly affect the LED strategy of Ekurhuleni Metropolitan Municipality. However in this instance only a summary of the policies are indicated and no discussion or analysis is done. Although some of the activities that the municipality would be doing around local economic development will be touching on these additional national policies, for the purpose of this research the emphasis is on the National LED Guidelines and the LED Framework.

4.2.3.1 Industrial Policy Action Plan (IPAP)

The IPAP is the action plan of the National Industrial Policy Framework (NIPF) which was released in August 2007. The most recent version 2014/15 – 2016/17 takes into consideration the changing demands and opportunities within industrial sector of the economy (The DTI, 2014). IPAP focuses on manufacturing because a strong, well-diversified manufacturing sector has proven to be a catalyst for balanced development.

The IPAP for this period focuses on 7 key interventions.

Table 6: 7 Key IPAP Interventions

1	Economy-wide	• Stronger articulation of macro- and micro-economic policies, • Stronger alignment of industrial policies and programmes with investment and export-promotion programmes • Better policy alignment, both in general and in relation to specific sector strategies
2	Procurement	• A sustained effort to secure compliance with existing public procurement policies and strategic supplier development/sourcing measures
3	Industrial finance	• Stronger alignment and progressive strengthening of industrial financing across all DFIs - and within the Industrial Development Corporation (IDC) in particular
4	Developmental trade policy	• Ongoing strengthening of developmental trade policies
5	Competition policy	• Strengthened interventions to combat anti-competitive and collusive behaviour in both the private sector and State Owned Companies
6	Regulation and intellectual property	• An Intellectual Property Rights (IPRs) regime that seeks to create a supportive environment for South Africa's industrialisation objectives. • The regime should provide broad terms of scope for protection and less stringent criteria for novelty.
7	Innovation and technology	• New policies and programmes to ramp up competitive capabilities in the production and services sectors of the economy, taking advantage of every opportunity to leverage the quantum advances on offer in the sphere of digital and other globally emergent advanced technologies.

Source: Adapted from (The DTI, 2014, p. 11-12)

4.2.3.2 New Growth Path

Government's commitment to prioritising the creation of employment opportunities in all its economic policies is reflected in the New Growth Path Framework. The policy targets the creation of five million by 2020 (Economic Affairs, 2010). The strategies that are identified should allow a more equitable and inclusive manner of growth in order to attain South Africa's developmental agenda. At the centre of the NGP Strategy, and critical driver of jobs across the economy, is infrastructure investment on a massive scale. Five key areas are identified by the NGP Framework to invest in namely: energy, transport, communication, water and housing. The Framework emphasises that if public investment is sustained at high levels in these areas, jobs will be created in construction and operation and maintenance of infrastructure.

4.3 Local Economic Development in Ekurhuleni

4.3.1 Policies Directly Affecting the Ekurhuleni's LED Implementation

There are a number of policies and frameworks that directly affect the Ekurhuleni's LED implementation. At a provincial level the most important of these is the Gauteng Provincial Growth and Development Strategy (including Gauteng 2055). At the level of the Metro, the Ekurhuleni Local Economic Development Framework and the Ekurhuleni Growth and Development Strategy 2055 are the policies and frameworks which will directly affect LED implementation. Each of these is discussed in a bit more detail below.

4.3.1.1 Provincial Growth & Development Strategy

As part of their mandate, provincial governments should play an important role in ensuring that economic planning, infrastructure investment and development spending take place in line with the overall government developmental objectives. The Provincial Growth and Development Strategy (PGDS) is therefore seen an essential mechanism that will guide and co-ordinate the allocation of national, provincial and local resources, including the investments made by the private sector, to achieve development outcomes that are sustainable (The Presidency, 2005). This mechanism, which is essentially about planning and coordination of activities at a sub-national level, is recognised by Clark *et al* (2007, p. 1) as "good practical sense in a global world characterized by new economic opportunities, shifting patterns of poverty and exclusion and increasing environmental uncertainty".

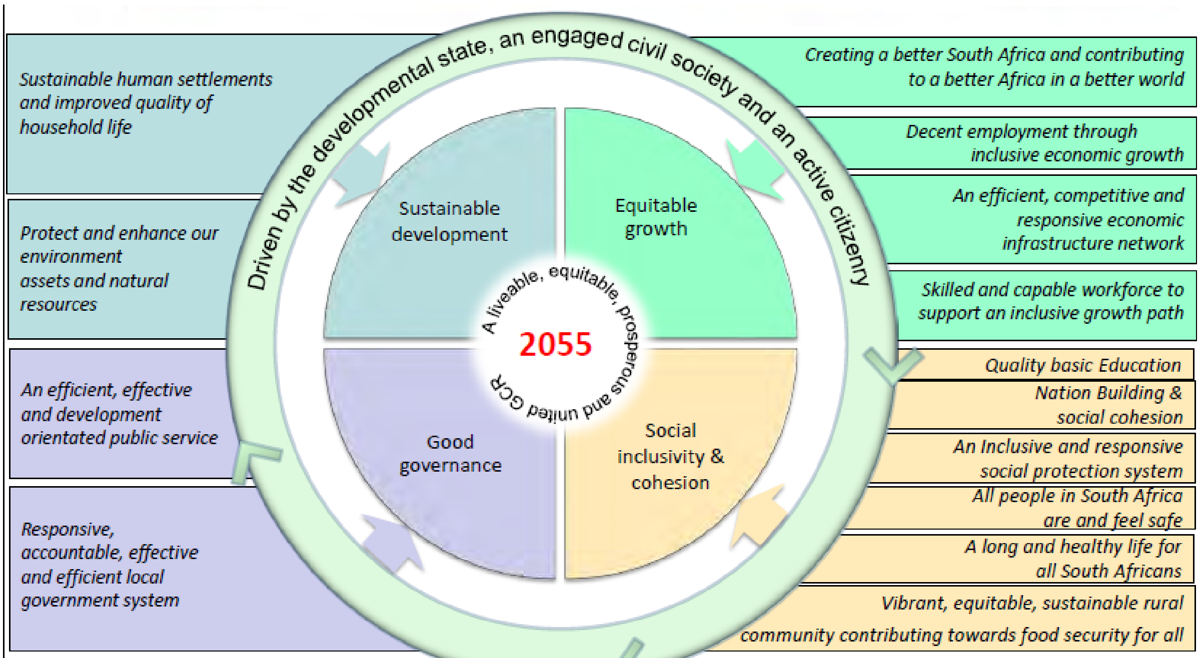
Between 2005 and 2014 the Gauteng Provincial Growth and Development Strategy underwent a major transformation. From being a straightforward Provincial Growth and Development Strategy in 2005, it is now, since 2012, ‘Gauteng 2055’. The aim of the Gauteng 2005 GDS was for all sectors of the Gauteng society to have a shared vision of how to achieve the goal of improving the quality of life for its entire population (Gauteng Department of Economic Development, 2005). The 2005 GDS was meant to reinforce the principle of participation of all role players in addressing the scourge of unemployment and poverty. It sought to ensure, at all levels, that action is taken in order to achieve socio-economic development that had equitable benefits for all. With regards to local economic development, it provided the following key actions towards various targeted localities:

- New business creation
- Improving infrastructure
- Improving local business competitiveness
- Attracting inward investment
- Encouraging local procurement
- Improving skills and knowledge

It is apparent that the Gauteng GDS 2005 was a fairly broad document, providing important information and putting in place certain guiding issues for development. However the document itself creates an impression that it is one of compliance rather than an in-depth document as it exactly follows the guidelines for Growth and Development Strategies set out by the Presidency.

On the contrary, ‘Gauteng 2055’ is a much more comprehensive document with a lot more thought put into it. It started off as a discussion document, inviting comments from the general public in Gauteng - innovatively through all sorts of media, including electronic means via a website (Gauteng Planning Commission, 2012). The Gauteng Province has also innovatively linked ‘Gauteng 2055’ to the 100-year anniversary of the publication of the Freedom Charter. This strategic long-term focal point would allow people to measure the progress that has been made against the “ideals and the democratic changes envisioned in the Freedom Charter itself” (Gauteng Planning Commission, 2012, p. 5). The development outcomes of ‘Gauteng 2055’ can be summarised in the following illustration (Gauteng Planning Commission, 2014, p. 23):

Figure 2: Gauteng 2055 Development Outcomes



Source: Gauteng Planning Commission presentation to the LESEDI LED Summit - February 2014

Although all sections of the Gauteng 2055 Development Outcomes should have an influence on all aspects of economic development in Ekurhuleni, the Equitable Growth section is the one affecting the Ekurhuleni LED Strategy the most. The following table highlights each of the outcomes of Equitable Growth, some of the key issues and some of the high level development interventions (Gauteng Planning Commission, 2014, pp. 28-37).

Table 7: Gauteng 2055 Equitable Growth Development Outcomes

Outcomes	Development Interventions
Creating a better South Africa and contributing to a better Africa in a better world	• Repositioning the GCR in line with global economic shifts • Trade opportunity identification and the signing of Twinning Agreements with other city regions • Support BRICS Development Bank • Contribute toward the African agenda for industrialisation and regional integration for sustainable and inclusive development
Decent employment through inclusive economic growth	• Strengthening the regional economic competitiveness of the GCR (skills, infrastructure, key sectors, regulatory issues) • Regional spatial equity -increasing investment in the economic development of townships, declining nodes and peri-urban areas • Regional economic equity –addressing inequalities (across economic and social groups, including women and youth) • More concerted focus on measures to improve youth employment levels, incl. National Youth Employment Accord • Further promote employment equity, including wage equity
An efficient, competitive and responsive economic infrastructure	• Economic infrastructure development in support of the Gateway to Africa and as a critical enabler of labour absorbing industries • Addressing spatial distortions in the GCR through coordinated and holistic planning that includes economic, infrastructure, social and spatial

Outcomes	Development Interventions
network	considerations • Align infrastructure development programmes with green economy principles • Invest in tourism infrastructure
Skilled and capable workforce to support an inclusive growth path	• Provide a platform to allow for alignment between skills/education programmes and industry • Improved equity in access and quality of outcomes • Strengthened vocational and further education and training • Revive the role of state owned enterprises and government in skills development and training • Implementation of low-cost e-learning training courses • Improved performance of the skills development system • Support local manufacturing –State purchases 75% of goods and services from local producers.

Source: Adapted from (Gauteng Planning Commission, 2014, p. 28-37)

4.3.1.2 Ekurhuleni Local Economic Development Framework

The fact that Ekurhuleni was an amalgamation of 9 separate towns had a huge role to play in the speedy development and adoption of the Ekurhuleni Local Economic Development Framework in February 2003. According to Karuna Mohan, the Executive Director for the Ekurhuleni LED Unit between 2001 and 2008:

> *Boksburg, Brakpan, Alberton were competing with each other for resources prior to becoming a metropolitan area. So it was important, given that there was a new Metro and a new function allocated to the municipality, to look at local economic development and to begin the process of looking at what an economic strategy for the entire Metropolitan area would be as soon as possible* (Interview with Karuna Mohan, 2015)

In addition, in all of these towns, there was also an economic duality that existed, namely a formal and an informal economy. Most of the people who were not participating in the formal economy (mainly historically disadvantaged African people) got involved in informality. It was for this reason that in "every single township and every single CBD you had a proliferation of street trading as informal activity" (Interview: Mohan, 2015). Karuna Mohan emphasised this informality in her interview:

> *You also had, given the fact that townships were really overcrowded and people needed to be closer to economic opportunities, a second informality that affected the municipality and that was the proliferation*

> *of informal settlements where people began to invade land and Ekurhuleni has the distinction of 122 informal settlements* (Interview with Karuna Mohan, 2015).

So it was important, given the problems within these different towns that formed this new Metropolitan municipality, to begin as early as possible - early in 2002 - the process of looking at an economic strategy, which would be inclusive, for the entire Metropolitan area (Interview: Mohan, 2015). Out of this thinking the Ekurhuleni Local Economic Development Framework consisting of three components namely: i) The Ekurhuleni Local Economic Development Policy, ii) The Ekurhuleni Economic Strategy and, iii) the LED Policy and Strategy Implementation Framework, was born (Ekurhuleni LED Directorate, 2003).

It is important to note that the LED Framework is at present still an important guiding framework for the implementation of LED in Ekurhuleni. It sets out the LED Vision for Ekurhuleni as that of creating an "inclusive wealth-generating economy" with the LED Mission Statement being "To facilitate a conducive environment where all can participate in a wealth generating local economy by focusing on economic growth, empowerment and transformation" (Ekurhuleni LED Directorate, 2003, p. 28).

> *I think the basic principles were taken from the Reconstruction and Development Programme (RDP) that was developed. It was really looking at how do you involve people in the economy and it basically began to say that you have this industrial base of the country here, but there is no manufacturing for local needs. So it actually started talking about local production for local needs.* (Interview with Karuna Mohan, 2015)

The Ekurhuleni Local Economic Development Policy has 10 Policy Thrusts which are based on 8 'development principles'. The Framework emphasises that the Principles and Policy Thrusts are not only for the LED Department to carry out, but are "relevant for all components of the municipal institution" (Ekurhuleni LED Directorate, 2003, p. 5). Although the Ekurhuleni Economic Strategy and the LED Policy and Strategy Implementation Framework are important components of the Framework, only the key components of Ekurhuleni's LED Policy are lists in the table below as these are key to this research study.

Table 8: Key Components of Ekurhuleni's LED Policy

No.	Policy Thrust	Local Interventions
1	Local Production For Local Need	• Set up local industrial hives; • Promote SMME's and micro-enterprises; • Facilitate the participation of women in local production and services; • Stimulate and encourage beneficiation of local mineral and manufactured products; • Develop and sustain all economic sectors.
2	A Co-operative Movement to represent community-based interventions in the local economy	• Set up ongoing linkages with community organisations involved in economic activity; • Facilitate the involvement of communities in all economic programmes of the metro; • Encourage the initiation and continued development of co-operatives; • Investigate the potential to set up municipal worker co-operatives on key service delivery channels; • Develop linkages with national and provincial programmes to facilitate access to finance, information and marketing of products; • Review local legislation to include cooperatives.
3	Skills Development Network	• Facilitate the linkages between the local skills development needs and the national and provincial programmes; • Develop a skills development network comprising all training institutions to consolidate the capacity at local level and to align vocational training and skills development to the needs of the local economy; • Facilitate the supply of labour for projects and service delivery programmes of the metro.
4	Develop and Sustain Urban and Commercial Agriculture to build food security	• Ensure that land in the Metro is accessible to residents interested in carrying out agricultural activity; • Facilitate urban agricultural friendly legislation; • Facilitate linkages to finance, information and production methods with national and provincial levels of government; • Encourage organic farming; • Support the development of fresh produce markets in local communities to ensure that the agricultural produce can be sold cheaply; • Facilitate linkages to export markets; • Increase the efficiency and broaden the base of access and ownership of the municipal market.
5	Promote Waste Recycling and Reusable Energy	• Stimulate approaches to value added waste processing; • Encourage the use of renewable energy where appropriate; • Encourage the establishment of renewable energy co-operatives.
6	Build Local Development Capital	• Encourage local savings in communities; • Facilitate access to finance; • Set up a co-operative bank for development projects to save and access small loans; • Set up a local LED FUND with local businesses to support local development.
7	Ensure Participatory and Integrated Planning	• Design and foster an IDP process that plans local economic development and fosters participatory budgeting; • Ensure that needs, priorities and resources are planned for.

No.	Policy Thrust	Local Interventions
8	Maintain Linkages With The Industrial Base	• Facilitate, engage and negotiate with local businesses about their role and contribution to the overall local economic development strategy; • Devise strategies for each sector of the economy; • Ensure that local businesses are lead and positioned within the LED development strategy process to make commitments to a common vision for the regional economy; • Facilitate the implementation of the trade incentives of national government; • Create opportunities for local businesses to make contributions to loan guarantee funds, venture capital for SMMEs, skills development programs, mentoring programs and incubation facilities for grassroots entrepreneurs.
9	Facilitate and Grow SMMEs	• Develop linkages with national programmes of Department of Trade and Industry, Ntsika and Khula on finance and information; • Facilitate a local SMME council; • Supply information about business opportunities; • Provide one-stop centres to deal with technical advice and support; • Set up incubators to assist emergent entrepreneurs to establish their enterprises; • Support the growth of informal traders into small businesses; • Provide infrastructure, technical support and business advice and access to finance to informal traders.
10	Affirm Local Procurement	• Promote a buy local ethic; • Ensure transparency in the procurement process of the Metro; • Establish and implement a percentage quota for start-up businesses; • Ensure that procurement procedures are friendly and accessible to locals, co-operatives and SMMEs.

Source: Adapted from (Ekurhuleni LED Directorate, 2003, p. 8-20)

4.3.1.3 Ekurhuleni Growth & Development Strategy 2055

Although the Ekurhuleni LED Strategy Framework is more than a decade old it is still being used as a means of guiding local economic development implementation. Jorro Segabutla, the Divisional Head of Community Enterprises Development in Ekurhuleni, in his interview sketched the following picture:

> *We are using that [LED Strategy Framework] as a basis, however it is worth mentioning that it has now becoming outdated. If you remember, when we did it, it was a decade ago. Unfortunately we had an absence of leadership in terms of people who can initiate the process, you know, to review those policies and maintain them to be relevant at the current time.* (Interview with Jorro Segabutla, 2015)

According to Jorro Segabutla the Economic Development and Planning Directorate is now relying more on the Strategic Pillars of the Ekurhuleni Growth and Development Strategy (GDS) 2055.

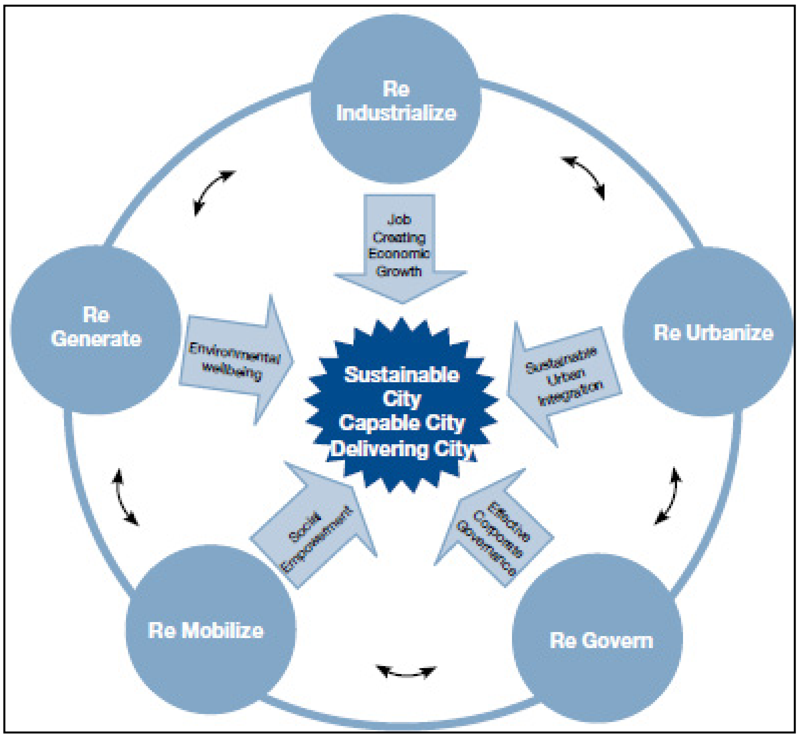
The GDS 2055 is a fairly new document, developed in 2012 and elaborated in the IDP, Budget & SDBIP document of 2013. Although the newer actions and activities within the IDP/LED strategy is starting to use this as the basis, the LED implementation that is looked at for this study is based on the older LED Strategy Framework. This section would therefore only briefly outline the content of the GDS 2055 - especially the ‘Economic Development Perspective’ for the purposes of the recommendations and conclusion that will follow in Chapter 5.

From an economic perspective, the GDS 2055 categorised the economic challenges into 4 critical areas that the municipality needs to deal with in order for its economy to develop adequately (Ekurhuleni IDP, 2013).

The first is unemployment - with the municipality recognising that the attempts to “invest in short-term employment solutions … are not sustainable in the long run” (Ekurhuleni IDP, 2013, p. 18). The GDS 2055 emphasises the need to find solutions that will ensure an expanding job market that will solve the unemployment challenge. The second is the inadequate skill-set that exists, specifically for the labour market of the municipality. The emphasis in this instance is the need for industry-led skills development approaches. The third is market constraints and development incentives – with the Metro having to balance its traditional manufacturing base and making investment and structuring incentives with the changing demands of emerging markets and the requirements of the ‘green economy ‘. The fourth and final critical area is SMME development. The GDS 2055 recognises that quite a lot has been done by the Metro with regards to SMME development, however it also states that SMMEs are still “dislocated from the main economic value chains defining the structure of the South African economy” (Ekurhuleni IDP, 2013, p. 19).

The Ekurhuleni GDS 2055 is guided by the 5 goals/imperatives of namely: sustainable urban integration, job creating economic growth, social empowerment, environmental wellbeing and effective cooperative governance. To pursue these goals the GDS 2055 speaks about 5 ‘Re-’ strategies namely (i) Re-urbanise in order to achieve sustainable urban integration; (ii) Re-industrialise in order to achieve job creating economic growth; (iii) Re-generate in order to achieve environmental wellbeing; (iv) Re-mobilise in order to achieve social empowerment; and (v) Re-govern in order to achieve effective cooperative governance. The Ekurhuleni GDS 2055 is summarised in the following illustration:

Figure 3: Summary of the Ekurhuleni GDS 2055



Source: (Ekurhuleni IDP, 2013, p. 15)

4.4 Ekurhuleni Local Economic Development Implementation

Yusuf Mayet, the current Ward Economic Development Facilitator, who has been working for Ekurhuleni since 1996 (in the town of Benoni) in the interview provide a brief contrast between then and now:

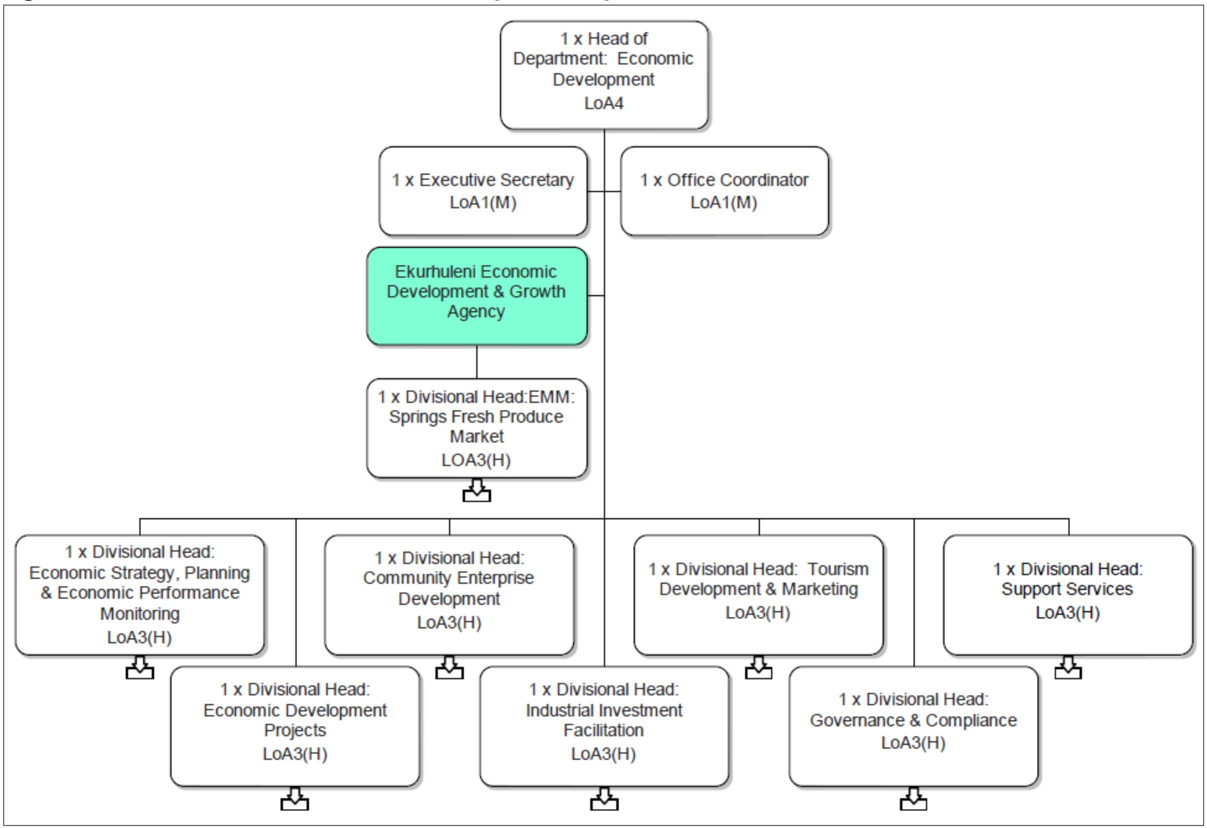
> *When the Local Economic Development Directorate was established in 2002/3 it only consisted of two divisions with only 27 people working in the directorate and a budget of R5 million. It has now grown to 8 divisions because it has expanded also into the Economic Development Department with more than 70 people employed with a capital budget of more than R60 million. This is indicative of how much work is now being done around local economic development in the municipality* (Interview with Yusuf Mayet, 2015).

According to Mayet, the major change between what happened in the early years of LED implementation and presently, is that the municipality is:

> *not only playing a liaison/facilitation role, but is also implementing a number of projects, especially that of economic development infrastructure* (Interview with Yusuf Mayet, 2015).

The organogram elaborated below, broadly sets out the divisions of the Economic Development Department (the Ekurhuleni Economic Development & Growth Agency depicted in green does not exist at present):

Figure 4: Divisions of the Economic Development Department



Source: (Ekurhuleni, 2014a, p. 3)

The following sections below are set out based on the conceptual framework as presented in Table 3 in Chapter 2. It makes use of the three areas of implementation namely, Locality Development, SMME Development and Economic Governance as a guide for the structure of the sections. Based on the primary data gathered through the semi-structured interviews and the focus group meeting and also the secondary data gathered through documentation, it tells the story of some of the more interesting activities being implemented. At the end of each of the sections a brief analysis is made by looking at the activities and how they link to the various guidelines, frameworks and policies of all three spheres of government and also to the findings within the literature review.

4.4.1 Locality Development

Locality Development looks at what the municipality has done around developing its locality through economic infrastructure and management, including transport, energy, telecommunications, water and sanitation, sites and premises, natural resource management and regeneration. A surprising aspect of the Ekurhuleni Municipality is the Aerotropolis concept which had actually fallen outside of the thematic coding process. However, the "revitalisation" of the townships falls well within locality development under the regeneration process.

4.4.1.1 The Ekurhuleni Aerotropolis

Caiphus Chauke, the Head of the Economic Development Department of Ekurhuleni, in his interview states that Ekurhuleni is the only city in Africa at present that has really started working with the concept of an Aerotropolis.

> *The City sees the launch of the Ekurhuleni Aerotropolis as one of the most important development projects in South Africa. The project is a joint initiative with the Gauteng Provincial Government and is an urban development initiative which has, at the core of the regions layout, infrastructure and economy, the OR Tambo International Airport, which will link Ekurhuleni and the region to global markets.* (Interview with Caiphus Chauke, 2015)

Although, not as much as an actual physical locality development process, but rather an economic concept, the Aerotropolis is an airport driven economy which is integrated into all Ekurhuleni's and the region's urban planning (Ekurhuleni, 2013a). Wium and Coetzee (2014) endorses this by indicating that an Aerotropolis development has a strong focus on how urban and regional planning can be used to enable strategic economic development. They further state that it identifies the best possible mix of infrastructure investment and land use so that a city and its surrounding region's economic competitiveness, attractiveness and growth is fully exploited.

> *John Kasarda, who is a US based Professor at the University of North Carolina, is widely credited with coming up with the new word 'Aerotropolis'. He was engaged as a consultant by Ekurhuleni in 2011 to support them in developing their Aerotropolis strategy.* (Interview with Caiphus Chauke, 2015)

An Aerotropolis is defined simply as an "urban sub-region whose infrastructure, land-use, and economy are centred on an airport" (Kasarda & Appold, 2014, p. 1). They indicated that it provides enterprises and businesses with "swift connectivity" to their suppliers, customers and enterprise partners nationally and internationally which improves both the firm and the region's efficiency.

The Executive Mayor of Ekurhuleni, Clr Mondli Gungubele, is such a staunch advocate of the Aerotropolis that he has earned himself the nickname “Mr Aerotropolis” by his local government colleagues (Britten, 2013). In a presentation made to the Airports Cities World Conference and Exhibition (ACE) 2014, he condensed the reason for the Aerotropolis into one all-encompassing sentence: “The Ekurhuleni Aerotropolis is about leveraging speed, agility and connectivity to drive global efficiencies and competitiveness” (Gungubele, 2014a, p. 37). He emphasises that Ekurhuleni must make the most of OR Tambo International Airport (ORTIA) to compete at a global level, thus fostering Ekurhuleni’s and Gauteng’s economic transformation in the rapidly changing international marketplace.

Because the Ekurhuleni Aerotropolis cuts across the region and is a joint venture with the Gauteng province, Caiphus Chauke explains the following about some of the arrangements made:

> *As part of the institutional arrangements for the Ekurhuleni Aerotropolis, an Aerotropolis Planning Committee has been established which consists of representatives from all Ekurhuleni’s Departments, relevant ACSA departments as well as other spheres of government who sit on the relevant streams of expertise within the committee. An official MOU and a TOR has been signed between Ekurhuleni and ACSA and a pledge of support has been signed by the Premier of Gauteng, the Executive Mayor of Ekurhuleni and the City Manager which insures co-operation amongst all role players with regards to the Aerotropolis Project* (Interview with Caiphus Chauke, 2015).

According to Ciaphus Chauke, all infrastructure planning and development and all economic considerations for Ekurhuleni will be driven by the Aerotropolis Strategy.

In summary, the Aerotropolis Strategy is one that is based around the OR Tambo International Airport as the centre/core of the economy of Ekurhuleni. The idea is to develop all the sub economic strategies around the ORTIA. This would include both ‘hard-core’ economic development (economic infrastructure, manufacturing, services and retail) and ‘soft-core’ economic development (investment attraction, skills development, conducive environment etc.) to be implemented. All the municipality’s activities relating to economic development will therefore be structured around the Aerotropolis Strategy.

4.4.1.2 Revitalisation of Township Economies

One of the important aspects of Ekurhuleni is the fact that it had inherited a number of apartheid styled townships and according to Jorro Segabutle, during his interview he indicated that these need to be upgraded:

> *Ekurhuleni is looking at revitalising the 22 townships that it has in its boundaries. It is envisioned that the revitalisation of township economies project will re-generate and develop sectors that are compatible with existing industries. As part of this revitalisation a spatial analysis for all 22 townships has been done and this report will be made available shortly. The analysis will be assisting in the planning processes, especially for infrastructure in the different townships* (Interview with Jorro Segabutle 2015).

An interesting component of revitalising the Township economies is the Fablab (fabrication laboratory) concept. A Fablab has been set up in Tembisa and is operational and it assists in promoting innovation and supporting entrepreneurship within the disadvantaged communities (Ekurhuleni, 2014b). Through the promotion of innovation and entrepreneurship, Ekurhuleni sees the Fablabs as assisting in reducing the people who are unemployed. Ekurhuleni's vision with Fablabs is to make them accessible to all communities in each of its six regions - one Fablab per region.

The municipality has also completed infrastructure development within Tembisa on a Business Park which is hosting the Tembisa Fablab, offices of the National Youth Development Agency and a chemical incubation project. It is expected that additional tenants will occupy other sections of the Business Park. This is but one of the 8 Township Business Hubs that are in the process of being developed or have been developed (Ekurhuleni, 2014b).

Traders markets are also being planned for the different townships. The Thokoza Traders Market is now operational having been completed in August 2014 (Ekurhuleni, 2014b). A number of businesses are making use of this traders market which is conveniently placed along Khumalo Road in Thokoza.

Ekurhuleni clearly understands that township economies are mainly based on retail and services. Although manufacturing is slowly growing in the townships there is not enough support to ensure rapid growth. As Jorro Segabutle indicates that the township analysis has brought up a number of issues:

> *The analysis tells us that retailers coming up on top, manufacturing is coming out on top, services is coming out on top. Issues like your light manufacturing are also coming out on top. We have already started designating areas within townships where we can plug-in these kind of in amenities and build them up from scratch and make them available to the communities.* (Interview with Jorro Segabutle 2015)

The municipality believes that the Revitalising Townships Strategy will assist with diversification and enhance all the sectors with potential. So by providing proper infrastructure aimed at supporting investment the potential for economic growth will be unlocked (Ekurhuleni, 2014b).

As an important component of the revitalisation of the township economies, the municipality is also upgrading transport corridors between the economic hubs of Ekurhuleni and the townships.

> *The Integrated Rapid Public Transport Network (IRPTN) is past the planning stage and is now being implemented. The first upgrades between the township and the Aerotropolis is happening between Tembisa and Kempton Park. Not only will this infrastructure project improved the economic viability of townships, but during the construction phase they are also providing much-needed employment opportunities to locals.* (Interview with Yusuf Mayet, 2015)

Excluding the spend on the IRPTN, Ekurhuleni budgeted in the 2013/2014 financial year, a total amount R19.3 million for projects within the townships including enterprise hubs and industrial parks. The actual expenditure on the projects was almost 100% with a total spending of R19.28 million. (Ekurhuleni, 2014b).

In summary, the municipality is making a concerted effort to revitalise the township areas especially with the provision of economic infrastructure. Business Hubs, industrial parks and trader's markets have been planned and some have already been established within some of the township. An important component of the development and revitalisation of the townships are specialist skill development hubs that are being set up, especially where young people can gain additional skills. Finally as part of Aerotropolis Strategy, the municipality is also linking the townships through and Integrated Rapid Public Transport Network to bigger economic hubs in Ekurhuleni.

4.4.2 Small Medium and Micro-Enterprise Development

The enterprise development area for LED implementation looks at issues around an enabling environment, business attraction and retention, clusters, value chains, SMMEs, agriculture and innovation. The Ekurhuleni Business Facilitation Network is a good example of a one-stop shop that provides a number of services to enterprises. The fact that Ekurhuleni also emphasises the support to informal enterprises/traders is an important aspect of growing the local economy while investment promotion is an important business attraction process.

4.4.2.1 Ekurhuleni Business Facilitation Network

> *The Ekurhuleni Business Facilitation Network was set up in Kempton Park and was officially launched in January 2014 (although it had already been operating since 2013). The Business Facilitation Network provides coordinated business support, incubation, mentorship, linkages and financing intervention for SMMEs and co-operatives.* (Interview with Jorro Segabutla 2015)

It also houses the unit that seeks to unlock public and private sector investments into the city; and the office which coordinates the development and roll-out of the 30-year Aerotropolis Master Plan (Mayet, 2015).

According to Jorro Segabutla, the building in which the Business Facilitation Network is housed is a mere five-minute drive from the OR Tambo International Airport and the

> *refurbishment of the building was supported by the 'Emperors Palace Hotel and Casino' hub as part of their support to the municipality and towards small and medium enterprises as a whole. Since its establishment, partnerships have been secured with the Da Vinci University, the Small Enterprise Development Agency - Ekurhuleni Branch, SEFA, Anglo Platinum, The Business Place, New Generation Mindset, and SEDA Construction Incubator but to name a few. All of these institutions have agreements with Ekurhuleni and they all provide a type of one-stop shop to small, medium and Micro enterprises.* (Interview with Jorro Segabutla 2015)

The Ekurhuleni Executive Mayor summed up the reason for the Facilitation Network, at its launch, when he indicated that it was part of the efforts of Ekurhuleni to reposition the regional economy at the centre of the aviation and non-aviation business. The aim of the Network was to develop a comprehensive value-proposition that brings in investment, facilitates industrial agglomeration and provides new venture enterprise development including skills development for enterprises (Gungubele, 2014b).

Jorro Segabutla indicated in the interview the type of programmes that the Economic Unit runs and in most instances it makes use of the Business Facilitation Network,

> *To fill our development programmes we speak to business Chambers, run introductory workshops, awareness campaigns, seminars, conferences with people so that we can determine what the needs of people are. Out of these number of different processes, we then start to channel people into different industries in terms of the work that they doing in SMMEs. After that, we put them into different categories for them to be able to follow an industry line. For instance we run mentorship programmes, and incubation programmes. Both are hand-holding programmes. So these programmes specifically align people to industry we aligned people to the market* (Interview with Jorro Segabutla, 2015).

Many of the people who go through these programmes can then also be placed in the different institutions that are housed within the Business Facilitation Network. Caiphus Chauke in his interview summed up the main reason for the Business Facilitation Network:

> *Enterprise support exists to improve the quality of small business management. The Facilitation Network, as a one-stop shop, provides business training and advice through a number of channels. These channels include an incubator, both non-financial and financial support through SEDA and SEFA including business registration and accounting services. Ekurhuleni believes that a consolidated approach to business development should be a total package from us* (Interview with Caiphus Chauke, 2015).

In summary, the Business Facilitation Network is a perfect example of a one-stop shop for enterprises where they are able to receive a wide range of financial and non-financial support for their businesses. It is situated close to the ORTIA so that it also becomes part of the Aerotropolis strategy of the municipality. It also brings together a number of partners so that the impact on enterprises is much wider than if ekurhuleni was doing the process on its own.

4.4.2.2 Informal Businesses and Street Trading

Informal Businesses and Street Trading has become a feature of Ekurhuleni's urban environment and it symbolizes the changing nature of the municipality in economic terms (Ekurhuleni, 2014c). Sithembiso Garane, Project Manager for Informal Trading for Ekurhuleni Economic Development Department indicated in his interview that:

> *There has been big growth of informal businesses including street traders which we know is a big source of income for poor households. It is therefore very important for us as Ekurhuleni to help these people. We have been trying to support informal traders with shelters they can use where they sell their goods* (interview with Sithembiso Garane, 2015).

According to the Built Environment Performance Plan, informal trading continues to form a vital part of Ekurhuleni's emerging new spatial and economic form that accounts for a bigger space and income for the local economy. Informal traders also play a significant role in absorbing the unemployed (Ekurhuleni, 2014c).

Because Ekurhuleni understands the huge role that informal businesses (especially street trading) play within the local economy, it is in the process of developing legislation which is a lot more 'informal trading friendly' (Interview: Segabutla, 2015).

Sithembiso Garane indicated that after a lot of discussion:

> *Together with the Metro Police, new bylaws are being considered so that the business environment is a lot friendlier to informal enterprises. Ekurhuleni has also supported informal traders to form associations in order for the municipality to be able to deal with, and talk to a unified association rather than individuals. This has allowed the municipality to involve informal traders in a lot more of the decisions made around the informal economy* (interview with Sithembiso Garane, 2015).

These informal businesses and enterprises form an integral part of the discussions around the new bylaws (Interview: Garane, 2015). As part of the support to informal traders, trading areas in Ekurhuleni, especially in the townships, are being designated and special trading shelters and business arms are being built. In the 2013/14 financial year, the municipality had spent approximately R4 million on trading stalls for informal traders; (Ekurhuleni, 2014b). According to Sithembiso Garane, who works exclusively with informal businesses (mainly street traders), the budget for support to Street trading is not enough. It is hoped that in the new financial year this would be increased.

This sentiment is born out in the focus group with street traders who indicated that:

> *Shelters within the Kempton Park area was promised by the municipality two years ago, this had not come to fruition yet. We have asked the municipality many times but up till now nothing has happened with shelters for some of us* (Focus Group Session, 2015).

According to the focus group meeting, Ekurhuleni, in general, is trying to support the street traders. According to the group:

> *Areas for us have been specifically marked off where trading can take place and a permit system has been issued in order to have 'legal' informal traders plying their trade in the marked off areas. Since the start of the permit system, and Ekurhuleni fully discussed it with us who represent the informal traders, Street trading in different parts of Ekurhuleni is a lot more organised. But this permit system is not properly policed and when the Metro Police come the rules are not strictly adhered to and goods are confiscated in an irregular manner* (Focus Group Session 2015).

The informal traders also felt that not enough was being done around training for them.

> *If you are informal trader the municipality forgets about you. They think that we are just selling simple things so we do not need help. We also want to become big and the municipality needs to understand this. We understand that a lot of us are not literate, but we need some small skills even to make sure we understand how to make profit. If the municipality can do this we will be much happy* (Focus Group Session, 2015).

Finally the last important thing that came out of the focus group meeting was the issue of finances.

> *Like everybody else we have a problem with money. We do not have enough money to make our business grow. The municipality should help with money because we can't get from banks and when you go to the loan sharks - they charge big interest. It is very difficult to run your business without money. The municipality say they have FESA, but they also do not always give people, especially us informal traders money to grow our business* (Focus Group Session, 2015).

In summary this section shows that Ekurhuleni is making a concerted effort to bring informal traders into the economy. They are not only creating friendly bylaw environment in which informal traders can trade, but they are also involving informal traders in decisions affecting informal trade. The permit system has organised informal trading a lot better than in the past, but when it comes to policing the permit system, it seems to be done fairly haphazardly. The informal traders also feel that Ekurhuleni can do a lot more for informal traders especially around infrastructure, training and financing.

4.4.2.3 Investment Attraction

Ekurhuleni is putting a lot of emphasis on attracting investment into its economy. This is mainly linked to and driven by the Aerotropolis Strategy, and also through a clear understanding of what new and additional investment can do to grow the economy (Mayet, 2015).

> *The Ekurhuleni Investment Centre (EIC) was launched in November 2013 and very early on started working closely with the Gauteng Investment Centre which is an initiative of the Gauteng Growth and Development Agency (GGDA). The main aim of the EIC is to increase domestic and foreign direct investment into the City* (Interview with Yusuf Mayet 2015).

The overall objective is to contribute to the municipality's economic growth and development and create more sustainable job opportunities for the majority of the municipality's population; Ekurhuleni has set a fairly ambitious target for the EIC of attracting and facilitating investments to the value of R6,5 billion per year (Ekurhuleni, 2013b).

All possible investments coming into the EIC is managed through the Ekurhuleni Investment Committee which is made up of representatives from different departments so that any requests from the investor - for example an electricity connection - can be dealt with rapidly. One of the aims of the EIC is to reduce the slow turnaround time for economic decisions that are made, from the average 13 weeks to a maximum of 5 weeks (Ekurhuleni, 2013b).

As part of its contribution to creating a much greener environment, Ekurhuleni is also encouraging businesses in its locality to work in a much more environmentally friendly manner. Yusuf Mayet explained the following:

> *At present, we in the EIC are working with the CSIR on a cleaner energy programme called the National Cleaner Production Centre Programme. What the program does is to sign up companies that would allow the CSIR funded expert consultants to assist them to find ways of efficiently using energy, water and disposal of waste. The whole idea is to have an impact on the 'green economy' and create greener projects, greener factories and greener production. Although this might not seem as direct financial and economic investment into Ekurhuleni as such, it is an investment into the environment of Ekurhuleni* (Interview with Yusuf Mayet, 2015).

.According to Yusuf Mayet, one of the issues that the EIC is looking at is that of land belonging to the municipality.

> *The municipality owns a lot of land which is zoned as industrial land and which is standing vacant. As Ekurhuleni, we are looking at how to deal with this land in such a way that it can attract investment. At a strategic level, the Metro has made pronouncements around strategic land parcels that could be made available for business either through lease or through sale. At present, policies and regulations are being put in place on the issue, however currently the view is not to sell the land, but to make the land parcels available on long-term leases. The Metro has in the meantime set up a fully functional division focusing specifically on real estate and that will work closely with the EIC with regards to this type of investment.* (Interview with Yusuf Mayet, 2015)

Yusuf Mayet sees two hurdles that are presently hindering the work of the EIC.

> *The first problem is the backlog of investment issues that we need to deal with. The consequence of this backlog is that the EIC at present is mainly only reacting to requests from investors who are seeking out opportunities in Ekurhuleni. At present, we do not have a strategy of going out and "finding" investors and "selling" Ekurhuleni to them. The second hurdle is the people working in the municipality, especially in the planning or compliance divisions who do not understand the urgency of certain documents. Only once an investor enquires through the EIC about requests made around issues of approvals, will they find that the document has been held up for weeks on the desk of an individual without any good reason. Just as soon as the EIC follows up internally, the process is then quickly unblocked* (Interview with Yusuf Mayet, 2015).

In summary, Investment Attraction is an important aspect of what Ekurhuleni is doing. It is also linked in some way to the Aerotropolis Strategy. At present Ekurhuleni is working with the CSIR to promote a greener economy. The municipality is also looking at land it owns which could be used to attract investors. However because there is an enormous backlog around requests for investment, the municipality is not going out to look for investors, rather they are only reacting to what they already have. The municipality also seems to have some internal problems when dealing with investors. These problems are mainly about the length of time it takes to process a request.

4.4.3 Economic Governance

When it comes to the economic governance area of implementation, the issues that would need to be considered is firstly how the Economic Development Department is governed by the municipality itself, how do they go about organising local economic development and how do the NPD activities relate to the IDP planning framework and also to the existing policy. This section looked at both the internal and external processes of how the LED strategy is governed.

4.4.3.1 Governance by the Municipality

The structures within the municipality ensure that there is good oversight and management of the Economic Development Department.

> *The Ekurhuleni Economic Development Department is led by the Head of Department (HOD) who reports directly to the Municipal Manager. As part of the legislated oversight process, the activities of the Economic Development Department are also overseen by a Member of the Mayoral Committee (MMC) and in this instance it is the MMC for City Planning and Economic Development. There is also a City Planning and Economic Development Oversight Committee, whose role is to consider the regular reports receive from the various units and divisions in the Department and to prepare a draft Oversight Report of the activities presented for consideration by Council* (Interview with Cllr Nikani, 2015).

4.4.3.2 Internal Relations amongst Departments and Divisions

Based on the interviews that were done, there appears to be a fairly good relationship amongst the different departments.

> *Although economic development is mainly driven by the Economic Development Department and its different divisions, the other departments, especially infrastructure at present, is extensively brought into the work being done* (Interview with Jorro Segabutla 2015).

There is also close working relationship with the Department of transport within Ekurhuleni.

> *The Department of Transport understands how important the IRPTN to the development of the local economy is, so they are working closely with our Department as transport plays an important role in local economic development. The upgrading of the road between Kempton Park and Tembisa is an example of how well departments can work together.* (Interview with Yusuf Mayet 2015)

Although the Metro Police view street traders as sometimes being a nuisance, they are working closely together with the Economic Development Department in re-examining the bylaws for informal traders.

> *This is quite important as the older bylaws were fairly stringent and whenever they could, the Metro Police confiscated the goods of infringing informal traders* (Interview with Sethembiso Garane, 2015)*.*

However, when it came to working well internally, both Mayet and Segabutla felt that at times the work they were doing was in one way or the other hampered by internal red tape and people who just did not understand how important the working relationship amongst the Departments were. The good news in this regard, and confirmed again by both Mayet and Segabutla is that the Aerotropolis Strategy is the catalyst that is allowing internal departments to realise that local economic development is a crosscutting issue, rather than the responsibility of only one department within the municipality.

4.4.3.3 External relations with government departments

Although it is very difficult process to work with other government departments and surrounding municipalities, the information received indicates that Ekurhuleni and the LED Directorates/Department made concerted efforts to work with different government departments.

> *At the beginning, the process to link up with other departments workers on an personal, individual basis with sitting on the board of a*

> *provincial institution, supporting the development of both national and provincial policies, and involved national departments (e.g. Department of Labour) in supporting programmes of the municipality* (Interview with Karuna Mohan, 2015).

More recently the interaction has become a lot more sophisticated as the programmes and projects have evolved. The Aerotropolis Project has involved multi-government stakeholders both at a national and provincial level. Within enterprise development and investment attraction/promotion, support instruments, both at a provincial level (e.g. Gauteng Investment Centre) and at a national level (e.g. SEDA and SEFA) are being used extensively.

> *Although [there is] interaction with national and provincial government at the Ekurhuleni project and programme level, the relationship the other way around is fairly difficult with no real provincial or national government programmes or projects being included as part of the Ekurhuleni IDP. This seems like a contradiction, however Ekurhuleni involves the provincial and national government departments in their programmes, rather than national or provincial government consciously involving Ekurhuleni in their programmes and projects* (Interview with Caiphus Chauke 2015).

4.4.3.4 External relations with stakeholders and communities

When it comes to the IDP and the activities within the IDP, Ekurhuleni is compliant with legislation indicating that communities and other stakeholders need to be consulted and involved in the development of the IDP.

> *However, the involvement is limited to a consultative process of informing communities, rather than soliciting information from them. Because of the amount of work being done, that is as much as the municipality can do formally* (interview with Jorro Segabutla, 2015).

However, the project and programme level interaction with stakeholders and communities seem to take place fairly regularly. The catalyst at this level, again is the Aerotropolis Strategy, with both business and community buying into and being involved in the strategy. This is also clearly demonstrated by the relationship between the municipality and the informal sector.

> *Ekurhuleni's involvement in organising informal traders, and the insistence on the involvement of the informal traders in the*

> *development of the informal trading bylaws is a good example of the type of involvement the informal sector has in municipal activities* (Interview with Sithembiso Garane, 2015).

In summary, the oversight processes that Ekurhuleni has in place are adequate with the reporting structure for the Economic Development Department in place. There are also regular quarterly meetings with regular reports being provided. Although there are internal departments working closely together with the Economic Development Department, this interaction can be a lot better. At present it appears as if only those departments who have overlapping action would work with the Economic Development Department. The Aerotropolis Strategy once again plays the catalyst role in this instance for provincial and national departments to work with the municipality. When it comes to interaction with people on the ground, the IDP process is still a compliance process rather than a genuinely consultative process. However at sectorial basis the interaction with the informal traders shows that the municipality, at that level can work closely with communities.

Chapter Five

"Good analysis is very useful when you want to convert a political decision into an investment. It can also go the other way and drive policy."

Hans Rosling

5 ANALYSIS

5.1 Introduction

Chapter Two reviewed the LED and related literature and provided a conceptual framework around which the research was done. It also provided a glimpse of the trends within local economic development and how these trends can influence what is done at a municipal level.

Chapter Four firstly presented the secondary data at the national level with the LED Guidelines and the LED Framework and also other national policies that would have an impact on the LED initiatives implemented at a municipal level. It also looked at the policies and frameworks and development strategies at a provincial level and also at a municipal level, in this instance Ekurhuleni. Finally it set out the primary data of the actual LED activities implemented by the Ekurhuleni Metropolitan Municipality.

The ingredients for the analysis are found in Chapter Two and Chapter Four. Chapter Five therefore looks at the LED implementation data coming out of these two chapters and tests whether National LED Guidelines and Frameworks had enabled that specific section of the Ekurhuleni's LED Strategy. It is important to note that the two documents act as a 'guide' for implementing LED and a 'frame' within which LED can be done When there is a positive link between the Ekurhuleni Strategies and those espoused by the National LED Policies and Frameworks, then that activity can be assumed to have been 'enabled' by these policies and frameworks. If there are no links then one can assume that the activity/intervention would be from Ekurhuleni itself.

5.2 General Observation

The most apparent observation is that the Ekurhuleni Local Economic Development Framework was developed before that of the National LED Guideline and LED

Framework. There are areas of similarity between the Ekurhuleni LED Framework and the LED Guideline and Framework developed by the DPLG. The assumption could therefore only be that Ekurhuleni Metropolitan Municipality made some significant inputs into the National LED Guidelines and Framework. This was also confirmed by Ms Karuna Mohan who was the Executive Director at that time and Mr Chris Gilmore who was Senior Advisor supporting the LED Directorate at DPLG at the time.

This fairly interesting development shows the importance of inputs made from those who are practically involved in the work at the municipal level into the policies of national government. There are therefore sections of the National LED Guidelines and Framework, even though unintentional, that could be considered to have been developed around practical experience. This also confirms the level of interaction that national government had with their stakeholders at the time that the policy was being developed. The net result for Ekurhuleni therefore is that the strategy they are implementing will have a lot in common with the National LED Guidelines and Framework.

However, it is important to note that the National LED Framework is a lot more streamlined and a lot easier to follow than the one developed by Ekurhuleni in 2003

5.3 LED Themes

The literature review showed that there are two emerging LED themes, sitting on the opposite ends of the LED Spectrum, namely LED as a strategic planning process and LED as a market-driven process.

In the case of Ekurhuleni, it has a long term strategy, the Ekurhuleni Growth and Development Strategy 2055; they have an Integrated Development Plan (IDP) which is a five-year plan and linked to the five year political cycle; and finally they have a Service Delivery and Budget Implementation Plan (SDBIP) which provides for short-term planning of Local Economic Development Initiatives. In this way it is easy to see how they conform to the theme of LED as Strategic Planning. However the planning process is geared specifically to the policies and conditions of South Africa. The planning process that Ekurhuleni undergoes does not necessarily follow to the letter, the planning steps as set out by the World Bank or those expounded by the UNDP.

At the same time, the municipality is also geared to deal with any economic opportunity that may present itself and which is not planned for. This can be seen in the fact that Ekurhuleni has established the Ekurhuleni Investment Centre (EIC) which deals with investment attraction and promotion. Also, the Aerotropolis Strategy not only lends itself to market-driven opportunities, but also encourages them. According to Mr Jorro Segabutla and Mr Yusuf Mayet, the environment within the municipality encourages grabbing those economic opportunities that present themself. Naturally, any costs associated with these unplanned opportunities are financially fully explained during the financial adjustment period and therefore Ekurhuleni adheres to the Municipal Finance Management Act (MFMA).

Ekurhuleni makes use of both LED as a planning instrument and LED as a market-driven instrument. This is an effective hybrid of the two themes which seems to work much better for Ekurhuleni than if it just followed only one of these themes. This is an important lesson that other municipalities can learn from Ekurhuleni.

5.4 Four Key Strategies of the National LED Framework

In this section, the four key strategies of the National LED Framework are individually set out and linkages between each of the national strategies and Ekurhuleni's LED implementation are explored.

5.4.1 Strategy One: improve good governance, service delivery public and market confidence

When it comes to improving good governance, service delivery public and market confidence in the municipality, Ekurhuleni has a number of activities which adhere to and have been guided by this strategy.

- It has a sophisticated internal reporting structure with a fairly strong oversight process through the MMC and the Oversight Committee.
- It engages extensively with the many businesses found in the locality. For instance, the Mayor is aware of the top 100 companies in the municipality. (Interview: Mayet, 2015).
- It is in the process of upgrading its public transport system as part of its service delivery promise to communities – the Integrated Rapid Public Transport Network.
- It has a Township Revitalising Strategy. Ekurhuleni understands that by improving and increasing infrastructure investment within the townships, they also create a conducive local environment for business, trade and investment.

- The fact that there is also a link to the LED Guidelines around skills development and the innovative fabricated laboratory (Fablabs) indicates a range of angles that the municipality has in dealing with improving the township economies.
- However, the one area that could be slightly lacking is the involvement of the community in the overall planning of the economic development strategy.

5.4.2 Strategy Two: Spatial development and exploiting the comparative advantage and competitiveness of the municipality

The Aerotropolis is the perfect example of Ekurhuleni having identified its most competitive advantage, the OR Tambo International Airport, and then clearly making use of it to build the economy.

Although the Aerotropolis could not really fit within the predetermined themes used in the coding process, there is a definite link to the second strategy of the National LED Framework which talks about “spatial development analysis and planning exploiting the comparative advantage and competitiveness of the 52 municipal regions” (DPLG, 2006, p. 25). This strategy shows that Ekurhuleni has a better understanding of the opportunities in its locality, the OR Tambo International Airport (ORTIA) as its comparative advantage, and has a more balanced approach to its economic development strategy. By ensuring that all its infrastructure planning and development is built around ORTIA, Ekurhuleni is improving its competitiveness as a Municipality. What this strategy will do is to improve downstream beneficiation linked to the airport which in turn would improve all other activities linked to those. There are already linkages to the region as a whole and this can only benefit the economy of Ekurhuleni and that of its neighbouring metros and municipalities.

One of the main activities within the strategy is also about marketing district and Metro regions. The Mayor is active in this process already, and not only presents the Aerotropolis to international conferences, but also the municipality as a whole.

Ekurhuleni is also extremely aware of the fact that it is considered the “workshop of South Africa” (Interview: Mohan, 2015) and therefore trying as far as possible to retain and support, especially the manufacturing enterprises in its locality. By establishing a dedicated Investment Centre, Ekurhuleni has also put in place not only the means to attract new businesses, but also the means to retain and support the existing manufacturing enterprises already settled in the locality. Again this impacts directly on the comparative and competitive advantage of the locality.

5.4.3 Strategy Three: Intensify enterprise support and business infrastructure development

The Ekurhuleni Business Facilitation Network is a good example of the effort that is being made to support enterprises within the municipality. Bringing in the different partners which deal with financial and non-financial support, building capacity through training programs and business incubators and ensuring procurement processes which are enterprise friendly conforms to the intention of the strategy. A one-stop shop also ensures collaboration between Ekurhuleni and the different partners. The impact of SME development is therefore much greater than if Ekurhuleni was doing all this on its own. One of the main actions presented by strategy three is the support which needs to be provided to the small businesses development strategy of the DTI. This also encompasses working closely with the Small Enterprise Development Agency (Seda), accommodating Seda in the Business Facilitation Network and all the other support institutions.

The Ekurhuleni Investment Centre also plays a major role in intensifying the support towards small and medium enterprises. By working with the CSIR on the 'green economy' Ekurhuleni is providing innovative support which not only saves the resources of the enterprises, but also the natural resources in the municipality.

5.4.4 Strategy Four: Introduce Sustainable Developmental Community Investment Programming

The emphasis that Ekurhuleni places on the revitalisation of Township and the importance it places on the informal economy definitely links to strategy four of the LED Framework. A lot of emphasis is placed also on the regulation of informal traders, however in this instance 'informal trade friendly bylaws' shows that it is looking at investing positively into its community. The business hubs and business incubators being placed and upgraded in the different townships means there is a concerted effort being made to ensure and inclusive economy which tries to ensure the involvement of as many historically disadvantaged people as possible.

5.5 Summary

A fairly positive picture is painted about the Ekurhuleni Strategy Implementation and its alignment both to the National LED Framework and the National Guidelines. There is also a positive picture when you look at the topics and issues emerging out of the literature and the strategy being implemented by Ekurhuleni. The only real issue out of sync is the Aerotropolis Strategy which in a way can be seen as slightly different to what has been envisioned by the LED Framework. However that difference is more a difference on scale rather than one that is completely at right angles to the norm. The scale in this instance is grafting every economic activity that should be done by Ekurhuleni around the Aerotropolis Strategy.

The question can therefore be asked if Ekurhuleni had the LED Guidelines and the LED Framework as a constant guide during the planning and implementation of the LED strategy? It somehow is almost too good to be true that a municipality, a metro at that, would follow policy and guidelines of national government down to the ‘T’.

The researcher believes that Ekurhuleni only really followed what the Ekurhuleni Strategy Framework had said it should do. Does this therefore mean that the LED Framework of Ekurhuleni mirrored that of national government? On the contrary, the researcher believes that the evidence shows that the National Government Guidelines and Framework actually mirrored, to a large degree what Ekurhuleni had done. This is so given the fact that the LED Strategy Framework of Ekurhuleni predates that of national government. There is also a clear indication that Ekurhuleni was actually intimately involved in the development and design of both the National LED guidelines and the National LED Framework. The researcher is fairly certain that if a different Metropolitan municipality had been used the results would have been completely different

The lesson that can be learnt here is that when practical experience is placed into policy development, the resulting product can only be one that will positively impact those that the policy was meant for.

The one major recommendation that can be made at this point, and is learnt from the this experience, is that when policy is developed by national government, it would be important for national government to involve those that have practical experience around the implementation of the envisaged activities around which the policy is developed. In this way the product will be one that can only produce positive results.

Chapter Six

"The shrewd guess, the fertile hypothesis, the courageous leap to a tentative conclusion - these are the most valuable coins of the thinker at work. But in most schools guessing is heavily penalized and is associated somehow with laziness".

Jerome Bruner

6 CONCLUSION

The purpose of this research was to assess to what extent government's National Framework for Local Economic Development and the associated Policy Guidelines, as set out by the Department of Provincial and Local Government, has facilitated the outcomes of the Ekurhuleni Metropolitan Municipality's local economic development strategy. In order to do this, the research asked "To what extent has the National LED Framework and the LED guidelines enabled the appointed and elected officials of the Ekurhuleni Metropolitan Municipality to strengthen its planning and implementation process of its local economic development strategy and to what extent has the achievement of the outcomes of LED strategy been due to this 'improved' planning process?" In order to answer this question a number of things needed to be looked at first.

The research document, in Chapter One outlined how local economic development was being practised, firstly, in a global context. In this global review, the report looked at how globalisation processes had an impact on development of economies of all countries. We learned that globalisation was one of the reasons why localities started consolidating their endogenous strengths and using these to compete on a global scale. Secondly in the introduction, the research process also briefly looked at the context of local economic development implementation in South Africa. Not only did South Africa have to contend with global pressures brought on by globalisation, but it also needed to deal with the legacy of apartheid. Finally, as part of the introduction, it also looked at the history of Ekurhuleni and the type of progress that it had made over the years.

Chapter Two examined the literature on local economic development. The chapter lookeed at how LED started. It looked at the differences in local economic development happening in the North and how that differs from it being practised in the South. It also became apparent that local economic development has basically two themes being practised across the world. The first theme is pushed by the World Bank and the United Nations Development Programme and this is all about LED as a Strategic Planning Process published by the World Bank in their ‘Primer’ for Lcal Economic Development. The second theme was pushed by a number of European countries including Germany as well as individual LED practitioners. This theme promoted a market driven approach to local economic development. The literature also showed that there were five areas of LED implementation. Finally the literature review focused a lot more on what is happening in South Africa and how that affected Ekurhuleni as a whole

Chapter Three provided the methodology that was used for the research. Semi-structured interviews were done with eight people involved with the LED strategy documents of both national government and Ekurhuleni. In addition a focus group of Ekurhuleni’s beneficiaries was also used to gather data. Secondary data was collected from different documents and publications both at a national level and at a regional level.

Chapter Four presented the data that came out of the research process. The data showed that the metro was fairly on track with its implementation processes, and was taking into consideration all the pertinent issues on local economic development. These included governance issues, working with small and medium enterprises, looking at infrastructure development and regeneration and ensuring interaction with both its community and its business.

Chapter Five looked at the information coming out of the literature review including the conceptual framework and started comparing and linking the data gathered in Chapter Four with that of Chapter Two. The analysis showed a good alignment between what national government said needs to be done and what Ekurhuleni was doing while implementing its LED strategy. The resulting conclusion is that Ekurhuleni was aligned to the national LED Guidelines and national LED Framework because of the input that it had made initially when these documents were being drafted. The lesson therefore that came out of chapter 5 is that national government should ensure that substantial inputs must be made by those working practically in the field in order for the policy being developed to have a meaningful impact on the lives of the ordinary citizen.

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8 APPENDIX

8.1 Interview Questionnaire

Interview guide

1.	**GOVERNANCE**
1.1	How is LED institutionally structured in your municipality? (Organogram and staffing structure)
1.2	How do you go about organising LED in your municipality?
1.3	Is LED seen as a crosscutting issue within your municipality? Explain why you say this
1.4	How do you go about LED planning? Is it within the IDP Framework?
1.5	How do you go about making LED planning and implementation and inclusive process?

2.	**ENTERPRISE DEVELOPMENT**
2.1	Do the bylaws in your municipality provide an enabling environment for enterprises? Explain
2.2	What role does the municipality play in developing enterprises? Explain.
2.3	What is the policy you have around informal businesses (including unwritten policy)?
2.4	How do the provincial and national governments play a role in enterprise development in your municipality? Do their projects form part of your IDP? (Exclude agriculture and tourism)
2.5	How do the national and provincial departments of Agriculture and Tourism contribute to enterprise development in your municipality? Do their projects form part of your IDP (within the LED plan)?
2.6	Which other state institutions play an enterprise development role in your municipality and how are these activities integrated into your LED Plan

3.	**LED IMPLEMENTATION AND RESOURCING**
3.1	What problems does the municipality have with regards to implementing its LED strategy/plan? Why do you think these problems exist
3.2	Is the municipality able to implement all the activities set out in the LED strategy/plan? Explain
3.3	How does the municipality involve the community in the implementation of its LED strategy/plan? Explain
3.4	In what way does the municipality currently resource the implementation of LED strategy/plan? Explain
3.5	How had the municipality re-sourced its LED strategy/plan in the past and how does it see new ways of resourcing the strategy/plan in the future?
3.6	In what way does regulation and legislation hinder or support implementation

8.2 List of persons interviewed

Chauke, C. Head of Ekurhuleni Department of Economic Development . (A. Fray, Interviewer)

Focus group members: Mahlakoane, S., Mohlala, E., Mphahlele, D., & Mphahlele, L.. Ekurhuleni Local Economic Development Strategy. (A. Fray, Interviewer) – an additional two participants requested confidentiality and were not prepared to allow their names to be included in the research.

Garane, S. Project Manager for Informal Trading: Ekurhuleni Municipality. (A. Fray, Interviewer)

Gilmore, C. Senior Thechnical Advisor to the LED Chief Directorate of the Department of Provincial and Local Government. (A. Fray, Interviewer)

Mayet, Y. Ward Local Economic Development Facilitator (Acting Business Investment Promotion Manager) Ekuruleni Municipality. (A. Fray, Interviewer)

Mohan, K. Executive Director for Local Economic Development Unit: Ekurhuleni Municipality - 2001-2008. (A. Fray, Interviewer)

Nikani, B. MMC: Economic Development for the Ekurhuleni Municipality. (A. Fray, Interviewer)

Patel, Y. Chief Director of the Development Planning and LED Chief Directorate of the Department of Provincial and Local Government. (A. Fray, Interviewer)

Segabutla, J. Divisional Head of Community Enterprises Development of the Ekurhuleni Municipality. (A. Fray, Interviewer)