

CHAPTER 4

PRESENTATION OF FINDINGS AND ANALYSIS

4.1 Introduction

The main purpose of this chapter is to present findings and analysis of the research. This chapter is based on the conceptual framework and methodology, which laid a solid foundation for the research. More importantly, this chapter is based on the secondary, and on the primary data, which was collected during the course of the interviews with LED unit of the Ekurhuleni Metropolitan municipality.

The structure of this section is based on the following sub-headings: introduction of the case study; which will give a brief background of the municipality; institutional structure, policy, planning and strategy; ability to promote inter-governmental; inter-departmental relation; attracting business investors, improving business climate, support for and retention of SMMEs; Human Resource Development; capacity in terms of developing partnerships at the municipal level as well as mentoring; monitoring and evaluation of projects. This evaluation criterion is used mainly to answer the research question, which attempts to understand the extent to which EMM is equipped to implement Policy Guidelines for implementing Local Economic Development in South Africa. This criterion is informed by the policy guidelines as well as conceptual framework.

4.2 INTRODUCTION OF THE CASE STUDY

Whilst one is trying to understand the nature of the economic development in a given case study, it is fundamental to uncover the factors that impact on the development of that particular area. Therefore, the following sections reflect on the historical overview of the case study, with the aim of understanding the context within which this report is undertaken.

4.2.1 Brief introduction of the case study

Ekurhuleni (formerly known as East Rand) is a Metropolitan Municipality (Local Government) situated in the eastern part of the Gauteng Province. It was established after the Municipal Elections held on 5 December 2000. It is made up of the following regions: Alberton, Edenvale, Springs, Nigel, Boksburg, Kempton Park Tembisa, Brakpan, Benoni and Germiston. It provides services to 2, 5 million residents. Ekurhuleni is divided into three service delivery regions (North, South and East) with 88 wards in total. There are 88 Ward Councilors and 87 Proportionally Representative Councilors, totaling 175 Councilors.



Source: Ekurhuleni Metropolitan Municipality (2006)

4.2.2 EMM's Economic Activities and growth

Ekurhuleni is a major industrial hub in the Gauteng Province, with these key features: 8 000 large organizations, which are mainly manufacturing, 37 000 Small Micro and Medium Enterprises, (SMMEs). The region is contributing about 23% of the Gross Geographic Product of Gauteng, while it has also been considered as Sub-Saharan Africa's most economically powerful region.

Ekurhuleni, like Gauteng as a whole, outperforms the national economy in almost every category. The economically active population (as a percentage

of total population) is 52 percent compared to 38 percent nationally. Household income and per capita income exceed the national average by 10 percent and 33 percent respectively. The percentage of people living in poverty nationally is 49 percent, compared with 29 percent in Ekurhuleni (www.ekurhuleni.com).

However, Ekurhuleni is also characterized by 122 informal settlements with an escalating level of unemployment in the region. "Ekurhuleni's population is expected to grow by 1,8 percent a year between 1996 and 2006 and net migration in the metropolitan area is estimated to be more than 100 000 people over the same decade, adding to already burgeoning unemployment figures - and migration to urban areas will continue" . Although it has been reported that Ekurhuleni is still the largest industrial concentration in Africa, the manufacturing base in the metro has been declining since 1980s, with a reported 100 000 jobs lost, increasing unemployment rate to approximately 40 % (Rhodes University et al, 2005).

Essentially, EMM is one of the biggest metros in South Africa. It has a huge responsibility in terms of maintaining and sustaining its economic growth. At the same time, it is also fundamental for it to work towards building strategies that will enhance local economic development. Local economic development strategies will assist with regard to addressing the burgeoning rate of unemployment and poverty. Nonetheless, Ekurhuleni Metropolitan Municipality will also need different resources, which will enable the municipality to implement its LED rigorously and vigorously. Therefore, the next part of this chapter will attempt to understand whether EMM is indeed equipped to promote or implement LED, particularly as required by draft policy entitled "Policy guidelines for implementing Local Economic Development in South Africa" .

4.3 TRENDS AND CONTRADICTIONS

4.3.1 Institutional structure

In terms of institutional structure, Policy Guideline for Implementing LED in South Africa stipulates that LED support offices must be established in all district municipalities and metros, constituted by qualified personnel. "This should be expanded where possible to local municipalities, where in any case councilors and officials should be trained in LED-related issues. These offices and the officials concerned should report directly to the municipal managers, and should carry out their duties in a close working relationship with the local stakeholder groups, partnerships and fora, whose establishment and servicing are one of their key tasks". (RSA, 2005: 30). In the context of EMM, LED unit has been established to oversee all the LED programs, and it is situated in Brakpan, one of the EMMs regions.

The LED unit has been established within the Ekurhuleni Metropolitan Municipality as required by the policy. EMM's LED unit currently consists of the following positions: Executive Director, who is the head of the whole unit, and the Personal Assistant, Implementation manager, Investment manager, investment monitor, project manager, and officers, procurement manager, information centre manager, and coordinator, contact officers, reskilling officer, ward facilitator, and administrator. (The detailed proposed organogram is under appendix C; however, this was a proposed structure, which is still under review).

The EMM's LED unit was established in 2003, therefore is still relatively new. However, Kolisa (2002) hinted that from legislative point of view, the institutional structure is created to be independent. Based on the assessment of the EMM's LED unit, there are advantages and disadvantages with regard to its organizational set-up. It is very important to note that

having different sections within the institution means having a separation of tasks. However, it is also problematic because there is a shortage of staff members. The current staff is overloaded and this affects their ability to pursue their job properly. They complain about performing tasks that are far beyond their job descriptions. In addition, others were concerned about not being given clarity in terms of their job specifications.

One of the major challenges in this department is that, there is lot of work, while we are few. So, in some instances, you find me doing something which is not related to my job description (Interview, 2006).

Nevertheless, the LED unit was not established without any specific mandate; its aims and objectives are distinctively described in terms of facilitating and coordinating the economic process. The unit also serves to monitor and evaluate the economic inputs and outputs of the municipality (EMM).

4.3.2 Policy, planning and Strategy

For local government interventions to work, it is important that the municipality should deal with aspects of development in a robust and inclusive way (Madikizela, 1999). Therefore, it is important for municipalities to have strategic plans or policies with regard to LED, which will serve as guiding principles or programs of action to guide the LED implementation. In the context of the case study, the Ekurhuleni Metropolitan municipality has drafted its own LED policy (entitled Local Economic Development: Policy and Strategy), which has been considered by Rhodes University et al (2005) as a distinctively pro-poor policy, and without a doubt, it is a pro-poor strategy given its objectives, principles and

strategies. This is an approach which a policy guidelines recommends to all South African municipalities.

EMM's LED policy focuses on variety of objectives, which the unit intends to focus on. The LED unit focuses on promoting production for local market, promoting skills development on entrepreneurship and other LED programs. The policy also focuses on supporting urban and commercial agriculture, waste recycling objectives, small, and medium and enterprise development. The skill level will also be taken into consideration and be promoted through building local development capacity, participatory and integrated planning. In addition, the LED policy states that LED unit or municipalities should form industrial links and also formulate local procurement policy.

The EMM policy further states that there are various development principles with which EMM's LED policy should build on. These principles consist of the ideas of "development must put people first", the "micro and macro economies must be linked", "mainstreaming environmental" issues as well as "state-led partnerships".

Authors like Rogerson (2003 and 2004) and Rhodes University et al (2005) argue that pro-poor LED focuses on improving the skills base of poor people, sectoral initiatives, which are targeted to support mostly those economic activities in which there is a high level of labour absorption of poor communities, and also support for the informal economy. Pro-poor LED should also support critical area of local economic development like urban agriculture, which will serve as important survival strategy for many poor people (Beall and Todes, 2004).

The LED policy's core objectives are to create jobs and alleviate poverty through the capacitating of economy and the development of core

infrastructures such as local road, sanitation, public transport system, and others. The strategy also articulates its confidence in the market economy and identifies the following key strategies (Rhodes University et al, 2005): service provision, development zones, mainstreaming the informal sector, which most of the poor people are located, procurement to support the development of particularly black-owned small enterprises, providing necessary business skills, building key sectors. In addition, this strategy can best be regarded as a third wave within the context of international approach.

The EMM has indeed drafted An LED strategy, which is focusing on working closely with the local community, with the aim of creating jobs and alleviating poverty through attraction of inward investment to add to the competitive advantage of the region. The EMM has also developed a comprehensive strategy aimed at expanding local economies. It supports and encourages networking and collaboration, promotes Broad Based Black Economic Empowerment, it supports quality of life improvement as well as improving and encouraging new investments and businesses to grow. These focuses also interlink with some of the third wave strategies as suggested by World Bank (2000), and thus current wave of LED.

The EMM's LED policy aligns itself with the National Reconstruction for Development Programme, which focuses more strongly on community development (pro-poor), than its successor, GEAR, which is strongly pro-market in nature. In addition, the EMM strategy is one of the strategies, which are aligned to Policy Guidelines for Implementing Local Economic Development in South Africa (later referred to as Policy Guidelines in this research report). This policy states that South African LED should shy away from using an "isolated" project based approach towards a focus on supporting networks of enterprises that are linked into a broader initiative.

Policy Guidelines further suggest that either government or municipal intervention should concentrate on the needs of communities and the actual development potentials or integrated economic regions that cut across administrative boundaries (RSA, 2005: 4). The policy guidelines further recommends that central focus of in terms of implementing LED must be on creating an environment, which is conducive for private sector investment. This should happen through appropriate public sector investment, particularly on infrastructure with the aim of also supporting the retention, growth and development of enterprises as private businesses or co-operatives and either small, medium or large. More importantly concentration should be on enterprises that are job creating, promote environmental and ecological sustainability, promote social development, and broad-based black economic empowerment should be targeted for public sector support (RSA, 2005: 5). The ultimate aim here is to focus on sectors that will create jobs and assist in terms of alleviating poverty; EMM policy has been aligned to these principles.

Moreover, during interviews, the researcher also learned that the EMM's LED unit reviews its strategy and policy annually. This is to ensure that the unit is still working or operating according to the plan, but also to identify core challenges and opportunities in terms of implementing LED. In addition, the EMM's LED unit has been able to provide a detailed strategic review of the LED key performance areas (KPA); the first review took place on the 1st to 3rd of October 2004. KPA assist on a variety of issues such as establishing the extent to which the LED policy is aligned to national, provincial policies and strategies, charters, BBBEE, as well as immediate local demands or conditions that need to be addressed frequently. One of the key outcomes of the KPAs is that the municipality was able to recognize that LED is a crosscutting issue which all departments of the municipality should implement.

The researcher and other researchers like Institute for Community-Driven Development (2005) acknowledge that EMM LED policy stated its aims and objective quite well, as they are well understood by practitioners and community members. It is also important to state that EMM's LED policy is significantly a useful platform for future robust and inclusive local economic development; this is thoroughly-thought policy. The unit has demonstrated its capacity to understand the socio-economic context of the metropolitan area. However, the only challenge is that the key economic drivers, which could form basis of the LED unit's strategies, are not explicitly identified in their LED policy. The EMM's LED policy relies much on the economic growth, which is currently taking place within the region.

4.3.3 Developing, inter-governmental, and inter-departmental relation

4.3.3.1 Inter-governmental relations (IGR)

The establishment of multifaceted cooperation between municipalities and other spheres of government is very important for the development of local economic systems. Unlike before whereby the constitution was based on a sovereign state, the idea of 'intergovernmental relation' was just a matter of hope than of dependable or constitutional fact, meaning the notion of intergovernmental relation was not a priority or taken seriously. However, with Section 40 of the new SA constitution, government has established three distinctive (separate from each other) spheres (not tiers) of government, which are interdependent and interrelated. Moreover, the word interdependent is defined as the state at which one sphere of government cannot act arbitrarily against another sphere (Craythorne, 2003). It is therefore imperative for municipal government programs in the new South Africa to be aligned with those of national and provincial

government, in order to avoid contradiction and also to advance national economy through the local economy.

“Implementation of the LED policy and strategy can only be realized through effective intergovernmental relations, both at the political and technical level” (EMM IDP, 2005).

EMM’s LED policy explicitly states its purpose and expected outcomes with regard to intergovernmental relation; the focal point is on facilitating communication and cooperation on key focus areas related to economy. This policy also locates its programs within the context of national system of cooperative governance, which will support provincial and local government to achieve effective constitutional governance and service delivery. The EMM’s LED unit as expected has been consistent in terms of aligning its strategies and programs on those of national and provincial government. In addition, the LED unit has been able to sustain its sharing of information and expertise with other spheres of government as well as facilitating the implementation of most of the provincial (e.g. Blue IQ) and national LED programs. The researcher also learned that support from provincial government, particularly from the LED Unit in the Department of Finance and Economic Affairs has not been effective. Perhaps the main reason this support is weak is because the provincial unit is still new, and there are no provincial policies and strategies (e.g., Provincial LED strategy, and also PGDS is still new) in place.

The policy Guideline states that it is important for metropolitan and district municipalities to operate under framework of the Provincial Growth and Development Strategy (PGDS) and National Spatial and Development Perspective (NSDP). This will be an effective method for addressing unemployment in a locally specific and appropriate manner. NSDP and

PGDSs are major government strategies which South African municipalities should substantially align their LED strategies to develop robust and inclusive municipal economies. In contrast, one of the staff members in the Unit stated that it is a very complex situation as municipalities are ahead of the provincial government. Ekurhuleni developed its LED strategy before the province could finalize or formulate its PGDS or LED strategy. Therefore, it is difficult or impossible to discuss the alignment between these strategies.

4.3.3.2 Inter-departmental relations

There are different projects with which the LED unit intends to work jointly with other departments within the municipalities. These programs focus among others, the EMM's LED policy and strategy plans to promote the successful implementation of Provincial Economic Strategies (such as Provincial Growth and Development Strategy), waste management, recycling and reusable energy, Construction, SMMEs, Outdoor Advertising, Multipurpose community centre, Infrastructure Upgrade, procurement policies aimed at broad-based black economic empowerment and promoting local suppliers and contractors as well as Information centres.

“One of the core challenges that we had within the municipality is that the LED was hardly recognized as a cross-cutting issue, which all municipal departments should participate and implement” (interview, 2006).

The National Policy Guidelines indicate that among other things, district and metropolitan municipalities should promote “development of human capital (skills development focused on the needs of the local economy); SMME development (provision of business infrastructure, financial and non

financial services, access to affordable finance and start up grants, technical support, involvement of SMMEs in government procurement especially in relation to infrastructure delivery), with special reference for the part of the population which currently has limited access to these services; to market the area and to provide marketing assistance and support to businesses from the area and to attract inward investment. (RSA, 2005: 31). Therefore LED should not and cannot be implemented by one unit or department within the municipality, it means that all departments such as finance, municipal infrastructure, local economic development, housing, roads transport and civil works, and communication (if there is any) should work together in promoting LED, LED unit should work as a facilitator.

In addition, if one does not acknowledge that LED is a crosscutting issue that all municipal departments should implement/ be hands on, it will only make departments weak as a result of limited resources, but also the implementation level will be very weak and confusing, such that the LED unit will be trying to implement programs that are supposed to be implemented by other departments, for example, tourism, transport and civil works and social development issues, and so forth. So, the interdependence is very important. Beyond that, staff members (interview, 2006) emphasized that interdepartmental linkage will fortify internal information sharing. With regard to Ekurhuleni, other departments are participating in terms of promoting and implementing LED programs. However, their departmental relations are also questionable, interdepartmental forums are not working efficiently; there are no regular meetings to review and discuss these relations. In fact, when such meetings are organized, staff members from other departments do not arrive (interview, 2006).

4.3.4 Addressing the issue of the “second” economy

The conceptual framework of this report noted that there are two parallel economies in one economy, which is a capitalist economy. Policy guidelines specifies these two economies as “first’ economy, which is producing the bulk of the country’s wealth, and “second” economy, which is characterized by underdevelopment, having little input to the GDP, and it consists of majority of South Africa population (RSA, 2005).

Policy guidelines further indicates that these two economies are interdependent and they both need intensive support, facilitation and intervention of a developmental state with the aim of “further enhancing the competitiveness and global connectedness of the First Economy and facilitating the development and integration of the Second Economy into the first. The Second Economy cannot achieve growth and development without large and sustained human, financial, and technological resource transfers from the First Economy. The First Economy cannot realize its full potential, nor guarantee the social stability it needs, in the medium term, unless it achieves growth, and ensures the integration within its sphere of operation, of the majority of South Africans imprisoned within the Second Economy” (RSA, 2005: 15).

In addressing these challenges, the policy guidelines also speaks about LED policies which will enable municipalities, business, labour and community to jointly reinforce each other’s efforts in growing local economies/or addressing the “second” economy.

The EMM’s LED Unit has variety of strategies in terms of addressing the gap between the “first” and the “second” economy. For example, it focuses on

promoting production for local market, promoting skills development on entrepreneurship and other LED programs. The policy also focuses on supporting urban and commercial agriculture; waste recycling objectives, small and medium enterprise development. The skills level is also taken into consideration and promoted through building local development capacity, participatory and integrated planning. In addition, the EMM's policy and strategy states that LED unit or municipalities will form industrial links and also formulate local procurement policy.

EMM's LED unit is able to contribute substantially in terms of addressing the gap between the "first" and the "second" economy". SMMEs and agricultural cooperatives, which EMM's LED unit is currently facilitating contributes significantly in job creation and the elimination of poverty. Most of these are found in the second economy. They are often more informal and mostly the poor and disadvantaged women and youth are the one involved in this sector.

In addition, EMM's LED unit had consultative meetings with street traders on issues pertaining to street trading. This led to a program within which the EMM facilitated the organization of street traders to give them improved services to their clientele. Trader markets have also been upgraded and developed.

A strategic plan, which aimed at linking the MIG (Municipal Infrastructure Grant) funding to the learnerships of CETA (Construction, Education and Training Authority) for emerging contractors, to involve unemployed and indigent households in the EPWP (Extended Public works Programme) and to facilitate the reskilling of locals, was formulated. This strategic plan is also used as a platform to support the municipal capital investment programmes

to efficiently address the second economy. "In 2002 and 2003 an amount of R500 000 from the Local Economic Development (LED) fund was invested in micro-enterprise development of 67 potential businesses, by developing business plans. Minor renovations to existing buildings at Club 2000 in Tsakane were carried out and improved technology for existing 15 micro-enterprises was sourced. A marketing and distribution outlet and a development committee were also set up. About 16 newly established, innovative businesses were supported (Ekurhuleni metropolitan Municipality, 2005: 57)." EMM's LED unit has also managed to facilitate the establishment of cooperative industrial program, which managed to establish 24 cooperatives; these cooperatives are housed in 12 industrial hives throughout EMM. These cooperatives have been assisted through National Skills Fund in terms of capacity building. These reflect the capacity of the LED unit in terms of reshaping the local economy, fighting the imbalances left by apartheid government as well as poverty and unemployment rate resulted from GEAR policy.

4.3.5 Attracting Business Investors, and Improving the Business Climate and support of SMMES

4.3.5.1 Attracting Business Investors

There are various ways of promoting LED within municipal area or communities. One of these ways is to market the area and to give marketing assistance as well as support to businesses from the area and to attract inward investment (RSA, 2005). "An economy cannot grow without investing in a new productive capacity. Investment in the economy is about saving skills and machines being used to make products to bring about saving or profits (Ekurhuleni Metropolitan Municipality's Policy and Strategy document, no date). The municipality acknowledges that enticing external investors is fundamental for economic growth of the municipality.

Historically, government was using “smokestack chasing” mechanisms to attract businesses, meaning businesses were given incentives such as tax holidays, free water or electricity services to open their businesses within particular areas.

However, with a new democratic government, most of the policies including policy guidelines were discouraging municipalities to use these methods. At the same time, “Attracting large manufacturing and service sector employers into communities is one of the most difficult, frustrating and riskiest of all LED strategies. This is partly because there are far fewer investors than there are communities seeking to attract them” (www.worldbank.org). The emphasis is now on marketing and strong management capacity. Vizgalov (2005) suggests that solid marketing strategies and prospect management will fundamentally assist to attract new businesses.

Whilst marketing is one of the viable strategies for attraction of new businesses, it is also fundamental to handle business prospects adequately. This is important noting that local economic development units are in most cases the first impression the prospects have of the community.

EMM has always been the centre of attraction in terms of new business; EMM is one of the most densely populated in terms of industrial and business development, good infrastructure development as well as transportation system. However, one argues that most of this businesses if not all are not being attracted by the municipality efforts, especially LED strategy or policy. The LED unit does not have a developed strategy on new business attraction, and it is therefore difficult for municipal officials (LED unit) to work or attract new investors. This is not in line with what National

Policy Guideline is advocating, it states that metros and districts should “market the area and to provide marketing assistance and support to businesses from the area and to attract inward investment” (RSA, 2005: 31). However, currently, the main role that the EMM’s LED unit is playing in relation to the people who want to open business within the municipal area, is to give them information regarding the services that are available within the area, not chasing investors.

4.3.5.2. Improving the Business Climate

Improvement of the business climate in the current context of South Africa is very important, particularly considering the fact that the main objectives of many, if not all South African municipalities’ LED strategies are poverty alleviation and job creation. More importantly, the new national framework document for local economic development recognizes a need for good governance, competitive advantage, and enterprise support and community programs, which directly and indirectly contribute towards improving the business climate. Furthermore, national policy guidelines indicate that municipalities or LED units should create an environment that will be conducive for SMMEs or investment (RSA, 2005).

According to www.worldbank.org, to improve the business climate, cities should focus on enhancing access to land and properties, provision of infrastructure like roads, electricity, water and sewage, garbage collection, better health care and safety (e.g. HIV/AIDS programs, occupational health status), environmental care, investment provision and marketing, fight against crime and corruption as well as access to information. With regard to EMM, the improvement of business climate has not been seen as a responsibility of the LED unit only, but all the municipality, different department are involved, for example marketing and communications

department is doing very well in raising the profile of the Ekurhuleni Metropolitan Municipality, through branding and as well as “Go East” (aiming to attract investors) campaigns. Other departments like Environment and Tourism are involved in cleanups campaigns, and LED unit is using information centers, supporting SMMEs, organizing informal traders to form organized formations. This shows the activeness and the commitment of the municipality in terms of enhancing local economic development in the region. Nevertheless, EMM’s LED policy is also taking into consideration infrastructural development as a fundamental tool to create better business climate.

4.3.6. Supports for and Retention of Small Business and Entrepreneurs

One of the major activities is the support and the retention of small and medium-sized enterprises (SMMEs). This does not only assist in terms of poverty eradication, but also in terms of employment, urban renewal or regeneration as well as intervening in the second economy. Akoon (2006), EMM’s former MMC (Member of the Mayoral Committee) for LED states, “the Metro has also established business linkage centres in Germiston and Boksburg in partnership with the local chambers of commerce to assist small and medium enterprises (SMEs) and to provide business development services such as advices on tendering and others. Moreover, approximately 30 Council buildings were assessed by the LED Unit for suitability for industrial hives, which will assist in terms of reviving SMMEs in the region.

The national policy guidelines emphasizes the promotion of “SMME development (provision of business infrastructure, financial and non financial services, access to affordable finance and start up grants, technical support, involvement of SMMEs in government procurement especially in relation to infrastructure delivery)”, promotion of local

business expansion and retention strategies as well as expanding support for local businesses, which are situated within the metro as well as inward investors (RSA, 2005: 31)

To help combat unemployment in previously neglected areas, Ekurhuleni has set up 25 co-operatives, making use of refurbished council buildings that were previously unused and neglected. This has created new economic activity in areas such as Daveyton, Langaville, Thembisa, Thokoza, Katlehong, Wattville, Duduza, Kwa-Thema, Etwatwa and Vosloorus (Acoon, 2006)

"I am also involved in agricultural cooperatives, which are becoming more lucrative, in terms of profit. We assist these cooperatives or projects, especially those dealing with agriculture, we help provide them with necessary information or technical skills they require". (interviewee, 2006)



Source: Ekurhuleni Metropolitan Municipality (2003)

The support and the retention of SMMEs are adequately indicated in the EMM's LED policy. Ekurhuleni Metropolitan Municipality (2006) states that the LED focus is now on mainstreaming the informal sector such that it moves from survival activities to sustainable activities where possible. This process is more likely to take place through up-skilling programmes in conjunction with the Department of Labour. Additionally, the process formalizing street traders into organized structures has also started. Varieties of section 21 companies of street traders in the region have been registered. The LED unit has also worked in partnership with these organizations to develop an allocation system, which will be used to organize a space, which will be used by street vendors

Ekurhuleni Metropolitan Municipality has also been able to work with the informal shebeens in the region by providing information and advice to the owners. "New applications for Liquor Licences are decentralised through the Gauteng Liquor Board committee in the region. The LED department has a permanent representative on the committee. The effect of this is that in the liquor industry through provincial regulation informal activities are mainstreamed" (Ekurhuleni Metropolitan Municipality, 2005: 57).

Moreover, Mohan (2003) affirms that the region jointly with other sectors such as GAUMAC (Gauteng Manufacturing Advisory Centre), an initiative of the Gauteng Provincial Government (GPG), Department of Trade and Industry (DTI) and National Coordinating Office for Manufacturing Advisory Centres, have been able to support the sustainability of SMMEs and cooperatives, which contribute significantly in terms of poverty alleviation and job creation within Ekurhuleni. In other words, EMM's LED unit has been perfectly working well in terms of the supports for and retention of small

business and entrepreneurs in the region, particularly as outlined by the policy guidelines.

4.3.7 Human Resources Development

The South African Government initiative called “Project Consolidate” has recognized capacity challenges which have been recurrent themes. The issue of human resource capacity is posed as a very serious challenge in the post apartheid South African municipal governance. There have been protests, demonstrations by social movements or civil society organizations across the country demanding service delivery, and failure for service delivery has been attributed to lack of adequate capacity to execute duties appropriately. Project Consolidate is a government programme, which was established to address these issues, particularly in terms of capacitating poor municipalities. However, Project Consolidate has been designed or targeted to assist incapacitated municipalities, and EMM is under Project Consolidate. At the same time, this does not automatically imply that metropolitan municipalities do not have capacity problems.

EMM’s LED unit has only 19 staff members (these staff members include Personal Assistant and administrators). This is less than half of the staff numbers required (check the proposed structure of the LED Unit under appendix D), and current staff members feel that the unit should have forty to fifty staff members, given the scope of work provided in the EMM’s LED policy. This will strengthen the human capacity of the unit. In terms of the LED experience, the LED unit consists of people with experience ranging from three to four years. They also possess different qualifications, depending on their areas of specialization. For example, the Implementation Manager possesses a Diploma in Business Management,

certificate in management, a certificate in Business leadership; the Investment Monitor holds a Diploma in Education and Diploma in Financial Management, and is currently completing a Bachelor of Commerce (BCom); the Project Manager holds a Diploma in Civil Engineering, a Certificate in Project Management, and is currently completing a BCom Management; the two Contact Officers hold Diplomas in economic development, and one Contact Officer has various certificates which include a certificate in Urban Development; the Ward Facilitator has a matriculation certificate and is currently studying towards BCom Degree (Please see more information in appendix B). The unit consists of people with different qualifications, which are arguably somewhat relevant to LED, most of them are from commercial or economics related studies, while others are holding project management and administrative related studies.

During the interview, it was also learned that the unit had 24 members of staff, and at least 5 have resigned. Although almost all of them have three years of experience in the unit, the implication is that there is intense deficit of professionals with experience or specialized background in economic development. The loss of the experienced staff members hindered the capacity of the municipality. One of the staff members who hold a high position in the unit (interviews, 2006) stated, "We are seriously under-capacitated. We seriously need people to beef-up the unit, and we also need a serious re-skilling for our staff members, particularly with regard to issues of community and economic development approaches".

Moreover, the processes taken by the municipal Human Resource Department also affect the capacity of the department in running its programs. Human Resource Department takes time in term of employing new staff members. Perhaps this is because the unit is still new and also

municipality or other departments do not yet understand the scope of work adequately.

The relationship between our unit and the human resource department is very complex, when we need a person in the unit, HR will take time to hire that person, even if is a temporary position, and sometimes they take people without appropriate skills that we want in the unit (interview, 2006).

Moreover, the increases of responsibilities to the remaining few members of staff seem to be another serious challenge. Members of staff who are currently involved in LED projects (e.g. agricultural cooperatives) are complaining about the scope of work. They are unable to coordinate or facilitate their programs/projects adequately because of workload. Failure to cope with their extended job specification, leads to a failure of their entire job description, and in turn it becomes the failure of the whole unit.

The poor understanding in terms of LED definition, its purpose and approaches turned out to be a serious challenge to the municipal officials. The ever-changing national LED frameworks and lack of training or regular workshops on economic development as well as serious engagement with municipal LED policy and strategy seem to be contributory factors. The researcher discovered during interviews that officials had not adequately read their own LED policy, not mentioning national policy, thus, lack of adequate understanding of the strategy and policy of the unit in terms of approaching the LED methods or programs. When asked about policy issues, for example issues pertaining to the direction that their LED strategy is taking (e.g. pro-poor as opposed to pro-growth), their responses were largely based on their personal experiences than what the LED is stipulating. Some of the staff members indicated that they never (never had

time to) read both national and municipal LED policies. Beyond these, LED is defined and understood differently by staff members, and this reflects their level of understanding in terms of LED policies.

Another issue that was discovered during interviews is that some members of staff feel marginalised, as they believe some senior members of the staff carry out their duties. They feel that they do not perform their duties adequately because of that reason. Beyond that, this also affects their ability and motivation to work effectively within the unit. Few junior staff members argued that close relationship is an issue for them. They feel that senior members of staff centralise some of the information, which is relevant to their knowledge. For them it is because the senior staff members do not trust their abilities to perform on their work.

4.3.8 Important Office equipments needed

According to RSA (2005: 30)'s policy guidelines, "LED support offices must be set up in all district municipalities and metros, staffed by qualified personnel". These offices will be very crucial if not obvious to be equipped with resources such as computers, telephones, fax machines, printers and photocopy machines. Computers and printers will also help in terms of documentations.

During interviews, the researcher noted that staff members were generally satisfied with their working environment, citing that the office environment is conducive for them in terms of their daily operations. Some of the staff members work in an open space where it accommodates more than ten people, while others are working in single offices. Each one of them has landline phone and computer on the desk. However, a major concern is with regard to photocopy machine; there is only one photocopy machine in

the department, which sometimes it stops working. This affects the operation of the unit, as most of their work involves documentation.

4.3.9 Developing Partnerships at the Municipal Level

4.3.9.1 Attracting citizens to municipal management and opportunities

Central to the notion of attracting citizens to municipal management is the idea of community participation in the LED unit. According to RSA (2005: 31), “the municipalities are the spheres of government most directly in contact with the population. If the “People’s Contract” is to have any meaning, the municipalities have the prime role in promoting and implementing it. This means that they must directly and actively work to stimulate the local economy and involve the population in understanding and taking up the opportunities present”. More importantly, there should be for instant economic stakeholder forums to identify and exploit the local competitive advantages. District Municipalities as well Metropolitan Municipalities should be at the for front in terms of facilitating these forums as well as coordinating and facilitating networking and information exchange between the different stakeholders. It is also fundamental to develop a feasible, vibrant and inclusive strategy to stimulate participation of poor communities and individuals in terms identifying and implementing local economic development activities

In terms of the case study, Ekurhuleni Metropolitan Municipality (2006) recognizes that the implementation of the EMM’s LED policy and strategy is dependent on strong organization in society, within business, labour and the community, as implementation can only be achieved through a partnership where all contribute according to ability and benefit according to needs. Additionally, it is also important to note that steps have been taken to consult and to involve local citizens and communities.

Moreover, there are various activities which metro is using to involve communities in their processes LED workshops, and a series of public meetings were held between the LED unit and street traders in all Ekurhuleni's CBDs during March and April 2004. The aim of this was to make detailed assessments on street trading as well as establishing a better designed strategy to facilitate a street trading, subsequent to these meeting, designed facilities were produced for street trading, and this could also be seen as one of the strategies to address the gap between the "first" and the "second" economy. Likewise, the representatives of organized business with other relevant stakeholders in the region were taken through a regional economic summit in June 2004 to unpack and deliberate on the policy and strategy, and to ensure the alignment with provincial and national policies and strategies.

"The Metro has also established business linkage centres in Germiston and Boksburg in partnership with the local chambers of commerce to assist small and medium enterprises (SMEs) and to provide advice on tendering" (Akoon, 2006:1). The metro has established seven information centres jointly with FET (Further Education and Training Institutions) institutions in the metro area which have trained more than 500 people to acquaint them with the concept of "Local Economic Development". These centres are pivotal in terms of access to information, about economic opportunities in the region, as well as general information regarding different strategies to organize and establish SMMEs.

The Seven Information Centres are in the following areas:

Library	Region	SDC	Ward No
1. Reiger Park Library	Southern	Boksburg	86
2. Spruitview Library	Southern	Germiston	35
3. Phomolong Career Centre (adjacent to Tembisa)	Northern	Edenvale	69
4. Jerry Moloi Library	Eastern	Benoni	87
5. Kwa Thema Library	Eastern	Springs	49
6. Duduza Library	Eastern	Nigel	40
7. Tsakane Library	Eastern	Brakpan	88

Source: www.ekurhuleni.com

4.3.10 Public-private partnership (PPPs)

Parnell et al (2002) argues that PPPs mechanisms should not be seen in light of the need to address infrastructural backlogs and public capacity constraints. Internationally, PPPS were utilised to advance privatization for ideological ends. In a South African context, PPPs are seen as part of the government's overall agenda to promote local economic development. Therefore, it will be very important to have municipalities creating favorable conditions in which municipalities and private individuals share the allocation of services. More importantly, these processes should be mobilized robustly towards designated poor communities with the aim of creating employment and economic growth. However, this is hardly recognized by EMM. In addition, one of the senior staff members indicated that there is no public-private partnership mechanism or strategy in place to strengthen or develop in the Unit.

4.3.11 Mentoring, Monitoring and Evaluation of the projects

One believes that monitoring and evaluation systems provide means by which organizations can measure its progress, achievements, the impact and value of those achievements. These will enable EMM municipality to remedy problems before they become unsustainable, increase effectiveness of people involved in those projects, enhance project design, and can also improve working practices. More importantly, this will assist in terms of achieving the objective of the EMM's policy and Strategy, with regard to cooperatives. It will also assist to realize the principles and requirements of the Policy guidelines to achieve its objective of robust and inclusive municipal economies.

Monitoring and evaluation is one of the important criteria, which can be utilized in order to make programs sustainable. "One of the biggest challenges that we face as a unit with regard to projects we are involved with, particularly agricultural cooperatives is that people disappear from those project if they perceive failure to make profit out of them" (interview, 2006). This is one of the reasons why the unit decided to strengthen their project monitoring level

There are different measures which EMM's LED unit uses to evaluate its external projects such as agricultural cooperatives. They evaluate and monitor these projects with the aim of making them sustainable and benefiting. They evaluate their projects through regular site visits, monthly progress reports. At the same time KPA is seen as an important strategic tool of assessments for the progress of the unit.

4.4 CONCLUSION

This chapter was designed to present and interrogate the main findings of the research. The chapter raised issues which are characterizing municipalities as institutions to implement or promote LED. The chapter managed to discuss trends and contradictions that exist within the EMM's LED unit. This chapter has managed to identify a variety of institutional capacity challenges confronting municipalities, particularly LED units.

This chapter suggests that LED units should have experienced personnel, who will be able to come up with municipal economic strategies that will guide the development of the municipality. Municipalities should also have personnel who will be able to understand contradictions and dynamics involved within LED as an area, personnel who will be able to adequately align local economic policies and strategies with strategies from other spheres of government such as provincial and national government, and also capable of closing the gap between the "first and the "second" economy.

This chapter has managed to discuss and analyze such issues. More importantly, this chapter managed to discover some of the institutional capacity challenges which the LED unit of the Ekurhuleni Metropolitan Municipality is facing. Moreover, some of these challenges are attributed to lack of clarity regarding LED policy and the purpose of the LED unit in facilitating LED; shortage appropriately qualified and experienced staff; limited co-ordination with relevant municipal and provincial departments; limited interaction with other stakeholders, including business associations and property owners; and lack of acknowledgement of roles played by PPPs. Therefore, the next chapter will focus on summarizing this research as well as suggesting recommendations, which EMM's LED unit can endorse to enhance their ability to implement LED.