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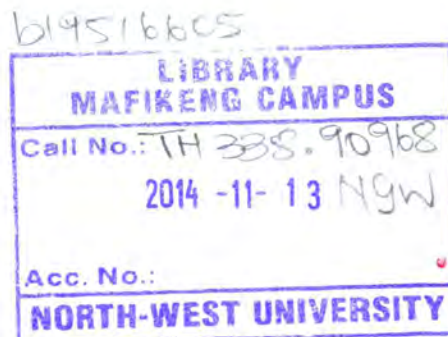
**AN INVESTIGATION INTO THE ROLE OF MUNICIPALITIES IN THE LOCAL
ECONOMIC DEVELOPMENT OF RURAL COMMUNITIES: A CASE STUDY OF THE
ITLHABOLOLE WASTE MANAGEMENT AND VEGETABLES PROJECT AND
MMABATHO YOUTH DEVELOPMENT COOPERATIVE PROJECT IN THE
MAFIKENG LOCAL MUNICIPALITY**

BY

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DECLARATION

I Matome Floyd Ngwana, declare that this Dissertation for the degree Master of Social Science in Development Studies, hereby submitted at the North-West University, is my own work and has not previously been submitted by me for a degree at this or any other university. It is my own work in design and execution, and that all materials and sources used or quoted and contained therein have been acknowledged by means of complete reference.

Signed.....on this.....day of.....2011
at.....

ABSTRACT

In their essence Local Economic Development (LED) and Integrated Development Plan (IDP) were designed to policy options for municipalities to meet their constitutional obligations of enhancing socio-economic development of communities. The LED in Mafikeng Local Municipality (MLM) is designed to enhance socio-economic development of the MLM community through focusing on job creation to fight and alleviate poverty in the municipality. This dissertation reviews the LED policy of the MLM and reviews the two projects which are namely the Itlhabolole Waste Management and Vegetable project and Mmabatho Youth Development Cooperative (MYDC) (car wash) project in the context of the LED policy of the MLM.

The dissertation critically analyses the strategies and programmes put in place by the MLM to implement these two initiatives projects. Questions on whether the MLM involves other stakeholders in the planning and implementation of LED and what are the challenges encountered by the MLM in the implementation of its LED projects and whether those projects are sustainable or not, are answered in this dissertation. This dissertation discovers that both the Itlhabolole Waste Management and Vegetable project and Mmabatho Youth Development Cooperative (MYDC) have achieved one of the core objectives of LED which is job creation, despite the fact that only an insignificant number of people are employed in these projects.

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LIST OF ACRONYMS

LED	:	Local Economic Development
RSA	:	Republic of South Africa
DPLG	:	Department of Local Government
MSA	:	Municipal Systems Act
IDP	:	Integrated Development Plan
SMME	:	Small, medium and microenterprises
MLM	:	Mafikeng Local Municipality
ISRDS	:	Integrated Sustainable Rural Development Strategy
IRDPs	:	Integrated rural development projects
NGOs	:	Nongovernmental Organisations
CBOs	:	Community Based Organisations
NRDS	:	National Rural Development Strategy
RDP	:	Reconstruction and Development Programme

KEY TERMS AND ACRONYMS

- Development
- Poverty
- Unemployment
- Integrated Development Planning (IDP)
- Local Economic Development (LED)
- Rural Development
- Mafikeng Local Municipality (MLM)
- North West Province (NWP)
- Local government (LG)

CHAPTER ONE

INTRODUCTION

1.1 Background

As part of its development drive nationwide, the South African government has prioritized socio-economic development and urban renewal as key strategies to counter the legacy of poverty and uneven development in the country. To this end municipalities have been given the constitutional mandate as lead agencies to promote socio-economic development, as means of poverty alleviation and the creation of employment (RSA, 1996; Chikulo, 2004). One of the development strategies adopted, amongst others, is the Local Economic Development (LED). It is built on the premise that local communities and authorities can through partnership with the government, business, labour and civil society organizations facilitate development. In the South African context, the LED programme, as incorporated in government policies, aims at supporting all municipalities in implementing these strategies with the primary focus of addressing the needs of poor and marginalized people and communities. LED is thus a key strategy for local government (DPLG, 2000).

In South Africa, local government has been identified as the most important sphere of government, owing to the huge responsibility vested on it to transform the lives of the poorest of the poor. As the sphere of governance closest to the people, local government have been tasked with the responsibility of providing services to communities that reside within their area of jurisdiction. This developmental mandate of local government is clearly articulated in the 1996 Constitution of the Republic of South Africa (Act No.108 of 1996). Among other things, the constitution asserts that a municipality must “structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community” (RSA, 1996, Section 153 (a)).

The White Paper on Local Government (DPLG, 1998) defines the concept of “developmental local government” as the “central responsibility of municipalities to work together with local communities to find sustainable ways to meet their needs and improve the quality of their lives”. According to this policy document, in order to realize its developmental mandate, “the powers and functions of local government should be exercised in a way that has a maximum impact on the social development of communities - in particular meeting the basic needs of the poor - and on the growth of the local economy”(DPLG,1998). In other words, as part of their developmental role, municipalities are charged with the responsibility of mobilizing a range of resources to meet the basic needs of the people and achieve developmental goals.

The White Paper on Local Government (1998) further identifies four key outcomes that are central to the realization of a developmental local government. These include the provision of household infrastructure and services; the creation of livable, integrated cities, towns and rural areas; community empowerment and redistribution; and the promotion of local economic development (LED). With specific regard to LED, the White Paper on Local Government assert that local government has been endowed with the powers and functions to play a very crucial role in promoting employment and boosting the local economy. In this respect, the White Paper prescribes that through the provision of user-friendly services, local procurement policies, investment promotion and the support for small business and growth sectors, municipalities can have a significant impact of the development of the local economy by creating an enabling environment for business.

The Constitution prescribes that municipalities have to create an enabling environment for investment through provision of infrastructure and quality services, rather than by developing programmes and attempting to create jobs directly.

In order to facilitate LED within the broader developmental mandate of local government of the Municipal Systems Act (MSA) No 32 of 2000. According to this Act, a municipality must within a prescribed period adopt an Integrated Development Plan (IDP), which is conceived as a tool to assist municipalities in achieving their developmental mandates. Among other things, the Act stipulates that a core component of an IDP must be a municipality's "local economic development aims" (MSA, 2000: 24-25). Thus, it is evident that there are close links between the IDP and LED. LED and IDP are seen as being inextricably linked. The IDP provides a mechanism for coordinating LED strategies with other development strategies adopted by the municipality. As the Department of Cooperative Government and Traditional Affairs (COGTA) points out: "it is critical to ensure that the planning and implementation of a municipality's LED activities are carefully co-ordinate and initiated within the context of the municipal IDP" (DPLG, 2000a: 29).

Despite the explicit mandate for local government to pursue LED, contained in various legislations and government policies, South Africa still lacked an embracing LED policy document. It was only in 2000 that the national government released initial guidelines about possible LED institutional arrangements and suggested strategies for the consideration of local municipalities. However, as Nel and Goldman (2006) have argued, through a wide range of laws, policies and funding mechanisms there has emerged a much defined framework for LED intervention and support. The lead actor in developing guidelines for the implementation of LED across the country has been the (COGTA).

In a manual titled *Local Economic Development Strategies and Instruments* (DPLG, 2000a), the (COGTA) has recommended a number of strategies that local governments can implement in a bid to promote LED. These include industrial recruitment and place-marketing; the promotion and support of small,

medium and microenterprises (SMME); community economic development; export promotion; business retention and expansion strategies; and investment attraction designed to alleviate poverty, support small business and expand business development (DPLG, 2000b). Similarly, the *National Framework for Local Economic Development* released by the DPLG in 2005 outlines a range of financial mechanisms to help promote LED in municipalities. These include an LED Fund; Municipal Infrastructure Grant; and funds earmarked for both the Integrated Sustainable Rural Development Programme and the Urban Renewal Programme (DPLG, 2006).

1.2 Statement of problem

Despite the critical importance of LED in the developmental mandate of local governance, and substantial funds having been committed to the implementation of LED initiatives, enormous poverty and development challenges remain, the

Mafikeng Local Municipality (MLM) has been no exception. The municipality ranks among the poorest in the North West Province with most of the poor in the Mafikeng municipality reside in rural areas, which are far removed from the few socio-economic opportunities and amenities the municipality has to offer (Statistics South Africa, 2007). With the above concern in mind, the study seeks to answer the following questions:

- What does the LED policy of the Mafikeng Local Municipality?
- What strategies and programmes have been put in place by the Mafikeng Local Municipality to implement LED in the rural areas?
- What has been the outcome of the two projects implemented in the Mafikeng Local Municipality?
- What are the sources of funding for LED projects in the Mafikeng Local Municipality?
- To what extent does the Mafikeng Local Municipality involve other stakeholders in the planning and implementation of LED in rural areas?

- What challenges does the Mafikeng Local Municipality encounter in the implementation of its LED policy in the rural areas?

1.3 Aim and objectives of the study

The aim of the study was to examine the role of the Mafikeng Local Municipality in promoting Local Economic Development in rural areas within the municipality.

The specific objectives of the study included:

- To review the LED policy of Mafikeng Local Municipality.
- To review the operation of two programmes: Itlhabolele Waste Management and vegetable project and Mmabatho Youth Development Cooperative (car wash) project in the LED policy of the Mafikeng Local Municipality.
- To critically analyse the strategies and programmes put in place by the Mafikeng Local Municipality to implement these two initiatives projects.
- To ascertain the sources of funding for LED projects in the Mafikeng Local Municipality.
- To identify challenges facing the two projects..
- To examine the extent to which the Mafikeng Local Municipality involves other stakeholders in the planning and implementation of LED.
- To appraise the challenges encountered by the Mafikeng Local Municipality in the implementation of its LED projects and whether those projects are sustainable or not.

1.4 Rationale and significance of the study

The major significance of the proposed study is its contribution to academic knowledge. A review of the existing literature on LED in South Africa reveals that most of the studies of this subject have focused mainly on the activities of large metropolitan cities such as Johannesburg, Cape Town, Durban and Pretoria (Nel,2001;Tomlison,2003),. Despite the critical importance of LED, little research, if any, been documented on the role of municipalities in small towns like the Mafikeng Local Municipality in promoting LED.. There is, therefore, an urgent need for extensive research into the LED activities of municipalities that are located in small towns, with a view to ascertaining their effectiveness of LED as a development strategy. There is therefore a huge gap in the literature on the practice of LED in South African municipalities. The research seeks to contribute towards filling this gap in the literature by analyzing the LED activities of a small and predominantly rural municipality. Besides the contribution to knowledge, the study is also of benefit to policy-makers and development experts. It is hoped that the findings of the study would assist decision makers in adopting measures and interventions that would improve the strategic role of municipalities in fostering local economic development in rural communities.

1.5 Organization of the study

The study organized into five chapters as outlined below:

Chapter One presents the background of the study, the statement of the research problem, and the rationale, significance and objectives of the study.

Chapter Two provides the definitions of concepts and Literature review.

Chapter Three discusses the methodology used in the study.

Chapter Four provides the socio-economic profile of MLM, reviews the LED policy, and evaluates Ithlabolole Waste Management and Mmabatho Youth Carwash projects, as well as discuss the findings of the research.

Chapter Five offers a summary of findings, conclusion and policy recommendations

1.6 Summary

This chapter provided a general background and introduction to the study. It then stated the problem of the study, outlined the objectives, rationale, and organization of the study. By the end of this study the researcher would have made efforts to review the LED policy of the MLM. In addition a review of the LED project in the MLM would be undertaken by the end of the study. Critically the researcher would have presented the sources of funding for LED projects in the MLM and an examination of the involvement of other stakeholders in the planning and implementation of the LED in the MLM would have been undertaken by the end of the study. Having concluded the following chapter provides an exposition of the literature review.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Literature review is an integral part of every research process for a number of reasons. Firstly, it exposes the researcher to the writings of other authors on the same or related research problem. This is crucial because it enables the researcher to acquaint him or herself with the concepts, variables, theories, methods and even constraints that are central to the investigation. Furthermore, a review of the existing literature serves to identify gaps in the literature, thereby giving the study a better focus (Welman and Kruger, 2001). This section of the research report therefore discusses the major concepts, the current debates on the evolution of local economic development in South Africa

2.2 Definition and elaboration of key concepts

2.2.1 Development

Todaro (2000: 87) defines development as “a multi-dimensional process involving the reorganization and/or modification of part or entire economic and social systems with the aim of eradicating poverty, providing employment opportunities, reducing inequalities and raising living standards.” According to Casanova (2001), the concept of development has passed through a significant phase of restructuring since the end of the Second World War. According to him:

“development is [therefore] a process of global structural change (economic, political, social, cultural and environmental) which tends to improve the quality of life of all members of society in that they attain more complete satisfaction of their collective basic necessities” (Casanova, 2001: 26),

As can be discerned from the preceding definition, this basic-needs approach to the concept of development is characterized by relatively less concern with the quantity of production or output, material needs or monetary gain and more concern with the general quality of human life and the natural environment. Thus, the use of indicators such as per capita income or the rate of growth of national income as targets or measures of development are increasingly being complemented with alternative or additional indicators, such as life expectancy, standards of health or literacy, access to various social or public services, freedom of speech, the degree of popular participation in government or decision-making, or environmental conservation. Besides, as pointed out by Conyers and Hills (1993: 29), the concern with the non-economic aspects of development has also brought to the forefront the interrelationship of economic, social, political, and environmental factors in development. Hence, the concept of integrated development, and the increasing attention being devoted to integrated development planning and programmes (IDP).

2.2.2. Community development

As attention is given to IDP which is a responsibility of Municipalities for the advancement of community development, it is significant that an understanding of community development be brought forth. Community development is understood to be a process that enhances human development through "empowering communities and strengthening their capacity for self-sustaining development" (Monaheng, 2000: 125). The basic principle of community development is 'collaboration in life-sustaining activities' as it has historically been practiced by local communities since the existence of human societies (Monaheng, 2000: 125); it is also a post-war rural development strategy in British colonies. In support of the latter views community development is thus a structured intervention that gives communities greater control over the conditions that affect their lives, not necessarily solving all the problems faced by a local community, but building up confidence to tackle such problems as effectively as any local action can (Anon, 2011:1).

2.2.3 Rural development

Rural development is defined as development that benefits rural populations; where development is understood as the sustained improvement of the population's standards of living or welfare. Rural development as a concept has been highly associated with the promotion of standards of living and as a precondition for reducing rural poverty (Anriquez and Stamoulis, 2007). According to the South African government's *Integrated Sustainable Rural Development Strategy (ISRDS)* document,

"Rural development is understood to be multi-dimensional, encompassing improved provision of services, enhanced opportunities for income generation and local economic development, improved physical infrastructure, social cohesion and physical security within rural communities, active representation in local political processes, and effective provision for the vulnerable. Rural development in this context is thus much broader than poverty alleviation through social programmes and transfers. The concept places emphasis on facilitating change in rural environments to enable poor people to earn more, invest in themselves and their communities, contribute toward maintenance of the infrastructure key to their livelihoods; in short, to identify opportunities and to act on them. A successful strategy will thus make people less poor, rather than more comfortable in their poverty. This emphasis is complemented by specific measures to assist the vulnerable and relieve the burdens of poverty" (ISRDS, 2000: 193)

Although rural South Africa shares much in common with other countries in terms of development challenges, it nonetheless has some unique characteristics. Rural areas in South Africa tend to be diverse with concentrations of both poverty and relative prosperity. There has been a skew in favour of commercial farming areas, which are relatively well serviced and prosperous.

“Apartheid policies exacerbated rural poverty by creating former homelands that have high density. populations, dislocated settlements and poor housing, infrastructure and access to social amenities. These communities have been excluded from the benefits of economic growth and of modernization” (IDT, 2000:3-8)

Global approaches to rural development have varied over time. During the 1970s, the trend was to implement integrated rural development projects (IRDPs), championed primarily by national governments and international development agencies. However, this approach came under intense criticisms for its inadequacy in involving local people in participatory processes and for failure to develop local capacity. The extensive centralization of decision-making also made it difficult for implementation agencies to respond adequately to the demands of the local people. Recent rural development strategies therefore emphasize the central role of local participants, such as rural local governments and rural communities. The involvement of NGOs and CBOs, as well as their effective cooperation with local governmental institutions such as municipalities is increasingly being seen as an indispensable part of a participatory and decentralized process that sits at the root of any effective rural development strategy (ibid).

This shift in the approach to rural development is also mirrored in the South African context. According to Ntsebeza (2006), until 2000, South Africa had no clear-cut policy document that could guide development planning in the rural areas. Earlier in 1995, the government had introduced the National Rural Development Strategy (NRDS), which was an attempt to bring together the objectives of the Reconstruction and Development Programme (RDP) with those of the new developmental local government. However, a number of scholars (see for example Davids, 2003; Everatt & Zulu, 2001) have observed that this initial approach to rural development in South Africa was fraught with weaknesses and inconsistencies from the outset of its launch. Not only did it fail to sufficiently address the potential of the rural economy, but it also paid no attention to issues

of local governance. In addition, the NRDS was ambiguous in its approach to development. It sought to follow both welfare-oriented and market-oriented approaches to development (Ibid)

To realize this vision for integrated rural development, and conscious of the weaknesses of local municipalities, the ISRDS is designed to be directed at the level of the district, though local municipalities remain the main drivers of the programme (Perret, 2005). As such, rural municipalities are expected to use their Integrated Development Plans (IDPs) as vehicles for the promotion of the ISRDS. As already indicated in the introductory chapter, IDPs are statements of the development priorities and strategies of municipalities, which are developed on a consultation process through which local government structures engage with local communities to understand their needs and priorities. The IDPs therefore provide a mechanism for coordinating a municipality's development strategies, including the development of its rural areas.

2.2.4 Local government and governance

According to Reddy (1999:9), local government is a sphere of government deliberately created to bring government to the local populace as well as to give its members a sense of involvement in the political processes that control their lives. In more practical terms, Kearney (2006:246) refers to local government as the "level of government that fights crime, extinguishes fires, paves streets, collects trash, maintains parks, provides water and educates children." Based on the foregoing,

Local governance, on the other hand, refers to a process in which local government, in conjunction with local people themselves and other stakeholder such as NGOs, CBOs, take the initiative to organize themselves for purposes of participating in their governance (Chikulo, 2004). As Chikulo (2004:130) aptly observes "as a concept, 'governance' is a wider term than "government" and directs attention to the relations between organs of civil society and state

institutions. In the views of Leach and Percy-Smith (2001:6-7) local governance is essentially concerned with policies affecting local people.

According to Rothchild (1994:54), the concept of local government has three essential characteristics. First, it is made up of a set of local authorities or institutions with a separate autonomy and a legal status distinct from that of the central government. In addition, the autonomous local institutions have the power to raise their own revenue and spend it on the discharge of their functions, as assigned to them by the law. Finally, local government is also defined by the power of the local institutions to make decisions as responsible organs in their own right and not as an extension of the central administration

Writing on the importance of local government to development, Atkinson (2002) contends that local government is the only sphere of government that has the mandate to bring together a variety of sectoral issues within one developmental policy, programme or project. Another strength of local government as outlined by Atkinson (2002) is that this tier of government is the closest to the people. This does not only mean that the local residents (especially the poor) have easier access to municipal offices, but also means that local councilors have a much smaller constituency to report to than public representatives at provincial or national level. This gives them ample time to concentrate on issues and local matters that are highly community-specific. The intrinsic value of local government is also evident from a spatial perspective. Because real development requires ongoing involvement with beneficiaries and communities, it becomes imperative for such "developmental activities to be based at a level of government that is staffed by people who are physically accessible to residents, and who preferably live within the local community" (Atkinson, 2002: 3).

According to Nyalunga (2006), prior to 1994, local government in South Africa was structured to facilitate and regulate the apartheid agenda of racial segregation and exclusion. This meant that each racial group was afforded its own type of local government and the different types coincided spatially with the

formal segregation of races. Thus, under apartheid, the system of local government only served to entrench racial segregation together with social, spatial and economic inequality. With the advent of democracy, local government in South Africa was transformed and given a new developmental mandate, with a view to redress the legacies of the past. New institutions were created with new principles, philosophies and support mechanisms to make the transformation of local government a success. The ultimate goal of this restructuring was to provide local authorities with greater autonomy within democratic principles in order to provide more effective and efficient service delivery to their respective populace. Through the Constitution (1996), the Local Government Transition Act (1993) and the Development Facilitation Act (1995), local government has been empowered "to take responsibility for development and ultimately eradicate mounting cases of poverty, and overall past apartheid legacies" (Nyalunga, 2006:17).

2.2.5 Municipality

Kearney (2006:250) defines a municipality as a specific populated area, typically created by legislation. Municipalities exist to provide local government to communities under their area of jurisdiction. Theoretically, a municipality can levy certain types of taxes in its jurisdiction in order to pay for services which are provided in the area, and can enforce criminal ordinances in its jurisdiction. Construction and development can be regulated through the application of municipal building codes and subdivision regulations. Municipalities can also provide a wide range of services to citizens within its jurisdiction such as the construction and maintenance of roads, disposal of garbage and promotion of the arts if they have resources.

In South Africa, municipal government is largely understood in terms of service delivery. According to Chapter 7, Section 157 of the new South African Constitution of 1996 municipalities are responsible for the delivery of a range of services to residents. They must provide democratic and accountable government; provide services to communities in a sustainable manner; promote social and economic development; promote a safe and healthy environment; and encourage the involvement of communities and community organizations in the matters of local government.

Municipalities in South Africa are divided into three distinct categories. Category A municipalities are found in the large metropolitan areas with high population density; an intensive movement of people, goods and services; extensive development; and multiple business district and industrial areas. A municipality that falls under this category enjoys exclusive municipal executive and legislative authority in its area. Category B municipalities, also known as local municipalities are found in smaller cities and towns. A number of local municipalities in a given region are brought together to form a district or Category C municipality. Local municipalities share their municipal executive and legislative authority with the district municipality within whose jurisdiction they fall (Municipal Structures Act, 1998).

2.2.6 Local economic development (LED)

The World Bank (2003:7) suggests the following definition: "Local Economic Development (LED) is the process by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation. The aim is to improve the quality of life for all." A similar but more elaborate definition is provided by Helmsing (2003: 73) who writes that:

“Local Economic Development (LED) is...a process in which partnerships between local governments, community-based groups and the private sector are established to manage existing resources to create jobs and stimulate the economy of a well-defined territory. It emphasizes local control, using the potentials of human, institutional and physical resources. Local economic development initiatives mobilize actors, organizations and resources; develop new institutions and local systems through dialogue and strategic actions”

This definition highlights a number of characteristics that are deemed central to an effective LED strategy. Not only does LED require participation and social dialogue, it is also considered to be based on a defined spatial locality. Besides, LED strategies entail the mobilization of local resources and competitive advantages, and must be locally owned and managed. The outstanding features of LED are brought out even better by Andres Rodríguez-Pose, who contrasts these with those of the traditional top-down development approaches:

“First, whereas in traditional top-down approaches the decision on where to implement development strategies is taken by central government planners and developers, with little or no involvement of local actors, LED practices favour the promotion of development in all territories by using the economic potential and the competitive advantage of every space. The initiative to launch the development strategy is taken locally or with strong local support. Second, as a result of where and how the decisions are taken, traditional policies have been generally designed, managed, and implemented by ministries or central government agencies. The involvement of local actors in LED strategies implies, in contrast, a much greater degree of vertical and horizontal coordination of all the actors involved. (...) The third basic difference relates to the approach to development. Traditional policies have tended to adopt a sectoral approach. The promotion of specific industrial sectors that contribute to

generate economic dynamism has been one of the main objectives of these policies. LED uses a territorial approach as a means of achieving economic development. The diagnosis of the economic, social, and institutional conditions of every territory and the identification of the local economic potential are the foundations upon which any development strategy is built. (...) Fourth and last, both approaches are also set apart by their way of attracting economic activity. While traditional approaches have relied on financial support, incentive packages and subsidies in order to attract and maintain economic activity, LED tends to shun such activities and concentrates on the improvement of the basic conditions for the development and attraction of further economic activity” (Rodriguez-Pose, Andres: quoted in Casanova, 2001:31).

While acknowledging that local economic development has undergone enormous changes in the last two decades, Helmsing (2003) believes that much of the change has taken place at the level of the actors involved. He argues that while in the past LED was the sole responsibility of central governments, today a range of other actors have become involved. These include communities and their organizations (CBOs), nongovernmental organizations (NGOs) and also private enterprises. According to Helmsing (2003) however, one of the most prominent actors in LED is the local government, which provides the local institutional base for the coordination, promotion and support of LED activities.

Writing on the goals and objectives of LED in developing countries, Bloch (2000) posits that an effective LED strategy must aim at achieving three basic goals. They include building globally competitive local economies, facilitating the creation of good quality jobs, and raising the living standards of community members. More importantly, he contends that these goals are inextricable, arguing that poverty simply cannot be properly addressed, let alone remedied, without long-term jobs, and one cannot have sustainable jobs and higher levels of income without enterprises that can compete effectively in both domestic and

global markets. By implication, effective LED strategies must be targeted at achieving each of these goals in a complementary manner.

2.3 Legislative and policy framework for LED in South Africa

In the South African context, LED is considered as an approach by which municipalities and local people continuously work together and with other external stakeholders to achieve sustainable economic growth and development that brings an improved quality of life for all in a defined area (DPLG, 2000b). According to Patterson (2008), LED in South Africa is a post-1994 phenomenon that is rooted in the new development vision of the new democratic government. The South African Government has placed considerable emphasis on what it terms 'developmental local government', which has broadened the role of local government agencies in promoting growth and development. LED in South Africa is therefore intended to have a pro-poor policy focus.

Pro-poor LED in South Africa is encouraged through a range of key policies and legislations. The foundation for the prevailing policy framework for LED was originally set down in the 1996 Constitution of the Republic of South Africa. The Constitution (RSA, 1996) identifies local government as a distinctive sphere of government and mandates them to "give priority to the basic needs of the community, and to promote the social and economic development of the community." This mandate was taken a step further with the introduction of the White Paper on Local Government (1998), which suggests that amongst others, local government is responsible for the achievement of local economic development, playing an important role in job creation and in boosting the local economy through the provision of business-friendly services, local procurement, investment promotion, support for small businesses and growth sectors.

The statutory principles for operationalising these new concepts of development are contained in the Municipal Systems Act 32 of 2000. The Act deals at length with the notion of Integrated Development Plans (IDPs), of which LED is regarded as a key component. In essence, according to the Department of Provincial and Local Government, the IDP is, "...conceived as a tool to assist municipalities in achieving their developmental mandates" (DPLG, 2000:21), and as a planning and implementation instrument to bring together the various functions and development objectives of municipalities. Despite the rich legislative framework supporting LED in South Africa, it was only after 2000 that the government began releasing guidelines that provided direction on LED institutional arrangements and strategies for local government to begin implementing action plans that deal with local economic development.

In 2002, a Draft LED Policy titled "Refocusing Development on the Poor" was released. This document emphasized the pro-poor orientation of LED in South Africa, stressing that LED activities must target previously disadvantaged people and marginalized towns and regions. Ideally, municipalities should support local initiatives, which encourage local job creation while still responding to changes in the national and global economy. According to this policy document, the LED strategies of municipalities should aim at achieving three interrelated goals/objectives: establish a job-creating economic growth path; embark on sustainable rural development and urban renewal; and bring the poor and disadvantaged to the centre of development (DPLG, 2002).

Earlier in 1999, the government had launched the LED Fund in an attempt to provide support to LED activities, as part of its overall poverty relief strategy. The Fund provided support to municipalities of up to R1, 5 million for projects that would lead to poverty alleviation and job creation within their localities. However, as Atkinson and Ingle (2003) have observed, the Fund has ultimately failed to deliver long-term sustainable LED and has resulted in a number of small, unsustainable projects scattered around the country. Some of the reasons advanced for this failure include: a lack of understanding of what LED entailed;

inadequate capacity to implement projects; and poor consultation with communities, which resulted in a lack ownership of projects.

The most recent direction to LED in South Africa is contained in the *National Framework for Local Economic Development* released by the DPLG in 2006. The Framework emphasizes that municipalities have a key role in creating an environment conducive for investment through the provision of infrastructure and quality services, rather than by developing programmes and attempting to create jobs directly. Beyond this, municipalities should play a connector role in respect of LED, drawing upon resources locked in a range of different government support instruments into their localities. Interestingly, the new LED Framework gives room for both pro-growth and pro-poor LED orientations in South Africa (DPLG, 2006).

2.4 Experience on the practice of LED in South Africa

The broad literature on the discussion on LED policies and experience in South Africa for the past decade features several themes and sub-themes. Although some of these themes may overlap, in reviewing the literature, some broad categories are however outstanding. While some writings discuss the evolving development and national directions of LED policy and planning, others focus on the LED experience and implementation in particular localities. Within this latter category, two trends seem to have emerged: investigations that focus on LED activities in the country's major centres and secondary cities, as opposed to those that focus on the country's small towns and rural areas. A third broad category of literature highlights areas of neglect concerning thematic, sectoral or impact investigations, surrounding the implementation of specific forms of LED.

The seminal research of Nel and Goldman (2006) seems to provide the most comprehensive and perhaps up to date account of the implementation of LED in South Africa. The analysis in this piece does not only reflect the current major discussions and themes, but most importantly assesses the overall performance

of LED initiatives, especially in the area of poverty alleviation. According to Nel and Goldman. (2006), the implementation of LED as a poverty alleviation strategy nationwide appears to have an undertone of skepticism and disillusionment (Nel and Goldman, 2006) The findings of the study Nel and Goldman (2006) conducted into Pro-poor LED in urban and rural areas in South Africa, showed that the definition and understanding of LED in the country show wide variation. This is attributed not only to the absence of an all-encompassing national LED policy, but also to the short time with which municipalities have been actively embracing LED approaches. Moreover, part of this discrepancy stems from the fact that different government departments hold different views as to whether LED should have a pro-poor or a pro-market focus. However, because of the “fundamental need to build a shared understanding among decision-makers, implementers and other stakeholders, both in the public and private sectors, regarding what constitutes appropriate and effective local economic development practice the DPLG introduced the national framework for LED. This National Framework for LED in South Africa was introduced to “build a shared understanding of good LED practice and motivate more effective implementation” (Mufumadi, 2006:1). Hence the general view of government is that LED advances through a pro-market focus which in turn benefits the poor, this is because predominantly LED planning in South Africa is continually dominated by market-led activities advancing towards the achievement of sustainable high economic growth rates (Nel and Rogerson, 2005). In this respect LED in South Africa seeks to increase the capacity of the economy to produce goods and services and improve the well-being of local citizens through meeting the socio-economic needs of the present without compromising the ability of future generations to meet their socio-economic needs. For instance Chikulo (2004:132- 133) observes that in South Africa:”LED initiatives are designed to promote growing local economies to alleviate poverty....LED programmes are therefore designed to create employment and economic growth with the aim of alleviating poverty through municipality – led initiatives”

While LED activities were intended to and are contributing to development and addressing poverty, the study conducted by Nel and Goldman (2006) concludes rather pessimistic that in many instances across the country, the results are patchy and often very little has been achieved on the ground. Whilst there are often quite significant local policies and strategies in place, they are not always translated into action. Reasons related to limited success seem most obviously to stem from capacity and funding constraints, as well as poor partnership formation and the reality that many projects are not economically sustainable (Nel, 2007). It also argues that monitoring and evaluation is weakly developed and often not applied, while poverty targets are not always in place and many municipalities are not able to fully ascertain the impact of their actions. Intuitively therefore, the success of LED as a pro-poor strategy revolves around the pursuit of economically sustainable projects with a clear focus on pro-poor outcomes. Besides the requirements of a strong leadership and direction and significant resource and capacity inputs, there is also need for effective collaboration with multiple stakeholders (Nel & Goldman, 2006). Hence in its nature “LED mobilizes Governments, businesses and communities around their common aspiration and therefore plays a positive role in this process. If done well, a LED process provides a way to clarify competitive advantages, identify cooperative opportunities, craft innovative options and generate strategies that better meet local needs. Furthermore, emerging LED practice promotes strategic thinking and planning and features territoriality, job creation and retention, participatory governance and integrated approach as its key attributes. Job creation and retention are central to such strategies” (UNHABITAT, 2009: 4).

As earlier indicated, a recurrent theme in the literature of LED in South Africa is linked to the emergence of three distinct categories with regards to its implementation. These stem from the very mixed experiences on the ground. At the forefront are the Metropolitan areas with their diverse range of activities,

relatively large budgets and staff complements. Municipalities that fall under this category, such as Durban and Johannesburg, are reputed to engage in what are often large-scale interventions with significant impacts. Besides, as documented by Tomlinson (1994) and Nel & Binns (2003), LED policies across these large cities are dominated by pro-growth or pro-business interventions as opposed to pro-poor interventions. Since 2000, the country's large cities have continued with a strong focus on promoting competitiveness across various sectors and on repositioning themselves in the changing global economy. In Durban for example, Moffett & Freund (2004) have observed that the promotion of the competitiveness of the local economy has been reaffirmed through a range of flagship property development projects, including a new convention center and tourism developments, with the suggestion offered that these development projects represent the beginnings of creating a new alliance between old and new business elites in the city.

Next on the classification is what has been termed Secondary cities where the range of activities is narrower, though there are reasonably adequate budgets and staff complements. Most relevant to the present study however, are the Small and rural centres, most of the characteristics of which are reflected in the Mafikeng Local Municipality. These centres are characterized by impoverishment in terms of resources, and LED activities, it is argued, are often most discernable at the level of the small project. Here, an NGO or the private sector operating in isolation is usually the key driver of the process. As the relative proportion of the population classed as poor or very poor is highest in South Africa's small towns and rural areas, its with no surprise that most LED polices in these areas focus on pro-poor interventions (Rogerson, 2004).

The literature further highlights three distinct trends that seem to be taking root in the execution of LED, with regards to the twin objectives of poverty alleviation and economic growth. In some municipalities pro-poor approaches are seen as the dominant LED focus. As indicated above, this trend is especially true for

those municipalities in the country's small and rural areas where the most important local development issues are centered upon dealing with economic decline, job losses and problems of often-severe poverty in a situation of limited capacity and resource constraints (Nel, 2005). It is evident from the works of many scholars that the application of a pro-poor LED strategy in small towns and rural areas has given primacy to agriculture, tourism and entrepreneurial development. And, as argued by Philander and Rogerson (2001), for many rural communities across South Africa, the LED activity is often conditional upon successful land reform or land restitution processes.

Also critical to the implementation pro-poor LED in small towns and urban areas are the themes of 'development from below' and 'local self-reliance' by ordinary residents. Indeed, the observation has been made that the emergence of rural informal activities, communal farming and various forms of community survival must be interpreted as a 'development from below' style of LED that is strongly characteristic more broadly of small-town or rural areas in the developing world. As espoused by Gibb (2004), in this context, the onus of responsibility often is placed upon the actual residents of the locality or the initiative of community-based organizations in achieving local self-reliance.

While LED policies in small towns and rural areas are most often pro-poor, the story is different for the country's large cities and secondary towns. Here, as earlier highlighted, pro-poor initiatives and interventions are weaker or secondary to pro-growth or competitiveness enhancement. Notwithstanding this pro-growth bias of LED in South Africa's large cities, Rogerson (2004) holds a view that there is an evolution of initiatives that would be viewed as embodying a pro-poor orientation. Basing his argument on studies conducted in the country's major cities, he advances that some of these cities have come up with pro-poor initiatives which would fall into the category of 'area-targeting initiatives', linked to inner-city renewal programmes often embodying a strong focus upon the upgrading of small enterprise clusters such as in Johannesburg's fashion district.

This has therefore given rise to a third and perhaps most recommended category which features municipalities in which there exist a local growth path, which simultaneously achieves both pro-growth and pro-poor interventions (Nel and Goldman, 2006: 86).

Implied in the foregoing review is the debate as to whether LED interventions should focus on poverty alleviation or on promoting growth and competitiveness. According to Rogerson (2004), there is a striking divide between the activities of LED by the Department of Provincial and Local Government (DPLG) and the Department of Trade and Industry (DTI), both of which are the most important departments of national government influencing LED. While the former is concentrating on issues of poverty alleviation, the latter is more strongly oriented towards the promotion of economic growth. Commenting on the pro-poor versus pro-growth dichotomy, Nel & Lyenelle (2004) record that because of its pro-poor stance, DPLG came to be seen as championing the interests of the poorer, rural municipalities exclusively. As a result, many large cities felt that national policies and programmes did not necessarily address their specific issues and concerns. In a bid to assuage these concerns, DPLG was forced to come up with a national LED strategy, which attempts to strike a balance between the two imperatives of poverty alleviation and competitive enhancement. According to Nel & Lyenelle (2004), the drafting of this document appears to have somehow bridged the dichotomy that prevailed between pro-poor and pro-growth policies.

The policy compromise notwithstanding, it appears from the case studies reviewed that LED interventions on the ground are still jeopardized by the seeming opposing concerns of poverty reduction and economic growth. This has prompted Anna Marriott (2004) to warn that efforts must be made to avoid the trap of LED debates getting bogged down in terms of a search for an equitable or desirable balance between programmes that promote growth and competitiveness on the one hand as opposed to poverty reduction on the other hand. In the same vein, the danger must be avoided of taking a position that it is

possible and acceptable to achieve both global competitiveness and poverty reduction independently from one another. Failure to move beyond considerations of a 'balancing act' potentially is set to perpetuate the widely accepted concept that poverty reduction programmes are for the poor and global competitiveness projects are for the non-poor. As Marriott (2004) aptly points out, "applied in practice, this approach will only further contribute to the growing fragmentation and inequality within South African cities".

It is evident from the above pieces that the current challenge that is highlighted in the implementation of LED strategies is to ensure an inclusive economic development that provides both growth and poverty reduction, based on the dynamic relationship between the two. In the past, many municipalities had parallel and even competing strategies in place, that is, a market-led approach focusing on business development, together with a market-critical or demand-led approach focusing on community development. Increasingly, however, and as noted in the 2003 Cape Town Local Area Economic Development Framework, there is a growing recognition that the two approaches need to be integrated. That is to say growth and poverty reduction are interdependent. Achieving this integration would however require a fundamental shift in thinking and the mainstreaming of economic development.

Some of the scholarship has been dedicated to analyzing the contribution of specific sectors to local economic development. In a well-written paper based on research conducted in KwaZulu-Natal and the Western Cape, Binns & Nel (2002) have identified the promotion of tourism as a key strategy that can lead to economic upliftment, community development and poverty reduction in South Africa. In the context of some current debates on tourism in poor countries, the paper examines how economic, social and environmental resources are being utilized to promote tourism as a local economic development strategy in South Africa. Tourism-based development initiatives are evaluated in the context of generating economic growth, alleviating poverty and addressing the apartheid

legacy of discrimination and inequality. The paper therefore suggests that tourism, in its different forms, can be a potential lever for both pro-growth and, importantly a set of pro-poor initiatives for local development.

For Meyer-Stamer (2003), the most important, yet considerably neglected issue in the implementation of LED in South Africa is that of impact evaluation of LED interventions. He decries the fact that despite the significant interest in and growing commitment of resources to LED activities, disappointingly, only little evidence exists on the impact of particular forms of intervention. Meyer-Stamer (2003) has even claimed that from the experience of urban areas, there is little good practice of LED in South Africa, a claim that Rogerson (2004) dismisses as rather overstated.

A marked shortcoming in the reviewed literature on LED experience in South Africa is it's biased in favour of the country's large urban and metropolitan municipalities. Although a few studies have concentrated on the LED experience of predominantly rural municipalities (see in this regard Nel, 1997; Rogerson, 1998), the literature on this topic is still very limited. It is within this framework that the study was undertaken, bearing in mind the limited studies done on LED within rural small town municipalities.

2.5. Summary.

This chapter provided definitions for concepts used in the study and put LED in to context. It also reviews the legislative and policy frame works, and discussed the experience and problems of LED in South Africa.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The qualitative approach was used in this study. In order to adequately address the research questions, the study adopted the case study design. The choice of this method was informed by the research problem, which required an in-depth analysis of the role played by the Mafikeng Local Municipality in promoting LED in the rural areas.

Hakim (2000) defines a case study as a research strategy that takes as its subject one or more selected examples of a social entity. This may be a community, an event, an organization, an institution or a country, which is studied using a variety of data collection techniques. The case methods usually bounded by parameters, shows a specific dynamic and relevance, and reveals information that can be captured within these boundaries. This definition is substantiated by Gerring (2004: 342) who argue that a case study is “an intensive study of a single unit for the purpose of understanding a larger class of similar units.” Both definitions portray a case study as a research method that is ideal for research projects that attempt to answer the *‘what’*, *‘how’* and *‘why’* of a given phenomenon or subject. In other words, case studies are the best research method for an in-depth description and explanation of phenomena, using a variety of data collection techniques. It is for this reason that the case study method was chosen as the most appropriate method to explore and explain the role of the Mafikeng Local Municipality in promoting LED in its rural communities.

3.2 Unit of Analysis

The unit of analysis of the study was the Mafikeng Local Municipality. The study focused on analyzing the strategy, initiatives and institutional setup of this municipality towards it's strived to promote LED in the rural areas. This unit was chosen because it is one of the municipalities in small towns whose LED activities have not been systematically studied. The LED project of the Mafikeng Local Municipality identified in this study, are namely, the "ITLHABOLOLE WAISTE MANAGEMENT" which started operating in 2000 and "Mafikeng Youth Development Co-operation" (MYDC) which started to operate in 2009.

3.3 Methods of Data Collection

For purposes of collecting data this dissertation relied on the use of qualitative research method, which has its roots in social science and is more concerned with understanding why people behave as they do regarding their knowledge, attitudes, beliefs, and fears. Hence, Cresswell (2009: 4) states that qualitative research is a means of exploring and understanding the meaning individuals ascribe to a social or human problem. This research method was used in order to investigate the role of municipalities in the local economic development of rural communities with special reference to the Itlhabolole waste management and vegetable project and the Mafikeng youth development co-operation (MYDC) in the Mafikeng local municipality.

Qualitative research method was used in order to ensure gathering in-depth understanding of the role of municipalities in the local economic development of rural communities with special reference to the Itlhabolole waste management and vegetable project and the Mafikeng youth development co-operation (MYDC) in the Mafikeng local municipality. As part of the qualitative research method this study made use of the primary and secondary data collection technique. In the usage of the primary data collection technique interviews were conducted and

sources such as municipal reports and other official documents relating to the study were consulted. In conducting interviews three sets of questionnaires were used. These questionnaires were administered to municipal officials, LED stakeholders, as well as community representatives. While on the other hand the usage of the secondary data collection technique was applied through the consultation of books, journals, internet sources and other relevant documents to the study.

3.4 Sampling Procedure

A purposive or judgmental sampling technique was used to select the research participants. According to Babbie (2004) this is a type of non-probability sampling in which the researcher relies on his or her judgment to select the sample elements. The sample elements are chosen based on their knowledge and expertise of the phenomenon under study. This sampling technique was most suitable for the proposed study because a *sample frame* of LED stakeholders in the Mafikeng Local Municipality was not available. The non-probability sampling technique was also ideal because the focus of the study was not necessarily on making generalizations, but on producing quality in-depth analyses that would be suggestive of the state of local economic development in the Mafikeng Local Municipality.

In the process of data collection for this study a self administered questionnaire was used. The researcher identified professionals in the Mafikeng provincial and local government and other local community representatives. The professionals and community representatives who responded to questionnaires were namely:

- Mr. Moubana who is a chief director of tourism at the department of Economic Development and Tourism in the North West Provincial government.
- Mr. Shabangu who is the Local Economic Development Manager,

- Deputy Director: Policy and Planning in the Department of Economic Development and Tourism,
- Member of the Mayoral Committee in charge of LED, and
- Councilors from various wards in the MLM.

The above respondents were identified because of the professional capacity and roles with respect to LED in the MLM.

3.5 Method of Data Analysis

According to Terre Blanche and Kelly (2002), there is no clear point where data collection stops and analysis begins in a qualitative study. This is because data collection in qualitative research is not just a mindless technical exercise, but involves development of ideas and theories about the phenomenon being studied, so that by the time it is completed, data analysis should already be well underway. This study adopted the immersion/crystallization technique to analyze data. This procedure entailed reading the data repeatedly, and engaging in activities of breaking the data down (thematizing and categorizing) and building it up again in novel ways (elaborating and interpreting) (Terre Blanche & Kelly, 2002: 140). Data analysis also followed the triangulation method. In order to verify the validity of questionnaire responses, this information was regularly weighted against data collected from secondary sources such as municipal reports and documents. This was done through relating and correlating the information obtained from questionnaires with the information obtained from secondary sources.

3.6 Limitations of the study

The most significant limitation of the study is related to the difficulty encountered in collecting the relevant information. The uncooperative attitude of some employees did not only frustrate attempts to gather detailed information on the

LED initiatives of the municipality, but also delayed the timely completion of the study. Repeated attempts to have the LED manager fill in his questionnaire and facilitate contact with other stakeholders were fruitless. Moreover, some of the stakeholders and community representative who were able to fill in their questionnaires provided very limited information. The researcher attempted to mitigate these shortcomings by sourcing information from secondary sources. Another major limitation to this study was that Information on the LED initiatives of the Mafikeng local municipality is scanty, disorganized and very difficult to get. This reflects the disorganized and uncoordinated manner in which local economic development is promoted in the municipality. It is therefore advised that the analysis contained in this dissertation be read bearing these constraints in mind.

3.7 Ethical considerations

Throughout the research, efforts were made to ensure that the ethical principles guiding social science research were respected. The researcher clearly explained the purpose and nature of the research to all prospective respondents to ensure that their participation is based on informed consent. Considering the sensitive nature of government information, the researcher ensured that all official data are treated with the highest confidentiality and that the wish for sources to remain anonymous was respected. Efforts were also made to acknowledge sources of secondary information in a bid to avoid academic plagiarism.

3.8. Summary

This chapter discussed the research methodology utilized in the collection of the data, the sampling procedure, method of data analysis; the challenges encountered, as well as elaborated the ethical considerations of the study.

CHAPTER FOUR

LED PROJECTS IN MAFIKENG LOCAL MUNICIPALITY

4.1 Introduction

This chapter provides the socio-economic profile of MLM, its economic potential, reviews the LED policy of MLM, examines the two case projects, as well as discusses stakeholder participation; finally, the chapter details the main findings of the study.

4.2. Socio-Economic Profile of MLM

Mafikeng Local Municipality (MLM) is situated in the North West Province 20 kilometers south of the Botswana border. It is the capital city of North West and is considerably bid local municipality as compared to the other four municipalities (Category B municipalities) forming Ngaka Modiri Molema District Municipality. The other four neighbouring municipalities constituting Ngaka Modiri Molema are: Ramotsere Moiloa, Tswaing, and Ditsobotla and Ratlou Local municipalities. The total area of MLM is approximately 3 703km squared. It is divided into 31 wards consisting of 102 villages and suburbs (Mafikeng Local Municipality, 2011: 15). According to the statistics South Africa community survey on North West province of 2007 the population size of the MLM is 290 229. Approximately 75% of the area is rural and the rural areas are found in southern and western parts of the MLM and are under tribal authority (Mafikeng Local Municipality, 2011: 15).

The rural economy of the MLM is unable to provide local citizens with employment and self employment opportunities; hence in 2007 an estimated 55% of the MLM population had no income (Mafikeng Local Municipality, 2011: 28). The majority of the MLM households can be considered poor as they earn below poverty line of about R1, 600 per household on a monthly basis (Mafikeng

Local Municipality, 2011: 28). Those classified as economically active are mainly employed in public-services sector such as health, justice, local government, education, South African Police Service (SAPS) etc (Mafikeng Local Municipality, 2011: 28). The income profile of the MLM households not shown any significant improvement since 2001 and this might be as a result of high interest rates and high fuel prices amongst others (Mafikeng Local Municipality, 2011: 29). In addition most of the households in the MLM rely on social grants such old age pension, disability and child supports grants as a form of income (Mafikeng Local Municipality, 2011: 29).

4. 3 Economic Development Potential of Mafikeng Local Municipality

A number of factors come into play when assessing the economic development potential of a locality. These include the availability of raw materials and resources, economic linkages, market trends, availability of labour and technology as well as an enabling policy environment. There are four critical relevant economic activities within the main priority economic sectors in the MLM which are agriculture, mining, manufacturing, and trade and tourism. The economic development potential of each of these priority sectors is discussed in the paragraphs that follow.

4. 3.1 Agricultural sector

The agricultural sector in the Mafikeng local municipality accounted for almost 3.5% of the local GDP and 5.2% of the local workforce in 2004. Between 2001 and 2004, the local agricultural sector recorded strong growth of 6.6% per annum (Mafikeng Local Municipality, 2009). Most recently, agriculture accounts for 6.2% of the total GDP and 19% of formal employment (Mafikeng Local Municipality, 2011: 83) the major agricultural products are maize, peanuts and sunflower. A considerable degree of livestock and game farming is also practiced in the locality. In addition to commercial agriculture, subsistence farming is also undertaken in the rural areas. This often takes the form of 'backyard gardens'

where vegetable and livestock (mostly provided by the municipality) are produced to supplement household incomes. Among the many challenges facing this sector of the local economy are water scarcity, lack of capital and modern technology, and stock theft.

Despite these challenges, it is believed that this sector holds immense potential for growth and development. The introduction of new technology such as organic farming and biotechnology can expand the sector considerably. This development can be accompanied by the introduction of new agricultural products such as herbs, fresh fruit, organic food production, horticulture, oil extraction and fish farming. The municipality has also identified broiler and bio-fuel production as potential developments that can enrich this sector. This is in addition to exploiting and developing export routes to South Africa's northern neighbours (Mafikeng Local Municipality, 2009).

4. 3.2 Mining sector

Despite the fact that the Mafikeng is believed to be home to an abundance of mineral deposits, the local mining sector is currently not very active. The most common minerals found in the area are manganese ore, gold ore and lime stone. The municipal authorities believe that small scale mining offers great potential for economic development and poverty reduction in the area. Moreover, within the context of the ongoing project to create an industrial development zone in the municipality, there are great possibilities for mining beneficiation which can equally expand the manufacturing sector (Mafikeng Local Municipality, 2009).

4. 3.3 Manufacturing sector

Manufacturing in the Mafikeng municipality comprises mainly small-scale light industries. In 2004, it is estimated that the sector contributed 4.8% to the local economy and accounted for 5% of the local workforce. From 2000 to 2004, the

manufacturing sector experienced growth rate of about 1.1% per annum. Manufacturing in Mafikeng is dominated by the construction material and automotive industries. The economic development potential of this sector lies in the possibility to establish links between the primary sector and industries in the secondary sector through agro-processing and mineral beneficiation. Value addition to primary products could expand the market, generate returns for investors, as well as create jobs for the unemployed.

Specifically, it is believed that the agro-processing industry can be developed to provide a support base for emergent farmers. Opportunities in this area include syndicated meat processing units, vegetable processing, citrus production and emergent agribusiness like tractor servicing, fertilizer distribution and transport contractors. The Mafikeng Industrial Development Zone (MIDZ) under way at the Mafikeng Airport also holds potential for expanding the manufacturing sector (Mafikeng Local Municipality, 2009).

4.3.4 Tourism sector

Although tourism is not an economic sector on its own, as it is “composed of many different products and services that woven into the economy” such as accommodation, travel, catering, entertainment and travel organizers (Mafikeng Local Municipality, 2011: 91) , it is treated as such in the municipality because of its immense contribution to income generation and employment. The municipality boasts of a combination of natural, historic and cultural touristic attractions such as the Mafikeng Museum, Mmabana Cultural Centre, Mafikeng Game Reserve, Mmabatho Conference Centre and the Lotlamoreng Cultural Reserve. A combination of insufficient road network and poor marketing has however served to constrain the development of the tourism industry in Mafikeng. If tourists attractions are well packaged and other constraints are addressed, the local economy stands to gain from the benefits of ecotourism, culture tourism, travel

and investment, shopping and entertainment, as well as MICE (meetings, incentives, conferences and exhibitions) (Mafikeng Local Municipality, 2009).

4. 4 LED Strategy of the Mafikeng Local Municipality

Mafikeng local municipality LED strategy, was adopted in May 2007. The strategy is informed by the long term vision of the municipality, which seeks to 'to make Mafikeng a socio-economic hub by striving for sustainable development and service delivery through public participation and optimal use of resources' (Mafikeng Local Municipality, 2007: 88). An analysis of Mafikeng's LED strategy document leaves the impression that poverty alleviation, the fight against unemployment and the development of the local business are the main concerns of the municipality.

Specifically, the LED strategy of the municipality identifies three broad goals. The first of these is to alleviate poverty through broadening the economic base in the transport, manufacturing, human resources, and SMME and tourism sectors. Secondly, the LED strategy seeks to create opportunities for transferring technology and skills to the local community. The ultimate goal here is to increase their competitiveness within the regional labour force and thus boost their employment opportunities. The third goal of Mafikeng's LED strategy is to assist local businesses and SMMEs by boosting investment confidence in the locality. This would be achieved by providing more effective infrastructure and business support (Mafikeng Local Municipality, 2007, 88).

The LED strategy document of Mafikeng further identifies four thrusts or planned actions aimed at creating an impetus and a critical mass in the local economic environment in order to generate momentum in the local economy. These include industrial and beneficiation development, SMME development, rural economic

base and transport development, as well as tourism and cultural development. The main objectives of these four strategic thrusts are summarized as follows:

- To utilize natural resources optimally while broadening the participation base for the processing and beneficiation of minerals.
- To stimulate value added activities in relation to the primary sectors of mining and agriculture.
- To develop human resources in conjunction with the development of economic activities, in order for local people to be empowered and play an active role within the local economy.
- To stimulate the local economy through the promotion of local tourism opportunities.
- To ensure the promotion and development of SMMEs that will lead to sustainable revenue generation and employment creation.
- To stimulate the establishment, growth and employment of small local businesses (Mafikeng Local Municipality, 2007: 104).

Each of the four thrusts that make up the LED strategy of Mafikeng local municipality is geared towards achieving specific objectives. The strategy document also identifies prioritized programmes and projects whose execution would contribute towards achieving the objectives of any of the given thrust. A further review of Mafikeng's LED strategy reveals that most of the prioritized projects are geared towards developing the agro-processing industry, developing and promoting the investment advantages in the local economy, developing and marketing the local tourism industry, stimulating the establishment, growth and employment of small local businesses, and promoting the development of rural economies and their inhabitants. The LED strategy of MLM also acknowledges that the implementation of the various programmes and projects would succeed only through partnerships with relevant stakeholders such other government departments, business organizations and affected communities. It also highlights the importance of institutional and capacity development for the successful implementation of the LED strategy (Mafikeng Local Municipality, 2007: 102,

130). The municipality has also been involved in a number of non-tangible projects to market the investment opportunities available in the area and attract potential investors. These have taken the form an Investment Conference and LED Summits, which bring together different stakeholders in the local economy and showcase the economic potential of the municipality.¹

4.4 LED initiatives undertaken by the Mafikeng Local Municipality

4.4.1. Discussing the Itlhabolele Waste Management and Vegetables and Mafikeng Youth Development Co-operation (MYDC)

Information on the LED initiatives of the Mafikeng local municipality is scanty, disorganized and very difficult to get. This reflects the disorganized and uncoordinated manner in which local economic development is promoted in the municipality. However, the study was able to establish that the municipality has initiated a number of LED projects and for the purpose of these study preference was given to two project as major case studies which started in 2000 and 2009 and these LED projects are the "Itlhabolele Waste Management And Vegetable" which started operating in 2000 and "Mafikeng Youth Development Co-operation" (MYDC) which started operating in 2009. These projects were given preference as the researcher observed that they were some of the LED projects well functioning in the MLM.

4.4.1.1. THE ITLHABOLOLE WASTE MANAGEMENT AND VEGETABLES PROJECT

Background of the Project

In 2000 the department of environmental affairs, department of arts and culture and the department of trade and industry established the Itlhabolele Waste

¹ The information is contained in a report submitted to the Mafikeng Local municipality by the Twenty Four out of twenty four trading company on the municipality's readiness to attract and retain investment, December, 2007.

Management and Vegetable Project. The business plan for Itlhaboloele Waste Management and Vegetable Project was compiled by Ernsol business management services (consultants) and the national lottery provided an amount of R2 million to fund the building of the structure for the project and lastly the department of trade and industry registered the project as a business entity.

Objectives of the Project

The objectives of the project were to:

- To create employment in the remote village of Ramatlabama with a population of 50 000 of which 28% of the is illiterate.
- To clean the environment and to educate people on how to keep their environment clean and their long was to establish a waste centre and provide efficient management towards running of the centre and sustainable job creation.
- To sell vegetables to the Ramatlabama community and other potential customers

Most importantly the projects' purpose was to support North West tourism strategy recycling waste and creating products that could be sold for capital benefit (ERNSOL, 2000).

Target Population

The target population the project is as follows:

- The tourists travelling between the border of Mafikeng to Botswana situated in Ramatlabama,
- The Ramatlabama community,
- Individuals and organizations interested in artistic products produced by the project.

Implementation of the project

PHASE 1

The project was established in 2000 by the department of environmental affairs, department of arts and culture and the department of trade and industry. Ernsol business management services (consultants) compiled a business plan and the national lottery an amount of R2 million to fund the project, while the department of trade and industry registered the project as a business entity.

PHASE 2

This project consisted of 20 members (17 women and 3 men). The 17 women are responsible for sewing, while men are responsible for vegetable gardens. The management structure of this project was elected by the members and was composed as follows:

- Chairperson-Moseki Poulina
 - Manager-Margaret Khumbule
 - Administrator/Secretary-Sebolai California
 - Treasure-Gedrude Masilo
- Additional committee member-John Molokela Except for the additional member who is male ,the rest of the committee are female

PHASE 3

In 2008 the National Development Agency (NDA) came on board with the intention to achieve the following objectives:

- To make the community aware on the importance of environmental management,
- To create jobs through recycling of waste material,
- To supply the community with affordable fresh vegetable,
- To ensure responsible use of and management of natural resources.

In order to achieve the above objectives the NDA provided a grant amounting to R400 000.

Challenges to the Project

The project sometimes faces challenges with regards to selling its produce as it is not well marketed by its members and other stakeholders such as the MLM. Sometimes the vegetables cannot be sold to local traders in Mafikeng as they (local traders) underrate these vegetables for their markets. The Itlhabolole Waste Management and Vegetables project has faced is the unavailability of funds and lack support by local and provincial authorities which resulted in the failure of the project members to participate at an exhibition in Russia which they were invited.

Impact of the Project

The project has recorded the following achievements:

- Provided permanent and part-time employment for different programs,
- Collection of waste products in the village and surrounding areas, and finally artistic product made from recycled waste.
- Conduct cleaning campaigns in the village and in the local schools.
- Producing vegetables and selling them to the Ramatlabama community, local traders in the village and in Mafikeng \and tourists travelling between Botswana and Mafikeng.
- This project makes an amount of around R200 000, 00 annually from the sales of vegetables and artistic product.

The Itlhabolole Waste Management and Vegetables project has the potential to grow beyond the current status. This growth could only be realized through the support of the project by local cooperate retailers such as Pick n Pay, Fruits and Veg and Shoprite through purchasing vegetables from the project. Similarly, the department of sports, arts and culture in the North West Province could also ensure that the projects grow in terms of exposure of artistic product and finally

their sale. This could be done through the department providing support to the projects with regards to exposure during local arts expos and other national arts events across the country.

4.4.1.2. THE MAFIKENG YOUTH DEVELOPMENT COOPERATIVE (MDYC) LED PROJECT

Background of the project

The Mafikeng Youth Development Cooperative (MYDC) project which cost around R2.7 million was undertaken in partnership with the department of economic development and tourism of the North West Provincial government. It emanated from the mushrooming of the informal car wash businesses which were established to raise quick cash substitute for the absence of good/better options, like permanent employment opportunities and that result in most of car wash outlets not being growth orientated (Ernsol, 2008: 3).

North West Department of Economic Development and Tourism developed a Practical Business Training Centre-PBTC for MYDC which has a car wash as an anchor project supported by small business unit such as convenient store, internet and photocopy shop, braai facilities, and a waiting area. The car wash model was emulated from the Northern Cape Province, Kimberly (Galeshewe Car Wash) (Ernsol, 2008: 3).

The MYDC was established through the merging of four different car wash operators around Mafikeng which included Majimbos, Thusanang, Simunye and Ikageng Car wash. At its establishment the MYDC consisted of 19 members, however due to processes of planning and development 8 members decided to withdraw from the project by going out to look for permanent employment and others decided to venture into other small businesses leaving only 11 members remaining (Ernsol, 2008: 3).

Objectives of the Project

The objectives of the MYDC were as follows:

- The MYDC at its establishment was expected to provide employment to a substantial number of youths in the area (Natgrowth, 2008).
- To be viewed as premium car wash in Mafikeng.
- Maintain a gross and gross profit margin of over R750, 00 per during weekdays and R1750, 00 per during weekends.
- Accumulate enough funds so that they will be able to venture into business opportunities without worrying about start-up capital (Ernsol, 2008: 7).

Target Population

The MYDC targeted four main groups of customers: individual car owners, car rental agencies, car dealerships, local business and government departments and households in Mafikeng. In addition the department of transport, the MLM, Telkom and ESKOM made commitment to use the services of the car at its establishment.

Implementation of the Project

The MYDC projects were implemented through the following phases:

PHASE 1

Amalgamation of four car wash operators (Majimbos, Thusanang, Simunye, and Ikageng car wash) in Mafikeng to establish the Mafikeng Youth Development Co-operative (MYDC) Limited (Ernsol, 2008: 3). ERNSOL consultants then drew a business plan for the department of economic development and tourism in order for the department to fund the project.

PHASE 2

The department of economic development and tourism provided an amount of R2.7 million to fund the project and the MLM provided land where the physical structure of project was to be built (Ernsol, 2008: 3).

PHASE 3

This project consisted of 11 members (5 women and 6 men). All these members are responsible for all daily activities of the project. The management structure of this project was elected by the members and was composed as follows:

- Chairperson-Mr. Joseph Thataetsile Molehabangwe,
- Deputy Chairperson-Mr. Lebogang Robert Madikgetla,
- Secretary-Ms. Mmatshupo Gertzia Moses,
- Deputy Secretary-Mrs. Christinah Keitseng Mammie Mokaleng,
- Treasure-Ms. Lesego Virginia Lekoma (Ernsol, 2008).

In addition the MYDC created employment for 11 young people (Ernsol, 2008).

Challenges facing the project

The MYDC structure was emulated from the Galeshewe Car Wash, as a result it had to have Car Wash facilities combined with other facilities such as a store, internet and photocopy shop and barbeque facilities. Though the structure for all the latter is in place only the car wash is in operation. This means the remains a challenge in ensuring the operation of the internet café and copy shop and the barbeque facilities. The reason for the non operation of internet café and photocopying shop and barbeque facilities is due to the lack of effective managerial qualities by members of project and the lack of oversight by the MLM to the project. In addition to the above the MYDC is also faced with a challenge of been efficiently marketed so overwhelming exposure. Finally, the MYDC faces a major challenge of competition as there are many informal car wash projects established around Mafikeng, as a result they turn to attract some of the potential

customers for the MYDC, this in turn having a negative impact on the MYDC profits.

Impact of the Project

Indeed, the MYDC achieved its objective of providing employment as it currently has 11 employees who are also members of the co-operation (Ernsol Business Management Services, 2008:23). These employees and members of the co-operation receive a remuneration of R2000.00 per month Ernsol Business Management Services, 2008:23). As regards to profits the MYDC washes around 15 cars per at R50.00 standard price which amounts to R750.00 per day. Whereas during weekends the MYDC washes around 30 to 35 cars per day this amounting to R1500.00 to R1750.00 per day. In terms of being a premium car wash in Mafikeng the MYDC has truly maintained visibility and popularity in Mafikeng and again it attracts those visiting Mafikeng.²

4.5 Stakeholder and Community Participation in LED promotion.

It was discovered that little consultation and coordination takes place in the planning and implementation of LED in the Mafikeng local municipality. Despite the fact that a number of business and development organizations are involved in the local economy, the municipality does not yet has an LED forum, which can articulate the interests and views of these stakeholders. Worse still, the municipality does not have a database of organizations involved in LED activities in the area. Contact with these partners occurs only on an ad hoc basis.³

The marked absence of proper consultation and coordination in the planning and implementation and monitoring of LED in the municipality is further underscored

² These are findings from an observatory research method done by myself at the MYDC premises. I spent a month observing the activities at the carwash to arrive at these findings.

³ Information provided by the Member of the Mayoral Committee (MMC) in charge of LED in the Mafikeng local municipality.

by the observation that most of the stakeholders were not consulted during the drafting of the municipality's LED strategy [Who drafted it? Consultants?]. It is surprising to note that some of the relevant provincial departments such as that for Economic Development and Tourism are ignorant of the existence of a municipal LED strategy document.⁴ In addition to insufficient consultation, there is equally a lack of proper channels to coordinate the LED activities of different stakeholders. This has resulted in a situation where the initiatives of the local municipality are not always aligned with those of the district municipality or provincial government departments. This practice often leads to confusion and at times duplication of LED initiatives.⁵

The involvement of the local communities in the planning and implementation of LED in the Mafikeng local municipality is also virtually non-existent. The communities are afforded the opportunity to contribute in the IDP process through their ward councilors. However, evidence suggests that this form of representation rarely translates into proper consultation in matters of local economic development. All the community representatives who participated in the study expressed dissatisfaction with the degree to which they are consulted for LED planning and implementation.

4.6 Challenges to LED promotion in the Mafikeng Local Municipality

It is evident from the preceding discussion that the promotion of local economic development in the MLM is fraught with numerous challenges. The most obvious of these is the lack of the necessary institutional and technical capacity to promote local economic development. The municipality does not yet have a separate, dedicated and well-staffed LED Unit. Despite the fact that the municipality has a manager and a councilor responsible for LED, evidence

⁴ This is according to the Deputy Director: Policy and Planning in the Department of Economic Development and Tourism. Answer to questionnaire, August 2009.

⁵ This is the view shared by the MMC in charge of LED in the Mafikeng local municipality.

suggests that these officials have very little knowledge and expertise on issues of LED.⁶

A second challenge to the promotion of LED in the MLM has to do with coordination. As highlighted above, LED initiatives in the municipality are undertaken by different actors in a scattered and uncoordinated manner. This state of affairs is worsened by the failure of the municipality to provide strong leadership and direction in the promotion of LED. Coordination is absent not only among the various stakeholders, but also between the different municipal structures. The failure of different departments within the municipality to coordinate their activities makes it very difficult for LED activities to be properly executed.

Inadequate funding was also identified as a major challenge to the efforts of the Mafikeng local municipality in developing its local economy. Like most other small municipalities in South Africa, Mafikeng is characterized by a weak or declining economic base and increasing numbers of unemployed and under-employed people. This has resulted in immense constraints in mobilizing sufficient resources to finance local economic development programmes. This constraint is compounded by the low levels of human capital available in the municipality, which to an extent has contributed to the difficulty in attracting investors into the area.

Mafikeng local municipality is also faced with the difficulty of trying to balance the imperatives of promoting economic growth on the one hand, and poverty reduction, on the other hand. This reflects the general trend in South Africa where many municipalities still remain unclear about the meaning of LED and how to implement it. This challenge is reflected especially in the isolated manner in which LED projects are designed and implemented, and is partly responsible

⁶ This is the view expressed by the deputy director: policy and planning in the provincial department of economic development and tourism, August, 2009. This is also evident in the inability of the LED manager to provide information on the LED activities of the municipality. All attempts to have him fill in the questionnaire proved abortive.

for the lack of proper coordination between the different LED stakeholders. Whereas the municipality's LED strategy calls for an integrated approach that caters for both economic growth and poverty reduction, the absence of technical know-how in the municipality has ensured that LED initiatives continue to evolve in different directions.

4.7 Summary

This chapter discussed the socio-economic profile of MLM, economic development potential of MLM relating to sectors such as agriculture, mining, Manufacturing, and Tourism. In addition the LED Strategy of the MLM, LED initiatives undertaken by the MLM (Itlhabolole Waste Management and Vegetables and MYDC), Other LED Projects in the MLM were also examined and discussed. Finally, the Stakeholder and Community Participation in LED promotion and challenges facing the promotion of LED in the MLM. It was observed that both the Itlhabolole Waste Management and Vegetables and MYDC LED projects have made considerable progress in terms of job creation despite some challenges faced in particularly by the Itlhabolole Waste Management and Vegetables.

CHAPTER FIVE

FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This final chapter presents the main findings drawn of the study, conclusions arrived and provides policy recommendations with regards to LED in the, MLM.

5.2 Summary of Research Findings

5.2.1. Findings on the review of LED policy of Mafikeng Local Municipality

In reviewing the LED policy of Mafikeng Local Municipality the following were the findings:

- LED in MLM focuses on poverty alleviation, the fight against unemployment and the development of the local business are the main concerns of the municipality.
- There are three broad objectives of the MLM LED strategy which include; alleviating poverty through broadening the economic base in the transport, manufacturing, human resources, and SMME and tourism sectors; creating opportunities that transfer technology and skills to the local community to increase their competitiveness within the regional labour force and in the main boosting their employment opportunities; and to assist local businesses and SMMEs through boosting investment

confidence in the locality by providing more effective infrastructure and business support.

There are four thrust plans for the effective implementation of LED in MLM which include; industrial and beneficiation development, SMME development, rural economic base and transport development, and tourism and cultural development.

5.2.2. Findings on the Itlhabolole Waste Management and Vegetables LED Project and the MYDC LED Project

In reviewing the operation of two programmes: Itlhabolole Waste Management and vegetable project and Mmabatho Youth Development Cooperative (car wash) project in the LED policy of the Mafikeng Local Municipality and challenges facing them, the following are the following conclusions were drawn with regards to the two projects named above.

The following are conclusions drawn on the Itlhabolole Waste Management and Vegetables LED project:

- As the main objective of the Itlhabolole Waste Management and Vegetables project was to create employment in the remote village of Ramatlabama through recycling waste and creating products that could be sold for capital benefit and having a vegetable garden producing vegetables to sold. Indeed this objective has been achieved and it is sustainable, currently, the project has created employment for roughly around 13 people who are remunerated from the proceeds of the products made from waste and the sale of vegetables. In this regard, to some degree this project has created employment.
- Similarly the project has had significant exposure and has made some economic gain because the products made from waste have been sent to

exhibitions such as Gallagher estate, schools and the department of arts and culture where potential buyers get to see the products and purchase them. In addition the vegetable garden is doing very well economically as both members of the community and tourists travelling between Botswana and Mafikeng give support through buying products from the garden.

- The second objective of the project was to keep the environment clean and to educate people on how to keep their environment clean. To this end this objective has been achieved as the Ramatlabama village is regularly clean because of the cleaning activities carried out through the project.
- Another significant purpose of the project was to support North West tourism strategy as the products made from waste are gaining exposure from tourist travelling between Botswana and South Africa via the Ramatlabama border post.

Though the project has made some considerable progress there exist some challenges. The critical challenge mentioned was that the Itlhabolole Waste Management and Vegetables project has been faced by the unavailability of funds and lack support by local and provincial authorities. As a result in the failure of the project members to participate at an exhibition in Russia which they were invited is attributed to the lack of funding and support by provincial and local authorities.

As regards to the above, it is significant that the Mafikeng local municipality, the department of local economic development and the department of sports, arts and culture work in collaboration and in financial support of the Itlhabolole Waste Management and Vegetables project so that that it gets much needed exposure in order to generate sustainable economic income and to also create substantial and sustainable jobs.

The following are conclusions drawn on the MYDC LED project:

- As the major objectives of the MYDC at its establishment was to provide employment to a substantial number of youths in the area and maintain gross and net profits and to be viewed as a premium car wash in Mafikeng, it did achieve its objectives as it currently has 11 employees who are also members of the co-operation. These employees and members of the co-operation receive a remuneration of R2000.00 per month. As regards to profits the MYDC washes around 15 cars per at R50.00 standard price which amounts to R750.00 per day. Whereas during weekends the MYDC washes around 30 to 35 cars per day this amounting to R1500.00 to R1750.00 per day. In terms of being a premium car wash in Mafikeng the MYDC has truly maintained visibility and popularity in Mafikeng and again it attracts those visiting Mafikeng.

5.2.3 Findings on the Sources of funding for LED projects in the Mafikeng Local Municipality.

The following were identified as the sources of funding for LED projects in the MLM:

- The department of economic development and tourism provided an amount of R2.7 million to fund the MYDC project.
- The national lottery provided an amount of R2 million to build the structure for the project and the NDA provided R400 000 for implementation of its intervention objectives in the project.
- Because in the current dispensation land comes at a price, the MLM provided funding to both the project through provision of land. With regards to the Itlabolole Waste Management and Vegetable project. The MLM collaborated with the local traditional authorities of Ramatlabama to provide land for the project. Thus instead of the land been purchased the MLM and the local authorities provided land for the projects.

5.2.4 Findings on examining the extent to which the MLM involves other stakeholders in the planning and implementation of LED.

In examining the extent to which the Mafikeng Local Municipality involves other stakeholders in the planning and implementation of LED, the following conclusions were drawn:

- It was discovered that little consultation and coordination takes place in the planning and implementation of LED in the MLM despite the fact that a number of business and development organizations are involved in the local economy. The municipality does not yet have an LED forum, which can articulate the interests and views of these stakeholders and the worst case is that the municipality does not have a database of organizations involved in LED activities in the area; furthermore contact with these partners occurs only on an ad hoc basis.
- Most of the stakeholders were not consulted during the drafting of the municipality's LED strategy and some of the relevant provincial departments such as that for Economic Development and Tourism are ignorant of the existence of a municipal LED strategy document.
- There is equally a lack of proper channels to coordinate the LED activities of different stakeholders and this has resulted in a situation where the initiatives of the local municipality are not always aligned with those of the district municipality or provincial government departments and this practice often leads to confusion and at times duplication of LED initiatives.
- The involvement of the local communities in the planning and implementation of LED in the Mafikeng local municipality is virtually non-existent. It was noted that communities are afforded the opportunity to contribute in the IDP process through their ward councilors. However, evidence suggested that this form of representation rarely translates into proper consultation in matters of LED, hence, all the community representatives who participated in the study expressed dissatisfaction

with the degree to which they are consulted for LED planning and implementation.

5.2.4. Findings on challenges encountered by the MLM in the implementation of its LED projects and whether those projects are sustainable or not.

In identifying the challenges to LED promotion in the MLM, the following conclusions were drawn:

- There is a lack of necessary institutional and technical capacity to promote LED this is because the MLM does not yet have a separate, dedicated and well-staffed LED Unit. In addition, despite the fact that the municipality has a manager and a councilor responsible for LED, evidence suggests that these officials have very little knowledge and expertise on issues of local economic development.
- A second challenge to the promotion of LED in the MLM is related to the lack of coordination as LED initiatives in the municipality are undertaken by different actors in a scattered and uncoordinated manner. Coordination is absent not only among the various stakeholders, but also between the different municipal structures. In addition, the failure of different departments within the municipality to coordinate their activities makes it very difficult for LED activities to be properly executed.
- Inadequate funding was also identified as a major challenge to the efforts of the MLM in developing its local economy. As most other small municipalities in South Africa, MLM is characterized by a weak or declining economic base and increasing numbers of unemployed and under-employed people. This has resulted in immense constraints in mobilizing sufficient resources to finance LED programmes. This constraint is compounded by the low levels of human capital available in the municipality, which to an extent has contributed to the difficulty in attracting investors into the area.

5.3. Interpretation of Research Findings

A closer look into the findings presented above reveals a number of patterns and developments that require an in-depth examination, taking into consideration the wider context of this study. Perhaps the single most important issue that emerges from the findings and that warrants discussion is the marked absence of the required institutional capacity and technical know-how to promote LED in the municipality. This finding resonates with those of other researchers such as Nel (2001) who have argued that most local governments in rural South Africa are struggling with the promotion of LED because they lack functional LED units and skilled staff. In the case of Mafikeng, one can observe that this deficiency stands at the centre of most of the other challenges identified in study.

Like every other rural municipality in South Africa, Mafikeng is met with enormous development challenges and the resource base to meet these challenges is very shallow. In the light of these constraints, viable institutions and technical know-how become very central to any development efforts. This is especially the case with the promotion of LED, which requires that the mandate to uplift communities out of poverty be tactfully and constantly balanced with the economic imperative to achieve global competitiveness. The absence of such institutional capacity and skilled staff, as evident in the Mafikeng local municipality, means that the promotion of local economic development evolves without any proper direction and the meagre resources of the municipality are not optimally channelled to achieve stipulated goals.

The inefficiency that characterises the promotion of LED in the Mafikeng local municipality further speaks of the broader capacity challenge that rural municipalities in South Africa face in transforming development tools into concrete deliverables. In the case of Mafikeng, it is not difficult to observe that the uncoordinated and disorganized manner in which local economic development is promoted also reflects the incompetence on the part of the authorities to use the IDP as a coordinating mechanism for all the development strategies and

programmes of the municipality. In the words of the then Department of Provincial and Local Government, "it is critical to ensure that the planning and implementation of a municipality's LED activities are carefully co-ordinated and initiated within the context of the municipal IDP" (DPLG, 2000a: 29). IDPs are supposed to be part of the mainstream planning process of municipalities where available resources are allocated to particular development priorities and strategies. They are therefore central in achieving a more appropriate and integrated system for planning and delivery at the municipal level (Abrahams, 2003: 185). Shortcomings in the proper promotion of local economic development in the Mafikeng local municipality are therefore also indicative of a serious crisis inherent in the wider planning system of the municipality.

Another development that emerges from the research findings and which appears to be shaping the promotion of local economic development in rural municipalities is the reliance on development consultants for the formulation of municipal LED and IDP documents. Whereas the adoption of this practice is meant to offset the lack of expertise within municipalities, it also comes with the potential of compromising the proper evolution of the LED process. As Abrahams (2003: 186) rightly notes, 'the IDP process is meant to arrive at decisions on issues such as local economic development in a more consultative, systematic and strategic manner'. In most cases, however, the process of arriving at these documents is hardly consultative and is undertaken by people who are largely divorced from the realities of the affected rural communities. In Mafikeng for example, none of the ward councillors involved in the study admitted to having been consulted in the course of developing the LED strategy. And, because such documents are usually couched in highly technical terms, there is usually a tendency for them to be adopted by the municipal Council even when the administrative and political authorities are not familiar with their contents.

This practice comes with a number of implications for the ability of predominantly rural municipalities to realize their development mandate. First, because most of

these consultants are far removed from the day-to-day realities of rural communities, the logic of rural development resulting from a participatory and decentralized process is actually defeated. In other words, local economic development, in particular, and rural development, in general, becomes a top-down activity instead of a bottom-up endeavour. Second, the LED and IDP managers, whose incompetence necessitated the outsourcing activity, find it difficult to work with the often technical documents. This gives rise to a situation where municipalities are made to part with scarce resources for documents that end up being shelved and only become useful when they are needed as misguided proof of compliance with applicable legislation. A related concern that is highlighted in this practice is the fact that municipalities in the rural areas spend far much on the development of plans and strategy documents than they are willing or able to spend on the actual execution of these plans. This of course partly accounts for the ever-increasing LED projects that are discontinued for lack of funds.

A final theme that stands out from the findings on the promotion of LED in the Mafikeng local municipality is the apparent confusion that is observed when it comes to the question of whether LED interventions should have a pro-poor or pro-growth focus. As highlighted in the literature study, the concept of local economic development in South Africa has evolved in two separate directions, depending on the understanding of the central objectives of LED interventions. On the one hand are those who believe that LED interventions should aim at promoting economic growth, while there are those on the other hand who argue that the focus of LED should be on reducing poverty (see Nel and Goldman, 2006). The experience of the Mafikeng local municipality illustrates the difficulty that South African local governments have had to deal with in attempting to translate these different approaches into effective and meaningful LED implementation in their localities.

As important as economic growth may be for a city or town, given the disparities and unequal development in many localities, integrating historically disadvantaged communities into a growing formal economy has become equally important. This is especially relevant in the South African context where apartheid policies created pockets of wealth and poverty co-existing in the same locality, and the onus now lies on municipalities to uplift the poverty-stricken. This situation has meant that local governments now have to strike a careful balance between the market-led and pro-poor approaches to LED. As evident in Mafikeng, most of South Africa's rural municipalities have proven to be incompetent in promoting LED in an integrative and unifying approach that identifies the importance of growth, but prioritizes job creation and poverty reduction.

A further interrogation of the research findings points to the fact part of the reason why the municipality has not been able to develop and build on the synergy between pro-poor and pro-growth approaches to LED stems from the neglect of building partnerships among the various stakeholders. There is widespread consensus in the literature that successful promotion of LED, of the kind that would both promote growth and reduce poverty, requires workable partnerships between municipalities, the private sector, as well as the affected communities. While examples of successful partnerships have been recorded in some rural municipalities like the Mangaung Local Municipality (see for example Abraham, 2003), evidence from the experience of LED in Mafikeng however suggests that such partnerships have not been prioritized.

On the one hand, Public Private Partnerships (PPP) between the municipality and the private sector are either non-existent or ineffective, and on the other hand, the local community is still treated as a liability rather than an asset in the promotion of local economic development. The absence of such partnerships does not only compound the problem of inadequate resources, but also amplifies the difficulty in reaping the benefits of a synergy between pro-business and pro-

poor LED interventions. Besides, by neglecting to make the local communities role-players in the LED process, they would fail to take ownership of the interventions, resulting in unsustainable projects.

5.4 Conclusion

Considering that LED in MLM focuses on poverty alleviation, the fight against unemployment and the development of the local business, thus the MLM is progressing in building globally competitive local economies, facilitating the creation of good quality jobs, and raising the living standards of community members. In addition the MLM is trying to meet its constitutional obligation of promoting social and economic development of local communities. However, this objective of the MLM is impeded by challenges such as inadequate funding, lack of communication and consultation between the local authorities and the community on issues of IDP and lack of coordination and partnership between provincial government departments and the MLM. The lack of communication between the MLM and the community on IDP undermines the constitutional obligations of involving communities and community organizations in the matters of local government.

In the view that LED programmes designed to create employment and economic growth with the aim of alleviating poverty through municipality led initiatives, the fact that in the MLM there exist LED projects such as the Itlhabolole Waste Management and Vegetable project and the MYDC which have created employment opportunities to number of people means that the MLM is on the path of creating employment and economic growth with the aim of alleviating poverty.

5.5 Recommendations

Based on the research findings on the MLM the following recommendations are made:

- There is an urgent need for widespread capacity-building within the MLM. This applies not only to the LED unit, but also to the IDP unit and the entire planning system of the MLM. The most recommended step would be to recruit people with the relevant skills and expertise in LED, in particular, and development planning, in general on a permanent or fulltime. Where this is not feasible, efforts to capacitate the existing staff should be of utmost priority to the municipality. The role of the local university, the North West University (NWU) may come in very handy in this regard.
- It is also recommended that the practice of using consultants to develop the municipality's plans and strategies be discouraged. Although this may help offset the lack of capacity within the municipality, it nonetheless compromises the involvement of the local communities at a critical stage of the development process. Alternatively, consultants should be used to train municipal officials, community members and other stakeholders. Such training would seek to impart them with the necessary skills to engage one another in conceiving, designing, implementing and evaluating local development plans and strategies. This would not only facilitate the smooth implementation of LED interventions, but would also ensure local or community ownership of LED projects.
- The MLM should also as a matter of urgency establish an LED Forum that would bring together all the stakeholders, including community representatives, local businesses, the provincial government, the district municipality, as well as other development agencies. In this way, the LED interventions of different actors would be properly coordinated and the tendency for duplication and divergent interventions would be eliminated.

Such a development would go a long way to harness the synergy between pro-poor and pro-growth LED interventions and make the entire process more amenable to achieving the municipality's core mandate of poverty reduction. Some of the partnerships that would naturally emerge from this forum would also help mitigate the effects of the capacity and resource crisis in the municipality.

- It is significant that the MLM, the department of local economic development and the department of sports, arts and culture work in collaboration and in financial support of the Itlhabolole Waste Management and Vegetables project so that it gets much needed exposure in order to generate sustainable economic income and to also create substantial and sustainable jobs.
- The Itlhabolole Waste Management and Vegetables and MYDC LED projects should serve as practical examples to the MLM and the community as success stories, which both parties should use innovatively to establish other projects which will be beneficial in terms of alleviating poverty through employment creation.

5.6. Summary

This chapter presented a summary of research findings specifically on the LED policy of MLM, the Itlhabolole Waste Management and Vegetables and the MYDC LED Projects, sources of funding for LED projects in the MLM, the extent to which the MLM involves other stakeholders in the planning and implementation of LED, and finally, the challenges encountered by the MLM in the implementation of its LED projects and whether those projects are sustainable or not. In closing the chapter gave an Interpretation of the research findings, the conclusion and recommendations.

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Annexure B

The Role of Municipalities in the Local Economic Development of Rural communities: A case study of the Mafikeng Local Municipality- QUESTIONNAIRE for Community Representatives.

Dear sir/madam,

My name is Floyd Ngwana, a postgraduate student at the North-West University, Mafikeng Campus. In fulfillment of the requirements for the award of a Master’s degree in Development Studies, I am undertaking a research project on the role of the Mafikeng local municipality in the local economic development of its rural communities. I am formally soliciting your assistance in this endeavour by requesting you to kindly fill out the questionnaire below. Please rest assured that the information provided will be treated with utmost confidentiality, and will only be used for the declared academic purpose. Please also find attached a supporting letter from my research supervisor.

*Please note that you are not required to provide your name if you do not wish to.

*Name of Person completing questionnaire:	
Municipal ward representing	
Status(ward councilor or ward committee member) :	
Office number:	
Cell number:	
Email:	

How is your ward involved in the LED of the Mafikeng Local municipality? (Please elaborate).

.. .. . /,

Please identify any municipal LED structures/forums in which your ward is represented

Was your ward consulted or involved in the development of the municipality's LED strategy? If yes, how? If no, what objections have you lodged to this effect?

Please identify and elaborate on any completed or ongoing municipal LED projects in your ward (also indicate the main beneficiaries of the projects).

How was the community involved in the planning, design and implementation of these projects?

How would you assess the impact of the municipality's LED projects on poverty reduction and employment in your local community?

As representative of your ward, do you think the municipality is doing enough to promote LED in your local community?

What do you think needs to be done to improve the impact of LED strategies on the local communities of the municipality?

THANK YOU VERY MUCH FOR YOUR INVALUABLE COOPERATION!

Annexure C

The Role of Municipalities in the Local Economic Development of Rural communities: A case study of the Mafikeng Local Municipality- QUESTIONNAIRE for Municipal Official

Dear sir,

My name is Floyd Ngwana, a postgraduate student at the North-West University, Mafikeng Campus. In fulfillment of the requirements for the award of a Master's degree in Development Studies, I am undertaking a research project on the role of the Mafikeng local municipality in the local economic development of its rural communities. I am formally soliciting your assistance in this endeavor by requesting you to kindly fill out the questionnaire below. Please rest assured that the information provided will be treated with utmost confidentiality, and will only be used for the declared academic purpose. Please also find attached a supporting letter from my research supervisor.

*Please note that you are not required to provide your name if you do not wish to.

*Name of Person completing questionnaire:	
Position occupying:	
Office number:	
Cell number:	
Email:	

Organizational structure for LED support

(In this section, I am interested in information on the institutional arrangements for the support and direction of LED in the Mafikeng local municipality)

Does your municipality have a separate LED unit?

If yes, for how long has this unit been operating?

Does your municipality have an officer responsible solely for LED?

If no, what other functions is the LED officer charged with?

Who oversees the LED unit administratively?

Is there a councilor responsible for LED in your municipality?

How does the LED office coordinate its activities with other departments in the municipality?

What external structures have been established by the municipality to support and coordinate LED activities? (E.g. business forum, development agency, business advice centre...)

Policy framework for LED

(In this section, I will like to know about the policies, plans, programmes and strategies that have been adopted to guide the promotion of LED in the municipality)

Does your municipality have an official LED policy?

If yes, when was this policy adopted by council?

What is the focus of your LED policy? Poverty Reduction of Economic Growth?

What are the main strategies being used by the municipality to promote LED, especially in the rural areas?

How is your LED policy integrated with the municipality's 5-year Integrated Development Plan (IDP)?

How does your municipal LED policy fit into the vision and objectives of the Integrated Sustainable Rural Development Programme (ISRDP)?

How does your local municipality coordinate its LED policy, plans and strategies with those of the district municipality?

Community participation in LED decision-making

(In this section, I want to understand how local communities and other stakeholders are involved in the planning and implementation of LED in the municipality)

How is the local community involved in the planning and implementation of the municipality's LED?

Are there any Non-Governmental Organizations (NGOs) involved in the planning and implementation of LED in the municipality?

If yes, please identify them.

Are there any Community-Based Organizations (CBOs) involved in the planning and implementation of LED in the municipality?

.....

If yes, please identify them.

Are there any Business Organizations involved in the planning and implementation of LED in the municipality?

If yes, please identify them

Please state any other organized groups or stakeholders that are involved in the planning and implementation of LED in the municipality?

Funding for LED activities
(In this section, I am interested in knowing how LED activities in your municipality are financed)

Please, identify the main sources of funding for the municipality's LED activities.

How regular and predictable is this funding?

What percentage of your annual IDP budget is allocated specifically for LED?

Approximately how much does your municipality budget for LED yearly?

Please indicate and elaborate on any funding challenges that your municipality is faced with in the planning and implementation of LED.

Economic potential of Mafikeng Local Municipality

(Dear respondent, in this section I am interested in information about the different economic opportunities that can be harnessed for LED in the municipality)

Which sectors of the local economy employ the highest number of people?

Please identify (in order of importance) the main economic opportunities available in the local area.

Are there any investment opportunities in the municipality?

If yes, please identify them.

Please identify any natural resources whose exploitation that can provide economic benefits to the local area.

Current state of LED implementation

(This final section of the questionnaire addresses the actual implementation of LED in the municipality and the challenges faced)

Please identify any LED projects that your municipality has successfully implemented.

What has been the overall impact of these projects on the target communities, in terms of poverty alleviation and job creation?

What LED projects are your municipality currently implementing? (please identify the objectives of these projects and the intended beneficiaries)

Are you satisfied with the progress that your municipality is making with LED? (please elaborate)

Please identify and elaborate on any challenges that have been encountered in the planning and implementation of LED in the municipality.

What do you think can be done in the future to improve the impact of LED strategies on the local communities of the municipality?

THANK YOU VERY MUCH FOR YOUR INVALUABLE COOPERATION

Annexure D

The Role of Municipalities in the Local Economic Development of Rural communities: A case study of the Mafikeng Local Municipality- QUESTIONNAIRE for Municipal Stakeholders

Dear sir/madam,

My name is Floyd Ngwana, a postgraduate student at the North-West University, Mafikeng Campus. In fulfillment of the requirements for the award of a Master's degree in Development Studies, I am undertaking a research project on the role of the Mafikeng local municipality in the local economic development of its rural communities. I am formally soliciting your assistance in this endeavor by requesting you to kindly fill out the questionnaire below. Please rest assured that the information provided will be treated with utmost confidentiality, and will only be used for the declared academic purpose. Please also find attached a supporting letter from my research supervisor.

*Please note that you are not required to provide your name if you do not wish to.

*Name of Person completing questionnaire:	
Organization representing	
Position occupying:	
Office number:	
Cell number:	
Email:	

How is your organization involved in the LED of the Mafikeng Local municipality?
(Please elaborate).

For how long has your organization been part of the local economic development efforts of the Mafikeng area?

What are your organization's objectives in participating in the LED of the Mafikeng Municipality? (please attach any policy document to this effect)

Please identify any municipal LED structures/forums in which your organization is represented

Was your organization consulted or involved in the development of the municipality's LED strategy? If not why?

Please identify and elaborate on any municipal LED projects (completed and ongoing) that your organization has participated or is participating in.

Is your organization involved in any LED activities separate from those carried out by the municipality? If so identify them? How are these activities coordinated with those of the municipality?

Where does your organization receive its funding for LED activities? Does it get any support from the municipality?

How would you assess the impact of your organization's involvement in the local economic development of the Mafikeng Local Municipality?

What in your view are the challenges facing LED in the Mafikeng local municipality?

What do you think needs to be done to improve the impact of LED strategies on the local communities of the municipality?

THANK YOU VERY MUCH FOR YOUR INVALUABLE COOPERATION!