AN EXPLORATION OF REVITALIZATION STRATEGIES FOR RURAL AREAS: THE CASE OF THE NORTHERN FREE STATE

Daniel Francois Meyer

Thesis submitted in fulfilment of the requirements for the degree

DOCTOR OF PHILOSOPHY

in

Public Management and Governance

at the

VAAL TRIANGLE CAMPUS

of the

North-West University

Vanderbijlpark

Promoter: Prof E.P. Ababio

April 2013

DECLARATION

I, Daniel Francois Meyer declare that AN EXPLORATION OF REVITALIZATION STRATEGIES FOR RURAL AREAS: THE CASE OF THE NORTHERN FREE STATE is my own work and that all the sources I have used or quoted have been indicated and acknowledged by means of complete references.

Signature: _____

Date: _____

ACKNOWLEDGEMENTS

I wish to express my sincere thanks to everyone who has contributed to this research project. The following people deserve special mention and are acknowledged for their contribution:

- Our Heavenly Father for the talent and inspiration to make a difference through this research project.
- The loving support and encouragement from my wife, Natanya and my close family in Meyerton.
- The management at NWU: Vaal Campus for the continued and unreserved support for this and other projects.
- Professor E.P. Ababio, in his capacity as promoter of this thesis. My heartfelt gratefulness for your guidance and support. You made my project your priority at all time.
- The staff of the Department of Public Management and Administration of the School of Basic Sciences for their kindness and support.
- The Director: Research, at the Faculty of Humanities, Prof S Coetzee van Rooy, for her support and advice during the research period.
- All the members of staff of the various municipalities in the study area, as well as all the field workers who assisted in the community surveys.

ABSTRACT

Rural areas, globally, are characterized as poor regions, with two-thirds of the world's poor people residing in rural areas. In South Africa, 70 percent of the poor population or 3.6 million households, live in rural areas. In the last three State of the Nation Addresses (SONA) in South Africa by President Zuma since 2011, rural development has been placed high on government's developmental agenda. The formulation of a comprehensive rural development policy, with coordinated implementation by all spheres of government is however still lacking.

This research project was undertaken to explore solutions for the revival and development of rural areas in South Africa. The northern Free State region was selected as the geographical focus area and "testing ground" for the research. Rural South Africa has been deteriorating over the last few decades mainly due to globalization and urbanization. Two specific tools to achieve accelerated rural development were identified and analysed namely, local economic development (LED) and spatial planning. The research has shown that rural development is a complicated and difficult process. It is not only about agriculture and economic development, but also about other aspects such as spatial planning, social development, the environment, politics and public management aspects.

For the purpose of the research, the theoretical statement was stated as "the chronic state of underdevelopment, poverty and unemployment, especially in rural South Africa, with a specific focus on the northern Free State, can be turned around by means of the implementation of revitalization strategies, which include innovative policies and programmes of LED and spatial planning". Rural development requires strong committed local leaders and "champions", skills, patience and funding. The research methodology included a comprehensive theoretical analysis of the concepts relating to rural development, as well as global and local case studies. Local rural development policies were also analysed as currently being implemented by government. Primary research included a community socio-economic survey in the study area to determine levels of rural poverty, unemployment, services delivered by local government and skills. In this survey of poor rural areas and the socio-economic analysis of the northern Free State, it was found that:

- close to 50% of all households were living in poverty,
- 50.7% of all households lack employment,
- 40% of households have an income of less than R 1 500 per month,
- The average annual household income in the area relates to just less than R20 000,
- The ratio between formal and informal jobs is 1: 0.25, which indicates a low level of informal job opportunities,
- Most job opportunities are found in agriculture, manufacturing, community services and households.
- The tourism sector only provides in 3.1% of the regional GDP.

Local business chambers were also visited in order to determine their perceptions of rural development and local government as well as the level of partnerships with the various local

authorities in the area. It was found that partnership formation and cooperation between local business chambers and local authorities in the region were limited, although business chambers are willing to cooperate and assist. Rural development needs a coordinated effort and partnerships between government, business and communities.

The focus of the research was on the finding of possible solutions for rural development. Solutions such as a rapid rural assessment (RRA) and a strategy for the study area, which has been provided to the specific local government for implementation, have been formulated. Globally and locally no universally accepted definition of rural concepts such as rural development and rural regions exist. Definitions and classifications of rural areas were formulated for South African conditions. A major component of the research is the proposed rural development model known as the “Feza iSimangaliso” model. Pillars for rural development and best practice aspects for rural development were also formulated.

Some of the main findings of the research regarding general rural development aspects are listed below:

- Rural regions are slowly but surely becoming in “fashion” as popular regions again due to a number of reasons such as quality environments, the need for a sense of community and belonging and food security.
- Well formulated strategic rural development strategies, which are implementable in a coordinated way, can make a positive impact. Rural areas could be seen as a viable alternative, but requires strong governance, especially at the local sphere.
- The integration of spatial planning and LED could lead to accelerate rural development, especially when national policy exists and are implemented in a coordinated manner.
- The creation of jobs will lead to improved quality of life. Labour intensive sectors of the economy such as tourism, agriculture including agro-processing, manufacturing and retail should be the focus of an economic strategy.
- Rural development is dependent on hard and soft infrastructure provision and strong local government.
- Rural development must be people centred, with the utilization of local indigenous knowledge.
- Rural towns are critical for rural regional development and creation of rural-urban linkages.
- The “pull factors” to rural areas include quality of life and environment, sense of belonging, unique culture and history, and a positive economic environment.

Future research projects could include more detailed research on the study area and provision of assistance to the relevant local municipalities. A possible rural development matrix will be developed for the evaluation of the level of development and gaps in the development of a rural region.

In conclusion, successful rural development planning must be based on strategic planning principles for implementation in order to prevent ad hoc implementation of isolated projects with limited impacts.

TABLE OF CONTENTS

DECLARATION ..... **ii**

ACKNOWLEDGEMENTS ..... **iii**

SUMMARY ..... **iv**

TABLE OF CONTENTS ..... **vi**

LIST OF TABLES ..... **xiii**

LIST OF FIGURES ..... **xvii**

LIST OF ACRONYMS ..... **xix**

CHAPTER 1: INTRODUCTION **1**

1.1 INTRODUCTION **1**

1.2 ORIENTATION AND BACKGROUND **2**

1.3 PROBLEM STATEMENT **5**

1.4 THEORETICAL STATEMENT **7**

1.5 RESEARCH QUESTIONS **7**

1.6 RESEARCH OBJECTIVES **8**

1.7 RESEARCH DESIGN AND METHODOLOGY **8**

1.7.1 Non-empirical research ..... **Error! Bookmark not defined.**

1.7.2 Empirical research 9

1.7.3 Case Studies 9

1.7.4 Ethical Issues 10

1.8 NEW KNOWLEDGE OUTCOME AND FINDINGS **10**

1.9 THE VALUE OF THE RESEARCH **11**

1.10 PRELIMINARY CHAPTERS **11**

CHAPTER 2: ANALYSIS OF THEORY, CONCEPTS AND APPROACHES RELATING TO RURAL DEVELOPMENT **13**

2.1 INTRODUCTION **13**

2.2 THE MILLENNIUM DEVELOPMENT GOALS **13**

2.3 CONCEPTS OF ECONOMIC DEVELOPMENT, ECONOMIC GROWTH AND DEVELOPMENT ECONOMICS **16**

2.3.1 Economic development and economic growth 16
2.3.2 Development Economics 19
2.3.3 Development theories 21
2.3.3.1 Basic development theories 21
2.3.3.2 Stages of growth theory 21
2.3.3.3 Structural change theories 22
2.3.3.4 Pattern of development models 22
2.3.3.5 The endogenous growth theory 23
2.3.3.6 The “Big Push” economic development theory 23
2.3.3.7 The O-Ring theory for economic development 24
2.3.3.8 Location and central place theories of economic development 24
2.3.3.9 Role of government in economic development 26
2.4 SUSTAINABLE DEVELOPMENT 28
2.5 POVERTY AND INEQUALITY 29
2.5.1 Concepts Defined 29
2.5.2 Categories and approaches to poverty 34
2.5.3 Measuring poverty and inequality 37
2.5.4 Poverty and the environment 38
2.5.5 Policy options 38
2.6 UNEMPLOYMENT 39
2.7 RURAL DEVELOPMENT 40
2.7.1 Rural extent/content 40
2.7.2 Rural areas, regions, and towns defined 41
2.7.3 Rural development 45
2.7.4 Importance of indigenous knowledge in rural development 47
2.7.5 Rural, agriculture and land reform 49
2.7.6 Rural and urban linkages 50
2.7.7 Women in rural development 52
2.7.8 Rural risk reduction 53
2.7.9 Rural development: solutions and opportunities 53

2.8 SYNTHESIS AND LIMITATIONS IN LITERATURE 59

2.9 CONCLUSION.....59

CHAPTER 3: TOOLS FOR RURAL DEVELOPMENT 61

3.1 INTRODUCTION 61

3.2 LED AS A TOOL FOR RURAL DEVELOPMENT 61

3.2.1 Definitions and concepts 62

3.2.2 Historical development..... 63

3.2.3 Components, approaches and processes 65

3.2.4 Policies and strategies 70

3.2.5 LED linkages 78

3.2.6 General remarks 80

3.3 SPATIAL PLANNING AS A TOOL FOR RURAL DEVELOPMENT 81

3.3.1 Definitions and concepts 82

3.3.2 Historical development..... 86

3.3.3 Processes and approaches 88

3.3.4 Policy planning 90

3.3.5 General remarks 92

3.4 CONCLUSIONS 92

CHAPTER 4: POLICIES AND CASE STUDIES ON RURAL DEVELOPMENT: GLOBAL AND LOCAL..... 94

4.1 INTRODUCTION 94

4.2 BRIC COUNTRIES: POLICIES AND CASE STUDIES 95

4.2.1 Brazil 96

4.2.1.1 Background and policy overview 96

4.2.1.2 Case studies 97

4.2.2 Russia 99

4.2.2.1 Background and policy overview 99

4.2.2.2 Case studies 99

4.2.3 India 101

4.2.3.1 Background and Policy overview..... 101

4.2.3.2 Case studies 103
4.2.4 China 104
4.2.4.1 Background and policy overview 105
4.2.4.2 Case studies 106
4.3 DEVELOPING COUNTRIES INCLUDING AFRICAN CASE STUDIES 108
4.3.1 Developing country case studies 108
4.3.2 African case studies 110
4.4 DEVELOPED COUNTRY CASE STUDIES 114
4.5 SOUTH AFRICAN RURAL DEVELOPMENT 114
4.5.1 Introduction 114
4.5.2 Orientation and policy overview 116
4.5.3 Local economic development (LED) in South Africa 120
4.5.4 Spatial planning in South Africa 124
4.5.5 Roles of the three spheres of government 127
4.5.5.1 National government 128
4.5.5.2 Provincial government 148
4.5.5.3 Local government 153
4.5.5.4 Role of semi-government institutions, private sector and local communities 159
4.5.6 Funding sources 160
4.5.7 Local case studies 160
4.5.7.1 Case studies outside the Free State Province 161
4.5.7.2 Case studies in the Free State Province 173
4.6 CONCLUSIONS 178
CHAPTER 5: A SOCIO-ECONOMIC ANALYSIS AND RURAL DEVELOPMENT STRATEGY FOR THE NORTHERN FREE STATE 180
5.1 INTRODUCTION: 180
5.2 GENERAL OVERVIEW OF MUNICIPAL STRUCTURES IN THE STUDY AREA 180
5.3 RAPID RURAL ASSESSMENT (RRA) 184
5.4 REGIONAL SOCIO-ECONOMIC ANALYSIS OF THE STUDY AREA 189

5.4.1 Demographics 189
5.4.2 Quality of life, equality and poverty 193
5.4.3 Education and literacy 196
5.4.4 Housing and infrastructure 198
5.4.5 Employment and income 200
5.4.6 Economic indicators 206
5.4.7 Tourism 212
5.4.8 Safety and security 213
5.5 SOCIO-ECONOMIC COMMUNITY SURVEY 213
5.5.1 General 215
5.5.1.1 Type of dwelling (Question 1) 215
5.5.1.2 Property (dwelling house) ownership status (Question 2) 215
5.5.1.3 Housing subsidy received (Question 3) 216
5.5.1.4 Household size (Question 4) 217
5.5.1.5 Number of school-going children per household (Question 5) 217
5.5.1.6 Walking distance for school children to closest school (Question 6) 217
5.5.1.7 Number of youths (16 to 20 years) out of school but not working per household (Question 7) 218
5.5.1.8 Number of adults (20 to 65 years) per household (Question 8) 218
5.5.1.9 Number of retired people (65 years or older) in the household (Question 9) 219
5.5.2 Income and expenditure 219
5.5.2.1 Household average income per month (Question 10) 219
5.5.2.2 Total expenditure of household per month (Question 11) 220
5.5.2.3 Items households spend income on per month (Question 12, 13, 14, 15, 16 and 17) 220
5.5.2.4 Average income shortfall of households per month (Question 18) 220
5.5.2.5 Income assistance and sources of additional income (Question 19, 20 and 21) 221
5.5.3 Municipal service delivery 222
5.5.3.1 Quality services delivered by municipalities (Question 22) 222
5.5.3.2 Municipal services lacking most in area (Question 23 to 25) 222
5.5.3.3 Government's role in creating jobs (Question 26 and 27) 223

5.5.4 Employment, unemployment and skills 224
5.5.4.1 Household bread winner (Question 28) 224
5.5.4.2 Employed people in household (Question 29) 224
5.5.4.3 Sectors of employment (Question 30 to 33) 225
5.5.4.4 Unemployed people looking for work (Question 34) 225
5.5.4.5 Skills of unemployed persons (Question 35 to 38) 225
5.5.4.6 Small business and entrepreneurial development (Question 39 and 40) 226
5.6 MUNICIPAL LED AND SPATIAL PLANNING POLICIES ANALYSED 227
5.6.1 Fezile Dabi District Municipality 231
5.6.2 Moqhaka local municipality 234
5.6.3 Mafube local municipality 235
5.6.4 Metsimaholo local municipality 236
5.6.5 Ngwathe local municipality 237
5.7 RURAL DEVELOPMENT STRATEGY FOR THE NORTHERN FREE STATE (FEZILE DABI DISTRICT MUNICIPALITY) 238
5.7.1 Introduction 238
5.7.2 Spatial Considerations 238
5.7.3 Rural Vision and Approaches 239
5.7.4 Rural development pillars 240
5.7.5 The roles and responsibilities 241
5.7.6 Key developmental partners and officials (implementation agents) 241
5.7.7 Strategies and Projects 243
5.7.8 Monitoring and control 255
5.8 CONCLUSIONS 255
CHAPTER 6: RURAL DEVELOPMENT SOLUTIONS 258
6.1 INTRODUCTION 258
6.2 RURAL CONCEPTS DEFINED 258
6.2.1 Characteristics of rural regions, rural towns and nodes 258
6.2.2 Proposed definitions 259
6.2.3 Classification of rural regions and towns 260

6.3 THE RURAL DEVELOPMENT MODEL 262

6.4 OTHER RURAL DEVELOPMENT SOLUTIONS 272

6.4.1 General aspects 272

6.4.2 The role of agricultural in rural development. 279

6.4.3 Pillars for rural development: 279

6.5 CONCLUSIONS 280

CHAPTER 7: FINDINGS, RECOMMENDATIONS AND CONCLUSIONS 282

7.1 INTRODUCTION 282

7.2 RURAL BEST PRACTICE ANALYSIS 283

7.2.1 General principles 283

7.2.2 Role of government 284

7.2.3 Local leadership and partnership formation 285

7.2.4 Spatial planning 285

7.2.5 Economic development and job creation 286

7.2.6 Agriculture 286

7.2.7 Tourism 287

7.2.8 Role of rural nodes 287

7.2.9 Rural-urban linkages 288

7.2.10 Local resource utilization 288

7.2.11 Housing 288

7.2.12 Local community involvement and indigenous knowledge 288

7.2.13 Basic needs and social-welfare 289

7.3 FINAL RECOMMENDATIONS 289

7.4 REALIZATION OF RESEARCH OBJECTIVES AND THEORETICAL STATEMENT 293

7.5 FUTURE RESEARCH 295

7.6 FINAL CONCLUSIONS 296

BIBLIOGRAPHY 298

ANNEXURES

ANNEXURE A: DEVELOPED COUNTIES CASE STUDIES

ANNEXURE B: LIST OF FUNDING SOURCES

ANNEXURE C: COPY OF QUESTIONNAIRE

ANNEXURE D: COPY OF ANSWER SHEET

ANNEXURE E: BUSINESS CHAMBER ANALYSIS

ANNEXURE F: LOCALITY AND SPATIAL CONCEPTUAL PLANS

LIST OF TABLES

Table 2.1: Main components of the MDG's 14

Table 2.2: South Africa and the MDG's 14

Table 2.3: The key resources of economic development 18

Table 2.4: Dichotomies between development approaches 20

Table 2.5: Rural poverty dynamics (1993-2000) 30

Table 2.6: Main determinants of poverty 33

Table 2.7: Matrix of poverty needs and satisfiers 36

Table 2.8: Employment rate of BRICS countries (2008) 39

Table 2.9: Employment in South Africa: 2010 40

Table 3.1: Three historical waves of LED 64

Table 3.2: Local economic development waves 65

Table 3.3: From vision to implementation: LED components 66

Table 3.4: Components of LED 66

Table 3.5: Approaches to LED policy 67

Table 3.6: The phases of LED planning process 69

Table 3.7: Traditional macro-economic policy versus LED 71

Table 3.8: LED Strategies: From vision to action plans 72

Table 3.9: Characteristics of innovative national government LED policies 74

Table 3.10: LED strategies and interventions 76

Table 3.11: Changing spatial and location tendencies 87

Table 4.1: Linkage between the medium term strategic framework (MTSF) and the MDG's for South Africa 94

Table 4.2: BRICS countries: Key indicator comparison. 95
Table 4.3: Indian best practice case studies 103
Table 4.4: Rural women occupations in the Ogun State, Nigeria 112
Table 4.5: Branches of DRDLR 129
Table 4.6: Summary of DRDLR functions and targets 130
Table 4.7: Gini-coeficient: rural versus urban areas in South Africa 132
Table 4.8: Poverty levels 132
Table 4.9: Municipal categories of vulnerability in terms of the LGTAS 141
Table 4.10: Summary of provincial departments involved in rural development in the Free State Province 150
Table 4.11: Free State Growth and Development Strategy: Pillars and drivers 152
Table 4.12: Rural/urban classification 163
Table 4.13: A summary of the main findings in the rural economy of four provinces 172
Table 4.14: Rural development case studies in Free State province at selected local municipalities 175
Table 4.15: Free State Province municipal case studies 177
Table 5.1: Overview of municipalities and municipal structures in the study area 181
Table 5.2: Local rapid rural assessments (RRA) 185
Table 5.3: Total population and population growth from 2000-2010 189
Table 5.4: Total population: % share of regional population from 2000-2010 190
Table 5.5: Total population contribution per race: 2010 190
Table 5.6: Population age distribution: 2010 (2001 Percentages in brackets) 191
Table 5.7: Population growth rates: 1996-2010 191
Table 5.8: Fezile Dabi District Municipality: Population growth rates per race: 1996-2010 192
Table 5.9: Number of households and average household sizes: 2010 192
Table 5.10: Population densities: 2000 – 2010 (Number of people per km²) 193
Table 5.11: Rural versus urban population: Fezile Dabi Municipal area 193
Table 5.12: People living with HIV: 2000-2010 194
Table 5.13: Human development index (HDI): 2000 – 2010 194
Table 5.14: Gini-Coefficient: 2000 – 2010 195

Table 5.15: Dependency ratio: 2001 – 2011 (per 100 of the population) 195
Table 5.16: Percentage of people living in poverty: 2000 – 2010 195
Table 5.17: Literacy rate in %: 2000 – 2010 196
Table 5.18: Highest level of education of people age 15 years and older: 2000-2010 197
Table 5.19: Formal housing as percentage of total housing: 2001-2011 198
Table 5.20: Formal housing backlog: 2000-2010 198
Table 5.21: Level of provision of services to households: 2001 to 2011 199
Table 5.22: Combined infrastructure index: 2000-2010 199
Table 5.23: Number of unemployed persons: 2000-2011 200
Table 5.24: Unemployment levels in percentage: 2000 – 2010 200
Table 5.25: Formal/informal employment numbers for Fezile Dabi DM: 2000 – 2010 201
Table 5.26: Informal sector employment: 2000 – 2010 202
Table 5.27: Formal sector employment, sector share in percentage: 2000 – 2010 203
Table 5.28: Formal employment numbers in all sectors for Fezile Dabi DM: 2010 204
Table 5.29: Income levels for Fezile Dabi municipal area: 2000-2010 (Number of people per category) 205
Table 5.30: Index of buying power for the Fezile Dabi municipal area: 2000-2010 205
Table 5.31: Gross value added economic activities: 2000-2010 206
Table 5.32: Gross value added activities in the Fezile Dabi municipal area: 2000-2010 206
Table 5.33: GDP per capita: 2000-2010 (in Rands) 207
Table 5.34: Export and import values in Rand in the Fezile Dabi municipal area: 2006-2010 208
Table 5.35: Gross domestic product (GDP): Percentage growth for the Fezile Dabi municipal area: 2000-2010 209
Table 5.36: Tress index: 2000-2010 209
Table 5.37: Location quotient: 2000-2010 210
Table 5.38: Types of agricultural land 211
Table 5.39: Soil potential: 2000 211
Table 5.40: Summary of local government in the Fezile Dabi municipal area: 2008 211
Table 5.41: Tourism growth in the Fezile Dabi municipal area: 2002-2010 212
Table 5.42: Tourism spending as percentage of GDP: 2002 to 2010 212

Table 5.43: Crime index in the Fezile Dabi municipal area: 2000-2008 213
Table 5.44: Overall crime index 213
Table 5.45: Summary of all areas included in the survey 214
Table 5.46: Average household income per month 219
Table 5.47: Items on which most income is spent by households 220
Table 5.48: Average income shortfalls of households per month 221
Table 5.49: Main income sources and assistance to households in all municipal areas 221
Table 5.50: Municipal services lacking most in the various municipal areas 223
Table 5.51: Government assistance in creating jobs 224
Table 5.52: Employment levels in municipal areas 224
Table 5.53: Sector of employment 225
Table 5.54: Skills of unemployed people 226
Table 5.55: The type of business local households wants to open 227
Table 5.56: NSDP Categories of Potential from a Spatial Perspective 227
Table 5.57: Local development potential in terms of the NSDP 229
Table 5.58: Development needs in terms of the NSDP and FSGDS in 2006 230
Table 5.59: Study area (Northern Free State) classification summary 230
Table 5.60: Populations for the main towns/centres in the study area in 2011 232
Table 5.61: Main LED strategies at Mafube Local Municipality 236
Table 5.62: Level of achievement of MDG's: National versus local 257
Table 6.1: Rural regional classification in South Africa 261
Table 6.2: Summary of the main LED/rural development models 263

LIST OF FIGURES

Figure 1.1: Process plan for research 2

Figure 2.1: The integrated approach to development 26

Figure 2.2: Different Perspectives on poverty 32

Figure 2.3: The relationship between poverty and the environment 38

Figure 3.1: Tourism linkages and LED 80

Figure 3.2: Strategic planning for spatial planning 83

Figure 3.3: Components of spatial planning 85

Figure 3.4: Spatial planning process 89

Figure 4.1: Indonesia's strategy on sustainable rural development 109

Figure 4.2: Descending agricultural poverty trap 110

Figure 4.3: The main strategic planning instruments at all spheres of government 128

Figure 4.4: Government poles of involvement 128

Figure 4.5: Free State Provincial government structure 149

Figure 4.6: Local government LED components 156

Figure 4.7: The LED triangle 159

Figure 4.8: Trans-local household relationships between urban and rural areas. 162

Figure 4.9: Local response to achieve diversification 170

Figure 4.10: Spatial depiction of the ICT layout in a rural setting 171

Figure 5.1: Type of dwelling per municipal area 215

Figure 5.2: Property ownership 216

Figure 5.3: Allocation of housing subsidy 216

Figure 5.4: Average household sizes 217

Figure 5.5: Average walking distances to school 218

Figure 5.6: Number of adults per households 219

Figure 5.7: Households opinion on service delivery by municipalities 222

Figure 5.8: Opinion of households in job creation 223

Figure 5.9: Entrepreneurial interest per municipal area 226

Figure 6.1: The rural region 260

Figure 6.2: The strategic planning process 265

Figure 6.3: Project identification process..... 270

Figure 6.4: Summary of 10 step “Feza iSimangaliso” rural development model 271

Figure 6.5: The process for small scale rural agriculture at the local level. 279

LIST OF ACRONYMS

ABET:	Adult basic education and training
AHI:	Afrikaanse Handelsinstituut
ANC:	African National Congress
ASALGP:	Australia South Africa Local Government Partnership
ASGISA:	Accelerated and shared growth initiative for South Africa
BRICS:	Brazil, Russia, India, China, South Africa
BEE:	Black economic empowerment
CBD:	Central business district
CDE:	Centre for Development and Enterprise
CDW:	Community development worker
CFA:	Community facility assessment
CHP:	Community housing programme
CIP:	Contractor incubator programme
COGTA:	Department of Cooperative Governance and Traditional Affairs
CPI:	Consumer price index
CRDP:	Comprehensive rural development programme
CWP:	Community works programme
DAFF:	Department of Agriculture, Forestry and Fisheries
DBSA:	Development Bank of Southern Africa
DFA:	Development Facilitation Act
DHS:	Department of Human Settlements
DPC:	Development and Planning Commission
DPLG:	Department of Provincial and Local Government
DPSA:	Department of Public Service and Administration
DPW:	Department of Public Works
DRDLR:	Department of Rural Development and Land Reform
DTI:	Department of Trade and Industry
EDD:	Economic Development Department
EGT:	Endogenous growth theory

EPWP:	Expanded public works programme
ETU:	Education and Training Unit
EWS:	Early warning system
FDC:	Free State Development Corporation
FDDM:	Fezile Dabi District Municipality
FSGDS:	Free State Growth and Development Strategy
FSTA:	Free State Tourism Association
GCRDS:	Gauteng comprehensive rural development programme
GDARD:	Gauteng Department of Agriculture and Rural Development
GDP:	Gross Domestic Product
GDS:	Growth and development strategy
GEAR:	Growth, employment and redistribution
GIZ:	Gesellschaft fur Internationale Zusammenarbeit
GNI:	Gross national income
GNP:	Gross National Product
GTZ:	German Agency for Technical Cooperation
GVA:	Gross value added
HDI:	Human Development index
HIV:	Human immunodeficiency virus
HSL:	Household subsistence level
HSRC:	Human Sciences and Research Council
ICT:	Information, communication and technology
IDC:	Industrial Development Corporation
IDP:	Integrated Development Programme
IDIP:	Infrastructure delivery improvement programme
IDZ:	Industrial development zone
IFAD:	International Fund for Agricultural Development
IIED:	Institutional Institute for Environmental Development
ILO:	International Labour Organization
IPAP:	Industrial Policy Action Plan

IRI:	International Republican Institute
ISRDS:	Integrated sustainable rural development strategy
LED:	Local economic development
LGDP:	Local Government Development Programme
LGTAS:	Local government turn-around strategy
LMRF:	Learning, mentoring and research facility
LUMS:	Land use management system
Mafube LM:	Mafube Local Municipality
MDA:	Mineworkers Development Agency
MDG:	Millennium development goals
MEC:	Member of Executive Committee
Metsimaholo LM:	Metsimaholo Local Municipality
MIG:	Municipal Infrastructure Grant
MLL:	Minimum living level
Moqhaka LM:	Moqhaka Local Municipality
MPCC:	Multi-purpose community centre
MTSF:	Medium term strategic framework
NAFCOC:	National African Federated Chamber of Commerce
NARYSEC:	National rural youth services corps
NCC:	National consumer commission
NDA:	National development agency
NDP:	National development plan
NEF:	National empowerment fund
NEMA:	National Environmental Management Act
NGP:	New Growth Path
NGO:	Non-governmental organization
Ngwathe LM:	Ngwathe Local Municipality
NPC:	National Planning Commission
NRI:	National Resource Institute
NSDP:	National Spatial Development Perspective

NWU:	North-West University
OECD:	Organization for Economic Coordination and Development
PEAP:	Poverty Eradication Action Plan
PGDS:	Provincial Growth and Development Strategy
PHP:	Peoples housing project
PICC:	Presidential Infrastructural Coordination Committee
PSPPD:	Programme to support pro-poor policy development
RBN:	Royal Bafokeng Nation
RDA:	Rural development Agency
RDI:	Research and development initiatives
RDP:	Reconstruction and Development Programme
REED:	Rural economic and enterprise development
RIKS:	Rural Indigenous Knowledge System
RKS:	Rural knowledge systems
RRA:	Rapid rural assessment
SACN:	South African Cities Network
SAFCOC:	South African Federated Chambers of Commerce
SALGA:	South African Local Government Association
SDF:	Spatial development framework
SEDA:	Small Enterprise Development Agency
SEFA:	Small Enterprise Finance Agency
SGI:	Serious Games Institute
SMME:	Small medium micro enterprises
SONA:	State of the nation address
SPII:	Studies in poverty and inequality Institute
STATS SA:	Statistics South Africa
STDI:	Small town development initiative
TVE:	Township-village enterprises
UA:	Urban agriculture
UN:	United Nations

UNCED:	United Nations conference on environment and development
UNDP:	United Nations Development Programme
UNPF:	United Nations Populations Fund
WEF:	World Economic Forum
WEP:	World Employment Programme

CHAPTER 1
INTRODUCTION

TITLE

An exploration of revitalization strategies for rural areas: the case of the northern Free State.

KEYWORDS

Revitalization, rural development, poverty alleviation, job creation, local economic development (LED), spatial planning, local government, Northern Free State, Fezile Dabi District Municipality.

1.1 INTRODUCTION

The study focuses on the identification of strategies for the revival and development of rural areas in South Africa, with the northern Free State as the specific geographical focus area. Rural South Africa has been constantly deteriorating over the last few decades. The main reason for this phenomenon is urbanization. Rural areas and towns are competing against larger cities, with comparative and competitive advantages, that have been globally identified as “engines of growth” due to skewed resource allocation. Turn-around strategies are required to ensure that rural areas provide economic and social opportunities for local communities. Local economic development (LED) and spatial planning initiatives are seen as two possible tools for rural revitalization (Rogerson, 2009:9).

LED has become a global concept that is generally utilized to address poverty and to create jobs in rural localities. The greatest potential for development support exists at the local government level, with a focus on attracting investments, creating jobs and boosting demand. Since 1994, local government’s role has expanded from providers of public goods and basic social services alone to include LED (Local Government Support Program in ARMM, 2009:7).

LED has as its ultimate goal the economic development of a demarcated area. Van Zyl (1994:4), states that the process of economic development of a specific area includes aspects such as improvement of people’s quality of life, reduction of poverty, structural and institutional transformation of society in terms of politics, culture and the economy, which will lead to higher levels of productivity, income and choices for people and the modernization of the economy. Local government is a vital player in rural development and the functions of local government in this regard, according to McIlrath (2004:91), should include issues such as job creation through infrastructure development, policy formulation, co-ordination, integration, support for small, medium and micro-sized enterprises (SMME), creation of a positive economic climate, the facilitation of projects, formulation of strategies and provision of information.

In South Africa, government’s key priorities for 2013 include job creation and rural development, as indicated by President J.G. Zuma in his State of the Nation address (SONA) (Zuma, 2013).

The revitalization and development of rural localities is, therefore, a national priority. This study will review a wide range of viewpoints and evaluate prevailing principles, guidelines, strategies and projects pertaining to the revitalization of rural areas. Figure 1.1 is an illustration of the process to be followed during the study.

Figure 1.1: Process plan for research

Source: Author's own compilation.

The process starts with a theoretical analysis and will close with a practical application and model for the northern Free State, for possible use in other rural localities in South Africa.

1.2 ORIENTATION AND BACKGROUND

The purpose of the study is to analyze the problems associated with rural areas and to explore possible solutions that would allow for their revitalization and development. The focus of the research is on the northern Free State, also known as the Fezile Dabi District Municipality (See locality and other plans attached as Annexure F).

"Rural areas face several new opportunities and challenges which call for appropriate rural development policies and a more efficient use of scarce financial resources" (OECD, 2006a:2). According to Heimann (2010:2), rural areas could be defined as "sparsely populated areas where people farm or depend on natural resources, including villages and small towns that are dispersed through the area". Buxton (1976:29) defines a rural area as an area with low population density, limited educational and other community services and lacks the power to control its own destiny if compared with more urban areas. Heimann (2010:5) continues by listing the following rural challenges in South Africa, namely the underutilization and sustainable use of local natural resources; poor access to socio-economic facilities, public services, infrastructure and other essential services; the low levels of skills; unresolved land reform and land ownership issues; and the unexploited opportunities in agriculture, tourism, mining and manufacturing. Djukanovic and

Mach (1975:31) list the following characteristics of rural communities: “an area in economic stagnation; agricultural underdevelopment; lack of employment opportunities; poor quality of life due to lack of quality services; isolated communities; and poor health conditions”.

In terms of the Gauteng Comprehensive Rural Development Strategy (GCRDS), rural development is regarded as the backbone of development globally. Rural areas can be defined as spaces where human settlements and infrastructure occupy only small portions of the landscape, which is mostly dominated by open space, agriculture, and small human settlements. Rural settlements usually consist of up to 10 000 people, although a clear and accepted definition of “rural” does not exist. The GCRDS has the following strategic pillars, namely, food security, sustainable use of natural resources, rural infrastructure development, access to services, sustainable livelihoods and job opportunities (Gauteng Department of Agriculture and Rural Development, 2011:1).

In South Africa, a total of 43% of the population is regarded as rural and 57% as urbanized. The average rural population percentage for Africa is approximately 60% and for developed countries the level of urbanization is approximately 80% (Nationmaster, 2011). Globally, as well as in South Africa, the majority of the rural population lives in poverty. Approximately 70% of the poor population in South Africa lives in rural areas (Hemson, 2004:1). Half of all households in South Africa have to survive on less than R 20 per day, and up to 70% of the approximately 5,2 million households who live on R 20 per day, reside in rural South Africa (Mokopanele, 2006:4).

According to Kenyon (2008:5), rural areas require revitalization. Kenyon defines rural revitalization “as a process which seeks to reverse rural decline, to develop a more resilient, sustainable and diversified local economy, and to enhance the quality of life of rural communities. Furthermore, it focuses on the creation and stimulation of opportunities that will generate income and jobs, while preserving and enhancing the unique dynamics and features that make rural life special”. Kenyon continues by stating that the positive outcomes sought by rural revitalization include aspects such as stabilizing and increasing the local population, retaining and attracting young people, diversifying the economic and employment base, maintaining an acceptable level of services, increasing the level of participation and community pride, and preserve and build on special rural attractions in the area.

The problem of rural localities was analyzed by Whiting (1974:1) in his book “*Communities left behind: alternatives for development*” when he considered rural as “communities left behind”. In addition, Kraenzel (1980:1) identified the problem of rural localities as the “social cost of space”. According to Wilkinson (1986:1), rural areas have three main problems, namely, the social wellbeing of communities, rural areas are out of “fashion”, and the lack of efficient policies and strategies to encourage rural development. Wilkinson continues by providing some solutions to the phenomenon of rural revitalization, namely, the creation of jobs and generation of income is vital, quality services and infrastructure are needed, the reduction of inequality within the local community and, lastly, informed and committed local leaders are a requirement for successful rural revitalization. Wilkinson (1986:5) states that, over the last few years, rural localities have

become more popular due to over-congestion in cities, the role of information technology in "space shrinking", the move away from manufacturing to service industry, and the possibility of local solidarity in a rural community.

As stated, job creation and rural development are the two main priorities of government. In October 2011, the National Planning Commission (NPC) released its diagnostic report (the National Development Plan), which listed main priorities that are linked to the national priorities as per the 2011 State of the Nation Address (SONA). Such priorities include lack of job creation, poor infrastructure and services, and the spatial divide of communities (The Presidency, 2011:18). In October 2010, the New Growth Path (NGP), the latest national economic policy, was released (Chabane, 2010). The NGP supports the national priorities and is also aligned with the findings of the NPC. The focus of the NGP is on job creation, poverty alleviation, infrastructure development, agriculture and rural development and the informal sector. In support of these policies, the Comprehensive Rural Development Programme (CRDP) was formulated and released in 2009. This strategy has its focus on rural development. The CRDP has a three pronged approach to rural development, namely, integrated agricultural transformation, land reform and investment in social and economic infrastructure (Department of Rural Development and Land Reform, 2010c:5).

Rural revitalization and development is a complicated process with various viewpoints on how to achieve success. An integrated and comprehensive process is required for successful rural revitalization. Most of the issues mentioned link to economic planning and strategic spatial planning. These two tools, in conjunction with others, could play a key role in the revitalization process. The Organization for Economic Co-operation and Development (OECD, 2007:3) stated that, in order to improve the success of the integration of spatial planning and economic development, such policies could include partnership formation, project based approaches, integrated planning policies, focus on local and unique assets and resources, focus on short term economic gains with long term policies, ensure holistic approaches including economic, social, environmental and cultural issues and, lastly, "spatial entrepreneurialism", which has to do with strategic planning to allow for opportunities for all, pro-active planning with less focus on control, a market driven approach with less interventions, use of local experts and new approaches, such as risk taking and innovation.

Economic development will not achieve much if access to opportunities is prevented by the physical environment and planning. Spatial planning policies have been part of government policy for a number of years. With the introduction of the Municipal Systems Act, (Act 32 of 2000), the concepts of Integrated Development Plans (IDP) and Spatial Development Frameworks (SDF) were introduced as legal documents. Spatial planning policy is seen as being in support of IDP compilation. The question that should be asked is whether spatial planning policies have the potential to assist, as well as to act as a stimulator of social and economic issues, integrated with LED policies. Concepts such as activity corridors, development nodes and mixed use areas have been introduced. The goal of spatial planning is to allow for harmonized land use and optional

utilization of land and infrastructure. Spatial planning policy creates certainty regarding current and future land uses and assists in attracting private sector investment and associated job opportunities. Although the role and contribution of spatial planning in rural development and reducing poverty are still blurred and undefined, if well implemented, it will eventually lead to improved access to economic opportunities for all (Madell, 2008:51).

Swelling (2005:8) states that spatial planning must ensure increased access to economic and social opportunities for the poor. Seven clusters for anti-poverty action relating to spatial planning are suggested. These are as follows: allow for access to good quality employment and economic activities; allow for an increase in the physical asset base of the poor, such as land, housing and economic equipment; allow for access to basic services (basic needs); allow for communities to self-organize and be proud of the area; ensure democratic participation by the poor section of the community in public resource allocations; and ensure access to safety nets for the poor to absorb shocks and stresses. Spatial planning initiatives need to play the role of a guidance tool, which directs and provides the spatial environment within which LED strategies could be implemented. If the two tools are utilized in an integrated manner, rural revitalization could occur within the South African environment.

1.3 PROBLEM STATEMENT

The main focus of this study is to research the phenomenon of the deterioration of rural areas in South Africa and to find solutions to address the problem. According to the Department of Rural Development and Land Reform (2010a), the situation in rural South Africa is dire and complicated. Intensified efforts are needed to turn this situation around. In order to find solutions for rural revitalization, the concepts of LED and spatial planning will be used as the initial tools.

The Fezile Dabi District Municipal area will be the geographical focus of this study. This area was selected for three reasons. Firstly, it shows typical rural characteristics of a rural region in decline, but with urban linkages. Secondly, due to the challenge posed by the struggling rural local municipalities in the area and the lack of co-ordination with the district municipality. Lastly, due to the lack of policy, capacity, structures and strategies for rural development and revitalization in the area. The study area is in close proximity to the North-West University (NWU) (Vaal campus) and the area is seen as part of the University's area of social responsibility.

The Fezile Dabi District Municipality forms the northern portion of the Free State Province and includes the municipal areas of Metsimaholo, Mafube, Moqhaka and Ngwathe. The district municipality has its administrative offices in Sasolburg. The area is bordered by the Vaal River to the north, and the Vaal Dam and Vredefort Dome area are key geographical features. Important towns in the area are Sasolburg, Kroonstad and Parys, with secondary towns such as Frankfort, Heilbron, Villiers and Viljoenskroon with associated townships and informal areas. The population of the district was estimated as 474 089 with a total number of 149 095 households in 2007. Average household sizes were estimated at 3.2 people per household. Population growth is estimated at 0.1% per annum. Due to the rural nature of the area, the population density is only

22.3 people per square km. Of the 2 706 775 people in the Free State, the Fezile Dabi District area provides for 17% of the total population. In terms of employment data for 2007, the district has a total number of 131 939 employed people and a total unemployment rate of approximately 38%. In 2007, a total of 62% of the population lived in poverty. In 2006, the Gini-coefficient and Human Development Index (HDI) for the district was 0.62. The gross domestic product (GDP) per capita was R 23 525 in 2007 (Fezile Dabi District Municipality, 2010b:15).

The economic growth rate in the district has been approximately 2.1% per annum from 1996 to 2004. In 2004, the district's total contribution to the economy of the Free State was 31.8% (Fezile Dabi District Municipality, 2010b:25). The key economic sectors in the district are manufacturing, mining, construction, tourism and agriculture. In terms of the Fezile Dabi District Municipal IDP 2011/2012, the following key performance areas are listed: municipal transformation and institutional development, financial viability, basic service delivery, infrastructure development, improved spatial planning, local economic development and good governance (Fezile Dabi District Municipality, 2010b: 36; Department of Rural Development and Land Reform, 2010a:1-141; The Presidency, 2011:1-34).

From the above statistics, the Fezile Dabi District Municipal area could be classified as a predominantly rural area with urban linkages. The area has a number of poor areas with limited access to economic and social opportunities. The area has low population growth and very low population densities. Unemployment levels are much higher than national averages and more than half of the population lives in poverty. Interventions are required by means of rural revitalization initiatives.

In an interview with Dr A. Venter, Deputy LED manager of Fezile Dabi District Municipality on 12 December 2011, current challenges regarding rural development and LED of the municipal areas were discussed. The district must play a co-ordination role and assist local municipalities in the area with training and capacity building. The four local municipalities are currently struggling with political instability and capacity challenges. LED units are non-existent or not fully operational and LED strategies are not ready for implementation. Possible provisional solutions to the challenges are LED skills development and capacity improvement. LED strategies need to be adjusted for implementation and improved co-operation and co-ordination between the district and local municipalities must be facilitated. The district is currently engaged in the establishment of a development agency and a LED forum for the area (Venter, 2011 & 2013).

The study was initiated with a theoretical analysis of concepts. An in-depth case study analysis of comparable areas was then conducted. Empirical studies of poor regions within the study area were completed by means of a sample socio-economic community survey. A model for rural development was formulated. The model is available for utilization elsewhere in rural South Africa as listed in Chapter 6.

The following gaps as identified were the focus of the study:

- Improved rural development policies, strategies and implementation programmes need to be formulated in order to allow improved implementation.
- Government's role in poverty alleviation, LED and rural development needs to be analyzed and areas of duplication need to be identified and addressed.
- The role of rural revitalization and LED strategies regarding job creation must be unpacked within the framework of the NGP and National Development Plan (NDP), with the ultimate aim of improving the quality of life in South African rural areas.
- The linkage and integration of LED and spatial planning initiatives have been lacking in the past. This issue was analyzed and a model, with the ultimate goal of accelerated economic development was formulated.
- Rural revitalization actions in South Africa were analyzed as part of the primary research and existing policies and strategies were tested. The geographical focus of the study was on the Fezile Dabi District Municipality area.

1.4 THEORETICAL STATEMENT

The following theoretical statement was proposed as a provisional theory that was tested in the research:

The chronic state of underdevelopment, poverty and unemployment, especially in rural South Africa, with a specific focus on the northern Free State, can be turned around by means of the implementation of revitalization strategies, which include innovative policies and programmes of LED and spatial planning.

1.5 RESEARCH QUESTIONS

Research questions assist the researcher to focus and manage the content (De Vos & Van Zyl, 1998:267). The research focused on the following questions:

- What is meant by the theory of development, growth, rural development and revitalization of rural areas, LED, poverty alleviation, spatial planning, integration, sustainable development?
- What best practice case studies are available, both globally and locally, concerning revitalization of rural areas?
- What is government's role, in terms of policy formulation, regarding rural revitalization and development and the extent and scope of duplication that exists within the three spheres of government in South Africa, with specific reference to the Free State Province and local government in the Fezile Dabi District Municipal area?
- What are the current socio-economic conditions in the northern Free State?
- Will it be possible to formulate a manual/model for revitalization of rural areas based on lessons learnt from case studies and the northern Free State, which could be applied elsewhere in rural South Africa?

- What recommendations can be made based on best practice methods and approaches to ensure successful implementation of rural revitalization strategies and LED projects, integrated with spatial planning, at local government level, which will eventually lead to poverty alleviation in rural towns and regions in the northern Free State?

1.6 RESEARCH OBJECTIVES

The research objectives of this study, derived from the research questions, were to:

- Give a theoretical exposition of what development, growth, rural development and revitalization, LED and poverty alleviation, spatial planning and sustainable development entails.
- Provide an analysis of applicable global and local case studies, which allowed for possible solutions for rural revitalization.
- Provide an analysis of the roles and functions of the three spheres of government regarding rural revitalization, LED and spatial planning and the extent and scope of duplication that exists, with a focus on the northern Free State.
- Provide an analysis of the socio-economic conditions within the northern Free State by means of primary research and desktop analysis.
- Formulate a model and compile a manual with regard to the integrated implementation of rural revitalization strategies, as applied in the northern Free State.
- Formulation of recommendations regarding best practice methods and approaches to rural revitalization.

1.7 RESEARCH DESIGN AND METHODOLOGY

The research design of study is exploratory in nature, aiming to provide solutions regarding rural development with a specific focus on the northern Free State region. In order to achieve the research questions as stated, both empirical and non-empirical research were required. This study resulted in a comprehensive analysis of best practice findings regarding rural revitalization and development. The focus was on the northern Free State and a model regarding an integrated implementation approach, with the main goal of economic development and poverty alleviation, was developed. The research design categories included both empirical (quantitative) and non-empirical (qualitative) research. In terms of the research methodology, various tools and procedures were utilized such as data collection and sample surveys.

1.7.1 Non-empirical research

This section of the research is qualitative in nature and consisted of the following components:

- Literature review: In the review a comprehensive analysis of the information that already exists in the study field was conducted. The review included a theoretical analysis of the study fields, definitions and case study. Diverse literature sources were consulted including books,

journals, theses, articles, internet sources, relevant policy and legislation concerning rural development, LED and spatial planning. The review served as a theoretical foundation of the analysis of rural revitalization aspects and integrated implementation approaches to assist poverty alleviation in the northern Free State. Chapters 2, 3 and 4 contain the literary review relating to the study.

- Theory and approaches: The theory of the study fields of rural revitalization, rural development, LED and spatial planning was analyzed. Chapter 2 and 3 contains the theory and approaches relation to the study.
- Models: A model for rural revitalization was formulated, which included strategies regarding LED and spatial planning as contained in chapter 6.
- Interviews with identified officials were conducted at the various municipalities in the study area. Chapter 5 contains the detail regarding the process followed.

1.7.2 Empirical research

The empirical section of the research consists of, firstly, an evaluation of comparative case studies, both local and international, to determine best practice examples as contained in chapter 4. Secondly, it consisted of socio-economic field surveys. Field surveys were conducted in various areas in the Metsimaholo Local Municipality, Moqhaka Local Municipality, Ngwathe Local Municipality and Mafube Local Municipality, all located in the northern Free State. These areas were selected due to their high levels of poverty and "ruralness". New data regarding socio-economic conditions in the area was collected, analyzed, interpreted and compared. The survey data was analysed by means of SPSS. The focus was on levels of poverty, skills and perceptions of local government in rural communities. A total of at least one hundred questionnaires per municipal area were completed. The detail regarding the socio-economic survey is contained in chapter 5. Thirdly, interviews with chairpersons of local business chambers in all of the municipal areas within the Fezile Dabi District Municipality were conducted in order to determine the perceptions regarding the challenges and opportunities present within the various areas (see annexure E). Lastly, the LED strategies and spatial planning policies of Fezile Dabi District Municipality and local municipalities in the area were analyzed, and included interviews with municipal LED officers (see Chapter 5).

1.7.3 Case Studies

Case study specific analysis consisted of three phases, as listed below:

- As part of the literature review, a number of case studies on rural revitalization, LED and spatial planning was analyzed and evaluated to determine best practice guidelines. Local case studies and those from BRICS (Brazil, Russia, India, China and South Africa) countries, developed and other developing countries were included (see Chapter 4).
- Case studies focused on the local townships per municipal area. Primary research was conducted through socio-economic questionnaires, personal observations and interviews.

Interviews included meetings with the relevant LED officers of all the municipal areas (see Chapter 5).

- Case studies of spatial planning focused on all the municipalities in the Fezile Dabi District Municipality area. Primary research included analysis of existing policies, personal observations and interviews (see chapter 5).

1.7.4 Ethical Issues

In terms of the guidelines provided by Mouton (2011:238), the research adhered to the following ethical principles and guidelines:

- The research was objective and done with integrity.
- High technical standards were maintained, especially regarding referencing and sources.
- An epistemological approach was followed.
- High levels of values, norms and standards were maintained.
- With regards to the field surveys and personal interviews, the researcher clearly explained the purpose and importance of the research to the participants and obtained their consent. Confidentiality of respondent's information was ensured. Permission was also obtained from relevant authorities such as the applicable local authorities.
- The research results will be disseminated in an open and transparent manner.

All the relevant guidelines and procedures as required by the North-West University were adhered to.

1.8 NEW KNOWLEDGE OUTCOME AND FINDINGS

The key outcomes and findings regarding new knowledge, of the research, are the following:

- Empirical: new factual discoveries were made as a result of the field surveys in the Fezile Dabi District Municipal area, including areas such as Zamdela, Tumahole and Maokeng. In addition, as a result of the in depth literary review, existing data and case studies of phenomena, were reviewed and confirmed. New approaches and findings were formulated in contrast to or in support of current approaches.
- Descriptive: existing and new data were analyzed and patterns and trends were identified. Primary research in the form of field surveys, and secondary research in the form of a literary review was utilized to identify correlations between approaches and case studies.
- Casual: the main goal of the research was to find possible solutions to the phenomena of rural revitalization and the role of the two study fields of LED and spatial planning. The link between the two variables is the key to the integrated approach to the research. It was anticipated that if an integrated link between LED and spatial planning can be established, it would most likely lead to accelerated rural economic development and ultimately job creation and poverty alleviation.

- Theoretical: the research included an analysis of existing and new data. New and innovative explanations were formulated. Observations of existing and new data were made. The research included an analysis of existing models and theories and new models and theories were formulated.
- Interpretive: the research included the interpretation of existing and new data and literature relating to the study field.
- Evaluative: the research included an evaluative literature review of best practice interventions regarding the study field.

1.9 THE VALUE OF THE RESEARCH

The value of the research is as follows:

- The content of the research will support and add value to government's key priorities of job creation, rural development and integration through spatial planning.
- The research will result in a model and is based on the principle of applied research, which could be applied in other rural localities.
- New knowledge will be produced in Chapters 5, 6 and 7 regarding an integrated model for rural revitalization and development.
- Research results will be made available in an open and transparent manner.
- The outcome of the research will be made available via journal articles, presentations at conferences, and training seminars to government at all levels. As part of a next phase of the research, a "serious game" will be developed in collaboration with the Serious Games Institute (SGI) based at the NWU: Vaal campus. The software will be released late in 2013 which will have the aim to train officials, politicians and community members in rural development and local government skills.

1.10 PRELIMINARY CHAPTERS

Chapter 1: Introduction: provides an introduction to the study and includes aspects such as orientation, the theoretical statement, research questions and objectives, research design and methodology and a chapter layout.

Chapter 2: Theory and approaches analysis: includes the key theoretical concepts and approaches of development, growth, rural development, rural revitalization, LED and spatial planning. Further aspects addressed include underdevelopment, LED and poverty levels, LED strategy planning, the LED process, measurement of LED, the application of Human Development Indexes, levels of rural development, and revitalization of rural areas.

Chapter 3: Tools for rural development: includes an analysis of the concepts and theory of LED and spatial planning as tools for rural development.

Chapter 4: Global and local best practice analysis: Global and local best practice case studies are analysed in order to find possible solutions for rural development strategies applicable to South Africa and specifically to the northern Free State. **This chapter will also include an analysis of government's role** in order to provide an overview of the roles and functions of the three spheres of government with regard to rural development policy formulation and implementation in northern Free State. Aspects that will be analysed include the NGP and NDP, the development state approach, problem analysis, an assessment of the turn-around strategy and the extent of duplication of functions at all levels of government.

Chapter 5: Northern Free State analysed: contains a statistical assessment of global socio-economic conditions, compared to South Africa, the Free State province, and the northern Free State region. The focus was on poverty, human development, economic conditions and general social conditions. This chapter provides an explanation of the research methodology utilized during the study and a practical analysis of the specific case studies. The SDF and LED strategies of Fezile Dabi District Municipality and local municipalities in the study area were assessed. The chapter includes proposals regarding the concept of a rapid rural appraisal and specific rural development strategies for the study area.

Chapter 6: Model and other solutions for rural development strategy formulation in the northern Free State: provides for an implementation model for revitalization of rural areas. It provides a step-by-step process for the compilation of rural revitalization and LED implementation plans, including strategy formulation, sectoral analysis, primary research methods, integration and linkages, and specific implementation plans. The chapter also provides other solutions to rural development.

Chapter 7: Recommendations and conclusions: reflects on the realization of the research objectives and theoretical statement. Findings, recommendations and final conclusions are provided.

CHAPTER 2
ANALYSIS OF THEORIES, CONCEPTS AND APPROACHES RELATING TO RURAL DEVELOPMENT

2.1 INTRODUCTION

This chapter contains theory, concepts and approaches relating to rural development. The chapter starts with defining the Millennium Development Goals (MDGs) developed by the United Nations (UN) and discusses the broad economic concepts of development, growth and sustainable development. Broad classical economic theories regarding structural change, location and central place are discussed. Flowing from these theories, the concept of poverty will be analysed as a key component of rural development. The concepts of rural, rural regions and rural towns are then analysed. Revitalization, especially rural revitalization and the process is discussed. The two main tools for rural revitalization, namely LED and strategic spatial planning and its associated processes, will be analysed in Chapter 3.

2.2 THE MILLENNIUM DEVELOPMENT GOALS

The Millennium Development Goals (MDG's) are globally accepted as the standard grouping for indicators of poverty eradication and human development. In September 2000, the member countries of the UN adopted the MDG's with the vision to make substantial progress in the reduction of poverty as well as improvement in the other human development indicators (HDI) by 2015. The MDG's acknowledge the multi-dimensional nature of development and poverty alleviation, and that the majority of the poor still reside in rural areas (UN, 2003:5). Table 2.1 provides a summary of the MDG's, listing the main goals and targets. The MDG's could be seen as a list of priority needs of the poor.

The cornerstone of the MGD's is the goal to halve global poverty by 2015. To achieve this goal, progress must be made on all the other seven goals. The gap between current trends and the target of halving poverty relates to a total of approximately 380 million, mostly rural, people (Todaro & Smith, 2011:23). Up to 70% of the total world poor population or a total of 1.8 billion people, still reside in rural areas (World Bank, 2010; IFAD, 2011).

A sustainable environment is important for the poor members of the population, especially the rural poor, to escape from poverty. For example, access to safe drinking water and the improvement of informal residential areas will improve quality of life of the poor. This relates to the basic needs approach. Achieving the MDG's will play an important role in the sustainable economic development in rural areas. According to Todaro and Smith (2011:26), it is, however, not expected that all the MDG's will be achieved by 2015. Table 2.2 provides a summary of the MDG's relating to South Africa. The achievability of the goals is also listed.

Table 2.1: Main components of the MDG's

GOALS	TARGETS
1. Eradicate extreme poverty and hunger	Reduce the percentage of people living in less than $1 per day by half. Reduce the percentage of people who suffer from hunger by half.
2. Achieve global primary education	Ensure all children complete primary education.
3. Promote gender equality and empowerment of woman	Eliminate gender disparity in primary and secondary education.
4. Reduce child mortality	Reduce by 66.6% the child under 5 year mortality rates.
5. Improve maternal health	Reduce by 75% the maternal mortality ratio.
6. Combat HIV/AIDS, malaria and other diseases	Stop the spread of HIV/AIDS Stop the incidence of malaria.
7. Ensure environmental sustainability	Reverse loss of environmental resources. Integrate principles of sustainable development in policies and programmes. Reduce of 50% the portion of people without access to save drinking water. Improve quality of life of slum and informal dwellers by 2020.
8. Develop a global partnership for development	Develop an open trade and financial system. Good governance. Poverty reduction. Address the needs of least developed countries. Deal with debt problems of developing countries. Develop strategies for decent work and productive work for youth. Make available new technology and communications.

Source: United Nations (UN), (2003).

Table 2.2: South Africa and the MDG's

	Baseline (2000)	Current Situation (2010)	Target (2015)	Achievability
MDG 1: Eradicate extreme poverty				
Proportion of population below $1/day	11.3%	5.0%	5.7%	Achievable
% growth rate of gross domestic product (GDP)/person employed	4.7%	1.9%	6.0%	Not achievable
Employment to population ratio	41.5%	42.5%	50%	Not achievable
Prevalence of underweight children under 5 years in %	9.3%	10.2%	4.7%	Not achievable
Poverty gap ratio $1/day	3.2	1.1	1.6	Achievable
Gini-coefficient	0.70	0.73	0.3	Unlikely
MDG 2: Achieve global primary education				
Net enrolment ratio in primary education	No baseline	No info	100%	Unknown
Literacy rate of 15-24 year olds	83,4	89	100%	Likely
Adjusted net enrolment rates	96,4	99,4	100%	Likely
Completion rate of primary education for 18 year olds	89,6	93,8	100%	Likely

	Baseline (2000)	Current Situation (2010)	Target (2015)	Achievability
MDG 3: Promote gender equality and empowerment of women				
Ratio of girls vs. boys in primary education	0,97:1	0,96:1	1:1	Likely
Ratio of girls vs. boys in tertiary education	0,86:1	1,26:1	1:1	Achieved
Share of women in wage employment in the non-agricultural sector as %	43%	45%	50%	Likely
Proportion of seats held by women in national parliament as %	25%	44%	50%	Likely
Ratio of literacy females vs. males 15-24 years old	1,1:1	1:1	1:1	Achieved
MDG 4: Reduce child mortality				
Under 5 years old mortality rate (per100 000 people)	59	104	20	Unlikely
Infant mortality rate (per 100 000 people)	54	53	18	Unlikely
% of 1 year olds immunised against measles	68,5%	98,3%	100	Likely
Life expectancy at birth, males vs. Females	57:65	55:60	70	Unlikely
MDG 5: Improve maternal health				
Maternal mortality ratio (per 100 000 of population)	369	625	38	Unlikely
Proportion of births attended to by skilled health personnel	76,6	94,3	100	Possible
Contraceptive prevalence rate	25,2	33,4	100	Unlikely
Antenatal care coverage	76,6	102,8	100	Achieved
MDG 6: combat HIV/AIDS, malaria and other diseases				
HIV prevalence amongst 15-49 year olds	15,6%	16,9%	Less than15,6%	Achievable
Condom use	27,3%	62,4%	100	Unlikely
% of HIV infected population with access to ARV drugs	13,9	41,6	100	Unlikely
Incidence of malaria	64 600	6 800	Less than 6 800	Likely
Incidence of TB	253	283	Less than 253	Likely
Prevalence of TB	134 000	144 000	Less than 134 000	Unlikely
% of people that took HIV tests and know their status	11,9%	24,7%	No target	-
MDG 7: Ensure environmentally sustainable areas				
Proportion of total water resources used	26,6	25,0	No target	-
Proportion of total area protected	5,2%	6,2%	9%	Possible
Number of species threatened	676	2458	676	Impossible
% of population access to clean water	61,1%	91,4%	81%	Achieved
% of population access to sanitation	58,5%	72,2%	79,2%	Likely
% of population living in shacks	13,0%	13,4%	0	Unlikely
% of population access to electricity	76,8	82,6	100	Possible
MDG 8: development of a global partnership for development				
GDP per capita	22 758	49 134	Growth above inflation	Likely

	Baseline (2000)	Current Situation (2010)	Target (2015)	Achievability
% investment share in GDP	15,1%	19,3%	More than 25%	Likely
Debt to GNI rate	44,4%	28,4%	Below 44%	Achieved
Inflation rate (CPI)	5,8%	7,1%	3-6%	Likely
Research & development as % of GDP	0,6%	0,9%	1,5%	Likely
Internet access per 100 of population	7,2	8,9	More than 50	Possible

Source: Stats SA, (2010)

Table 2.2 indicates that there is strong evidence that South Africa should achieve most of the MDG's by 2015. Indicators relating to the provision in the basic needs of the poor such as housing, basic services, health and education need at least be achieved. The role of government regarding rural development in South Africa will be discussed in Chapter 4 and the linkage of the MDG's to the study area will be discussed in Chapter 5.

2.3 CONCEPTS OF ECONOMIC DEVELOPMENT, ECONOMIC GROWTH AND DEVELOPMENT ECONOMICS

Unequal distribution of natural resources has led to an unequal distribution of the world population in concentrated urban and less concentrated rural areas. Rural development is, to a large extent, affected by the basic concepts of economic growth, economic development and development economics. For this reason, this chapter describes these concepts along with rural development theories. Economic growth and economic development are not synonymous concepts. Economic growth means more output or higher levels of production during a specific period within a specific geographical area (Todaro & Smith, 2011:11). According to Jete-Boldt (2006:2) economic development implies, "not only more output and production, but also different kinds of output than was previously produced, as well as changes in the technical, institutional arrangements, and systems by which output is produced and distributed. Growth of output necessitates increased inputs". Growth without development is possible, but no development could occur without growth (Herrich & Kindleberger, 1995:22). Soubbotina (2004:1) agrees by stating that economic development could be wrongfully described as economic growth and that there are huge differences between the two concepts. While economic growth relates only to an increase in GDP per capita of a country, economic development is a much wider concept, which takes into account income, freedom, equality, health, education and a safe environment, amongst others (Todaro & Smith, 2011:12).

2.3.1 Economic development and economic growth

According to Herrich and Kindleberger (1995:49), economic development is a process and involves changes in the composition of an economy's output and input. These changes must form part of a development focus on the general improvement in quality of life of all, with a focus on the poor. The economically active population needs to be involved in productive activities in order to

generate income. Economic development is defined as the improvement in maternal welfare, especially to the poorest section of a community; the eradication of mass poverty, illiteracy, poor health; the introduction of structural changes to the economy towards increased industrial production; and higher levels of employment.

The World Bank (1991:49) defines economic development as development that is conceived through a multi-dimensional process, including aspects such as social and institutional restructuring, accelerated economic growth, improvement of levels of equality and eradication of poverty. Economic development is the sustained improvement, over a long period, of the material and spiritual welfare of people through the sustainable alleviation of poverty and inequality as well as the creation of adequate and sustainable jobs for all.

According to Todaro and Smith (2011:14-18), development means the sustained growth of income per capita to enable a community to export its output at a faster rate than population growth. The output is usually measured as GDP. Aspects such as increasing the availability and provision of basic needs, such as food, shelter, health and protection; increasing the quality of life by an increase in income, better education and provision of social and cultural facilities; and increasing and expanding the range of economic and social choices available to individuals are of key objectives with regard to enhancing economic development.

Blakely and Bradshaw (2002:56) stated that local and regional economic development potential equals a local area's capacity in terms of the economic, social and technology sectors and its resources, which includes the physical environment, location, labour, capital investment, entrepreneurial climate, transport, size, export market and government spending. This pattern of unequal spatial distribution leads to concentrated urban nodal areas and less densely concentrated rural areas and regions. This statement has its linkages to the location theories as listed in section 2.3.3.8.

In 1998, Amartya Sen (1999:14) formulated the concept of "capability to function". He stated that "economic growth cannot be sensibly treated as an end in itself. Development has to be more concerned with enhancing the lives we lead and the freedoms we enjoy." Poverty cannot be measured by production and income alone, but poverty should be measured by what a person is, or can be or can do. "Function" means what people do or can do with the commodities of given characteristics that they come to possess or control. "Capabilities" means the freedom that people have, given their personal features and their command over commodities. According to Todaro and Smith (2011:19), for Sen, human well-being means, being healthy, well nourished, well clothed, literate, and long-lived and to take part in community life, being mobile and having freedom of choice.

This approach can be linked to the basic needs approach initiated by the ILO World Employment Programme (WEP), where people and human needs were brought back to the centre of development strategic planning (Emmerij, 2010:1; Santos et al, 2006:2). According to Todaro and Smith (2011:21), the core values of development are the ability to meet the basic needs of people such as shelter, food, health and protection, good individual self-esteem with a sense of worth and

self-respect and to be able to have choices or human freedom in terms of the economy and social choices.

Davids et al (2010:22), uses the term “people centred development” to support the principles described by Sen and Todaro. People should be at the centre of all development efforts. It must be accepted that different societies have unique development problems. The poor must be the focus of development action and intervention that centre on human basic needs. The focus moves from macro-level quantitative approaches, such as economic models, to qualitative micro-level approaches, such as community needs, participation and utilization of local knowledge. Development for people is about human relationships on a global and local level. People have the right to decide for themselves, following the principle of “planning for the people by the people”. Davids et al (2010:25) continues by stating that, in defining development, six dimensions must be taken into account, namely the physical environment, the political environment, the social environment, the economic system, the cultural environment and psychological aspects.

People-centred development, therefore, focuses not only on the economy, but also on people, the local communities, allowing people to participate actively in development planning and project planning. People must decide for themselves which action plan is best and participate in the implementation. People must define their needs first and then action can be taken. Development should be approached from the bottom-up (ETU, 2012:10).

Blakely and Bradshaw (2002:173) listed five key resources for economic development, which needs to be optimized within any locality or area. All these resources, if available in a specific locality, need to be optimized for improved economic development opportunities. Table 2.3 provides a summary of these key resources.

Table 2.3: The key resources of economic development

Materials	Land, buildings, location and infrastructure/natural resources.
Human resources	Skilled personnel, available workforce, education and training capacity.
Markets	Markets analysis, competition, penetration and marketing/investment strategy.
Management	Organizational structure, managers/operators, research and development (R&D), marketing and sales and legal.
Money	Equity/ownership capital, debt/borrowed funds, capitalizing institutions, subsidy and substitutes for direct capital.

Source: Blakely and Bradshaw, (2002: 173).

Duvel (2000:23) indicates that, besides the resources necessary for development, the following conditions are required for economic development, namely a more equal distribution of income, a decrease in the number of people below the poverty line, provision of the basic needs of people (food, education, health, water, housing), improvement in quality of life, freedom of choice and sustainable improvements. Economic development is required for rural revitalization with a people

focus, maximization of natural resources and institutional and structural change in a specific region.

Economic growth can be defined as the long term expansion of the productive potential and capacity of the local economy. Sustained economic growth could lead to an improvement in quality of life, higher levels of employment and short term growth in GDP. The main components of economic growth include capital accumulation, such as new investments in land, infrastructure, equipment, and human resources through improvement in health, education, skills and internal production processes rather than by forces outside the system (Todaro & Smith, 2011:150).

Economic growth is essential for job creation. During the 1970s to the 1990s economic growth equalled growth in job creation on a global scale. However, with growth rates of around 3% on average during the last decade, job creation only grew by an average of 0.4% globally. The reason for this phenomenon relates to less labour intensive production, labour laws, cost of labour and the slow-down in economic growth prospects (CDE, 2010:2).

Jobless growth is of great concern. According to Matthews (2012:1), it is possible to have economic growth without new jobs being created. More and more products are produced and services are delivered with fewer workers. In contrast to this and difficult to achieve, labour-intensive growth, especially in rural areas, should be targeted. Sources of labour-intensive growth could include aspects such as export due to small local markets; private sector investment; production of products by unskilled workers; reduced impact of employment equality legislation; reduced transport and other input costs; and the production of more labour-intensive products instead of high-value products. Aspects such as labour cost, productivity, labour unions, the cost of dismissal, and the cost of strikes affect the job creation potential of economies (CDE, 2010:15-18). Most of these aspects are currently experienced in the South African economy.

2.3.2 Development Economics

According to Lewis (1966:1), “development economics is not very complicated as the secret to successful economic development planning lies in sensible politics and good public administration”. Todaro and Smith (2011:7) stated that “Traditionally, economics is primarily concerned with the efficient, least cost allocation of scarce production resources and with the optimal growth of these resources over time so as to produce an ever-expanding range of goods and services”. This definition by Todaro and Smith relates to a capitalist world with perfect markets, which is purely materialistic and self–interest orientated towards economic decision marketing. In contrast with tradition economics, development economics has a wider scope. In addition to the concepts of efficient allocation of existing resources and sustained growth over time, it also deals with economic, social, political and institutional mechanisms to ensure rapid and wide-ranging improvement in the quality of life of people.

Development economics, therefore, is focused on the economic, cultural and political requirements to effect fast institutional reform so as to distribute the benefits of economic progress to the broadest section of the population, thereby ensuring that the poverty trap is broken. In order

to achieve this, government intervention by means of policy formulation is needed as a component of development economics.

The World Bank (1991:28) describes development economics as a process to improve quality of life, especially of the poor. This calls for higher incomes but also other important aspects such as better skills and education, higher standards of health and nutrition, cleaner environment, equal opportunities, individual freedom and rich cultural life, leading to less poverty. According to Soedjatmoko (1985:11), "development theorists have paid insufficient attention to institutional and structural problems and to the power of historical, cultural and religious forces in the development process".

Adam Smith's classic work, the "Wealth of Nations" (1776), listed the following key issues for development economics, namely structural shaping and re-structuring of the production base of a country or region; analysis of the key economic growth aspects, which include technical innovation; reasons for and impact of unemployment (social impacts); the role of government in allocation, stabilization and policy formulation; and improvement in trade and production structures. Table 2.4 lists the dichotomies between different development economic approaches. The most applicable approach for a specific area needs to be selected depending on unique local developmental issues (Duvel, 2000: 14).

Table 2.4: Dichotomies between development approaches

Top-down approach	**Bottom-up approach**
Centralization	Decentralization
Blueprint planning	Process, best fit planning
Technology transfer approach	Facilitative, participative approach
Production technology focused	Problem solving focused
Pro-active planning	Re-active intervention
Advisory approach	Educative approach
Inductive approach	Deductive approach

Source: Duvel, (2000:14).

Development takes place in an unequal way in a specific spatial region resulting in rich areas of high economic concentration, such as urban cities and towns, and poor areas with low concentration of economic activities, such as rural areas. This concentration of economic activities leads to agglomeration advantages through economies of scale (Quigley,1998:27). Economies of scale result in higher densities and congestion in focused nodes. Diversity and heterogeneity are cornerstones for economic development and are mostly found in larger urban areas. Over-concentration in urban areas would lead to high cost for land, expensive housing, inadequate transport, congestion, pollution, increased crime, increase in unemployment and poverty (Quigley,1998:33).

2.3.3 Development theories

Classical economic development theories will be analysed in this section. In order to understand the process of development, especially rural development, these theories will be analysed in order to assist in the formulation or amendment of new theories.

2.3.3.1 Basic development theories

The “Neo-Classical theory” states that fixed investment drives output and economic growth. In this theory, local firms attempt to maximize profits to allow investment flows from high cost/high wages areas to low cost/low wages areas. Governments have a very limited role to play in the economy through interventions. Government’s role is to create an enabling economic environment by limiting local bureaucracy, upgrading infrastructure, provision of training and skills programmes and information, as well as ensuring safety and order (Blakely, 1989:61).

The “economic base theory” states that development of a region depends on the demand for goods, services and products from other areas. A region or town with a strong base of export to other areas has a strong economic base. Local strategies should, therefore, promote local business with export focus and potential. Government can assist in supporting existing businesses and attract new business and find export markets for firms (Blakely, 1989:65).

2.3.3.2 Stages of growth theory

According to Rostow (1960:5), all countries pass through sequential stages in achieving development. The five stages within which a society could find itself in terms of economic development are as follows: a traditional society, pre-take-off stage including self-sustainability, the take-off stage, the drive to maturity stage and the high levels of mass consumption stage. Developed countries have all passed through the take-off stage into self-sustainable growth while under-developed countries are still locked in traditional and mostly rural societies or in the “pre-take-off stage” (Todaro & Smith, 2011:111).

A country or region’s ability and capacity to move through the various stages of economic development is determined by the following aspects, which include the quality and quantity of natural and human resources, levels of technological capacity, and institutional structures (Todaro, 1994:73). In order for a country or region to move into the take-off stage of economic development, the mobilization of local and foreign savings is required in order to generate economic growth. This is known as the “Harrod-Domar growth model” (Todaro & Smith, 2011:111).

In order for any country or region to achieve high levels of economic development, high levels of labour creation and capital investments must be obtained (Easterly, 2001:1). Additional investment leads to higher output and income, which leads to higher savings, which is needed for sustained economic development. The greatest stumbling block for economic development is low levels of new capital formation within a specific country. In addition, and in support to the Rostow theory, five characteristics of the development process and phases for economic development were identified, namely a major shift from agriculture production to industrial production; steady

and ongoing accumulation of physical and human capital; growth of urban areas through urbanization; and decline in population growth rates (Syrquin et al, 1984:15).

According to Coetzee (2011:33), in order for underdeveloped developing country, which is characterized by elements such as traditionality, simplicity and homogeneity, to move to the status of a developed country, certain intervening variables are required to impact on the local economy. Such variables include structural differentiation, growth, specialization, diversification, technological advancement, industrialization and commercialization. The impact of these variables will lead to a more modern and complex economy with high levels of differentiation and technological progress. The growth theory is criticized in that it assumes the only civilised and acceptable way of life is that of the western world (Davids, 2010:11). The mechanisms of the stages of growth theory don't always work. The necessary conditions for economic growth are absent in most poor, developing countries. The required structural, institutional and attitudinal conditions need to exist. The stages of growth model assume that these conditions exist (Todaro & Smith, 2011:115).

The theories discussed focus on a move away from agriculture to the services sector. The agricultural sector should however be retained as the foundation of a region's economy linked to value added processes and food security.

2.3.3.3 Structural change theories

Structural change theories focus on the mechanisms through which underdeveloped countries or regions transform from traditional economies to more modern, urbanized, diversified and focused service economies. During this transformation, the industrial/manufacturing sector needs to surpass the traditional agricultural sector. Lewis (1954:22) developed the most well known structural change theory, called the "two sector model". The primary focus of the theory is twofold, namely the transfer of labour from the subsistence agricultural sector to the more modern industrial sector, and the growth of output and employment in the modern, non-agricultural sector. The modern sector can include modern agricultural components such as agro-processing or agricultural-industrial activities.

Self-sustaining growth and employment expansion in the modern sector is assumed to continue until all surplus rural labour has been absorbed. Thereafter additional workers will only leave the traditional sector at a higher cost, which would lead to loss in food production. Lewis assumes that capital will be invested in the local economy and will be labour intensive. However, capital can also be invested elsewhere and capital intensive equipment can replace labour (Todaro and Smith, 2011:118). The Lewis model is especially relevant to the recent experiences in China where labour has been absorbed from rural and farming areas to manufacturing activities, which eventually lead to an increase in wages in the manufacturing sector (Todaro & Smith, 2011:120).

2.3.3.4 Pattern of development models

Chenery and Syrquin (1975:31) stated that "a development pattern may be defined as a systematic variation in any significant aspect of the economic or social structure associated with

the rising level of income or the index of development. The pattern of development model is an attempt to identify characteristic features of the internal process of the structural transformation that a typical developing economy undergoes as it generates and sustains modern economic growth and development". According to Todaro and Smith (2011:121), Chenery and Kuznet's theory of "patterns of development" led to the identification of characteristic features of structural transformation. These characteristics include a clear move from agriculture to industrial production; steady accumulation of physical and human capital; change in customer demand from food and basic necessities to diverse manufactured goods; the growth of cities and urban industries through migration from farms and small towns (rural areas); and a decrease in population growth.

2.3.3.5 The endogenous growth theory

The "endogenous growth theory" (EGT) relates economic growth to production functions with either increasing or non-diminishing returns to reproductive capital (Branson et al, 1998:32). EGT could be classified as the "new" growth theory. According to EGT economic growth is created by factors such as increased returns, increased output and improved technology. Criticisms of the EGT are as follows: it assumes that there is a single sector of production or that all sectors are symmetrical; and it assumes economic growth in developing countries is hampered by poor infrastructure, institutional structures, and imperfect capital and goods markets (Todaro and Smith, 2011:153).

2.3.3.6 The "Big Push" economic development theory

It has been difficult for developing countries or regions to start or "kick-off" economic development. The reason for this is poor co-ordination (Todaro and Smith, 2011:164). Rosenstein–Rodan first raised the basic co-ordination development problem, which is known as the "Big Push" theory (Rosenstein-Roden, 1943:202). The "Big Push" theory explains how the presence of market failures can lead to a need for a focused nationwide economic policy intervention by government to get the long, and difficult process of economic development underway. The "Big Push" theory has its value in explaining the East Asian economic miracle (Todaro & Smith, 2011:165).

Rosenstein-Roden promoted planned large-scale investment programmes in industrialization for countries or regions with a large surplus labour force. Economic development is possible if interlocking and collaborative industries could emerge simultaneously. Policy co-ordinated investment can break the underdevelopment trap by assisting private sector in adapting modern techniques and economies of scale for a self-sustaining growth path. Democratic institutions and economic freedom are factors of success for this theory (Easterly, 2005: 29).

In economic development, the "Big Push" theory can be applied by government in instances when urbanization is required to achieve economic growth by means of industrialization, when poor infrastructure impacts negatively on production costs, and when skills training efforts are neglected by the private sector (Todaro & Smith, 2011:171).

2.3.3.7 The O-Ring theory for economic development

Kremer (1993:551) introduced the "O-Ring theory" for economic development. This theory states that modern production requires that many activities need to be done well and at the same time in order for any of the activities to result in high value added processes. The theory supports complementarity, specialization, division of labour and economies of scale. The "O-Ring theory" explains why poverty traps exist and why such countries have such low incomes when compared to developed countries. The theory also indicates that wages are lower for the same work done in rural areas versus urbanized areas.

2.3.3.8 Location and central place theories of economic development

Location theory is concerned with the spatial locality of economic activity within a specific region. It is an integral part of regional planning and spatial economics. Location theory explains the behaviour of economic activities in a spatial content. Location theory, similar to local economic development, is focused on the micro-economic sector and local regions. Economic activities and decision-makers choose locations that maximize profits and individuals choose locations where services are maximized (Haggert, 1965:515).

Christaller's central place theory indicates that any region has a hierarchy of central places. The highest order place has the most services and functions. The theory illustrates an ideal situation within a homogeneous spatial region (Glasson, 1974:25; Haggert, 1979:360). Losch extended Christaller's model by stating that a region has a central place or node with rich and poor areas surrounding the node. Rich areas are located more central with more services and functions. Improvements in infrastructure can lead to larger regional services areas with lower production costs and lower prices (Glasson,1974:26; Haggert, 1979:367). The central place theory comes under pressure once the homogeneity of a region and the dominance of the primary economic region, namely agriculture, is lessened by other economic sectors such a mining, tourism and manufacturing (Bender et al, 1985:8).

Von Thunen made the first attempt to correlate land use patterns within a spatial content in 1826 with his "concentric model" of land use. In the Von Thunen theory, the location of economic activities is determined by the distance to the central place, prices and turn-over. Land use is determined by land value. The type of land use is determined by its closeness or distance from the node (Haggert, 1979:408). Weber extended the location theory in 1909 by stating that economic activity, specifically industry will locate at the most optimal point close to resources, labour and markets. The concept of agglomeration was also introduced and transport cost was identified as critical in the determination of locality. The development of a region starts off with agriculture and the primary sector, followed by the secondary sector. Commercial interaction is of importance for economic development (Weber, 1929:48; Haggert, 1979:418).

Isard (1956) stated that decentralization away from the node leads to higher transport costs, cheaper labour, less agglomeration factors, cheaper land and cheaper capital. Although transport costs are the most important production input cost, technology could change location factors for

economic activities. Agglomeration allows for economies of scale, specialization, and linkages between the node and the periphery. According to Richardson (1973:135), economic activity clusters are attracted by proximity to markets, natural resources, climate, agglomeration advantages and economies of scale. Hirshman (1958) stated that economic development in a region takes place in an unequal manner. Development will take place where production factors are most beneficial. Agglomeration advantages contribute to the unequal location of industry, which leads to the formation of dominating nodes in a region.

Perroux stated that geographical boundaries have no impact on economic activities and growth is unequal in an economic region from the node outwards along transport corridors. Propulsive (cutting edge) and other key industries determine the growth point or node. Such industries must be innovative with products on a national and global scale and must be able to create down-stream industrial linkages (Glasson, 1974:145). Boudeville (1966) agreed with this in that economic activities cross-over geographical boundaries. In regional planning, it must be ensured that economic regional demarcation corresponds with geographical regions and even political boundaries. The leading industry has a dominating impact on the economy of a region, with down-stream and specialization impacts.

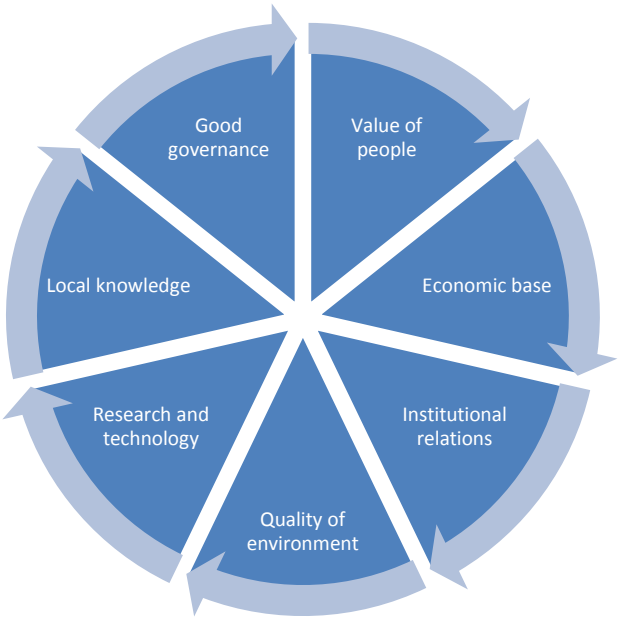
Friedman (1966:96) identified the concept of core regions. Any spatial area has core regions with peripheral regions, which are dependent on the dominant core region. Core regions determine linkages and innovation. The dynamic development of the core region will benefit the whole economic area, and could lead to growth of peripheral regions to core regions (Berry, 1972:108). Myrdal's theory of cumulative causation explains why some areas are increasingly advantaged while other areas lag behind. Interplay of market forces drift to areas with capital, skills and expertise (Blakely & Bradshaw, 2002:63; Haggert, 1979:515). Blakely and Bradshaw (2002:62) listed the following main location factors for economic activity including closeness and access to markets; transport links to raw materials and markets; labour costs, cost of energy and infrastructure; availability of services and facilities; communication and IT networks; education facilities; and quality of government. Blakely and Bradshaw (2002:63) continues by listing a number of factors that affect local economies, taking into account their location namely:

- Manufacturing sector: globally, the trend is of employment decline and disinvestment due to lack of capital, loss of competitiveness, lack of technology and jobless growth.
- Geographical inequalities: people are moving away from rural areas and inner-cities areas.
- Inner-city decline: decline due to unemployment, crime, deterioration, shopping malls and dilapidated housing stock.
- Urbanization: migration away from rural regions to urban areas.
- Rural/small town economic decline: these areas are affected by decline in manufacturing and agriculture. The loss in farming, timber and mining income has a huge negative impact on the rural population.

- Globalization: the world economy is a global economy. Firms with a comparative advantage can be located anywhere in the world and be successful.
- Accelerated pace: products come and go more quickly than ever. Employers come and go and firms and governments need to be prepared for that.
- Knowledge base: the new economy is knowledge driven. Knowledge is the main asset of businesses worldwide. All businesses must be "cutting edge" to remain competitive. Higher skills are required to realize the potential of technology and productivity.
- Networking: businesses are mostly inter-dependent, and are not working in isolation anymore. Cutting-edge firms outsource specialized needs to other firms.

Blakely (1989:67) formulated the "Synthetic Theory of LED". This theory was formulated as an integrated approach to LED and consists of the following aspects, taking into account the classic development theories of the past: the value of people, based on supply of labour; improved economic base; improved institutional relationships; quality of environment; technology and innovation; research, local knowledge, and good governance. Figure 2.1 illustrates the integrated approach developed by Blakely.

Figure 2.1: The integrated approach to development



Source: Blakely, (1989: 67).

2.3.3.9 Role of government in economic development

There is no global consensus on when or how government should intervene in the economy or what should be the focus of any interventions. Possible approaches to government intervention are summarised as follows (Koven & Lyons, 2003:4-18):

- The Laissez-Faire approach: government intervention is limited. In 1776, Adam Smith formulated the idea that government controls and interventions could be harmful to economic development. The market is self-adjusting, without the need for an external body, such as government. Smith's theory is associated with today's principles of capitalism. In a practical way, Smith's theories are related to lower taxes, less regulations and compact government. Porter (1985:15) stated that the market will find its own solutions to economic issues. A region should focus on its comparative advantages which will enhance the wealth of the entire nation. Porter's statement is based on Ricardo's law of comparative advantage. He believed that every nation or region has the inner ability and resources to produce a product or commodity more effectively than other region or nations. Cost of production is dependent on natural resources, skills of labour force and technological capabilities.
- Mixed-market approach: public interventions are needed to address market failures. Mixed market actions could include growth stimulation through public works projects; prevention of monopolies; provision of services such as education, food security, housing, health, skills training, recreation; and regulations and legislation to balance public and private interests.
- Top-down approach: government should stimulate the local economy and encourage production, by removing stumbling blocks regarding factors such as labour, land and capital. A smaller compact government needs less tax and less tax means more spending of income. Government should allow incentives to promote the economy. Keynesian economic theory supports strong government intervention in the economy and rejects the idea that the economy is self-regulating. Capitalistic economies could drive unemployment high and pro-active government interventions such a public spending, and interest rate cuts could prevent market imbalances. Government can fine-tune local economies in times of growth and recession.
- Bottom-up approach: this approach could assist business to find markets, and assist entrepreneurs.
- The location approach: modern locational factors are labour costs, proximity to markets, proximity to resources and supplies, quality of life and transport cost.
- Export approach: economic development is linked to the level of export of goods and services to other localities. A region's growth is a function of its export performance, with a net export ratio. Export leads to increased income levels, increased technology, and higher productivity.
- Innovation approach: high levels of innovation, technology will lead to the creation of unique products that will lead to export and economic development.

According to Koven and Lyons (2003:52), economic development tools include financial incentives, grants, loans, tax policies, land development, development zones, human resource development, economic research and marketing. These aspects relate to the concept of the developmental state. Such a model includes a state with decentralized powers, partnerships, poverty projects and environmental management (Munslow, 2001:508). According to Turok

(2008:3), the development state concept is an attempt to bridge the gap between a centrally planned economy and a free market economic system.

2.4 SUSTAINABLE DEVELOPMENT

Sustainability relates to "a delicate balance between economic growth and environmental preservation" (Todaro & Smith, 2011:457). The classic definition of sustainable development refers to "meeting the needs of present generations without compromising the needs of future generations" (World Commission on Environment and Development, 1987:4).

The economy and ecology needs to be integrated. O'Hara (1998:45) stated that "sustainability addresses the relationship between economics and the environment and focuses on the limitation of economics itself. Sustainable development is a continuation of the principles of economic development but with more emphasis on the social well-being of people and the introduction of the environment as a major component". Sustainable development is based on economic principles but more focus is placed on the social well-being of people and the environment as main components. The effect of economic growth at all cost on the environment is a key factor in sustainable development (Mahlatsi, 2010:183).

Three models of sustainable development have been formulated (Tladi, 2007:168) namely, an economic development model, an ecology-centred model and a human needs-centred model. Future development and overall quality of life is critically dependant on the quality of the environment. Policy makers must, therefore, have a long term vision and should include environmental accounting in any economic development policy (Todaro & Smith, 2011:467). The following policy options are proposed by Todaro and Smith (2011:496) for governments of developing countries with regard to sustainable development:

- Re-evaluate resource pricing including subsidies;
- Increased community involvement;
- Clearly defined property rights;
- Programmes to improve the economic opportunities of the poor by providing for example irrigation and sustainable farming techniques;
- Raise the status of woman;
- Improve emissions policy; and
- Pro-active programmes against environmental degradation.

The requirements for sustainable development, as listed by the IIED (2000), include a stable political system, effective participation, an economic system that provides solutions to unbalanced developmental patterns and production needs that take into account ecological systems. The concept of sustainable livelihoods is a global way of looking at how to respond to the needs of the poor. A livelihood is sustainable when it can cope with and recover from stresses and shocks, to

maintain and enhance its capabilities and assets now and in future, while not impacting negatively on the natural environment (IIED, 2000).

The rural poor, in terms of sustainable livelihoods, needs to have five types of assets for survival with a safety net, namely natural assets such as land, water and wild life; social assets such as networks, groups, relations, friends and access to institutions; human assets such as skills, knowledge, ability to work; and good wealth, physical assets such as transport, shelter, water, energy and communications; and financial assets such as savings, credit, and pension. Poor people, especially the rural poor, are vulnerable to a range of challenges. Reducing vulnerability is done by creating safety nets for the poor. Improvement in livelihoods are based on more income, better access to assets, improved quality of life/well-being, reduced vulnerability, and improved food security (IIED, 2000).

The promotion of sustainable development and rural development is contained in Chapter 14 of Agenda 21. Agenda 21 is a comprehensive plan of action and includes principles for sustainable development as adopted by 178 governments at the United Nations Conference on Environment and Development (UNCED) held in Rio de Janeiro, Brazil in 1992. In order to improve sustainable rural development, it is required that education and skills need to be improved, provision of economic incentives, application of appropriate technologies, production for local markets, creation of employment and income opportunities and natural resource management and environmental protection are needed. Integrated planning and management of land uses are required. Food security in an environmentally sound way is also a key priority. Rural areas are especially dependent on a quality environment due to the fact that rural livelihood are dependent on local natural resources (Habitat, 2012). Sustainable development practices will assist in the reduction of poverty and equality.

2.5 POVERTY AND INEQUALITY

“No society can surely be flourishing and happy, if the greater part of the population is poor and miserable” (Adam Smith, 1776). In this section the concepts of poverty and inequality and its linkages with rural development will be discussed. The two concepts of poverty and inequality are also the two main challenges for South Africa as indicated in the National Development Plan (NDP) as compiled by the National Planning Commission (NPC, 2011a).

2.5.1 Concepts Defined

The World Bank (2001:1) defines poverty as “a situation where an individual lacks command over commodities that are deemed essential to realise a reasonable standard of living”. According to Wilson (1996:20), poverty research has mainly concentrated on the economic realities of our time with the formulation of poverty measurement tools and the refinement thereof. Poverty research has, so far, paid relatively limited attention to the causes of poverty and the strategies on how to resolve it. According to Samad (1994:35), the causes, consequences and explanations of poverty have not being adequately addressed.

Poverty is part of a wider debate on development and underdevelopment. Development with a focus on poverty alleviation should be people-centred and not only be about objects. This has major implications for strategies regarding poverty alleviation (Van Zyl, 1994:14). In the search for strategies and understanding of poverty, knowledge should be drawn from the wider body of knowledge accumulated in the general field of development economics. The complex relationships between policies, development, participation and equality will provide the key to policy formulation regarding poverty alleviation solutions (Slabbert, 1997:17).

In Europe, poverty research is focused on the lack of resources at the disposal of individuals or households, inadequate social participation and integrating the poor in the society (Wilson, 1996:26). In the United States (US), the causes of poverty are listed as demographic, neighbourhood effects, culture and the labour market (Miller, 1994:19). In South Asia, four theoretical framework approaches of poverty have been identified. Firstly, a neo-classical approach based on market led development; secondly, a historical creation of poverty through conflict of interest; thirdly, a cultural poverty approach, where the victim is blamed and not the system; and lastly, a participatory approach, where the poor themselves alleviate the problem (Silva & Athukurala, 1996:65).

Poverty could be seen in a narrow or broad sense. In the narrow sense, poverty could be described as a lack of adequate income. In the broad sense, it includes aspects such as housing, health, education, access to services and resources. Poverty can also be viewed in a minimalistic or expansive way. The minimalistic view of poverty is where the poor is unable to survive and a more expansive understanding is that the poor finds it difficult to fully participate within communities (SPII, 2007:10).

According to Todaro and Smith (2011:234), the two concepts can complement each other subject to factors such as the poor having more children with no access to credit. If this could be reversed it will lead to higher per capita growth. The rich section of the population needs to save and invest more in the local economy. The nutrition and health of the poor must be improved in order to improve productivity and economic growth. An increase in income of the poor will lead to increased spending and local demand, and the reduction in poverty will allow larger participation in the economic development process. Table 2.5 provides a comprehensive summary of the poverty situation in selected countries across the world, including South Africa.

Table 2.5: Rural poverty dynamics

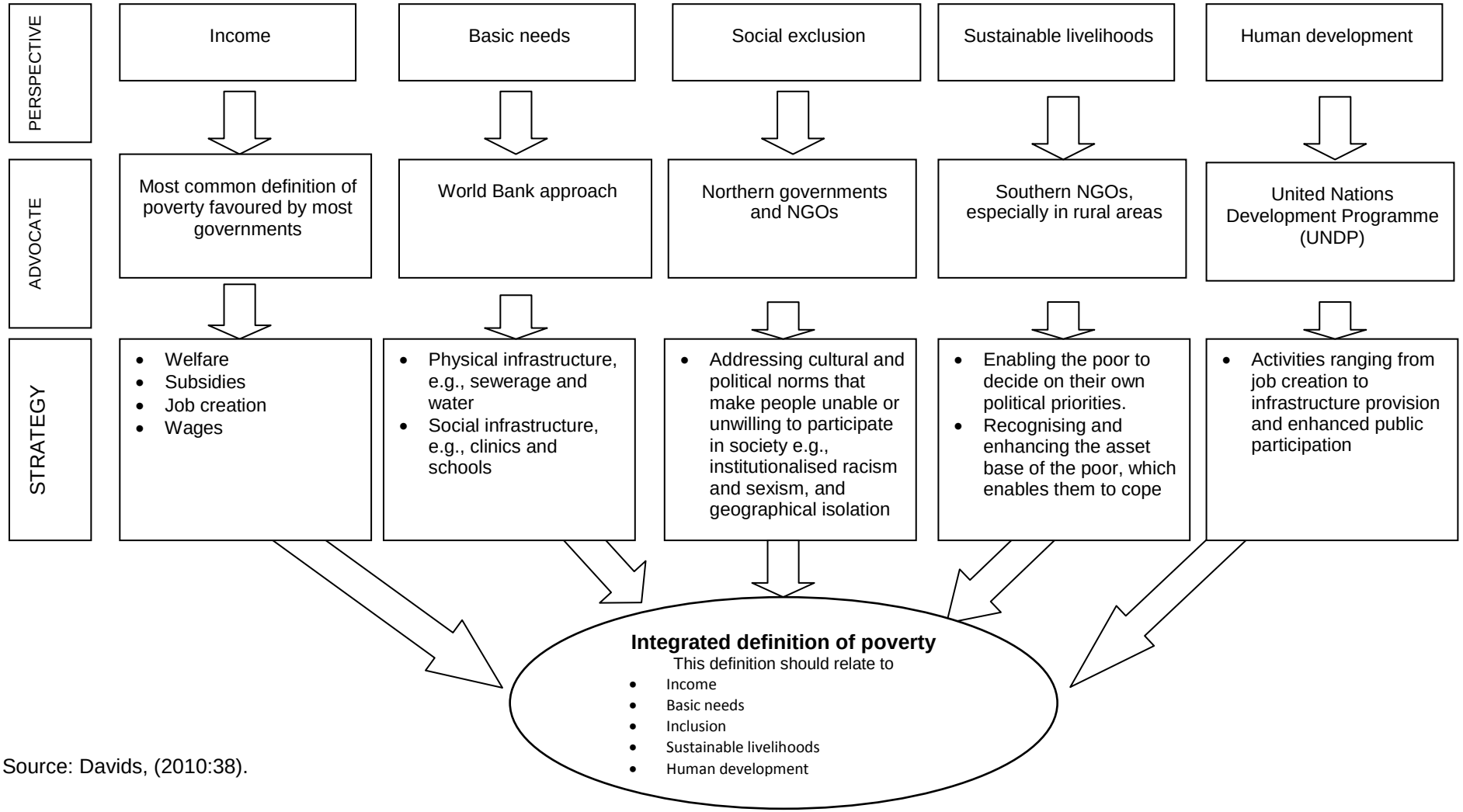
Country	% of population never in poverty	% of population that have exited poverty	% of population that have entered poverty	% of population in chronic poverty
Egypt	58.7	8.3	19	15.9
Ethiopia	40.3	18.3	18.6	22.8
Indonesia	64.2	19.7	9.6	9.6
South Africa	**9.8**	**5.3**	**32.5**	**52.4**

Uganda	39.4	31.5	11	18.1
Tanzania	42.8	14.2	24.2	18.7
Vietnam	20.4	39.2	12.2	28.1

Source: IFAD, (2011: 57).

From this table South Africa's poverty crisis is evident. Only 9.8% of all people have never felt the impact of poverty, a limited number of people have successfully exited poverty in the past, and more than 52% of the total population are captured in chronic poverty. Large proportions of the population in poverty reside in rural regions and small towns in South Africa. Figure 2.2 lists the different perspectives on poverty.

Figure 2.2: Different Perspectives on poverty



Source: Davids, (2010:38).

According to the World Bank (1997:4), the following are the main causes of poverty namely: inadequate access to employment opportunities, lack of physical assets such as land and capital, lack of markets for goods and services, inadequate participation of the poor in programme design and lack of access to social services. Table 2.6 lists the main determinants of poverty.

Table 2.6: Main determinants of poverty

Regional characteristics	Isolation/remoteness, including less infrastructure and poor access to markets and services. Resource base, including land availability and quality. Weather (e.g., natural disasters or droughts) and environmental conditions (e.g., frequency of earthquakes). Regional governance and management.
Community characteristics	Infrastructure (e.g., is there piped water, access to tarred road). Land distribution and reform. Access to public goods and services (e.g., proximity of schools, clinics). Social structure and social capital.
Household characteristics	Size of household. Dependency ratio (i.e., unemployed aged and young relative to working age adults). Gender of head of household or adults. Average assets (typically including land, tools and other means of production, housing). Employment and income structure (i.e., proportion of adults employed, type of work). Health and education of household members.
Individual characteristics	Age, education, employment, health status; and ethnicity.

Source: World Bank, (2005:132).

Communities living in poverty, especially rural communities, have similar characteristics, such as the poor are generally located in rural areas, they are engaged in mostly agricultural activities, they are likely to be women and children (youths) and government spending is usually focused on urban areas away from rural areas where returns on investment is limited. Therefore, policy should focus on the rural areas and specifically the agricultural sector (World Bank, 2001).

Poverty eradication actions need to lead to improved quality of life for the poor. The implementation of such strategies leads to increased productivity as a result of improvement in health, skills, education and a healthy workface, smaller family sizes, healthier and cleaner environment, and improved inequality levels. Prolonged poverty has large scale socio-economic damage to a specific society (Streeten, 1998:2). This situation is evident in rural South Africa.

Inequality is a much broader concept than poverty. It analyses an entire population, not only those below the poverty line. Inequality is concerned with the unequal distribution of rights, freedom, opportunities, education, jobs and human potential (Coudouel et al, 2002:47). It should be noted that even if poverty does not assume inequality, measures of inequality are useful in the evaluation of poverty (Slabbert, 1997:62). Both poverty and inequality have been closely

associated within economic and social studies. The two concepts do not change at the same pace or time and may take different directions.

Income inequality for example, is the disproportionate distribution of the total national income among households within a country. Income inequality is usually presented via the Kuznet's ratio, a measure of the degree of inequality between high and low income groups. Another way of indicating income inequality is by means of the Lorenz curve. High income inequalities lead to economic inefficiencies, unstable social systems, a lack of solidarity, and, finally, the feeling and perception is that high levels of inequality is unfair and will eventually lead to uprisings of the poor (Todaro & Smith, 2011:205-220).

2.5.2 Categories and approaches to poverty

The different categories of poverty are as follows:

- The type of local economy: inadequate internal resources are available to sustain life above the poverty line for the majority of the population in, e.g., China, India and Rwanda. Poverty exists as a result of a specific growth pattern of a region and where a re-shaping of the growth path may result in major reduction in poverty, e.g., in Malaysia, South Africa and Latin America. Poverty is caused by the failure of the state in terms of policy implementation (Wilson, 1996:18).
- GNP per capita: should be supported by a Gini-coefficient analysis to indicate the degree of inequality in an area as it does not analyse the poverty distribution of income (Todaro, 1994:131-142).
- The first world versus the third world: in the first world or developed world, poverty is a minor problem. The approach combines the concepts of income related measurement with living conditions (Ringen, 1988:352). In the third world or developing world, the majority of people fail to achieve minimum acceptable living standards. The focus is mainly on a lack of food and malnutrition (Novak, 1996:51).

The following poverty approaches are listed:

- Pro-poor approach: this approach involves the combination of job-creation with labour-intensive growth, as well as the development of human capital of the poor through long term social development. Sustained growth could serve to reduce poverty but the improvement of health, literacy and education of the poor allows them to achieve their potential as part of the growth cycle (Weiss, 2003:10).
- Absolute approach: this approach to poverty is based on the concept of subsistence, which describes the minimum basic needs to sustain life, and being below this level therefore is to be experiencing absolute poverty (Alcock, 1997:68). According to Holman (1978:2), the income of the very poor falls below the subsistence level. Subsistence is measured in terms of necessities such as food, education, health and shelter. This could also be called the basic needs approach.

- Relative approach: in this approach, which is a subjective approach to poverty, the resources of the poor are significantly below the rest of the specific community. This means that this section of the community has income that is constantly below the level that would allow them to attain a specific average standard of living (Alcock, 1997:69). Noble et al (2004:4) states that relative poverty relates to three perspectives, namely, in relation to living standards of a reference group, in terms of resources required to fully participate in society, and with reference to national income/expenditure.
- Monetary approach: poverty is identified as a shortfall of monetary income from a specific poverty line. This approach could either use income or consumption as an indicator for the level of poverty. The use of consumption, based on a household survey, is the better indicator to measure poverty than income (Coudouel et al, 2002:30).
- Capacity approach: poverty is defined as a failure to achieve certain minimum or basic capabilities. Well-being is seen as freedom to lead a life that results in the realization of human potential (Sen, 1983:41). Nussbaum (2000:74) lists the following basic capabilities as essential to a full human life: normal length of life; good health and nutrition; adequate shelter; good education, which will lead to migration, ideas, ability to do practical reasoning and life planning, social interaction, respect for living and other species and control over your environment.
- Human scale development approach: this definition needs a distinction between needs and satisfiers of these needs. Needs include of being, having, doing and interacting or needs of subsistence, protection, affection, understanding, participation, idleness, creation, identity and freedom (Max-Neef et al, 1989:17).

Max-Neef (1992:206) formulated a comprehensive matrix of poverty needs and satisfiers. This is outlined in Table 2.7.

Table 2.7: Matrix of poverty needs and satisfiers

	Being (personal or collective attributes)	Having (institutions, norms and tools)	Doing (personal or collective actions)	Interacting (spaces or atmospheres)
Subsistence	Physical health, mental health, equilibrium, sense of humour	Food, shelter and work	Feed, rest and work	Living environment and social setting
Protection	Care, adaptability, solidarity, autonomy	Savings, social rights, security	Co-operate, prevent, plan, help	Living space, social environment
Affection	Self-esteem, respect, tolerance, passion	Friendship, family, relations	Emotions, share, take care.	Privacy, togetherness
Understanding	Receptiveness, curiosity, discipline	Teachers, education	Investigate, study, educate, analyze	Schools, universities
Participation	Adaptability, respect, willingness, passion	Rights, privileges, responsibilities, duties	Affiliation, share, obey, interact	Participatory interaction, parties, churches
Leisure	Curiosity, imagination, receptiveness, sense of humour, lack of worry, tranquillity	Games, spectacles, clubs, parties, peace of mind	Day-dream, brood, dream, recall old times, give way to fantasies, remember, relax	Privacy, intimacy, spaces of closeness, free time, landscapes, surroundings
Creation	Passion, determination, intuition, imagination, boldness, rationality, autonomy, curiosity	Abilities, skills, work	Work, invent, build, design compose, interpret	Productive and feedback settings, workshops cultural groups, audiences
Identity	Sense of belonging, consistency, differentiation, self-esteem, assertiveness	Symbols, language, religions, customs, reference groups, groups, sexuality, values	Commit oneself, integrate oneself, decide on, get to know oneself, actualize oneself	Social rhythms, everyday settings, setting which one belongs to, maturation stages
Freedom	Autonomy, self-esteem, determination, passion, assertiveness, open mindedness, boldness	Equal rights	Dissent, choose, be different from, run risks, develop awareness	Temporal/special flexibility

Source: Max-Neef, (1992:206).

2.5.3 Measuring poverty and inequality

The purpose of poverty measurement, according to Kamanou (2005:2), includes aspects such as to identify the poor from the non-poor, to monitor poverty by composing poverty levels and to develop poverty profiles that describe characteristics of those in poverty. It should be noted that income is not the only measurement of poverty. Other factors include access to basic services, quality of life, crime and transport. Groups of people mostly affected by poverty are rural communities, woman, children, youth, the disabled, the elderly and families living with HIV/AIDS (ETU, 2012:4).

The following are methods to measure poverty within a specific community:

- Poverty line: The poverty line is defined as the value of all the goods and services necessary for a household or individual to maintain a decent standard of living. The specific poverty line is then used to determine how many people fall below such level (SPII, 2007:28). In South Africa, the household subsistence level (HSL) is used in most cases to determine the poverty line, although the minimum living level (MLL) is also used. The HSL is an estimate of the theoretical income needed by a household to maintain a defined minimum level of health and decency in the short term. The basket includes food, clothing, fuel, lighting, washing and cleaning material, cost for rental and transport (Potgieter, 1980:4).
- Head count index: This index provides for a number or percentage of people living in poverty. The formula used to calculate the index is the number of poor individuals divided by the total population (Ravallion, 1992:36).
- Poverty gap index: This index is defined as the short fall of the population from the poverty line expressed as a percentage of the poverty line. This index reflects the depth of poverty as well as its incidence. This index measures the per capita amount needed to eliminate poverty (Borooah & Gregor, 1991:357). This index can also be used to identify the potential for eliminating poverty by targeting transfers to the poor, which is the sum of the poverty gap in a population. Every poverty gap is then filled to the poverty line (Ravallion, 1992:32).
- Dependency ratio: The dependency ratio is calculated by dividing the total number of non-income earners by the total number of earners of a population. This ratio is most effective if analysed per household (Slabbert, 1997:57).

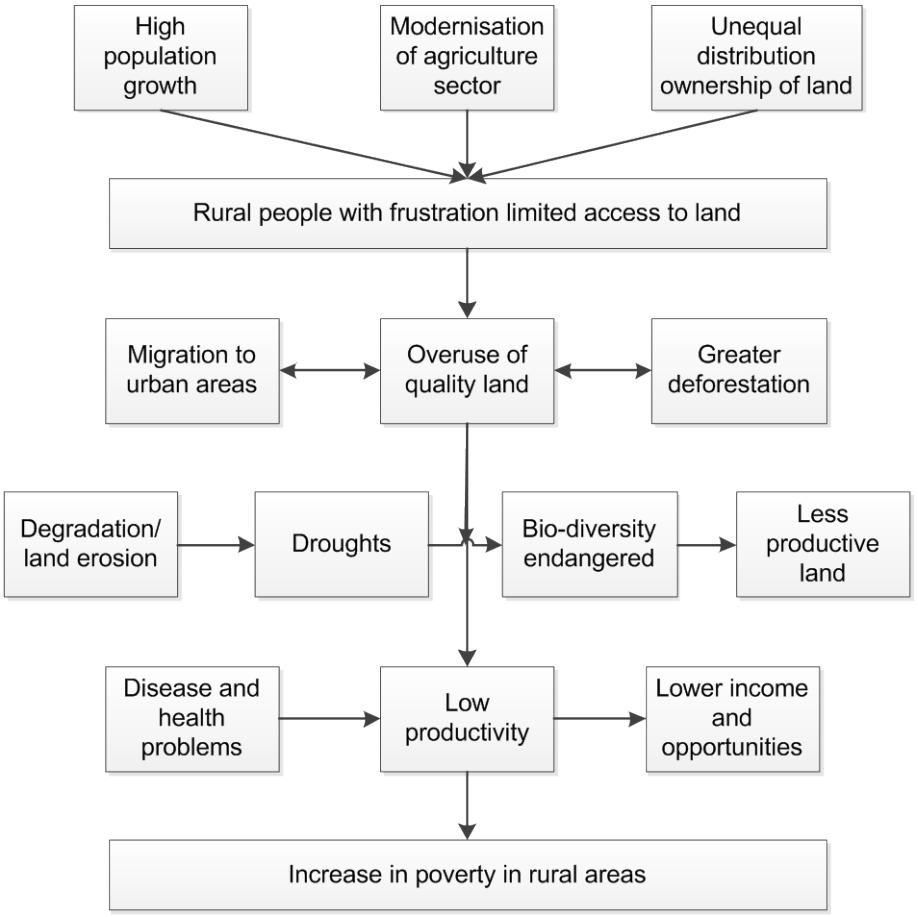
The tools to measure inequality are as follows (Todaro & Smith, 2011:208):

- Lorenz Curve: the more bowed the curve, the more inequality that exists.
- Gini-coefficient: this index measures inequality, which varies from 0 (absolute inequality) to 1 (high degree of inequality).
- Human development index (HDI): is a composite index, based on relativity. The index quantifies the extent of human development within a specific community or country. It is based on measures such as life expectancy, literacy levels, education and income. The indexes move between a maximum value of 1 and a minimum value of 0 (UNDP, 2003:286).

2.5.4 Poverty and the environment

Figure 2.3 provides an illustration of the relationship between poverty and the environment. Rural areas are dependent on quality environments for their livelihoods. The misuse of the environment as a natural resource is a common problem in rural areas. Quality land is a scare local resource due to lack of access to land ownership for the rural poor. The limited land available is then over-used leading to degradation of land, erosion and, eventually, low production.

Figure 2.3: The relationship between poverty and the environment



Source: ETU, (2012:27).

2.5.5 Policy options regarding poverty

Government interventions through policy implementation can address both inequality and poverty, and ensure economic growth. The main policy elements that are available to government could include altering the functional distribution of labour income, land distribution and capital, allow for improved income distribution by improved ownership and labour skills, reducing income levels at upper levels by progressive taxation and use additional tax collected in poor, rural areas. An increase in income levels at lower levels by lower tax scales and welfare contributions such as grants could also provide some respite to the rural poor (Todaro & Smith, 2011:242).

2.6 UNEMPLOYMENT

Unemployment and rural areas are seen as related concepts. Unemployment is a situation where members of the labour force are without work and are currently unavailable for work, and are seeking work (Barker, 1992:83). Unemployment could be defined in two ways namely in the strict or narrow definition where the "job-search test" applies and the broad definition of unemployment, which lists the unemployed as those individuals who did not search for work in a certain period of time, usually a four week period. The narrow definition of unemployment is mostly used is South Africa (Kingdon & Knight, 2005:4).

The following main classical schools of thought exist regarding causes of unemployment (Atkinson et al, 1996:241-243):

- The Classical view: unemployment occurs when wages are relatively too high and employers cannot afford to employ more workers. The influence of trade unions and minimum wage regulations play important roles. When businesses cannot reduce the level of wages in line with their business plans, they end up to not employing new people or even reducing their labour force.
- The Keynesian View: this view regarding unemployment is as a result of insufficient expenditure. Unemployment is associated with a lack of goods and demands of services.
- The Monetarist view: at any given point of time, in any economy, a natural rate of unemployment exists. The normal market focus of demand and supply will, in a cyclic process, eliminate unemployment. The role of trade unions and provision of suitable wage differentials are causes of unemployment.

Levels of unemployment have escalated on a global scale. Table 2.8 provides a summary of the levels of employment at the BRICS countries. As can be seen from the table, employment rates range between 71% in China to 41% in South Africa.

Table 2.8: Employment rate of BRICS countries (2008)

Country	Employment rate
SA	41 %
China	71 %
Brazil	63 %
Russia	58 %
India	55 %

Source: CDE, (2010).

South Africa is one of the countries with the highest unemployment rates in the world. A large portion of the unemployed population in South Africa resides in rural areas. Only 41% of the economically active population in South Africa are employed. Table 2.9 provides a summary of

the scale of unemployment in South Africa. Of a total population of approximately 50 million people in 2010, the economically active portion consists of approximately 32 million people or 64%. The total number of unemployed people, including people that are discouraged from looking for work, is 6.4 million people. The total official unemployment rate, based on the narrow definition, is 25% with a total employment rate of 41%. The labour force participation rate is 54% (CDE, 2010).

Table 2.9: Employment in South Africa: 2010

Economic active population (15 to 64 years)	Employed	Unemployed (narrow definition of unemployment)	Discouraged workers	Non-economic active
32.1 million people	13 million people are employed in total of which 9 million are employed in the formal sector, 2.2 million employed in the informal sector, 0.6 million employed in agriculture, and 1.1 million employed in private households as domestic workers.	4.4 million people are unemployed and actively looking for work in terms of the narrow definition of unemployment.	2 million people are unemployed and are not actively looking for work anymore.	A total of 12.7 million people Including 6.1 million students, 2.9 million home workers,1.8 million disabled/ill, 1.2 million to old or too young to work and 0.7 million other people.

Source: CDE, (2010).

Unemployment is a major problem in South Africa and especially rural South Africa. High levels of unemployment lead to other socio-economic problems such as poverty, inequality and rural decay. Unemployment is mostly concentrated in rural areas.

2.7 RURAL DEVELOPMENT

In this section, theory regarding rural development will be discussed with regard to rural extent, definitions of rural areas, rural development, rural participation, rural local knowledge, rural towns and regions. The role of agriculture and land reform, rural and urban linkages, women in rural development, rural risk analysis, and rural development solutions and opportunities are also discussed.

2.7.1 Rural extent

As many as 1.4 billion people of the total world population live in extreme poverty at less than $1.25 per day. More than two-thirds of the people living in poverty, reside in rural localities in developing countries. Most rural people, up to 80% residing in developing countries, are involved in the local agricultural sector (IFAD, 2011: 9). Despite large scale urbanization, poverty remains, to a large extent, a rural problem, with up to 70% of the world's poor people living in rural settings (IFAD, 2011: 47).

2.7.2 Rural areas, regions and towns defined

Buxton (1976:26) defined a rural area as an area which lags behind in population densities, in education facilities and in the power to control its own destiny, if compared to more urbanized areas. According to Bester (1994:5), rural areas in South Africa are characterised by traditional agricultural processes, low income families, lack of finances, a lack of technical skills, and high percentages of poor people of which large percentages are black people.

Djukanovic and Mach (1975) stated that rural communities could be characterised by the following criteria: economic stagnation and even decline in rural regions; utilization of traditional agricultural outdated methods; lack of diversity and access regarding employment opportunities; poor quality of life due to lack of security of availability of goods, facilities and money (basic needs); isolation caused by long distances and poor communication systems; and poor environmental health conditions, which expose people to diseases and malnutrition such as a lack of clean water and proper sanitation and insufficient health facilities. Until 1995, rural areas in South Africa were defined as an area where people do not live in formal proclaimed townships. In apartheid South Africa, many areas were developed in isolation without formal services. Many different definitions of rural areas exist in South Africa. These are as follows (IIED, 2000):

- Sparsely populated areas in which people depends primarily on agriculture and natural resources, including villages and small towns;
- Small towns and their hinterlands where the economic base is mostly agricultural related; and
- The whole of the Free State province is regarded as rural in nature.

The OECD (2006b:28) has the following guidelines regarding the classification of rural areas:

- The threshold population density of 150 persons per square kilometre.
- Predominantly rural area: more than 50% of the local population lives in rural communities.
- Significantly rural regions: 15% to 50% of the population lives in rural communities.
- Predominantly urban areas: less than 15% of the population lives in rural communities.

According to Duxbury et al (2009:23), rural areas are defined by population size and density, and distance from and access to services. Ashley and Maxwell (2001:397) listed the features of rural areas as spaces where human settlement and infrastructure occupy only small patches of the land, places where most people are involved in the agricultural sector, availability and relative cheapness of land, high transport cost due to long distances, and poor infrastructure.

In 2006, the Rural Health Strategy in South Africa provided guidelines for the categorization of different areas. These are as follows (Department of Rural Development and Land Reform., 2010a:10):

- Metropolitan areas: areas within metropolitan municipalities.

- Other urban areas: local municipalities with a large city that have mostly tarred roads, piped water and sanitation, with a wide choice of services.
- Close rural areas: local municipality that has towns and small towns and more than 50% of people live within 5km of tarred roads, piped water and sanitation, but with a limited choice of services.
- Deep rural areas: Local municipality that has small towns and less than 50% of people live within 5km from tarred roads, piped water and sanitation and people have very limited choice of services.

According to the CRDP framework of 2009, no national legal definition exists for rural areas, but listed a definition as "sparsely populated areas in which people farm or depend on natural resources, including villages and small towns that are dispersed throughout these areas". In addition they include large settlements in the former homelands, created by apartheid removals, which depend on their survival on migratory labour and remittances (Department of Rural Development and Land Reform, 2010a:15).

There is no universally accepted definition of small towns and urban centres in rural settings, since a definition will be influenced by the country's national spatial structure. Chapter 6 of this study will attempt to formulate an adequate definition of a rural area. In countries with huge populations such as India and China, a small rural town could have a population of up to 100 000 people and even more. In small population countries, a small town could have 2 000 to 10 000 people. Population thresholds are therefore commonly used for the categorization of rural nodes in the form of towns serving the surrounding region. Another method to classify rural town centres is on the basis of the diversity of functions delivered, within the nodal area and the surrounding region (Tacoli & Sutterthwaite, 2002:2).

A small rural town is defined as an urban area, formally planned and surveyed, with at least a range of public and private service providers such as retail, institutional and professional services, with inhabitants ranging from 1 000 to 35 000 people (COGTA, 2010c:6). Small town revitalization is an infusion of new energy that will give the town allure, for the local residents but also for visitors.

Small and medium sized rural towns, with their regions, play a very important part in the local economic landscape. A large proportion of the rural population resides in these towns, which also host a large share of the local non-farming economic activities (Satterthwaite & Tacoli, 2003:5). Economic activities in small towns are interlinked to the surrounding region through consumption, production, employment and financial links. Local development policies must recognise this relationship between the town and its surrounding hinterland (NRI, 2004:2). Factors which strengthen the economic relationships between small towns and their regions include (NRI, 2004:4):

- Their strategic locality and extent of local resources;

- The level of development and maintenance of transportation systems and infrastructure;
- Local economic and spatial policies, institutions and good governance;
- The availability of areas of high agricultural value and activities;
- Equitable distribution of land especially to the rural poor; and
- Diversified economic activities.

From a poverty reduction point of view, the small town play a potential major role in stimulating and sustaining the expansion of local and regional economic activity. Rural towns service as consumption outlets and local distribution points for local production of agriculture and non-agriculture products. The value-added functions in small towns through grading, packaging and processing are noteworthy. Other key developmental functions of small towns include provision of credit and finance, information, employment, health, education and facilities (NRI, 2004:3).

Small towns/centres play important roles within the region it is serving. Such roles are as follows (Tacoli & Sutterthwaite, 2002:2):

- Act as centres for production and distribution of goods and services to the surrounding region, especially for the agricultural sector. However, large commercial farmers also supply directly to larger urban areas.
- Act as markets for agriculture produce from surrounding regions. Value-added activities are important as well as good access routes to the markets within the region.
- Are centres of growth for non-agricultural industries. SMME development and the location of branches of large enterprises are found in small rural centres. The levels of development of such nodes are also dependent on infrastructure, facilities, finance, skills and education.
- Attract local regional rural migrants. Such migrants could have moved to larger urban areas. Small towns will attract rural migrants if opportunities exist.
- Play an important social development role with poverty reduction and rural development. Small towns have stronger social networks of family and friends than larger towns.
- Access to rural land is an important source of income and acts a safety net for small town residents.
- Rural urban centres and larger urban centres need to have a strong linkage to create mutual benefits.
- Small town traders in agriculture play a vital role to collect and find markets for produce in the agricultural sector specifically.
- Small towns provide the region with facilities such as health, education and urban dwellers with infrastructure and services.

Local government needs to formulate policies for small rural towns to ensure an optimal role within its rural region. Such policies need to relate to aspects such as improvement of infrastructure, access routes, and communication, decentralization of local decision-making powers which can increase linkages within the region and with other adjacent regions. Local decision-making with regard to resources and capacity can play a key role in development. Local capacity also needs to be extended, strengthening of local democracy, agricultural development strategies, access to land, skills training and support to SMME's (Tacoli & Sutterthwaite, 2002:5).

Revitalization of rural towns is of key importance for overall rural revitalization. Action plans on how to achieve this include maximizing of local potential and attractions, such as physical attractions, natural or man-made, support local produce in manufacturing and agro-processing. Support should also be given to specialized local products, support for local entrepreneurship and leadership, the strengthening of linkages with main economic hubs, and improve income levels, poverty and quality of life in such areas (Department of Rural Development and Land Reform, 2010a:8).

The development potential of a rural town is determined and affected by the following factors such as the local climate, quality of soil and agricultural potential, strategic locality within the region, accessibility and quality of access routes. Other factors affecting the development potential of rural towns are the complexity and extent of local economic systems, diversity of the local culture, geography and physical terrain, property rights, access to technology, level of entrepreneurship, quality of local leaders and lastly local spatial policies (Department of Rural Development and Land Reform, 2010a:13).

The global decline in rural towns could be related to a number of external factors such as declining populations due to migration, unstable world commodity markets in mining, agriculture and fishing (Davis, 2004:12). According to UN-HABITAT (2009:22), there is no single model or approach to a process of revitalizing towns. A one size fits all approach could not be implemented. In South Africa, and elsewhere in the world, there is a need for more integrated research to analyse and address spatial, economic, social and historical geographies of small rural towns (Battersby, 2012:322).

Lessons for revitalization of rural towns include (Department of Rural Development and Land Reform, 2010a:19-44):

- A single resource town is very vulnerable and diversification is important.
- Agricultural development and industrial development are needed for diversification.
- Local entrepreneurs and local leaders are the drivers for success.
- Partnership formation between business leaders, communities and government will ensure improved implementation of action plans.
- The allocation of social grants will not lead to sustained economic development, but only provides a safety net for those in chronic poverty.

- The small town revitalization process needs to identify key local economic sectors, development drivers and promote and support them.
- Strong town and region linkages are required for successful regional economic upliftment. It must be ensured that the region with its nodes is spatially integrated to allow the optimization of creation of economic opportunities.

Regional spatial planning plays a key role in small town and regional linkages. The traditional divide between urban planning and rural development is a major constraint in urban/rural linkages (Satterthwaite & Tacoli, 2003:6). Rural development is neglected in a urban (town) bias approach in spatial planning. The inter-linkages and dependencies between urban areas and rural areas are in most cases neglected. Another issue is that rural development is equated to the development of the agricultural sector only, which is a misconception (NRI, 2004:5).

2.7.3 Rural development

Rural development could be defined as "the positive advancement of rural people in rural areas through improvement of rural institutions and systems, expansion of rural infrastructure and growth in rural economic activities for a better quality rural life" (SARDQ, 2004). According to the World Bank (1997), rural development is "a process leading to sustainable improvement in the quality of life of rural people, especially the poor". Rural development can make a powerful contribution to the four critical goals of poverty reduction namely, wider shared growth and development within the rural region; household level access to basic needs; national and global food security improvement; and sustainable natural resource management.

Rural development is aimed at improving the countryside or peripheral areas, with a mostly agrarian character. The rural poor lacks basic needs, are powerless and don't have the ability to improve their quality of life due to social exclusion and poor governance. The rural poor have limited land ownership, access to capital, employment and opportunities to improve quality of life (Kakumba & Nsingo, 2008:110). Rural development, as part of poverty reduction, will require a multi-faceted approach from different dimensions of development including social, economic and political interventions (Van Rooyen, 2004:83).

Rural development should be people-centred and community involvement is of key importance (Sewpaul, 1992:10). Bjaras et al (1991:10) listed five factors which allow for effective participation of communities in rural development namely, needs assessment identification and prioritization, strong and effective local leadership, local community organizational structures, the identification of internal and external resources and maximum mobilization and management thereof. In terms of the Integrated Sustainable Rural Development Strategy (ISRDS)(The Presidency, 2000:5) rural development is defined as multi-dimensional and a much broader than poverty alleviation by means of social programmes. The process places focus on changing environments to enable an increase in the income levels of the poor, investment in local communities and contribute to the maintenance of social infrastructure. A successful rural development strategy will make people less poor, rather than comfortable in their poverty. Rural safety nets are applied where social

assistance is extended to rural poor to prevent hardship. Sustainable rural development is derived from increased growth and improved access to local resources.

Rural development, LED and partnerships are key components in revitalization of rural areas. The benefits of forming partnerships at the local rural level includes acceleration of new innovation, ease to establish local partnerships, ensures each partner shares in the benefits of the process, partnerships ensure access to more resources and partnership formation improves transparency and accountability (Rogerson, 2009:36). In addition to this, rural development includes improved provision of services, enhanced opportunities for income generation and local economic development, improved physical infrastructure, social cohesion, physical security, active representation in local decision making and effective provision for the vulnerable (The Presidency, 2000:19)

In terms of rural development, development agencies are moving away from only infrastructure development to institutional development, capacity building and enterprise development (Satterthwaite & Tacoli, 2003:10). Aspects such as flexible institutional coalitions, partnerships, participatory planning and management, demand-driven service delivery and the creating of an enabling institutional and policy environment are coming to the centre stage (NRI, 2004:5).

The core challenges of partnership formation in rural areas include a lack of awareness for benefits of partnerships, lack of capacity, red-tape procedures, poor project management, slow decision-making processes, lack of political will and lack of support and monitoring of processes (Rogerson, 2009:39). In South Africa, a large percentage of the poor and especially the black population, live in rural areas. These rural areas have limited access to water, education and employment opportunities. Resources and opportunities are not evenly distributed, resulting in a lack of quality of life in especially rural areas (Molefe, 1996:21). The lack of provision in the basic needs of the poor is a key issue in rural areas.

Resources in rural areas are limited and, according to Swanepoel (1992:15) and Molefe (1996:26), four types of resources are available and need to be optimized:

- Human resources: social structures can become obstacles to rural development, such as pressure groups, political views and church affiliations;
- Natural resources: rural resources such as water, climate, soil types, rainfall and mineral resources;
- Man made resources (infrastructure): includes resources such as roads, water reticulation, communication networks, electricity, etc. Such resources need to be provided by government. Quality of life is affected by absence of these resources. The basic needs approach is again applicable; and
- Organizational resources: local NGOs and entrepreneurs who can organize local communities.

Rural development requires not only economic aspects but also social aspects. Obstacles to rural development from a social point of view include illiteracy, resulting in an inferiority complex in local individuals; customs and traditions, for example, submission to traditional leaders and the inferior position of women in rural society; fostering dependency as people get used to being given hand-outs and subsidies and they cannot overcome that mind-set; and apathy as people accept their impoverished position as a way of life (Molefe, 1996:29).

A key strategy for rural development is intensive and quality public participation. The general belief is that involving local communities in rural development programmes have the potential to enhance local livelihoods and accelerate development. Public participation forms part of "New Public Management", which seeks to re-invent government by breaking rigid, traditional bureaucratic structures to open up government to transparency and accountability (Kakumba & Nsingo, 2008:108).

According to Brynard (1996:44), the following issues are important for public participation at the rural level, namely the provision of information to communities, obtain information from communities, lead to improved government decisions, projects and service delivery, ensure better acceptance of public decisions and projects by local communities, support and supplement public agency work, amend political decision patterns and equitable resource allocation, promote individual and minority group rights and needs, and prevent complicated, unacceptable public decisions. Public involvement needs to influence the social, political and economic processes and decision making by government (Kakumba & Nsingo, 2008:109).

2.7.4 Importance of indigenous knowledge in rural development

According to Makhura (2004:39), indigenous or local knowledge in rural development is of key importance for development of local communities. Knowledge about rural economic and social sectors, rural natural resources, rural institutions and governance, human development interventions, as well as social relations, is important factors for rural development. It is generally accepted that local economies, based on applied knowledge of local conditions, are more successful. Local knowledge needs to be utilized optimally in order to plan and produce. Knowledge of local conditions, resources and systems can create more resilient and robust economic plans than plans that are based on global principles. Economic planning based on local knowledge make such economies more competitive than those based on general "one size fits all" plans. Local knowledge based rural economies have the following additional benefits: a better understanding of the local economy and what specialized knowledge drives the most innovative and successful firms; improved linkages between firms (businesses) and local institutions for business support; improved strategies for promotion of innovation around local knowledge; and linkage of local knowledge to a broader regional economic vision. Rural indigenous knowledge systems (RIKS) have the following impacts on local economic development (Makhura, 2004:40-43):

- RIKS is seen as a commodity. Local knowledge is a source of information, as it is durable and retains value.

- Due to lack of protection of ideas and innovation, local knowledge by innovators and owners are kept secret. Innovative knowledge can be of more value if packaged in a product or service. An example is local medicine.
- Low value local knowledge exists in local natural resources, agricultural systems and local governance. Low value local knowledge will increase in value if it is preferred above knowledge from the outside. Examples include protecting, branding, displaying of local natural resources and cultural artefacts, branding and selling of methods for breeding and rearing of livestock and crops.
- Local knowledge transfer is based on goodwill and trust, and the process takes time.

In order to maximize the use of RIKS in local economic development, aspects that need to be taken into account include the determination of high and low value local knowledge, the creation of economic opportunities around local knowledge and improvement of the value of local knowledge. Other factors could include the use of local knowledge to create comparative advantages in the local economy, create a focus on local knowledge, local innovation and protection thereof (Makhura, 2004:45).

The advantages of utilizing rural local knowledge for rural development include the following (Chaminuka et al, 2004: 36):

- Allocation of higher levels of local content, which have been tested over time;
- Local knowledge is locality specific and not easily transferable to other areas;
- Local knowledge is of a low marginal cost and is available, allowing endless growth opportunities if applied correctly;
- The implementation of developmental projects without having regard to exiting local knowledge will have a high chance of failure;
- Local knowledge is hampered due to lack of capital, skills, technology and supporting infrastructure; and
- Rural local knowledge leads to innovative ideas, but due to lack of access, could limit the successful application thereof for economic benefits for local people.

Experience at rural knowledge centres (RKC) in India indicates that it had significant implications for poverty alleviation. RKC could provide information on issues such as HIV/AIDS, awareness and development programmes. RKC can assist in the collection and dissemination of information. This could assist communities to enable them to improve their own livelihoods. “Home-grown” solutions can result in sharing of information and improved projects. Farming and agriculture projects, especially, can benefit from local knowledge of local conditions (Chaminuka et al, 2004: 38).

2.7.5 Rural regions, agriculture and land reform

Gunnar Myrdal (1957:15), a Swedish economist and Nobel Laureate said the following, “It is in the agricultural sector where the battle for long term economic development will be won or lost”. Agricultural supply chains need improvement and reform to move from traditional to modern methods of agricultural production. Agricultural reform could include high price elasticity of demand for products, retailer led supply chains rather than a trader/producer led process, high value to volume ratio, high levels of processing, high levels of co-ordination of supply chain processes, limited number of specialist businesses, and a need for advanced logistical capacity (Henson, 2006:38).

In traditional economic development theory, the agriculture sector plays a supportive role, providing sufficient low-priced food and labour to the industrial economy. Kuznet noted that agriculture used to play four specific roles in economic development namely, provide inputs for industrialization including agro-processing, foreign exchange contribution, provide for rural communities with income and capital investment (Todaro & Smith, 2011:417).

The modern consensus is that agriculture must play a major role in economic development for developing countries and rural areas. An agriculture and employment strategy for rural development and revitalization should include the following basic components (Todaro & Smith, 2011:417):

- Improved output by means of new technology, improved institutions and price incentives;
- Increased demand for agricultural products from urban areas and well established rural and urban linkages; and
- Diversified rural economies in support of the agricultural sector.

If these aspects are taken into account, an integrated rural development strategy is required. This implies a broad spectrum of rural activities, including a small-farmer agricultural progress, the provision of physical and social infrastructure, development of non-agriculture industries and to build the capacity of rural communities to sustain growth over a prolonged time (Todaro & Smith, 2011:417). Poor performance in the agricultural sector in developing countries is due to neglect of the sector by the specific governments. The impact of agriculture on the local economy of a country or region could be characterised as follows (Todaro & Smith, 2011:424):

- Agricultural based countries/regions: agriculture makes up a large share of GDP, up to 32%. More than two-thirds of the poor communities live in rural areas.
- Transforming countries/regions: some 2.2 billion rural people live in these countries. Agriculture contributes only 7% on average to GDP.
- Urbanized countries/regions: rural-urban migration has reached saturation and agriculture contributes even less than 7% of the GDP. Large percentages of the poor population reside in urbanized areas and large cities.

According to Herrich and Kindleberger (1995:333), improved access to agricultural land in rural areas is critical for rural development. The dimensions of land tenure include security of tenure, land reform to ensure the rural poor has assets as part of their safety net, establishment of co-operatives, allocate access to water rights, common pastures, storage facilities, credit, housing and, lastly, it should be realized that land tenure involves much more than allocation and transfer of land. Government policy to redistribute land is a difficult process even if existing land owners are willing to sell their land. The challenges could include aspects such as lack of farming skills of beneficiaries, lack of maintenance of farming equipment due to lack of interest and attitude and government inputs and support are needed to sustain the process in terms of credit, transport links and storage facilities.

2.7.6 Rural and urban linkages

Rural development is, to a large extent, dependent on linkages within the rural region and beyond. The lack of facilities, opportunities and fulfilment of aspirations in the rural environment forces people to migrate to urban areas (Molefe, 1996:22). In terms of the central place theory, rural towns do not grow independently. The region or hinterland surrounding a town sets it up to do tasks and functions. Economic activities in the region are reflected in the rural towns, which are the central service centre of the region (Myburg, 1978:25).

Rural to urban flows and linkages can be understood as spatial and sectoral in nature. Spatial resource flows include movement of people, goods, wages and finances. Sectoral linkages refer to the relationship between similar activities located in both rural and urban areas such as small enterprises and horticultural production. Focus areas for rural/urban linkages include migration issues and policies regarding land use planning, access to land for rural and urban dwellers and environmental management (Davis, 2004:30).

Rural and urban development policies should be integrated which could include aspects such as land use management systems, development zone strategies, planning bodies, employment plans, labour law policies and social welfare initiatives. Other policies could include development incentives and regulations, land reform strategies, services distribution and provision of services such as water and electricity, environmental planning and management, education and skills training (Davis, 2004:32).

Effective institutions could assist in creating an enabling economic environment in the rural and urban areas of a region. Improved institutionalization can be achieved by means of inter-sectoral communication, strengthen local government, high levels of community participation, improved links between communities and politicians and partnership development. Local community inputs, views and participation are of great importance for rural development and rural/urban linkages. Such a participation process linked to a rural/urban interaction framework, could include the establishment of structures and institutions to strengthen rural/urban interactions for improved co-ordination; support and service delivery; formulation of policies to support rural livelihoods; formulation of policies to slow down rural migration; the formulation of policies to improve

rural/urban food chain supply and food security; provision of improved access to financial services; and capacity building and training programmes (Davis, 2004:3).

Government policies, on a global scale, favour urban areas and cities rather than rural areas. Cities will continue to be more attractive places to live than the rural hinterlands. Rural-urban migration will continue while public spending is biased towards urban users. Services such as infrastructure, social services, education and transport are lacking in rural areas if compared to urban areas (Herrich & Kindleberger, 1995:399). The concentration of investment and development by means of public policy attracts people to cities to flood in from the country side, and the slums multiply even faster than the magnificent structures in the cities (Lewis, 1966:827). Rural-urban migration is responsible for informal urban settlements, especially in developing countries and regions. Rural migrants constitute between 35 % to 60% of urban population growth. Accordingly, 90 out of 116 developing countries have initiated policies to slow down the rural-urban migration explosion (Todaro & Smith, 2011:317).

The rural-urban migration process overloads the urban job creation system with young, well-educated job seekers. This process depletes rural areas of valuable human capital. Urban job creation is generally more difficult and costly than rural jobs, due to resource input costs in the industrial and services sector (Todaro & Smith, 2011:334). In the developing world a rural migrant cannot expect to find employment on a full time basis. They become unemployed or at best find part time or casual work in the informed sector in urban areas. If migrants have high levels of qualifications, work is available. In general, potential urban jobs provides for twice the income value of a similar rural job. Therefore, despite high unemployment levels of up to 40% in urban areas, migration from rural areas will continue (Todaro & Smith, 2011:340).

Excessive urbanization leads to high levels of unemployment and social problems in urban areas. Urban job creation can lead to higher urban unemployment with rural workers streaming to the city where only one in four job seekers will find work over the long term. This type of migration could lead to lower levels of agricultural output in rural areas. The higher the level of education, the better the chance of finding employment. Higher educated and skilled people are therefore more likely to migrate, leaving the unskilled people in rural areas with no opportunities and lower income. The possibility of subsidised wages needs more analysis in order to restore the rural-urban unbalances and programmes of integrated rural development should be encouraged (Todaro & Smith, 2011:343). Todaro and Smith continue by providing some guidelines for a comprehensive rural migration and employment strategy. Such strategy should include aspects such as the creation of an appropriate rural-urban economic balance by creating of non-farming opportunities, access to credit, agricultural training, a social investment drive to rural areas and rural infrastructure, the expansion of small-scale, labour intensive industries through government investment, incentives and access to credit and through income distribution, the selection of appropriate labour intensive technologies focused on the agricultural sector, maximization of the relationship between education and employment by providing appropriate skills training, policies

to slow down population growth and the decentralization of government (Todaro & Smith, 2011:344).

According to Kofi Annan, former Secretary General of the UN “Cities will increasingly become the main players in the global economy” (UN, 2001). A positive association exists between urbanization and growth in per capita income. It is generally accepted that the higher the level of urbanization, the higher the level of development within a specific area (Todaro & Smith, 2011:312). Continued global urbanization will lead to increased unequal distribution of population in mega nodal concentrations, increased congestion and pollution in large urban areas, over-supply of labour, lower income and unemployment (Herrich & Kindleberger, 1995:402). In order to prevent over population in urban areas, rural/urban migration needs to slow down. Rural support policies could be considered and include issues such as to retard rural migration by providing rural infrastructure and public works projects; the deflection of migration to large cities towards medium sized rural centres with infrastructure, and incentives; and accept rapid urban growth and attempt to provide acceptable basic needs for all.

Rapid urbanization occurs as a result of the fact that large cities offer cost-reducing advantages of agglomeration, economies of scale, attractive localities, skilled labour, cheap transport, and social and cultural activities. The cost of social overloading, housing backlogs, escalating crime, pollution and congestion can, in some areas, outweigh any advantages of urban areas. Over-population due to urban bias has led to slum settlements representing over one-third of the urban population in developing countries. Urban bias by governments through urbanization policies, are also creating a widening gap between urban and rural economies (Todaro & Smith, 2011:315). The rapid rate of urbanization, especially in the developing world, has exceeded the rate of urban job creation and has, therefore, surpassed the absorption capacity of urban areas in developing countries and regions

In order for rural areas to have workable linkages with urban areas and to be successful rural regions four clusters need to be functional. These clusters include the following (Davis, 2004:6):

- Effective and implementable developmental policies and strong functional institutional frameworks;
- Infrastructure, services and markets;
- Entrepreneurial and skills development; and
- Intensive and wide-ranging stakeholder participation.

2.7.7 Women in rural development

Women in rural settings are primary caregivers, but also perform the majority of rural-based agricultural work. They have the responsibility to do farming work, household work and to earn an income. Most rural women work long hours of up to 16 hours on a daily basis and earn less income for the some work done by men. Rural women have less access to education and as a result have limited qualifications and low levels of skills. Women are also less represented in government and local leadership roles than men. In rural areas, men own most of the land,

resulting in less access to finance for women and less input in the agricultural production process, such as fertilizer. Women also have higher entry barriers to open businesses (IFAD, 2011:59-62).

2.7.8 Rural risk reduction

Rural people living in poverty are exposed to a number of risks. Such risks could include, depending on the specific locality of a community, personal and household risks such as ill health and the cost of cultural ceremonies; natural resource degradation; climate change; land tenure insecurity; pressure on common land resources; food price volatility; and government policies (IFAD, 2011:80-97). Rural communities can respond to these risks by providing an enabling environment for local people to prosper with access to opportunities, creation of community institutions, improved access to finance, reduction of exposure to shocks through social protection by means of safety nets in the form of subsidies and grants (IFAD, 2011:101-109).

2.7.9 Rural development: solutions and opportunities

Rural development and revitalization of rural areas are complicated and difficult processes to achieve. To achieve rural development success a strategic planning process is needed. The following section provides some ideas and possible solutions for rural development success which will be practically applied in later chapters.

The important cross region rural issues are (IIED, 2000):

- Strategic planning: the DFA and IDP processes have been introduced in South Africa as normative based methods of strategic planning at all levels of government, especially local government. These processes must be utilized on the local level to assist local municipalities to plan successfully for rural development in rural regions.
- Partnership formation with private sector: the private sector plays a vital role in spatial planning, job creation and incomes in rural areas. The current relationship between the public and private sectors is only based on delivery of services by the relevant local authority and not as partners in rural development. The partnerships need to be extended and improved.
- Rural/urban linkages: linked to health services, employment (farmers moving to towns from farms), housing provision, planning products and markets, educational facilities, and transportation.
- Participation: improved participation in all strategic planning processes are required by local rural communities. The extent of rural development depends on the intensity and quality of participation. Communities that are fully involved in planning processes through public participation are more informed, more responsible and ensure improved implementation of developmental and community projects.
- Planning based on up-to-date information: good information leads to good planning and decision making processes. An example of collection of local information is through community surveys.

- Linkages between all spheres of government: good linkages through services, support and capacity building between all spheres of government is essential for successful rural development.
- Role of funders/donors: the role of external funders and donors are important in building capacity and importing new methods to improve services and product development.
- Lack of institutional sustainability: poor governance will prevent rural development. Poor rural town and regional management will lead to stagnation and deterioration of rural areas. Local government must take the lead in rural development by creating enabling environments. A problem for rural local government is lack of finances due to non-payment for services. Capacity: rural areas lack capacity due to migration of people with initiative. Capacity at local government needs to be strengthened as a first priority.

Sectoral planning within a rural region could also allow for rural development. Key components that need to be included in a rural development plan are (IIED, 2000):

- Agriculture: agriculture is the main sector in any rural region. The National Department of Agriculture has the aim to promote agriculture with a focus on people, which have, in the past, been excluded from agriculture. This department also focus on development of agro-economic improvement, agro-industries, agricultural agro-vulnerabilities reduction, food security, disaster management systems, allow access to finance, settlement of farmers on state agricultural land and promotion of sustainable use of agricultural resources. The Department of Trade and Industry (DTI) assists with strategies and action plans to improve agro-industries. The Free State Department of Agriculture has its focus on the establishment of commercial farmers and historically disadvantages farmers. The Department assists with access to land, finance, knowledge, and market identification.
- Land: the Department of Rural Development and Land Reform is responsible for redistribution of land to the previously disadvantaged people. Land reform needs better co-ordination and should be accelerated. Land is a key priority for rural people.
- Water: provision of water for all households and access to irrigation systems for agricultural purposes is essential. In terms of the Water Services Act, the Department of Water Affairs is responsible for water source management and planning. Provision of quality water to rural people is an important aspect. Catchment management agencies have been established to prepare and implement plans for key river catchment areas. Various Water Boards are responsible for bulk water purification and supply to municipalities. Municipalities are responsible for distribution of the water to users. Every municipality must compile and implement water services sector plans. Rural people need 50 litres of water per day. Water-borne sewer systems place huge strain on local water services.
- Environment: local communities adjacent to local protected areas should benefit through employment opportunities and income. Skills development is needed. The National Environmental Management Act (NEMA) requires national, provincial and municipal

government to adhere to the requirements. The National Department of Environmental Affairs and Tourism (DEAT) is the co-ordinating and policy making authority. The Free State Provincial Department of Environmental Affairs focuses on environmental awareness, impact assessment and pollution control. Rural communities required quality local environments in terms of clean water, sewer, high quality soil and natural beautiful surroundings for rural development success.

- Infrastructure: adequate infrastructural capacity in terms of electricity, roads, water and sewer are required as basic needs for rural people. Internet networks are also deemed part of infrastructure.
- Education: education and skills training for pre-school to schooling and adult education are important. Skills training in applicable technical and business skills are needed. Rural education facilities, skills training opportunities and access are limited in rural areas. Education is a basic need.
- Health: health care in rural areas are limited in terms of facilities, skills and access. Health care is a basic need and must be provided.
- Welfare: welfare provision is a safety net in rural areas in which vulnerable people live. Provision of youth and pension subsidies for the needy are important. Rural facilities, skills and access are limited.
- Tourism: this sector has proven to provide opportunities for rural communities to become part of the local economy. An enabling environment needs to be created by the local government in the form of subsidies, relaxation of regulations and local incentives.
- Planning systems: local strategic planning tools such the IDP, LED, water and services plans, transportation plans, environmental management plans, water catchment management plans and spatial planning, need to be utilized to create a positive policy and implementation framework.

Opportunities regarding rural development exist in the increase in the agricultural sector regarding value added economic activities which could lead to growth in non-agricultural sectors such as agro-processing depending on population density and availability of labour. The factors which could maximize the non-agricultural sector include closeness and links with urban centres, transportation and communication networks, the impact of globalization, and the availability of renewable sources of energy. In this context, non-agricultural sectors need to be stimulated and promoted by a clear understanding of the local regional economy, local rural and investment policies, building of capacity and access to skills training, support small business development, creation of an enabling economic environment and lastly control of migration between rural and urban areas (IFAD, 2011:195-210).

Solutions for rural development include aspects such as promotion of small holder agriculture, which can have an impact on poverty, but will require increased production and more commercialization, as well as linked to established markets. Rural development strategies need a

broad and integrated approach. Such strategies must focus on agriculture, which is profitable and sustainable, with strong links with the non-agricultural economy. The overall rural environment needs to be improved with regard to infrastructure, facilities, services and governance (IFAD, 2011: 9).

Investment in education and skills development is a priority of rural development. An increase in the collective capabilities of rural people will provide security and power. Growth in the agricultural sector generates the greatest impact for rural people of all economic sectors (IFAD, 2011: 15). A 1% growth in GDP in a rural area, as a result of the agricultural sector in a specific region, will result in 2.5 times income increase to at least 30% of the rural population (Ligon & Sadoulet, 2007:15). For rural people to move out of poverty they need assets such as property, opportunities, and education.

The rural youth also need to be interested in rural activities by means of awareness campaigns. For more than twenty years, rural areas and the agricultural sector have declined, but a new movement has been initiated in recent years in a change in government policy due to the MDGs, climate change, concerns over food security and environmental sustainability issues. Agricultural intensification is required due to a growing demand for crops and livestock, improvement of inputs such as new technology methods, research and infrastructure, application of new farming cycles and mixed farming practices, and lastly policy and political support. Some of the major lessons learnt for rural development include the strengthening of support linkages between agricultural and non-agricultural sectors, provision of incentives to reduce risks, improvement in capacities of local role players, strengthening of agricultural markets, well integrated value chains and strong rural and urban linkages (IFAD, 2011:142-211).

Key market factors of importance for successful rural development include the formation of rural producer organizations such as co-operatives, investment in infrastructure, availability of information and communication, financial services, regional and global linkages to local value chains, labour intensive opportunities, and public/private partnerships (IFAD, 2011:126-141).

According to Todaro and Smith (2011:447), the key requirements for agricultural and rural development strategies must include the following components:

- The main objective must be to improve the level of quality of life of rural people by increases in small-farmer output, productivity and improvement in food security;
- Introduction of technology and innovation such as tools, seeds, irrigation, and fertilizers;
- Incentives and pricing policies;
- Institutional support;
- Increased food production and to promote a wider spread of the benefits of agriculture;
- Land reform processes to benefit the poor portion of rural areas;
- Provide access to credit;
- Promote non-farming incomes through industry and agro-processing;

- Provide education and health facilities;
- Ensure environmental sustainability; and
- Transport, infrastructure, communication and education should be the focus of investment priorities.

A basic economic development policy for a rural area should focus on four fields of interest (Herrich & Kindleberger, 1995:504):

- Frugality: savings need to increase;
- Efficiency: more efficient use of local resources of all kinds to yield increased returns;
- Humanity: the poorest members of communities must remain members of the soul of communities; and
- Common sense: logic must overcome technocracy, self-interest and corruption.

According to Davis (2004:11-27) rural development strategies could include the following aspects:

- Create an enabling environment that provides an attractive climate for economic development and fosters entrepreneurship including start-up costs, production costs, policy consistency, tax levels, regulations, labour laws, corruption levels, safety levels, economic infrastructure and enterprise support services.
- Effective mechanisms, processes and structures that address local needs including a bottom-up approach, pro-active government, access to finance and services. Key local organizations and role players include local business chambers and all spheres of government.
- Functioning and effective infrastructure: infrastructure such as roads, telecommunications, electricity, water, sewers, etc. Infrastructure development provides for comparative advantages and promotion of an enabling environment for an attractive investment climate. The challenges for rural infrastructure development include improved effectiveness of access (basic needs approach), to seek innovative low cost solutions and to allocate local private sector investment in infrastructure for sustainable development.
- Access to markets: rural entrepreneurs should have access to an increased range of markets to take advantages of the benefits of trade and globalization. To achieve this, firms need market information, market linkages, ease of the regulatory process regarding taxes and subsidies. The main challenges are the lack of economies of scale (volumes of production, transport, and storage), market domination and power, value added products and lack of market information. The establishment of business clusters could create economies of scale in rural areas.
- Support services and resources: access to financial resources and assets. Support services could include business advice, human capital and information services.
- Active participation: create a common vision and full participation for all stakeholders.

- Learning from success and failure: continued evaluation of activities and projects, review of roles and responsibilities, insights in new ideas and improvement in the rural/urban linkages.
- Management capacity and entrepreneurship levels within local business: co-ordination, facilitation and financial support. The types of support for enterprise development could include management and professional business support, institutional support, production support, product development support, financial support, marketing support, networking support.

According to De Satge (2010:15), key issues for successful rural development include the involvement of local communities in the planning and implementation process, understanding local gaps in livelihoods, basic needs, risks and vulnerability, ensure interventions with minimum input and maximum results for the majority of local people, and optimization of innovation and learning. According to IIED (2000), possible rural planning proposals for sustainable livelihoods could include decentralization of planning decisions, funding and responsibility to local role players, promotion of people-focused and poverty-based planning, expansion of local capacity for LED, conducting poverty audits, the inclusion of local knowledge in planning processes and decisions and the development of strong communication channels between officials, councillors, community development workers (CDWs) and the public (ward committees).

2.8 SYNTHESIS AND LIMITATIONS OF LITERATURE

Although synthesis and analysis have been done of the literature which was reviewed integrated in this chapter, the following are a summary of the researcher's views. In terms of the achievement of MDG's, South Africa is expected to achieve most of the goals. The availability of recent statistics and data is however a problem which affects the monitor and control of the system. The focus should be on at least the provision of basic needs. The basic needs approach provides for the enabling environment that is so required by local rural communities to improve quality of life, lessen poverty levels and levels of inequality. Rural development should be people-focused, taking into account local knowledge. Local resources determine the local development potential, creating an unequal distribution of economic and human activities. The sustainable use of the local resources will determine the successful development of a rural region.

In terms of economic development, South Africa needs to focus more on rural development with the provision of basic services. Economic development policy on a national sphere needs enough detail in order for local government to understand and implement such policy. Economic development needs to be inclusive, otherwise it will relate to economic growth without the improvement of quality of life and additional jobs created. The literature does not provide watertight solutions for South Africa's history of separate development. The isolated "townships" still exist although some tools within the fields of LED and spatial planning have been identified and implemented with some success. South African policy rather focuses on economic growth than on development for example the NGP and NDP.

Classic economic development theories are mostly based on systems of capitalism and based on developed economies. The rural areas and the agricultural sector are usually seen in a negative light and industrial development is seen as the solution and answer to economic development. This viewpoint has been proven incorrect and a balanced economic developmental sector approach is required. The “big push” theory requires a nation to come together and unite with one vision. The unity must be on such a level that dynamic cooperation and coordination will lead to high levels of economic development.

Already in 1966, Lewis recognized the principle that good governance is vital for development. Today government still has not realized the importance of the principles of good governance principles such as transparency and accountability. Economic development interventions needs to be appropriate and linked to effective institutional structures. The concepts of a “bottom-up” approach and “decentralized” government are well described in the literature but successful implementation requires capacitated local government with effective support from national government. The concepts of development economics, spatial planning, rural development and LED all relate to a type of government intervention. Government interventions can not be based on a “one size fits all” approach but requires comprehensive analysis regarding the needs and problems of a specific region in order to develop “best fit” interventions.

Rural development literature explains the conflict between pro-rural versus pro-urban policy development. The distinction between the two concepts is not clear. For example every region will have a different definition of what is rural. South Africa for example does not have an official rural development definition. The two areas must co-exist and the development of linkages between the two areas needs more research. Rural development is still in some instances misunderstood as only agricultural development without the inclusion of other sectors of the local economy or rural nodes and urban centres. The role of agriculture is important in rural development, but governments globally as well as in South Africa underestimates the role of this sector in economic development. Another aspect that is neglected in rural development is local knowledge, which concept could allow for solution for many of the rural development problems.

A lack of theory and approaches also exists regarding rural development aspects such as the process in the development, land reform and the impact on rural areas. Rural areas have since the 1960’s being neglected if compared to urban areas, but literature indicates that the situation is changing due to food insecurities, global warming, and scarcity of suitable land for development and agriculture.

2.9 CONCLUSION

As discussed in this chapter, rural areas could be characterized as regions with nodal points with low densities of economic activities and population. In most cases the regions are isolated and poverty and unemployment levels are high. The unequal distribution of resources leads to unequal distribution of population and economic activities. Through this process wealthy and poor regions are established within a spatial environment. A number of classical economic and development

economic theories were discussed, including location theories, which attempt to explain settlement patterns regarding economic activities within a region. The importance of rural and urban linkages was also discussed.

Rural development and revitalization is a difficult process and all aspects of communities need to be addressed including economic, social, environmental and political aspects. Rural development needs integrated and comprehensive plans for successful implementation. Some of the solutions for rural development include provision of basic needs, a people-centred approach and optimal utilization of local knowledge. Rural development solutions are unique for each and every region and a “one size fits all” approach will not succeed.

In Chapter 3 the tools for rural development and revitalization, as identified in this chapter, will be discussed. The tools for LED and spatial planning could assist in accelerated rural development if utilized in an integrated manner.

CHAPTER 3
TOOLS FOR RURAL DEVELOPMENT

3.1 INTRODUCTION

Rapid urbanization over the last few decades has led to overcrowding in large urban areas on a global scale. This process has resulted in the destruction of large areas previously utilized for agriculture and conservation. With rapid urbanization and population growth, global food security has become a major issue. People migrating to urban centres have found that limited capacity is left regarding living and working opportunities. This has resulted in rural areas being valued again for their contribution to economic development. Rural areas are starting to become popular again as areas that could provide quality of life and economic opportunities for its inhabitants.

In order to achieve dynamic rural development, all aspects of rural life such as the economy, social, welfare, environmental and political issues need to be addressed in a holistic manner. A comprehensive strategy therefore needs to be compiled for a specific rural area. In this chapter, two tools have been identified which could assist in the successful formulation and implementation of rural development strategies. Spatial planning could provide a spatial framework for rural development activities and LED initiatives to prosper. This chapter will analyse the two tools for rural development namely LED and spatial planning.

3.2 LED AS A TOOL FOR RURAL DEVELOPMENT

Linkages exist between LED, rural development and alleviation of poverty. A balance must be achieved between a “pro-growth” strategy and a “pro-poor” strategy. Poor rural people who are traditionally left out of economic planning, needs to be involved as active participants and have access to economic opportunities (Trousdale, 2005:4). The most suitable and applicable national economic policies could assist in problems of poverty and under development in rural areas through LED initiatives. Unemployment, which usually leads to increased levels of poverty, is a problem linked to the competitive position of place or locality (Reich, 1991:15). Tools and concepts such as employment and enterprise zones, for example in a central business district (CBD) of a town, could bring economic depressed regions into the new economy (Blakely & Bradshaw, 2002:24). The importance of inter-linkages between economic planning and spatial planning is evident from the above paragraph.

LED was initiated as a policy approach since the 1970’s by local governments, realising that businesses and capital will move to locations where competitive advantages are the most beneficial. Local governments gained a better understanding of the opportunities for, and obstacles to development and investment in a specific spatial locality by an analysis of their local economies. This improved understanding of the local economy, and communities, local governments attempted to expand their economic and employment base by devising and

undertaking strategic programmes and projects to remove obstacles and facilitate investment (Sekhampu, 2010:61).

3.2.1 Definitions and concepts

According to the International Labour Organization (ILO, 2006:2), LED could be used as a tool to find solutions to the threat or advantages of globalization by maximizing local resources and potential. Local economies need to find solutions and alternatives to improve and strengthen local competitiveness and comparative advantages to compete on a global scale. The challenge of LED is to find ways to maximize local resources and local knowledge to benefit all inhabitants within a specific geographical area.

Trousdale (2005:2) defines LED is a participating process where local people, from all sectors within a specific area, work together to activate and stimulate local economic activities, with the aim to ensure a resilient and sustainable local economy. LED is a way to create jobs, especially sustainable, decent jobs and to improve the quality of life of all people, including the poor.

LED must aim to reduce poverty by creating jobs and making the local economy grow. LED must allow community participation and focus on the poor. National and provincial government must play a major role in this process by formulating suitable policies, by providing funding and research support to local government (Education and Training Unit (ETU), 2012:1). In terms of policies by the National Research Institute (NRI, 2006:15), LED need to encourage local participation and consensus building to determine economic and social welfare initiatives for the area and the local community. LED must promote local ownership and partnership formation. LED can only achieve success if an enabling environment to stimulate new opportunities for economic growth exists in the local area. LED must attempt to improve governance and income generating opportunities.

According to Bartik (2003:1) LED is defined as the local economy's capacity to create wealth for local residents. Helmsing and Egziabher (2005:1) stated that LED is a process in which partnerships between local government, local communities and local business lead to improved management of existing local resources, to increase economic activities in a well-defined geographical territory. The LED process needs to assist with the improvement of local institutions and local systems through dialog and actions. The ILO (2006:2) lists five core features to define the content of LED strategies namely high levels of participation by all role players, focused on a specific territory, maximizing local resources, focusing on competitive advantages and lastly LED strategies should be locally compiled, implemented and managed.

The German Agency for Technical Cooperation (GTZ) stated that LED is an on-going process by which all local key stakeholders from public and private sectors work together to create local unique comparative advantages, removal of local development obstacles and strengthen local competitiveness (Ruecker & Trah, 2007:15). Meyer-Stamer (2008:7) defined LED as the ability of a specific area or locality or even region to generate increasing income and improve local quality of life for its residents. LED is ultimately an integrated approach with an economic focus. It is

geared at achieving sustainable development which must accommodate and integrate economic, social and ecological issues and objectives (Ruecker & Trah, 2007:15). LED is about all local economic activities to ensure that local markets function more optimally. LED attempts to remedy market failures such as to remove barriers to enter markets for small business and availability of information. LED is also about creating positive conditions for business development (Meyer-Stamer, 2003:2).

According to Meyer-Stamer (2003:3), LED is generally misunderstood at the local level. LED planning is not only an industrial strategy, or top-down planning, it is not only SMME development, it is not only regional planning, and it is not only community development through community projects. The key components of LED include sectoral focused strategies and action plans, partnerships between the public and private sector to attract and retain businesses, streamlined regulations and business support centres by local government to create an enabling economic environment, provision of mentorship and entrepreneurship development by local business communities and marketing initiatives such as annual local events. LED is not social work, but must create economic competitiveness, to ensure the specific locality is superior to other localities with a different range of resources. LED is driven by opportunities with a long term vision, with short term projects (Meyer-Stamer, 2003:5).

The following broad goals are listed for LED by Blakely and Bradshaw (2002:159). The most important goal is to create quality jobs for the local community and to ensure economic stability within a specific region. Other goals include the creation of diversity regarding the economic and employment base for a specific area. LED is an outcome based local initiative which is mainly driven by local role players. LED involves the identification and utilization of local resources, and ideas and skills to stimulate economic development. The creation of local jobs, will eventually alleviate poverty, redistribute resources more evenly and create opportunities to benefit all local residents (Mufamadi, 2001:1). According to Swinburn et al (2006:12), LED is a process whereby public, business and non-governmental sectors work collectively as partners to create a better quality of life for local residents through economic development. The purpose of LED is to build up economic capacity which will lead to higher income levels, higher production and higher expenditure. Trousdale (2003:9) stated that LED is a participatory process whereby local people from all sectors work together to stimulate local economic activities, with the aim to establish a resilient and sustainable local economy.

According to Sekhampu (2010:61), LED involves the identification and sustainable use local resources, ideas, knowledge and skills to stimulate economic development. The aim of LED is to create employment opportunities to the benefit of all residents including the poor. LED is an on-going process and encompasses all stakeholders in a local community involved in a number of different initiatives, aimed at addressing a variety of socio-economic needs in that community.

3.2.2 Historical development

The historical development of LED according to UN-Habitat (2005: 10) started in the pre-1960's. LED was at that stage based on national economic policies with a focus on direct investment. LED

projects were implemented through state controlled companies. The first phase was followed during the period from the 1960's to 1990's. This phase was characterised by limited stakeholder involvement, utilization of government funded incentives and promotions, and LED had its focus only on "hard" infrastructure development. The last phase includes the 1990's to current. This phase is characterized as using local initiatives for local solutions and development of "soft" and "hard" infrastructure be promoted. The use of multi-stakeholder partnerships is also of importance. In addition, the historical development of LED, as summarized by the World Bank (2008) and by Blakely and Bradshaw (2002:44), is listed below in Table 3.1.

Table 3.1: Three historical waves of LED

Wave	Focus	Tools
First wave: 1960s to early 1980s	During the first wave the focus was on the attraction of: Manufacturing investment, attraction of foreign investment, especially the attraction of foreign direct investment Hard infrastructure investment	Actions to achieve this: Massive grants Subsidized loans usually aimed at inward investment Tax breaks Subsidized hard infrastructure investment. Expensive "low road" industrial recruitment techniques.
Second wave: 1980s to mid 1990s	During the second wave the focus moved towards: The retention and growing of existing local businesses. Still with an emphases on inward investment attraction, but usually this was becoming more targeted to specific sectors or from certain geographic areas.	Actions to achieve this: Direct payments to individual businesses Incubators/workspace Advice and training for small- and medium-sized firms technical support Technical support Business start-up support Hard and soft infrastructure investment

Wave	Focus	Tools
Third wave: Late 1990s onwards	The focus then shifted from individual direct firm financial transfers to making the entire business environments more conductive for business development. During this third (and current) wave of LED, more focus is placed on: Soft infrastructure investments. Public/private partnerships. Networking and the leveraging of private sector investments for the public good. Highly targeted inward investment attraction to add to the competitive advantages of local areas.	Actions to achieve this: Developing a holistic strategy aimed at growing local firms. Providing a competitive local investment climate. Supporting and encouraging networking and collaboration. Encouraging the development of business clusters. Encouraging workforce development and education. Closely targeting inward investment to support cluster growth. Supporting quality of life improvements.

Source: World Bank, (2008) and Blakely and Bradshaw, (2002:44).

Blakely (2002:45) formulated the theory of three waves of economic development within a specific region. Table 3.2 below is a summary of the theory. He identified various components of the local economy such as strategic location, business, human resources and community base. Each of the components develop through the three waves to reach higher levels of economic development sophistication. In addition to the historical presentation as listed above in Table 3.1, the various economic "waves" of LED is listed in Table 3.2 below.

Table 3.2: Local economic development waves

Component	First Wave	Second Wave	Third Wave
Location	Attract outside businesses.	Reduce taxes and provide incentives to all businesses.	Build regional collaboration (rural-urban)
Business focus	Attract businesses from outside the region.	Assist local firms.	Create context for better relations among firms.
Human resources	Create jobs for local unemployed people.	Develop training programmes.	Utilize workforce training to build businesses.
Community base	Optimal use of physical resources.	Social and physical resources.	Leadership and development of quality environment.

Source: Blakely and Bradshaw, (2002: 45).

3.2.3 Components, approaches and processes

In this section the LED components, approaches and processes will be discussed as seen from various international specialists in the study field. Swinburn et al (2006:6) described the LED planning components, which compare to the strategic planning process. These are from vision

formulation, to formulation of objectives, to the identification of programmes and projects for implementation. Table 3.3 below is a summary of the LED components as listed by Swinburn. The LED process follows the strategic planning process from vision formulation as a planning phase to the implementation of projects.

According to Blakely and Bradshaw (2002:343), various components are required for LED organizational control within a specific region where the leading role and driving force is usually the local authority. These LED components should include ongoing research, provision of up-to-date information, marketing of the region, co-ordination of LED actions, a strong economic and planning component, and lastly a strong connection with the private sector through partnership formation.

Table 3.3: From vision to implementation: LED components

Component	Activity
Vision	Describes the preferred economic future of the area or region.
Goals	Based on overall vision, specify outcomes of the economic planning process.
Objectives	Establish the performance standards, activities. Time bound and measurable.
Programmes	Approaches to achieving goals. Time bound and measurable
Projects	Implementation. Prioritized, with costs. Time bound and measurable.

Source: Swinburn et al, (2006:6).

Table 3.4 provides a summary of the components of LED according to Blakely. Traditional components of LED are compared with the new, modern concepts of LED.

Table 3.4: Components of LED

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

Source: Blakely and Bradshaw, (2002:67).

A balance needs to be achieved between an all-out developmental approach versus an all-out pro-poor approach in LED planning. Social and environmental factors also need to be taken into account in this process. According to Blakely and Bradshaw (2002:54), the two main approaches to LED include a corporate centred approach with a focus on formal business and industrial development, and an alternative approach with a focus on the poor section of a community. Whatever the approach, LED policy should focus on an increase in the number and variety of job opportunities and diversification of economic activities. Local government need to assume an active role in this process (Blakely & Bradshaw, 2002:55). Table 3.5 indicates the two main approaches to LED with regards to policy formulation.

Table 3.5: Approaches to LED policy

Corporate Centred Approach (pro-growth)	Alternative Approach (pro-poor)
Private sector dominates local market decisions, with private sector the leading sector.	Private sector and market decision influenced by public sector interventions. Public sector the lead sector.
The public sector has the responsibility to create an economic and social climate conductive to private investment.	Public sector responsible for guiding private investment decisions to achieve the desired economic development outcomes.
Objectives favouring growth and tax base expansion.	Objectives favouring the creation of direct benefits for low-income and poor section of local communities.
Planning processes that are relatively inaccessible to low-income and poor section of the community.	Planning processes that are relatively accessible to low-income and poor section of the community.
Public resources provided as a means of accommodating and supporting the needs of private business/industry.	Public resources provided as a means of ensuring specific economic development alternatives to poor section of community.
Interventions in areas likely to generate growth (e.g. attraction of businesses from outside the region).	Interventions in areas likely to produce direct benefits for low-income and poor communities (e.g. retraining of displaced and unskilled workers).
Targeting of growth sectors (e.g. advanced services, high tech, tourism)	Targeting of growth sectors and sectors able to meet important economic needs of local communities.
Targeting to attract major businesses such as head quarters and branch plants.	Targeting and support of locally owned establishments.
Concentration of projects in specific business related nodes such as central business districts and surrounding areas.	Decentralization of project locations.
Emphasis on the creation of jobs for white-collar and highly skilled workers.	Emphasis on the range of local labour needs, including those of unemployed, unskilled and blue-collar workers.

Source: Blakely and Bradshaw, (2002: 54).

A large number of organizations and specialists in the study field such as the World Bank, Local Governance Support Program in ARMM, UN-Habitat, Blakely and Swinburn have formulated step-by-step LED processes. All of the LED processes have been analyzed (see also Chapter 6) and that knowledge will be utilized to compile a rural development process plan and model for implementation in Chapter 6. Due to lack of space, only a few of the processes as listed above will be listed in this section. Firstly the process as listed by Swinburn et al (2006:4-7) is indicated below.

- **Stage 1: Organizing the effort:** This stage include institutional arrangements, stakeholder identification and inclusion, set-up of LED task team, partnership formation, and identify all key role players.
- **Stage 2: Local Economic Assessment:** This stage includes data collection and information, partnerships and economic relations, analysis of economic activities, sectoral analysis, and employment and skills analysis. The compilation of a SWOT analysis is also recommended. The local assessment will be used to identify public, private and community resources, collect and analyse data and information and establish a data management systems for the future. This stage will also assist with the identification of the strategic direction of the local economy, identify gaps in information available to make informed decisions, compile an economic profile of area, benchmarking of economic indicators and an analysis of the impact of existing LED projects.
- **Stage 3: Strategy formulation:** Components of this stage include the formulation of a vision, goals, objectives, strategies, programmes and projects.
- **Stage 4: Strategy implementation plan:** The LED strategy must plan on short, medium and long term implementation of programmes and projects. The strategy implementation must address economic, physical, social and environmental issues. The implementation plan must be linked to budget, human resources and institutional requirements. The project implementation plan needs to be linked to a budget, human resource requirements, and institutional requirements. Projects can be classified in “quick wins” projects, medium and long term plans. Action plans to achieve strategies must focus on indicating responsible parties, project time frames, human resource impacts, financial needs, funding expected impacts, and performance measurement.
- **Stage 5: Strategy Review:** This stage includes an annual review and assessment, allowance for adjustment, analysis of impact of inputs, outputs, outcomes and impacts. The level of participation is also required.

Blakely and Bradshaw (2002:79) also formulated phases for the LED planning process as listed in Table 3.6 below. The process is similar to that listed above by Swinburn. The Blakely process starts with an analysis phase and end with implementation. In Chapter 6 of this study, the author will compile his own process for specifically LED and rural development implementation in rural regions.

Table 3.6: The phases of LED planning process

Phase 1: Data gathering and analysis	Determining economic base, assessing current employment structure, evaluating employment needs, examining opportunities for and constraints on economic development and examining institutional capacity.
Phase 2: Selecting a local development strategy	Establishing goals and criteria, determining possible courses of action and developing a targeted strategy.
Phase 3: Selecting local government community projects	Identifying possible projects and assessing project viability.
Phase 4: Building action plans	Pre-assessing project outcomes, developing project inputs, establishing financial alternatives and identifying project structures.
Phase 5: Specifying project details	Conducting detailed feasibility studies, preparing business plan, developing, monitoring, and evaluating programme.
Phase 6: Overall development plan preparation and implementation	Preparing project plan implementation schedule, developing an overall development programme, targeting and marketing community assets and marketing financial needs.

Source: Blakely and Bradshaw, (2002:79).

A similar process or steps in the planning process has also been formulated by Woods and Sloggett (1993: 25). LED planning involves a number of aspects which is linked to the LED process as listed by Swinburn and Blakely. According to Curran et al (1998:1), such aspects include an analysis of local economic conditions and needs, the identification of problems and opportunities, setting of a vision and goals, design of strategies to achieve goals, the co-ordination of activities to implement strategies and lastly the evaluation of impact of the LED strategies and projects.

The selection of projects to achieve the LED strategies needs to be done within a specific local economic and social environment. Criteria for selection of LED projects as part of the LED process should at least include aspects such as, projects must achieve strategic objectives of the area for example be sustainable and lead to the creation of jobs. Projects selected must lead to minimal recurrent expenditure for government's budget, projects must have high income generating potential, projects must improve quality of life for all residents including the poor and must attract community participation (Government of Ghana, 1987:10). An ideal LED project could be described as a project that impacts on the majority of local people, but with a limited negative impact on local funding allocation.

According to Nel (1999:288), in the implementation of the LED process, projects must at least lead to sustained economic development, the creation of employment opportunities, skills training, empowerment and capacity building, improvement of quality of life, and improved services/infrastructure. The LED process in a specific region can lead to the above mentioned successes if implemented in a strategic way. According to Nel (1999:295) aspects that are

required as pre-conditions include a shared vision and unity within local stakeholders, dynamic local leaders (local champions), local comparative advantages, and integrated skills development strategies. In addition, the LED process can assist in addressing local friction and reconciliation of stakeholders, improve rural/urban linkages and the improvement of access to land and rural development. Blakely and Bradshaw (2002:104) listed various methods and tools for LED such as SWOT analysis and identification of local stumbling blocks in the local economy, building of comparisons in order to find and market local comparative advantages, rapid assessments regarding local economic structures and comparative advantages, sectoral analysis, improvement of local technology, analysis of local resources, natural and human resources, and public participation to ensure that local knowledge is utilized.

LED can also assist government to improve its local governance leading to good governance. Good governance relates to institutional capacity, in management and administration. Governance includes formal and informal structures within government institutions. It is the ability to co-ordinate and assist with implementation of policies, projects and action plans. Governance also includes public involvement, institutional development, transparency in decision making process and accountability. The concept also focuses on process, in how decisions are taken, and the participatory process. Good governance underpins LED and the main link between the two concepts is to provide a local business enabling environment (Trousdale, 2005:20).

LED processes are especially useful tools on the regional level within rural areas. LED strategies on a regional level may include the provision of ongoing economic research for the region, development of education and institutions for higher learning, development of regional business clusters of specialization, regional promotion to attract and retain investment, development regional supply chains to increase inter-regional trade and investment. In addition to the above aspects the improvement of regional transport links, improvement of regional technology transfer and focus on improved links to all tiers of government are of key importance (Swinburn et al, 2006:16).

Finally, it is important to note which factors determine LED capacity and extent for success. According to Blakely (1989:60) the following factors determine LED capacity and extent for success including the extent of the availability of local natural and human resources, availability of labour, skills quality and productivity, level of capital investment, entrepreneurship, infrastructure, industrial base and level of competition, availability of technology, population and market size, proximity of markets and export potential, capacity of local government and existence of development support agencies in the region.

3.2.4 Policies and strategies

According to Rodrigues-Pose (2001:11), traditional macro-economic policies have in the past been unsuccessful in creating an enabling developmental environment at the local level. LED has provided an alternative to development at the local level. Table 3.7 provides a comparison between traditional macro-economic policy versus LED, which relates to micro-economic policy.

Rodrigues-Pose (2001:13) listed the following advantages of LED over traditional economic policies namely LED empowers and ensures local participation. Local people play an active part in planning their economic future. LED ensures that local business are involved in the process and are more open to play an active role in partnerships with the local community. LED ensures that local development is locality based and focussed on local comparative advantages, allowing for more resilient local economies. LED could create local opportunities and local jobs, thereby improving the local quality of life.

Table 3.7: Traditional macro-economic policy versus LED

Traditional macro-economic policy	LED policy (micro-policy)
Top down approach, decisions taken by central government	Bottom-up approach. Decision taken at local level.
Centralized management	Decentralized management including local communities
Sectoral approach to development	Local, locality, territorial approach to development.
Investment in large industrial projects to stimulate spin-offs and down-stream development	Create enabling local economic environment. Maximize local development potential.
Financial support, incentives, subsidies to attract economic activity.	Provide enabling environment for private sector/entrepreneurial development.

Source: Rodrigues-Pose, (2001:12).

According to Trousdale (2005:2), a LED strategy is a process and should include aspects such as:

- Local values: Poverty reduction initiatives, provision in basic needs, creation of job opportunities, and should include social and environmental values.
- Economic Drivers: Value added resource use, local skills training, retention and attraction of business, and regional co-operation.
- Economic development: Structural change in the economy and sustainable, quality of development.

As stated in the previous section, the LED process follows a strategic path from vision to strategies and action plans. A vision is a description of an ideal future. Objectives are formulated by converting issues into a statement that describes a direction or approach. Objectives are the framework of the LED strategy. They define priorities and are the core of decision making (UN-Habitat, 2005:12). Table 3.8 provides in a summarized manner, the process from objectives to action plans with examples.

Table 3.8: LED Strategies: From vision to action plans

Objectives	Strategies	Action plans
Reduction of poverty	Provide in basic needs of the poor	Service provision. Micro-credit access.
Promote job creation	Provide skills training	Set-up skills training centre.
Support the retention and attraction of business	Ensure focussed marketing, research and analysis.	Business support centre and advice.
Promote economic stability	Improve stakeholder co-operation.	Set-up local development agency.

Source: Trousdale, (2005:15).

Examples of further strategic objectives for LED include the extension of local capacity and leadership, reduction of poverty, maximize the utilization of natural capital and resources, reduction of income disparity and inequality, and the improvement of job opportunities. Further examples are encouraging local business development, retention of existing wealth and business, and increasing economic stability, diversity and resilience (Trousdale, 2005:128).

According to Blakely and Bradshaw (2002:96), the following are key features of LED planning namely the targeting of specific development zones and sectors for action. If action plans or projects are prioritized, it must have interventions at the right place and at the right time. LED is a team effort consisting of local government, the community and local business. Local community based institutions need to be supported and strengthened. Local institutions must unite and combine local resources, capital and expertise for local economic development. Local ownership needs to be expanded and local SMME's and entrepreneurs must be supported. A total onslaught on poverty and inequality is needed in an LED strategy. LED needs to be integrated with the local social welfare system. Linkage of employment and economic development policies and projects needs to be ensured as well as the creation of quality jobs, and eventually the establishment of public/private partnerships. From a LED policy respective, guidance should be given from a national level for local authorities to implement such policy. National policies could range from farming support, tax advantages, land subsidies, incentives schemes, etc. The impact of policies on a national level will have maximum impact only if they are formulated in enough detail for local government to convert to local policy for implementation.

Approaches to LED policy formulation include the reform of the industrial sector through access to finance and incentives, and deregulation of labour laws and wages. An approach could also relate to less involvement by government to allow the free market to operate and balance itself. Industrial policy must have a local dimension. Policies need to attempt to increase community control regarding investment policies and quality of life and to give the workers more control over their destiny. Action plans include assistance to LED, loans to increase ownership, worker skills training and retirement benefits (Blakely & Bradshaw, 2002:31). O'Conner (2001:117) agreed and stated that a national policy should include a focus to reduce poverty and addressing income

inequality through better job opportunities, allow a “real role” for government at the local sphere, strengthening of political partnerships among all stakeholders, and lastly to address poverty by provision of better access to housing, transport and jobs.

The OECD (2007) listed the following objectives for a national LED policy namely, the development of the potential of under-utilised human and natural resources, identify local strengths, development sectors and comparative advantages, improvement of local job opportunities, increase the participation of the poor in economy, and improve the physical and economic environment. National policy need to allow employment opportunities and the creation of an enabling climate for local firms to compete and increase the capacity of communities to create employment. National government needs to focus on local strategies such as economic policies, neighbourhood revitalization, community development incentives and access to finance (Blakely & Bradshaw, 2002:39). Innovative LED policies are required to ensure that local areas can benefit and break the cycle of poverty. Such innovative policies will require strong and committed local leadership, provision of information and technology such as technical assistance and connection to ICT, and a role as brokering agent in order to co-ordinate institutions and marketing initiatives. Table 3.9 is a summary of possible innovative national government LED policies as listed below.

Table 3.9: Characteristics of innovative national government LED policies

Leadership:
Emphasis by government on economic development initiatives.
Marketing and investment programmes.
Establishment and strengthening business councils, industrial associations.
Worker compensation and labour reform
Sustainable and environmental sensitive policies.
Social-welfare policies as safety nets for the poor.
Building community capacity to do attraction and retention of businesses.
Information and technology:
Technical assistance and standards
Strengthening of institutions of higher learning
Improvement of networks and access to internet
Partnerships to do planning and promoting
Brokering:
Reduction in regulations and “red-tape” procedures.
Coordination and integration of economic development with other programmes (e.g. housing)
Regional co-operation
Marketing

Source: Blakely, (1989: 241).

From broad policy approaches, local strategies can be formulated. According to Sachs (2005:45), for LED strategies to be successful, both the macro-economic and micro-economic issues need to be taken into account. Macro-economic issues on the national level could include socio-economic issues such as poverty and inequality that could divide a nation. Micro-economic interventions need to focus on local strengths and opportunities within LED planning. Swinburn and Murphy (2007:4) stated that local economies should prioritise programmes that will create the most impact in view of their vision, goals and objectives. Some key components that should be incorporated include a balance set of hard and soft infrastructure programmes, i.e. meeting needs for transport, energy, water, waste management and telecommunications networks as well as social needs for education, training, business support and healthy lifestyles. A project implementation table that clearly identifies individual projects with appropriate goals, sources of funding, implementing agency, start date and project duration must form part of any LED strategy. Clear statements of the nature and requirements of each project, along with expected outputs and outcomes must be formulated. These can be used as a benchmarking mechanism for monitoring the progress and output of projects as they are implemented. A table that clearly identifies LED project partners, funding sources, project duration, target groups and commencement and expected completion

dates must be part of the strategy. The LED strategy should document the conceptual links from vision to projects. This will keep the logic consistent and will help in reviewing progress in realising the vision. Strategies should reflect the resources that partners bring to LED projects and further resources required to achieve goals, projects should identify the risks that could hinder progress and consider methods to contain or manage these. A summary table highlighting priority initiatives and sectors earmarked for investment with budgets and plans to attract investors must be attached to the LED strategy.

Blakely (1989:141) listed possible LED strategies that could be formulated at the local level. Such strategies could include the following:

- **Locality development:** Marketing, image building, incentives, subsidies, land banking, zoning regulations, tourism development, town-scaping, community facilities, and revitalization projects.
- **Business Development:** Create enabling environment for business development, business attraction and retention, entrepreneurial development, one stop centres for information, finance and credit provision, small business development, promotion and marketing, research and development, and enterprise zones.
- **Community based development:** Activities aimed at supporting the communities in poverty. The focus is on labour intensive community projects to improve a specific community in terms of economic well–being.

Trousdale (2005:6) compiled the following “check-list” of aspects that should be included in a comprehensive LED strategy:

- Political leadership, commitment and will from all stakeholders.
- Inclusion of the informal economy.
- Use a strategic planning process.
- Participation, partnerships, and creation of linkages.
- Local accountability.
- Include local knowledge and culture.
- Ensure visible “quick wins” results by means of short term projects.
- Know the local economy and key sectors.
- Quality and sustainable development.
- Invest in both “soft” and “hard” infrastructure.
- Ensure private investment for public good.
- Establish solid structures, processes and procedures.

- Ensure ease of doing business and lessening of regulations.
- Plug the leaks in the local economy and ensure “down-stream” business development.
- Encourage local entrepreneurs are supported.
- Attract and retain business through marketing and investment programmes.

Table 3.10 is a summary of possible LED strategy interventions as proposed by the Department of Provincial and Local Government (DPLG) (2001). Possible strategies range from purely economic in nature to skills development strategies and social welfare strategies.

Table 3.10: LED strategies and interventions

Strategy	Aim	Interventions
Development and maintenance of infrastructure and services	Create an enabling environment	The provision of reliable, cost effective municipal service delivery. Targets the under-serviced areas. Efficient infrastructure maintenance. Municipal provision of social amenities and facilities (health, recreation and pre-school). Effective housing and settlements policy.
Retention and expansion of existing services	Assist local businesses to improve their productivity and increase market share	Development of local business skills training. Providing advice, capital and technological support. Developing under-exploited sectors that have comparative advantages. Changes in zoning and fast-tracking development applications.
Increase spending on products of the local economy	To stem the outflow of money from poor areas.	Encourage the communities to buy local. Funding special events and festivals. Providing infrastructure using local labour and locally manufactured materials. Promoting employee training within local businesses and communities.
Human capital development and productivity	Ensuring that economic development brings social benefits.	General and customised training within lead sectors. Basic advanced skills development. Targeted procurement policies.
Community economic development	Support poverty reduction in low income communities and organisations	Promote safe savings collectives and financial services, community based environmental management and maintenance schemes, and urban farming projects. Support SMME development by providing business infrastructure, service subsidies, and technical support

Strategy	Aim	Interventions
Linkage of profitable growth to redistributive development/financing	To ensure that businesses investment benefits in disadvantaged communities and areas.	Example: Banks or other financial institutions opening a branch in a wealthier area should do so in a low-income neighbourhood or to invest some of their turnover in local small businesses (Corporate Social Responsibility of private).

Source: DPLG, (2001).

The following LED strategy options are listed by the OECD (2007) including locality development strategies such as spatial planning (nodes and corridors), enterprise zone development, transport, infrastructure and street-scaping. Business development (demand side) including aspects such as small business support centres, technology support, finance support, business information centres and SMME development centres. Human resource (supply side) strategies include aspects such as training, placement, welfare, school to work programmes, and local employment programmes and community-based employment development (neighbourhood dimension) including support to community based organizations, co-operatives, and land trusts.

LED strategies, if not formulated in terms of the basic principles and best practice guidelines can lead to negative impacts on the local community. Such “traps” in LED strategies include the following issues: Leading with grants without a strategic programme and clear goals, strategies for every area are unique and a “one size fits all” approach will fail. A “best fit” approach is required for the local area. Do not let the tools available determine the strategy. An enterprise development zone for example is part of a strategy, not a strategy on itself. The LED process needs to start with a vision and identification of key problems and priorities. For example one must ensure that local skills are sufficient and available before new businesses are attracted to an area. Strategies that just follow popular directions, such as high-technology and tourism etc, do not necessarily work at all localities. An area’s specific unique attributes are more important and strategies need to focus on these comparative advantages. Strategies that overload the local development capacity have a negative impact. Capacity and competencies must be available, through a long term commitment (Blakely & Bradshaw, 2002:165).

LED success regarding implementation is dependent on six key issues according to Trousdale (2005:28):

- Local leadership at local government, local business and local communities.
- An enabling economic environment must exist with access to opportunities for all.
- The local youth must be involved through youth development programmes.
- Job creation potential must exist, relating to sustainable jobs.
- Good governance.

- Availability of capacity and skills on all levels of the local economy.
- All efforts must lead to poverty alleviation and improvement in quality of life.

LED can assist local communities to realize vibrant, resilient and sustainable communities allowing general improvement of quality of life (Trousdale, 2005:29). In conclusion, there is a need to look at some LED best practice principles and LED tools for implementation. Firstly, Swinburn et al (2006:7) listed some LED best practice principles which include an integrated approach required for LED success including economic, social, physical and environmental issues, the formation of partnerships and collaborations with a shared vision, the informal sector's role is important to assist the poor and ensures formal and informal linkages. Other aspects of importance are the selection of a range of projects to achieve the vision, implementation of "quick wins", which are short term projects to create stakeholder confidence, local leaders must bring commitment and ability to unite stakeholders, capacity building and ground level skills training are critical. Lastly, strong political will is needed for successful implementation, provincial and national government must provide support through clear policies and local champions are needed for project implementation.

The DPLG (2001), now known as COGTA, listed what they termed LED tools for implementation. These tools could also be seen as local strategies for implementation. The tools/strategies as proposed are listed below:

- Tool 1: SMME development includes provision of information, start-up capital, one-stop service centres, tender and procurement reform.
- Tool 2: Relaxation of regulations and by-laws.
- Tool 3: Provision of land, buildings, infrastructure such as incubators.
- Tool 4: Partnerships for infrastructure and service delivery.
- Tool 5: Business retention, expansion and attraction, marketing, incentives, special zones.
- Tool 6: Human resources development, Skills training, and creative linkages.
- Tool 7: Promotion and marketing: Also improved customer service delivery.
- Tool 8: Regional linkages: Marketing efforts, tourism development, infrastructure upgrade, special development zones, and export linkages.
- Tool 9: Plugging the leaks in the local economy.

3.2.5 LED linkages

In this section LED linkages will be discussed in terms of rural and urban linkages, and linkages between formal and informal business and sectoral linkages with a focus on tourism. Business development in rural areas is different to business development in urban area. According to Meyer-Stamer (2003:11) rural business development has certain unique challenges such as lower volumes and levels of purchasing power due to lower densities of local populations, the visibility of

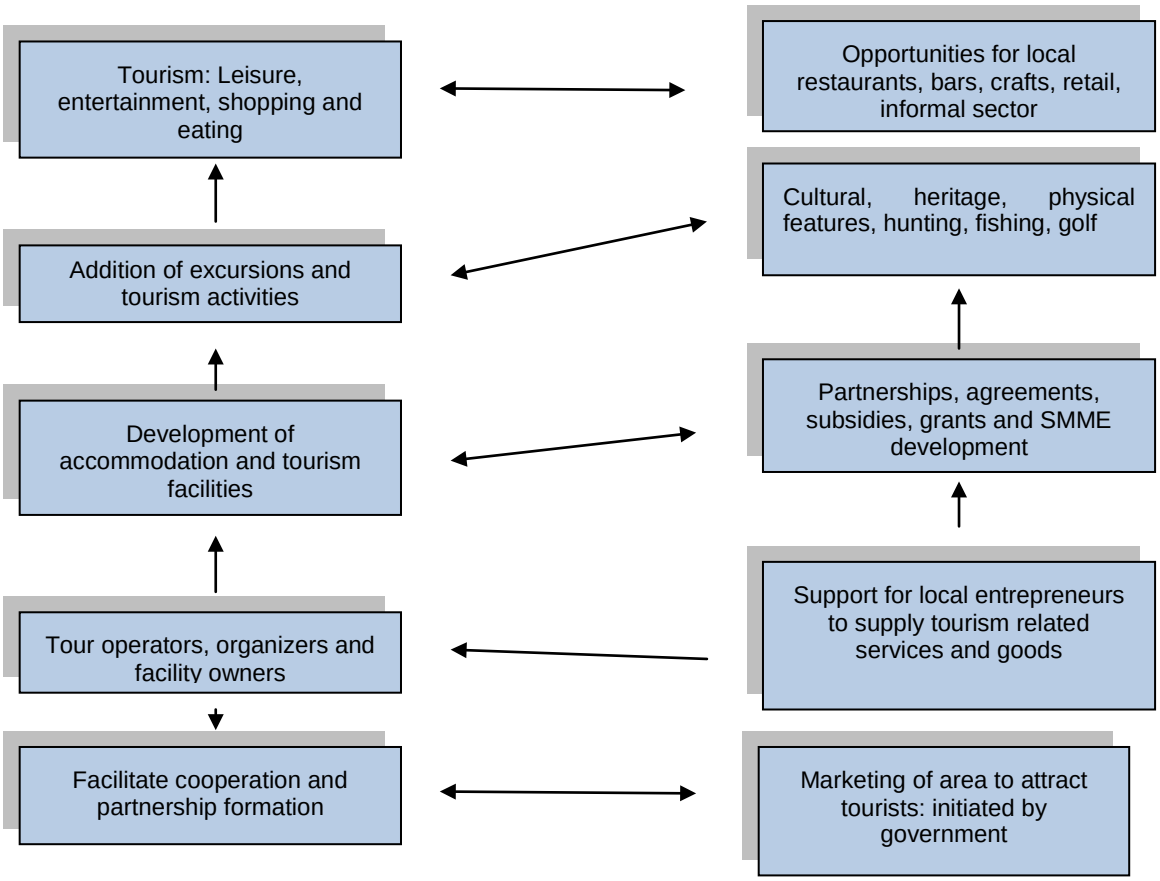
rural businesses are much lower than urban businesses, rural business has much poorer support services, and on a positive side, rural areas have better agricultural and value added opportunities (Meyer-Stamer, 2003:11).

Taking into account these unique challenges, strategies to organize LED plans in rural areas need to include aspects such as a focus on interventions to improve local problematic situations, address market failures such as security problems, lowering of the hurdles for potential entrepreneurs to open new businesses or grow existing ones, remove regulations by government preventing business development and maximize value chains, linkages of input and output (Meyer-Stamer, 2003:12).

The ETU (2012:2) listed specific ideas or themes for LED strategies for rural areas in order to address the specific challenges in rural areas. These themes have a focus on poverty eradication, job creation strategies, and SMME development. Each rural area is unique with different strategies to promote local improvement of quality of life. Further themes include the promotion of ownership of land to locals, community involvement in all aspects of LED such as the planning, identification and implementation of projects, leadership and decision making, partnership formation, optimal use of local resources and skills (local knowledge), diversification of local economic activities, infrastructure development and maintenance, tourism development and marketing of the area.

As a key local economic strategy, most rural localities could focus on tourism as a sector to allow for economic development, due to a locality away from areas of overpopulation and congestion and most rural areas allow for a tranquil, country side type of atmosphere which could attract people. According to Ashley (2006:8) tourism has an important role to play in LED linkages within a rural region specifically. In order to optimize the role of tourism in rural areas aspects such as ensuring products are of high quality and spending of money is an easy process, ensuring facilities and infrastructure are provided such as information, shelters, toilets, banks and sites, provide good access routes with signage, promoting linkages between formal and informal sector, supply chain, value chains, arranging tourism and cultural events to market and place total area on the map, ensure on-going skills training and encouraging local unique crafts and culture that limit the extent of imported goods and services. Figure 3.1 is an illustration of the linkages created by tourism within the local economy.

Figure 3.1: Tourism linkages and LED



Source: Ashley, (2006:4).

According to Ashley (2006:2) there is no blue print for a perfect tourism plan to enhance and maximize linkages with a local economy. Local strategy formulators need to find a balance between more tourists, higher average spending per tourist and the share of local small, informal operators/businesses in the process. Such a strategy must ensure an increase in human capital and skills, and provide suitable infrastructure. Local government and private sector stakeholders need to do on-going research on the local tourism industry on the role players and how the poor can be involved and assisted. Tourism activities must be linked to LED initiatives through value chains. All effort should be made to remove government regulations which block initiatives and creativity.

3.2.6 General remarks

The growth of a local economy is a function of how local business meet the needs of people and how these businesses are shaped by external forces, such as markets for the export of local goods, imports and tourism. Many local businesses are dependent on local consumer demand. Their sales cannot grow unless more income or wealth is locally generated, and thus new wealth may be available from outside the local area (Blakely & Bradshaw, 2002:122).

The evaluation of LED policy development in the post-1994 South Africa is closely associated with the transition to developmental local government. In South Africa, LED is implemented through

local government. Municipalities need to be the local coordinating agents for the implementation of LED initiatives, in partnership with the private sector and local communities. Local government is however not responsible for creating jobs. Instead, it is responsible for ensuring that overall economic and social conditions of the specific locality are conductive to the creation of employment opportunities. LED in South Africa is concerned with creating robust and inclusive local economies that exploit local opportunities, address local needs and contribute to natural development objectives such as economic growth and poverty eradication. The challenge of LED in South Africa is that most local municipalities do not have adequate economic growth strategies in place that are implementable and therefore are unable to address poverty and unemployment (Sekhampu, 2010:59).

Municipalities, especially rural municipalities, cannot develop LED strategies in isolation from national economic policy. Globally, the manufacturing sector is also on a long-term decline, unemployment and low skills levels are on the rise as major barriers to development. Rural towns and regions make a key contribution to social and economic life in the country but they are also the greatest concentrations of poverty. For LED to be successful there should be a coherent planning process involving all stakeholders within the local area. The process takes place over time, involving all sections of the community and covers all matters that affect quality of life in a local area, particularly those that need most support (Sekhampu, 2010:61).

In order for LED to be more effective in South Africa, the following principles are provided by Meyer-Stamer (2003:5) and include: the creation of a clear distinction between LED and community development initiatives, refrain to solve problems by throwing money to the problem, ongoing analysis of local economic sectors and address market failures, stimulate entrepreneurship and business development, maximize existing local resources such as finance, natural resources, and human skills by the utilization of mentors, identify and implement “quick wins” projects and creation of a strong partnership between public and private sectors.

Entrepreneurship is vital for economic development of rural regions. Weak entrepreneurship in South Africa is a result of issues such as high level of taxation and regulations, weak support structures such as business development services, weak focus on the informal sector, poor access to credit and lack of skills (Meyer-Stamer, 2003:6). Practical solutions for business and entrepreneurial development include the creation of small business “estates” and clusters to improve security and visibility, improvement of business linkages and communication and improvement of the local business directory data basis (Meyer-Stamer, 2003:10).

Chapter 4 will focus on the role of government in South Africa regarding rural development, LED and spatial planning.

3.3 SPATIAL PLANNING AS A TOOL FOR RURAL DEVELOPMENT

The integrated linkage between rural development, LED and spatial planning allows for optimal implementation of the concepts. Rural development, if compared to urban development, has much less developmental opportunities. For this reason the use of LED initiatives in collaboration with

spatial planning concepts are of key importance. LED initiatives are planned within a specific spatial environment. Such initiatives will have a high level of failure if the spatial planning concepts such as nodal and corridor development are not incorporated. Spatial integration of geographical areas is needed, especially if the South African landscape, with its apartheid past, is taken into account. The concepts of planning, development planning, strategic planning, and especially the specialist study field of strategic spatial planning and associated processes are inter-related. In this section the above concepts will be analysed with a focus on strategic spatial planning and its impact on rural development.

3.3.1 Definitions and concepts

Firstly, planning as a general term is an exercise in which government sets national key priorities, then sets various targets and organises a framework for implementation, coordination and monitoring of the plan. Planning is an accepted tool to guide and ensure accelerated economic growth. Development planning is a deliberate governmental attempt to coordinate planning and economic decision making over the long term and to influence, direct and even control economic development in an area (Todaro & Smith, 2011:513).

According to Todaro and Smith (2011:516), development planning is a tool for development and is based on a few fundamental issues as listed below:

- Market failure. In developing countries market imperfections exist that weakens the functioning of the local market economy and interventions are required.
- Unbalanced resource allocation.
- Attitudinal impact towards development and economic sectors.
- Impact of foreign aid.

Governmental development planning interventions through policy implementation are difficult due to aspects such as poor planning and implementation of plans, insufficient and unreliable data, unforeseen economic disturbances and external impacts, institutional weaknesses and lack of political will (Todaro & Smith, 2011:526). The shortage of public administrative capability is the single scarcest public resource in developing countries. The problems in this regard are the lack of training and experience, political instability, continuity in policy formulation and execution. The administrative component in economic development should not be underestimated (Todaro & Smith, 2011:762).

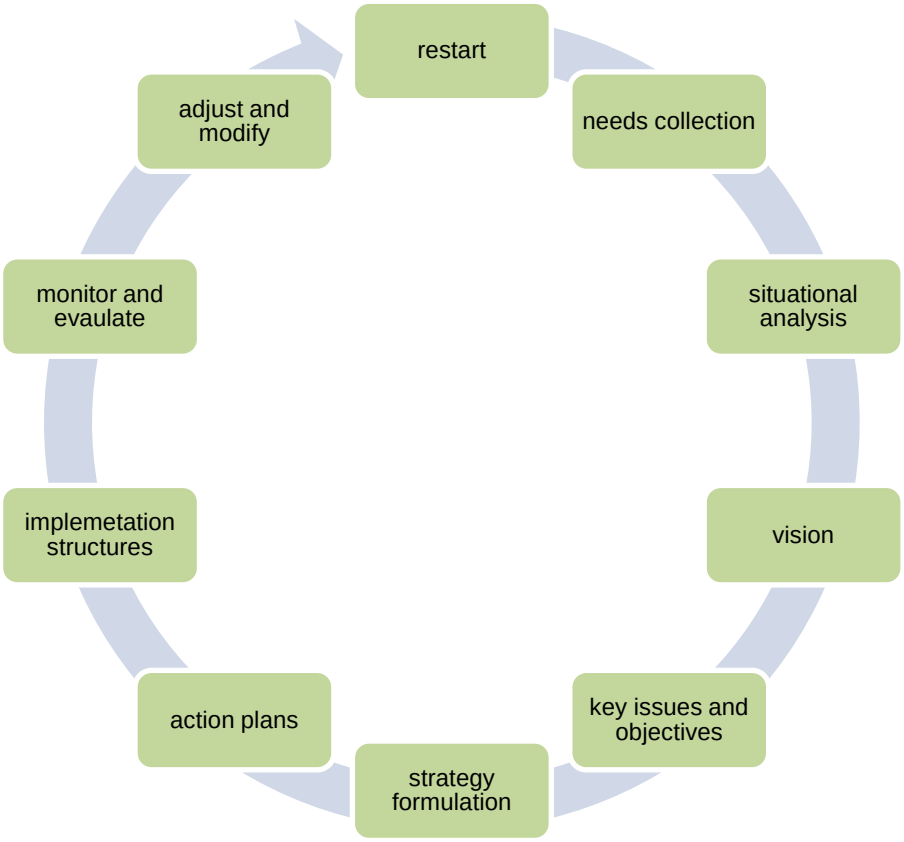
The concept of strategic planning is one of the foundations of the strategic spatial planning process (Sartorio, 2005:27). Strategic planning in general terms is a systematic decision-making process with its focus on important issues and to find solutions to the identified issues. Woods and Sloggert (1993:3) stated that strategic planning implies forward thinking and anticipation of the future. Local resources would then be utilized and strategic decisions made to achieve the desired future goals. Strategic planning clarifies the process of building the local foundation for economic

development. Strategic planning has the following benefits regarding planning for rural, economic and spatial planning:

- It outlines the steps to follow in the process.
- Promote the efficient use of scarce resources.
- Improve coordination.
- Build consensus.
- Increase public awareness.
- Strengthen the local community's competitive position.
- Encourage forward-thinking.

Trousdale (2005:3) listed the following strategic planning process for the spatial planning process as contained in Figure 3.2 below.

Figure 3.2: Strategic planning for spatial planning



Source: Trousdale, (2005:3).

In the above figure the process move from the current situation, to the ideal situation in terms of the vision, how to get to the ideal situation and, lastly, was the vision achieved. The benefits of the strategic planning for spatial planning and LED include aspects such as assistance with the prioritization of objectives and action plans, assisting with creating of an enabling environment for

the creation of quality jobs, assisting communities to be more flexible and to adjust to changing environments, providing clear direction through a vision, allowing the creation of partnerships, improving leaderships and communication, mobilizing communities for maximum results, allowing and ensuring creditability and high level-buy in, targets results orientated actions with outputs and allowing for monitoring and evaluation (Trousdale, 2005:16).

Development planning follows the strategic planning and systems approach (Graaf, 2001:78). The key factors of this approach include:

- The parts of the system are interconnected and interdependent. A change in one part will influence another.
- Systems are not homogeneous, they have powerful nodes.
- The whole system is greater than the sum of the parts.
- Control and power exist between the parts of the system.

Development planning management facets include: it is a tool to improve effectiveness of development institutions, it is a toolkit to ensure effectiveness of design, implementation, monitoring and evaluation of policies and programmes, development needs interventions and it improves the lives of the poor (Davids, 2010:24). Development planning management is a multi-sectoral approach and based on strategic planning and pro-active approaches. Development planning management consists of the following components:

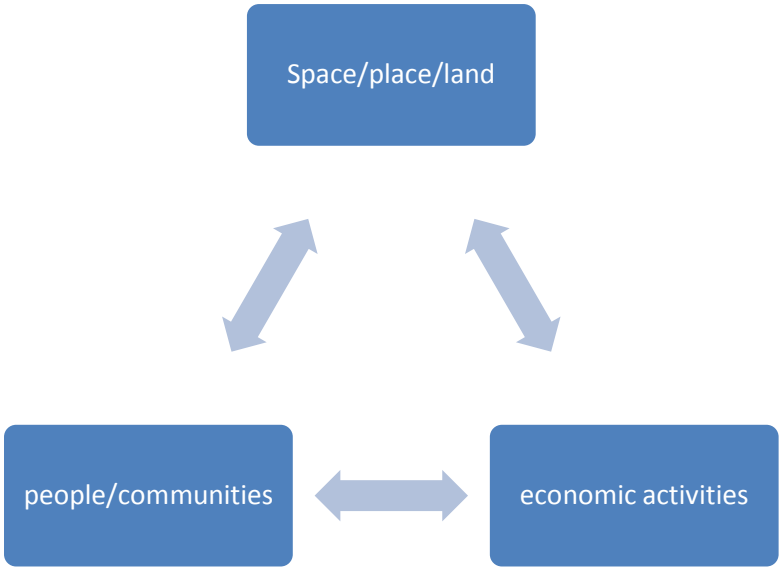
- Theories of development and underdevelopment.
- Institutions involved in development.
- Strategic approaches to development (LED,IDP and SDF)
- Urban and rural development.
- The dynamics of development such as urbanization and migration.
- Recognition of the specific context and challenges of developing communities (Davids, 2010:33).

Spatial planning refers to the organization of space and is a public sector activity which creates a public investment and regulatory framework within which private sector's decision making and investment occurs. Spatial planning has two dimensions namely, pro-active planning, which provides direction on future land use and land management which is concerned with regulating land use (DPC, 1999: 2 and 22). Spatial planning is a process that is inherently integrative and strategic in nature. It takes account a wide range of factors and concerns and addresses those aspects in a spatial context (Department of Rural Development and Land Reform, 2010b: 1). In terms of the strategic spatial planning process, a spatial vision is defined as a strategic and over-arching spatial framework to guide major development activities and to address forces affecting orderly development (Harrison & Mathe, 2010). Spatial planning aims to achieve a more balanced

development to create a better quality of life, vibrant urban and rural areas and improved environments (Ramusi, 2006:22). Spatial planning aims to integrate policies for development and the use of land to improve the functionality of areas. Spatial planning refers to the tools used by the public sector to influence people and activities (Ramusi, 2006:23). Spatial inequality is a product of growth and spatial planning can interfere and assist in this process by the re-directing development initiatives and investment, by re-designing the spatial form with nodes and corridors and the strategic co-ordination and alignment of policies. Spatial planning plays a major role in the development of more efficient and enabling local environments, which will improve the quality of life of local communities (DPC, 1999:20).

Healey (2004:47) defined spatial planning as a self-conscious collective effort to re-imagine a region or town and to translate the result into priorities for investment in specific localities, conservation measures, new or upgrade areas for development and infrastructure investments and lastly land use principles and regulations. Planning is a strategic activity focusing on spatial interventions (Todes, 2011). Planners and planning activities must focus on sustainability, participation, integrated development, spatial co-ordination, and planning must lead to implementation (Todes, 2011). Geddes (1915), one of the founders of spatial planning stated that planning consisted of the following components: place or land and its relationships with economic activity and the people/population. Figure 3.3 below is an illustration of the process by Geddes.

Figure 3.3: Components of spatial planning



Source: Geddes, (1915) and author's own compilation.

The sustainable inter-relationships between the three above-listed components are critical (Todes, 2011). Spatial planning and infrastructure planning linkages are critical to shape regions, towns and cities. The concept of compact urban areas even within a rural setting, with aspects as higher densities, mixed use and public transport seem to be more sustainable, efficient and inclusive and

more energy efficient. A compact urban area allows for easy access to economic opportunities, lower travel times, and cost savings to the poor (Todes, 2011).

The main concepts of spatial planning are listed as follows: Corridor development is the provision of links between nodes and increased levels of economic development are encouraged along the corridors. Different types of corridors exist which include mobility corridors and access corridors. Corridors also include public transport routes (Department of Rural Development and Land Reform, 2010b: 1). Nodal development refers to areas where high intensity of land use and economic activities are supported and promoted, with latent, dynamic development potential. Any region has a hierarchy of nodes with varying intensity and sizes. Densification means the increased use of space/land both vertically and horizontally as part of existing and new developmental areas. Infill development means the development of vacant or under-utilized land within existing developmental areas in order to optimize the use of infrastructure, increase of urban densities and promote integration. The concept of urban edge means a demarcated area that serves to manage and prevent urban sprawl. A spatial development framework (SDF) is a tool to achieve the desired spatial form of a specific area. It is a main component of a local authority's economic, sectoral, spatial, social, institutional, and environmental vision. The SDF indicates what needs to happen and where to protect resources, what needs to happen to change poor performing areas and where to direct growth in sustainable ways. Functional integration and accessibility means the understanding of the relationships between different activities such as spatial proximity, employment areas, living areas and social/recreational activities. Accessibility must allow for access to activities within walking distance to the people. An acceptable walking distance is regarded as 20 minutes or 1 to 1.5km and a feasible community with facilities need to consist of 500 households (Department of Rural Development and Land Reform, 2010b: 1-12; Madell, 2008:52; Donaldson, 2001:10). Annexure F contains a conceptual spatial plan for the study area.

3.3.2 Historical development

Early spatial planning interventions were based on the concept of the neighbourhood unit in the early 1900's and the "garden city concept" by Ebenezer Howard. These early spatial planning initiatives focussed on separation of land uses, self-containment, inward orientation of neighbourhoods with community facilities, and work opportunities elsewhere (Madell, 2008:51). Le Corbusier brought the ideas of incorporating living environments of high densities and large open spaces with community facilities. Strategic planning has always been part of spatial planning. The approach was used in structural planning in Europe in the 1960's. Within this context, strategic planning is not only meant as the development of long term visions, but it also relates to process and institutional interaction (Sartorio, 2005:27).

During the 1970's and 1980's the "new town" movement dominated spatial planning by planners such as Milton (Madell, 2008:51). In the same period, due to economic crises, government got involved as a role player in the spatial planning process, with private sector actors (Sartorio, 2005: 28). In the 1990's the traditional spatial planning theories were applied, but with a change. The

civil society became a dominant partner in the planning process. According to Sartorio (2005:28) three main approaches were introduced in the beginning of 2000's. These approaches included an institutional approach whereby the planning process was legalized and processes were improved for implementation of plans, a communicative approach in order to improve public and private connections to improve performance of planning, and lastly the inclusion of society and emergence of active citizenship (Sartorio, 2005:28). Regional, spatial and economic planning as well as location theory have shifted focus from traditional factors such as proximity of markets and resources, to other non-traditional factors such as quality of institutions, knowledge levels and environmental quality. High quality spatial environments are assumed to attract economic activities. Spatial quality is a factor for location of choice (Assink & Groewendijk, 2009:2). Table 3.11 is a summary of the changes in the spatial and locational tendencies over time.

Table 3.11: Changing spatial and location tendencies

Phase I: Industrial Revolution	**Phase II: 1950's onwards to 1980's**	**Phase III: 1990's onwards**
Transport cost versus cost of raw products. Neo-classical location theory. Regional concentration.	Proximity to markets. Proximity to suppliers. Agglomeration factors (Weber). Growth-pole theory (Perroux). Urban agglomeration. Cumulative causation theory (Myrdal).	Government policies and interventions. Level of institutional service delivery. Support for local knowledge centres. ICT infrastructure development. Quality of work force. Environmental aspects. Behaviour theory. Spatial diffusion.

Source: Louw *et al,* (2004).

The neo-classical location theories had their focus on transport costs. Naisbitt (1994:5) stated that "products can be produced anywhere, using resources from anywhere, by a company located anywhere, to a quality found anywhere, to be sold anywhere". Globalization has created the possibilities for free trade and greater mobility (Assink & Groewendijk, 2009:5). The "global–local paradox" has appeared where the local regional production climate is of major importance in the international network economy. The availability of new information, knowledge and communication technology has lessened the need of physical "nearness" for business relations and this fact has had an impact on spatial planning initiatives. The specific local production environment is becoming a more and more important element in competitiveness for business locality. Spatial quality is valued as a location factor for business (Assink & Groewendijk, 2009:5). Knowledge has also become an important location competition factor on the local sphere. A knowledge-based regional economy uses innovative ways to ensure inter-activity between participants when producing goods and services (Raspe et al, 2004:6).

The demand for labour has shifted to the higher educated and skilled portion of the population and employment more and more includes the generation and processing of information, allowing advanced “informalization” of production processes (Raspe et al, 2004:19). A region’s human capital allows for economic growth due to absorption of knowledge and skills and higher productivity. Higher concentrations of highly educated people lead to accommodation of human capital, such as in regions with high percentages of educated people and cities (Assink & Groewendijk, 2009:6). Regions with aesthetic qualities, unique historical character, assist to drive supply of activities, attracts innovation, and creative people leading to economic development (Assink & Groewendijk, 2009:7).

A next phase, phase IV, has started in the spatial location theory study field. This phase is known as “spatial quality” phase. Spatial quality is evaluated as follows (Assink & Groewendijk, 2009:8):

- High use values: Mixed uses for live and work in close proximity and not negatively impacting on each other.
- Perception value: Diversity, culture, identity, history, and natural beauty.
- Future value: Sustainability, bio-diversity, robustness and flexibility.

Spatial quality as a location factor is based on three pillars namely level playing fields, (organizations are less dependent on the location and can locate wherever the mix of location factors favour them most), “footlooseness” (less need to move business) and the post-scarcity effect (a move from economic growth to quality of life) (Assink & Groewendijk, 2009:10).

The historical development of spatial planning in South Africa is discussed in Chapter 4.

3.3.3 Processes and approaches

Two approaches to spatial planning exist globally namely the European approach for “stand-alone” spatial planning and the East/South East Asian approach in which spatial planning is an integral part of five year economic development plans (Harrison & Mathe, 2010). In India, public investment is directed to lagging regions. Urbanization is embraced but small towns are supported. In Malaysia, the focus is on development nodes with peripheral rural areas (Harrison & Mathe, 2010).

The three main objectives of spatial planning are economic competitiveness, regional cohesion/equity and sustainability, based on participation and consensus building. Spatial tools include development corridors, nodal development, and poly-centric urban systems. The urban/rural connectivity to unlock all regions is also of key importance (Harrison & Mathe, 2010). Urbanization is seen as a primary driver of growth and infrastructure development is a key component to spatial planning. Key economic sectors affecting spatial planning include energy (electricity), water, housing, environment, transport, telecommunications and trade and industry. The spatial planning vision of a nation or region needs to have a normative framework based on the following five key elements according to Harrison and Mathe (2010), which include:

- Spatial justice;

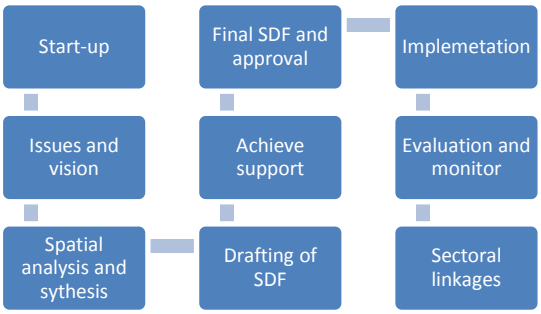
- Spatial sustainability;
- Spatial reliance;
- Spatial quality; and
- Spatial efficiency.

The broad principles regarding spatial planning is discussed below. Spatial planning is an integrated and inclusive process and all sub-regions must contribute to the spatial development of the region as a whole. Spatial planning must lead to spatial management and orderly urbanization. Spatial planning policy must ensure large towns are engines of growth with improved rural/small town linkages. Natural resources need to be protection for sustainable development. Spatial planning must contribute and assist rural areas in decline through rural revitalization and agricultural development processes. Areas of rapid growth need focused planning and direction to ensure benefits of development are allocated as widely as possible. Such areas usually have comparative advantages, which will require special attention to ensure dynamic growth. Spatial planning is based on principles of nodes and corridor development, these components need to be identified and prioritized. Areas with spatial conflict, for example in areas where development needs compete with conservation needs must receive special attention. Regions and towns, whether rural in character or not, with unique development potential, must be identified and supported (Harrison and Mathe, 2010).

In addition to the above principles, the trans-regional development nature of spatial planning must be identified and taken into account. Spatial planning and economic planning are not bounded by administrative or political boundaries. Mobility networks must be improved as well as major infrastructure investment in water, energy, rail, roads, ICT and ports as part of corridor development. Mobility corridors create and allows for economic activities and resulting economic development. Spatial performance indicators and institutional spatial co-ordination are required. Lastly the removal of regulatory bottle-necks in the planning system will allow accelerated development (Harrison & Mathe, 2010).

The process of the formulation of spatial planning policy also known as SDF is depicted in figure 3.4 below.

Figure 3.4: Spatial planning process



Source: Department of Rural Development and Land Reform, (2010b:3).

The process as listed above again confirms the strategic nature of spatial planning. Components of spatial planning include aspects such as an agreed vision with planning principles of equity and sustainable, restructuring of spatially inefficient settlement, channelling of resources to areas of need and areas with development potential and the stimulation of economic opportunities in rural and urban areas. Other aspects of note are the provision of direction and the nature of growth, indication of major movement routes, indication of areas for environmental protection and areas where strategic intervention are required in order to achieve objectives (Department of Rural Development and Land Reform, 2010b:3-4).

Spatial planning aspects, with a specific focus on rural areas, in addition to the above-listed aspects, include sustainable land reform processes, and support plans for small scale and commercial farming. Also of importance is rural supply chains, rural-urban linkages, rural based tourism, rural carrying capacities regarding services, irrigation, conservation, livestock and water management (Department of Rural Development and Land Reform, 2010b:7).

Spatial planning principles as listed in the Development Facilitation Act (DFA) include aspects such as the integration of social, economic, institutional and physical aspects of development, linkage of rural and urban areas in support of each other, promotion of the proximity and integration of residential and employment opportunities, optimal use of existing resources and infrastructure, promotion of mixed use of land, discourage urban sprawl and promote densification, and encourage sustainable development (Department of Rural Development and Land Reform, 2010b:14).

3.3.4 Policy planning

Swilling (2005:15) formulated a policy framework for spatial planning to impact on rural development and poverty reduction. The policy framework include aspects such as the facilitation of access to good quality employment and economic opportunities, the increase in the physical asset-base of the poor such as land, housing and equipment for economic enterprise, facilitation of access to basic services for the poor within the basic needs approach, allow for improved community participation and decision making of own initiatives and to self-organize for better maintenance and community spirit. Other aspects include increased monitor of local service delivery and allocation of local resources, and lastly to ensure access to safety nets for the vulnerable and poor sections of the local community.

According to the OECD (2007:1) the policy framework at local government needs to change from “managerialism”, which is primarily concerned with effective service provision, to “entrepreneurialism”, which is characterised by pro-economic development approaches, risk-taking, innovation and based on private sector principles. The managerial policy approach has been especially evident in spatial planning through land use control policies. A more pro-active approach was needed to revitalize inner city areas and rural areas. The new policy approach to spatial planning, known as “spatial entrepreneurialism”, includes aspects such as fostering and encouragement of local economic development by promoting development rather than controlling development by means of passive planning, allowing the private sector to be involved with less

public policy intervention, the promotion of partnerships between public and private sectors with mutual benefits through the combination of private resources and expertise with local government powers. Lastly the spatial planning approach must be strategic in nature and be based on principles of inventiveness and innovation (OECD, 2007:2).

Spatial planning could also be involved in promotion and branding of local areas. Policy initiatives for revitalization of local areas have focussed on image-enhancement and place marketing to project local areas as attractive and popular areas to live, work and invest. Spatial development policies have shown significant changes over the past decade. The changes are characterised by fragmentation and include the following aspects as listed below (OECD, 2007:2-7):

- Spatial policies are formulated by a wide range of organizations and their partnerships, rather than local government acting as a single agent. This coalition of forces allows government to be the facilitators and co-ordinator. Citizen support is also vital in the long-term effectiveness of policies.
- Spatial planning has been fragmented into a project-driven process with the involvement of the private sector.
- The existence of different planning ideologies for different spheres of government.
- Spatial policy planning has become analogous with local areas attempting similar “one size fits all” strategies. It is necessary to formulate locally unique spatial policies.
- The creation of long term spatial policy with short term structural and economic gains in a balance, are required.
- Spatial planning policies must include a wide range of issues such economic, social, environmental and cultural policies, relating to a holistic approach.
- Policy shift for local government from an enabling environment to “providing government” is proposed. Local government must continue to play a central role in policy formulation and implementation as mediators and catalysts.

In South Africa, each municipality must formulate a Spatial Development Framework (SDF) in terms of Section 26 (e) of the Municipal Systems Act (Act 32 of 2000). The SDF requirement is further refined in the Local Government: Municipal Planning and Performance Management Regulations, 2001 (No R796 of 2 August 2001) which states that:

- The SDF must give effect to the principles of the Development Facilitation Act, 1995 (Act 67 of 1995).
- The SDF must set out objectives that reflect the desired spatial form for a specific area, which should include the municipal area.
- The SDF must provide strategies to indicate desired patterns for land use, spatial reconstruction and location and the nature of development.

- Give guidelines for land use management.
- Set out a capital investment framework for development programmes, including infrastructure.
- Consider the strategic assessment of the local environment.
- Identify projects and programmes for development.
- Identify a hierarchy of nodes and corridors
- Transformation of rural settlements into sustainable rural settlements.
- Integration of community based natural resource management practices and strategies for management of land use conflicts.
- Direct and indirect rural urban linkages.
- Apply community facility development standards to areas.
- Identify “no-go” developmental areas, where sensitive environmental areas exist.
- SDF should indicate how national and provincial priorities are addressed locally.
- Align service delivery programmes with SDF, such as the provision of bulk infrastructure (Sibuko Se-Africa, 2010:25-30).

More detail regarding policy aspects in South Africa are listed in Chapter 4 of this study.

3.3.5 General remarks

A positive spatial planning system is required on the local sphere due to the fact that it provides direction of what development is desirable. Further, it protects the land and land use rights of people, it protects the natural environment, it makes use of resources in a sustainable manner, it assists in achieving higher quality of service delivery, it co-ordinates actions and local investment to ensure maximum impact, it sets developmental priorities and it assists in the avoidance of duplication of efforts by various levels of government (DPC, 1999:20).

3.4 CONCLUSIONS

Rural development for success requires a holistic approach including components such as the local economy, social environment, the physical environment, and the political environment. The rural development process is based on the strategic planning process. If utilized in conjunction with LED and spatial planning, and in an integrated manner, it will provide a rural area with the best opportunity for development. Both LED and spatial planning are intervention tools by the public sector to re-direct development where there are market failures. The success of the process depends on a number of factors as listed in this chapter, but local partnership formation is vital. Rural development is a team effort consisting of local government, the private sector/business sector and the local communities. The utilization of local knowledge will also improve the quality of policy interventions.

Rural development, supported by LED and spatial planning initiatives, has shared objectives which include the creation of an enabling environment which supports and promotes economic development and entrepreneurial development, the creation of sustainable job opportunities, the provision of basic needs to the local communities and lastly the improvement in quality of life.

Urbanization, rural/urban migration and globalization had a major impact on the existence and feasibility of rural areas since the 1970's. The wheel of global economic development is however turning slowly in favour of rural areas, and away from cities and large urban areas. Rural areas are slowly becoming popular and in "fashion" again due to a global turn to sustainable development. With the growing demand by a growing global population, the demand for water, food and other commodities are increasing rapidly. Food security will in future drive the move to rural focus policies away from "the city is the growth centres" policies which currently still exist. Rural-urban linkages are of importance and the two environments should co-exist and support each other.

Every rural area has unique locations, resources and environments which requires "best fit" policies. The "one size fits all" approach adopted in many areas is due to lack of the understanding of local areas and is an easy way to compile a policy. This approach does not lead to long term benefits for local rural communities.

Chapter 4 will include best practice case studies from around the world with a focus on the BRICS countries regarding rural development policies and implementation and the roles and functions of government in South Africa regarding rural development.

CHAPTER 4
POLICIES AND CASE STUDIES ON RURAL DEVELOPMENT: GLOBAL AND LOCAL

4.1 INTRODUCTION

Globalization is changing planning approaches towards local and regional development. Local economies are impacted and influenced by globalization. Globalization is even affecting the most remote rural localities and is causing increased global competition. This competition is forcing local firms and local economic planners to react and adjust in order to cope with changing global trends, needs and competition (Rodriguez-Pose, 2008; ILO, 2006:2; Pike et al, 2006:4). In this changing development planning field, LED and spatial planning are seen as the main tools of ensuring local and regional development (Rogerson, 2009:9).

Table 4.1 provides a summary of the linkage between South Africa's medium term strategic framework (MTSF) and the Millennium Development Goals (MDG's) as discussed in Chapter 2. From the table it appears as though the South African government is committed to achieve the MDG's. The MTSF is aligned with the MDG's, with all of the MTSF priorities having a rural development focus. Priority 3 is however the main government priority regarding rural development which links to MDG 1, 2 and 7.

Table 4.1: Linkage between the medium term strategic framework (MTSF) and the MDG's for South Africa

MTSF Priorities	Relevant MDG
Priority 1: Speeding up growth and transforming the economy to create decent work and sustainable livelihoods	MDG 1, MDG 2 MDG 3, MDG 8
Priority 2: Massive programmes to build economic and social infrastructure	MDG 1, MDG 3 MDG 8
Priority 3: Comprehensive rural development strategy linked to land, agrarian reform and food security	MDG 1, MDG 2 MDG 7
Priority 4: Strengthen the skills and human resource base	MDG 2
Priority 5: Improve the health profile.	MDG 4, MDG 5 MDG 6
Priority 6: Intensify the fight against crime and corruption	MDG 2, MDG 3
Priority 7: Build cohesive, caring and sustainable communities	MDG 2, MDG 3 MDG 7
Priority 8: Pursuing African advancement and international cooperation	MDG 8
Priority 9: Sustainable resource management and use	MDG 2, MDG 3 MDG 7
Priority 10: Building a development state, including improvement of public services and democracy	MDG 1, MDG 2 MDG 3, MDG 8

Source: UNDP, (2012) as compiled by author.

The overall focus of this chapter is on the role of all spheres of government in rural development. Government policies in the BRIC (Brazil, Russia, India and China) countries and a number of case studies in developing and developed countries are analysed. The focus then turns to South Africa, specifically with regard to government's role in rural development. Aspects such as orientation, policy overview, the roles of the three spheres of government, funding for rural development, and local case studies are included in this chapter.

4.2 BRIC COUNTRIES: POLICIES AND CASE STUDIES

The BRIC countries, including Brazil, Russia, India and China, will be analysed in this section regarding policies and case studies relating to rural development. South Africa has become a member of the BRICS countries. As such, rural development lessons could be learnt from the other countries within the group as they have similar socio-economic challenges. Table 4.2 provides a summary of the key indicators of the BRICS countries. Outstanding indicators are listed in bold.

Table 4.2: BRICS countries: Key indicator comparison.

Indicator	Brazil	Russia	India	China	South Africa
Area	8.5 million square km	**17 million square km**	3.3 million square km	9.6 million square km	1.2 million square km
Population	203 million	139 million	1 180 million	**1 300 million**	50 million
Population density (people per square km)	23.8	8.2	**357.6**	135.4	41.7
GDP per capita	$11 289	**$15 806**	$3 290	$7 517	$10 505
Poverty %	26%	13%	25%	Na	**50%**
Inflation	4.9%	6.5%	**13.1%**	3.5%	5.5%
Unemployment rate	7.2%	7.5%	NA	4.1%	**24.4%**

Source: World Bank, (2010) as compiled by author.

Of the five countries, Russia is the largest in terms of physical size, with the lowest population density. China is the most populated country in the world, while India has by far the highest population density of 357 persons per sq km compared with only 41.7 persons per sq km in South Africa. Russia has the highest GDP per capita while India has the lowest. South Africa has the highest percentage of people living in poverty at 50% compared with the other countries which have poverty rates of between 13% to 26%. South Africa also has the highest official unemployment rate of just below 25%. The high levels of poverty, unemployment and associated inequality are the three main socio-economic challenges that needs to be addressed and which are the focus of the current government (World Bank, 2010).

4.2.1 Brazil

This section will analyse the rural policy development and case studies in Brazil.

4.2.1.1 Background and policy overview

The Brazilian government's policy regarding rural development has changed since the period of 1970 up to 1990's. Rural development is no longer seen as only concerned with social assistance or pro-poor policies for poor regions. Rural development policies aim to give local role players an active role in planning and design and implementation of rural development policies. Decentralization of decision making powers was also implemented. Rural development must eventually lead to sustainable development. Rural development in Brazil has become a multi-role player, multi-level, and a multi-dimensional concept which gives local role players space to shape their own livelihoods. Rural development is implemented by many government departments and coordination is a challenge as well as the duplication of functions (Schneider et al, 2010: 226).

From the 1980's onwards, Brazil introduced structural changes to address its economic problems, which were high inflation, low economic growth and high levels of inequality. Policies that were introduced include new economic policies to invigorate the economy by getting poor people more actively involved in the economy. The main tools used were an increase in minimum wages, pensions and social grants. The other economic tools were focused on rural areas and included improved housing, improved electricity and access to micro finance. In rural areas, small scale agriculture was promoted through government food procurement programmes. Agrarian reform was also accelerated. As a result, Brazil experienced a general improvement in income levels, poverty and inequality in rural areas. Between 1995 and 2005, rural poverty was reduced by 16% with and associated decrease of 5.1% in the Gini-coefficient index. Income levels increased due to growth in agriculture employment and increases in minimum wages (Schneider et al, 2010: 230).

Brazil's rural development policies have been in development since 1993. The first generation of rural development policies focused on agrarian and agricultural development from 1993 to 1998. The second generation of policies, from 1998 to 2004, focused more on social development and were assistance and grant driven. The third generation of rural policies are focused on construction of markets, food security and environmental sustainability, and are currently being implemented (Schneider, 2009). A key element of this current policy is to integrate the different levels of government involved with rural development, both horizontally and vertically. Another key element of the policy is to promote the processing of value added farm products regarding small farmers and rural enterprises. This process includes the bio-fuels programme. The creation of new markets for agriculture is also a priority. The rural policy shows a comprehensive understanding of how to fight poverty, hunger and inequality. With rural development in Brazil, and elsewhere in the world, the local economy has both a supply and demand side. An example of this is the schools meal programme, which has been decentralized to local government and both the demand and supply side have been boosted (Schneider et al, 2010: 233).

In Brazil, agrarian reform and land reform is known as the “Bolsa Familia programme” or the “family farming programme”. From 1995 to 2008 a total of 712 550 families were given land through this land reform programme. The average farm size in this programme is 73ha. The reform was supported by training and financial assistance. A total of 14.5 million loans were approved in this period. Food security is seen as a major component of rural development. As such, Brazil has a policy on food security known as “Food Security Zero Hunger Policy”. The principles of the policy are the right to food of all. People living in hunger need immediate assistance and food must promote cultural development (Schneider et al, 2010: 241).

Rural development and environmental policies are increasingly integrated in Brazil. Environmental conservation and rural development are linked and one could not be successful without the other. Rural development and farming practices are changing to be more environmentally friendly and large amounts of funding are budgeted for research and training in this regard (Schneider et al, 2010: 252).

According to Schneider (2007:17-25), the following issues are of importance for rural development success through lessons learnt in Brazil:

- Rural institutions need to be restructured and decentralization is needed. Partnerships between government and community organizations are required.
- Innovation and entrepreneurial development. Family farmers require innovation and need to be good business people in order to compete in the modern economy against large corporations.
- Environmental sustainability: The natural environment is the foundation for agriculture and tourism development in rural areas.
- Development of non-agricultural activities: Such activities could include agro-industries, leisure and tourism.
- The integration of space between rural and urban areas through spatial planning.
- Formulation of compensatory and subsidy policies such as housing, rural tourism and infrastructure.
- The strength of tradition and history of rural areas need to be retained.
- An “agri-food” focus for rural development. With this Schneider (2007:25) means the creating of value added chains or agro-processing.

4.2.1.2 Case studies

The former Brazilian President, Luiz Lula da Silva, (replaced by President Dilma Rousseff in 2011) in his two terms as president, had achieved major economic and rural development success. From 2003 to 2010, as many as 28 million people were lifted out of poverty and 15 million new jobs were created. Brazil’s GDP has increased fivefold and the per capita income increased fourfold. Unemployment rates fell from 12% to 6% (Freemantle, 2012: 2).

A number of lessons could be learned within the rural development field of study, namely that the poor is placed at the centre of economic and rural development policies. For example, the "Bolsa Familia" (family allowance to family farmers), where 13 million rural families were assisted, and that the concept that wealth must first be created before it is distributed has been rejected. Both processes are simultaneous. The pace of change and growth is not as important as the distribution of benefits. Brazil is a net exporter of agricultural goods due to the balance and cooperation between small-scale and commercial farmers. Land and finance are provided to small farmers as well as support given to large commercial farmers. Through the use of technology, the yields in Brazil are four times higher than in Africa. The Brazilian government believes food security is a minimum requirement that is expected from government. Infrastructure development is seen as a method to ensure regional integration. Infrastructure capacity also leads to development. In this regard foreign direct investment is important. In 2011, Brazil received more foreign direct investment than the whole Africa combined (Freemantle, 2012: 2; UNDP, 2012).

In tandem with the "Bolsa Familia" programme, the "Fome Zero" programme can be credited for raising the income levels of poor rural families in Brazil. This is a food security programme aimed at improving levels of hunger and nutrition for the poor section of the population, as well as to improve child health, and reduce malnutrition. The programme led to the inclusion of the "right to food" in an amendment to the Brazilian Constitution. The programme focuses on both the demand side of food security, cash transfers, targeted food delivery and the supply side of food security by support to small-scale and family farmers (UNDP, 2012:32).

The "Luz Para Todos" programme also known as the "light for all" programme, aims to provide electricity to all Brazilians by end of 2015. In the remote rural areas, electricity is supplied by off grid supplies in the form of diesel generators. Up to 300 000 jobs have been created in this process. The provision of electricity to rural areas, of which 2.9 million families have been connected in the last three years, has led to job opportunities, improved quality of life, better health, education, and service delivery (UNDP, 2012:34). Brazil is a pioneer in bio-fuel processes with the production of ethanol from sugarcane. In Brazil, ethanol production contributes 50% of all gasoline consumption in Brazil (UNDP, 2012:37).

Agriculture plays a major role in Brazil's economy as it accounts for up to a quarter of the country's GDP, and over a third of total exports. The growth in agri-business which includes agri-transport, processing, logistics, retail and production, led to increased investment in rural infrastructure and employment. Brazil has various agricultural support policies including subsidization, export support, financial assistance in the form of loans, infrastructure development, and tax breaks. The case study discussed below investigated the benefits of government support for the sugar industry in the Sao Paulo area (Martinelli et al, 2011:421). In 2009, sugar cane was responsible for 64% of all cropland and 55% of total agricultural production. The case study highlights the importance of agro-processing in the expansion of employment activities, public services, and infrastructure development in rural development. Successful "agri-business" as it is called in Brazil, leads to multipliers effects in industry and services and brings benefits to rural

poor, rather than just generating foreign exchange and concentration of wealth. The results show a positive impact on economic and social development. Agro-processing has a positive effect on livelihoods and equality in rural Brazil (Martinelli et al, 2011: 426). Brazil has shown that strong political commitment to sustainable, people-centred policies and programmes and good coordination can reduce poverty, unemployment and inequality in rural areas (UNDP, 2012:37).

4.2.2 Russia

This section will analyse the rural policy development and case studies in Russia.

4.2.2.1 Background and policy overview

Russia's rural population accounts for 27% of the total population. The rural population has declined due to young people moving to larger cities. Agriculture is the major rural employer, providing 49% of all rural jobs. More than 58% of rural households live below the poverty line. Agricultural development and production have been decreasing in Russia. The total contribution to employment made by agriculture amounts to 11.1%, with a GDP contribution of only 4.4% in 2005 (Petrikov, 2007:7). According to Petrikov (2007:2), sustainable rural development means providing in the economic, social and environmental needs of rural communities, such as economic growth, population increases, improvement in quality of life, social and historical control and improvement of environmental conditions.

Rural policy constraints in Russia include low budget amounts allocated to rural development, lack of community and social facilities in rural areas, no special purpose federal policy in relation to depressed rural areas, poor coordination between government departments regarding rural development implementation, and ineffective agricultural policies. Other constraints include low level of spending on local community facilities and services, local policies focuses on urban areas and neglects rural areas, the narrow view that rural development equals agriculture, and limited access to markets (Petrikov, 2007:6).

The Russian government has identified agriculture as a key sector for rural development. Agriculture has a multi-functional role in rural development, including conventional products, such as raw materials for agro-industries and food, non-conventional products such as agro-processing, bio-fuel and social goods such as food security, culture and recreational purposes (Petrikov, 2007:8). Rural development policy successes in Russia include new decentralization laws for greater local rural self-government, improved administrative and fiscal management in rural areas, and support for development of small business (Petrikov, 2007:2).

4.2.2.2 Case studies

Russia is still undergoing industrial and social reforms since its communist past. Rural areas have never received much support in terms of infrastructure and tourism development, with appreciation for the vast potential of cultural and historical attractions for tourism only being realised in the last few years (Ramthun & Williams, 2009:66).

This case study investigates the process in development of the village of Yurino located along the Volga River. The town has some significant cultural artefacts that have been neglected in the past. Significant potential exists for tourism development. The study area was analysed and an eight step plan was formulated, which consisted of the identification of leadership and sponsorship, setting of goals, investigation of strengths and weaknesses, development recommendations, setting of objectives and strategies, assigning of priorities and responsibilities, stimulate and guide development and monitoring of the project. The project was jointly led by local communities and local government. The goal of the project was to create economic opportunities for the local communities and to protect the local heritage. The main strengths of the area are significant cultural sites and a good location along the Volga River. The main weaknesses of the study area are the remote location, which is a 3 hours drive from a major urban area, the short cruise season, limited tourism experiences and management of main tourism sites by locals (Ramthun & Williams, 2009:68).

The conclusion that can be drawn from this case study is that small, isolated rural tourism destinations can be successful if planned and implemented correctly with community based planning in partnership with government. Other possibilities include special events and festivals to create awareness for the area, development of special facilities in the area to support the main attraction such as accommodation, culture, recreation, entertainment and food services, and broadening of stakeholder participation (Ramthun & Williams, 2009:68).

A second case study looks at new strategies for rural development in Northern Russia. The case study focus on the Arkhangelsk area, Northern Russia. Traditional rural communities suffer from unemployment, depopulation, and poverty. Urgent interventions regarding capacity building for government and communities, law enforcement, social services, financial support, land use management and heritage preservation are needed (Semenova, 2012:101).

The rural areas of the Arkhangelsk region are socially and economically depressed areas with limited potential for development. In 2009, a comprehensive plan was formulated to address social and economic issues. Spatial planning formed part of the solution regarding future planning and land use management regulations. Culture was identified as a key tool for local development. The area has huge cultural and historical heritage with more than 3 000 monuments in the area. Local communities have strong cultures and traditions which regulate community live. Stumbling blocks for development in the region include legal transformation with no legal documents available for local management, “hidden privatization” of land, where land is just given to individuals for any land use, and the fragmentation of land (Semenova, 2012:113).

Russia is currently introducing a modernization process, however with the positive aspects of the global modern economy there are also risks. Strategic planning is hindered as government is more involved with emergency situations than long-term planning. The relationship between culture and the local economy is intensified in the new approach to rural regional development. A solution to rural development is a diversified economy and partnerships between communities and government, known as “self-government” structures (Semenova, 2012:114).

4.2.3 India

This section will analyse rural policy development and case studies in India.

4.2.3.1 Background and Policy overview

Mahatma Ghandi stated that “Rural development involves the rebuilding of every aspect of human life – social, political and economic” (RDI, 2005:1). In India, approximately 65% of the population lives in rural areas. Rural development strategies focuses on aspects such as poverty alleviation, improved livelihood opportunities, provision of community facilities, improvement of infrastructure, and innovative wage and self-employment programmes. India is primarily an agricultural-based country. Agriculture contributes 20% towards the GDP of India. Local community participation in rural development planning is imperative for success (Gangopadhyay, 2008:83). The Indian government has identified rural development as a priority, and a number of programmes have been implemented. Some of these programmes are listed below:

- Integrated rural development programme: Assists the rural poor in the form of subsidies and work opportunities and also includes training for the youth for self-employment, development of women and children, and tools for rural artisans.
- Wage employment programmes: Assist poor rural families with sustained income through social mobilization, training and capacity building. The programme guarantees employment in unskilled manual work to families for 100 days per financial year.
- Food for Work programme: The programme aims at food provision through wage employment. Food is provided to states at cost and is distributed.
- Rural housing programmes: Provision of free housing to the rural poor.
- Land reform programmes: Land ownership transfer to the rural poor.
- State rural connectivity programme: The construction of roads connection villages with larger towns to improve rural-urban linkages and economic activities.
- Working for water storage: Improvement of water provision for the rural agricultural areas such as new dams and irrigation schemes (Gangopadhyay, 2008:93-99).

Von Braun et al (2005: 2-5) analysed the relationship between agriculture and rural development in India. Five types of reform were proposed to ensure that agricultural growth lead to poverty reduction and employment creation to assist rural poor. The five reform strategies included increased infrastructure investment (transport, ICT) in rural areas with a reduced subsidies, assistance and support for landless poor by providing assets such as land, an increased safety net, addressing the water challenge in rural areas through sustainable irrigation systems, working towards high-value (fruits, vegetables, fisheries) and value-added agriculture, and trade and market policy reforms regarding agriculture.

Rural development policy lessons from India include its holistic self-employment scheme, the decentralization of development and planning, devolution of powers to local rural areas, infrastructure provision to open up rural opportunities and the empowerment of women in rural

areas. The following lessons and observations regarding small towns and rural areas in India are listed as determined by Wandschneider (2004:8-18):

- Small towns and rural areas are dominated by micro enterprises with between 2 to 5 workers and could include unpaid family labour. Economic development strategies must focus on a specific region rather than on specific locations of towns. Economic activities in rural towns are interlinked with the surrounding region through consumption, production, employment and social services. The growth of a rural town is therefore dependant on its surrounding hinterland and linkages with other urban centres. The functions of rural towns include consumption outlets, local distribution points, non-farm production, and value adding industries such as grading, packaging and processing activities, financial services, information, health, education and training services. Rural regions with high agricultural potential, relatively equitable distribution of land and labour, and intensive farming systems, tend to show the strongest rural-urban linkages.
- Decentralization is seen as a pre-condition for effective planning and decision making at the local level. Local government must however have clear functions, resources, and adequate capacity. Decentralization and good local governance is required in order to implement rural development at the local level. Larger enterprises in small towns and rural areas include agro-processing, grain wholesale, building and road construction, brick making, mining, quarrying and transport. High potential agricultural areas allows for larger firms with larger local markets. A positive relationship exists between firm size and town size. Larger small towns generally provide a more enabling environment for enterprise activities due to a larger market, economic infrastructure, skills, information and networks. Small town enterprise activity is dominated by services such as trade and transport and also public services such as administration, health and education. Service activities are characterized by low entry and exit barriers, which allows for easy and fast diversification.
- Small scale manufacturing requires low investment costs and attracts many potential entrepreneurs. Low investment generally leads to low income. Agro-processing is difficult to establish in small rural towns and depends on agricultural surplus, level of local consumption, level of modernisation, transport links, skills and support services. Such processing plants could include flour mills, rice mills, dairy and oil processing plants. Agro-processing plants are sensitive to competition, availability of quality raw material, local demand, and access to distant markets.
- Small town entrepreneurs have high levels of education, with most having completed secondary education, or on the job skills training. Enterprise managers who own land have a better chance of diversifying into non-agricultural activities should the need arise. Small towns are the primary market outlet for local producers. Agricultural produce provides for a large share of local production and exports to larger towns are also significant in the process. Very limited product innovation takes place in small towns due to the poor business environment and weak local entrepreneur base, which constrains the development of

enterprises both locally and within the region. A weak agricultural base generally undermines the development of strong agri-business. The locality of a small town within the influence sphere of larger centre, is a major factor affecting enterprise development prospects for small towns and their regions. A strong, dynamic small town enterprise sector, which is well linked to the regional economy, provides an engine for local economic growth. External constraints on local enterprise development include competition, stagnating demand, limited access to finance, poor road conditions, and an unreliable power supply.

- The LED potential of small towns has not been sufficiently recognized in rural development strategies and programmes. Small rural towns must be used as entry points for policy, investment and enterprise development interventions. The focus should be on activities that sell to outside markets with growth prospects, value-added products, and employment generators. Such activities include agricultural produce, storage, trade, manufacturing of agricultural tools and equipment, construction and tourism. Rural development is dependent on national policy support regarding governance, business environment, land reform, finances, power supply, etc. Lastly, poor transport has been identified as the main factor limiting rural-urban interaction and economic activities (Wandschneider, 2004:8-18).

Rao (2009:2-8) identified a number issues regarding rural development in India including that rural areas and small towns are changing fast and traditional livelihoods are disappearing in some cases. The improved linkages as a result of improved transport routes allow the skilled and educated to leave the rural areas. There is a lack of up-to-date socio-economic data to do planning in rural areas. A positive aspect is that community participation is strong and policy makers are well informed.

4.2.3.2 Case studies

Best practice rural development success stories were analysed in the states of Rajasthan and Uttar Prasesh. Four local case studies are summarised below in Table 4.3 in table format.

Table 4.3: Indian best practice case studies

PROJECT NAME AND DESCRIPTION	ORIENTATION AND PROBLEMS EXPERIENCED	OBJECTIVES AND INTERVENTIONS	LESSONS LEARNT
Waste land development project in Ajmer District of Rajasthan, initiated in 1995. Model for soil conservation measures leading to prosperity and development.	Due to soil erosion, land becomes unfit for cultivation. Major negative impact on economic lives of local people with the closest towns some 5km away to collect water, fodder and wood.	Improve quality of life, improve water table level, provide fodder and wood and introduce soil and moisture conservation measures. Construction of dams, trenches and trees to prevent erosion. Land for cultivation increased three fold.	Community participation is key to project success. Community in control of project even if government withdraws. Community members trained in specialist farming activities. Livelihoods of local people improved, economic activities increased because of greater land cultivation and a more

PROJECT NAME AND DESCRIPTION	ORIENTATION AND PROBLEMS EXPERIENCED	OBJECTIVES AND INTERVENTIONS	LESSONS LEARNT
			diverse economy.
Irrigation programme in Bhilwara District of Rajasthan, initiated in 1996.	Agriculture is dependent on rainwater and cultivation is only possible for a quarter of the year. Local people could not sustain their lives and had to move to other towns in the non-rainy part of the year.	To provide irrigation facilities to small farmers in the area to enable farming throughout the year. A farmers committee was selected to manage the project.	Community ownership of a project is important. Irrigation can lead to increased and diverse economic activities, during the year.
Self-help group schemes (micro finance for poor women, in rural areas of Kanpur. Project was initiated in 1986 has been implemented in 92 villages.	To start a habit of saving for poor rural women, to get them out of the clutches of money lenders, to provide cash flow loans in time of crises to families, to provide loans for income generating activities and to provide business development activities.	Self-help projects also start with community buy-in and community committees. Members make monthly deposits and can take loans from the system. Government structures support the project financially. Loans have been given for new businesses such as shops, buying cattle and seeds for agriculture.	Participation is important. Provide in choice of saving and access to finance for economic activities. The systems operate independently with community management. Process must be transparent, loans must be easily available.
Tannery project in the Uttar Pradesh region to support struggling flayers. The project was initiated in 1987.	To assist flayers in improving their livelihoods.	Provide training, legal right to fallen carcasses, set-up of cooperatives, assists with licences, and finance. Average membership of cooperatives is 70 people. Income of people increased by 50% to 100%. Cooperatives have provided regular work, added value to products, make timely payments and offer loan facilities.	Cooperative can assist in improved economic activities and livelihoods. Also in training, loans, improve income and self-esteem.

Source: RDI, (2005:5-42) as compiled by author.

4.2.4 China

This section analyses rural policy development and case studies in China.

4.2.4.1 Background and policy overview

In modern China the rising gap between the rich urban areas and poor rural areas is the most serious problem in China. The vast rural areas in the central and eastern parts of China have seen little economic growth if compared to the large urban areas. Family farming dominates rural China with small family plots of approximately 0.55 ha each. These units are too small to compete with large commercial farmers and small farmers still don't own the land (Heilig, 2003:13).

Rural migration to urban areas has been a major planning issue in China since the beginning of the 1980's. Even the authoritarian government regime could not prevent a massive outflow of people from rural to urban areas. It is estimated that more than 400 million people migrated to urban areas between 1982 and 2010. The government realized the dangers of such trends with regards to the societal foundation of the population, the impact on capacity of urban areas and the threat to food security. In China, approximately 56% of the population resides in rural China with rural residents mostly dependent on agriculture and usually living in poverty. It is expected that the rural population will only represent 25% of the population by 2035 as rural people migrate to large cities in the hope of better living conditions and jobs. The rural population in China was approximately 807 000 million in 2000 and 700 million in 2006 (Heilig, 2003:6; OECD, 2009). The contribution of the agricultural sector to China's GDP has decreased from 40% in 1970 to 16% in 2000. Employment in the agricultural sector has also decreased from 81% in 1970 to 50% in 2000 (Zhang, 2005:4).

Non-agricultural economic activities have shown rapid growth over the last 30 years. This has had a positive impact on rural income, which has increased from 200 Yuan per capita in 1978 to over 900 Yuan per capita in 2000. The poor resides mostly in the rural areas and in 2000 the poverty head count was only 30 million of which 3% are living in poverty. China needs to increase its food supply by 40% to meet local demand by 2030. Rural development in conjunction with agricultural development is therefore of the utmost importance. However local shortages in water and arable land, access to credit and finance are problematic (Zhang, 2005:6).

Rural development policy development in China could be categorised in various periods from 1949 to today. The main periods include the land reform period from 1949 to 1953 when people gained access to land, and the collectivization period of 1953 to 1956 when small farmers were combined into cooperatives. The next period from 1957 to 1961 was known as the period of formation of agricultural communities of about 200 families each. This was replaced with the period of a cultural revolution from 1966 to 1976, where central government took control of all economic activities and agricultural output was very low. The first period of economic reform, with the introduction of family farming took place from 1978 to 1984 which was followed by the period of price and market liberalization from 1985 to 1989. Since the 1990's China's economy including the agricultural sector, was liberated as an open economy (Heilig, 2003:10). China's rural areas and agriculture only began to develop as soon as economic decision making was decentralized and the open market system was introduced. A lesson from China is that any rural development strategy must include non-agricultural aspects (Heilig, 2003:11).

Policy constraints in China regarding rural development include the absence of a coherent rural policy due to the complex government framework: rural policy is not integrated on a horizontal level causing conflict of interest between different government agencies, rural areas have limited representation in government structures, and local government implementation weaknesses (Zhang, 2005:13). Rural development policy successes in China include increases in rural income and economic diversification, increased government spending in rural areas, and re-focus on investment rather than redistributive actions (Zhang, 2005:15).

For China to have more sustainable rural development and to keep more people in rural areas, it needs to focus on the creation of labour opportunities in the non-agricultural sector such as rural tourism, and boosting investment in agriculture through increased and accelerated research and technology. According to Heilig (2003:14), central government has implemented three rural development strategies namely:

- Construction of large scale infrastructure projects in rural areas. Projects such as rail lines, water channels and irrigation systems, roads and electrification networks.
- Steps to liberate the land tenure system. Most small farmers can only rent land and permanent ownership is needed.
- A rural-urban migration plan. Government plans to channelize migration to suitable areas rather than prevent it (Chengwei, 2008:4).

The major achievements in China's rural poverty reduction plan include the adoption of a free and open market system, strong government guidance through policies, development-orientated processes, empowerment of the poor through self-help programmes, work for food, village-based planning, agricultural industrialization, labour training and participatory implementation of programmes (Chengwei, 2008:11). Other actions and improvements that are still needed are optimal land use management and spatial planning, improved land ownership rights, improved rural services such as education, health, and financial services, rural economic diversification, natural resource and cultural development, and addressing of environmental management issues (OECD, 2009).

Some lessons from the poverty reduction initiatives in the rural western parts of China include the allowance for an open and democratic system of progress monitoring, ensuring community led participation especially in the decision making process, and making available of micro credit loan facilities (Zhou, 2011:239).

4.2.4.2 Case studies

Kumar (2006:1-12) analysed the impact of rural industrialization on rural development in China. The provinces of Shaanxi, Anhui and Zhejiang were included in the study. Small town rural enterprises are a dynamic part of China's economic reforms. Non-farming economic activities are of major importance for rural development. In China the role and contribution of agriculture has been reduced from 50% of the GDP in 1952 to only 14% in 2004. The role of township-village

enterprises (TVE) has increased from a 0% contribution to 30% of GDP in 2004. Rural industrialization and business development is a way for locals to increase their income. Rural opportunities for business development include family restaurants such as at the Fu Zhou village, infrastructure and construction development such as at the Gaoxi village. The TVE experience has absorbed a large number of excess rural workers.

Total employees in the TVE programme increased from 28 million people in 1978, to 92 million in 1990, to 128 million in 1995, to 135 million in 1996 and to 138 million in 2004. The share to total rural employment has increased from 7% to 80% in 2004. Rural enterprises can correct imbalances between popular and unpopular areas by initiating such business activities in backward areas. TVE not only increase local rural income, but also promote other rural undertakings such as agriculture, education, health care and other welfare services. Legislation directs local tax to rural development in agriculture and rural social undertakings. Food processing is of key importance for rural enterprises. The agri-food sector was granted a tax concession to encourage commercialization and value added production. This industry is the main link between the agri-sector and TVE. Food processing leads too many benefits such as a backwards linkage effect for the agri- sector, enhancing profitability of food crops, more efficient and higher quality agri- products, higher demand for agri-products, removing the middle man in the process, and leading to regional and international exports due to processed foods. The role of local government is vital in this process in order to provide support and training. The food processing industry therefore links small and large farmers and small villages with cities (Kumar, 2006: 1-12).

Development of rural enterprises requires factors such as national government support, new technology development, and reduction of impact of government regulations. Also of importance is an integrated system, quality control, taxes collected must be spent locally and effectively, and strong corruption prevention. The agricultural sector is not enough to ensure rural development and needs to include agro-processing instead of subsistence agriculture. Tax incentives must be allocated to rural enterprises (Kumar, 2006:12).

Flowing from the above case study, Demurger (2011:1-37) analysed the role of returning migrants in rural development in China as new entrepreneurs. In 2009, a total of 145 million rural migrants were working in cities in China. The majority of rural to urban migrants are temporary migrants because they don't benefit from the same social and welfare benefits that the permanent city dwellers receive. However they retain their rights to arable land in their rural village. Returning migrants are then able to bring new skills and could be self-employed. In the Wuwei province during 2007, 43% of the total work force was working outside the province. The province started with an active campaign to lure migrants back to their villages. In 2008 a total of 16 800 of the returned migrants set up 1 113 enterprises and accounted for 38% of total enterprises in the area. When compared with the non-migrants it was found that returnees were more educated, had less land per capita, and were more engaged in self-employment (44%) while non-migrants were more involved in farming (50%). Returnees established less family orientated small businesses than non-migrants.

Final findings conclude that returning migrants are more prone to start a small business than non-migrants. These returning migrants are more entrepreneurial focused and play a major role in rural development. Migration is an experience in human and financial capital accumulation. Local government can assist returning migrants in creating an enabling local economic environment with simplified administrative procedures, and the provision of financial assistance.

4.3 DEVELOPING COUNTRIES INCLUDING AFRICAN CASE STUDIES

In this section, the case studies discussed will focus on rural development in developing countries, including African countries. An effort will be made to identify and examine possible positive experiences from these case studies that can be introduced in South African rural development policies and strategies. Case studies in countries such as Indonesia, Nigeria, Uganda, etc. will be analysed.

4.3.1 Developing country case studies

In **Indonesia**, a key strategy in rural development is that of sustainable rural infrastructure development. The model that is utilized is depicted below in Figure 4.1. The strategy consists of four components. Firstly, a labour-based technology component is introduced. In the process of infrastructure maintenance and construction, the choice is between the use of human labour or machinery and equipment. The use of labour will allow for income generation and job creation opportunities. Secondly, the rural infrastructure maintenance systems component refers to the use of local resources to maintain local rural infrastructure and providing sustainable access to such areas. Thirdly, the rural access planning component refers to aspects regarding rural access, transport and mobility. In this sense, access planning to transports systems, water, health care, education, land, and markets are included. Rural transport planning is seen as a major component of rural development in Indonesia. Lastly, the small contracting development component is seen as an important component for rural development. An enabling environment needs to be established for small contractors to be successful. Support regarding tenders and training is needed on the local level. In order to operationalize the strategy, the following issues need to be incorporated namely, identification and dissemination of best practice case studies and guidelines, improvement of training facilities and provision of training (ILO, 2005:7-12).

Figure 4.1: Indonesia's strategy on sustainable rural development

Source: ILO, (2005:12).

In **Nepal** a case study in rural renewable energy is analysed. Nepal is a small country with 30% of its residents living below the poverty line and 85% of the population live in rural areas. Electricity in the country is limited with only 56% the population having access to on or off grid electricity. A total of 80% of Nepal's energy consumption comes from traditional biomass sources. This has a negative impact on the environment due to deforestation and air pollution. Sustainable electricity provision is important to development and poverty reduction in Nepal. The Rural Energy Development Programme was introduced by decentralizing energy services to all areas of Nepal. This was done through the provision of micro hydro-power systems and improved cooking stoves. The programme has delivered low-cost electricity to rural communities and is an example of an integrated approach to rural development including economic, environmental and social issues. The programme lead to an increase of 8% in national income, a huge reduction in energy costs, the creation of 40 new businesses for every micro hydro-power station (317 stations were constructed), and employment opportunities, improved health, environmental conditions, and strengthened local governance (UNDP, 2012:41).

In **Mongolia**, a country located adjacent to China, which has the world's lowest population densities, an inclusive finance scheme was developed for sustainable development. More than 50% of Mongolia's households are classified as poor. The country has a resource-based economy which is unequally distributed. Mongolia requires expanded financing to enable a diversified economy, especially in rural areas. The "Xac Bank" was established to promote inclusive finance, and provide loans. Most clients are from rural areas with 58% being female clients. The bank has also provided financial literacy training in rural schools and business training. The bank developed

energy saving lending products in 2009. Green loans relate to financing of efficient cooking stoves, solar heating systems, and housing insulation. This case study shows the importance of the role of the private sector in rural development (UNDP, 2012:47).

4.3.2 African case studies

Sustainable agriculture is of vital importance for improved livelihoods in Africa. According to Rafu (2002:83) sustainability regarding agriculture consists of three main elements that need to be in balance namely people and social aspects, profit and/or economic targets and environmental concerns. Sustainability in agriculture has to balance the need for food at affordable prices and produced with limited adverse impact on the environment. Figure 4.2 is an illustration of the descending agricultural poverty trap as described by Rafu (2002:83).

Figure 4.2: Descending agricultural poverty trap

Population aspects	Agricultural environment	Yield potential
Low population growth	Short periods of cultivation	High yields, low input costs
Fast population growth	More cultivation leading to soil degradation	Decreasing yields leading to less income
Large population with fast growth	Declining potential and carrying capacity of lands	Low yield, low income and high input

Source: Rafu, (2002:83).

From the above figure it is important to ensure agricultural sustainability through the protection of agricultural land against over-use and soil degradation. Agriculture is the dominant sector in rural areas and all effort should be made to preserve local resources.

Access to essential services such as water, sewer, access roads and electricity are major determinants for rural development throughout the world but especially in Africa where access to such services are limited. Access to electricity, especially, could improve the quality of life of rural Africans. Compared to the rest of the world, access to electricity and per capita consumption is low in Africa. Less than 1 in 5 Africans have access to electricity. Improved sustainable development and improved livelihoods in rural Africa is dependent on a reliable electricity supply. New generation methods, transmission and distribution are required. It will be necessary to move away from large central power station provision to energy production at the local level (Wohlgemuth, 2002:98). Local energy production has benefits such as improved local environment, economic benefits such as local employment, social benefits, utilization of local energy sources, development of local skills, economic development, improved technology and improved energy supply to local areas. The low population densities of rural areas make affordable electricity supply in rural areas difficult. Small, decentralised generation plants are

required. Possible alternative energy solutions for small systems include wind turbines of 1000kw, and solar panels of up to 100kw. The provision and maintenance of such off the grids systems will put a local area's destiny in the local community's own hands (Wohlgemuth, 2002:99).

In the first African case study, the role of women in rural development in **Ibadanland**, **Nigeria** will be analysed. Women play an important role in family life and society in general in Africa. In Nigeria, rural women play multiple roles in agriculture production sector in specifically food production, processing, storage and marketing. Women in rural localities are leaders in local societies, economy and nutritional wellbeing (Adegoroye & Adegoroye, 2006:1871). A number of policies have been formulated to promote rural areas with a focus on rural women, but limited success has been achieved. Government structures and service delivery have not resulted in improved conditions for rural women. A solution could be the use of NGO's (Adegoroye & Adegoroye, 2006:1872).

Ibadanland is the capital of the Western region of Nigeria. The area consists of 11 local government areas of which 6 are rural areas. The rural areas provide food and agricultural products to the urban areas in the region (Adegoroye & Adegoroye, 2006:1874). Factors working against rural women as key economic role players of local rural areas include: historical cultural practices and traditions, lack of access to finance, lack of access to land, un-cooperative husbands and lack of information. Strategies used by NGO's to improve the quality of life of rural women in the area include awareness campaigns, training, support services, educational programmes, capacity building and assistance for soft loans (Adegoroye & Adegoroye, 2006:1879).

The second African case study is located in **Uganda**. The Poverty Eradication Action Plan (PEAP) and the Plan for Modernisation of Agriculture (PMA) contains the main rural development strategies for rural development in Uganda. The PEAP was developed around four pillars which include: achieving rapid economic growth and structural transformation in rural areas, good governance, improved security, increase of the ability of the poor to raise their income levels, and enhancement of quality of life of the rural poor. The PEAP promotes participation through partnerships with NGO's. Monitoring of progress is done through an annual rural poverty status report. The PEAP is a collaborate effort between central and local government, the donors, private sector and NGO's (Kakumba & Nsingo, 2008:114).

Rural development requires increased production and employment. Human development is also important in rural development. A lack of participation in Uganda regarding rural development hampers the effectiveness thereof (Kakumba & Nsingo, 2008:120). In Uganda, the high tax rates discourage rural farmers to expand operations, which is the main goal of the PEAP. According to Belshaw (2000:100), rural development will not be efficient if macro-economic policy reform does not support rural development actions on the micro level. The Local Government Development Programme (LGDP) is a disbursement from central government to local government. This fund provides for non-sector specific development and capacity building. The fund is criticized for having too many priority focus areas at the same time (Kakumba & Nsingo, 2008:120).

Indigenous knowledge for rural development is in most parts of the world underestimated for its role to enable local communities to take charge of their own areas. Local people and communities know best what is important for their areas, with support from external forces with technology. The **Ogun State, Nigeria**, is the locality for the next case study in rural development. Traditional, local, indigenous knowledge is of great importance for the achievement of sustainable rural development. Traditional knowledge has not been utilized in the formulation of development projects in Nigeria in the past (Olatokun & Ayanbode, 2008:47).

Nigeria has made the mistake in the past to introduce aid and assistance from the developed world, without including traditional knowledge in the process. The success of development projects in Africa depends on initiatives and inputs from local people. Rural women especially are seen as the custodians of local knowledge. The roles of rural women are the key to rural development and the transfer of local knowledge. The roles of rural women are listed as the following: contribute to family income, marketing, distribution of food, natural resource management, ensure survival of families and society, breeding of food crops and plants and agriculture, cultural development, traditional medicine, education and family health care (Olatokun & Ayanbode, 2008:48)

In the analysis of the Ogun State case study in Nigeria, it was determined that rural women were involved in six major occupations. Table 4.4 below contains detailed information relating to these occupations.

Table 4.4: Rural women occupations in the Ogun State, Nigeria

OCCUPATION	% OF WOMEN INVOLVED
Farming/agriculture	44%
Food processing and sales	26%
Trading	11%
Hair dressing	8%
Tailoring	7%
Herb selling	4%
TOTAL	100%

Source: Olatokun and Ayanbode, (2008:53) as compiled by author.

The type of indigenous knowledge in the Ogun State includes land preparation for cultivation, financial/budget management, pest control, seed selection procedures, birth control, transfer and preservation of culture, food preservation, diet and nutrition, and medical procedures (Olatokun & Ayanbode, 2008:54).

The main findings of the case study are as follows: although rural women are seen as the custodians of local knowledge, the level of literacy is low and most women can't read or write,

farming and food processing are the main occupations of rural women and local knowledge is mostly transferred by means of oral communication in rural locations (Olatokun & Ayanbode, 2008:56).

In **Mauritius,** spatial planning is used as a tool to achieve sustainable rural development. Spatial planning should promote vertical integration of all levels of government, horizontal integration of economic, environmental and social aspects, diagonal integration among sectors such as infrastructure, tourism and agriculture, and public participation. Spatial planning articulates the specific region's role within the country, the long term vision, the strategic direction, translating the strategic direction into policy, and the identification of key nodes and corridors for development. The current spatial planning framework forms part of the National Development Strategy for Mauritius which sets guidelines for sector development and local policy plans for the nine districts of Mauritius (Mauree, 2009:3).

The integration of economic planning with spatial planning in the **Lake Victoria region** is the next locality for an African case study. Musoga (2005:1) stated that spatial planning plays a role in improving people's well-being and quality of life. Spatial planning also plays a vital role in sustainable development at the local level, and reducing the impact of development on the environment. The lack of spatial planning leads to placement of land uses in undesirable localities and allows for unplanned expansions which is not sustainable. On a global scale, by 2030 more than 2.8 billion people need to be housed and be provided with services in mostly rural areas within rural towns. Such urbanization drives economic development but has its own challenges such as overpopulation and environmental degradation, undermining the sustainability and competitiveness of such rural towns (Musoga, 2005:6).

Spatial planning in the Lake Victoria region follows the master planning approach with a two-tier system. Firstly, the strategic spatial and forward planning framework plan and secondly, the more detailed land use management plans. Spatial planning in this region was non-existing. Flowing from spatial plans, specific development interventions were initiated such as services plans, slum upgrading plans, poverty reduction plans, economic development plans including urban-rural linkages, job creation projects, and infrastructure projects, and the development of tool kits for leadership and skills training (Musoga, 2005:7-18).

According to Musoga (2005:26) this region's spatial planning has introduced a new paradigm in spatial planning for rural areas. This new approach included the following aspects: strong community participation, strong stakeholder's involvement, strong coordination between national government on policy guidance and local government, interaction between spatial and economic planning, environmental sustainability, and financial feasibility.

Lessons from the Lake Victoria region case study regarding successful spatial planning integrated with economic planning includes the following: a strong institutional framework with skills and capacity is required, citizen participation and local leadership is essential, and availability of data and information for planning is necessary (Musoga, 2005:62).

4.4 DEVELOPED COUNTRY CASE STUDIES

Concepts of rural development and LED were initiated in Europe and the US. For this reason these regions were analysed to determine if rural development concepts and principles from developed countries could be introduced in developing countries such as South Africa. Due to the similarity regarding locality, climate and extent of the countries, best practice rural development principles in Australia were also analysed for possible application in South Africa. Due to the extent of the research, this section is available as an annexure (Annexure A).

4.5 SOUTH AFRICAN RURAL DEVELOPMENT

In this section, aspects such as a historical orientation, policy overview, the roles of the three spheres of government, and local funding sources regarding rural development will be analysed. Local case studies will be discussed with regard to rural development in South Africa.

4.5.1 Introduction

Rural development and land reform are focus areas for the South African government. The revitalization of rural towns has been identified as critical in government efforts to revitalize the economies of rural regions in South Africa. The point of view is that rural towns play a vital role in the creation and strengthening of linkages between rural and urban areas. Rural areas, including rural towns, are experiencing an economic decline mainly due to the impact of urbanization and globalization. The majority of rural towns lack external linkages and activities that can assist in dynamic economic activities. Many of the rural towns are failing as support centres for sustainable economic services to surrounding rural areas (Department of Rural Development and Land Reform, 2010a:1). Post-productivist theory argues that as rural areas and towns lose their traditional economic base of agriculture, there is a dynamic search for alternative economic activities, including consumption and service sector activities such as tourism (Hall & Muller, 2004:21).

The informal sector needs to be an important job creation sector in rural areas. South Africa however, has a very low informal employment component with only 5% of economically active people working in the informal sector. Reasons for this include insufficient start-up capital, lack of an entrepreneurial spirit and crime. In Indonesia, close to 50% and in India and Brazil over 30% of the workforce is involved in the informal sector. Other reasons for the low levels of informal employment are regulations for small businesses and dominance by large businesses. Spatial separation as a result of the apartheid past and poor conditions of poor people does not allow for business opportunities in especially isolated localities. Low population densities are also a problem with regard to market demand (CDE, 2010:32).

The official unemployment rate in South Africa is just above 25%. The figure is high by international standards. It however underestimates the extent of the unemployment crisis. The true extent of unemployment is estimated at just below 40%, if adults who have given up looking for work are taken into account. A global employment rate of 60% of economically active people employed is an accepted rate. Only 41% of the working age population in South Africa have any

kind of job, whether formal or informal. A total of 13 million formal and informal jobs currently exist in South Africa. If the target of 60% employment is to be achieved an additional 19 million jobs needs to be created (CDE, 2010:2).

Agriculture has been the cornerstone of many rural regions and towns in South Africa. The sector has however been declining. The number of commercial farmers have decreased from 78 000 in 1992 to 45 000 in 2007, while employment in the sector has decreased from 1 500 000 in 1970 to 700 000 in 2007 (Atkinson, 2007: 21). Rural people losing their jobs in agriculture sector have no option but to move to nearby rural towns or larger urban centres to look for work. This agricultural sector decline has also a negative impact on rural towns and general economic activities such as supply stores, stock merchants, banks, general stores and post-offices. Despite the loss in economic activities in rural towns, the populations have generally increased. Many skilled people have left rural areas, leaving large welfare based local economies behind (Nel & Hill, 2008:264). In South Africa, rural towns and service centres are classified as small towns if the population is less than 100 000 people in total. It is estimated that approximately 5 million people resides in 500 rural towns in South Africa (SACN, 2004:3).

Characteristics of rural towns in South Africa include a declining economic base with the demise of agriculture and the original function of establishment of the town, declining formal employment opportunities, growing numbers of poor households on the outskirts of rural towns without basic needs and services being provided, high proportions of old and young people putting strain on social welfare services, lack of maintenance of infrastructure and lack of capacity of rural local government (Nel, 2012: 330). In addition, the dynamics of rural South Africa are listed as follows by Delius and Schirmer (2001:11-15):

- Agricultural transformation: Black farming has been largely obliterated, while white commercial agriculture has been steadily declining with regard to rural jobs. Transformation could include the re-creation of a safety net, meaning access to agriculture opportunities and re-creation of co-operative cultures. The apartheid regime attempted to keep the masses of black people in the rural areas by injecting large scale capital into areas, which were formerly known as Bantu “homelands”. These rural poor people were however removed from access to land.
- Patterns of urbanization: In the 1960’s to the late 1980’s influx control prevented large scale migration of black people to urban areas. Rural areas were perceived as areas of safety for black people in the apartheid years. Urban areas were seen as hostile areas and even today are seen as areas of crime, unemployment and lack of respect for traditions.
- Levels of education: Low levels of access to education exist in rural areas. A high percentage of youths leave school without passing grade 12 due to poor quality of education and non-practical schooling. Non-agricultural jobs therefore need to be created for rural school leavers.

In 1997, the general poverty rate in rural South Africa was 73%, more than three times the poverty rate in metropolitan areas. The average poor household in rural areas needed a 70% income increase to reach the poverty line (Klasen, 1997:11). The rural poor in South Africa are facing the following challenges:

- Food insecurity: High levels of food insecurity and child malnutrition could be as high as 60% (Wildschut & Hubbert, 1998:15)
- Unemployment: Rural unemployment stood at 40% and urban unemployment at 22% (Bhorat & Leibrandt, 1996:148).
- Poverty: In 1997 more than 85% of rural households received or earned less than R1 500 per month (Johnston, 1997:17).
- Lack of access to land and land ownership: Up to 71% of all rural households have no access to land (Delius & Schirmer, 2001:6).
- Low income from agriculture (Delius & Schirmer, 2001:7).

Rural towns in South Africa are characterised by high levels of unemployment, the underutilization of local resources, including human resources, a decrease in agricultural activities, lack of linkages and transport routes to urban areas, decay in maintenance of infrastructure and buildings, poor quality of the environment, lack of community facilities, inability to generate a sustainable income base, and a lack of spatial and land use planning. Although rural towns are seen as potential growth points for rural development, the perception is that rural areas and rural towns have been neglected when compared with urban and metropolitan areas in South Africa. Rural towns are struggling to provide the basic level of service delivery required and there are limited efforts to provide an enabling local economic development environment by local government. In the past, rural development efforts have been poorly coordinated between the different spheres of government and implementation occurred in an ad hoc manner (Department of Rural Development and Land Reform, 2010a:1).

4.5.2 Orientation and policy overview

Aspects that needs to be taken into consideration when formulating a rural development policy include the level of “ruralness”, the dynamics of rural people, their hopes, opportunities and challenges, the strength of external linkages with urban areas, the extent of the rural town as a service centre and economic node, the possibility and opportunity for partnership and rural communities designing their own future, rural resources management, analysis of agriculture and non-agriculture sectors and the growth thereof, and institutional and governance arrangement between all spheres of government (Department of Rural Development and Land Reform, 2010a: 72). This section below provides an orientation regarding rural development in South Africa and is divided into an “apartheid era” and a “post-apartheid era”.

Rural development during the "apartheid era" (1948 to 1994)

During this period, the policy of racial segregation was implemented. On the ground level it meant that a racial separation process was legally and physically enforced and open discrimination against black people in South Africa were allowed. The apartheid policy had a permanent impact on the physical landscape and poverty in South Africa. A number of pieces of legislation were promulgated to ensure implementation of the apartheid policy. Examples of such legislation include the Prohibition of Mixed Marriages Act (Act 55 of 1949), Group Areas Act (Act 41 of 1950), Prevention of Illegal Squatting Act (Act 52 of 1951), Natives Act (Act 67 of 1952), Group Areas Development Act (Act 69 of 1955), Urban Bantu Council Act (Act 79 of 1961) and the Bantu Homelands Citizens Act (Act 53 of 1970) (Dept of Rural Development and Land Reform, 2010a: 51).

One of the outcomes of the laws on separate development was that black people were forced to reside in designated undeveloped rural areas or "Bantu homelands". The industrial decentralization policy of the 1970's was introduced to establish industries in special development zones close to those residential areas designated for black people. Black people were employed as cheap labourers in these decentralized growth zones, but had to spend a large percentage of their income on transport due to the long distances between their place of work and place of residence. These decentralized zones included areas such as Sasolburg, Newcastle, Brits and Richards Bay, to name but a few. Economic development lessons that could be learnt from the "apartheid era" are that: highly focussed economic development zones can work, but at the expense and detriment of other areas; the movement of people could not be regulated; economic development incentives can direct people to desired locations; rural/urban linkages needs to be planned and not left to market forces alone; economic development policies and ideologies must be clear within an overall framework; poor education leads to poor skills levels and an unproductive labour force; the development of technical skills will improve the utilization of local resources; the agricultural sector must be all inclusive for success; the non-agricultural sector is dependent on the private sector; and small rural towns needs support and subsidisation from government (Department of Rural Development and Land Reform, 2010a:55).

Rural development in the "post-apartheid" era (1994 to date)

With the repeal of all apartheid legislation from 1994 to 1996, the focus of the new government was to improve the quality of life of the disadvantaged rural poor. A number of rural development initiatives were introduced and these initiatives are discussed below.

The Reconstruction and Development Programme (RDP) was released in 1994 as a blue print policy by the African National Council (ANC), to actively address the imbalances created by the apartheid era. Rural development formed a key component of the RDP. The RDP was based on four pillars namely meeting the basic needs of people, building the local economy, development of infrastructure, promoting peace and stability, and promotion of human resource development. The RDP listed development targets impacting on rural development such as job creation, building of houses, provision of services and infrastructure, the distribution of 30% of agricultural land to

emerging farmers, etc. The RDP was accepted by most government departments and a number of projects were initiated. The implementation of the RDP failed due to uncoordinated implementation and duplication by government agencies. The RDP policy led to the formulation of the Integrated Sustainable Rural Development Strategy (ISRDS) (Department of Rural development and Land Reform, 2010a:58).

The Rural Development Strategy of the Government of National Unity was introduced in 1995. This strategy focused on aspects such as local economic development, access to funding, secure land tenure, farmer support, infrastructure development, training and capacity building, provision of physical services and social services, increased development of non-farm activities and income for rural people, improving the spatial economy and improvement in safety of rural areas. Other important focus areas was to improve local institutional structures, improved access to information, appointment of community development workers (CDWs) and to ensure fair access to social welfare in rural areas (Government of National Unity, 1995).

The Constitution (Act 108 of 1996) of 1996 identified roles and responsibilities for the different spheres of government. Rural development is listed as a priority in the Constitution.

The Integrated Sustainable Rural Development Strategy (ISDRS) of 2000 (The Presidency, 2000) was introduced to address the uncoordinated efforts of the RDP. The ISRDS had a rural development vision based on the creation of stable rural communities with viable institutions, sustainable economies, and access to social amenities and the ability to attract and retain skilled people to ensure rural growth and development. The idea of the strategy was to have successful rural development by means of participatory and decentralised planning and implementation. The ISRDS had the following key elements namely that rural development is multi-dimensional, it must be sustainable especially in the use of local resources, it must be an integrated process through the use of the IDP process of local government, and it must improve the safety net for the rural poor. Other complementary measures as part of the ISRDS process included human resource development, land reform, community based income generation projects, social assistance and rural finance.

The National Spatial Development Perspective (NSDP) was introduced in 2003. The need for a spatial plan to guide the national investment and development programmes led to the formulation of the NSDP. The NSDP aimed at addressing the spatial and economic imbalances of apartheid policies. Other important issues contained in the NSDP were to provide a spatial framework of the national space economy by indicating areas of severe need and other areas with development potential, act as a national guideline for sound spatial principles, act as a spatial development vision in line with the Development Facilitation Act (DFA), and to identify key areas for infrastructure investment (Department of Rural Development and Land Reform, 2010a:60; The Presidency, 2003).

The Comprehensive Rural Development Strategy (CRDP) of 2009 was approved by Cabinet in August 2009. This is the latest rural development policy and is different from previous plans in that it is a proactive, participatory and community-based planning approach, rather than an

interventionist approach to rural development. The vision of the strategy is to create vibrant, equitable and sustainable rural communities. The CRDP intends to reduce poverty, malnutrition, unemployment and lack of infrastructure capacity in rural South Africa. The CRDP is based on three pillars, namely agrarian transformation which includes increased production and optimal use of local resources, livestock and crop farming linked to value added processes, strengthening of rural livelihoods, the use of technology and indigenous knowledge systems and food security, rural development including improved economic infrastructure such as roads, railways, ports, agricultural support facilities, electricity networks, irrigation systems, and improved social infrastructure such as cooperatives, health services, sports and recreation, community halls, ABET, social cohesion activities and land reform. The goals of the strategy include: accelerated distribution of the country's agricultural land, improved food security, creation of rural business opportunities, expanding opportunities for women, youth, disabled people and people of old age. The concept is to allow rural people to take control of their own destiny and to adapt their indigenous knowledge to their advantage. The types of rural projects that the strategy will focus on include three main categories namely agrarian transformation including livestock and crops value added chain development, improvement and empowerment of rural organizational and institutional capabilities. Secondly, capacity building initiatives including training of technical skills, implementation of indigenous knowledge to mitigate rural vulnerability regarding climate change, soil erosion, natural disasters etc. Lastly, the revitalization of facilities, infrastructure, local economies, and rural towns and villages is important. Some of the priorities of the CRDP included a review of the land reform process, review of the rural land acquisition models, facilitation of secure access to land by farm dwellers, and increase the pace of settling outstanding land restitution claims (Department of Rural Development and Land reform, 2010a:61).

The CRDP process has three phases: phase one involves: meeting the basic needs of rural communities, phase two: pertains to large scale infrastructure development in rural areas and phase 3: describes the emergence of SMME development in rural industries and rural village markets. The CRDP has shown substantial successes and by the end of 2011 some 65 sites had been implemented and 33 560ha of agricultural land had been acquired for emerging farmers. The coordination of the CRDP implementation process is handled by the Rural Development Agency (RDA). The RDA is responsible for coordination between the different stakeholders, planning and resource mobilization, monitoring and evaluation, and reporting systems (Department of Rural Development and Land Reform, 2009:18).

The Department of Rural Development and Land Reform (2010a:49), compiled a matrix of challenges for rural regions and rural towns. The main challenges includes the following: The state of the rural economy and activities, population dynamics regarding urbanization, external linkages between rural and urban areas, the range and extent of services and facilities in rural areas, levels and availability of employment, utilization of local resources, the decreasing trend in agricultural activity and productivity, the limited extent of the non-agricultural sector, and the decay of rural environments especially in rural towns.

4.5.3 Local economic development (LED) in South Africa

In terms of the LED legal and policy framework in South Africa, which is in most cases integrated with rural development, the following important documents are applicable.

- The Constitution of South Africa, 1996: The Constitution is the foundation of LED institutionalization as a function of municipalities in terms of Sections 152 and 153. It is stated that "municipalities must provide and manage their administration, budgeting and planning processes to give priority to the basic needs of communities" (Republic of South Africa, 1996a).
- In 1994, the RDP economic policy was released. The policy focused on the final eradication of apartheid and provision of a democracy, with equality for all citizens. The RDP gave municipalities the function and responsibility to attract local investment and skills development to counter low productivity and unemployment (ANC, 1994; Republic of South Africa, 1995b).
- In 1996, the Growth, Employment and Redistribution (GEAR) policy was released as a macro-economic policy with the purpose to rebuild and restructure the past apartheid economy (Republic of South Africa, 1996b).
- The Local Government Transition Act (Act 97 of 1996), refers to LED as a municipal strategy for promotion of economic and social development, and includes job creation initiatives (South Africa, 1995; Republic of South Africa, 1996c).
- In 2000, the Local Government Municipal System Act (Act 32 of 2000) gave municipalities the responsibility to create and promote economic development and enforces participation in decision making and strategy formulation. LED is identified as the tool in addressing spatial inequalities (Republic of South Africa, 2000).
- In 2006, the Accelerated and Shared Growth Initiative for South Africa (ASGISA) macro-economic policy was released with a focus on initiatives to enhance partnerships in the economic development of municipalities. ASGISA also focused on industrial strategies, the informal economy and identified municipalities as a key role player in economic and social development (Republic of South Africa, 2006).
- In 2010, the New Growth Path (NGP) was released as the new national economic development plan, with rural development as one of the priorities (Department of Economic Development, 2011).

In the changing development planning field, LED is one of the main tools of ensuring local and regional development (Rogerson, 2009:9). Since 1994, LED processes have been elevated from mandatory community development projects to an obligatory mandate for all local government structures in terms of the Constitution (Nel, 2005). The historical evolution of LED in South Africa started in 1994 with a policy document by the Urban Foundation, which had its basis on the European and American LED experiences. In 1995 the South African National Civics Organisation released their policy document which focused on community based LED (Nel, 1995).

Since 1995, national policy formulation regarding LED resided with the Department of Provincial and Local Government (DPLG) (Rogerson, 2009:16). In 1996, the new Constitution recognised the importance of local government in the provision of basic needs of local communities. In 1998, the White Paper on Local Government listed the term "Developmental Local Government", which is defined as "Local Government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs, and improve the quality of life" (Rogerson, 2009:16).

In 2000, the Local Government Municipal Systems Act, 2000 introduced IDPs as a compulsory planning process for local government and listed LED activities for local government (Rogerson, 2009:16). From 2000 to 2005, the DPLG prepared LED framework documents. In 2001, a LED policy paper known as "Re-focusing development on the poor" was released, and in 2002 as draft LED policy document was released. The draft policy focused on the development and pro-poor responsibilities of local government. The draft policy rejected the traditional western LED approaches and promoted the "bottom-up" and community based approaches to sustainable development (Rogerson, 2009:17). The policy was focused on the poor and poverty alleviation, neglected economic growth, the role of employment and income growth. The policy also listed local government as the main driver of LED, while international research has shown that local government should play the role of facilitator and enabler (Helmsing, 2001:18).

In 2006, the DPLG released the official guideline document for LED strategies known as "Stimulating and developing sustainable local economies" (DPLG, 2006). The document focused on resilient and inclusive local economics, maximising local resources, opportunities and competitive advantages, and addressing local basic needs in line with national development priorities (DPLG, 2006). The most important guiding principles of the 2006 LED strategy included the following aspects:

- Local government must have a developmental approach and has a huge role to play in the local economy.
- Local government must create and provide an enabling environment conducive to creating employment opportunities.
- LED success is an outcome of good governance.
- Local investment must focus on the competitive advantages of a local area.
- Focus on the principles as listed in the NSDP.
- Local strategies must support urban and rural local areas providing sustainable development.
- Maximize opportunities and minimize threats of globalization on the economy.
- Partnership formation is key to a successful local economy.
- Skills development and human resource development is the single most important factor.
- The latent potential of local opportunities and leaders need to be maximised (DPLG, 2006).

The 2006 LED policy document also outlined roles and responsibilities for all three spheres of government. The role of national government is to co-ordinate public policies and investment programmes, with a focus on rural areas. The national government must assist and create conditions for local action and to be a facilitator (DPLG, 2006). Other national policy initiatives that emerged from 2005 to 2007 include the (NSDP) in 2006 by the Presidency, the Regional Industrial Development Strategy of 2006 by the DTI, and the National Industrial Policy in 2007 also by the DTI (Rogerson, 2009:18).

In terms of the 2006 DPLG LED policy document, the role of the provincial government regarding LED is listed as the co-ordination between national government and local government in terms of funding and policy, provide support in LED at local government level and the compilation of PGDS (DPLG, 2006:20). According to the DPLG, local government must play the following roles within the local economy namely: Provide leadership and direction, provide policy guidelines for implementation, create an enabling economic environment, facilitate the implementation of LED projects, take the lead in economic development through public spending, regulation, promotion and marketing of the local area, support SMME's, ensure good governance processes, formulate creative innovation and solutions for local challenges, maximize local resources and potential, plug the leaks in the local economy and develop local skills (DPLG, 2006:22).

LED implementation since 1994 had a mix of successes and failures. LED initiatives have however emerged as a major tool in economic development both in urban and rural areas (Rogerson, 2009:27). LED practices have been mostly based on a project based approach (Van der Heijden, 2008:10). Municipalities tried various projects such as culture-tourism, agro-processing, business incubators and skills development programmes. Most projects failed due to unsustainability of projects. Poor participation led to lack of ownership of projects and resulting failures (Rogerson, 2009:28). For most municipalities, LED projects meant small community development projects with no real impact on improvement of quality of life and reduction of poverty (Van der Heijden, 2008:3).

Local governments in South Africa started to turn to more strategic and comprehensive LED approaches, focused on local competitive advantages from early 2000 to 2006 (Rogerson, 2009:28). The pro-growth approach started to take preference in urban and rural areas focusing on institutional efficiency and capacity, urban form, cost of doing business, and improved relationships between infrastructure development and economic development, improvement of safety and security, and development of inner city CBD areas. The cluster development approach for accelerated and increased competitiveness also gained momentum. The establishment of clusters of competing and collaborating producers and suppliers was utilized in an increased manner (Rogerson, 2009:30).

Another LED approach is the consumption approach. Pro-active interventions include are tourism development (Rogerson, 2009:31). Another local LED approach is the promotion of competitive service-based activities for knowledge-based growth. Urban and rural areas need to compete on the level and diversity of skills available. The balance between pro-growth and pro-poor LED

approaches must be found in order for LED projects to succeed. Pro-poor approaches and interventions could include: Infrastructure in poor, disadvantage areas, ease of the regulatory environment for SMME's, provision of land and facilities for agriculture, support for SMME's, assist emerging entrepreneurs by means of incubators, markets, buildings, training, and advice centres, local procurement benefits, skills training and the implementation of the EPWP (Rogerson, 2009: 33).

Small and medium towns have also been under pressure in their rural settings. Such towns are facing decline due to lack of infrastructure development and investment, with government focussing mostly on urban areas, and the decline in agricultural output. Rural towns in some instances are losing the original reason for establishment such as in the case of railway towns and mining towns for example. LED provides an opportunity for pro-active interventions. It must be accepted that it would be difficult to restore or achieve former levels of economic prosperity in rural regions and towns. Economic development in medium and small towns are inhibited by aspects such as resource constraints, lack of guiding policy and absence of local political and institutional mechanisms. It is especially in traditional "townships" and informal areas, where the biggest challenges exist. Some small town rural development successes have been reached through a single focussed LED strategy. For example Bedford in the Eastern Cape utilized the retirement industry while tourism examples include Clarens, Rhodes, Stilbaai, Midlands, and Alicedale (Rogerson, 2009:33-34).

Other lessons from small rural town success stories include the important role of strong and committed local leaders and local LED "champions", the outsourcing of the LED function to a local development agency and the utilization of development corridors and nodes as used in Amathole. Other lessons include: the LED plan must be diverse and not based on a few projects, and projects must be based on local demand (Rogerson, 2009: 36). Typical LED strategies in South Africa includes "buy local campaigns" and local business growth, investment plans in hard and soft infrastructure, development of industrial sites, sectoral and cluster development, regeneration activities, and pro-poor projects (Sibisi, 2009:5).

Rural-urban linkages are important for the overall development of a region. Atkinson and Zingel (2004: 8) listed the roles of rural towns in the overall development of a rural region. Such functions include a local market for agricultural goods, service centre and distribution points, growth of non-farming activities, job opportunities, and provision of public services. Growth drivers in rural towns include the following:

- Population thresholds: It appears that rural towns with a population below 70 000 are more prone to economic decline due to lack of buying power and feasibility of local businesses. Rural towns have shown population growth by in-migration of poor people leaving an old and youthful population, with a low percentage in working age people (Akinson & Zingel, 2004:6).
- Availability of infrastructure: Infrastructure with capacity needs to be available with reliability and effectiveness (Collits, 2000:15).

- Locality: Strategic locality regarding natural resources, access to markets and physical aspects such as topographical features are important. Businesses locate where production costs are the lowest (Ottaviano & Thisse, 2004:56).
- Municipal leadership, politics and capacity: Economic opportunities must be identified and good relations with local business and local communities should be created. Local regulations and policies also affect business development (Collits, 2000:19).
- Economic diversity: Small towns need to move away from a single dominant economic sector to dynamic and diversified economic sectors. Local economies must not to be over-reliant on government assistance.
- Local entrepreneurs: They are the growth drivers of local rural areas, and any LED plan needs local private sector leaders in partnership with the public sector (Reynolds, 2009:28).

4.5.4 Spatial planning in South Africa

Historically, and before 1994, spatial planning in South Africa started in 1910, with the influence of the British. The establishment of town planning schemes and planning decision making authorities within the provincial sphere are seen as the beginning of spatial planning in South Africa. The black population was already then excluded from the process (Development and Planning Commission, 1999:4). Post 1948, with the introduction of “grand apartheid”, spatial planning was used in the process of separation of races with various pieces of legislation. In terms of the Bill on Development and Planning (Development and Planning Commission, 1999:2), spatial planning refers to the organization of space. The Group Areas Act of 1966 led to the “apartheid city model”. Different race groups had to be located in separate areas, divided by buffer zones such as industrial areas, railway lines and physical features. The model created the “wrong way round” or ”inside-out” towns and cities, where the poor resides on the outer periphery far removed from facilities, while the rich resides in the centre, close to all facilities (IIED, 2000). In addition to the policy on separate development, the Influx Control Act operated in support of the Group Areas Act. The Influx Control Act regulated the movement of non-white residents and restricted the permanent settlement of non-white residents in traditional “white” cities and towns. This led to the emergence of large informal settlements in close proximity of traditional white towns (IIED, 2000).

In 1976, with the Soweto uprising, the political and economic control by the government was challenged and it resulted in the breaking the laws relating to the spatial segregation of population groups laws of the time to create large numbers of informal settlements (Development and Planning Commission, 1999:5). In the face of huge international pressure, all the apartheid laws of oppression were reviewed and repealed from 1985 to 1994. Apartheid acts were abolished in the early 1990’s which opened up all towns for settlement for all races. With the promulgation of the Development Facilitation Act (DFA) in 1996, it also became policy to integrate physically isolated and divided areas to form unified towns including all races. The DFA is still seen as the most influential piece of legislation regarding spatial planning since 1994 with the objectives to

ensure integrated development and sustained development using spatial planning principles (IIED, 2000).

The NSDP was approved in 2003 as a national framework to accelerate spatial inequalities in South Africa. The NSDP identified the fact that social and economic developments are unevenly distributed in the spatial content. Economic and population growth tend to be concentrated in areas with strategic locality, historical essence, natural resources and priority policy focus areas (Mathe, 2010:2). The NSDP listed five principles to guide spatial planning and eventual government economic policy: Achieve rapid economic growth that is sustainable and inclusive, basic services to all through a basic need approach, government investment should be focused on localities of economic potential, efforts to address social and economic inequalities should focus on people and not places, and future, planned settlement and economic activities should be linked to activity corridors and nodes (Mathe, 2010:3).

Dewar (1994: 23) stated that rural towns were originally founded on single economic activities such as farming, mining, administration, religion and transport centres. According to Nel (2005: 256), small rural towns, over the last few decades or so have gone through changes and had to cope with the demise of the rail transport system in South Africa, the collapse of mining in old mining towns, the decline in the output in the agriculture sector due to switching to game farming and local policies, a growth in boutique tourism towns and regions, the unbalanced growth of dominating large rural towns, the massive increase in social-welfare grants, and the loss of local government functions due to the new demarcation system since 2000.

Spatial planning at the national level is handled by the Department of Rural Development and Land Reform. This department is responsible for national spatial planning legislation and policies such as the Green Paper on Development and Planning, 1999. A further piece of national planning legislation is the National Environmental Management Act (NEMA) of 1998 which impacts on rural development (IIED, 2000).

Government is currently in a process to combine all spatial planning legislation through the Department of Rural Development and Land Reform. The Bill on Development and Planning is in its final phase of approval by Parliament (Development and Planning Commission, 1999). The main aims of the Bill are to reverse the physical legacy of apartheid in cities, towns and rural areas, and to obtain a sustainable future for the people of the cities, towns and rural areas. The spatial planning principles contained in the bill are detailed in the Development Facilitation Act (Act 67 of 1995), which is listed below. The foundation of spatial planning is based on the two tiers of planning namely firstly strategic spatial planning or forward planning and also known as Spatial Development Frameworks (SDF), and secondly on a more detailed level, on land use management, the legal based land use control part of spatial planning also known as Land Use Management Systems (LUMS).

The Development Facilitation Act (DFA), Act 67 of 1995 was an initiative to consolidate some of the outdated, apartheid spatial planning legislation. The main contribution of the DFA was the land

development principles as listed in Chapter 1. The principles summarised the new spatial planning principles of the new government, and are as follows:

- Promote the physical, social, economic and institutionally integrated aspects of land development.
- Promote integration of rural and urban land development in support of each other.
- Promote the availability of residential and employment opportunities in close proximity, and integrated with each other.
- Optimize the use of existing resources such as agricultural land, land, minerals, infrastructure, transport and social facilities.
- Promote a diverse combination of land uses.
- Discourage urban sprawl and promote more compact urban areas.
- Contribute to the correction of the historically distorted spatial patterns in settlement.
- Promote the establishment of viable communities and meeting the basic needs of local communities.
- Encourage environmentally sustainable land development.

Spatial planning on a provincial level for instance in the Free State Province, is controlled by the Spatial Planning Directorate with regards to forward planning and land use control. In the Free State, land use planning decisions are made on provincial level and not at the municipal level (IIED, 2000).

Some lessons learnt regarding spatial planning are that spatial planning and land-use-management systems need to ensure the inclusion of the poor in urban areas, rural areas and regions which lack dynamic growth when compared to cities of growth should receive government attention and support and lastly rural area planning should include provision of infrastructure, connectivity, and economic opportunities (Mathe, 2010:3). In 2000, with the promulgation of the Municipal Systems Act (Act 32 of 2000), all municipalities were required in terms of Chapter 5 to compile Integrated Development Plans (IDP). Spatial Development Frameworks (SDF) with LED plans were included as integral parts of IDP's.

Rural towns in South Africa have been under pressure since 1994. Rural towns are mostly dominated by agriculture, mining and forestry. More cohesive and focused policy intervention is needed. External linkages for rural towns were well developed pre- 1994 with regard to roads and rail. The maintenance of the linkage infrastructure needs to be prioritized. Rural areas need good linkages to larger urban areas for economic development to take place. Rural towns lack diversity of economic activities and skilled people to start and manage business activities. Rural towns have been neglected regarding service delivery and community facilities. Rural development initiatives have not been successful in creating economic activities with related jobs in rural towns. Most rural towns have natural resources that are not well utilized and managed. Other resources

such as human, infrastructure and finance are not developed. The agricultural sector has shown negative growth, which impacts negatively on rural towns. The non-agricultural sector has also not been developed to make a real impact on local economies (Department of Rural Development and Land Reform, 2010a:65).

Generally, the conditions of the rural town environment, infrastructure, buildings, etc has deteriorated over the last two decades or so in South Africa (Department of Rural Development and Land Reform, 2010a:71). The elements to define rural areas could include aspects such as population size and densities, spatial containment, economic activities, level and choice of services, level of infrastructure, and long distances to other settlements, land use planning and control (Department of Rural Development and Land Reform, 2010a:11).

4.5.5 Roles of the three spheres of government

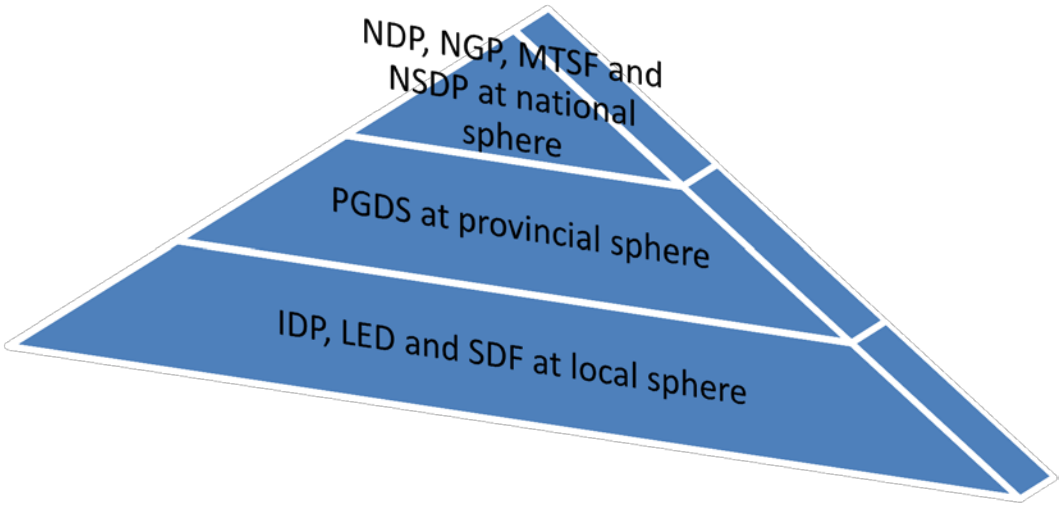
In this section the roles of the three spheres of government in South Africa will be analysed regarding rural development. The three spheres of government are national government, provincial government and local government. The roles of the private sector will also be listed as well as semi-state institutions such as the DBSA and SALGA.

Chapter 3 of the Constitution formulates the terms of cooperation for the spheres of government in South Africa. A clear allocation of roles and responsibilities between national, provincial, and local government are listed. The spheres of government must be distinctive, interdependent and interrelated (Levy & Tapscott, 2001:5). The three spheres of government have the following functions (SALGA, 2010:17):

- National government: Nation-wide framework of legislation, policies, principles, standards and funding programme within which provincial and local government must implement.
- Provincial government: Work within the national framework to formulate its own legislation, policies and funding programmes. Assist local government with capacity building.
- Local government: Work within the national and provincial framework of legislation, policies and funding programmes to implement integrated development plans in towns and cities and the municipal wide region.

The key strategic planning instruments which constitute the government system are indicated in Figure 4.3.

Figure 4.3: The main strategic planning instruments at all spheres of government

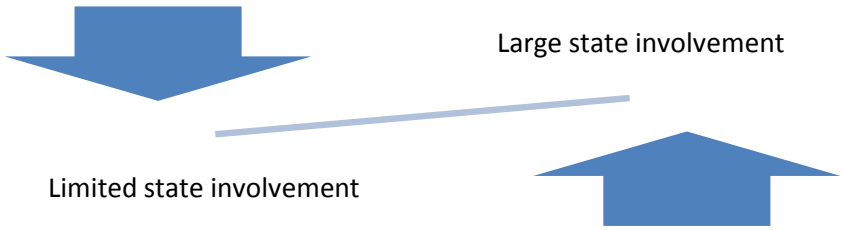


Source: Makoni et al, (2008:300), as compiled by author.

4.4.5.1 National government

The role and extent of government involvement in the economy and the lives of people is a global debate. There are those that want to expand the role of government and others that wants to limit it. A balance needs to be found between the two poles of the scale in order to find the ideal government system (CDE, 2008:1). Figure 4.4 provides a graphic depiction of the fine balance between large scale government involvements, versus limited government involvement.

Figure 4.4: Government poles of involvement



Source: CDE, (2008:2), as compiled by author.

Mr. Gwede Mantashe, General Secretary of the African National Congress (ANC) in 2008 stated that “A society must be humane in its approach to life, and should be informed by the desire for a common prosperity, with every citizen trying to lift others as he or she rises” (CDE, 2008:4). The development state needs to focus on both economic development spending and social spending. The concepts of pro-poor development (social and welfare) versus pro-growth (market oriented) must be balanced. For example, the Gauteng Provincial government spends 69% of its total budget on social services and 31% on economic activities (CDE, 2008:5). Lessons learnt from global government activities of success regarding this balancing act are that partnerships with the private sector are important for development, support policies are required for entrepreneurial development, governments cannot just redistribute wealth but must create an enabling environment for development, the local economy needs to be internationally competitive, high

levels of savings are required and social goals come only after economic stability and a healthy balance of payments, limit labour laws and the roles of trade unions and the creation of jobs is far more important than increasing dependence on welfare (CDE, 2008:6).

National government need to support local government for rural development and LED implementation. An integrated approach is required between all spheres of government. Government at all three spheres need to support the concept of the "developmental state". Government must maximize the role of private enterprise by creating an enabling environment and partnership formation. Government must also realize that local people, through local knowledge are important for local development. Local initiatives and creativity must unlock the latent potential in local economies. Local resources such as local assets, leadership, and skills are as important as external inputs. "Best fit" local solutions and strategies are needed for the local economy. Strong partnerships between government, communities and private sector will allow for sustainable and resilient local economies. Globalization has a huge impact on local economies, and threats must be minimized and opportunities maximized. LED must uplift vulnerable groups of people in a community such as youth and women (ASA-LGP, 2010).

Rural economic planning on a national level requires fiscal and monetary reforms, regulations, and legal frameworks such as tax reform. In most countries, LED responsibility is delegated to municipal government (Swinburn et al, 2006:2). The national departments that are involved in rural development in South Africa will now be discussed.

Department of Rural Development and Land Reform (DRDLR)

The DRDLR must ensure the promotion of rural development as it primary function. The department has grown rapidly from 3 929 posts in 2008/2009 to 6 300 posts in 2012. The department has nine branches and Table 4.5 provides a summary of the various branches (Department of Rural Development and Land Reform, 2012:13).

Table 4.5: Branches of DRDLR

Branch	Commission on restitution of land rights
Branch	Land reform and administration
Branch	Spatial planning and land use management
Branch	Social, Technical, Rural livelihoods and institutional facilitation
Branch	Technology, research, rural infrastructure and disaster mitigation
Branch	Deeds registration
Branch	Cadastral surveys management
Branch	Corporate support services
Branch	Financial services

Source: Department of Rural Development, (2012:13).

In line with these branches, the DRDLR is the custodians of a large number of pieces of legislation and some of the most important ones are listed as follows (Department of Rural Development and Land Reform, 2012:16):

- Spatial Planning and Land Use Management Bill, 2012: The Bill was introduced to ensure a more uniform regulatory environment for spatial planning and land use management and to prevent undesired settlement growth patterns.
- Land Tenure Security Bill, 2012: The Bill aims to protect the rights of people working and living on farms, create sustainable settlements in farming areas and an effective system for monitoring of arbitrary evictions in commercial farming areas.
- Land Valuation Bill, 2012: The Bill has the aim to mitigate the problem of high land values when land needs to be acquired for public and agricultural purposes. The bill will lead to the establishment of a Valuer-General. The issue of a willing buyer and willing seller in determining the land value has lead to high land valuations in the past, which has slow down the land reform process.
- Land Protection Bill, 2012: The Bill will ensure that the value of sensitive land and land assets/resources are recognised, protected and enhanced.

The functions and goals of the DRDLR are summarized in Table 4.6.

Table 4.6: Summary of DRDLR functions and targets

PROGRAMME	GOALS	TARGETS	GOVERNMENT OUTCOME/MDG LINK
Programme 1: Administration	Provide support to DRDLR's other programmes. Finalization of legislation and policies with the aim to reduce rural inequality and poverty.	Number of policies approved by cabinet per annum: 10. Number of pieces of legislation submitted to parliament per annum: 11	Outcome 12: Good governance.
Programme 2: Geospatial and cadastral services	Provide spatial planning, land use management, cadastral surveys, topographical surveys, land info, deeds registration and spatial planning services to support sustainable land development.	Number of SDF's formulated per annum: 37. Number of hectares of state land surveyed per annum: 2.7 million ha. Verification of state land register: 100% verified. Number of people trained in geometrics per annum: 60.	Outcome 4, 7, 9 and 10: link to NDP and NGP. Links to MDG 7 regarding environmental sustainability.

PROGRAMME	GOALS	TARGETS	GOVERNMENT OUTCOME/MDG LINK
Programme 3: Rural development	Provide rural land planning, improved stakeholder participation, agrarian reform, improved food production, improved rural livelihoods, job creation and skills development. Implement a comprehensive rural development programme that leads to sustainable and vibrant rural communities. The roll-out of CRDP to improve quality of life, participation, skills training, building enterprises and institutions, providing socio-economic infrastructure.	Number of households with food security intervention per annum: 2000. Number of households accessing socio-economic infrastructure CRDP model: 20 000. Number of people assisted with skills development per annum: 3200. Number of jobs created per annum: 3000. Number of youths skilled through NARYSEC per annum: 5000.	Outcomes 4, 7, 9, 10: NDP and NGP. MDG 7, Agenda 21, MDG 1.
Programme 4: Restitution	To settle land restitution claims and provides settlement support. Leading to sustainable agrarian reform.	Number of land rights restored per annum: 380. Number of land claims settled: 133.	Outcome 7. MDG 1.
Programme 5: Land Reform	To provide sustainable land reform programmes with access to agricultural land and support to emerging farmers. Leads to sustainable agrarian reform and job creation and skills development.	Number of ha acquired per annum: 321 122ha. Number of new farms under recapitalization: 416. Number of irrigation schemes under revitalization: 8 Number of jobs created in land reform projects per annum: 288 Number of farmers trained per annum: 595	Outcome 4, 7. MDG 1.

Source: DRDLR, (2012: 26-41) as compiled by author.

The main programme of the DRDLR is the Comprehensive Rural Development Programme (CRDP). Lessons from current CRDP site across South Africa include the underutilization of natural resources, lack of access to socio-economic infrastructure, lack of access to water, low literacy, low skills levels, decay in social structure with child headed households, land reform problems, informal townships not formalized, dependence on social grants, unexploited opportunities in agriculture, tourism, agro-processing and mining. The Gini-coefficient relating to income of rural areas compared to urban areas is listed in Table 4.7. Table 4.8 provides a summary of the poverty levels in South Africa with a comparison between rural and urban areas.

Table 4.7: Gini-coeficient: rural versus urban areas in South Africa

	1993	2000	2008
Rural	0.58	0.62	0.56
Urban	0.61	0.64	0.67
Total	0.66	0.68	0.70

Source: Heimann, (2010).

Table 4.8: Poverty levels

	1996	2001	2006	2008
Rural poverty level	56.2	53.7	47.8	46.4
Urban poverty level	29.2	27.1	18.2	18.7

Source: Heimann, (2010).

From these tables it is clear that inequality and poverty is more severe in rural areas if compared to urban centres. The CRDP has a vision to create vibrant, sustainable rural communities. The CRDP strategy has its focus on four pillars namely (Heimann, 2010):

- Agrarian transformation includes the transformation of systems and ownership, livestock and crop development. Other action include agro-industries, cooperatives, local markets, empowerment, mitigation or reduction of vulnerabilities such as flooding, introduction of new technologies, strengthening of local knowledge systems, increased production, and food security.
- Land reform. Land ownership means a household has an asset which could be used as a catalyst for poverty alleviation, job creation, food security and business development.
- The overall socio-economic development of communities.
- Revitalization of rural towns by providing economic and social infrastructure.

The CRDP requires active community participation and local people taking control of their own future. A total of 160 CRDP sites have been identified throughout the country on a 5 year rollout plan and has its focus on the most distressed rural areas. By 2014 a total of 432 000 families would have been part of the programme. The CRDP has a job creation model consisting of three phases namely, the establishment of an incubator phase to train people in business and technical skills, an entrepreneurial development phase and the establishment of SMME businesses and markets to sell products and services (Heimann, 2010).

Department of Agriculture, Forestry and Fisheries (DAFF):

Agricultural development is one of the key components of rural development. The level of agriculture development could be used as a barometer for the economy of any country. Indicators such as agricultural contribution to GDP and import and export levels can provide a barometer for a country's economy. The level of import of raw agricultural products by a country and the level of export of value-added agricultural products by a country is an indication of the level of the development of an economy. These indicators give an indication of the country's manufacturing sector, value-added capacity, job-creation capacity and if a country can maintain positive balance of payments. The ideal situation would be to only export value-added agricultural products and to import only raw products. The export of final products by South Africa has decreased from 53, 4% in 2002 to 47% in 2011. It is an accepted fact that the higher the level of development of the economy of a country, the lower the contribution of the primary agricultural sector. The contribution of agriculture to the GDP of South Africa is only 3%. The imports of agricultural products have increased to 7.2% of total imports, while agricultural exports have decreased to 9.8% of total exports (DAFF, 2011).

The DAFF's mandate is listed in section 27(1)(b) of the Constitution. The mandate is to develop agriculture as an economic sector that is linked to all other economic sectors. This mandate includes the provision of farming inputs and farming in general to adding value to agricultural activities. The overall mission of the DAFF is to develop a sustainable sector that contributes to economic development, job creation, rural development, sustainable use of resources and food security. Within this mission the DAFF has six strategic goals namely (DAFF, 2011; 2012a; 2012b):

- Increased profitable production of food, fibre and timber products for commercial and small scale farmers with comprehensive support for rural areas.
- The sustainable management of natural resources including the increase of provision of green jobs to improve rural livelihoods.
- Ensure effective national regulatory services and risk management systems regarding risks such as diseases, pests, disasters and introduction of early warning systems.
- A transformed and united economic sector regarding equity, ownership, support and leadership for the entire sector.
- Increased contribution of the sector to economic development focused on job creation by means of value added, investment, improved market access, use of livestock by-products for renewable energies.
- Establishment of effective and efficient governance with improved structures, policy, planning, evaluation, communication and leadership.

The various branches within DAFF are listed below:

- Branch: Economic development, trade and marketing. This branch includes sections such as International relations and trade, cooperatives and rural enterprise development and agro-processing.
- Branch: Policy, planning, monitoring and evaluation.
- Support branches include corporate services, financial services and Stakeholders relations, communications and legal services (DAFF, 2011).

DAFF has a large number of pieces of legislation that it needs to enforce. Legislation that effects rural development includes the Subdivision of Agricultural land Act (Act 70 of 1970) and the Conservation of Agricultural Resources Act (Act 43 of 1983)(DAFF, 2012b: 11).

Department of Economic Development (EDD):

The department released the New Growth Path (NGP) as the overall framework for all economic policies in October 2010. The NGP, as the main policy document for the EDD, placed job creation at the centre of the national development strategy. Employment is central to economic development that is inclusive and equitable. In terms of the departmental annual report 2011/2012 (EDD, 2012b: 1), although global economic conditions are difficult, a total of 300 000 jobs were created.

The national infrastructure plan is also one of the main priorities of the EDD. This plan is a counter-cyclical investment strategy and is seen as a lever for economic development, job creation and social inclusion. In terms of the national infrastructure plan, some 150 projects have been identified for implementation and have been linked to the NGP. The projects are divided into spatial corridor development projects such as the logistics and industrial corridor linking Durban, the Free State and Gauteng, energy projects such as green economy projects, municipal infrastructure projects in areas of need, rural infrastructure development, social infrastructure development such as revitalization of hospitals and clinics, knowledge infrastructure projects such as the expansion of access to information system and lastly regional infrastructure integration projects focussing on the African continent (EDD, 2012a:3). The NGP identified key job creating economic sectors to drive job creation in South Africa. These drivers include infrastructure, mining, agriculture value chains including agro-processing, manufacturing, tourism, the green economy, and public services. Rural development is also seen as a key component of the NGP as well as the African regional development plan.

The NGP identified the core challenges of the local economy as mass joblessness, poverty and inequality. The NGP aims to identify where employment creation is possible and then to provide applicable policies and institutional structures to implement policies (EDD, 2011:16). Rural development and spatial planning are prominent concepts in the NGP. Rural development will be supported by providing public infrastructure and housing in order to ensure sustainable communities. Such programme are expected to improve the livelihoods of up to 500 000 households.

The NSDP, as interlinked with the NGP, provides for a spatial representation of spatial areas of economic potential and areas in need. Small scale agriculture, including community food gardens and co-operatives are supported (EDD, 2011:35). In terms of the NGP an effective rural development strategy must include the improvement of livelihoods, and employment opportunities. Detailed measures for rural development include the improvement of rural services and housing backlogs, assisting small farmers to establish co-operatives, improving value chain operations, and identifying opportunities for job creation (EDD, 2011:44). The NGP is a cross-cutting policy involving most government departments, with the EDD as the lead department. The Department of Finance has aligned the budgeting process to the priorities of the NGP. The Department of Trade and Industry (DTI) links with the NGP by means of the Industrial Policy Action Plan (IPAP), as their flagship programme for industrial development. The DRDLR links to the NGP through its rural development and land reform projects with the CRDP as the main programme. The Department of Water and Environmental Affairs links to the NGP through the promotion of the green economy to contribute to the battle against climate change. The Department of Public Enterprises contributes through state owned public enterprises to the NGP such as Eskom in provision of infrastructure.

The Department of International Relations and Cooperation links to the NGP by linking South Africa to the rest of Africa, through regional infrastructure provision and cooperation. The Department of Energy focuses on the green economy and delivery of traditional means of electricity generation. The DAFF focuses on agricultural development and specifically small farmer support and agro-processing. The Departments of Basic Education and Higher Education and Training are committed to skills development and human resource development, with access to education as the key focus areas. The Department of Mineral Resources links to the NGP through mining as a key job driver, and leads transformation. Department of Cooperative Governance and Traditional Affairs uses the NGP as a framework for local government to co-ordinate all efforts. Department of Transport has identified transport as a catalyst for economic growth as part of the NGP. The Department of Tourism is a critical part of the NGP as tourism is seen as one of the job driver sectors. Department of Public Works will ensure public investment and public employment schemes are part of the NGP. The Department of Public Services and Administration will link to the NGP through sectors such as ICT and knowledge-based economies. Department of Women, Children and People with Disabilities will contribute by ensuring that women, especially will benefit through the job creation programmes of the NGP. Department of Social Development is part of the NGP and sees social security and job creation as elements of a strategy to fight poverty. Department of Human Settlement links to NGP by making available housing projects which will contribute to the stimulation of the construction sector and creation of jobs (EDD, 2011:80).

The EDD is continuing to implement actions on national, provincial and local spheres of government, in collaboration with state owned enterprises and the business sector. One of the EDD's agencies is the Industrial Development Corporation (IDC). The IDC is the country's largest industrial funding agency focussing on the job drivers of the NGP. The Small Enterprise Finance

Agency (SEFA) consolidated small finance agencies, such as Khula, into one central funding agency allocating finance to small business (EDD, 2012a:3).

Agrarian transformation is also seen as a key sector to reverse the inequalities created by apartheid settlement patterns. Major infrastructure plans are implemented to address this situation in rural areas. The EDD collaborated with the DRDLR to identify poor rural areas where impacts could be made with the implementation of the CRDP (EDD, 2012a:4).

The vision of the department is that employment is critical to development of the country. Employment should be the overarching goal of all economic policies. A dynamic relationship exists between growth, employment and development. The aim of the EDD is to promote economic development through participatory, coherent and coordinated economic policy and planning for the benefit of all. The EDD therefore aims to coordinate all economic development initiatives, and promote the concept of decent work opportunities (EDD, 2012a).

The EDD has four programmes which form the basis of implementation. The programmes that focus on rural development include the programme on economic policy development, the programme on economic planning and coordination and the programme on economic development and dialogue (EDD, 2012a; EDD, 2012b:14).

The Industrial Development Corporation (IDC) is the major economic agency of the EDD with the specific goal to stimulate economic and industrial development. The IDC is doing this by making funding available for various projects and research on the local and global markets. The sectoral focus areas of the IDC are the green economy with bio-fuels and renewable energy saving industries, agricultural value chain including agro-processing, infrastructure logistics and industrial infrastructure, the knowledge economy including healthcare, mining technologies, biotechnology and ICT, tourism development in arts and crafts, and general tourism, mining value chain including new mining opportunities and downstream activities, and lastly manufacturing activities including metals, transport, automotives, components, clothing and textiles, plastics, chemicals, forestry, paper and furniture and oil and gas. The IDC has a major drive to support agro-processing with a fund of R 4.5 billion. This programme include the Agro-processing linkage scheme which provides incentives for agro-processers to source raw materials from poor rural farmers and the Agro-processing competitiveness Fund which support agro-processing industries (IDC, 2012). In terms of the NGP, one of the job driver sectors is the agricultural sector and specifically the agro-processing industry sector (Barnard, 2012: 1). The IDC play a key role in agro-processing in rural development. Agro-processing means the processing of agricultural surplus into higher-value products. The IDC supports initiatives of emerging farmers, communities and co-operatives. Agro-processing represents 18% of the manufacturing sector and 20% of the jobs in the sector. The industry is dominated by a few large businesses which make up 70% of the sector while the remaining 30% are small scale businesses that are in the informal sector. The IDC has a R5 billion investment in the 7000 small processors in South Africa (Barnard, 2012:1).

Small-scale farmers or as they are also called “emerging farmers”, like entrepreneurs, are the drivers of job creation and needs to be supported. Government support policies have not being

successful in supporting small farmers as they compete against large commercial farmers producing for large supermarket chains. Small farmer's needs three aspects to survive namely, access to markets, access to skills and access to finance. Small-scale farmers and processors must be supported by government to become part of the market. Policies need to focus on support for those agricultural initiatives to supply and processing plants regarding pro-poor and pro-rural settings (Barnard, 2012:4).

Successful funding applications to the IDC for agro-processing initiatives must be labour intensive and must have a black economic empowerment component to be successful. A good example of an IDC funded project is the chicken abattoir in Reitz, Free State Province, which is valued at of R 130 million. It creates jobs, creates an outlet for surplus maize and empowers local communities through ownership. The project is the fifth largest such operation in the country. The project has created 783 direct jobs and 185 outsourced jobs and 36 jobs on surrounding farms. The operation has made also a huge dent in the need to import chickens (Barnard, 2012:3). The IDC has invested in many other such industries throughout the country.

The IDC is also the main implementation agent for the "green economy", which is also one of the job drivers of the NGP. The "green economy" can also play a major role in rural development. It is estimated that as many as 460 000 new jobs could be created in the green economy on the medium term. The IDC has a green fund of R25 billion available over the next 5 years. Funding will be allocated to 5 focus areas namely renewable energy, energy efficiency, fuel-based green energy, pollution management and lastly bio-fuels production (IDC, 2012:1). The Green Energy Efficient Fund is only one of the funds of the IDC. Other funds include the agro-processing fund as discussed, manufacturing funding, mining value chain fund, tourism funding, media and motion pictures and the knowledge economy. The green fund will finance any financially viable energy efficient project that provides energy and self-use off-grid energy (IDC, 2012:4).

Department of Tourism:

This department is a key role player in rural development in South Africa. In 2012 a national rural tourism strategy was formulated (Department of Tourism, 2012). The focus of the strategy is on development of rural tourism products and also to prioritise rural spatial nodes with growth potential. The mission of the strategy is to enhance tourism development in rural communities. Rural tourism has been inadequately resourced and funded in the past with limited participation by local communities. The strategy aims to achieve aspects such as to create a platform to share best practice, knowledge and opportunities for rural tourism development, improved coordination of rural tourism development, to create an enabling environment for tourism development, and to identify key tourism development nodes (Department of Tourism, 2012:8).

Some of South Africa's top tourism sites are located in rural areas, and therefore have the potential to impact positively on local economies. The rural tourism strategy was formulated within the broader policy framework of government regarding rural development, spatial planning and economic development. The strategy is focused on the main concepts of national policies such as the NGP, CRDP and government outcomes 4, 7 and 11. The strategy is based on three pillars

namely to achieve tourism growth and economic development in rural areas; enhance visitor experiences to rural areas and improved good governance. The strategy focuses on two forms of tourism namely sustainable tourism where tourism must make a low impact on the environment while creating employment opportunities and pro-poor tourism where tourism results in increased benefits for poor people (Department of Tourism, 2012:17).

Sustainable rural tourism can make a contribution to four critical rural issues including poverty reduction, shared and inclusive growth, food security and natural resource management. The strategy has five key strategic themes which are listed below (Department of Tourism, 2012:56):

- Product development: funding models and innovative schemes.
- Tourism marketing: marketing of lesser visited areas with potential.
- Tourism skills and development: skills training and improved services standards.
- Tourism support infrastructure: improvement and provision of infrastructure such as roads and basic services.
- Tourism research and information: detailed research in niche markets and market intelligence.

Department of Trade and Industry (DTI):

The (DTI) has a role to play in LED with a focus on macro and global economic policy and maximization of competitive advantages. The DTI's mandate regarding LED is policy supported development, capacity building, partnership building, assists with LED interventions and implementation (Rogerson, 2009:21). As part of the DTI, two agencies of importance regarding rural economic development exist namely, the Small Enterprise Development Agency (SEDA) and the Industrial Development Corporation (IDC) which is managed by the Department of Economic Development but links with DTI. SEDA aims to improve the viability of small business. As SMME's form the core of job creation, the role of SEDA in rural development is important (Rogerson, 2009:22). The IDC has assumed the role of a supporting network for LED agencies at the local government sphere (IDC, 2009:2).

The DTI has as its focus economic empowerment, SMME development, industrial development, trade, export and investment, financial assistance and reduction in business regulations. The foundation of the DTI is the NGP and IPAP, with a vision to create and maintain a dynamic industrial and globally competitive economy that is characterized by inclusive growth and decent employment (DTI, 2012a:12). The DTI has five strategic outcome namely to ensure industrial development with global competitiveness and employment creation, strengthen global and regional relations for trade and industrial development, ensure broad-based economic participation, create a fair regulatory environment, and promote a dynamic customer-focused working environment with effective services delivery (DTI, 2012a:12).

Legislation implemented by the DTI, that affects rural development includes the Co-operative Act (Act 14 of 2005), the National Small Companies Act (Act 102 of 1996), and the Small Business Development Act (Act 112 of 1981) (DTI, 2012a: 15). The DTI manages the following public

entities that impacts on rural development namely the National Consumer Commission (NCC), National Empowerment Fund (NEF), and Small Enterprise Development Agency (SEDA) (DTI, 2012a:40).

The DTI is responsible for industrial development and management in South Africa. The main policy in this regard is the IPAP policy which was implemented since 2008. Industries have been identified which have shown potential for market growth namely green industries regarding electricity generation, solar water heating equipment and parts, agro-processing including bio-fuels industries, export opportunities in the food sector, and metal fabrication, capital and transport equipment such as rail, electricity, and mining equipment (DTI, 2010:13).

DTI has identified three sectoral clusters on which economic initiatives will be focused namely metal fabrication, transport equipment, upstream oil and gas, green industries, agro-processing industries, and boat building, and scaled-up and broadened interventions in existing IPAP sectors including automotive products, plastics and chemical, clothing, footwear and textiles, bio-fuels, forestry and furniture, and business process services (DTI, 2010:54).

The DTI is in partnership with the IDC and is also involved in agro-processing, the process where primary, raw agricultural products are converted into consumable commodities. This process could include cutting, slaughtering, milling, moulding, fermenting and blending, etc of raw products from the field crops, livestock, forestry and horticultural crops (DTI, 2010:68). Final products after packaging include fresh, dried of canned fruit, wine products, floriculture, aquaculture, indigenous teas, furniture, dairy products, processed vegetables, bakery and confectionary, beverages, sugar, processed meat products, bio-fuels and chemical products, etc. Issues regarding agro-processing in South Africa include the impact of large multi-nationals, export opportunities, lack of fast export infrastructure, small domestic market, availability of suitable skills, subsidization of trade partners, trade barriers, and a strong local currency (DTI, 2012a:72). The agro-processing sector employs 5% of the total employment sector, while fruit and wine are the largest export products. Over 4 000 food production companies exist in South Africa and the top 10 producers are responsible for 70% of all production in the sector. The DTI has a number of funding schemes to assist development (DTI, 2012a:75).

Department of Cooperative Governance and Traditional Affairs (COGTA)

This department was previously known as the Department of Provincial and Local Government (DPLG). The overall aim of COGTA is to improve coordination across the three spheres of government for faster and improved service delivery. The concept of cooperative governance is promoted through greater emphasis on working with communities (COGTA, 2010a:8). COGTA has five key strategic priorities which are listed below (COGTA, 2010a: 9-45):

- Build the concept of the development state. Concepts and processes of LED, SDF, LUMS and IDP are the foundation of this strategy link to the NDP. Capacity of institutional structures will be analysed and improved.

- Strengthen accountability and clean government. Improved monitor and control systems are required. Systems such as performance management and financial reporting must be implemented.
- Accelerate service delivery and support the vulnerable. The provision of infrastructure, basic services and economic opportunities are important.
- Improve capacity of traditional leadership.
- Foster development partnerships, and social cohesion.

COGTA consists of the following branches namely (COGTA, 2010a:13):

- Branch: Provincial and municipal government support.
- Branch: Governance and intergovernmental relations.
- Branch: Infrastructure and economic development.
- Branch: National disaster management centre.
- Branch: Policy, research and knowledge management support.
- Branch: Corporate and financial services.

COGTA has four main programmes namely the Local Government Turnaround Strategy (LGTAS), the Community Works Programme (CWP), Municipal Infrastructure Grant (MIG) and LED. The LGTAS of 2009 identified the main problems of local government as policy and legislative weaknesses, political factors, weak accountability systems, capacity and skills constraints, weak inter-government support and issues relating to the government fiscal system. Local government's service delivery must at least include the provision of infrastructure and essential services, liveable, integrated towns and rural areas, LED, and community empowerment (COGTA, 2009:5). All municipalities were analysed by COGTA in terms of these services and municipalities were divided in categories of vulnerability. Table 4.9 is a summary of the municipal categories.

Table 4.9: Municipal categories of vulnerability in terms of the LGTAS

Municipal classification	Number of municipalities	Households % of total for country and in brackets % contribution to national economy	% of people in poverty	Spatial and financial vulnerability risk classification	Number of non-financially distressed municipalities
A: Metros with large urban areas	6	37.7% (58.9%)	35.5%	All 6 metros are of low risk.	0
B1: Municipalities with large urban areas and large budgets	21	17.6% (18.4%)	41.5%	7 municipalities are medium risk and 14 of low risk.	14
B2: Municipalities with a large town as core	29	8.7 % (6.9%)	43.9%	4 municipalities are high risk, 8 with medium risk and 17 with low risk.	17
B3: Municipalities with small towns with no large town as core	111	12.8 % (9.1%)	51.8%	7 very high risk municipalities, 34 high risk, 43 medium risks and 27 low risks.	27
B4: Municipalities mostly rural with one or two small towns	70	23.0 % (6.4%)	73.5%	50 very high risk municipalities and 20 high risk.	0
C1: District municipalities which are not water authorities	25	30.6 % (0.3%)	44.4%	1 very high risk and 2 high risk municipalities	4
C2: District municipalities which are water authorities	21	31.5 % (0.0%)	66.1%	11 very high risk and 9 high risk municipalities.	3
Total	283	100%	55.9%	A total of 69 very high risk and 69 high risk municipalities.	58

Source: COGTA, (2009: 14).

In order to turn the situation around, focus areas for interventions include assistance with service delivery planning and implementation, improved governance, professionalism, administrative stabilization and institutional structures, implement the ward committee system to improve participation, LED, labour relations and reform of the fiscal and financial systems (COGTA, 2010a: 30-40). The success of LGTAS will depend on political ownership and leadership of the process, effective knowledge and ICT implementation, monitoring and evaluation, effective communication, resource allocation, and implementation (COGTA, 2010a: 47). This research project has its focus on the northern Free State, or as it is also known the Fezile Dabi District Municipality including the local municipalities of Metsimaholo, Mafube, Moqhaka and Ngwathe. Chapter 5 of this study contains the detailed information regarding the status quo and classification of the local municipalities in the study area.

The Community Works Programme (CWP) was initiated in 2010 as part of the Department although it was already launched in 2007 as part of the Presidency. By mid March 2011 a total of 89 689 people, known as Community Development Workers (CDW) were already deployed as part of the programme of which more than 57% were people under 35 years old (COGTA, 2008: 2). The CWP is an employment programme providing part time work to participants in parallel and collaboration with the Expanded Public Works Programme (EPWP). The CWP aims to create jobs, improve participation and improve service delivery. The CWP is area based and linked to the municipal wards and ward committees. Localities where the CWP are implemented are poor, rural areas where unemployment is high. Projects and work by CWP is identified by local communities and is community driven. Funding for the programme comes from the national budget. CWP projects include agriculture and food security, social and community projects, community safety, basic services, education and skills training and local innovation (COGTA, 2008: 20-65).

The two other programmes managed by COGTA are the Municipal Infrastructure Grant (MIG) and the LED programme. The MIG is an inter-governmental infrastructure grant mechanism in support of local government and the LED programme which provides support regarding LED strategy formulation on the local level. It also provides hands-on support to local government, management of the economic development fund, and assisting in the LED capacity building processes at local government (COGTA, 2010a:35).

COGTA has listed the factors that allow for an ideal municipality, such factors include: Democratic and responsible to the needs of people, sustainable service delivery, promoting social and economic development, promoting a safe environment, encourage community participation, culture of public service and accountability, clear responsibilities to all officials, strong political leadership and lastly capacity and financial resources to carry out functions (COGTA, 2010c:51).

Finally, COGTA in collaboration with the Afrikaanse Handels Instituut (AHI) and the Gesellschaft fuer Internationale Zusammenarbeit (GIZ), started the Small Towns Development Initiative (STDI). The aim is to support the linkages between local government and local business chambers specifically in small rural towns. Towns that have been targeted are Bela-Bela, Graaf Reinet, Port St Johns, Nkomazi, Harrismith and Tzaneen as pilot areas (SACN, 2010).

Department of Human Settlements (DHS):

The main functions of the DHS are to establish sustainable human settlements, provide rental housing for the poor, maintain housing institutions and provide housing subsidies. DHS is responsible for implementation of housing and sanitation programmes in South Africa. Priority areas for the DHS are accelerated housing delivery, access to basic services, more efficient land use market and improved property market. Since 1994 up to mid June 2011, the DHS has built more than 3 million houses. DHS will deliver the following over the medium term or within the next 5 years (DHS, 2012):

- Upgrade 400 000 units in informal settlements in rural areas.
- Improved access to sanitation to all households.
- Provide 880 000 rental units for the poor.
- Provision of 80 000 social rental units.
- Housing finance for 600 000 households in the R3 500 to R12 800 income category.
- Release of 6 250ha of public owned land for housing development in urban and rural areas. This translates to 250 000 housing units.

Upgrading of informal settlements is a priority. By mid-June 2011, a total of 206 informal settlements had been formalized. A total of 2 700 informal settlements exist country wide and the DHS is planning to formalize 1100 of them by 2015. As part of the Comprehensive Housing Plan (CHP), government gives housing subsidies to people earning less than R3 500 per month. The amount available for this process per annum (2013/2014) is R 17.9 billion. Housing institutions as managed by the DHS include the Rural Housing Loan Fund, Housing Development Agency and the National Housing Finance Corporation (DHS, 2012).

Department of Transport:

The vision of the department is to place transport at the heartbeat of South Africa's economic development and social development. The department wants to ensure that through the provision of integrated transport systems, it can create an enabling environment for sustainable economic and social development. The department's strategic objectives include competitive transport costs, safe transportation, reduction in infrastructure backlogs, improved access to transport and reduction in travelling times (Department of Transport, 2012:3). One of the main programmes of the Department is the rural transport strategy which aims to improve access routes to rural areas.

Department of Public Works (DPW)

The DPW has the responsibility to provide government infrastructure and therefore plays a key role in providing an enabling environment. DWP is involved in government accommodation, housing, land and infrastructure provision. The main programmes the DWP is involved in are the EPWP, National Maintenance programme (NMP), Contractor Incubator Programme (CIP), Infrastructure Delivery Improvement Programme (IDIP), Capital Works Programme (CWP), the

Inner-city Regeneration Programme (ICRP) and the Service Delivery Improvement Programme (SDIP) (DPW, 2012b:1-5). For the scope of this research the focus will be on the EPWP. The EPWP was launched in 2003 to address accelerated investment in social infrastructure as a labour-intensive public works programme. It was decided that the second economy in South Africa needed a support programme through the EPWP. The support includes rural development, SMME development, BEE, public works programmes, skills training, learnerships and deployment of CDW (DPW, 2012:3). The EPWP provides work opportunities with skills training. The EPWP is an initiative to address high levels of unemployment and unskilled people. All job opportunities created by the EPWP are combined with training. The EPWP sectors for impact are:

- **Infrastructure:** Programmes include the technical support programme, Vuk'uphile contractor learnerships programme, national youth service, provincial road programme.
- **Environment and cultural:** Programmes include working for coast programme, working for water programme, land care programme, comprehensive agricultural programme, working for fire programme.
- **Social:** Early childhood development plan, home community based care programme and community safety programme.
- **Economy:** New venture creation learnerships programmes, and cooperatives development programme (DPW, 2012:15).

The EPWP cuts across all departments and are multi-sectoral. According to Ashton (2012:8), who is a critique of the EPWP, government's flagship job creation plan exploits workers and beneficiaries. The well-connected portion of the communities, are the main beneficiaries, while the poor are staying poor. In some cases only 10% of the project cost reaches beneficiaries, with payments of only R50 per day to workers. On average only R1 in every R5 reaches the workers in the projects. The programme is expected to create 1 500 000 jobs, of which 650 000 will be permanent jobs, by 2014. Up to now jobs created were on average only 66 days in extent. EPWP work is labour intensive and for every twenty days worked, two days of training is provided but training levels are vague and not monitored properly.

Department of Social Development (DSD):

The mission of the DSD is to provide comprehensive social services which protect the poor and vulnerable, create an enabling environment for sustainable development, and deliver quality services to improve quality of life (DSD, 2010:8). DSD has the following key priorities namely (DSD, 2010:13):

- To care for the poor and vulnerable groups, especially the children, women, and people with disabilities.
- Strengthen families and communities.
- Improve social relations, with a focus on gender empowerment.

- Provide comprehensive social security, including income support and a safety net for the destitute.
- Improve institutional capacity for improved service delivery.
- Contribute to poverty alleviation.

Public social welfare support in South Africa is comprehensive. Free or subsidised education, health and transport services as well as free water and electricity are provided. The DSD also provides grants for old age pension: R1080 to 2.6 million people, child support grants: R250 per month to 10 million children and disability grants: R1080 a month to 1.2 million people. Housing subsidies are also provided by the Department of Human Settlement for families earning less than R3500 per month. A subsidy of R55 000 is provided per beneficiary (CDE, 2010:28).

The National Development Agency (NDA) is a public entity which is part of the DSD and has the aim to reduce poverty. The NDA has four target areas namely early childhood development, capacity building, food security and income generation (DSD, 2010:23).

Department of Environmental Affairs:

The environment plays a huge role in the provision of an enabling environment in rural areas. The department's vision focuses on environmental management, conservation and protection of the physical environment and natural resources. The department manages legislation such as the National Environmental Management Act (NEMA)(Act 107 of 1998), and the Environmental Conservation Act (Act 73 of 1989). The strategic priorities of the department are environmental quality protection, coastal management, climate change, biodiversity conservation, environmental programmes, and environmental awareness (Department of Environmental Affairs, 2012).

The programmes that the department are involved in are listed below (Department of Environmental Affairs, 2012):

- Working for water: the programme includes short term contracts to save water by the clearing and removal of alien trees etc. The programme includes skills training and is focused on women and youth.
- Working for land: the programme is managed by the Natural Resource Management plan (NRMP) aims to ensure that degraded areas and ecosystems are restored to support local systems.
- Working for wetlands: programme is managed by South African National Biodiversity Institute (SANBI) and forms part of the EPWP and draws unemployed people in the economy.
- Working for Fire: the programme creates job by supporting the Fire Protection Association.
- The Green Fund: The fund is managed by DBSA and an amount of R800 million is available for projects that support the environment.

Department of Public Services and Administration (DPSA)

The DPSA aims to provide an effective and efficient development orientated public service including all spheres of government. DPSA has seven strategic goals namely service delivery access and quality, effective systems and structures, use of ICT as a strategic resource, efficient HR practices, and high levels of public participation, fight corruption and contribute to improved public service delivery. The DPSA also assists rural local government in improved service delivery (DPSA, 2012:1-10).

The Presidency

The Presidency is a separate government department. For the focus of this research, the National Planning Commission (NPC), and the Presidential Infrastructure Coordinating Committee (PICC), will be discussed. As part of government's integrated battle against poverty, unemployment and inequality, the Presidency has also started a programme known as the "programme to support pro-poor policy development" (PSPPD). The focus of the PSPPD is to formulate development policy regarding economic development, creation of decent jobs, skills development, service delivery and public sector reform (The Presidency, 2012a).

The National Planning Commission (NPC) completed the National Development Plan (NDP) in 2012. The NDP is a national strategic plan for development from 2012 to 2030. The NDP aims to eliminate poverty and reduce inequality by 2030 through maximizing the people of South Africa's resources, growing an inclusive economy, building capacities of government, and working with business to solve complex problems. The NDP listed the following elements for a decent living standard: income and employment, clean environments, nutrition, housing, water and sanitation, transport, education and skills, security, health care, and recreation and leisure (The Presidency, 2012b:4). The NDP aims to create a "virtuous cycle of wealth" by means of strong leadership, a capable state and active citizenship. This will result in rising of living standards, economic opportunities, building capacities, reducing poverty and community development. The specific targets of the NDP are to reduce the number of people who live in a household with a monthly income below R419 per person from 39% to 0%, to reduce inequality (Gini-coefficient from 0.69 to 0.60), to reduce the unemployment rate by 2020 to only 14% from 25%, and annual GDP growth of 5.4% (The Presidency, 2012b:61). Critical overall strategic actions of the NDP are (The Presidency, 2012b:63):

- To reduce poverty, unemployment and inequality through partnerships.
- Address poverty through access to employment, strengthening social safety nets, public transport and increased rural incomes.
- Improve governance by being more professional, accountable, coordinated and fight corruption.
- Support labour-intensive economic sectors and lower the risk of appointment of young workers.

- Improved education and skills development.
- Improved public health services.
- Public infrastructure investment with a focus on transport, energy, water and freight.
- Ensure environmental sustainability.
- New spatial norms and standards, densification, transport corridors, jobs close to residential areas, upgrade informal areas and housing provision.
- Reduce crime.

Chapter 6 of the NDP is called “An integrated and inclusive rural economy” containing a rural development plan (The Presidency, 2012b). Rural communities need special assistance for social, economic and political opportunities to address poverty. In rural areas, agricultural development is of key importance through land-reform and job creation plans. Access to basic services, community facilities, health, education and food security allows for decent rural living. Rural towns must be revitalized as rural nodes and service delivery nodes and improved rural governance is important. Rural poverty has been reduced from 70% in 1993 to 57% in 2008 (The Presidency 2012b:218). This is generally due to migration to urban areas and the increase in social grants. Since 1994 about 7.2 million ha of land have been distributed and of the 79 696 land claims 95%, have been settled (The Presidency, 2012b:218). The vision for rural areas is that people should have access to basic services and facilities. Agriculture should be the main economic industry supported by mining, tourism, agro-processing and fisheries. Other issues include improved land reform, infrastructure, and job creation. The driving force behind rural development needs to be irrigation expansion and quality community services and facilities.

Agriculture, as the base rural economic sector, needs to be supported to maximize economic opportunities for all rural communities. Agricultural products with high labour intensiveness and high growth potential include citrus, nectarines, cotton, sugar cane, apples, pears, vegetables, pecan nuts and avocados. High growth products with low labour uptake include sheep, wool, cattle, poultry, eggs, soya beans, dairy, pigs, yellow maize, sunflower, canola (The Presidency, 2012b:223).

Rural towns need support and every rural town is unique with unique challenges. Plans should be formulated to achieve economic development. Innovative service delivery is required in rural areas such as off-grid electricity systems to ensure feasibility. Local municipal governance at rural towns is in most cases weak and needs to be improved. Subsidised public transport needs to be provided to improve mobility and improved access. It must be accepted that certain basic services could not be delivered on a sustainable basis and needs to be subsidized (The Presidency, 2012b:232).

Lastly, the Presidential Infrastructure Coordinating Committee (PICC) is shortly discussed. Government has realized that infrastructural development is one of the key strategies for economic development. Infrastructure development is one of the job drivers as listed in the NGP.

The PICC has identified 18 strategic projects for implementation at a total cost of R 4 trillion over the next 14 years. Some of the strategic projects relating to rural development are listed below (Maake, 2012:13):

- The Limpopo Provincial infrastructure plan includes rail line, water line, and energy generation plans to unlock the mineral belt.
- Improvement of the Durban-Free State-Gauteng logistics and industrial corridor.
- Development of the Eastern Cape nodal and corridor development. Upgrade of port and rail capacity in Port Elizabeth and rail links with the Northern Cape.
- Development of infrastructure in the North West Province regarding roads, rail, water, to support the mining, tourism and agricultural sectors of the province.
- Saldana-Northern Cape development corridor. Expansion of the rail and port infrastructure in Saldana and the industrial development zone. The project coordinator is the IDC.
- Integrated municipal infrastructure development plan by improving infrastructure at the 23 least resourced rural municipalities. The project is coordinated by DBSA.
- Improvement of public transport, housing and social infrastructure in 12 urban and rural areas.
- Green energy programme to support sustainable renewable energy sources including bio-fuel production.
- Acceleration of electricity generation country wide with the construction of new power plants and improved distribution of electricity.
- Agri-logistics and rural infrastructure development. Infrastructure such as storage facilities, transports links, irrigation schemes, agricultural colleges, and processing facilities and rural tourism.
- Revitalization of hospitals, health facilities and the national school building programme.
- Expansion of communication technology to all areas including rural areas and townships.
- Water and sanitation plant backlogs at rural municipalities including upgrade of sewer plants.

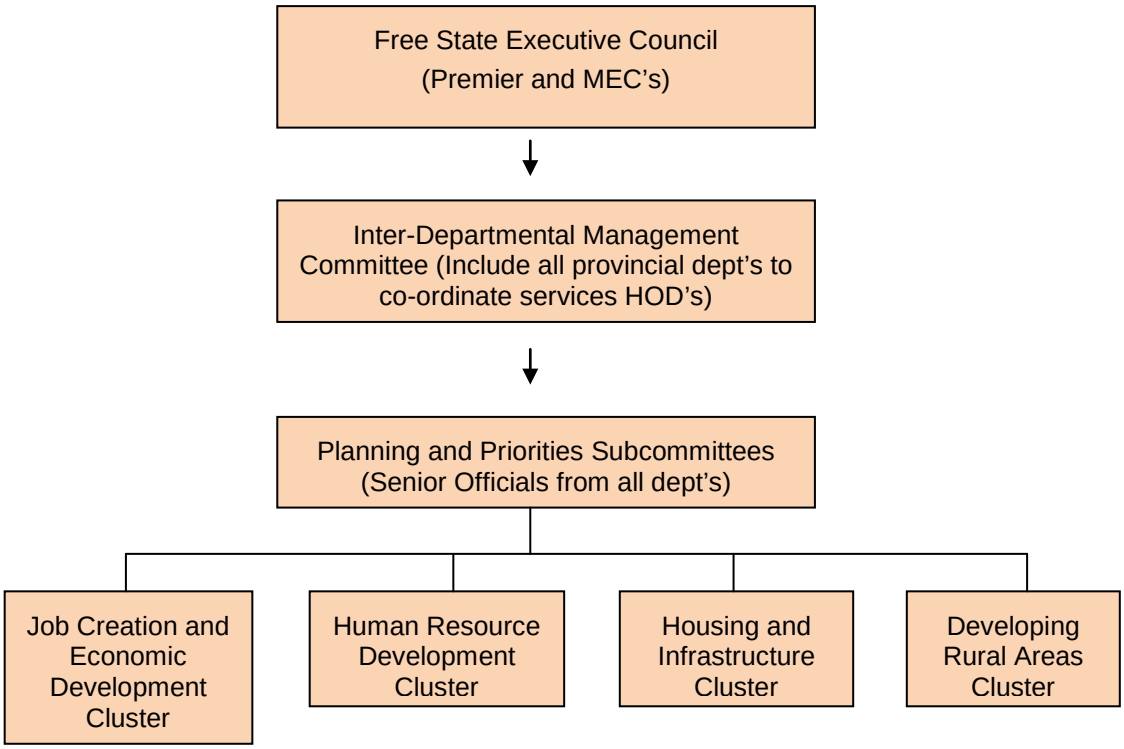
In conclusion, a number of departments are involved in rural development with no real “lead” department. Comprehensive rural development coordination and prevention of duplication are lacking. A rural development coordination committee needs to be established.

4.5.5.2 Provincial government

Provincial government relating to this study will focus on the Free State Province due to the fact that the specific geographical locality of the focus area of research is the northern Free State region. The Free State Province, with to its mostly rural character is also the most suitable province to analyse in terms of government structure as the focus is on rural development. On the provincial level, the Development Facilitation Act (DFA) principles have been adapted as the

overall guide for development planning. Provinces throughout South Africa, including the Free State Province, have formulated provincial growth and development strategies (PGDS) to allow for co-ordinated development for social and economic upliftment (IIED, 2000). This section provides an analysis of the Free State Province regarding its governance. Figure 4.5 provides an illustration of the provincial structure.

Figure 4.5: Free State Provincial government structure



Source: IIED, (2000).

The Free State Province is also known as the central province of South Africa. It covers 10.6% of the total area of the country with a total surface area of 129 464 square km. The provincial economy is dominated by agriculture. This sector provides 19.2% of formal jobs, while the mining sector is dominated by gold and contributes 9% to the provincial economy and 33 000 jobs. Manufacturing contributes 14% of provincial economic activities and tourism which plays an important role in the local economy, provides 65 000 jobs (Free State Government, 2012). The Free State province has five municipal governance regions namely:

- **The Fezile Dabi District Municipality:** The area is known as the northern Free State, an important agricultural and industrial area with major environmental features such as the Vaal Dam and the Vredefort Dome area.
- **The Lejweleputswa District Municipality:** The area is known as the goldfields and is also a major agricultural area.
- **The Mangaung Metropolitan Municipality:** This area is the main urban area of the province and includes Bloemfontein the sixth largest city in South Africa.

- **The Thabo Mofutsanyana District Municipality:** The area is known as the eastern Free State with beautiful landscapes with the Drakensberg and Maluti mountain ranges in the area.
- **The Xhariep District Municipality:** The southern portion of the province is semi-arid with mainly extensive farming activities. The Orange River is a main feature in the region (Free State Government, 2012).

The following section is an analysis of the roles of the provincial government departments in the province, which is involved in rural development. Table 4.10 provides a summary of the various relevant departments. Most provincial departments are now aligned with the national departments. For example the national department of Rural Development and Land Reform was established and relates to the provincial department known as Department of Agriculture and Rural Development.

Table 4.10: Summary of provincial departments involved in rural development in the Free State Province

Name of Department	Focus and functions
Office of the Premier	The premier is the executive, policy, legislative, administrative, planning, monitor, coordination and inter-governmental leader of the province. The premier is also responsible for the coordination of Thusong Service Centres which is aimed at improving access to government and community facilities for rural communities. For example two such centres exist in the Fezile Dabi District municipality, in Phiritona, Ngwathe local municipality and Qalabotjha, Mafube local municipality. Other such centres also exist elsewhere in the province.
Department of Agriculture and Rural Development	The focus is on food security, sustainable agriculture, farmer support, agricultural research, training and mentoring for small farmers, agricultural projects in partnership with other stakeholders, agro-processing projects, CRDP implementation, war on poverty programme, and the national rural youth services corps (NARYSEC). Youths have been trained in skills since 2011 with the first intake of 351 people. Women in agriculture and rural development is also a programme which has been launched in 2006.
Department of Cooperative Governance, Traditional Affairs and human settlements	Focus on coordination of inter-governmental relations between the province and local government, implementation of MIG, LED, CWP and operation clean audit, disaster management, land use management, spatial planning, housing development and provision including accelerated housing delivery, access to basic municipal services and access to affordable housing finance. The CWP has the aim to provide job opportunities for unemployed rural people. CDW who participate are guaranteed of an income through community based projects, such as vegetable gardens.

Name of Department	Focus and functions
Department of economic development, tourism and environmental affairs	The focus is on environmental management regarding sustainable use of land, conservation, waste management, pollution control, economic planning and development including sectoral development, business regulations, SMME's development, labour absorbing growth, youth employment, export focus, assist with implementation of EPWP and tourism development and support. The department is responsible for the Free State Development Corporation and the Free State Tourism Authority.
Department of Public Works	The focus is on construction and maintenance of government property and the EPWP.
Department of Social Development	The focus is on social and welfare services to the poor and vulnerable. Developmental focus also includes youth development, sustainable livelihoods and population capacity development.
Department of Sports, Arts, culture and recreation	Focus on development and promotion of sustainable arts, and culture.

Source: Free State Government, (2012).

The Department of Economic Development, Tourism and Environmental Affairs, is in control of two public entities namely the Free State Development Corporation (FDC) and the Free State Tourism Authority (FSTA). The FDC is a specialist economic development agency established in terms of the Free State Development Corporation Act (Act 6 of 1995) providing services to the community and investors. The FDC aims to assist in the fight against poverty and unemployment by creation of partnerships and to attract investment. Some of the services of the FDC are SMME support in terms of training and financial support, property development, business development support, and support to export companies in identifying new markets and opportunities (Free State Government, 2012).

The FSTA have been established in terms of the Free State Tourism Authority Act (Act 4 of 2011) to market and promote sustainable tourism and to promote major events, such as festivals and sports events to further promote tourism in the province. The main focus areas of the FSTA include tourism product development, tourism marketing, management of resorts and reserves belonging to the province, and hosting of major cultural and sports events (Free State Government, 2012).

Every Province in South Africa is required to compile a provincial growth and development strategy (PGDS). The Free State provincial GDS (FSPGDS) will be analysed below. As the foundation to a PGDS, at least the following components need to be included namely an analysis of functional economic regions with linkages, analysis of competitive and comparative advantages, formulate clear priority areas within a spatial planning framework, development

principles with a desired development path, and an institutional analysis (Office of the Premier, 2012:2).

The FSPGDS is based on the following principles namely to provide direction for development programmes taking into account local resources, the economy, politics, social-welfare aspects and the natural environment. The FSGDS must address the legacies of the apartheid spatial economy, promote sustainable development and reduce poverty. It should indicate areas of opportunity and investment with development priorities. It should focus on addressing backlogs and blockages with institutional reform. It should be based on the principles of the NSDP (Office of the Premier, 2012:4). The FSPGDS is based on six developmental pillars with drivers. The main aspects are listed below in Table 4.11.

Table 4.11: Free State Growth and Development Strategy: Pillars and drivers

Development Pillar	Associated development drivers
Pillar 1: Inclusive economic growth and sustainable job creation.	Driver 1: Support and expand agricultural development and food security. Driver 2: Minimize the impact of the declining mining sector. Driver 3: Support manufacturing opportunities. Driver 4: Maximize transport and distribution opportunities. Driver 5: support and develop tourism opportunities.
Pillar 2: Education, innovation and skills development.	Driver 6: Ensure appropriate skills base for growth and development.
Pillar 3: Improved quality of life.	Driver 7: Improved safety and security with reduction in crime. Driver 8: Develop and maintain infrastructure. Driver 9: Development of sustainable human settlements. Driver 10: Provision of improved health care Driver 11: Improve social development, community facilities and social security services. Driver 12: Improve environmental management.
Pillar 4: Sustainable rural development	Driver 13: Mainstream rural development in all development planning actions
Pillar 5: Build and improve social cohesion.	Driver 14: Maximise opportunities in arts, culture, sports and recreation.
Pillar 6: Good governance.	Driver 15: Foster good governance to create a positive economic development environment.

Source: Office of the Premier, (2012: 25 to 67).

The rural development strategy for the study area as listed in chapter 5 is based on national and provincial policy guidelines. The Free State Poverty Relief Strategy (FSPRS) also needs to be analysed. The aims of the strategy are to reduce poverty from 63% in 2003, to 45% in 2010 and to 30% in 2020. The provincial Department of Social Welfare was given the lead responsibility in the strategy. The two main tools in achieving the aim are provision of social grants and to establish projects to generate income (HSRC, 2003:21). Initiatives regarding job creation and income included business advisors to assist small business development, identify businesses with major growth potential, and maximize current funding programmes such as the CWP, EPWP, CRDP and land reform projects. The strategy has been criticized due to the difficulty in the implementation of it concerning high cost, lack of availability of advisors and lack of effort by implementation department (HSRC, 2003:23).

4.5.5.3 Local government

According to Cloete (1995), local government is the oldest form of government and is closest to local communities. Reddy (1999:8) lists the following characteristics of local government:

- Locality: Close to people, with a sense of community solidarity.
- Legal Content: In terms of national, provincial and local laws.
- Autonomy: Can take decisions, implement policies, and allocate resources.
- Governmental power: Enforcement of policies and regulations.
- Participation: Linkage to local communities.

The White Paper on Local Government (Republic of South Africa, 1998) stated the following with regard to rural economic planning in South Africa and the role of local government namely: to maximise social and economic growth, integrate and co-ordinate growth, redistribute resources, provide good basic services to private sector to prosper, simplify regulations, support local procurement policies, provide one-stop facilities, marketing, investment, training and research and establish links and partnerships with local role players (Republic of South Africa, 1998). Local municipalities must make sure rural development and LED strategies are integrated into IDP's and the PGDS and district municipal strategies (Human et al, 2008:57).

According to Atkinson (2003: 1), since 1994, local government has experienced three waves of development. The first wave was the political unification of municipalities which were separated under apartheid. During this political phase from 1994 to 1997, the focus was more on political transformation than on municipal functioning. The second wave started in 1998 with the concept of developmental local government. Municipal boundaries were amended and a wall-to-wall municipal system was introduced through the Municipal Structures Act of 1998 and the Municipal Systems Act of 2000. The developmental state was defined within the framework of four principles namely maximization of social and economic development, integrated and coordinated development activities, citizen participation and lastly strong leadership building capacity. The third wave started after the first fully democratic municipal elections in 2000 where municipalities

were reduced from 843 to 284. This wave has proven to be difficult and requires municipalities to fulfil the development paradigm with economic development and service delivery (Atkinson, 2003: 2).

Nel and Rogerson (2005a;256) stated that small towns as part of rural municipalities have been affected in the last few decades by the following factors:

- The demise of rural transport has resulted in the decline of small towns
- Decline in agricultural output, with a switch to game farming
- The growth of tourism towns
- The growth of larger small towns
- The link between welfare grants and economies of small towns
- Loss of local government structures after the 2000 elections

The decline in small towns can largely be attributed to globalization and economic competition. Small town success stories are limited and mainly due to tourism such as Still Bay and Clarens. The overall situation is one of small rural town decline over the last two decades (Human et al, 2008:58). Rural development and LED strategy formulation and implementation are the responsibility of local government in South Africa. No clear evidence exists regarding efficient and effective implementation of such strategies. The implementation of local strategies is the responsibility of a single unit within a municipal department, making the implementation limited. Rural development and LED, if implemented could act as an instrument of change and allow for integration of municipal departments and communities with the business sector especially in rural areas (Malefane, 2009:158). According to Blakely and Bradshaw (2002:296), local government's role in community based initiatives should be focused on assisting with loans and financing, explore possibilities of sub-contracting services to community groups, provide assistance and work space for community projects, provide skills training and lead the local economic development strategy.

South Africa's post-apartheid developing policy is focussed on developmental local government, community focussed and pro-poor emphasis. Local Government has been pro-actively encouraged to intervene and to play a leading role in job creation and reduction of poverty. The main constraints in delivering results in pro-poor implementation poor analysis of local economics, unsustainable community projects, lack of capacity and lack of resources (Nel & Rogerson, 2005b:16). The concept of pro-poor in South Africa is a success in policy but not in practice. A conflict exists in government LED policy between pro-poor or pro-growth. Both concepts need to be addressed as an integrated LED policy approach. A pro-growth policy could be equated to creating an enabling environment for economic development while pro-poor equates to poverty alleviation through job creation. A combination of the two policies could be creating a competitive region from which all communities could benefit (Nel & Rogerson, 2005b:17).

In a survey of local municipalities in South Africa, economic development has different meanings for different municipalities. Economic development could mean economic growth, poverty relief, job creation, SMME support, and global linkages through export strategies (Nel & Rogerson, 2005b:17). Broad economic sectoral strategies used by local municipalities in South Africa include skills development, SMME development, job creation, tourism development, industrial or manufacturing support and infrastructure provision. Some of the key pro-growth orientated interventions are business support, infrastructure investment, sectoral support, marketing, research and information, special development zones and business expansion, retention and attraction. Pro-poor orientated interventions are informal sector support, training for disadvantage groups, subsidies, indigent support, social facility development, job creation projects, procurement policies, infrastructure provision, business development, food support, housing provision and rural development support (Nel & Rogerson, 2005b:18).

In conclusion, the following challenges exist regarding LED from policy to implementation at local government sphere. These include that policy doesn't automatically lead to implementation, improved skills levels, staff and funding shortages, poor community involvement in planning and implementation and poor monitoring and evaluation (Nel & Rogerson, 2005b:20).

District regional government's roles are to ensure investment in the region, and to ensure regional-wide collaboration. Regional governments can serve to facilitate LED efforts by acting as an intermediary between national and local government. Provision of infrastructure and environmental improvements are important (Swinburn et al, 2006:2). The functions of district municipalities include the following (IIED, 2000):

- Ensure co-ordinated development in the region of the region.
- Provision of development aid to local municipalities.
- Provision of essential bulk regional services such as bulk water, electricity, sewer, fire protection, tourism and spatial and transport planning.
- Integrated planning through IDP processes.
- Assistance and capacity support to local municipalities such as IT support, financial systems support.

Municipal government is the key level of government for rural development and LED implementation. Businesses need to locate and various factors determine the locality of a business. Factors such as agglomeration advantages, identification of markets, infrastructure, labour and information are shared, to create economic advantages. Locality is also dependant on quality of governance, policy, clean environment, availability of services capacity and land. The availability of quality labour depends on availability of housing, health, education, skills, training opportunities and public transport. Availability of hard and soft infrastructure is therefore the key for successful rural development and LED. LED institutional networks can make or break local economies, taking it to the next level or allowing it to stagnate. The most important strategy, and

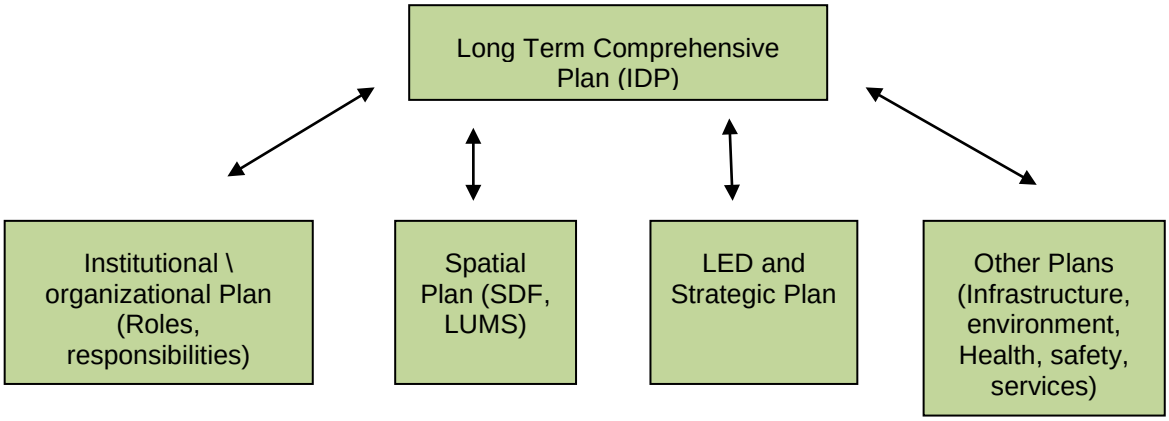
probably the one that is easiest to implement by a municipality, is to relax regulatory processes. Regulations need to be relaxed to promote business (Swinburn et al, 2006:3).

The Constitution of South Africa provides the over-arching framework within which all planning activities for government must take place. In terms of the Constitution, local government needs to (IIED, 2000; Republic of South Africa, 1996a):

- Provide democratic and accountable government for all communities,
- Ensure service provision in a sustainable way.
- Promote social and economic development.
- Promote a safe and healthy environment.
- Encourage community participation and involvement in matters of the area.

Each rural area has unique local conditions that could enhance or reduce the local economic potential. Those conditions will determine the local relative comparative advantages of an area in its ability to attract generate and retain investment (Swinburn et al, 2006:1). Figure 4.6 is a summary of the LED components of local government.

Figure 4.6: Local government LED components



Source: Adapted from UN-HABITAT, (2005:26).

Municipal implementation is control-based while the ideal approach would be innovation and new product development. The current municipal LED structure is insufficient due to the fact that LED is not a cross-cutting municipal function, driven by all municipal departments. This lack of a cross-cutting approach to LED falls of providing communities with diversified economic opportunities. Only those LED projects which affects a single municipal entity are attempted to be implemented. This type of implementation has resulted in small townships and rural community development projects, with limited economic impact. The municipal system had so far no influence in linking big business with SMME's. LED units think small. The system of LED implementation has the following implications: No skills transfer to SMME's occurs, senior managers are appointed from outside the area and are not committed to the municipal area because they resides somewhere else, projects benefit outside people and businesses and not locals, and local communities and

small business becomes antagonistic towards municipal officials as outsiders in their own back yard (Malefane, 2009:165).

The following principles are listed to improve the structure for implementation of LED strategies at the local government sphere (Malefane, 2009:167):

- LED implementation must be cross-cutting, with the total municipality, with all departments involved in the process.
- LED needs to respond to and address social, economic, natural, physical and other needs of communities.
- LED performance needs to be embedded in all Departments and implemented by all senior managers.
- LED management needs to be strategically located within the office of the Municipal manager.

Local municipalities could make a larger impact on local economies by utilizing LED as an integral part of their overall planning as part of service delivery (Human et al, 2008:53). An integrated use of LED by local government was introduced in the White Paper on Local Government (Republic of South Africa, 1998) as well as in the Municipal Systems Act (Republic of South Africa, 2000). The traditional approach by local government to LED is to attract investment through concessions and incentives, and tax holidays (Human et al, 2008:55). This approach has over the past few decades proven to be unsustainable due to factors such as globalization (Human et al, 2008:55). Other approaches have been tested which include a locality development approach, an entrepreneurial development approach, a business and industrial development approach, a human resource development approach and the innovation and technological approach (Blakely& Bradshaw, 2002:16). Joseph (2002:15) listed the progressive community based development approach, resulting in an equal distribution of benefits of LED.

The confusion between LED and community development programmes creates the perception that LED is the responsibility of government alone (Human et al, 2008:56). Amis (2002:25) is of the opinion that local government can contribute to LED mainly through the provision of infrastructure, health care, educational facilities, and ensuring law and order. According to Blakely and Bradshaw (2002:20), a municipality can decide to act as a developer and even an entrepreneur, a coordinator, a facilitator or a stimulator. The views of these LED specialists regarding the role of local government are supported by ASA-LGP (2010) and DPLG (2003:3). The main roles are listed as follows (Human et al, 2008:56):

- **Facilitator**: Municipalities must create and provide an environment for LED by providing systems, processes and facilities through land use planning, provision of services and infrastructures, signage, safety and security, attracting investment, less regulations, policy and strategy formulation.
- **Co-ordinator**: The IDP process forms the key programme for co-ordination. To ensure consultation with local communities. Business network and partners needs to be established.

- **Enabler**: Provide expert advice, assistance and support, information, training, business planning.
- **Stimulator**: Stimulate business to grow and expand and attract new business. Tools include incentives, grants, and facilities at low rental, tourism development, and business incubators.
- **Developer**: Provision of basic infrastructure to stimulate private sector development such as electricity, water, roads, and sewer.

In LED, the role of the LED unit, including the LED officer at the local government sphere is critical for implementation of strategies. The unit needs to undertake economic research and analysis to identify opportunities and priorities within the specific area. The unit also needs to initiate and develop an LED strategy and implementation plan. Other functions of the LED unit include the co-ordination and facilitation of networks and partnerships, development of an LED data base on business, projects, socio-economic data, poverty etc, manage, implement, monitor, control and evaluation of projects, identify and obtain funding and finance for LED projects, support and attract new and existing business, and facilitate LED activities throughout all municipal structures (ASA-LGP, 2010).

According to Davis (2004:33), the role of local government in rural development is to formulate policies, facilitate local ownership, promote participation, improve physical and infrastructure planning, facilitate micro-finance, facilitate market access (facilities, research), cluster based technical training, marketing, product development, market analysis, support local tourism, re-use derelict industries, land use and property management, and to create a strategic planning forum for the region.

Blakely (1989:58) states that LED is a process by which local government and community groups manage their existing resources and enter into new partnerships arrangements with the private sector to create new jobs and stimulate local economic activities in a define area or economic zone. Blakely (1989:148) states that it is the responsibility of local government officials to find solutions to problems, even if it is not budgeted for. Local governance aspects of importance for LED are to provide common specialist services such as information on export markets, sectoral analysis, and comparative advantages, support business associations by assisting in the establishment and operation of local business chambers, formulation of industrial development policy and incentive policy development (Blakely, 1989:101).

Municipalities in South Africa do not have adequate economic strategies in place to address the issues of poverty, unemployment and inequality (SACN, 2004:167). LED is not a priority at the local government level, and limited funding is available. LED strategies lack detail for interventions and lack monitoring and evaluation. Small rural municipalities especially struggle to implement LED. The role and functions regarding LED is vague with a lack of willingness for partnerships with the private sector (Khanya-Aicdd, 2006:4).

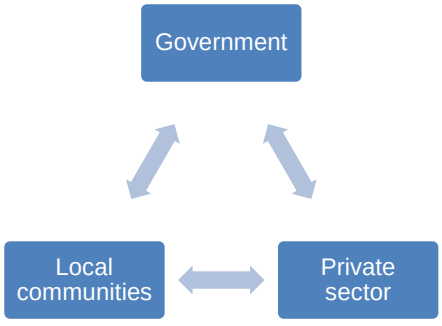
4.5.5.4 Role of semi-government institutions, private sector and local communities

Role players in rural development and LED, outside of government include the South African Local Government Association (SALGA) and the Development Bank of South Africa (DBSA). SALGA is a legislative body representing local government in South Africa. It assists local government in developing rural LED strategies (Van der Heijden, 2008:24). At the SALGA national conference in 2011 (SALGA, 2011:1-31), the following key priorities were listed for implementation at local government and especially in rural municipalities:

- More stable municipal governance.
- Provision of a well-structured councillor support system.
- Accelerated access to sustainable municipal services.
- Rural municipal special support programme.
- Improved environmental management including solid waste management, and acid mine drainage.
- Assist municipalities to improve and intensify their battle against poverty.
- Improved LED and spatial planning.
- Improved municipal finance.
- Increase the fight against corruption.

The DBSA's mandate is to accelerate socio-economic development through the provision of funding and finances for physical, social and economic infrastructure. (Rogerson, 2009:24). In 2007 the DBSA established a Local Economic Development Fund with the ultimate objective of maximizing local economic potential at specific localities to drive sustainable growth in rural areas. This was to be achieved by means of formulation of improved LED strategies, provision of economic infrastructure, provision of funding and financing for socio-economic development, assist with creation of networks and partnerships and building institutional capacity (DBSA, 2008:9). As part of the LED triangle as depicted in Figure 4.7 government, the private sector and local communities must combine forces to ensure local economic development.

Figure 4.7: The LED triangle



Source: Compiled by author.

The private sector, with local communities, plays a major role in rural development and LED. Some of the functions by the private sector are listed below (Swinburn et al, 2006:14).

- Bring resources, knowledge and experience to the area.
- Help de-politicize the economic development process and projects.
- Ensure wide consensus and support.
- Increase the understanding of the local economy.
- Community volunteer assist in project implementation.
- Include poor and informal groups to ensure pro-poor focus.

In 2009, the "Afrikaanse Handelsinstituut" (AHI) did a survey including most business chambers in South Africa which are members of the AHI regarding economic development in their area (Rogerson, 2009:41). Research survey findings include (Rogerson, 2009: 42- 44):

- The working relationship between business chambers and municipalities are mostly negative, especially in the Free State Province. It was stated that local government is not interested in working with the local business chambers.
- Areas of co-operation were listed as limited. Poor governance and lack of trust between the private sector and local municipalities exist. Problems include the lack of leaders taking responsibility, lack of skills and capacity, tender irregularities, high staff turnover, lack of quality participation, political agendas, lack of funding, and the fact that municipal people not available to the public.

4.5.6 Funding sources

According to Sekhampu (2010:58), the broad sources for funding for local rural development and economic development projects include local government own funding, equitable share from national government, municipal infrastructure grant, neighbourhood development partnership grants, national departments, development finance institutions such as IDC and DBSA, and donor funding. In support of this, the DPLG (2006) listed the following LED funding sources for local government, namely the Municipal Infrastructure Grant (MIG), the national treasury such as the neighbourhood development partnership grant (NDPG), sector support by national departments and state owned enterprises such as DTI, development finance institutions such as IDC, DBSA, IDT, NDA, private banks and donor funding (DPLG, 2006). Annexure B provides a comprehensive summary of possible sources of funding for LED and rural development in South Africa as compiled by author.

4.5.7 Local case studies

Local case studies on rural development are discussed in two categories in this section, namely case studies outside the Free State Province and those case studies within the Free State Province due to the specific focus of the research on the northern Free State region.

The following quotation is relevant to rural towns and areas. “Small can be beautiful. Small populations, with a limited consumption and therefore limited impact on the natural environment, provide indications on how to avoid poverty: sufficient resources, space, small populations, local decision-making, self-generating and renewing processes by nature, has to be present” (Wienecke, 2007:86).

4.5.7.1 Case studies outside the Free State Province

This section includes relevant case studies relating to rural development (excluding the Free State province). Specific case studies were selected to find practical efforts attempting rural development by introducing different strategies in different localities.

Firstly, the **rural-urban dualism** in South Africa is analysed. Rural and urban areas are in some cases seen as independent components in space, even though it should be seen as one complex and integrated system. Urban areas are seen as a spatial component of everything that has to do with development. Cities are seen as places where all the processes of modernisation and innovation are taking place. These processes could then lead to “take-off” as discussed in Chapter 2 as part of the development cycle. The traditional rural areas in contrast, symbolises economic, cultural and social stagnation. Rural areas represent traditionally, and the perception exists that this situation needs to be overcome. Rural and urban spaces are seen as two different and separate spheres that co-exist in space. The rural space is seen as the non-capitalistic sector, with small scale subsistence farming and the living space of the exploited. Urban areas are seen as the dominant capitalistic mode of production, the centre of accumulation, which benefit from the re-production of rural produce. In this context, urban economic growth is mainly accounted for by exploitation of the surrounding rural hinterland (Lohnert & Steinbrink, 2005:95).

Rural-urban linkages take on four forms in South Africa. Firstly, people move from rural areas to small rural towns in a circular manner due to seasonal labour migration. A second move, which is more permanent, is from rural areas to larger rural towns and vice versa. Lastly there is movement of resources, commodities and services between rural and urban areas (Xuza, 2005: 90).

Modernisation theories have led to development strategies which focus primarily on urban industrial centres. Increasing rural impoverishment led to the development of a stronger pro-rural focus in development policies. Lipton in his article “Why poor people stay poor: Urban bias in world development” in 1977, formulated the concept of “urban bias”. Governments focus their policy trade, taxes, tariffs and infrastructure programs on urban areas to the disadvantage of the rural poor. From the mid-1970s, governments and donor organisations started to focus more on rural development strategies. Rural and urban poverty are frequently understood as two independent phenomena (Lohnert & Steinbrink, 2005:96). A trans-local relationship exists between urban and rural areas and manifests itself in households as indicated in Figure 4.8.

Figure 4.8: Trans-local household relationships between urban and rural areas.

HOUSEHOLDS		
URBAN	**INTERACTION FACTORS**	**RURAL**
Functions: Monetary income generation. Receive arriving migrants. Maintain & protect property. Allow access to education. Allow access to health facilities. Allow a safety net in a crisis, from stress from rural areas.	**SOCIAL, CULTURAL** ⟷ **BONDS BETWEEN FAMILIES** **EXCHANGE & CO-OPERATION** ⟷ **MONEY,GOODS, INFO** **TRANSACTION FLOWS** ⟷	Functions: Care for old & sick. Look after children & basic education. Protect property. Access to basic medicine. Food security. Cultural & ritual functions. Social, collective identity. Hide-away in situations of crisis, stress, conflict in urban areas.

Source: Lohnert and Steinbrink, (2005:100).

In closure, rural and urban areas form an entity in a trans-local context of the region. Urban and rural livelihoods are sub-systems of a trans-local system. A socio-spatial fusion exists within a regional economic structure. The conception of rural/urban dualism is dismissed due to the strong relationship between rural and urban households, high mobility between rural and urban areas and the socio-spatial link between rural and urban (Lohnert & Steinbrink, 2005:103).

Raw agricultural goods move from rural to urban areas and final goods and services move from urban to rural areas. The rural-urban link also includes the flow of people between rural and urban areas. The linkage includes the exchange of agriculture and manufacturing for production inputs and processing of agricultural raw materials. The interaction is essential for an integrated, successful regional economy with nodes and rural areas. As small farmers lack resources, such as land, water and capital, it results in rural residents engaging in non-farming activities in urban centres. Affordable and available transport allows for rural mobility. When mobility is constrained, isolated settlements will be destined to migrate to economic active people (Ogunronbi & Gama, 2010). Rural-urban interactions are influenced by factors such as the physical environment, the locality, land potential, population density, infrastructure networks and competence of local government (Ogunronbi & Gama, 2010). Table 4.12 is a proposed rural/urban classification by Ogunronbi and Gama (2010).

Table 4.12: Rural/urban classification

Deep Rural Areas	Rural Regional Areas	Rural / Urban fringe Areas	Urban Areas
Rural areas without nodes, just small villages with farming.	Rural region with rural towns as nodes for rural areas, service centres	Region on fringe of urban area, influenced by urban activities.	Larger urban centres areas.
Lack basic services and facilities.	Have basic services and facilities with a network of regional connectivity.	Within close distance of urban areas.	Services available with larger cities centres.
CRDP focus areas. Land reform. Socio-economic problems such as poverty. Maximize local resources.	Rural regional revitalization support. Improve rural/urban linkages. Promote economic activities.	Economic diversification linkages to urban areas.	Accommodate rural migrants.
KwaZulu/Natal rural areas.	Rural districts in Free State.	Fezile Dabi region.	Gauteng Region.

Source: Ogunronbi and Gama, (2010).

The following case study analyses the relevance of **spatial planning interventions** in local rural economic development and poverty alleviation in South Africa and specifically in the traditional townships in South Africa (Madell, 2008:50). Traditional townships are known as mono land use systems of dormitory, residential nature with limited economic opportunities due to their isolated localities. These townships are known as “poverty traps” and functioned as “separators” with no job opportunities. Most townships were located in isolated localities far removed from the rest of the town with poor transport. Since 1994 with the introduction of the new democracy, spatial planners have attempted to change this situation around by attempting to create townships that are fully functional and integrated with the wider region. Design concepts to facilitate the change include activity and mobility development corridors, development nodes, densification of residential areas through infilling, formulation of urban edges, spaces for informal trading, landscaping and open space, ownership of subsidised housing and mixed land use activities to improve quality of life. The overall aim is to create spatial environment that promotes integration and economic activities such as job opportunities (Madell, 2008:52; Donaldson, 2001:2).

After nearly two decades of interventions, most townships are still characterized with high levels of poverty, social problems and economic marginalisation. The rich and the poor are still separated in terms of living areas, work areas and shopping areas. State interventions to create sustainable and integrated areas are blocked by price and availability of suitable land, budget for projects,

property rights, rezoning processes, and environmental impact assessment processes (Madell, 2008:53).

Swelling (2005:9) provides some solutions to the debate by Madell and listed a number of spatial actions for anti-poverty strategies as listed below:

- Facilitation of access to employment and economic opportunities by means of good transport routes and modes.
- Increase the physical asset base of the poor through land, housing and economic enterprise.
- Access to basic services and basic needs.
- Strengthen self-help and community management.
- Promote democratic participation in decision making.
- Ensure access to safety nets to assist the poor and vulnerable.

Madell (2008:57) concludes that the final role of spatial planning in reducing poverty is still undeclared. The current unwillingness of government to interfere radically in the change in land use and property markets reduces the potential impact of spatial planning interventions. The integration of LED and spatial action could provide a solution to the problem and the proposed model in chapter 6 attempts to provide a solution.

The **Amathole local municipality** established an economic development agency in 2005, known as “Aspire”. They developed a small town development model comprising of four phases which included (Xuza, 2012:347):

- Phase 1: Small town regeneration strategy. This phase includes the collection of data regarding existing development plans, followed by a participation process with all stakeholders. The local economic conditions and trends needs to be understood. Various interventions are then formulated.
- Phase 2: Detailed feasibility study of identified interventions.
- Phase 3: Business plans.
- Phase 4: Implementation.

Mpolokeng (1996) analysed the importance of local people’s participation in rural development in the **Molopo region** of the North-West province. The area is poor and agricultural potential of land is low. Rural development projects are therefore important to curb poverty in the region (Mpolokeng, 1996:36). The findings of the research are listed as follows (Mpolokeng, 1996:58):

- Local community’s participation in rural development projects is indispensable for success and sustainability of such projects.

- The type of project determines the level of participation in the various phases of a project. In a highly technical project such as water provision, the planning phase will require less participation than the implementation and evaluation phases.
- Local communities were always willing to participate, even if they were excluded in the planning phase, if such project will improve their quality of life.
- Strong cooperation between contractors and intended beneficiaries is required.
- Obstacles to participation include illiteracy, monopolistic leaders, lack of skills and training, and unequal treatment of beneficiaries.
- Selection of all inclusive committee at inception of project is important, including women and the poor.

Rogerson (2011) analysed **urban agriculture in Gauteng** as a strategy for poverty alleviation and food security. The concept of urban agriculture may be located in cities or towns in rural settings and is defined as an industry located within, or on the fringe of a town which grows, processes and distributes a diversity of food and non-food products using mainly human and material resources allowing for economic activities and food security (Rogerson, 2011:2). Urban agriculture plays a major role in food security and is an important livelihood strategy for the poor living in towns in rural areas. The concept is widely seen as a perfect tool to create sustainable development principles within poor communities. Important policy issues with regard to urban agriculture include (Rogerson, 2011:13):

- Creation of an enabling environment with funding and support.
- Acceptance of urban agriculture as an acceptable land use within a township.
- Access to vacant land and land tenure security.
- Ensure economic viability of the use.
- Promoting gender equality and social inclusion.
- Reduction of risks associated with urban agriculture.

In addition to the above analysis, the role of **urban agriculture (UA)** in poverty alleviation has also been analysed by Burger et al (2009). Urban agriculture provides opportunities in food production, income, enterprise development, food security, nutrition, urban greening, environmental management, waste recycling, poverty alleviation and social inclusion (Burger et al, 2009:20). The scale of urban agriculture is small in South Africa when compared to other developing countries due to opportunity cost and other means of social report. Lodging of backyard squatters for example brings in more income than a food garden at the back of a house. Currently, food prices are still relatively low and in some instances it is cheaper to buy the food than to plant, grow and harvest it. Farming is also seen as part of the activities of the apartheid past and black youths are negative towards any form of farming (Burger et al, 2009:21). UA could include field crops, horticulture, livestock, poultry and orchards. UA is more prominent in areas

with high rainfall and good potential soils. Females are more involved with UA than males, while the majority of people involved in UA are focused on cultivation of field crops. The level of poverty and food insecurity is higher in families not involved in UA (Burger et al, 2009:43).

After an analysis of local economic conditions, the **Graaff-Reinet local business chamber as a local driver organization for development**, has identified a number of "quick-wins" projects in the area as listed below with examples for implementation (Spocter, 2012:78):

- Agriculture: aquaculture, commonages, fencing of farms, mentorship for small farmers, chicken farming projects.
- Manufacturing: paper making factory, meat processing, recycling projects.
- Construction: low-cost housing, road construction, government office space.
- Trade: cultural and heritage routes and spaces, accommodation development for tourism, marketing.
- Transport: access routes improvement, re-establishment of rail system
- Community and social services: educational hub, colleges, after-care centres, ICT centres and multi-purposes centres.

The Centre for Urban Development Studies (2004:3) analysed economic revitalization in the rural town of **Middledrift, Eastern Cape**. The town is the administrative centre for over 60 villages with a population of 5000 people with another 20 000 people living in surrounding settlements. The area is poor with high levels of unemployment. The town competes with other centres such as Alice and King Williams Town for economic development. Town leadership recognized the potential of the town as a service centre and decided to attempt to revitalize the town centre, improving municipal governance and improvement of living conditions. Huge amounts of funding relating to $19 million for a number of projects such as skills training, local government structures, marketing of the town, sanitation, water supply, upgraded roads, taxi rank, hawker stalls, village bank, upgrade of police station and sport fields, etc have been obtained.

Planning of all projects was a cooperative process between all role players in the area including local community members. Funding was obtained from national and provincial government, the district municipality, and DBSA. The town showed general improvement with excellent relationships. Capacity of officials was improved, and new businesses were attracted to the area. Transport was improved and facilities were provided for informal traders. Informal settlements were also upgraded to improve quality of life. Payment rates for services have increased to 65% showing satisfaction with service delivery and for the first time since 1994, the municipality showed a budget surplus (Centre for Urban Development Studies, 2004:7).

Finally a few lessons learnt from this case study include (Centre for Urban Development Studies, 2004:7):

- Partnerships and civic pride are important for local initiatives.

- Efficient public services with capacity are needed to support economic development.
- Empowerment and capacity building are important to LED.
- Good governance and good management is important.

The **Gauteng Department of Agriculture and Rural Development (GDARD)** has its own comprehensive rural development strategy. Within a mostly urban area, rural development is regarded as the backbone of development by the GDARD. Rural development cuts across all national and provincial departments in terms of planning, development and implementation. GDARD has the following strategic pillars namely food security, sustainable use of natural resources, sustainable land reform and agricultural activities, support rural infrastructure development, sustainable livelihoods and job creation. Although the Gauteng Province is mainly urban, various rural nodes, which need support, have been identified. A total of 10 rural nodes have been identified including the Bantu Bonke area in Midvaal municipality, Devon in Lesedi municipality, Hekpoort in Mogale City municipality and Sokhulumi in Tshwane Metro area. Various rural projects have been identified as part of these areas. GDARD has a three phase rural development strategy namely the development of basic infrastructure, the development of economic infrastructure and lastly to promote and support small businesses in agro-processing (GDARD, 2011:1 - 4).

According to Ashley (2006), **tourism development** plays a major role in most rural development strategies at the local level. Strategies regarding tourism could include the following:

- Strengthen **supply chains** within the local tourism industry. This action includes goods and services to tourism operators such as accommodation, and excursions. Government can assist in linking buyers with suppliers (Ashley, 2006:12). Assist SMME's to become reliable suppliers of quality goods and services. Economies of scale can improve the level of supply chains. Ensure a supportive local supplier incentive programme (Ashley, 2006:15).
- Stimulate **SMME's**. SMME's are having a number of constraints preventing them from fully participating in LED and tourism which include lack of skills, lack of credit, lack of linkages, excessive competition, lack of access to land and facilities, absence of a tourism culture, lack of knowledge of needs of visitors, and high level of regulations. Government can provide business, tourism and skills training, enhance product quality, boost market access, allow for credit and finance and even incentives and subsidies, less regulations and licensing assistance. Establish a programme to train local guides, provide infrastructure such as parking, toilets, water, tables, litter bins, access routes, signage, facilitate access and linkage to private sector for poor SMME's, mentoring of SMMES's, and marketing of local business, and creation of events to bring all service providers together (Ashley,2006:20).
- Boost **local craft and tourist shopping**: Ensure product quality, supply and applicable and attractive to the market. Develop locally unique and distinctive products and establish port of sale of crafts, curios and local products. Ensure tourists have information, and incentives to buy and have a desirable to spend money locally (Ashley, 2006:26).

- Boost **employment opportunities** in Tourism: Expand tourism and employment opportunities. Improve tourism skills by providing training, funding for training and on the job mentoring. Ensure jobs for local people (Ashley, 2006:28).
- Facilitation of **destination–level partnerships**: Bring all local stakeholders together such as accommodation, suppliers, tour operators, taxi drivers, transport, local vendors, guides, food suppliers, and government. Government should take the lead in convening and partnership formation. Communication can resolve co-operation problems and ensure a local combined and integrated effort (Ashley, 2006:31).
- **Diversify the destination**: Analyze more options for product diversification. Options include agro-tourism by focusing on agricultural products and excursions to farms, rural tourism, and cultural tourism, such as historical sites, shopping and use of local transport. Use of local knowledge for tourism can show case unique products. Government should assist with branding, training, support organization, organizing events, use natural resources and be handed over to SMME's to manage and take ownership (Ashley,2006:34).
- Government and private sector **interaction**: The private sector control the local supply chain, and mentoring and linkages between components of the tourism industry. Government can allow concessions, investment, subsidies and grants in focus areas. Government, through concessions can intervene in supplies and direct employment (Ashley, 2006:37).
- Facilitate **joint venture partnerships**: Communities provide land and resources and the private sector provides capital and commercial expertise. Government can provide funding, financing, and legal assistance (Ashley, 2006:39).
- Channel **financial flows to local communities**: Revenue sharing at environmental protected sites where income is shared with local communities for exchange of specific funding and benefits. Facilitate donation tourism (Ashley, 2006:41).
- Address **cultural, social and physical impacts**: Ensure that local communities benefit from tourism infrastructure development such as new access roads and mobility networks. Services to tourism must also reach local communities. Ensure environmental sensitive areas are protected with infrastructure development. Minimize environmental damage and cultural infringement (Ashley, 2006:42).
- **Pro-poor tourism** policy formulation: All stakeholders, including the poor to participate in policy planning. Policy must be based on research and information, bench marking, performance, and contribution to towns in a local area. Determine stumbling blocks and find solutions (Ashley, 2006:44).
- **Strategic decisions**: Decisions regarding market segments, markets, and investors. Target specific markets, such as weekend markets, adventure, coastal cultural etc. Ensure diversified products to attract a wide range of tourists. Target local, regional, national and or international tourists. Target high income or low income tourists (Ashley, 2006:46).

Ashley (2006:47) continue by providing tourism specific implementation principles for rural development and LED which include building commitment and support for the area, calculating direct impacts of plans, training people, listening to local people, and making it easy to do business. Rural economic planners must try to implement feasible plans, not ideal plans. Rather attempt to achieve little, small successes rather than trying nothing. Awareness needs to be created for implementation success. All levels of government must work together to optimize implementation success. Government is a major player in the tourism sector and use tourism facilities as a major client. Investment in infrastructure, marketing of local destination, and capacity of local government are main factors in tourism development (Ashley, 2006:48).

The following is a rural case study of the **Umtata area located in the Eastern Cape**. According to Ndwandwa (2004:13) the peasant economy in the Umtata area has deteriorated to a dangerously low level. Decline in agricultural production and lack of local industries, have forced rural peasants to move to rural towns to find work. The local economy can however not absorb the landless struggling peasants in the local rural towns. Migration to towns has resulted in growth of informal areas with poor conditions. In 1994, with the new government in place, certain industrial zones and agricultural schemes subsidies and incentives provided by the previous government collapsed. This resulted in heavy job losses in the area of Umtata (Ndwandwa, 2004:13). Lessons learnt from the rural experience in the Umtata area are listed below:

- Needs and priorities of rural communities differ from area to area, and from urban areas.
- Don't do things for rural people, but do things with rural people.
- Improved housing provision will also lead to job creation and better quality of life for the poor.
- Establish effective rural ward committees, and make committees part of the planning and budgeting process.
- Improved allocation of land to people by traditional leadership and local government.
- Improved collection of needs and public inputs through effective participation.

The next case study looks at **rural enterprise** efforts to access urban markets. The Mineworkers Development Agency (MDA) case is discussed below. The MDA, the job creation wing of the National Union of Mineworkers (NUM) was established to counter the on-going retrenchment of mineworkers. The MDA has branches across rural South Africa. The focus is on job creation, business consulting and skills training. A programme called "Bridging the Gap" was established to bridge the gap between rural production and delivery to urban markets (Darrol, 2002:165).

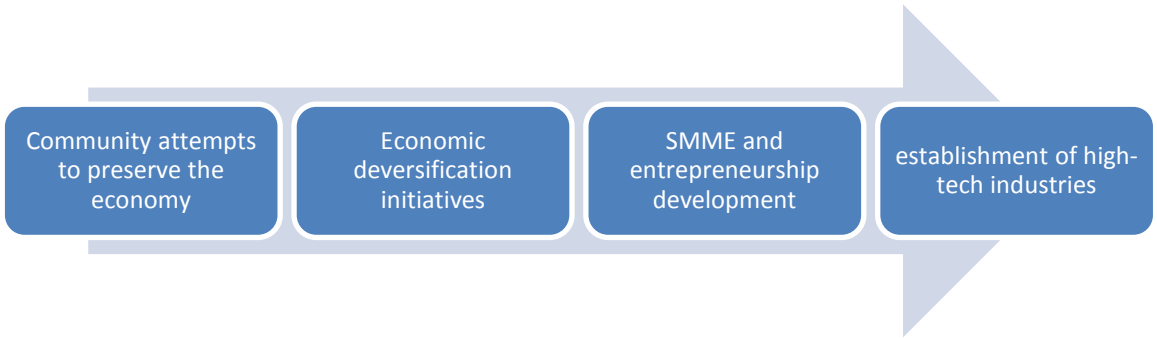
Rural entrepreneurs and rural producers have problems with regard to lack of raw materials, telecommunications and storage and transport of goods. They lack basic business skills and marketing skills and lack exposure to trends and preferences of urban markets. Urban buyers have concerns about product quality, lead times, and limits of quantities (Darrol, 2002:165). The MDA is bridging the gap between rural production and urban markets through franchising and co-

operatives. The MDA acts as facilitator to bring the two groups together (Darrol, 2002:165). Examples of projects implemented are listed below (Darrol, 2002:166):

- Limpopo Marula project: A production network was established from the fruit of Marula trees. Fruit is processed and final products are manufactured and delivered to export markets.
- Mosaics and metalwork: In the mining town of Klerksdorp, a small enterprise was established. The product range developed as skills increased. Products such as mirrors, table tops, photo-frames are delivered. Metal products include window frames, door frames, burglar bars, fencing, furniture, etc.
- Lesotho Sandstone Project: The co-operative cut sandstone at a quarry and makes unique sandstone products such as building blocks, basins, pots and bathroom accessories.
- Farming and mining land: Mining is mostly an underground activity, with large open land on the surface. Agricultural uses is therefore possible, especially on closed mine areas. Grazing, livestock and organic farming are possible.
- Recycling projects: Collection of waste such as plastics, glass, paper, etc. by groups of people could lead to a feasible business opportunity. Plastic waste could be used to manufacture plastic products.

In 2003 Nel et al, (2003:369), analysed **local economic responses to mine closures** in towns in South Africa. It was found that there are four stages in the response at the local level which are as follows: firstly, an attempt by the local community to preserve the existing economic activities, secondly, economic diversification actions, thirdly, the development of SMME's and development of alternative sectors such as tourism and lastly the move to high-tech sectors. The restructuring of local economies are long term processes and requires time and patience to achieve results. Figure 4.9 is a graphical depiction of the local response to mining closure and resultant diversification.

Figure 4.9: Local response to achieve diversification



Source: Nel et al, (2003:369), as compiled by author.

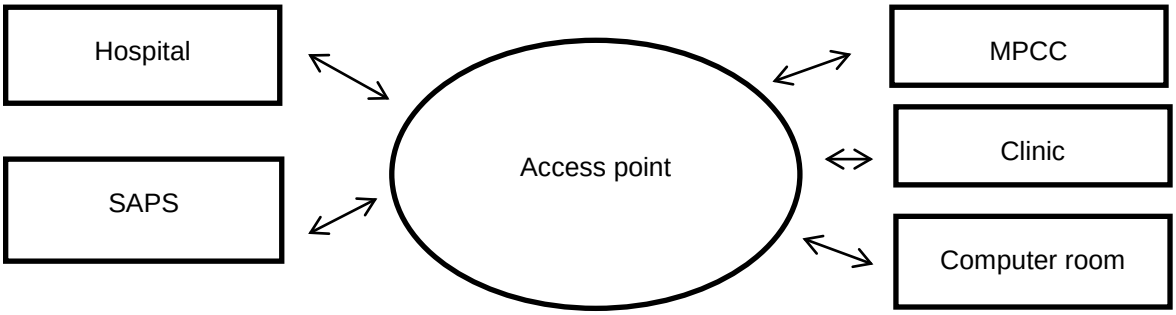
The next case study is a **rural development project relating to information, communication and technology (ICT)** in the Eastern Cape region. Rural South Africa is not only lagging behind with regard to internet access, but also other factors such as literacy, computer skills,

infrastructure and lack of income. A clearly identifiable urban-rural digital divide exists (Conradie et al, 2003:199). Various challenges exist regarding provision of ICT in rural areas including (Conradie et al, 2003:200):

- Conflict between priorities of technology and local basic development needs.
- Lack of electrical power.
- Lack of supporting communication infrastructure.
- Lack of computer skills in rural communities.
- Lack of sustainable IT related career paths in rural areas.

A specific case study was completed in the **Tsilitwa area in the Eastern Cape** regarding ICT in rural areas. This village is located in the deep rural north-eastern part of the province. The local technical high school is the centre for community activities. Local ICT needs were determined as educational, health and agricultural. Specific ICT infrastructure and services were developed to address and assist in these areas (Conradie et al, 2003:203). ICT equipment was provided, a wireless network package was introduced and a wireless wide area network (WAN) was established. The local school facilities were utilized to set up a multi-purpose community centre (MPCC). The local clinic was also capacitated. Figure 4.10 is a graphical depiction of the ICT layout.

Figure 4.10: Spatial depiction of the ICT layout in a rural setting



Source: Conradie et al, (2003:206).

Local community members were trained in basic computer skills and business skills. Information facilities and applications were also provided such as e-mail and web capabilities, agricultural information, education software and health applications (Conradie et al, 2003:207). The aim of a sustainable project was achieved at the MPCC and SMME usage as a business support centre. Services provided at MPCC included tele-centre services, desktop publishing, training and business support. All of the services generated income.

The lessons learnt in this pilot project include the following: A project must lead to community development and empowerment, projects must be sustainable, effective community participation (active parties) driving the project with ownership, introduction of innovative technology (due to lack of infrastructure), ICT skills training need to be provided, ICT projects must impact on a broad

range of social issues and services must be accepted, and ICT initiatives need to support other developmental actions such as poverty alleviation projects (Conradie et al, 2003:216).

The **working for water programme** in South Africa is a global best practice case study of rural development. Water is a scare resource in South Africa although 90% of the population have access to water. Access to water is threatened by many factors such as the existence of more than 200 invasive plant species which grows at 5% per annum. These alien plant species use huge volumes of water if compared to local species, and also threaten the existence of local species. The working for water programme was launched in 1995 as a water-clearing public works programme as part of the EPWP, that offers training and employment to the poor and vulnerable, mostly rural people. Since inception more than 1 million ha of land has been cleared and 20 000 jobs are created annually (UNDP, 2012:54).

In 2005 the HSRC conducted an analysis of trends in the rural economies of four provinces. Table 4.13 provides a summary of these findings (Aliber et al, 2005:14-108).

Table 4.13: A summary of the main findings in the rural economy of four provinces

Province	Main findings
Limpopo Province	All economic sectors struggles to create labour intensive opportunities and most sectors shows a decline in jobs created. Both former white towns' homelands areas are in decline. Subsistence and small scale farming is in crises and are stagnating due to lack of government support. Rural small businesses are also struggling due to less cash flow in rural communities and over concentration in general retail. Commercial farming is also under pressure due to policy changes such as removal of subsidies and increased input cost. The introduction of minimum wages for farm workers will further decrease farming labour absorption. Community projects are not self-sustainable and cannot exist without external funding and support.
Western Cape Province	Job losses in permanent employment in the commercial farming sector are due to labour laws, retail consolidation and global markets. Increase in vulnerable rural poor, landless unemployed and temporarily employed. Wine and fruit sectors are still viable but employment opportunities do not allow for sustainable livelihoods. Lack of direct access to food production leads to high levels of dependency on formal employment. Limited opportunities for households to be entrepreneurial. Transport costs are a huge drain on the rural poor. Land reform has not made an economic impact and food gardens are under-utilized. Labour regulation has a huge impact on formal employment and employment in general leading to mechanization. Welfare and social grants play an important role in poor households

Province	Main findings
Eastern Cape Province	The rural poor needs assistance to cope with crises, to create sustainable livelihoods and decrease their vulnerable. Rural poor do physical labour intensive work and needs good nutrition, which is lacking in area. Food security is a major problem and needs to be addressed. Land access strategy could be a solution. Small scale farming needs government support in input cost, skills development, technical assistance, and infrastructure. Social grants are essential for the poor. Health and education facilities in rural areas need improvement.
Kwazulu-Natal Province	Strong interest in small scale farming but lack of funding and lack of markets. Development assistance lacking due to political tension and traditional leader system. Lack of information, participation and communication. Land reform is slow and even failed in the area.

Source: Aliber et al, (2005:14-108).

The last case study is located in the **Karoo town of Calvinia**. Calvinia is located some 400km north-east of Cape Town, and was established in 1847 as a market for sheep farming. The town's population is only 12 000 people. Calvinia has now emerged as a strong tourism town in the Karoo (Rule & Fryer, 2012:275). The town serves as a business centre and the region for the surrounding sheep farming industry, but the town is also marketed as a tourism destination. Tourism marketing is focused on the Namaqualand spring flower season and other annual festivals. The town has a number of historical buildings. The local economy is struggling with a 27% unemployment rate and most households have a monthly income of less than R 1 000 (Rule & Fryer, 2012:287). Social grants have reached 1 600 individuals leading to an income boom of R 1.7 million per month in the town. Despite high levels of poverty, the level of satisfaction with quality of life is high amongst most residents. Municipal services and educational services are acceptable. Long term plans include entrepreneurial development and external investment, and access to credit (Rule & Fryer, 2012:292).

4.5.7.2 Case studies in the Free State Province

Most small towns in the Free State have shown decline over the last two decades. Rural development and LED is not well institutionalised and is mainly based on a few ad hoc projects (Marais & Botes, 2007:15). Local rural towns that are dependent on agriculture and mining have experienced major economic decline. Factors such as local and international markets, environmental constraints, farmer's linkages to larger centres and the decline in agriculture have impacted on small towns (Nel, 2005:25). This decline has led to a decline in business activities in small towns and those people with skills, leadership and entrepreneurial skills, have been pulled to larger centres (Human et al, 2008:58). Small towns are usually dependent on single economic sectors, which have an impact on their level of economic vulnerability to internal and external shocks. The lack of targeted state support for rural areas also aggravates the situation (Nel,

2005:256). Tourism is a likely strategy to allow for growth in small towns. Tourism initiatives could include general tourism development, and also include festivals, events and shows (Human et al, 2008:58).

Clarens is a best practice case study for tourism in rural towns in South Africa. Clarens attracts approximately 150 000 visitors per annum which spend approximately R200 million per year in the area. Clarens is an alternative locality for second homes or a holiday home to coastal areas. The town is also closer to Gauteng if compared to coastal areas (Marais & Botes, 2012:223). Clarens used to be a normal rural service centre with some retirement units. In the mid 1980's, two Gauteng business people bought some properties and did some redevelopment. From 1990 to 1994 the Lesotho Highland Water Scheme further contributed to the development of the town with a need for housing and accommodation. In 1995 the local municipality and the local business chamber combined to form a united vision for the area with the aim to market the area for tourism.

The tourism industry started to grow resulting in new land development in and around Clarens. A Protea hotel was even development in central Clarens. The original reason for the tourism development potential of the area was based on natural beauty linked to the small village character. A total of 40% of visitors to the area indicated that the scenery was the main reason for visiting the area, followed by 30% stating the tranquillity. Over development and commercialization could have a negative impact on the area in future (Marais & Botes, 2012: 228).

Another issue in Clarens is that the black community did not really benefit from tourism development due to lack of skills transfer, lack of capital, politics and other historical reasons. A continuous conflict exists between local business people and the black community residing in close-by Kgubetswana, which has a negative impact on tourism development. The local municipality, located in Bethlehem, is aware of the importance of Clarens as a tourism destination, but is unable to provide good quality services and leadership to resolve local problems (Marais & Botes, 2012:229).

Rural development and LED in the Free State as analysed by the HSRC (2003:4), have the following key lessons for future rural economic initiatives in the province. Successful projects are driven by communities, municipalities have poor skills and capacity, municipalities have financial difficulties, partnership formation is difficult to achieve, political tension negatively affects projects, successful projects are driven by tourism, and projects should be based on sound business and sustainable principles. The HSRC (2003:5) has made the following proposals to improve the implementation of rural development projects in rural areas: establish a provincial rural development support unit, define LED and its goals, provision of training and funding, encourage local leadership, establish forums and partnerships, establish LED units at local level, encourage and support local projects that are sustainable and based on sound business principles, and proper monitoring and control.

In 2008, Human et al (2008:8) analysed three rural municipal areas in the Free State as listed in Table 4.14 below.

Table 4.14: Rural development case studies in Free State province at selected local municipalities

Issue	Mantsopa Local Municipality (Ladybrand)	Nala Local Municipality (Bothaville)	Setsoto Local Municipality (Ficksburg)
Strategic approach (rural development and LED linked to IDP)	Not integrated with IDP. Diversification of local economy limited. No research or background regarding strategies. SMME development and skills development limited.	Not integrated with IDP. Diversify local economy. Focus on manufacturing and ethanol production plants. No research or background to strategies. SMME development limited.	Not integrated with IDP. No research or background regarding strategies. SMME development limited.
Poverty alleviation	Main focus of LED implementation. Projects not viable.	Main focus of LED implementation. Projects not viable.	Main focus of LED implementation. Projects not viable.
Implementation systems	No implementation plan.	No implementation plan.	No implementation plan.
Partnerships	Poor partnerships, politics prevent all stakeholders to participate.	Poor partnerships, politics prevent all stakeholders to participate.	Poor partnerships, politics prevent all stakeholders to participate.
Regional co-operation	Poor co-ordination between municipalities.	Poor co-ordination between municipalities.	Poor co-ordination between municipalities.
Projects sustainability	Lack of funding, cost of delivery.	Lack of funding, cost of delivery.	Lack of funding, cost of delivery.
Political	Projects are intervened with.	Projects are intervened with.	Projects are intervened with.
Capacity	Poor capacity.	Poor capacity.	Poor capacity.

Source: Human et al, (2008:8-64).

Aspects as contained in Table 4.16 are discussed below (Human et al, 2008:60-64).

- Strategic approach: None of the three rural municipalities have integrated LED with IDP processes. External impacts have a far larger impact than local government initiatives. SMME support exists, but no sectoral analysis. Wide and vague statements such as SMME development, skills development, improve business conditions are listed with no detail; diversification means nothing if not grounded with detailed plans. Projects in the three municipalities lack partnership, co-operation and LED is only seen as a few community development projects. The job creation potential of infrastructure development is not recognized. Provision of basic services to contribute to LED implementation is of key importance.

- Poverty alleviation: LED is downgraded in stature as only poverty alleviation projects and community projects. Pro-poor focus alone will not lead to successful LED implementation. A balance is needed between market initiatives, job creation and pro-poor actions. Poverty alleviation forms more part of social development than LED.
- Implementation systems: Although strategies were formulated, no implementation plans or structures were put in place. Local business support is only limited to local procurement. Implementation plans are dependent on human resources and funding. External funding requires skills and expertise on how to lobby for such funding.
- Partnerships: LED is government and businesses working together to improve the economy of a specific area. Business has not really been included in IDP or LED on all the three municipalities. Poor partnerships have led to limited LED success. Only small community development projects have been attempted.
- Regional co-operation: No regional or district co-ordination exists between district municipality and the local municipalities. Regional co-operation and alignment is of key importance where the economies can complement and support the region.
- Project sustainability: Projects have not been started due to lack of funding. No time frames have been listed for most of the projects at the three municipalities. Municipal projects need to focus on LED outcomes. For example, labour intensive projects could cost more and take more time to complete, without additional income to municipality. Most projects are therefore not sustainable.
- LED and political considerations: Politicians have a say in the prioritisation of projects. Projects that are visible with immediate income, outcome, regardless of sustainability are selected. The most important economic sector, agriculture is not prioritised.
- Capacity: No real skills development has taken place. Officials are left to manage projects without business, financial or project management skills.
- Institutionalisation: LED projects are scattered throughout the three municipalities, at no single department or unit. This fact renders the LED strategy irrelevant.

In conclusion Human et al (2008:64), stated the following in summary of rural economic development projects in the three areas. Projects are isolated poverty alleviation projects, LED strategies does not attempt to address real economic development structural problems, projects are identified randomly and dependant on funding and they are not sustainable, LED projects only provide temporary job opportunities and the efforts to improve local partnerships with business have not always been successful (Human et al, 2008:64).

The HSRC (2003:34) analysed rural economic development initiatives in a number of towns in the Free State Province and the findings are listed below in Table 4.15.

Table 4.15: Free State Province municipal case studies

Area	Successes	Failures	Lessons learnt
Bothaville (Nala Local Municipality)	A large project is run with a few sub-projects. The sunflower project on 100ha is successful but is still grant dependant. A catering and juice project seems to have some potential. The annual Harvest day festival.	Poor business and municipal relationship. No support for private initiatives, only R200 000 budgeted for poverty alleviation. Poor skills at municipality.	Projects are not sustainable. Conflicts between municipality and business and community have a negative impact on LED.
Clarens (Dihlabeng Local Municipality)	Private sector driven tourism development which was initially supported by municipality through infrastructure.	Pro-poor benefits very limited and current municipality not involved with no LED strategy.	Partnerships for continued development are key. Private sector controlled development a success. Infrastructure development is key. Local champions important.
Kroonstad (Moqhaka Local Municipality)	No success could be listed.	A number of projects were initiated but failed. Political infighting a major problem. Municipality is doing very little in terms of LED. Poor relationship between business people and municipality.	LED not taken seriously with lack of staff and skills. Lack of funding, political tension and poor relations prevent LED implementation.
Free State Goldfields (Matjhabeng Local Municipality)	The Goldfields Development Centre was established with success. Projects were initiated to combat the struggling mining sector. Good relations between municipality and business people. Projects such as Phakisa race track, farming and jewellery.	Municipal funding, resources and capacity. Lack of pro-poor projects.	Focused response to a declining economic sector is a success. Strong partnerships lead to economic development. Development agency a success. Competition against Manaung Municipality a negative impact.
Qwa-Qwa (Maluti-a—Phofung Local Municipality)	FDC involved in old industrial sites with high occupancy. Infrastructure and housing projects by province. Strong projects.	Low skills and lack of funding by municipality, poor focus of projects, land ownership.	Poor municipal management impacts negatively on LED. Risk of grant dependence, FSDC is a successful institution.

Area	Successes	Failures	Lessons learnt
Smithfield (Mohokare Local Municipality)	Success was achieved in tourism, and community projects. Private sector driven initiatives.	Poor municipal support.	Successes could have been greater if municipality was committed. Tourism can lead to LED success.

Source: HSRC, (2003:35-62).

Steyn and Du Plessis (2007:61), analysed a few LED projects in the town of Philippolis in the Free State. Philippolis is the oldest town in the province founded in 1823. The town is located 170km south of Bloemfontein and the N1 freeway to Cape Town used to pass through the town. In 1970 a new bypass was however built and this had a huge negative impact on the local economy. The area was prioritized as a poverty pocket with 51% unemployment. Four projects for job creation were implemented by the Free State Province and this case study analyses these projects. The four projects, which include a washing project, a baking project, a coffin and carpentry project and a printing project, all struggled to be feasible. Reasons for the failure include product demand was not sufficient, poor market research, poor management skills, lack of good equipment, competition from formal business, not everybody are entrepreneurs and access to finance to expand (Steyn & Du Plessis, 2007:63).

4.6 CONCLUSIONS

This chapter provides a comprehensive analysis of policy and case studies regarding rural development initiatives globally and locally. Although it is accepted that rural development and revitalization is a complicated and difficult process, some successes have been achieved, which could be “duplicated” in South Africa. Rural development requires commitment, patience and funding. The role of government regarding policy formulation and implementation of rural development initiatives is of critical importance for successful rural development.

The analysis of the BRICS countries, with similar challenges if compared to South Africa, provided a number of solutions and best practice processes in rural development. Rural development is a multi-role player, and multi-dimensional concept which must allow local communities to shape their own future. The quality of the rural area is important and rural development and environmental policies need to be integrated. In South Africa the focus is on the redistribution of wealth, but global experiences have indicated that the two processes of creation and distribution of wealth must occur simultaneously with a focus on investment rather than redistribution. In this context it is then important to ensure a balance between small scale farming and commercial farming in the agricultural sector, with food security as a major minimum requirement. The case of Brazil is proof that political commitment, with people-centred policies and good coordination can lead to reduced poverty, unemployment and inequality in rural areas. Governments are mostly too involved in emergency situations than focused on strategic planning activities and this prevents implementation of policies.

Developing countries need to focus on the provision of infrastructure, even if it's of the national grid, and provision of the basic needs for local rural communities. Entrepreneurial development with access to funding or finance is also important to grow the local economy. The agricultural sector is important in developing countries that have sustainable practices in farming with continuous innovation. For rural development success on the local level, macro-economic policy is required at the national level. Other important factors are the existence of a strong institutional framework, with skills and capacity, local leadership and up-to-date data for information and planning.

In this analysis, rural development strategies that proved successful, include the formation of partnerships, strengthening of small towns, diversification of local economies, and community driven initiatives. Other strategies include the preservation of rural landscapes, integration of LED activities with spatial planning and a move away from subsidization strategies to investment in dynamic economic activities. Nodal points and development corridors should be identified were investment and development should be focused. Rural-urban linkages through corridor development should be strengthened. Healthy rural communities are important for rural development success with a strong sense of solidarity and sense of belonging.

The status quo in South Africa regarding rural development policy was analysed. Policy formulation is of a high quality at the national sphere, but the challenge is the implementation at the local government sphere due to lack of capacity. Rural towns have been neglected, having a negative impact on the total surrounding region. Limited efforts have been made to provide an enabling economic environment in rural a setting by local government. Rural development efforts have also been poorly coordinated between different spheres of government. The CRDP indicates that rural communities could develop if basic needs are provided, infrastructure is developed and maintained and SMME's are assisted and developed. South Africa needs to balance the concept of the developmental state versus a welfare state as it has to balance pro-growth versus pro-poor LED activities due to the apartheid legacy of high levels of poverty and inequality.

Globally, due to pressure on the natural environment, a strong movement towards sustainability has gained dynamic momentum. This movement has placed rural development and rural areas back in the lime light as areas for future development. Factors such as food security and the inherent longing of people for a relaxed and quality environment are creating the possibility for rural areas to be fashionable again in future.

This chapter has shown that rural development strategies, if implemented correctly in collaboration with LED and spatial planning principles could lead to accelerated economic development in rural areas. In the following chapter, Chapter 5, the focus of the research will turn to the specific study area namely the northern Free State. The region will be analysed regarding its socio-economic situation, a local community survey will also the analysed and a local rural development strategy will also be formulated.

CHAPTER 5
A SOCIO-ECONOMIC ANALYSIS AND RURAL DEVELOPMENT STRATEGY FOR THE NORTHERN FREE STATE

5.1 INTRODUCTION:

In this chapter, the study area, namely the northern Free State or the Fezile Dabi District Municipal area as it is also known within the municipal demarcation system, will be analysed in detail. Aspects that will be discussed include a general background of the municipalities included in the study area, a rapid rural assessment, a socio-economic analysis, the presentation of the results of the community survey, and a local LED and SDF policy analysis of local municipalities. A provisional framework for a rural development strategy, including strategies and some projects will be provided. Lastly recommendations will be made on the level of compliance with the MDG's in the study area.

The reasons for the selection of the specific study area have been listed in Chapter 1. Some of these include the rural character of the area, with urban linkages and in need of revitalization. The region is also in close proximity to the Vaal campus of the NWU and therefore within the University's sphere of influence regarding community development.

5.2 GENERAL OVERVIEW OF MUNICIPAL STRUCTURES IN THE STUDY AREA

The study area consists of one district municipality, namely the Fezile Dabi District Municipality and four local municipalities. These include the Mafube Local Municipality, Metsimaholo Local Municipality, Moqhaka Local Municipality and Ngwathe Local Municipality. The study area is bordered by Sedibeng District Municipality in the Gauteng Province to the north, Gert Sibande District Municipality in Mpumalanga Province to the north-east, Thabo Mofutsanyane in the Free State Province to the south-east, Lejweleputswa District Municipality in the Free State Province to the west and Dr Kenneth Kaunda District Municipality in the North West Province to the north-west. Table 5.1 provides a summary of the municipal structures in the study area. The table analyses the main features, municipal departments, LED units and portfolio committees per municipality.

The five municipal structures in the study area have similar compositions, with the larger municipalities such as Fezile Dabi, Metsimaholo and Moqhaka having the highest number of departments and committees as could be expected.

Table 5.1: Overview of municipalities and municipal structures in the study area

Name of municipal area	Locality, main urban areas and physical features	Municipal departments and LED unit	Portfolio committees relevant to rural development
Fezile Dabi District Municipality	The area known as the northern Free State, is bounded to the north by the Vaal River and includes natural features such as the Vaal Dam, and the Vredefort Dome area. Main urban areas include Sasolburg, where the administrative node is, Kroonstad, Parys, and Frankfort.	Municipal departments include: Office of the Municipal Manager, Finance, Corporate services, Community health and environment, Project management and Public Works and lastly Social Development and Tourism. The LED unit is located in the last mentioned department.	Sports and Social Development Committee, LED and Tourism Committee and the Project Management and Public Works Committee.
Mafube Local Municipality (Mafube means "dawning of a new day")	The area forms the eastern part of the region, with the Vaal River forming its northern boundary. The N3 freeway bisects the municipal area. The municipal headquarters is located in the Frankfort/Namahadi area. Other urban areas include Villiers/Qalabotjha, Cornelia/Ntswanatsatsi and Tweeling/Mafahleng.	Municipal departments include: Office of the Municipal Manager, Finance, Corporate services, Infrastructure, Community services, Human Settlement and Town Planning and LED, IDP and PMS. The LED unit is located in the last mentioned department.	Community services and LED Committee and the Local Labour Forum.

Name of municipal area	Locality, main urban areas and physical features	Municipal departments and LED unit	Portfolio committees relevant to rural development
Metsimaholo Local Municipality (Metsimaholo means "big water")	The area forms the north eastern part of the region, with the Vaal River forming the northern boundary. The Vaal Dam is located in this area. The R59 freeway connects the area with Gauteng province. The municipal main offices are located in Sasolburg. Other main urban centres are Zamdela, Deneysville/Refengkgotso and Oranjeville/Metsimaholo.	Municipal departments include: Office of Municipal Manager, Financial Services, Social Services, Corporate Services, LED and Housing and Infrastructure Services. The LED unit forms part of the LED and Housing Department.	Sports, Arts and Culture Committee, Infrastructure Services Committee, LED Committee, Urban planning and Housing Committee and Finance and IDP Committee.
Moqhaka Local Municipality (Moqhaka means "crown")	The area forms the south western boundary of the study area, while the N1 freeway bisects the area. The municipal headquarters is located in Kroonstad/Moakeng. Other main urban centres are Vijoenskroon/Rammulotsi and Steynsrus/Matlwangtlwang.	Municipal departments include: Office of Municipal Manager, Financial Services, Community and Emergency services, Corporate Services, and Infrastructure Services. The LED unit forms part of Community Services.	Risk Management Committee, Infrastructure Committee, Community Services Community, LED and Investment Committee, IDP and Planning Committee, Human Settlement Committee, Sports, Arts and Culture Committee and the Rural, and Land Reform committee.

Name of municipal area	Locality, main urban areas and physical features	Municipal departments and LED unit	Portfolio committees relevant to rural development
Ngwathe Local Municipality (Ngwathe means "Renoster River")	This area forms the northern and central area of the region. The N1 freeway bisects the area and a main physical feature is the Vredefort Dome. The municipal offices are located in Parys/Tumahole. Other urban centres include Heilbron/Phiritona, Koppies/Kwawatsi, Vredefort/Mokwallo and Edenville/Ngwathe.	Municipal departments include: Office of Municipal Manager, Financial Services, Community and Emergency Services, Corporate Services, and Infrastructure Services. The LED unit forms part of Community Services.	Sports, arts and culture committee, Infrastructure services committee, LED committee, Urban planning and housing committee and Finance and IDP committee.

Source: Fezile Dabi DM, (2012) and (2011) and author's own compilation.

5.3 RAPID RURAL ASSESSMENT (RRA)

During previous work as a LED and rural development consultant, the researcher identified the need to conduct an initial and upfront rapid analysis of the key issues within a specific geographical area. Such a rapid analysis could allow a researcher an immediate overview of key issues in a specific area, which could be used to formulate “quick win” projects and provide direction for longer term strategies. It is proposed that this initial assessment be done a week before any other actions are implemented. The rapid rural assessment (RRA), is however preceded by an analysis of key local policy documents such as the Integrated Development Plan (IDP), spatial development framework (SDF), the local budget, annual report and LED policies.

The components of a rapid rural assessment (RRA) include a general overview of the area, the visual appearance of the area regarding business areas, industrial areas, residential areas, municipal buildings, informal trade areas, road markings and signs, community facilities, institutional structures, key planning documents, problems and backlogs, development potential and opportunities, and economic sectors and linkages analysis. The process of RRA was tested in 2010 in the Dipaleseng municipal area in the Mpumulanga Province by the researcher as part of a comprehensive rural development programme (CRDP) planning project and it has proved to be a useful tool in the rural development and local economic development process. Local officials that need to be interviewed during a RRA as a minimum requirement include the mayor, municipal manager, Head of departments, the IDP manager and LED manager. All LED officials at the four local municipalities as well as the district LED officials were visited during May and June 2012.Table 5.2 below is a summary of the RRA for the four local municipalities and the District Municipality.

The RRA table below provides an overview of key issues, challenges and opportunities that exist in the region, from which short and long term strategies and projects could be formulated. The findings will be included in the rural development strategy as contained in Section 5.7.

Table 5.2: Local rapid rural assessments (RRA)

Key Issue	Moqhaka LM	Ngwathe LM	Metsimaholo LM	Mafube LM	Fezile Dabi DM
General overview	The area is well located along the N1 freeway. Kroonstad is a major service centre, centrally located within the municipal area and the northern Free State. Main towns include Kroonstad (Moakeng), Steynsrus, Viljoenskroon (Ramuletsie)	The area is known for its natural resources such as the Vaal River and the Vredefort Dome. The area, especially, Parys is well located within the economic influence sphere of Gauteng and Metsimaholo area. Parys serves as the main service centre with Vredefort, Koppies, Heilbron and Edenville as smaller centres.	The area, situated just south of the Vaal River, forms part of the Vaal Triangle economic region. The Sasolburg area is the economic hub of the district area. Sasolburg is the main service centre with other areas such as Deneysville and Oranjeville.	This area is located in the eastern parts of the district area and is more isolated from economic activities. The N3 freeway allows for good access, especially, to Villiers. Frankfort is the main service centre and other areas are Villiers, Tweeling and Cornelia.	The area also known as the Northern Free State, is a dominating economic area in the Free State, in close proximity to Gauteng province. The area also has natural beauty which allows for tourism development. The district main offices are located in Sasolburg.
Visual apperance	The general visual appearance is average. Access roads are in good condition via the N1 freeway. The main roads through the Kroonstad CBD need attention. The entrances to towns need improvement.	The general visual appearance is average. Access roads are good via the R59 corridor. Main roads in Parys CBD need improvement. The entrances to Parys is good, other towns need improvement.	The general visual appearance is below average. Access roads are good via the R59 corridor. Other access routes are in poor condition. Main Sasolburg roads are in poor condition. Entrances to main towns need improvement.	The general visual appearance is below average. Access roads via N3 good to Villiers and Frankfort. Minor roads are in poor condition and are being upgraded. Poor links to rest of district. Main roads in Villiers and Frankfort are in poor condition. Entrances to Villiers and Frankfort need upgrading.	The general visual appearance of the district is average. Various national features such as the Vaal River, Vaal Dam, Vals River, other dams, and Vredefort Dome. Main access routes-generally in good condition. Local, internal routes need upgrading. Regional linkage roads in poor condition. Town entrances need upgrading.

Key Issue	Moqhaka LM	Ngwathe LM	Metsimaholo LM	Mafube LM	Fezile Dabi DM
Institutional Structures	LED unit does not exist- only two officials responsible for LED. No marketing takes place. Only a few small community projects are attempted. Ward committees are operational. IDP process ongoing. CDW well managed. A LED/IDP forum and Tourism forum exist but not fully operational. A local business chamber exists and strong, with good relations with municipality. Good links with district municipality exists.	LED unit exists – Acting LED Manager with 2 LED officials. A number of community projects are implemented. Ward communities are operational with CDW. Council committee from LED operational. Business chambers exist in Parys and Heilbron and are very active. Good links with district municipality exists.	LED unit does not exist- only one LED officer. Ward committees and CDW operational. Council committee for LED operational. Business chambers in area operational and active. Good relations between provincial departments and district.	LED unit does not exist. One IDP/LED Manager Plan to appoint tourism and agricultural officers. LED forum planned. Ward committees with CDW operational. No local business forum/chamber exists. Good relations with provincial departments and District.	LED unit exists, but needs extension. Council committees are operational. Good relation with provincial departments and all local municipalities.
Key planning Documents	LED strategy of 2011 SDF 2011 IDP 2012 Services master plans outdated No marketing/investment plans	LED strategy 2008 IDP 2012 SDF to be completed Services master plans outdated No formal marketing plan	IDP 2012 LED plan not implementable SDF exists Service master plans not in place No marketing plans	IDP 2012 LED plan of 2007 SDF 2010 Services master plans not in place No marketing plans No community development plans	IDP 2012 LED Strategy being updated SDF updated Regional Services plan not in place. No marketing /tourismplans.

Key Issue	Moqhaka LM	Ngwathe LM	Metsimaholo LM	Mafube LM	Fezile Dabi DM
Problems / Backlogs	Infrastructure backlogs Local political conflict Lack of strong local leadership Lack of capacity and skills Lack of sufficient budget Service delivery could improve	Foreign business owners Funding for SMME's Completion of business plan. Space for industry development Commonages development Council not having regular meetings	Lack of LED skills, capacity and leadership. LED plan not implementable. Leadership conflict Large poor areas with housing backlogs	Lack of skills and capacity No housing plan No marketing actions Poor signage Poor economic linkages Lack of information Housing backlogs Foreign traders SMME development No land (audit)	Lack of funding Lack of capacity and skills
Potential / Opportunities	Good locality for business/industrial development Initiate marketing of area. N1 freeway, mixed use development zone (Industrial) Agro processing Industrial sites available Kroonpark – tourism Airport planned Irrigation projects Skills development node.	Partnerships (development forum) Incentives Marketing strategy Skills development Locality N1/R59 Tourism in townships SMME funding Factory space (Koppies, Heilbron) Industrial park Agricultural support node.	Tourism development along Vaal river Manufacturing cluster development Industrial parks Skills development node.	Agricultural projects Infrastructure Tourism development Services capacity Info centre at N3 Development at Villiers along N3 Vaal River. Agricultural development node.	Improved overall support and co-ordination.

Key Issue	Moqhaka LM	Ngwathe LM	Metsimaholo LM	Mafube LM	Fezile Dabi DM
Economic Sectors and Linkages	Main sectors include Tourism, agriculture, mining, manufacturing and transport. Kroonstad has economic links with Sasolburg, Gauteng and Bloemfontein along the N1 corridor. Steynsrus is linked to Kroonstad. Viljoenskroon has links with Parys, Potch and Sasolburg in a east/west corridor.	Tourism: Compile tourism/marketing plan. Improve entrances. Develop Eeufees and Koppies Dams. Agriculture: Various projects planned and ongoing. Manufacturing: various planned and ongoing projects. Skills development in process. Parys links with Sasolburg, Gauteng and Potch. Vredefort links with Potch/Parys Koppies links with Kroonstad/ Sasolburg. Heilbron links with Sasolburg.	Manufacturing Tourism Agriculture Sasolburg links with Gauteng. Deneysville and Oranjeville link with Sasolburg and Gauteng.	Manufacturing Agriculture Tourism Agro-processing Frankfort links to Sasolburg, Gauteng and Bethlehem. Villiers link to the N3, Vereeniging and Johannesburg. Cornelia: History, culture Tweeling: History, culture.	Ensure improved economic development and support to economic sectors identified by local municipalities. Ensure improved linkages between urban centres in the region.

Source: Information gathered during interviews with LED managers/officials and other officials at the local municipalities in the study area by, D F Meyer, NWU.

5.4 REGIONAL SOCIO-ECONOMIC ANALYSIS OF THE STUDY AREA

The socio-economic analysis of the study area has been done using the latest data sets from the Global Insight Regional Explorer data of 2012 (Global Insight, 2012). The Global Insight data base has its foundation on other data sets such as local census and primary research done by the company. This socio-economic data base consists of raw data. The data sets were analysed and data was used to compile a socio-economic profile for the study area. The raw data was therefore analysed and processed to provide an insight in the socio-economic dynamics of the study area. The analysis as presented in this section is therefore processed data from the Global Insight data base and other data sets. The 2011 census (Stats SA, 2012) results which are available on municipal level that have been released, have been included in this analysis. Some of the census results have not been released due to the verification process that still needs to be completed. Aspects such as demographics, quality of life and equality, poverty, education and literacy, housing and infrastructure, income and employment, economic indicators, tourism and safety and security will be analysed in this section.

5.4.1 Demographics

Firstly, the local regional demographics will be analysed. Table 5.3 provides data regarding total population and population growth.

Table 5.3: Total population and population growth from 2000-2010

Total Population	2000	2002	2004	2006	2008	2010	Population growth from 2000-2010
Free State Province	2 783 846	2 816 032	2 839 913	2 859 207	2 877 511	2 894 755	0,39%
Fezile Dabi DM	476 624	483 286	488 601	493 047	497 188	500 994	0,48%
Moqhaka LM	175 067	175 325	175 410	175 562	175 939	176 478	0,08%
Ngwathe LM	123 541	122 992	122 405	122 018	121 931	122 099	-0,12%
Metsimaholo LM	121 340	127 065	131 913	135 807	138 959	141 437	1,42%
Mafube LM	56 677	57 904	58 873	59 659	60 359	60 980	0,71%

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data), the Free State Health Department, (2008) and Stats SA, (2012).

The main findings of Table 5.3 include: Population growth has generally been slow in the study area at 0.48% for the district area from 2000 to 2010. The population in the district has however grown faster than the overall population of the Free State Province. Metsimaholo LM has shown relative high levels of population growth at 1.42% over the last ten years, and this area has been responsible for the majority of population growth over the last decade in the district or study area. Ngwathe LM has had a negative population growth rate of -0.12%. It is anticipated that this trend will

continue with Metsimaholo LM as the growth centre of the district. Population growth will continue to be slow due to rural migration to larger urban areas.

Table 5.4: Total population: Percentage share of regional population from 2000-2010

Area of contribution	2000	2010
Population contribution of Fezile Dabi DM to Free State Province	17,1%	17,3%
Contribution of Local Municipalities to the District Municipality		
Moqhaka LM	36,7%	35,2%
Ngwathe LM	25,9%	24,4%
Metsimaholo LM	25,5%	28,2%
Mafube LM	11,9%	12,2%
	100%	100%

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data) and Stats SA, (2012).

The main findings of Table 5.4 include: The population contribution of the district to the province has increased slightly over the past 10 years to 17.3% of the provincial population. Moqhaka LM had the highest contribution to the total district population of 35.2% in 2010, followed by the Metsimaholo LM area. The contribution of the Metsimaholo LM area has increased from 25.5% to 28.2% over the last decade. Metsimaholo LM and Moqhaka LM areas will continue to dominate the population contribution to the district in future.

Table 5.5: Total population contribution per race: 2010

Area	African		White		Coloured/Asian		Total	
	Total	%	Total	%	Total	%	Total	%
Free State Province	2 497 545	86,3	300 819	10,4	96 391	3,3	2 894 755	100
Fezile Dabi DM	416 778	83,2	74 233	14,8	9 983	2,0	500 994	100
Moqhaka LM	145 583	82,5	26 295	14,9	4 600	2,6	176 478	100
Ngwathe LM	100 164	82,0	17 893	14,7	4 041	3,3	122 099	100
Metsimaholo LM	115 138	81,4	25 296	17,9	1 003	0,7	141 437	100
Mafube LM	55 893	91,7	4 749	7,8	339	0,5	60 980	100

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data).

The main findings of Table 5.5 include: The African population group provides for the majority of the provincial and district populations, although the district and its municipal areas have a higher percentage of white population if compared to the province. The Metsimaholo LM area has the highest percentage of white population of 17.9% compared to Mafube LM area of only 7.8%. It is

expected that the existing situation regarding population contributions will remain static over the long term.

Table 5.6: Population age distribution: 2010 (2001 Percentages in brackets)

Area	Age group0-14	%	Age group 15-64	%	Age group older than 65	%	Male Total	FemaleTotal
Free State Province	782 715	27,0 (30.7)	1 943 837	67,1 (64.4)	168 202	5,8 (5.0)	1 430 357	1 464 398
Fezile Dabi DM	126 755	25,3 (29.4)	341 320	68,1 (65.0)	32 908	6,6 (5.6)	256 748	244 246
Moqhaka LM	43 064	24,4 (28.1)	121 204	68,7 (66.2)	12 209	6,9 (5.7)	90 000	86 477
Ngwathe LM	30 620	25,0 (30.6)	80 970	66,3 (62.3)	10 511	8,6 (7.1)	61 863	60 236
Metsimaholo LM	34 900	24,7 (27.7)	100 547	71,1 (68.6)	5 963	4,2 (3.7)	75 315	66 122
Mafube LM	18 172	29,8 (34.4)	38 611	63,3 (59.7)	4 197	6,9 (5.9)	29 569	31 411

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data) and Stats SA, (2012).

The main findings of Table 5.6 include: The district, if compared with the province, has a lower percentage of youth, a higher percentage of working age people and a higher percentage of retired people. The Metsimaholo LM area has the highest percentage of working age population at 71.1% of the population, while the Mafube LM area has the lowest working age population in the district of only 63.3%. This area also has the highest number of youth in the district at 29.8% compared with Moqhaka LM area at 24.4%. The goal is to increase the working population. The district has better age distribution data if compared to the province.

Table 5.7: Population growth rates: 1996-2010

Area	Growth rate in 2010	Growth rate 1996 to 2010
Free State Province	0,3%	0,5%
Fezile Dabi DM	0,4%	0,6%
Moqhaka LM	0,2%	0,2%
Ngwathe LM	0,1%	-0,1%
Metsimaholo LM	0,8%	1,8%
Mafube LM	0,5%	0,9%

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data) and Stats SA, (2012).

The main findings of Table 5.7 include: In general, population growth rates are low and have been decreasing from 1996 to 2010. The population growth rate in the district is slightly higher than in the

province. The Metsimaholo LM area has shown the highest growth rate at 1.8%, while the Ngwathe LM area has negative growth rate of -0.1%. The above population trends are expected to continue in the long term, although the Ngwathe LM area is expected to show faster growth in the short term.

Table 5.8: Fezile Dabi District Municipality: Population growth rates per race: 1996-2010

Race	Growth rate in 2010	Growth rate 1996 to 2010
Black	0,5%	0,8%
White	-0,4%	-0,1%
Coloured	0,6%	0,4%
Indian	2,5%	7,7%
Total	0,4%	0,6%

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data) and Stats SA, (2012).

The main findings of Table 5.8 include: Generally, population growth rates in the district are low at between -0.4% to 0.6%. The white population has shown a negative growth rate since 1996, due to rural/urban migration and the down-scaling in the agricultural sector. The low growth rates will continue if current economic trends continue. Rural growth rates could increase if rural development strategies succeed.

Table 5.9: Number of households and average household sizes: 2010

Area	Black		White		Coloured/Asian		Total	
	No	Average size	No	Average size	No	Average size	No	Average size
Free State Province	682 106	3,7	105 366	2,9	28 427	3,4	815 900	3,5
Fezile Dabi DM	123 701	3,7	28 054	2,7	3 444	2,9	155 198	3,2
Moqhaka LM	48 976	3,0	10 721	2,5	1 656	2,8	61 353	2,9
Ngwathe LM	31 312	3,2	7 981	2,2	1 319	3,1	40 611	3,0
Metsimaholo LM	29 629	3,9	7 646	3,3	355	2,8	37 630	3,8
Mafube LM	13 784	4,1	1 707	2,8	114	3,0	15 604	3,9

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data) and Stats SA, (2012).

The main findings of Table 5.9 include: A total of 155 198 families reside in the district with an average family size of 3.2 people per family, which is lower than the provincial average family size. Surprisingly, the Metsimaholo LM area has a very high average family size of 3.8 compared to Moqhaka with 2.9 people per family. The Mafube LM area has the highest average household size of 3.9 people per household. Smaller family sizes usually relate to higher levels of economic

development and quality of life, which indicate that the district has a higher level of economic development than the province.

Table 5.10: Population densities: 2000 – 2010 (Number of people per km²)

Area	Area of municipal area	2000		2010	
		Black	White	Black	White
Free State Province	130 007 km²	18,3	2,5	19,2	2,3
Fezile Dabi DM	21 212km²	18,5	3,5	19,7	3,5
Moqhaka LM	7 937km²	18,4	3,0	18,3	3,3
Ngwathe LM	7 067km²	14,6	2,4	14,2	2,5
Metsimaholo LM	1 720km²	53,1	17,1	66,9	14,7
Mafube LM	4 488km²	11,4	1,1	12,5	1,1

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data) and Free State Health Department, (2008).

The main findings of Table 5.10 include: Population densities have increased over the last decade in the province and district, but densities are still low, in this mostly in rural area. The Metsimaholo LM area is the one major exception with relatively high densities of between 53 to 66 persons per square kilometre. These high densities allow for economic opportunities, but also socio-economic problems. The Mafube LM area has the lowest overall densities indicating the ruralness of the area. The overall aim is to allow higher densities in all areas in order to allow more feasible service delivery and business development.

Table 5.11: Rural versus urban population: Fezile Dabi Municipal area

Category	1996		2001	
	Total	%	Total	%
Urban	349 822	77,6	372 567	80,9
Rural	100 961	22,4	87 746	19,1
Total	450 783	100	460 313	100

Source: Author's own compilation from Stats SA, (1996) and (2001), Fezile Dabi DM, (2012).

The main findings of Table 5.11 include: Urbanization in the district is above national and provincial levels at above 80%. This trend will continue due to perceptions of economic opportunities in urban areas such as Sasolburg and Kroonstad. Rural areas need to be supported and promoted to retain and attract economically active people to the rural areas of the district.

5.4.2 Quality of life, equality and poverty

In this section, aspects such as prevalence of HIV, human development index (HDI), and the local Gini-coefficient will be analysed in the context of quality of life and equality.

Table 5.12: People living with HIV: 2000-2010

Area	2000	2010	2000-2010 growth rate
Free State Province	219 830	321 173	3,2%
Fezile Dabi DM	36 500	54 130	3,3%
Moqhaka LM	13 672	18 486	2,6%
Ngwathe LM	9 080	12 658	2,8%
Metsimaholo LM	9 425	16 201	4,2%
Mafube LM	4 322	6 784	3,6%

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data) and Free State Health Department, (2008).

The main findings of Table 5.12 include: HIV levels are stable in the district area at a growth rate of 3.3%, which is similar to that of the province. The incidence of HIV levels will decrease over the medium term, having less of an impact on the local economy**.** The incidence of HIV is the highest in Moqhaka LM area, while the Metsimaholo LM area has the highest growth rate of 4.2%. The necessary medication needs to be available to all in need to improve quality of life.

Table 5.13: Human development index (HDI): 2000 – 2010

Area	2000			2010		
	Black	**White**	**Total**	**Black**	**White**	**Total**
Free State Province	0,47	0,84	0,54	0,49	0,85	0,55
Fezile Dabi DM	0,47	0,84	0,56	0,50	0,86	0,58
Moqhaka LM	0,48	0,82	0,55	0,53	0,84	0,59
Ngwathe LM	0,43	0,82	0,51	0,46	0,84	0,55
Metsimaholo LM	0,51	0,87	0,63	0,54	0,88	0,63
Mafube LM	0,41	0,82	0,46	0,42	0,83	0,47

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data).

The main findings of Table 5.13 include: The HDI is generally higher in the district than in the province at 0.58 versus 0.55. The Metsimaholo area has the highest HDI at 0.63, while Mafube area has the lowest HDI at 0.47. The HDI level for the black population (0.50) is still substantially lower than whites (0.86) in the district in general. Quality of life of the white population is close to double that of the black population in most areas in the district. This inequality needs to be addressed by means of job creation and provision of economic opportunities closer to all communities.

Table 5.14: Gini-Coefficient: 2000 – 2010

Area	2000			2010		
	Black	White	Total	Black	White	Total
Free State Province	0,56	0,46	0,63	0,58	0,44	0,64
Fezile Dabi DM	0,55	0,50	0,63	0,56	0,46	0,63
Moqhaka LM	0,55	0,49	0,60	0,56	0,41	0,60
Ngwathe LM	0,52	0,51	0,59	0,53	0,42	0,60
Metsimaholo LM	0,55	0,44	0,64	0,57	0,42	0,65
Mafube LM	0,55	0,53	0,61	0,54	0,42	0,61

Source: Authors own compilation from Global Insight: Regional Explorer, (2012 data).

The main findings of Table 5.14 include: A score of 0 indicates total equality, while a score of 1 indicates total inequality in terms of the Gini-coefficient. The district has a high level of inequality with a score of 0.63. All the local municipalities in the district have relative high inequality levels which have stayed constant over the past decade. The levels of inequality need to be reduced to a level below 0.50 by means of economic opportunities to all.

Table 5.15: Dependency ratio: 2001 – 2011 (per 100 of the population)

Area	2001	2011
Free State Province	55.4	52.9
Fezile Dabi DM	53.8	51.9
Moqhaka LM	51.0	50.5
Ngwathe LM	60.5	60.2
Metsimaholo LM	45.7	44.3
Mafube LM	67.5	61.1

Source: Authors own compilation from Stats SA, (2012).

The main findings of Table 5.15 include: Dependency ratios have improved from 2001 to 2011 from all areas in the Free State Province, while the Fezile Dabi area has better dependency ratios if compared to the province in total. Of all the municipal areas in the region, the Metsimaholo area has the lowest ratio, while the Mafube area has the highest dependency ratio.

Table 5.16 compare the level of poverty in the various areas in the study area and the province.

Table 5.16: Percentage of people living in poverty: 2000 – 2010

Area	2000			2010		
	Black	White	Total	Black	White	Total
Free State Province	55,8	4,4	49,7	44,0	1,1	39,7
Fezile Dabi DM	53,8	5,0	46,0	39,5	1,2	33,9
Moqhaka LM	50,7	6,5	44,6	33,6	1,2	28,9

Area	2000			2010		
	Black	White	Total	Black	White	Total
Ngwathe LM	60,5	5,7	52,9	43,4	2,0	37,6
Metsimaholo LM	44,3	2,9	34,2	36,0	0,6	29,6
Mafube LM	65,8	7,1	60,5	54,7	1,7	50,5

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data) and Free State Health Department, (2008).

The main findings of Table 5.16 include: The percentage of people living in poverty has improved from 2000 to 2010 in all areas of the district. The level of poverty is also lower in the district (33.9%) versus the province (39.7%). The Moqhaka LM area has shown the highest level of reduction of poverty since 2000 to a poverty level of 28.9% in 2010. The Mafube LM area still has the highest level of poverty at 50.5% of the population. It is predominantly still the black population that is in poverty in the district in all areas. This situation needs to be turned around by means of job creation and rural development projects.

5.4.3 Education and literacy

In this section levels of education and literacy rates will be discussed.

Table 5.17: Literacy rate in percentage: 2000 – 2010

Area	2000			2010		
	Black	White	Total	Black	White	Total
Free State Province	57,5	96,9	63,2	68,4	96,4	72,2
Fezile Dabi DM	57,5	97,4	65,2	69,6	97,0	74,4
Moqhaka LM	60,0	97,3	66,2	72,9	97,0	77,2
Ngwathe LM	52,8	96,8	60,9	63,3	96,3	69,4
Metsimaholo LM	63,8	97,8	72,9	76,6	97,6	80,8
Mafube LM	46,2	97,2	52,3	55,7	96,9	59,7

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data).

The main findings of Table 5.17 include: Literacy rates have improved substantially since 2000 in the district area. The district has higher literacy rates (74.4%) if compared to the province (72.2%). The Metsimaholo LM area has the highest level of literacy at 80.8%, while the Mafube LM area has the lowest literacy rate at 59.7%. Literacy rates can still improve and all effort must be made to provide learning opportunities to all people in the study area, including adult education.

Table 5.18: Highest level of education of people age 15 years and older: 2000-2010

Area	2000					2010				
	No schooling	Gr. 0-2	Gr. 3-6	Gr. 7-11	Matric & higher	No schooling	Grade 0-2	Grade 3-6	Grade 7-11	Matric & higher
Free State Province	255 036	48 221	344 863	846 233	405 317	156 386	46 631	261 546	1 027 999	619 479
Fezile Dabi DM	38 779	8 582	59 603	151 091	73 001	23 241	8 240	45 301	184 192	113 263
Moqhaka LM	11 620	3 201	24 141	58 055	27 056	5 994	2 737	16 793	65 952	41 938
Ngwathe LM	11 923	2 485	16 194	37 639	15 962	7 196	2 303	12 019	45 079	24 909
Metsimaholo LM	7 538	1 748	12 727	40 532	23 870	4 974	1 931	10 911	52 931	35 789
Mafube LM	7 698	1 148	6 540	14 865	6 114	5 105	1 269	5 578	20 250	10 625

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data) and Stats SA, (2012).

The main findings of Table 5.18 include: The levels of education have substantially improved from 2000 to 2010, although large numbers of people have no schooling. Levels of education still need to be improved and the rate of people completing matric and higher levels must be increased. Skills provided must be in line with what businesses in the area require, such as technical skills.

5.4.4 Housing and infrastructure

In this section, aspects regarding housing provision and infrastructure development will be discussed.

Table 5.19: Formal housing as percentage of total housing: 2001-2011

Area	2001	2011
Free State Province	66.5	81.1
Fezile Dabi DM	72.2	83.3
Moqhaka LM	82.6	88.7
Ngwathe LM	70.1	81.3
Metsimaholo LM	63.6	83.9
Mafube LM	66.0	70.8

Source: Author's own compilation from Stats SA, (2012) and Housing Development Agency, (2012).

The main findings of Table 5.19 include: Formal housing provision has progressed since 2001 to 2011 in the total study area with only the Mafube area below a 80% formal housing provision rate.

Table 5.20: Formal housing backlog: 2000-2010

Area	2000	2010
Free State Province	268 788	171 992
Fezile Dabi DM	39 118	34 191
Moqhaka LM	10 775	15 411
Ngwathe LM	10 560	7 035
Metsimaholo LM	12 555	7 439
Mafube LM	5 227	4 305

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data) and Housing Development Agency, (2012).

The main findings of Table 5.20 include: In the district area, the housing backlog has been reduced from 2000 to 2010 to just over 34 000 houses. In all the local municipalities the backlog has been reduced in the last decade except in the Moqhaka LM area where the backlog has increased to more than 15 000 houses due to large scale development of new informal settlements in the area. The backlog could be removed within a five year period and it should be a priority for the district. Housing developments need to play a major role in improvement in quality of life, skills development and job creation. A total of 59 informal settlements exist in the district area.

Table 5.21: Level of provision of services to households: 2001 to 2011

Area	Sewer connected		Weekly refuse removal		Piped water		Electricity	
	2001	2011	2001	2011	2001	2011	2001	2011
Free State Province	46.0	64.9	58.4	71.0	23.5	44.8	74.8	89.9
Fezile Dabi DM	62.0	78.2	63.8	81.7	29.7	56.7	80.9	89.8
Moqhaka LM	65.6	85.6	67.4	84.9	28.4	57.7	83.8	93.3
Ngwathe LM	51.0	74.5	58.0	81.9	23.5	44.7	83.9	92.0
Metsimaholo LM	69.0	74.0	61.1	78.9	43.5	71.7	77.7	86.4
Mafube LM	59.8	77.2	72.3	80.2	16.1	39.8	72.7	84.4

Source: Author's own compilation from Stats SA, (2012).

The main findings of Table 5.21 include: Major improvements have been achieved in service provision in the study area. The district area is generally better off than the province. All of the local municipalities have improved services provision.

Table 5.22: Combined infrastructure index: 2000-2010

Area	2000	2010
Free State Province	0,63	0,77
Fezile Dabi DM	0,69	0,83
Moqhaka LM	0,72	0,82
Ngwathe LM	0,65	0,81
Metsimaholo LM	0,71	0,89
Mafube LM	0,65	0,77

Source: Authors own compilation from Global Insight: Regional Explorer, (2012 data).

The main findings of Table 5.22 include: The general provision of infrastructure has improved in the district in the same ratio as in the province, although the level of infrastructure is higher in the district than in the province. The Metsimaholo LM area has the highest level of infrastructure development in the district followed by the Moqhaka LM area. The Mafube LM area has the lowest level of infrastructure development in the district, with an index of 0.77 which is equal to that of the province. The district area is a mostly rural area and infrastructure development leads to economic development. Infrastructure improvement needs to continue at an increased pace. An index of 1 relates to an ultimate level of infrastructure provision.

5.4.5 Employment and income

In this section, aspects such as employment and unemployment in both the formal and informal sectors, and income levels will be analysed.

Table 5.23: Number of unemployed persons: 2000-2011

Area	2000	2010	Growth rate in %	Sensus 2011 unemployment rate	Sensus 2011 Youth unemployment rate
Free State Province	244 177	281 701	1,3%	32.6%	43.0%
Fezile Dabi DM	32 409	35 000	0,7%	33.9%	44.4%
Moqhaka LM	9 138	9 968	0,8%	35.2%	47.2%
Ngwathe LM	11 820	12 924	0,9%	35.2%	45.1%
Metsimaholo LM	8 846	9 124	0,3%	32.1%	41.6%
Mafube LM	2 605	3 053	1,5%	33.4%	44.3%

Source: Author's own compilation from Global Insight: Regional Explorer, (2012) and Stats SA, (2012).

The main findings of Table 5.23 include: The total number of unemployed people in the district has increased to 35 000 people and at a rate of 0.7% by 2010. The Ngwathe LM area has the highest number of unemployed people followed by the Moqhaka LM area and the Metsimaholo LM areas. The Mafube LM area has shown the highest unemployment growth rate at 1.5%. Unemployment figures according to the Sensus 2011 data are high at between 32% to 35% in the study area. Youth unemployment is also high at between 41% to 47% in the study area. Unemployment levels are still too high in the district and need to be addressed by means of LED and job creation projects.

Table 5.24: Unemployment levels in percentage: 2000 – 2010

Area	2000			2010		
	Black	White	Total	Black	White	Total
Free State Province	28,4	6,6	26,2	31,1	5,8	28,7
Fezile Dabi DM	24,6	8,6	22,6	24,1	6,4	22,0
Moqhaka LM	19,4	6,0	18,5	20,4	4,0	19,0
Ngwathe LM	33,6	9,7	31,2	35,0	6,6	31,9
Metsimaholo LM	25,2	9,2	21,6	20,6	7,6	18,3
Mafube LM	17,8	11,9	17,3	18,8	11,0	18,2

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data).

The main findings of Table 5.24 include: The above data is based on the official unemployment data and the unofficial levels of unemployment could be much higher. Unemployment levels in the district (22.0%) are substantially lower than in the province (28.7%). The district has an unemployment rate of 22.0%, which has been stable over the last decade. The Ngwathe LM area has the highest unemployment rate at 31.9% in the district. The other areas have relative low unemployment rates at between18% to 19%. The Metsimaholo LM area unemployment rate has reduced from 21.6% to 18.3% from 2000 to 2010. Although unemployment rates are relatively low in the district, all effort should be made to create jobs in the area.

Table 5.25: Formal/informal employment numbers for Fezile Dabi DM: 2000 – 2010

Sector	2000			2010		
	Formal Sector	% share of sector	Informal sector	Formal sector	% share of sector	Informal sector
Agricultural	19 879	22,6	-	14 750	15,3	-
Mining	1 286	1,5	-	1 100	1,1	-
Manufacturing	12 706	14,4	1 364	11 890	12,3	1 430
Electricity	1 180	1,3	-	1 161	1,2	-
Construction	3 097	3,5	2 091	4 587	4,8	2 948
Trade	7 800	8,9	12 137	9 532	9,9	14 219
Transport	4 721	5,4	328	4 537	4,7	644
Finance	3 603	4,1	867	5 752	6,0	2 241
Community Services	18 203	20,7	1 691	24 620	25,5	2 598
Households	15 525	17,6	-	18 465	19,2	-
Totals	**88 000**		**18 479**	**96 394**		**24 080**

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data).

The main findings of Table 5.25 include: The ratio between formal and informal employment is at 4:1 which is higher than the national ratio but the ratio needs to be improved. In other BRICS countries the informal sector plays a much bigger role in employment creation. A total of just over 96 000 people are formally employed in the district and 24 000 in the informal sector. Most informal jobs are in the trade sector. Most formal jobs are in the community services, agriculture and manufacturing sectors. The primary and secondary sectors need to play a more dominant role in job creation, especially if the rural character of the area is taken into account.

Table 5.26: Informal sector employment: 2000 – 2010

Area	Manufacturing		Construction		Trade		Transport		Finance		Community Services		Total	
	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010
Free State Province	11 403	9 154	12 665	12 732	81 928	77 340	1 968	3 048	7 017	15 032	9 885	15 345	124 866	132 652
Fezile Dabi DM	1 364	1 464	2 091	2 484	12 135	13 898	328	642	867	2 243	1 691	2 548	18 477	23 280
Moqhaka LM	608	609	717	761	4 392	4 373	132	239	415	958	621	893	6 885	7 833
Ngwathe LM	286	305	596	625	2 866	2 866	76	125	126	300	443	646	4 394	4 868
Metsimaholo LM	386	472	499	823	3 329	5 214	74	204	239	785	392	640	4 918	8 139
Mafube LM	84	77	278	275	1 549	1 445	46	73	87	200	235	369	2 279	2 440

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data).

The main findings of Table 5.26 include: Very limited informal jobs are available in the district and has increased from 18 477 jobs in 2000 to 23 280 jobs in 2010. Most new informal jobs were added in the tertiary sector in sectors such as finance and community services. The Metsimaholo LM area was responsible for most new informal jobs over the last decade and the other three areas have contributed limited numbers to the informal job sector. Informal jobs are very limited in the district if compared to other developing countries where the informal sector is responsible for large scale employment. The creation of informal jobs should be encouraged in all sectors, especially in the primary and secondary sectors.

Table 5.27: Formal sector employment, sector share in percentage: 2000 – 2010

Area	Agriculture		Mining		Manufacturing		Electricity		Construction		Trade	
	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010
Free State Province	19,1	17,1	12,3	6,2	7,6	5,7	0,8	0,7	3,0	3,5	8,9	8,6
Fezile Dabi DM	22,6	16,9	1,5	1,1	14,4	12,0	1,3	1,2	3,5	4,7	8,9	9,8
Moqhaka LM	25,1	18,8	3,4	2,7	7,2	6,3	0,6	0,5	2,5	3,1	9,2	9,8
Ngwathe LM	33,5	26,2	0,1	0,0	6,6	5,7	0,5	0,5	2,9	3,4	7,5	7,8
Metsimaholo LM	6,1	4,4	0,5	0,4	31,5	23,9	3,0	2,5	5,6	7,8	10,6	12,7
Mafube LM	41,6	33,9	0,2	0,2	4,1	3,1	0,4	0,4	2,1	2,2	5,0	4,6

Area	Transport		Finance		Community Service		Households		Total	
	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010
Free State Province	5,1	4,1	4,3	5,2	22,7	29,9	16,1	19,0	100	100
Fezile Dabi DM	5,4	4,7	4,1	5,9	20,7	25,0	17,6	18,8	100	100
Moqhaka LM	6,6	5,6	4,3	5,5	24,3	29,9	16,7	17,8	100	100
Ngwathe LM	3,6	3,0	2,8	3,5	21,2	26,3	21,3	23,6	100	100
Metsimaholo LM	5,7	5,5	5,7	9,1	16,3	18,6	15,0	15,1	100	100
Mafube LM	3,5	2,5	1,2	1,2	20,1	26,6	21,9	25,3	100	100

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data).

The main findings of Table 5.27 include: In the district area, the main sectors contributing to employment are agriculture (down from 2000), manufacturing (down from 2000), community services (up from 2000) and households (up from 2000). The same trends are also evident in the four local municipal areas. Agriculture and manufacturing have lost ground in terms of job creation. This trend needs to be addressed through farming and agro-processing opportunities.

Table 5.28: Formal employment numbers in all sectors for Fezile Dabi DM: 2010

Main Sector	Sub Sector	Number of formal jobs	Main Sector	Sub Sector	Number of formal jobs
Agriculture	Agriculture & Hunting	14 748	Manufacturing	Metal products, machinery, household appliances	862
	Forestry	-			
	Fishing	2		Electrical machinery	38
Mining	Coal	108		Transport equipment	121
	Gold	57		Furniture	217
	Metal oars	3		Electricity, gas, hot water supply	1126
	Quarries	933		Water collection, distribution, purification	35
Manufacturing	Food & Beverage	2 537			
	Textiles & Clothing	548		Construction	4 587
	Wood products	268	Trade	Wholesale trade	2 254
	Fuel, petrol, chemical and rubber products	7 109		Retail trade	3 711
	Sale, repair of motor vehicles	2 422	Services	Public sector and defence	9078
Services	Hotel & Restaurants	1 144		Education	8 290
	Land & water transport	3 885		Health & social	4 645
	Air transport	65		Other services	2 607
	Post and telecommunication	586		Households	18 465
	Licence & Insurance	1 535		Total	96 394
	Real estate	300			
	Other business activities	4 215			

Source: Authors own compilation from Global Insight: Regional Explorer, (2012 data).

The main findings of Table 5.28 include: In terms of sub-economic sectors, households (18 465), agriculture and hunting (14 748), fuel, petrol and chemical products (7 109) and public sector (9 078) provide most job opportunities. The mining sector adds limited jobs to the economy. The primary and secondary sectors must play a more dominating role in job creation**.**

Table 5.29: Income levels for Fezile Dabi municipal area: 2000-2010 (Number of people per category)

Income Categories	2000	% contribution	2010	% contribution
R0-R2400	1 861	1.43	171	1.10
R2400-R6000	9 932	7.65	90	0.57
R6000-R12 000	20 709	15.96	9 186	5.92
R12 000-R18 000	19 746	15.21	12 362	7.97
R18 000-R30 000	23 955	18.45	18 663	12.03
R30 000-R42 000	13 961	10.76	19 666	12.67
R42 000-R54 000	7 546	5.81	14 620	9.42
R55 000 and more	32 070	24.7	80 441	51.83
Total	**129 780**	**100**	**155 198**	**100**

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data).

The main findings of Table 5.29 include: Income levels of working people in the district have increased significantly over the last decade. Only limited numbers of employed people earn less than R6000 per year. People with an income of R3500 per month or R42 000 per year qualifies for housing subsidy and are listed as poor. In 2000 a total of 69.46% of people earned R 3500/month or less. In 2010 this percentage of people was reduced to 40.26%. The percentage of people earning more than R 42 000 per year increased from 30.51% in 2000 to 61.25% in 2010.

Table 5.30: Index of buying power for the Fezile Dabi municipal area: 2000-2010

Fezile Dabi District Municipal area	2000	2010
Population	476 620	500 996
Population as % of national population	1,1%	1,0%
Income Average per annum	R6 322	R19 677
Income as % share of national income	0,9%	1,1%
Buying Index	0,01	0,01

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data).

The main findings of Table 5.30 include: The district contributes a higher share to the national income than to the national population. This situation allows for a positive impact on income levels. Although an average district income of R19 677 is still low, this average income is higher than national and provincial income levels.

5.4.6 Economic indicators

In this section the following indicators will be discussed namely gross value added economic activities, soil potential regarding agricultural potential, export and import values, gross domestic product (GDP), the local tress factors and location quotient.

Table 5.31: Gross value added economic activities: 2000-2010

Area	2000	2010	Growth rate %
Free State Province	45 043 619	131 687 262	6,6%
Fezile Dabi DM	11 805 257	38 146 825	7,2%
Moqhaka LM	2 923 264	10 679 708	7,3%
Ngwathe LM	1 020 826	2 984 641	6,6%
Metsimaholo LM	7 349 801	23 150 152	6,8%
Mafube LM	511 366	1 332 323	6,1%

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data).

The main findings of Table 5.31 include: Value added activities are of key importance for accelerated economic development in conjunction with export activities. Value added activities are limited in the province and district and the potential exists for such activities. The Metsimaholo LM area dominates the provision of value added activities in the region, providing a total of 60.6%. The growth in value added activities has been the highest in the Moqhaka LM area over the last decade, followed by the Metsimaholo LM area.

Table 5.32: Gross value added activities in the Fezile Dabi municipal area: 2000-2010

Sector	2000		2010		
	Total	% share of area	Total	% share of area	Contribution to total economic growth 1996-2010
Agriculture	562 000	4,8	1 273 000	4.,3	0,0%
Mining	895 000	7,6	5 650 000	14,9	0,2%
Manufacturing	4 225 000	35,8	11 617 000	30,6	1,2%
Electricity	1 043 000	8,8	3 185 000	8,4	0,1%
Construction	155 000	1,3	832 000	2,2	0,1%

Sector	2000		2010		
	Total	% share of area	Total	% share of area	Contribution to total economic growth 1996-2010
Trade	924 000	7,8	2 959 000	7,8	0,2%
Transport	652 000	5,5	2 036 000	5,4	0,2%
Finance	1 373 000	11,6	4 812 000	12,7	0,5%
Community Services	1 972 000	16,7	5 600 000	14,8	3,0%
Total Indicators	11 805 000	100	37 968 000	100	0,5%
Total GDP	13 448 000	-	43 820 000	-	3,5%

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data).

The main findings of Table 5.32 include: The economic sectors which have the highest impact in terms of value added activities are manufacturing, mining, community services, finance and electricity. Mining's share has increase most in the last 10 years. Community services and manufacturing contributed most to economic development in the district since 1996. The primary and secondary sectors need to be improved regarding value added economic activities.

Table 5.33: GDP per capita: 2000-2010 (in Rands)

Area	2000	2010	Growth rate %
Fezile Dabi DM	28 204	89 572	6,9%
Moqhaka LM	17 930	63 807	7,2%
Ngwathe LM	9 259	27 096	6,6%
Metsimaholo LM	70 851	203 903	6,5%
Mafube LM	9 936	24 053	5,9%

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data).

The main findings of Table 5.33 include: The GDP per capita in the district at R89 572, is substantially higher than in the province in 2010. The Metsimaholo LM area has by far the highest per capita GDP at R 203 903 and the Moqhaka LM area second highest at R 63 807. Both the other two municipal areas lack far behind in terms of GDP per capita. In terms of GDP per capita growth rates, all municipal areas have growth rates close to or higher than 6%, which the Moqhaka LM area with the highest growth rate of 7.2%.

Table 5.34: Export and import values in Rand in the Fezile Dabi municipal area: 2006-2010

Sector	2006		2010		Sector	2006		2010	
	Export	Import	Export	Import		Export	Import	Export	Import
Agriculture & Hunting	27 232 000	3 580 000	7 111 000	10 534 000	**Non-Metallic products**	2 776 000	4 670 000	5 000 678	3 733 000
Forestry	559 000	28 620 000	1 373 000	39 736 000	**Metal, machines, household wares**	67 302 000	130 540 000	96 000 000	235 300 00
Coal Mining	2 920 000	0	0	7 866	**Electrical apparatus**	2 785 000	5 724 000	8 843 000	7 903 000
Gold Mining	0	0	0	0	**Electronic, medical appliances**	3 237 000	19 017 000	3 809 000	22 801 000
Metal ores mining	50	772 800	3 121 000	1 932 000	**Transport equipment**	18 440 000	14 000 000	36 859 000	11 982 000
Quarrying	647 000	6 874 000	510 000	10 781 000	**Furniture**	1 817 000	16 016 000	3 690 000	12 378 000
Food & Beverage	2 829 000	4 152 000	6 796 000	11 386 000	**Electricity, gas, water**	0	0	0	0
Textile, clothing, leather	3 572 000	4 734 000	4 810 000	4 440 000	**Other goods**	83 712 000	49 107 000	49 107 000	0
Wood products	142 000	6 889 000	196 000	9 888 000	**Total**	**1 651 456 000**	**1 373 496 000**	**2 284 932 000**	**1 745 904 000**
Fuel, petrol, chemicals, rubber	1 433 477 000	1 127 000 000	2 051 000 000	1 373 799 000					

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data).

The main findings of Table 5.34 include: The district has a net export economy with more exports than imports. This situation has even improved from 2006 to 2010. The fuel, petrolium, chemicals industry is the largest export industry due to the impact of Sasol Industries and dominates the export market. The second largest industry is the metal, machines industry. The agricultural sector has lost ground since 2006 and export has declined substantially. The mining sector has shown positive growth and is a major exporter. Export of food and beverage and also textile and clothing has increased, as well as number of other sub-sectors.

Table 5.35: Gross domestic product (GDP): Percentage growth for the Fezile Dabi municipal area: 2000-2010

	2000	2010	2000-2010
GDP	13 448 000	43 734 000	6,9%
GDP % growth	5,2%	1,4%	

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data).

The main findings of Table 5.35 include: GDP growth in the district between 2000 and 2010 has been above average at 6.9%. Growth in 2010 has, however, slowed down as part of the global economic recession to 1.4%. SMME development and entrepreneurial development must ensure that growth rates are increased to above 5% per annum.

Table 5.36: Tress index: 2000-2010

Area	2000	2010
Free State Province	38,64	41,83
Fezile Dabi DM	46,80	42,28
Moqhaka LM	53,37	64,00
Ngwathe LM	55,71	56,16
Metsimaholo LM	69,21	60,25
Mafube LM	61,16	63,17

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data).

The main findings of Table 5.36 include: The Tress index indicates the level of economic sector diversification in a region. A score of 1 indicates high sector concentration while a score of 0 indicates high levels of diversification. The district economy is well diversified as a region, while the individual municipal areas have more concentrated economies. For example the Metsimaholo LM area is highly specialized regarding the fuel, rubber and petrol sector. The economy of the Ngwathe LM area is the most diversified, followed by Metsimaholo, Mafube and lastly the Moqhaka LM area. The municipal areas of Moqhaka and Mafube areas have deteriorated regarding their local economic tress factors, while the Metsimaholo and Ngwathe LM areas have improved regarding diversification over the last decade. Specialization on a regional basis could lead to cluster formation. Both diversification and specialization should form part of a strategy

Table 5.37: Location quotient: 2000-2010

Area	Agri-culture		Mining		Manufac-turing		Electricity		Con-struction		Trade		Transport		Finance		Community Services		Total Indicators	
	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010
Free State Province	1,92	1,86	1,36	1,60	0,66	0,75	1,28	1,23	0,73	0,58	0,92	0,89	0,98	0,82	0,84	0,75	1,23	1,23	1	1
Fezile Dabi DM	1,46	1,28	1,0	1,54	1,89	2,10	3,25	3,03	0,52	0,49	0,53	0,58	0,57	0,60	0,62	0,62	0,76	0,68	1	1
Moqhaka LM	2,39	1,85	3,55	4,46	0,2	0,19	0,18	0,14	0,41	0,28	0,74	0,63	0,83	0,69	0,58	0,44	1,38	1,10	1	1
Ngwathe LM	4,44	4,36	0,05	0,14	0,3	0,38	0,47	0,50	0,77	0,66	0,97	1,06	1,04	0,98	0,75	0,75	1,72	1,71	1	1
Metsimaholo LM	0,28	0,25	0,19	0,45	2,89	3,31	5,08	4,86	0,52	0,56	0,33	0,45	0,4	0,51	0,63	0,70	0,33	0,30	1	1
Mafube LM	7,00	7,58	0,0	0,0	0,29	0,32	0,12	0,10	0,67	0,55	1,38	1,42	0,59	0,55	0,53	0,52	1,54	1,68	1	1

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data).

The main findings of Table 5.37 include: Location quotient relates to regional economic specialization, a value greater than 1 indicates specialization greater than national averages. The district has location quotient advantages in agriculture, mining, manufacturing and electricity. In the local municipal areas, the Moqhaka area has advantages in mining and agriculture, Ngwathe area has advantages in agriculture, and community services, Metsimaholo area has advantages in manufacturing and electricity, while the Mafube area has advantages in agriculture, trade and community services. LED strategies need to focus on these sectors.

Table 5.38: Types of agricultural land

Area	Grazing land (ha)	Dry land (ha)	Irrigated land (ha)
Total Fezile Dabi DM	464 184	388 155	4 317
Moqhaka LM	164 120	167 944	499
Ngwathe LM	166 813	130 735	2 475
Metsimaholo LM	34 455	28 271	379
Mafube LM	98 796	61 205	964

Source: Fezile Dabi DM, (2005a).

The main findings of Table 5.38 include: The district is a strong rural area with large agricultural areas with varying levels of potential. The Moqhaka and Ngwathe areas are the main grazing areas and dry land areas in the district, while Ngwathe and Mafube areas provide for irrigated land. Agricultural infrastructure needs to be provided such as irrigation schemes in order to improve opportunities in agriculture. Agriculture needs to play a major role in economic development and job creation in the district.

Table 5.39: Soil potential: 2000

Area	Areas suitable for conservation, not for agriculture (ha)		Soil highly suitable for agriculture (ha)		Soil of lowly suitable for agriculture (ha)		Water bodies (ha)	
Free State Province	529 938	4,1%	1 171 167	9,0%	6 105 876	47,1%	69 192	0,5
Fezile Dabi DM	21 180	1,0%	327 592	15,4%	1 261 471	59,3%	22 576	1,1

Source: Department of Environmental Affairs, (2000).

The main findings of Table 5.39 include: The district has a total of only 15.4% of high quality agricultural land and 59.3% of low potential agricultural land. All effort should be made to ensure that high potential land is preserved for agricultural uses and used optimally. Irrigation services could improve the potential of low potential agricultural land.

Table 5.40: Summary of local government in the Fezile Dabi municipal area: 2008

Municipality	Municipal Employees	Capital Budget	Operational Budget
Fezile Dabi DM	65	R3 629 742	R96 239 323
Moqhaka LM	1200	R34 743 406	R260 938 203
Ngwathe LM	-	R58 061 400	R210 906 393
Metsimaholo LM	670	R100 087 410	R316 617 050
Mafube LM	326	R42 199 785	R 65 402 153

Source: Local Government Hand Book, (2012)

The main findings of Table 5.40 include: Of the local municipalities in the district, the Moqhaka LM is by far the largest in terms of number of officials. In terms of capital and operational budget, the Metsimaholo LM is by far the largest. The local municipalities within the district need to be supported in terms of capital budget, skills and capacity building and provision and improvement of infrastructure.

5.4.7 Tourism

In this section the role of tourism as an unofficial economic sector is analysed.

Table 5.41: Tourism growth in the Fezile Dabi municipal area: 2002-2010

	2002	2006	2010	Growth rate %
Domestic Tourism Growth rate	18,8%	-5,11%	11,9%	-
International Tourism Growth rate	10,8%	20,5%	14,7%	-
Total Tourism spending as % of GDP	2,8%	2,9%	3,4%	-
No of domestic trips	242 000	286 000	266 000	0,9%
No of international trips	31 000	52 985	82 162	6,2%
No of trips: Leisure/Holiday	32 830	42 551	50 019	3,4%
No of trips: Business	28 699	34 708	43 000	3,3%
No of trips: Friends/Family	191 000	241 000	239 000	2,0%
No of trips: Other (medical)	21 000	20 400	16 400	--2,8%
Total Trips	274 000	339 000	348 000	2,1%

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data).

The main findings of Table 5.41 include: The tourism sector as % of GDP relates to 3.4% and this sector has gradually grown over the last 10 years. International tourism has grown larger than local tourism over the last decade in the district. A larger focus should be on domestic tourism, especially regarding day and weekend trips. The tourism sector needs to play a larger role in the local economy in job creation.

Table 5.42: Tourism spending as percentage of GDP: 2002 to 2010

Area	2002	2006	2010
Free State Province	6,2	5,8	5,9
Fezile Dabi DM	2,9	3,0	3,1
Moqhaka LM	2,6	4,0	4,3
Ngwathe LM	8,2	8,4	9,7
Metsimaholo LM	2,1	1,8	1,7
Mafube LM	5,5	6,9	6,3

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data).

The main findings of Table 5.42 include: The Mafube and Ngwathe LM areas are the focus areas for fast tourism growth and this sector plays an important role in the local economy in these areas. The other two areas need to increase the tourism sector and the economy as a result. The tourism sector's contribution to the local economy needs to be increased.

5.4.8 Safety and security

This section is an analysis of the safety and security status quo in the area.

Table 5.43: Crime index in the Fezile Dabi municipal area: 2000-2008

Crime Index	2000	2004	2008	% Growth rate
Overall crime rate per 100 000 of population	170	191	148	-1,9%
Violent crime rate per 100 000 of population	160	184	142	-1,3%

Source: Author's own compilation from Global Insight: Regional Explorer, (2012 data).

The main findings of Table 5.43 include: The overall crime rate and violent crime rates in the district have decreased since 2000 to 2010. Although the general crime rates have decreased, crime levels are still high in the district and need to be further decreased if high economic development is to be achieved.

Table 5.44: Overall crime index

Area	2000	2004	2008
Free State Province	177	198	157
Fezile Dabi DM	170	191	148
Moqhaka LM	187	187	153
Ngwathe LM	140	173	130
Metsimaholo LM	205	243	175
Mafube LM	112	120	103

Source: Author's own compilation from Global Insight: Regional Explorer, 2012 data

The main findings of Table 5.44 include: The district has a lower crime index if compared to the province, while the Metsimaholo and Moqhaka LM areas have higher crime indexes. Crime rates need to be reduced in order to assist business development.

5.5 SOCIO-ECONOMIC COMMUNITY SURVEY

A community survey was undertaken in the study area to collect household data. Layout plans were collected from the various municipalities to do a sample stratification regarding geographical distribution and concentration of households in the area. A questionnaire was designed with assistance from the Department of IT at the NWU: Vaal campus. The questionnaire was designed with an electronic answer sheet. Both documents are attached as annexures C and D. A 5%

sample was used in this case. The questionnaire was finalised after a literature review of similar research projects. Close-ended multiple-choice questions were primarily used in order to simplify the data analysis process. The format and contents of the questionnaire were only finalised after the questionnaire was pre-tested. To ensure ethical procedures were in place, ethical clearance was obtained from the relevant committee beforehand.

Although the survey included 29 communities in all the municipal areas, this report only analysed the total results for the total Fezile Dabi district area and the individual municipal areas. The survey was managed by the author, DF Meyer, and was completed during May and June 2012 with assistance from a total of more 40 local CDWs and EPWP workers and included a total of 3208 households in the region. All the fieldworkers were trained before the survey commenced and most of them have been involved in previous surveys including the census. Almost all of the households were willing to participate in the survey although participation was voluntary. The focus of the survey was on the poor sections of the local communities. The levels of poverty, income and skills were determined. People's perceptions of local service delivery were also analysed. The areas include the following as listed in Table 5.45 below:

Table 5.45: Summary of all areas included in the survey

AREA AND NUMBER OF HOUSEHOLDS INCLUDED IN SURVEY	AREA AND NUMBER OF HOUSEHOLDS INCLUDED IN SURVEY
Mafube area: total of 270 Cornelia: 34 Phomolong (Namahati): 27 Sabata (Namahati): 38 Qalabotjha ward 3 (Villiers): 61 Qalabotjha ward 4 (Villiers): 64 Qalabotjha ward 9 (Villiers): 46	**Metsimaholo area: total of 1422** Amelia: 161 France (Zamdela): 204 Harry Qwala (Zamdela): 55 Iraq (Zamdela): 283 Metsimaholo (Oranjeville): 54 Protem (Zamdela): 50 Refengkgotso (Deneysville): 229 Zamdela: 343
Moqhaka area: total of 530 Marabastad ward 9: 67 Moakeng ward 1: 69 Moakeng ward 4: 63 Moakeng ward 6: 33 Moakeng ward 8: 31 Moakeng ward 11: 61 Moakeng ward 13: 20 Moakeng ward 16: 21 Steynsrus: 50, and Viljoenskroon: 94	**Ngwathe area: total of 986** Edenville: 200 Heilbron: 105 Koppies: 149 Tumahole: 408 Vredefort: 124

Source: Survey data, (2012).

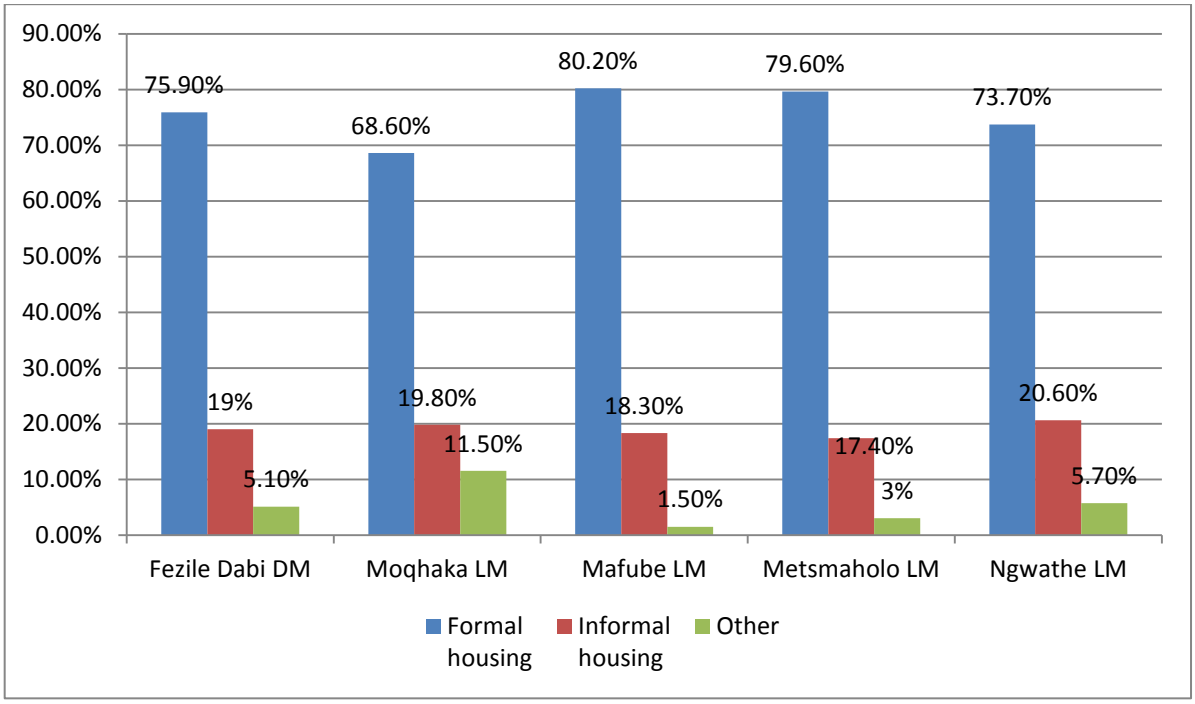
The key findings of the community survey are discussed below. The detail data per survey area and municipality is available. The detailed analysis per community area will be done after this study as research journal articles. The analysis of the survey data is done per question and combinations of questions as listed in the survey questionnaire (See annexure C). The results of a business chamber survey are attached as annexure E.

5.5.1 General

5.5.1.1 Type of dwelling (Question 1)

In the total region, 75.9% of households reside in formal dwellings while 19% of households still reside in informal dwellings. This is a relative high percentage of formal housing provision in this region if compared to provincial averages. In terms of Stats SA, the 2007 Community Survey indicated that 71% of the provincial population resided in formal dwellings. The housing situation regarding dwelling type per local municipality is listed below in Figure 5.1. From the figure the Mafube LM area is best provided for in terms of formal housing, with the Moqhaka LM area worst off. The Ngwathe LM area has the highest number of informal housing units.

Figure 5.1: Type of dwelling per municipal area



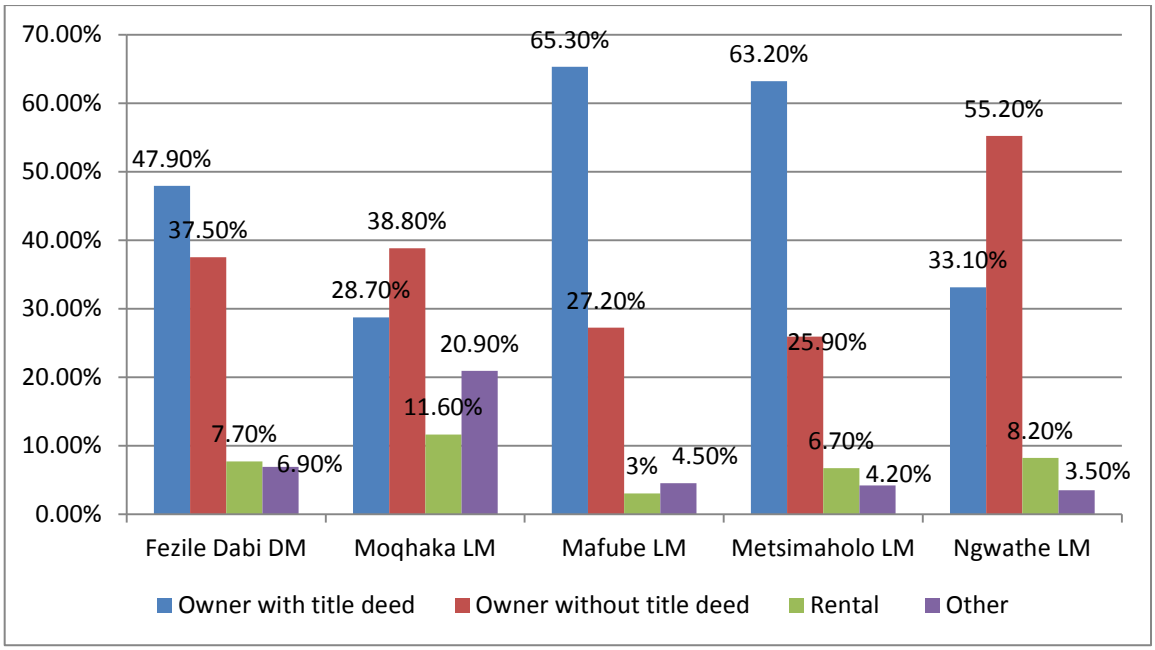
Source: Survey data, (2012).

5.5.1.2 Property (dwelling house) ownership status (Question 2)

For the total region, 47.9% of households indicated that they owned the house they live in with a registered title deed, while 37.5% indicated that they owned the house but have not received the deed yet. Only 7.7% indicated that they were renting the dwelling. This indicates high levels of ownership of more than 85% of households owning the dwelling they reside in. It is of key importance for poor communities to have access to assets such as property in order to improve

their safety net. Figure 5.2 indicates that house ownership is the highest in the Mafube LM area and the lowest in the Moqhaka LM area.

Figure 5.2: Property ownership

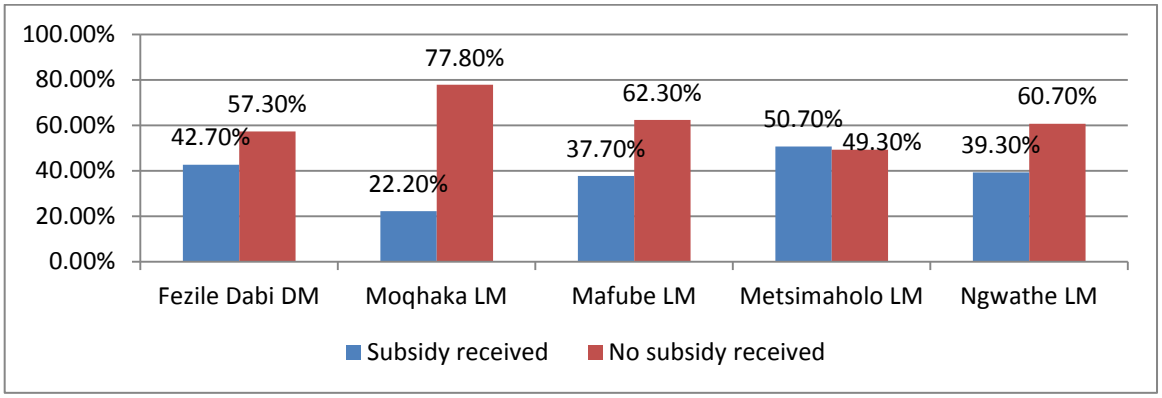


Source: Survey data, (2012).

5.5.1.3 Housing subsidy received (Question 3)

For the total region, 42.7% of all households indicated that they have received housing subsidy in the past, while 57.3% indicated that they have not received subsidy. More potential exists for housing subsidies in the region. The low level of subsidies granted in an area such as Moqhaka LM area shows higher incomes in the area or large numbers of in-migration into informal areas. New housing development will play a key role in the future development of poor local areas in the region in relation to job creation, skills development and provision of basic needs. Figure 5.3 for detail regards to housing subsidies allocated per municipal area.

Figure 5.3: Allocation of housing subsidy

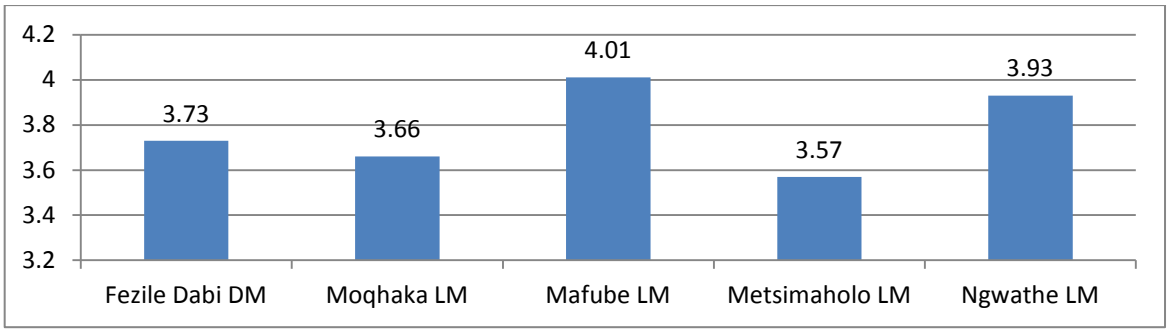


Source: Survey data, (2012).

5.5.1.4 Household size (Question 4)

The average household size in the survey area is 3.73 (compared to 3.2 for the total region), which is an average size, especially if the rural nature of the region is taken into account. The average family size for the province was 3.5 in 2007 and the average household size for South Africa was 3.9 in 2007 according to Stats SA. The large family sizes indicate high levels of poverty as the larger the household, the higher the level of poverty.

Figure 5.4: Average household sizes



Source: Survey data, (2012).

Figure 5.4 indicates that the Mafube (4.01) and Ngwathe (3.93) areas have higher average household sizes than the average for the district. Very large households with 6 or more people mostly exist in the above listed areas with 14.7% in Mafube and 11.8% in Ngwathe areas with such large families. These two areas are generally more rural and poorer areas and therefore have larger household sizes.

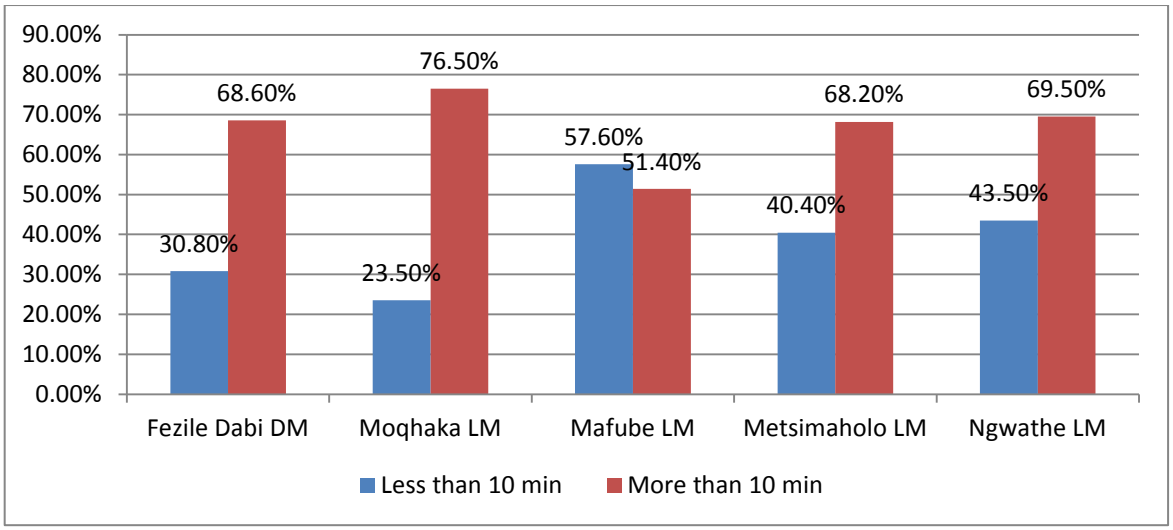
5.5.1.5 Number of school-going children per household (Question 5)

For the total region the average number of school-going children is 1.28 children per household. A total of 33.7% of all households have no school-going children. Of the municipal areas in the region, Mafube LM area has the highest average at 1.55 children followed by Ngwathe LM area with an average of 1.39. Metsimaholo and Moqhaka LM areas have 1.18 school-going children. This average number of school-going children per household will assist in the planning of schools and other community facilities in the region.

5.5.1.6 Walking distance for school children to closest school (Question 6)

The average walking time to school in the region is 20.4 minutes, with only 9.7% school children walking less than 5 minutes to school and 30% of children is walking less than 10 minutes to school. A total of 68% of children walks between 11 to 30 minutes to schools. Figure 5.5 indicates average walking distances to local schools.

Figure 5.5: Average walking distances to school



Source: Survey data, (2012).

The average walking distance to schools in the Ngwathe area is the shortest at 15.97min and Mafube area at 16.3min, while walking distances to schools in Moqhaka at 18.4min and Metsimaholo at 20.4min is the longest. Schools should be located not more than 10 minutes (1 to 1.5 km) walking distance for pupils in poor communities, where vehicle ownership is low and public transport is limited and expensive.

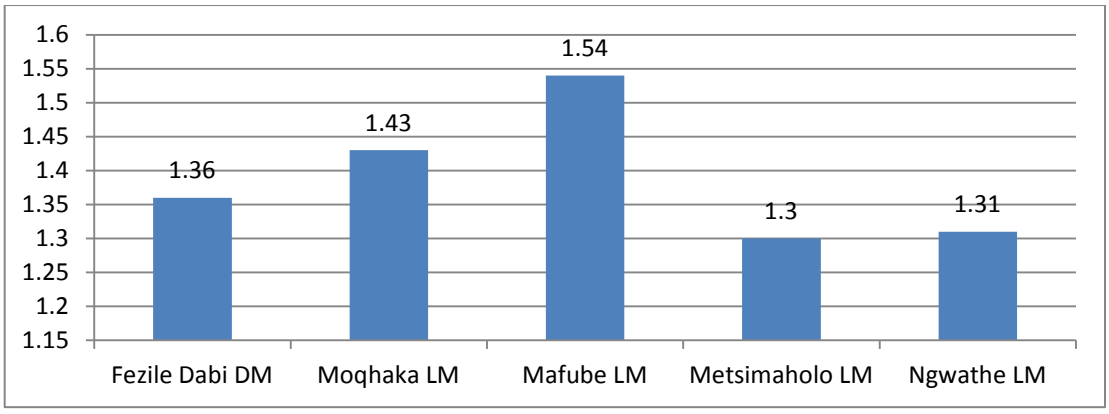
5.5.1.7 Number of youths (16 to 20 years) out of school but not working per household (Question 7)

The average number of youths in the total region that is not working per household is 0.55 youths. In the region, 14.8% of all households have 2 or more youths not working while 65.6% of all households have no youths that are not working. The Metsimaholo area is worst off regarding youths out of school but unemployed. A total of 60.5% of households don't have unemployed youths, with an average of 0.66 unemployed youths per household. A total of 15.3% of households have 2 or more unemployed youths. On the other hand, the Moqhaka area is best off with a total number of 67% of households with no unemployed youths, with 0.50 unemployed youths per household and 12.3% of households with 2 or more unemployed youths.

5.5.1.8 Number of adults (20 to 65 years) per household (Question 8)

A total number of 1.36 adults on average form part of a household in the region, with up to 32.9% of all households with no adults. The Mafube area, with 1.54 adults per household, has the highest number of adults per household, followed by the Moqhaka area with 1.43 adults per household. Figure 5.6 indicates the average number of adults per household.

Figure 5.6: Number of adults per households



Source: Survey data, (2012).

5.5.1.9 Number of retired people (65 years or older) in the household (Question 9)

On average a total number of 0.4 people older than 65 years form part of a household. A total of 72.4% of households don't have people older than 65 years in the household. The number of retired people per household per area is listed below: Moqhaka area 0.3, Mafube area 0.39, Metsimaholo area 0.46 and Ngwathe area 0.40.

5.5.2 Income and expenditure

5.5.2.1 Household average income per month (Question 10)

The total regional average monthly income is R1 404 per household. A total of 18.4% of households have no income and 42.8% of households have less than R1 000 monthly income. If a poverty line of $1.25 per day per member of the household is taken into account, the minimum household income should be more than R1 188 per month. A total of only 12.7% of households have an income of more than R3000. Table 5.46 is a summary of household income per area.

Table 5.46: Average household income per month

Municipal area	Average household income per month	% of households with no income	% of households with income of less than R 1000	% of households with income of more than R3000
Fezile Dabi DM	R 1404	18.4%	42.8%	12.7%
Moqhaka LM	R 1191	22.9%	49.2%	7.4%
Mafube LM	R 1196	25.5%	51.3%	8.3%
Metsimaholo LM	R 1590	17.9%	38.1%	61.9%
Ngwathe LM	R 854	14.7%	52.3%	9.9%

Source: Survey data, (2012).

From the above table, the Ngwathe area is the poorest with an average household income of R 854 per month and only 9.9% of households with income of more than R3000. Metsimaholo area has on average the highest income at R 1590 per month with 61.9% of households earning more than R3000 per month.

5.5.2.2 Total expenditure of household per month (Question 11)

The total regional average monthly expenditure is R1397 per household. A total of 22% of households have less than R500 per month expenditure and 49.5% of households have less than R1000 monthly expenditure. Only 8.5% of households have expenditure of more than R4000 per month.

5.5.2.3 Items households spend income on per month (Question 12, 13, 14, 15, 16 and 17)

On a regional scale, the question regarding on which item does a household spend most of their income per month, 84.7% of households indicated that they spent most of their income on food with an average monthly expenditure of R559 of a total income of R1404. The item that income is spent second most on per month is clothes with a monthly expenditure of R392, and third most is municipal services with an average monthly expenditure of R366. More than 93.8% of the total household income is spent on the three items. Another large item of expenditure is transport. Table 5.47 is a summary of household spending on specific items.

Table 5.47: Items on which most income is spent by households

ITEM	AMOUNT SPENT PER MONTH (In brackets is the % of total income spent on the item)
Food	R559 (39.8%)
Clothing	R392 (27.9%)
Municipal accounts	R366 (26.1%)

Source: Survey data, (2012).

5.5.2.4 Average income shortfall of households per month (Question 18)

The average household income shortfall in the region is R396 per month. More than 38% of households however don't have an income shortfall. A total of 11.1% of all households have an income shortfall of more than a R1000 per month. Table 5.48 is a summary of income shortfalls of all the municipal areas in the study area.

Table 5.48: Average income shortfalls of households per month

Municipal area	Average monthly shortfall per household	% of households with no income shortfall	% of households with a shortfall of more than R1000 per month
Fezile Dabi DM	R 396	38%	11.1%
Moqhaka LM	R 373	34.9%	9.6%
Mafube LM	R 492	27.2%	17.9%
Metsimaholo LM	R 358	45.7%	13.1%
Ngwathe LM	R 368	33.8%	8.2%

Source: Survey data, (2012).

5.5.2.5 Income assistance and sources of additional income (Question 19, 20 and 21)

A total of 54.3% of all households in the region indicated that they receive income assistance and support, while 45.7% indicated that they don't receive any assistance. 39.3% of all households indicated that government pensions are the main source of income assistance, followed by family support and government subsidies. Table 5.49 provides a summary of income assistance to households in the various municipal areas.

Table 5.49: Main income sources and assistance to households in all municipal areas

Municipal area	Household get income assistance	Household don't get income assistance	Family	Friends	Government subsidies	Pension	Other
Fezile Dabi DM	54.3%	45.7%	23.5	5.8	22.9	39.3	8.5
Moqhaka LM	56.4%	43.6%	22.9	3.5	28.4	33.4	11.8
Mafube LM	57.5%	42.5%	23.8	4.8	15.4	53.0	3.0
Metsimaholo LM	54.7%	45.3%	22.1	6.3	23.9	40.9	6.8
Ngwathe LM	48.0%	52.0%	25.6	7.3	19.6	37.1	10.4

Source: Survey data, (2012).

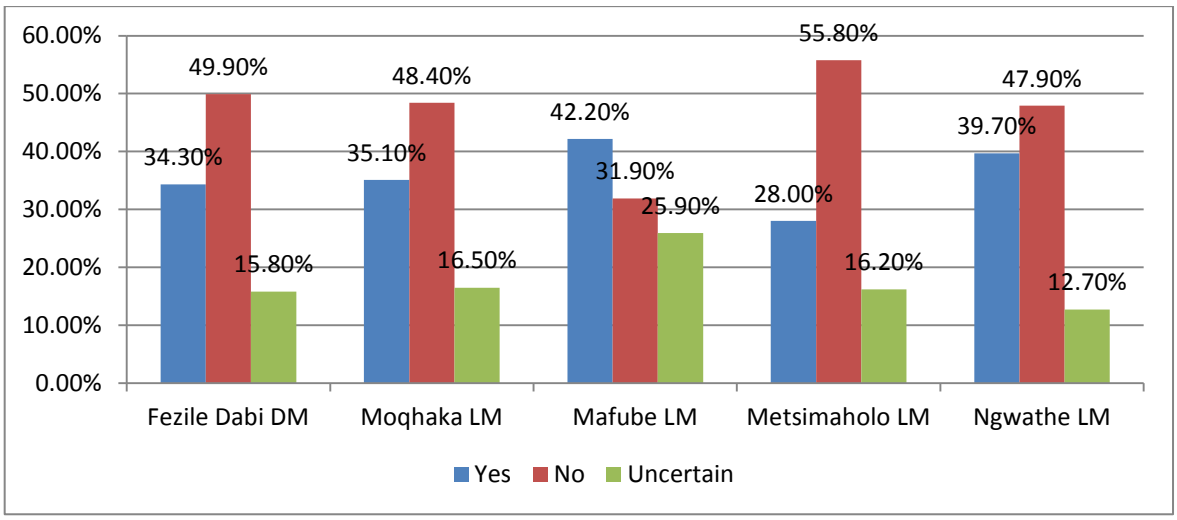
The average income assistance per household for the region is R721. Up to 27% of all households receive more than R1000 assistance per month and 56% indicated they receive less than R1000 per month. Only 16.1% of all households indicated that they don't receive any assistance.

5.5.3 Municipal service delivery

5.5.3.1 Quality services delivered by municipalities (Question 22)

Households responded negatively to the question regarding quality services to households, indicating poor service delivery in the region in general. A total of 49.9% of all households indicated that the municipalities are not delivering services of good quality. A total of 34.3% of households indicated that the municipality is delivering quality services, while 15.8% of households were uncertain. Figure 5.7 is a summary of household's opinion on service delivery in the various municipal areas. The Mafube area has the most satisfied households at a 42.2% satisfaction rate, while the Metsimaholo area has the highest rate of unsatisfied households with 55.8% household unhappy with the level of service delivery.

Figure 5.7: Households opinion on service delivery by municipalities



Source: Survey data, (2012).

5.5.3.2 Municipal services lacking most in area (Question 23 to 25)

Table 5.50 is a summary of households opinion of which services lacks most in the area. Service delivery regarding the listed services needs to be improved by means of an implementation strategy which will follow in this chapter.

Table 5.50: Municipal services lacking most in the various municipal areas

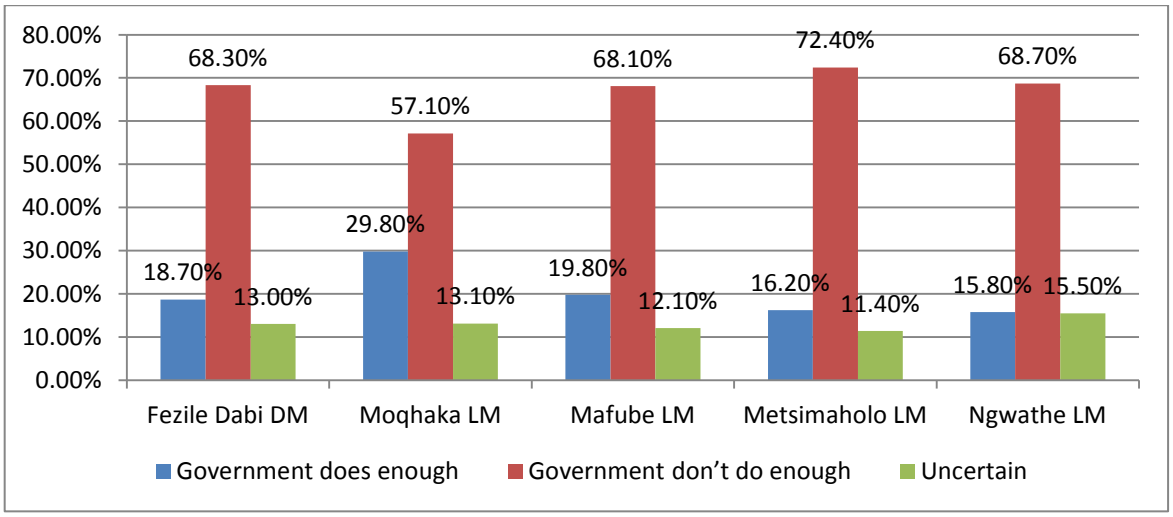
Municipal area	Service lacking most	Service lacking 2nd most	Service lacking 3rd most
Fezile Dabi DM	Housing 23.9%	Water 19.6%	Electricity 19.3%
Moqhaka LM	Housing 42.0%	Water 25.9%	Sewer 9.5%
Mafube LM	Water 28.8%	Medical 18%	Parks 16%
Metsimaholo LM	Electricity 27.9%	Medical 15.6%	Parks 14.5%
Ngwathe LM	Housing 32.3%	Water 31.5%	Electricity 15.2%

Source: Survey data, (2012).

5.5.3.3 Government's role in creating jobs (Question 26 and 27)

In the region, 68.3% of households are of the opinion that government was not doing enough to create jobs in the area, while 18.7% feels that government was doing enough. A total of 13% of households were uncertain if government was doing enough to create jobs. Figure 5.8 is a summary of the opinions of local households in all the municipal areas. The households in the Metsimaholo area are least satisfied with the municipality's role in job creation efforts of all the municipalities.

Figure 5.8: Opinion of households in job creation



Source: Survey data, (2012).

On the question on how government can assist in the job creation process, of all the households interviewed, 49.1% indicated that government can assist in job creation by providing skills training in the area, followed by public works projects (33.6%), and through provision of facilities for small business at 5%. Table 5.51 is a summary of inputs from municipal households.

Table 5.51: Government assistance in creating jobs

Municipal area	Skills training	Public works projects	Provide facilities	Provide land	Assist with finance	Support co-ops
Fezile Dabi DM	49.1%	33.6%	5.0%	4.0%	3.1%	3.8%
Moqhaka LM	58.5%	27.2%	4.0%	2.5%	1.5%	4.4%
Mafube LM	58.5%	28.5%	4.6%	2.3%	2.3%	1.9%
Metsimaholo LM	44.5%	41.2%	5.7%	4.1%	2.4%	1.5%
Ngwathe LM	47.5%	28.2%	4.5%	5.2%	5.2%	7.2%

Source: Survey data, (2012).

5.5.4 Employment, unemployment and skills

5.5.4.1 Household bread winner (Question 28)

During the survey, 42.9% of all households indicated that the father was still the main bread winner, followed by the mother at 36.9% and a son at 6.9%. Of all the households, 5.4% also indicated that another family member was the main bread winner of the household. Similar data was recorded in the individual municipalities

5.5.4.2 Employed people in household (Question 29)

The average number of persons with employment per household is 0.68. A total of 50.7% of all households in the region have no employed persons, while 32.8% of households have only one employed person. Only 16% of all households have two or more people with employment. Table 5.52 is a summary of the employment levels at all the municipalities. In terms of the data, the Metsimaholo area has the highest employment levels while the Moqhaka area has the lowest employment levels.

Table 5.52: Employment levels in municipal areas

Municipal area	Average number of employed people per household	% of households with no employed people	% of households with 1 employed person	% of Households with 2 or more employed people
Fezile Dabi DM	**0.68**	**50.7%**	**32.8%**	**16.0%**
Moqhaka LM	**0.51**	**60.1%**	**30.8%**	**8.9%**
Mafube LM	**0.51**	**59.8%**	**31.5%**	**8.7%**
Metsimaholo LM	**0.82**	**43.5%**	**33.3%**	**23.2%**
Ngwathe LM	**0.61**	**52.6%**	**33.6%**	**13.8%**

Source: Survey data, (2012).

5.5.4.3 Sectors of employment (Question 30 to 33)

In this analysis, the question was asked how many people are employed per household and also the sector in which people are employed in. The sectors of employment were asked per employed person. In terms of "employed person 1", 21.4% are employed as domestic workers with low income levels, and 18.9% are employed in the services sector, followed by the construction sector.

"Employed person 2" are also mostly employed as domestic workers (23.8%) and secondly in the services sector (21.2%). "Employed person 3" are mostly employed in the services sector (26.4%), followed by the domestic worker sector. Lastly "employed worker 4" is mostly employed in the mining sector (21.6%) and followed by the domestic worker sector. Table 5.53 is a summary of sectors of employment.

Table 5.53: Sector of employment

Sector of employment	Employed person 1	Employed person 2	Employed person 3	Employed person 4
Agriculture	12.4%	12.6%	12.5%	13.0%
Mining	7.3%	4.9%	6.4%	**21.6%**
Manufacturing	11.4%	10.6%	10.0%	12.8%
Construction	18.3%	20.5%	14.5%	14.2%
Retail	10.3%	6.4%	6.8%	7.4%
Services	**18.9%**	**21.2%**	**26.4%**	10.8%
Domestic worker	**21.4%**	**23.8%**	**23.4%**	**20.2%**

Source: Survey data, (2012).

5.5.4.4 Unemployed people looking for work (Question 34)

On average households have 1.12 persons who are unemployed looking for work. 13% of all households have 3 or more unemployed people looking for work, while 20.9% of households have 2 unemployed people and 37.5% of households have 1 unemployed person. Of all households 30.1% have no unemployed persons. The Mafube area has the highest number of unemployed at 1.34 persons per household, while the Metsimaholo area has the lowest number of unemployed persons per household namely 1.12.

5.5.4.5 Skills of unemployed persons (Question 35 to 38)

The majority of people in the region that are currently (2012) unemployed, indicated that they have skills in the farming/gardening sector, catering/cooking sector, building/construction sector and the retail/selling sector. Table 5.54 is a summary of skills of unemployed people in the region.

Table 5.54: Skills of unemployed people

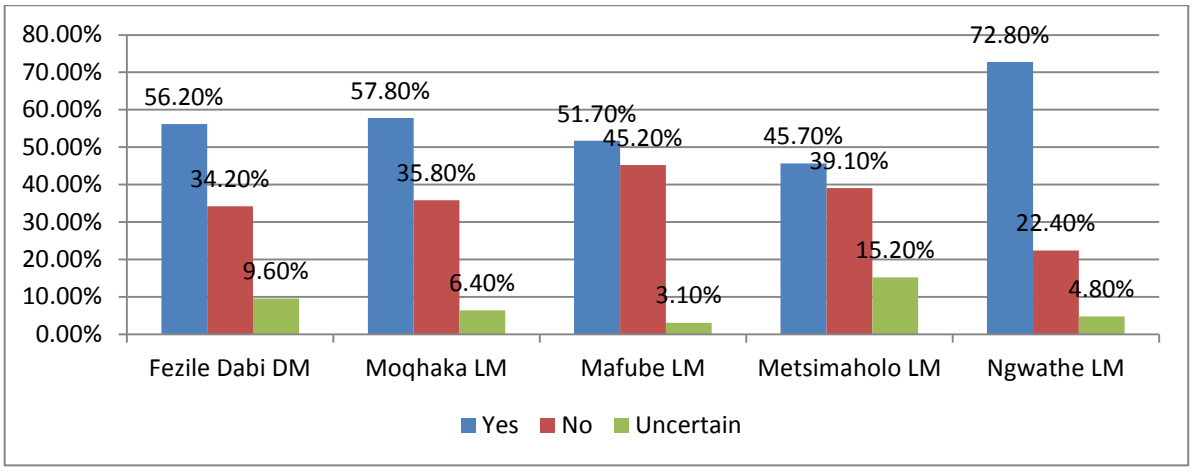
Sector	Unemployed person 1	Unemployed person 2	Unemployed person 3	Unemployed person 4
Farming/gardening	**17.6%**	**17.7%**	**25.5%**	**28.5%**
Retail/selling	14.6%	**18.7%**	10.5%	**18.3%**
Catering/cooking	**25.6%**	**22.2%**	**23.3%**	**18.1%**
Sewing/Clothing	8.6%	9.9%	14.7%	10.8%
Building/construction/ electrical/plumbing	**18.6%**	16.2%	14.7%	10.1%
Computer/IT	11.7%	12.4%	6.8%	9.6%
Steelwork/Welding	3.3%	2.9%	4.5%	4.6%

Source: Survey data, (2012).

5.5.4.6 Small business and entrepreneurial development (Question 39 and 40)

On the question if anyone in the household wants to open a small business in the area, 56.2% of all households indicated that they would like to open a small business, while 34.2% of all households indicated that they would not like to open a small business. A total of 9.6% of households were uncertain. Figure 5.9 is a summary of entrepreneurial interest per municipal area. The Ngwathe area has the highest level of entrepreneurial interest at 72.8% of households wanting to open a business, while the Metsimaholo area has the lowest at 45.7%.

Figure 5.9: Entrepreneurial interest per municipal area



Source: Survey data, (2012).

The types of business that households want to start are listed below in table 5.55.

Table 5.55: The type of business local households wants to open

Type of business	% of households
Farming/gardening	12.5%
Retail/selling	37.0%
Catering/cooking	20.0%
Sewing/clothing	9.6%
Building/Construction/Electrical/plumbing	13.2%
Computing/IT	5.3%
Steelwork/Welding	2.4%

Source: Survey data, (2012).

5.6 MUNICIPAL LED AND SPATIAL PLANNING POLICIES ANALYSED

In this section, the municipal LED and spatial planning policies for the five municipal entities will be analysed. The policies will be analysed per municipal area. However, before looking at the individual municipal policies, the National Spatial Development Perspective (NSDP) and its impact on the study area, will be analysed. As stated in Chapter 4, in South Africa spatial planning is controlled by the National Spatial Development Respective (NSDP) policy and the Development Facilitation Act (DFA) of 1996. The NSDP requires the identification of areas of economic potential and areas in need of development and revitalization. It is about spatial choices of areas with potential and decline. The policy requires government to identify comparative advantages of localities in terms of infrastructure and development potential. The approach of the NSDP is to focus the bulk of government investment in areas with development potential. Areas with limited potential for development should concentrate on social investment such as skills development and community facilities. The NSDP aims to guide spatial prioritization on a national, provincial and local level. The NSDP lists six categories of development potential as listed below in Table 5.56:

Table 5.56: NSDP Categories of Potential from a Spatial Perspective

Category	Measurement	Indicators
1. Innovation and experimentation	Research, development and new technology	Relevant case studies and examples of innovation, capacity for research
2. Level of production of high value and diversified goods and services	GVA in specific sub-sectors and employment possibilities.	Level of GVA fuel, rubber, electronics, exports, employment
3. Labour intensive mass production of goods	Large unskilled labour pool, close to cheap transport links.	Such as mining, agriculture, manufacturing

Category	Measurement	Indicators
4. Public services and administration	Public management for institutional arrangement of production, consumption. Also health, welfare and education.	Level of municipal management. Level of institutional capacity. Level of community services.
5. Retail and services	Strong retail and services industry. Large markets with high income households.	High level of retail and services industry. Employment in retail and services. Income levels above average.
6. Tourism	Eco-scenery, culture, entertainment, good access rates, high quality facilities.	Number of tourism establishments. Number of people employed. Contribution of tourism.

Source: The Presidency, (2003).

If the NSDP categories are applied to the study area, the development potential is as follows as listed in Table 5.57 below:

Table 5.57: Local development potential in terms of the NSDP

Development potential	Moqhaka LM	Ngwathe LM	Metsimaholo LM	Mafube LM
1. Innovation and experimentation	Above average (Kroonstad and Viljoenskroon)	Below average (Parys high level)	High (Sasolburg)	Low (all areas)
2. High value diversified production	Low (all areas)	Low (all areas)	High (Sasolburg)	Low (all areas)
3. Labour intensive mass production	High (Kroonstad and Viljoenskroon)	Below average. Heilbron above average.	Above average (Sasolburg)	Low (all areas)
4. Public service and administration	Below average	Below average	Below average (all areas)	Below average (all areas)
5. Retail and services	Above average (Kroonstad)	Above average (Parys)	High (Sasolburg)	Below average (all areas)
6. Tourism	Above average (Viljoenskroon)	Above average	High (Sasolburg)	Below average (Frankfort above average)

Source: The Presidency, (2003) and Free State Government, (2006).

Table 5.58 below is an analysis of development needs in the study area as listed in the NSDP and FSGDS.

Table 5.58: Development needs in terms of the NSDP and FSGDS in 2006

Need	Moqhaka LM	Ngwathe LM	Metsimaholo LM	Mafube LM
Disability occurrence	Above average (Kroonstad high)	Above average	Below average	Below average
People without schooling	Below average (Steynsrus above average)	Below average	Below average (Edenville high)	Above average
Households in shacks	Low (Kroonstad high)	Below average (Parys above average)	High (Zamdela very high)	Below average
Unemployment	Below average	Above average	Below average	Below average
Low income	Above average	Above average	Below average	Below average
Poor sanitation	Below average	Below average (Parys above average)	Above average	Above average
Poor clean water	Above average	Low	Above average	Above average
Average rating of development needs	Above average (Kroonstad High)	Above average	Above average	Below average

Source: The Presidency, (2003) and Free State Government, (2006).

COGTA did a local municipal classification in 2010 in order to ascertain which municipalities in South Africa were the most vulnerable and in need of assistance and intervention from national government. The municipalities in the study area were also assessed and Table 5.59 below is a summary of the findings (COGTA, 2010b:65-75). Please also refer to Table 4.11 in Chapter 4 for more detail regarding classification categories.

Table 5.59: Study area (northern Free State) classification summary

Municipal area	Classification	Number of house holds	% with no access to water	% with no access to sewer	% with no access to electricity	% with no access to refuse removal	% of households in informal dwelling
Fezile Dabi DM	C1						
Metsimaholo LM	B2	37 321	0.2	11.5	26.6	4.2	19.5
Mafube LM	B3	14 006	2.0	10.6	54.4	14.9	28.5
Moqhaka LM	B2	64 899	0.1	7.4	24.9	9.3	46.5
Ngwathe LM	B3	32 874	1.0	22.2	20.3	14.2	21.6

Source: COGTA, (2010b:65-75).

In terms of the above analysis, water services are well provided for in the area. Access to sewer needs improvement especially in Ngwathe LM. Access to electricity is limited and needs improvement especially in the Mafube LM. Refuse removal is generally provided by is lacking in the two areas of Mafube LM and Ngwathe LM. A large percentage of households still reside in informal dwellings in all four municipal areas. Housing projects must play a major role in a LED and basic need programme in the region.

5.6.1 Fezile Dabi District Municipality

The following broad objectives are listed in the 2011/2012 IDP of the regional municipality (Fezile Dabi District Municipality, 2012:21):

- Municipal transformation and institutional development.
- Financial viability and financial management.
- Basic service delivery and infrastructure investment.
- LED planning and implementation.
- Good governance and community participation.

From these objectives, LED is one of the main objectives for the district municipality. The current district wide LED strategies are however outdated and not implementable. LED proposals and strategies are guided by the spatial environment of an area. For that reason, the Municipal Systems Act of 2000 compels all municipalities to compile Spatial Development Frameworks (SDFs) as part of the integrated development planning (IDP) process. Spatial planning has the aim to ensure that land uses are developed in such a way to optimize inter-linkages and land uses. Spatial planning is used as a tool to ensure optimal local economic development by creation of an integrated, interlinked economic and physical environment (Fezile Dabi DM, 2012:22).

The 2011/2012 SDF (Fezile Dabi District Municipality, 2011: 4), lists the role of the district SDF as a coordinating tool which provides principles for future development. The SDF also serves as a forward looking planning tool to guide land uses within a spatial environment to guide development. The SDF also prioritizes areas for public and private investment.

The district has a number of development opportunities. The main opportunities include important tourism features such as the Vredefort Dome, the Vaal River and Vaal Dam, large portions of high to medium potential agricultural land, good accessibility through a network of national and provincial roads, and some mineral resources such as coal, diamonds, granite and gold deposits. The district is located within relative close proximity to the Gauteng province, and industrial development, linked to the strong agricultural sector can lead to new products and markets in the agro-processing sector (Fezile Dabi DM, 2011:43).

Development constraints include a spatial distribution of urban nodes and centres that does not allow for economic linkages within the district and even within municipal areas, high levels of isolation and poor rural communities with limited economic opportunities, large housing backlogs,

poor community facilities, poor condition of local roads and infrastructure which limits development (Fezile Dabi DM, 2011:43).

The district wide SDF lists the following spatial structuring elements namely a hierarchy of nodes, development/activity corridors, mixed use development areas, agricultural focus areas, tourism focus areas and infrastructure investment areas. In terms of a nodal classification, the SDF lists the following urban nodes in the district (Fezile Dabi DM, 2011:18) (see annexure F for a spatial plan for the study area):

- **1st order nodes:** Kroonstad/Moakeng (Moqhaka LM) and Sasolburg/Zamdela (Metsimaholo LM). Both areas are economic nodes with specialization. Kroonstad is also seen as a major agricultural service centre in the central Free State.
- **2nd order nodes:** Frankfort/Namahadi (Mafube LM) is a tourism, agro-processing and agricultural node, Parys/Tumahole (Ngwathe LM) is a tourism and agricultural node, and Heilbron/Phiritona (Ngwathe LM) is a agro-processing and agricultural node.
- **3rd order nodes:** Viljoenskroon/Rammulotsi focus on agro-processing, specialized manufacturing, mining and agriculture (Moqhaka LM), Steynsrus/Matlwangtlwang focus on agriculture (Moqhaka LM), Deneysville/Refengkgotso focus on tourism and community facilities (Metsimaholo LM), Oranjeville/Metsimaholo focus on tourism and agriculture (Metsimaholo LM), Vredefort/Makwallo focus on agro-processing and agriculture (Ngwathe LM), Edenville/Ngwathe focus on community projects and agriculture (Ngwathe LM), Koppies/Kwawatsi focus on agro-processing and agriculture (Ngwathe LM), Villiers/Qalabotjha focus on tourism, agriculture and warehousing (Mafube LM), Cornelia/Ntswanatsati focus on agriculture and community facilities (Mafube LM) and Tweeling/Mafahlaneng focus on agriculture and community facilities (Mafube LM). Table 5.60 provides a summary of the populations for the main urban centres in the study area.

Table 5.60: Populations for the main towns/centres in the study area in 2011

Town/Centre/Node	Municipal area	Population	Order of node
Kroonstad/Moakeng	Moqhaka LM	94 678	1st order node
Sasolburg/Zamdela	Metsimaholo LM	88 420	1st order node
Parys/Tumahole	Ngwathe LM	45 114	2nd order node
Frankfort/Namahadi	Mafube LM	21 952	2nd order node
Heilbron/Phiritona	Ngwathe LM	26 013	2nd order node
Viljoenskroon/Rammalotsi	Moqhaka LM	33 963	3rd order node
Villiers/Qalabotjha	Mafube LM	20 088	3rd order node
Deneysville/Refengkgotso	Metsimaholo LM	15 363	3rd order node
Oranjeville/Metsimaholo	Metsimaholo LM	3 594	3rd order node

Town/Centre/Node	Municipal area	Population	Order of node
Vredefort/Mokwallo	Ngwathe LM	12 040	3rd order node
Koppies/Kwakwatsie	Ngwathe LM	9 060	3rd order node
Edenville/Ngwathe	Ngwathe LM	9 818	3rd order node
Steynsrus/Matlwagtlwang	Moqhaka LM	7 861	3rd order node

Source: Stats SA, (2012).

The region, with its two primary nodes at Sasolburg, and Kroonstad and secondary nodes at Parys, Frankfort and Heilbron don't allow from an interlinked and integrated economic region. Linkages between nodes are limited, although a strong road network exists. The natural economic activities direction is to the north towards the Gauteng province (Vanderbijl Park, Vereeniging and Johannesburg) and North West province (Potchefstroom and Klerksdorp).

Successful development corridors require a transport route such as a road or rail line linking two dynamic development nodes. Three primary corridors exist in the study area. Firstly, the primary corridor is the N3 freeway corridor which connects Johannesburg with Durban, with a secondary node namely Villiers which is located along this corridor. This strategic locality allows for the potential to extend tourism, agro-processing, manufacturing, transport, logistics and promotion of commercial farming and small scale farming. A mixed use development zone is a real possibility in this area. A second primary corridor is the N1 freeway connecting Gauteng via Bloemfontein with Cape Town. The N1 freeway passes through Kroonstad and allows for development activities such as transport, warehousing, logistics, manufacturing and agro-processing. The last primary corridor is the R59 route which links Alberton, the Vaal Triange, and Sasolburg with Parys, Vredefort, and Viljoenskroon. The route transports economic activities in agriculture, tourism and industry (Fezile Dabi DM, 2011:71).

Secondary development corridors consist of the R34 Route which is a east-west agricultural corridor linking Cornelia, Frankfort, Heilbron, and Kroonstad and the R57 Route which is a north-south corridor linking the Vaal Triange with Sasolburg and Heilbron towards the Eastern Free State.

The district had a LED strategy compiled in 2009 which was very broad in nature with no specific projects for implementation or spatial linkages. The strategy listed eight economic focus areas including: Good governance and creation of an enabling environment, human resource development, industrial development, SMME development, community empowerment and development, rural development, agricultural development and tourism development (Fezile Dabi DM, 2011:55). This outdated strategic will be replaced by a new strategy from this research on the area.

In 2005 an agricultural sectoral plan was completed for the region. The strategic goals of the plan focused on farmer settlement support, household food security, economic sustainable agricultural development, advancement of agro-processing and improved stakeholder relations (Fezile Dabi

DM, 2005a:10). In 2010, the district compiled a follow-up agricultural sectoral development plan to provide detail to the LED sub-strategy as listed above. The plan was again not spatially linked but listed a large number of possible generic projects. Below are a few of the most important projects as listed. Projects included support for commercial and small farmers, development of agricultural infrastructure, agricultural research and market support, establishment of irrigation schemes, establishment of agri-villages in each urban centre, training workshops and seminars, provide mentorship programmes for small scale farmers, etc (Fezile Dabi DM, 2010a:6-25).

5.6.2 Moqhaka local municipality

The municipal area forms the western section of the study area and is long and narrow in shape at approximately 160km in length and 40km in width. This shape does not allow for an economically sustainable and interlinked municipal area. The primary node is the Kroonstad/Moakeng centre which is primarily an agricultural service centre. Industrial development and mining (diamonds) also plays an important role in the local economy. The N1 freeway from Johannesburg to Cape Town bisects the urban area of Kroonstad and the main national rail line passes the urban area. This strategic locality along the N1 freeway allows for economic activities in industry, transport and logistics. Kroonstad has economic linkages mainly to the north towards Sasolburg and Gauteng and south towards Bloemfontein along the N1 corridor.

The Viljoenkroon area is some 60km north of Kroonstad and is a lower order agricultural node. The centre is well linked to the towns of Klerksdorp, Stilfontein and Potchefstroom to the north located in the North West province, with limited economic linkages to the south. Gold and coal mining activities plays an important role in the area currently and future potential in the northern part of the municipal area in close proximity to the Vaal River The Steynsrus agricultural service centre is a low order centre and located 45km south of Kroonstad, with economic linkages with Kroonstad. The municipal area is not known as a primary tourism area. Weekend tourism activities however exist regarding hunting, some holiday resorts and local dams (Fezile Dabi DM, 2011:34).

In the 2010, COGTA (2010b:6) turn-around strategy, challenges in the municipal area were listed as ageing infrastructure and lack of funding for maintenance, lack of technical skilled officials, poor public participation, no PMS, poor relationships between political and administrative leaders, poor financial management systems, and lack of LED strategy and LED unit. Solutions to improve the situation include MIG funding, deployment of technical support by DBSA, finalise a public participation policy, national assistance with financial management, and COGTA must assist with the establishment of a LED unit (COGTA, 2010b:11).

In terms of the 2011/2012 IDP, the LED priorities are tourism development, agriculture, mining, manufacturing and commercial transport. Poverty alleviation strategies include food gardens, SMME development and support and cooperatives (Moqhaka LM, 2010a: 35). The LED objectives for the area are active farming development projects including agro-processing projects, development of SMME's and entrepreneurs, promotion of industrial development, tourism development, poverty alleviation projects, mining development, and food security schemes

(Moqhaka LM, 2010a:150). The key strategies included in the LED strategy are spatial integration strategies, infrastructure development, institutional structures, strengthening of the local economic base, SMME's support and development, improve the business environment and improved quality of life (Moqhaka LM, 2010a:58).

The local SDF for the municipal area lists four spatial intervention categories namely housing focus areas, business nodes, industrial focus areas and other development focus areas. Housing development is focused in the Kroonstad area with densification plans and new housing development in the Rammulotsi area. Business node extension is proposed in the Kroonstad CBD, Rammulotsi, and Steynsrus CBD. Industrial development nodes are listed for Kroonstad, including a bio-fuel generator, and extended mining activities in the municipal area (Moqhaka LM, 2010b:30). The LED strategy actively attempt to integrate LED and SDF aspects such as a focus on nodes and corridors regarding public and private investment.

5.6.3 Mafube local municipality

The municipal area forms the eastern part of the region. The municipal area has a rectangular share and is approximately 80km in width and 60km in length. The main urban agricultural service centre is Frankfort/Namahadi area which is centrally located in the municipal area. Frankfort is located 80km from Sasolburg and 130km from Kroonstad, indicating its isolation from the other two main urban centres. Frankfort is the main agricultural service centre in the municipal area and has the potential to be a tourism node with the Wilge River running past the town. The area is also focused on agro-processing industries linked to the agricultural sector.

The Villiers/Qalabotjha node is a secondary node of importance in the area and located 120km from Johannesburg, 80km from Sasolburg and 30km from Frankfort. Villiers, located along the Vaal River and adjacent to the N3 freeway, is strategically located between Gauteng and Durban. The Villiers node is an important agricultural centre from where products are distributed and exported. Industrial, transport and logistics could also have potential in the area. The economic linkages between Villiers and Frankfort are limited. Other minor centres include Tweeling/Mafahlaeneng some 40km south of Frankfort which acts as an agricultural service centre and Cornelia/Ntswanatsatsi, some 40km east of Frankfort and 32km from Villiers, which is also an agricultural service centre. The area has strong tourism potential with the Vaal River and Wilge River in the area (Fezile Dabi DM, 2011:38).

In the 2010 COGTA (2010b:11) turnaround strategy the following challenges were listed for the municipal area namely poor maintenance of roads and infrastructure, lack of housing data base and housing development, poor management system for CDW's in the area, high turn-over levels of staff, poor financial management, and lack of an LED unit with development strategies. Solutions are listed as support by DBSA and MIG funding to development infrastructure, funding to support ward committees and CDW's, assist municipality with salary packages for top employees, national government assistance with improved financial control, COGTA to assist with set-up of LED unit (COGTA, 2010b:16).

The Mafube LED strategy was compiled in 2012 (Mafube LM, 2012a:93). The main strategies are listed below in table 5.61.

Table 5.61: Main LED strategies at Mafube Local Municipality

Strategies	Sub-strategies
Pro-growth and development initiatives (formal economic sector)	Export advice, product development, investment attraction and retention, infrastructure development, skills development and marketing.
Pro-poor and empowerment initiatives (informal economy)	Food security, support rural communities, arts and crafts, co-operatives, EPWP projects, agriculture, SMME development, skills development.
Tourism and creative industries	Labour intensive industry, cultural activities,

Source: Mafube LM (2012a: 59-138) and Mafube LM (2007:14).

The Mafube SDF of 2012 (Mafube LM, 2012b:35) also identified the three nodes with Frankfort/Namahadi as the primary node. Economic activity corridors are proposed at the Villiers node along the N3 freeway and the link road between Villiers and Frankfort.

5.6.4 Metsimaholo local municipality

This municipal area forms the central northern part of the region. The municipal area has a compact shape which is only approximately 40km in width and 60km in length. The municipal area is located adjacent the Gauteng Province and is an integral part of the Vaal Triangle region including Vanderbijl Park and Vereeniging. The primary node in the region, Sasolburg/Zamdela, is also the primary urban node in the Metsimaholo municipal area. The node is globally known and recognised for the existence of the Sasol Industries, which play a major role in the development of the area.

The two other minor urban nodes are Deneysville/Refengkgotso, which is located some 35 km from Sasolburg and is known as a small harbour town on the Vaal Dam, and Oranjeville/Metsimaholo area which is located 55km from Sasolburg as a agriculture centre also adjacent to the Vaal Dam. Both areas are development as potential tourism destinations, close to Gauteng (Fezile Dabi DM, 2011:37).

In the 2010 COGTA (2010b:25) turnaround strategy the following challenges were listed for the municipal area namely poor maintenance of roads and infrastructure, no services master plans, lack of housing data base and housing development, poor management system for CDW's and ward committees in the area, high turn-over levels of staff, poor functionality of portfolio committees, poor financial management, lack of planning data and lack of an LED unit with development strategies. Solutions are listed as support by DBSA and MIG funding to development infrastructure, funding to support ward committees and CDW's, assist municipality with salary

packages for top employees, national government assistance with improved financial control, and COGTA to assist with the set-up of the LED unit (COGTA, 2010b:28).

The latest LED strategy was compiled in 2011 for the municipal area. The strategy lacked the inclusion of relevant socio-economic data. The various sub-strategies were also vague and could not be converted to implementable projects. The municipality has already identified this shortcoming and has appointed consultants to update the strategy to make it a workable document which could be implemented. The 2011 LED strategy identifies six general LED themes which needs to be focused on namely increased investment, creating clusters, promote entrepreneurship, sector development, neighbourhood renewal, and marketing of the area (Metsimaholo LM, 2011a:6). The strategy continues on the general trend by the listing of three programme areas as listed below (Metsimaholo LM, 2011a:9-15):

- Programme area 1: Business competitiveness.
- Programme area 2: Skills and human development.
- Programme area 3: Community economic regeneration.

The above-listed LED strategy has limited spatial content and linkage to the local SDF, while the SDF has limited economic linkages. The two strategies could be more integrated from improved success regarding implementation. The SDF identified spatial form guiding elements which included the following aspects namely: an urban edge which limits urban sprawl, residential densification, social housing areas, community activity nodes, industrial development growth nodes and open space priority areas (Metsimaholo LM, 2011b:93).

5.6.5 Ngwathe local municipality

The municipal area forms the central part of the region. The municipal area has a square shape and is approximately 120km long and 100km wide. The main node of the municipal area is the Parys/Tumahole urban area, which is located to the extreme north of the municipal area adjacent to the Vaal River. This main centre is isolated from the rest of the smaller urban centres in the municipal area such as Koppies, Heilbron and Edenville, with only Vredefort, an agricultural service centre in close proximity. Parys has high levels of tourism development and potential. Parys is also located close to Sasolburg via the R59 route to the east and Potchefstroom to the north (Fezile Dabi DM, 2011:35; Ngwathe LM, 2011:23).

The Heilbron area is a minor urban area located 50km south of Sasolburg, with a main rail line connecting the area to the north. Heilbron is an agro-processing hub with industries link to the agricultural sector located in the area such as Clover and Simba. Koppies is a minor agricultural node with irrigation schemes, is located in the central areas of the municipal area halfway between Sasolburg to the north and Kroonstad to the south. The main rail line from Gauteng runs through the Koppies area. The Koppies area with Koppies Dam nature reserve and battlefields attractions in the area, has recently being able to attract visitors. Edenville is an isolated rural

service centre in the southern part of the municipal area some 42km to the east of Kroonstad (Fezile Dabi DM, 2011:35; Ngwathe LM, 2011:25).

The municipal area has important tourism features such as the town of Parys with the Vaal River, the Vredefort Dome area of natural beauty, and battlefields sites. Mining potential exists regarding diamonds, coal and granite.

In the 2010 COGTA (2010b:17) turnaround strategy the following challenges were listed for the municipal area namely poor maintenance of roads and infrastructure, n services master plans, lack of housing data base and housing development, poor management system for CDW's and ward committees in the area, high turn-over levels of staff, poor functionality of portfolio committees, poor financial management, lack of planning data and lack of an LED unit with development strategies. Solutions are listed as support by DBSA and MIG funding to development infrastructure, funding to support ward committees and CDW's, assist municipality with salary packages for top employees, national government assistance with improved financial control, and COGTA to assist with the set-up of the LED unit (COGTA, 2010b:22).

The 2007 LED strategy listed the following key LED interventions as building of the institutional capacity in the LED unit, job creation through infrastructure development, inclusion of the disadvantaged communities in the local economy, creation of an enabling local economic environment, investment and promotion of tourism and heritage development, skills development and assistance to SMME's. Economic sectors of importance are listed as manufacturing, mining, construction, tourism, agriculture and SMME development (Ngwathe LM, 2007:45).

5.7 RURAL DEVELOPMENT STRATEGY FOR THE NORTHERN FREE STATE (FEZILE DABI DISTRICT MUNICIPALITY)

5.7.1 Introduction

In this section, a rural development strategy is presented for the study area. Aspects that will be taken into account in addition to the preceding sections which also forms part of a comprehensive strategy include spatial considerations, vision and approaches, roles and responsibilities of partners and key officials, strategies and projects, and monitoring and control. The aim of the rural development strategy is to base economic planning on recent information and strategies and projects need to be implementable.

5.7.2 Spatial Considerations

Rural development proposals and strategies are guided by the spatial environment of the study area. For that reason, the Municipal Systems Act of 2000 compels all municipalities to compile SDF's as part of the IDP process. Spatial planning has the aim to ensure that land uses are developed in such a way to optimize inter-linkages. Spatial planning is used as a tool to ensure optimal local economic development by creation of an integrated, interlinked economic and physical environment. The following principles are listed in Chapter 1 (section 3) of the DFA, is used as the spatial planning principles for the rural development strategy:

- Promotion of integrated development in terms of social, economic, physical and rural and urban areas.
- Ensure the integration and close proximity of places of work and places of living.
- Optimal usage of resources such as agriculture, land, minerals, infrastructure, roads and social facilities.
- Promotion of diversity of land uses.
- Promote the concept of compact urban areas.
- Contribute to the correction of the historically distorted spatial patterns of settlement.
- Encourage environmentally sustainable land development.
- Promote the establishment of viable communities.
- Meet the basic needs of all communities in an affordable and sustainable way.

In terms of a local spatial perspective, a number of spatial nodes have been identified in Section 5.6.1 of this chapter, taking into account the principles of the NSDP and FSGDS as well as the Fezile Dabi District Municipal SDF (2012).

5.7.3 Rural Vision and Approaches

In terms of the 2012/2013 Fezile Dabi District municipal IDP, the municipal vision is as follows: "The municipality strives to be a leading municipality in delivering effective, affordable and sustainable quality services to its communities." Flowing from the overall municipal IDP vision, the following broad objectives are listed in the 2012/2013 IDP (Fezile Dabi DM, 2012):

- Municipal transformation and institutional development.
- Financial viability and financial management.
- Basic service delivery and infrastructure investment.
- LED and rural development.
- Good governance and community participation.

From these objectives, rural development and LED are some of the key objectives that need further attention. The following rural development vision is proposed for the region:

"To provide an enabling rural economic environment in the region by providing support and co-ordination in the promotion of local knowledge, social development, skills development, participation and partnerships for a resilient and sustainable local economy, focussed on local resources and assets."

The following approaches and principles should form the basis for the regional rural development strategies:

- A balance must be achieved between "pro-poor" and "pro-growth" initiatives.

- The implementation of strategies must lead to improvement in quality of life for all, especially the poor.
- The strategies must alleviate poverty and a total onslaught on poverty is required, focussing on all the components of poverty.
- Poverty should be reduced by means of business development, SMME support and providing a safety net for the poor by means of a basic needs approach. Entrepreneurial development will eventually lead to the creation of jobs, which is the ultimate goal of the rural development strategy.
- The strategy must focus on the economic, physical and social components of the local environment.
- Local uniqueness, knowledge and resources must be optimized.
- The creation and improvement of diversity, stability, sustainability, specialist clusters and partnerships are of key importance.
- The strategies need to be implemented by means of projects, which in turn must be implementable, with clearly defined and measurable deliverables. The projects must be outcome-based.
- Projects and programmes must have short, medium and long term outcomes, but short term "quick wins" are of key importance to create interest, support and confidence in the process. Short term successes must be marketed.
- Rural development implementation success rests heavily on "local champions". "Local champions" could include local politicians, local officials, local business people and local community members.
- Local competitive advantages must be optimized.

5.7.4 Rural development pillars

In line with relevant national, provincial and local policy considerations, the following are the proposed pillars of the regional rural development strategy:

- Regional economic, spatial and social integration;
- Ensure an enabling economic environment exists for a thriving private sector with the aim of job creation;
- Skills development directed to support the local economy;
- Rural and agricultural development;
- Infrastructure for economic opportunities;
- Good governance; and

- Provision of basic needs to all communities.

5.7.5 The roles and responsibilities

In terms of the rural development strategy the following roles and responsibilities are allocated. National and Provincial Government needs to provide strategic leadership; provide broad policy guidelines; create conducive and supportive environment for implementation; ensure multi-sectoral engagement; develop incentives; improve local skills and capacity; and monitor and evaluate performance.

The Fezile Dabi District Municipality has the following roles to play within the region regarding the rural development strategy:

- The **co-ordination** of economic strategies and actions within the region.
- **Support** local municipalities in terms of skills training and capacity building.
- **Facilitation** of orderly development of the region in line within spatial planning and environmental principles.
- Formulate **policies and implementation plans** to stimulate economic development.
- Act as a **developer** if a gap is left by local business regarding economic opportunities.
- Ongoing **research and analysis** of local economic conditions and providing local municipalities and local business with recent data for effective planning and adaption and amendment of plans.
- Regional wide **strategic planning** in terms of institutions, services and investment planning.
- Create an **enabling environment** for economic development.
- Ensure a single **vision with cohesion** between all stakeholders, including the private sector.

The four local municipalities need to play a more involved role in the rural development strategy. The municipalities need to facilitate, and coordinate the implementation of the strategies. In some instances the municipalities also need to provide incentives for development and act as a developer.

The local business communities need to commit to the implementation of strategies in partnership with government and participate in institutions and activities in implementation. Local communities can participate in institution structures and assist in the formulation and implementation of community projects.

5.7.6 Key developmental partners and officials (implementation agents)

The successful implementation of an LED plan is dependent on co-operation between all spheres of government, the private sector and communities. The following developmental partners are listed in no particular order:

- Local business chambers in all four local municipal areas;

- Department of Trade and Industry (DTI);
- Industrial Development Corporation (IDC). The IDC focus on assistance and support in agro-industries, chemical products, green industries, health care, ICT, metal, transport, machinery, mining, logistics, textiles, clothing, tourism and venture capital;
- Independent Development Trust (IDT);
- Fezile Dabi Development Agency (FDDA).
- SEDA;
- Free State Development Corporation (FDC);
- Afrikaanse Handelsinstituut (AHI);
- NAFCOC;
- SAFCOC;
- Rand Water Foundation;
- SALGA;
- DBSA;
- NDA;
- SASOL (Chem-City);
- De Beers – Voorspoed Mines;
- All applicable National and Provincial Departments;
- All municipal departments;
- All others stakeholders not listed above.

Rural development is "everybody's business", including all levels of government, the local communities and business people, as it is a cross-cutting issue. The following municipal officials are vital in the implementation of rural development:

- District Municipality: The Mayor, Speaker, all councillors on the LED portfolio committee, Ward Councillors, and LED unit officials led by the relevant LED manager. All departmental managers also need to link projects to LED. CDW's are also of key importance in the implementation of LED. The proposed development agency will also play a key role in implementation of the LED plan.
- Local Municipalities: The Mayor, Speaker, all councillors on the LED portfolio committee, Ward Councillors, LED unit officials led by the relevant LED manager. All departmental managers need to link projects to LED. CDW's are of key importance in the implementation of LED.

5.7.7 Strategies and Projects

Based on the national and provincial policies and key priorities, the district wide rural development strategies have been formulated. It is the view point of the researcher that being in line with national and provincial policies, would assist the region in obtaining support for its strategy and securing funding for project implementation. Strategies and resulting projects as listed below must lead to job creation and improvement of quality of life as a safety net to the poor (basic needs, subsidies and community projects). The projects should also focus on local assets such as:

- Natural assets: including agriculture, rivers and dams, minerals, natural beauty and specifically the Vredefort Dome.
- Strategic assets: Focus on strategic locality, infrastructure and the LED Strategy by stopping economic leakages.
- People assets: provision of improved skills and linkage to poor areas.

The strategies are listed as follows.

Strategy 1: Improve and strengthen institutional structures and arrangements

Contextual statement: Successful rural development strategies and implementation is dependent on efficient co-operation between the partners in the local regional economic environment namely the public sector, private sector and local communities. This strategy has the aim to ensure functional institutional structures at all levels within the local environment, internally and externally. Local leadership in rural development is important with good relations between officials and councillors. The local LED units must be the drivers of rural development and therefore the local “champions”, with support from senior management and councillors. Municipalities must ensure high quality and intensive participation from local communities and local business. The principles of good governance need to be adhered to such as transparency and accountability. Housing provision is seen as a major catalyst for rural development. Housing projects must lead to economic opportunities and upliftment. Partnership creation is important for regional unity and cohesion. Collaborations between government and private sector must be achieved which could lead to better understanding of needs and better responsiveness by government.

Sub-strategy 1.1: Strengthening and improvement of internal institutional structures and arrangements:

- Establishing LED units at all local municipalities in the region in terms of capacity, skills and position in the municipal structure. LED units need to have a manager with at least 3 LED officers with skills in LED, tourism and agriculture. Skills training are required for all LED officials in rural development and LED. The LED units need to be located “close” to the municipal manager in terms of the organigram and physical locality. This will allow for LED “authority” and improved monitoring and controlling. Such locality will allow cross-

departmental rural development and LED implementation. LED is “everybody’s business”, not only that of the local LED unit.

- Introductory LED skills training for all councillors and senior officials to create improved awareness are proposed.
- Community Development Workers (CDWs) are a key component of rural development implementation. Such officials need to be more involved in the LED units and need specialized training.
- Ward committees, in conjunction with CDWs need to be fully operational and have to be trained in the basic concepts of rural development and LED.
- Municipal LED portfolio committees need to be fully functional with regular meetings, driven by the LED unit.
- Rural economic development support units need to be established at all municipalities to assist local communities and businesses with info, research (nich markets, export advice) and support regarding opportunities and access to finance.
- The establishment of an integrative workgroup between the LED unit, housing unit and the town planning section. Spatial planning initiatives such as the SDF need to be part of implementation. This will ensure focused development nodes in the region.
- District LED forum: Such structure needs to have regular meetings to consider all rural development and LED related issues within the district.
- Fezile Dabi District Economic Development Agency (FDDA): The agency needs to be fully operational at the end of 2013.
- Relaxation of development control regulations to allow SMME’s, to develop must be implemented.
- A procurement and tender support process must be formulated to ensure that local businesses benefit.
- All government related programmes in rural development and LED must be analysed and maximized at a local level.
- Set-up co-ordination structures to ensure integrated economic and spatial planning with other district municipalities and local municipalities.

Sub-strategy 1.2: Marketing and investment plan:

- The compilation of marketing plans for each of the local municipalities, as no such plans exist.
- Focus on competitive advantages (agriculture, mining, manufacturing and tourism) to attract, remain and expand businesses.
- Formulation of incentives regarding land, tax rebates, etc linked to IDZs.

- Annual “early warning system” (EWS) surveys to determine the needs of local businesses.

Sub-strategy 1.3: Improvement and strengthening of external business structures:

- Support existing business chambers in the area.
- Facilitate the establishment of a community organizations forum for the region, including all NGO’s in order to support community projects.

Sub-strategy 1.4: Partnership formation and co-operation:

- Complete an EWS annually.
- Identify key businesses and do a road show to improve relations.
- Identify key private sector role players for large scale project based projects such as Sasol and De Beers.
- Include formal and informal businesses in the regional rural development and LED forum.
- Arrange regular business engagement events.

Sub-Strategy 1.5: Support local rural small towns:

- Such rural towns include Koppies, Heilbron, Steynsrus, Viljoenskroon, Deneysville, Edenville, Cornelia, Tweeling, Frankfort and Vredefort with the provision of infrastructure and community facilities.
- Involve the relevant government departments.

Strategy 2: Support and strengthen the agricultural sector

Contextual Statement: The agricultural sector is one of the primary sectors of the region which has shown a steady decline in its formal labour force, down from 19,879 jobs (2000) to a total of 14,750 jobs in 2010. This constitutes a decrease of 25.8% in the last decade in this geographical area where total job demand is highly affected by agricultural activities. This is supported by the data that indicates that value added activities within the agricultural sector, which are vital for accelerated economic development, have declined from 4.8% in 2000 to 4.3% in 2010. Agricultural export values for the region have shown a massive decline of 73.89% from 2006 to 2010. From the above data, the region’s agricultural sector is declining at a fast rate and it is therefore imperative to support and re-establish the agricultural sector in the region. This is especially important in the Mafube LM and Ngwathe LM areas, which show the highest potential for agricultural competitive advantages, with location quotients at 4.36 and 7.58 respectively, support are needed. The following strategies are proposed to achieve this strategic objective.

Sub-Strategy 2.1: Establish an agri-business incubator (Agri Support Centre) in the Mafube LM (Frankfort) and Ngwathe LM (Parys) areas respectively:

- Initiate a skills development plan to transfer the required knowledge to emerging and established farmers.

- Initiate a research program with free-of-charge annual information outputs that will inform prospective or established farmers on agricultural specific matters to improve and strengthen their farming operation.
- Develop detailed agricultural sector plans for each respective functional agricultural region.
- Provide mentoring and coaching programs to relevant emerging farmers by local experienced commercial farmers, as well as external service providers.
- Assist and facilitate in the sourcing and the availability of funding for farming equipment and other resources required to operationalize a farming setup.
- Facilitate effective communication and networking with relevant farming suppliers and potential customers, as well as among farmers, to create a support structure within their farming community.
- Develop and support current emerging farmers to enable them to increase their operational output to increase labour force demand.
- Develop and support urban agricultural activities such as food gardens.

Sub-Strategy 2.2: Construct, maintain and improve key agricultural related infrastructure:

- Ensure that the transport infrastructure in the region is adequate.
- Provide easy access to an offset area (market) to enable farmers to sell their goods in their local community.
- Ensure that relevant infrastructure is available to other important sectors that support the agricultural sector such as agro-industries.
- Ensure that efficient/effective Information and Communication Technology (ICT) is available throughout the region at affordable pricing.
- Ensure that crime, especially livestock theft, is combated at all levels with special task teams being established to protect farmers and their operations.
- Ensure that the required infrastructure is available and in good condition to facilitate and promote irrigation of agricultural land, especially in the Ngwathe LM and Mafube LM regions.

Sub-Strategy 2.3: Improve the utilization of agricultural land use:

- Research all the different types of agricultural land (i.e. soil potential) in the region to understand and facilitate the highest potential output that will yield the highest return on a piece of land, via a specific agricultural operation.
- Advising, facilitating and supporting emerging and commercial farmers in operationalizing farming activities that will complement the agricultural land characteristics of a region to ensure its increased utilization.

Sub-Strategy 2.4: Accelerate the implementation of land reform:

- Develop and implement a land reform strategy for the region to facilitate ownership transfer of land to sustainable beneficiary farming operations.
- Create awareness among specific target groups, especially black youth, to choose the agricultural sector as a possible career opportunity with support from an agri-business incubator in a specific area.
- Conduct a survey on the level of Agri-BEE and land reform compliance.

Sub-Strategy 2.5: Develop and improve on value adding processes:

- Identify and create a demand (a market within the region) for local consumption for agricultural outputs that could be processed into down-stream products for the region and for export.
- Facilitate the research and implementation of local demand driven operational agro-business processes that can deliver export (to other regions in South-Africa) products at prices that can compete with globalization.

Strategy 3: Ensure optimal linkages and support to the mining sector

Contextual statement: The region has a latent potential to increase economic activities relating to mining activities. Such activities could be found in new mining opportunities, value added processes, improved export opportunities and "down-stream" linkage activities. The locational quotient regarding the mining sector is positive for the total region with the Moqhaka area having the highest potential. The De Beers Voorspoed mine is located close to Kroonstad.

Sub-strategy 3.1: Improve linkages to existing mines:

- Focus on job creation projects in the local area as part of corporate social responsibility by mining companies.
- Maximize down-stream and value added economic activities linking SMME's to the mines.
- Ensure that bulk infrastructure is shared with mining needs, and such infrastructure is creating economic activities such as access roads and electrification projects.
- Investigate possibility of mining tourism at existing mines.
- Ensure social labour plans are implemented and aligned with the rural development strategy for all mines and large companies.

Sub-strategy 3.2: Analysis of potential of new mining activities:

- Investigate the possibility of additional new mining activities in collaboration with local communities, applicable government departments and with existing mining companies regarding possible diamond mining and coal mining in the region.

Strategy 4: Support and strengthen the manufacturing sector:

Contextual statement: Manufacturing is one of the dominant industries within the region with major formal manufacturing taking place in Sasolburg and Kroonstad. The Metsimaholo area has a greater competitive advantage than the national average, with a location quotient of 3.31 as opposed to 2.10 for the total region. As this industry is well established, the focus should be on providing support and promoting the development of downstream industries and diversification. As agriculture is another dominant sector within the region, there is a significant need for enhancement of the agro-processing industry in especially Frankfort and Parys. Agro-processing involves any action taken by manufacturing activities to convert primary agricultural products (raw products) into consumable commodities (value added products). Lastly, enhancing the skills levels of local communities would expand the human capital base for local industries and enhance opportunities for job creation.

Sub-strategy 4.1: Fostering an enabling environment for the development of SMMEs:

- Provide incentives to new businesses to locate near major industrial centres in order to establish and populate industrial clusters for the agro-processing and petro-chemical industries (clustering and specialization).
- New industrial parks proposed in Sasolburg, Kroonstad (N1) and Villiers (N3) can facilitate the transition to cluster activities along major national activity corridors and nodes.
- Provision of infrastructure and capacity.

Sub-strategy 4.2: Allocate land and infrastructure to production activities:

- Conduct an investigation into the availability of land, factories and buildings that can be made available for production and economic activities. The possible available land should be land that cannot be used for housing and agriculture due to pollution or other locality factors. Vacant buildings or factories identified should be made available to support industries in either the agro-processing or petro-chemical industries.
- Revitalise existing industries through the improvement of infrastructure, particularly in Parys, Kroonstad, Sasolburg and Villiers.

Sub-strategy 4.3: Research and development to enhance underperforming industries and support productive industries:

- Establish a research centre/group to conduct research in order to identify those industries with the greatest potential for growth and to determine the causes of underdevelopment or stagnant growth in other industries.
- Develop a business retention and attraction strategy (EWS and marketing of existing industries).
- Focus on existing local demand products and services, export focus and niche markets.

Strategy 5: Ensure optimal development of the green economy

Contextual statement: The green economy has at its core strategies and projects that are dedicated to enhancing sustainable development in renewable energy in wind and solar, energy efficiency and conservation by means of technology, products and recycling. An economy that is concerned with environmentally sustainable development and practices that ensure the longevity of its natural resources is defined as a green economy. Projects developed within the scope of a green economy should be aimed at enhancing the living standards of local communities – through the provision of clean drinking water, energy and basic foodstuffs to name a few – and should be rooted in the belief that local communities are responsible for their own conditions and should change any method or practice that jeopardises their surrounding environment.

Sub-strategy 5.1: Reduce energy dependency and institute working for energy programmes:

- Increase access to renewable energy sources in order to reduce the dependence on oil and coal-based sources of energy.
- Develop and implement labour intensive energy related initiatives that use biomass from alien plants.
- Provide communities with solar water heaters to minimise the use of coal and paraffin-based heating systems, and train local people to maintain the systems.
- Investigate the establishment of a local solar factory.

Sub-strategy 5.2: Improved waste management:

- Provide incentives for measures to reduce, recycle and re-use waste material.
- Develop community groups that recycle household waste. These groups can be divided into those that collect plastics, metal and paper, which can be sold to recycling plants (those involved would earn income from the projects) and those that collect household vegetable waste for conversion into compost, which can be used in community food gardens.

Sub-strategy 5.3: Water security and working for water:

- Establish a group of community workers that visits local communities and educates them on the importance of keeping local water sources healthy and pollutant free. These groups should provide education on the effect on the community itself in terms of halting the spread of water-borne diseases and the effect on the environment in terms of preserving soil quality.
- Establish community groups to remove alien trees and manufacture furniture from the timber.

Sub-strategy 5.4: Develop sustainable food sources:

- Empower the communities to produce subsistence food gardens in order to supplement basic food provision and enhance environmentally friendly techniques.

- Establish food gardens (linked to social development) that not only enhance environmental awareness but also provide basic food for communities.

Strategy 6: Accelerated tourism development

Contextual statement: The region is well located with significant natural features allowing for tourism development. Although areas such as Parys are well established tourism areas, huge potential still exists for other areas to benefit from tourism. Natural features such as the Vredefort Dome and the Vaal Dam and Vaal River as well as other dams and rivers and general natural beauty of the rural region, allow for latent potential. Tourism focus areas include Parys and surrounding areas, Sasolburg and surrounding areas, Frankfort and surrounding areas and Kroonstad and surrounding areas. Types of tourism opportunities include small town rural tourism, cultural/historical tourism, eco and adventure tourism, agri-tourism, arts and craft tourism and battlefields tourism.

Sub-strategy 6.1: Improve institutional structure regarding tourism:

- Establishment of a regional tourism forum, linked to the District LED forum, and local business chambers**.**

Sub-strategy 6.2: Extend and improve municipal support to the tourism sector:

- Compile a regional tourism strategy including aspects such as branding, improved signage, tourism website with data base of all facilities, tourism routes, calender of annual events, including agricultural events in collaboration with tourism operators.
- Establish tourism information centres in collaboration with tourism operators and business chambers.
- Provide training to tourism operators and assist with improved grading to tourism operators.
- Establish and strengthen the co-ordination of ensuring a clean Vaal River system with Gauteng Province by means of clean-up operations and monitoring systems.
- Introduce clean-up operations with support from Department of Environmental Affairs including paper clean-up and removal of alien plants and trees (working for water).
- Provide structures to support tourism such as parking, stalls and toilets.

Sub-strategy 6.3: Ensure public tourism facilities are maintained:

- Facilities such as Kroon Park (Kroonstad) , Abrahamsrust (Sasolburg), Civic Centre (Kroonstad), D P de Villiers sport stadium (Sasolburg), Ettiene Roussouw Theatre (Sasolburg) and the Olympic swimming pools (Sasolburg) must be maintained to a high quality and in a sustainable manner.
- Allow corporate business to be involved in the process as partners/sponsors.

Strategy 7: Ensure optimal opportunities for development of the informal sector (second economy)

Contextual Statement: Very limited informal jobs are available in the region and such jobs have increased from 18 477 jobs (2000) to 24,080 in 2010, of which most were added or sustained in the trade sector (14 219 jobs). The Metsihimaholo area was responsible for most new informal jobs over the last decade with the Moqhaka area trailing just behind it. The support and development of the informal sector in all areas should be encouraged, especially in the secondary sector to provide economic opportunities at a lower skills and education level. This strategy will be integrated as part of strategy 8 (SMME development support) referred to as micro enterprise development and support. Possible sub-strategies include:

- Assist with access to finance.
- Provide access to facilities, identify trading areas.
- Formulate supporting policies.
- Provide technical and business skills.
- Set-up small business support centre.
- Encourage and allow home based businesses.
- Promote linkages with formal business.

Strategy 8: Entrepreneurial and SMME development and support

Contextual Statement: Entrepreneurial activity in the region is one of the most important job creation tools available. The municipalities have control over an extensive list of factors they could influence to stimulate increased entrepreneurial activity to accelerate job creation. It is therefore extremely important in a region that a focused effort be placed on the development, support and stimulation on entrepreneurship.

Sub-Strategy 8.1: Establish a business incubator (Business Support Centre) in the Metsimaholo LM (Sasolburg) and Moqhaka LM (Kroonstad) respectively:

- Transfer the relevant skills and educational components to upcoming entrepreneurs to increase their probability of success and to ensure that these businesses increase in size to stimulate job demand.
- Provide mentorship and coaching programs by making use of institutions of higher education, current successful business owners and professional business coaches.
- Facilitate the availability of funding at the various stages of the business life cycle, especially tailored for individuals with no net asset value.
- Construct or provide a facility where entrepreneurs can access tools and equipment i.e. a desk with internet access, copier and fax, other IT equipment, secretarial services, boardroom

accessibility etc., at a subsidized (not for free) cost to assist entrepreneurs in the start-up phase of the business life-cycle.

- Cultivate a culture of entrepreneurial support and motivation among local entrepreneurs to increase their business networking capability and therefore access to business opportunities.
- Facilitate accessibility to specialized professional services at a reasonable cost, for example, legal and audit services.
- Set-up a SMME desk.

Sub-Strategy 8.2: Establish a research and monitoring (EWS) program:

- Facilitate and support continuous research and monitoring in the region, through institutions of higher education, into entrepreneurial activities and the factors/variables that influence business performance in the district. This is crucial information that will be used to increase the probability of success of start-up businesses.
- Train CDWs to play a key role.

Sub-Strategy 8.3: Empower and support black business creation and development:

- Create entrepreneurial awareness among specific target groups, especially black youth, to influence them to consider being an entrepreneur as a possible career option.
- Set-up support to allow home-industries to grow and move to incubator and finally to own business.

Sub-Strategy 8.4: Relaxation of rules and regulations:

- Amend relevant rules and developmental control regulations to facilitate the lowering of entry barriers into a market by start-up entrepreneurs.

Sub-Strategy 8.5: Improve integrated communication:

- Facilitate the creation of a regional business forum that includes all relevant regional bodies to facilitate effective communication and collaborative economic development initiatives.

Sub-Strategy 8.6: Construct, maintain and improve key infrastructure:

- Monitor, construct, improve and maintain key infrastructure required by businesses to support and increase the entrepreneurial activity in the region. This should include, but not be limited to infrastructure in certain corridors where trading has high potential and infrastructure is required by start-up businesses, especially fully equipped sites, at a reasonable rent price.

Sub-Strategy 8.7: Create "buy-local" awareness:

- Create an awareness campaign for the region in which local businesses, especially large enterprises, are sensitized and motivated to procure inputs in their local district.
- Formulate municipal tender support processes to ensure that local businesses benefit.

Strategy 9: Education and Skills Development

Contextual Statement: The Human Development Index (HDI) of the region is generally higher at 0.58 compared to the rest of the province at 0.55, but it is however lower than the HDI of South Africa, which stands at 0.59. The HDI level of the black population (0.50) is still substantially lower than its comparative white population at 0.86, which indicates a close to double quality of life for the white population versus the black population. This inequality needs to be addressed by means of the provision and access of economic opportunities by the intellectual capacitation of individuals primarily through education and skills development. It is imperative that skills development and education be aligned with the needs of the local region to ensure employability of graduates and to satisfy local human resource needs to accelerate economic development of the region. The following sub-strategies are proposed:

- Assess and develop skills development plans for each local municipal area.
- Implement skills development plans in the region with technical skills transfer as a priority.
- Integrate skills development and education into each main strategy of the total LED plan.

Strategy 10: Infrastructure development

Contextual statement: As part of the creation of an enabling economic environment, the provision of physical developmental infrastructure is important. This strategy should focus on hard infrastructure such as roads, electricity networks, water provision, sewer systems, storm-water, and communication infrastructure**.** Infrastructure capacity allows for economic opportunities. The combined infrastructure index of the region is higher than that of the Free State Province, but huge backlogs still exist. This lack of capacity is a stumbling block for economic development. The provision of infrastructure must also be linked to provision of basic services to the poor. The district with its municipalities, don't have integrated engineering master services plans.

Sub-strategy 10.1: Provision of regional infrastructure networks:

- Compilation of services masters plans for the region and municipal areas.
- Prioritization of identified projects which have the largest impact on economic development, job creation and improvement of quality of life.
- Analysis and improvement of ICT in the region to allow better communication.
- Research on provision of best practice rural, "off-the-grid" electrical networks and eventual implementation of such systems in rural areas in need of electricity.

Strategy 11: Provision of basic needs and social development

Contextual statement: By definition, social development describes actions taken to reverse negative social outcomes such as crime, poverty, illiteracy and unsustainable economic growth and development. Social development is essential for the upliftment of local communities as it places people at the centre of development strategies. As such, rural development strategies should be aimed at enhancing the standards of living within the region. In order to identify the

strategies applicable to the region, a “Community Facility Assessment” CFA) must be conducted to determine the needs of the community with regard to healthcare facilities, access to welfare services, access to basic services such as water and sanitation, education facilities (primary, secondary and adult education) and social interaction. The basic needs approach is of key importance and includes aspects such as housing, water, sewer, electricity, clothing, food and education.

Sub-strategy 11.1: Conduct a Community Facility Assessment (CFA):

- A needs analysis must be conducted in order to identify the gaps inherent in the provision of the basic needs of the community. Only once the status of this has been determined can projects tailor-made to the region be identified. These projects will also differ across Mafube, Metsimaholo, Moqhaka and Ngwathe local municipalities, as each region will have a varying degrees of service provision and basic needs.

Sub-strategy 11.2: Improve existing community development projects:

- Identify and improve existing community development projects and involve local CDWs to assist in the development of these projects within all regions.

Sub-strategy 11.3: ECD and adult education facilities:

- Training centres can be established within each municipality in order to provide basic adult literacy and life skills courses or skills training in the dominant economic activity of the region. These workshops/courses can be facilitated by local industries in order to enhance the available skills base for the industry.

Sub-strategy 11.4: Provide community facilities:

- Provide community facilities such as sports and recreational centres, health and education facilities as well as multi-purpose centres and community centres such as town halls.

Sub-strategy 11.5: Develop community urban food gardens:

- These can be established in areas where communities are struggling to obtain basic food. These projects can be linked to enhancing the green economy of the region, as well as community-led development.

General flagship projects

- Entrepreneurial/Incubator skills projects: The project involves a large scale skills development drive to support local business. The ideal would be to establish incubators in every municipal area, but it is proposed to start the pilot project in Metsimaholo and thereafter in Moqhaka. Project partners proposed are the district municipality and local municipality, government funding agencies, corporate business such as Sasol and De Beers and the NWU. Technical and business skills training need to be provided to qualifying beneficiaries. The focus needs to be on the jobless, skill-less youth. A training centre/incubator needs to be established. The project is expected to train at least 100 youths per year.

- Housing skills project: The project has as its aim to utilize affordable housing projects as catalytic projects for LED and skills enhancement. Such projects should be located in all four municipalities. Housing projects should be based on the Peoples Housing Project principles, where local people benefits from housing, skills training and economic opportunities. Partners are the municipalities, Housing Department, and the NWU. The project would have as its aim to build 500 houses per year per municipal area, and ensure linked skills training and economic opportunities in the local areas.

5.7.8 Monitoring and control

Basic indicators to assess progress and success of the rural development plan include the number of people trained per year; the number of jobs, formal and informal, created per year; amount of capital spending on major infrastructure per year; and the provision of basic services to poor communities. The rural development strategy implementation monitoring agents will include the Fezile Dabi LED manager with support from the LED managers of the local municipalities and the NWU LED unit. Quarterly reports will be submitted to the Municipal Manager's offices at all of the local municipalities and district municipality. Such reports will then be presented to the FDDA and other relevant structures.

5.8 CONCLUSIONS

The extensive survey in the poor areas of the region has confirmed the relative high levels of poverty, although the area is better off than the rest of the Free State Province. Basic needs have been well provided for and more than 75% of poor areas have formal housing with ownership and in most cases with services. The provision of community facilities needs improvement, for example, the average walking distance to school for pupils is more than 20 minutes. Average monthly incomes are low with close to 50% of households living below the poverty line. Basic items such as food, clothing, municipal costs, and transport accounts for over 90% of the total expenditure of poor families. More than 50% of households receive income assistance with an average assistance of R721 per month.

Nearly half of all households indicated that they don't receive good quality municipal services. The major problem areas are housing, water, electricity, and health services. Communities are of the opinion that government can do more to create jobs by providing skills training, public works projects and provision of facilities for small business.

Employment levels are low with only 0.68 persons working per household while 50.7% of households have no employed persons. Employment is mostly as domestic workers and in the services sector. Unemployment levels are high and on average every household has 1.12 persons unemployed, looking for work. Skills levels are normal for rural communities and most people have skills in farming/gardening, cooking, retail and building/construction.

A need exists to assist people to open their own businesses. More than 50% of all households indicated that they wanted to open a business. The types of businesses people want to start include retail, catering/cooking, farming/gardening, and construction.

The proposed rural development strategy needs to be implemented by all stakeholders in the region. The success of the strategies will depend on the levels of team work in the region and the number and quality of “local champions”.

In closure, Table 5.62 is a comparison between the national and local level of achievement of the MDG’s applicable and measurable on the municipal level. Although employment levels are higher in the study area if compared to the average for South Africa, income levels and levels of poverty are higher in the study area, especially in the survey area which was done in the mostly poor portion of the rural communities. The Gini-coefficient index and the rate of prevalence of HIV for the study area are at a better level than the country average. The study area is worse off regarding access to services, availability of formal housing, and literacy rates if compared to the country. In terms of GDP per capita, the study area has a nearly twice the GDP per capita if compared to the country, while the Metsimaholo area has four times the GDP per capita if compared to the country. In Chapter 6 the model for rural development strategy formulation will be explained as well as other solutions for successful rural development.

Table 5.62: Level of achievement of MDG's: National versus local

Millennium Development Goals (MDG)	South Africa		Fezile Dabi region (2012 survey data in brackets)				
	2015 target	Current status	Fezile Dabi DM	Mafube LM	Metsimaholo LM	Moqhaka LM	Ngwathe LM
MDG 1: Poverty eradication:							
1.1.% Of population living with an income below $1.25 per day	5.7%	5.0%	33.9% (42.8%)	50.5% (51.3%)	29.6% (38.1%)	28.9% (49.2%)	37.6% (52.3%)
1.2.Unemployment rate	20.0%	25.2%	22.0%	18.2%	18.3%	19.0%	31.9%
1.3.Gini-Coeficient	0.3	0.73	0.63	0.61	0.65	0.60	0.60
MDG 2: Primary education:2.1.Literacy rate in %	100%	89%	74.4%	59.7%	80.8%	77.2%	69.4%
MDG 6: HIV/AIDS6.1.HIV prevalence in %	Less than 15.6%	16.9%	10.8%	11.1%	11.5%	10.5%	10.4%
MDG 7: Environmental quality:							
7.1.% of population with clean piped water	81.0%	91.4%		92.1%	89.3%	94.8%	91.4%
7.2.% of population with connected sanitation	79.2%	72.2%		86.1%	87.5%	86.2%	70.2%
7.3.% of population living in informal housing	0%	13.4%		22.6% (19.8%)	16.9% (20.4%)	27.7% (31.3%)	18.5% (26.3%)
MDG 8: Partnership development:8.1.GDP per capita (Rand)	High growth	49 134	89 512	24 053	203 903	63 807	27 096

Source: Author's own compilation.

CHAPTER 6

RURAL DEVELOPMENT SOLUTIONS

6.1 INTRODUCTION

Rural development and land reform processes are high priority for the South African government with rural towns are seen as important components in the process of regional rural development. Rural towns are vital in creating urban-rural linkages and are seen as regional service centres and regional growth points. This chapter will be divided in three sections. Firstly, the formulation of specific definitions regarding rural development concepts, secondly, the formulation of a rural development model for application in any rural area in South Africa and lastly the listing of a few other solutions to rural development. Rural development is a strategy in support of other strategies such as urbanization, and is seen as an alternative strategy. In the preceding chapters, the analysis shows that the majority of the global and local poor people reside in rural areas. Solutions need to be found and tested in practice on how to improve this situation. It was also clear that rural development processes are complicated and difficult to implement. This chapter and Chapter 7 will attempt to provide some further solutions to the problems of rural development. The northern Free State region was analysed in detail and a rural development strategy was formulated in Chapter 5, which if implemented will result in development in the study area.

6.2 RURAL CONCEPTS DEFINED

In the research field of rural development, no universally accepted definitions exist of what is rural, a rural region, rural development or even what is a rural town. The reasons for this gap in the field of rural development is twofold namely, firstly because of the magnitude of different opinions regarding rural development by specialist researchers and secondly due to the wide ranging global perceptions of what is rural, depending on the spatial and geographical composition of different regions and the relationships between rural and urban areas in a country of region. For example, in South Africa a small rural town could have a maximum population composition of 50 000 people, while a small rural town in India could have a population of 100 000. The term “rural” could be better understood if placed in context with the opposite term to rural namely “urban”. This section will attempt to at least define the aspects of rural development in the South African context.

6.2.1 Characteristics of rural regions, rural towns and nodes

After the analysis contained in the preceding chapters, the following generalized conclusions could be made regarding rural regions and rural towns. A rural region is mostly involved in the agricultural sector, which sector dominates the local regional economy. The agricultural sector is supported by non-agricultural sectors such as manufacturing and tourism. The rural “deepness” determines the level of dominance of the agricultural sector in the region. The more rural a region,

the more dominant is the agricultural sector and vice versa. A rural region's economy is usually specialized with only a few economic sectors with limited diversification. Rural regions have limited agglomeration advantages, limited economic activities, relatively small businesses with a limited local market, resulting in low demand for locally produced products. Rural regions are characterized by high levels of unemployment, and low levels of productivity especially in the dominating agricultural sector. High levels of poverty with relatively low income levels exist. Productivity is generally low due to low levels of technology and innovation and low skills levels.

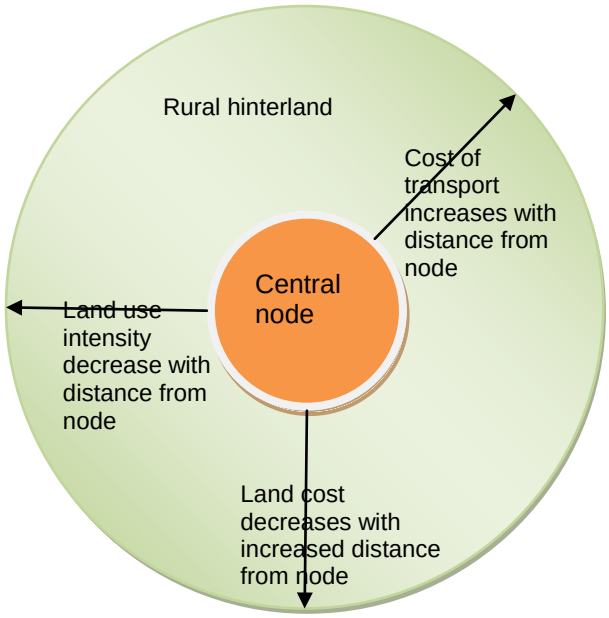
Local resources, which could include natural resources and human resources are limited and in most cases underutilized. Rural regions have homogeneous populations with low densities and low growth rates due to migration to large urban centres, especially by the youth section of the rural population. Rural areas have generally strong direct and personal relationship within communities if compared to large urban areas. A sense of belonging to a community exists with high levels of social cohesion.

Rural areas also usually lacks basic "hard" and "soft" infrastructure with huge infrastructural backlogs. Rural local governments, due to limited skills capacity and funding, struggle to maintain existing infrastructure. This is accompanied by poorly resourced rural local government leading to poor land use planning and management. Land is usually available for most land uses and relatively affordable. Rural regions, depending on the size of a region, have long distances between nodes and places of living and work. This results in high transport costs with limited transport routes and modes. Rural towns have specific roles to play in rural regions such as administrative, and service delivery functions. Other functions for rural towns include economic functions such as it services as a local market for disposal of local and regional products.

6.2.2 Proposed definitions

The process of formulating rural definitions is difficult due to the various levels or categories of rural that exist locally and globally. A rural region exists with urban nodes within a rural region's hinterland. As indicated in chapter 2 (section 2.3.3.8), various classic location and growth pole theories were analysed. These theories attempted to explain the spatial arrangement of land use and economic activities within a region. Von Thunen's theory from the 1800's is a good example of a simplified regional economic theory which could still today be used to explain regional development patterns. The principles of the classic location theories include that any functional economic region has nodes within its regional hinterland. Any region has a core or node with the periphery or hinterland. Regions could also be classified as "leading" or "lagging" regions (Nelson, 1993: 28). The locality of land uses and economic activities depends on access and movement corridors, locality of markets, locality of natural and human resources, the locality of the region with regard to geographical features and in relation to other regions. The intensity of land use decreases with distance away from the central node, while land cost also decreases with distance from the node. The cost of transport increases with distance away from the central node. Figure 6.1 is an illustration of the above explanation.

Figure 6.1: The rural region



Source: Author's own compilation from the Von Thunen location theory.

A **rural region** could be defined as a geographical area with a hierarchy of nodes connected by a hierarchy of corridors which are spatially dispersed and could include towns and villages, within the rural hinterland. A rural region is sparsely populated with low population densities, and high levels of dependency on natural resources. Primary economic activities are focused on agriculture, agro-processing industries, mining, tourism, essential services and energy sectors. Rural regions include areas of high isolation and long distances to the primary and other nodes in the region and to other regions and nodes. Rural regions have strong community relationships and social interaction in rural nodes. Rural economies are small, undiversified and comprise of a lowly skilled labour force.

Rural development could be defined as a study field which aims to achieve sustainable, viable rural communities and improvement of quality of life including the poor section of the rural population. The provision and maintenance of infrastructure, community facilities, economic development initiatives and strong institutional structures are requirements. Rural development must lead to the reduction of poverty and include shared and inclusive growth. Rural development must lead to improved food security and improved resource management. Local rural communities must be empowered to plan and shape their own destiny. Non-agricultural sectors also need to be strengthened in order to create a diversified rural economy.

6.2.3 Classification of rural regions and towns

In the classification of rural regions and towns, various degrees of "ruralness" could be listed from very isolated and remote regions which are known as "deep" rural areas to rural regions on the periphery of large metropolitan areas which could be termed as "near" of "fringe" rural areas. In the formulation of classifications, it should be kept in mind that rural areas have urban nodes and

centres and on the other hand, even metropolitan regions have rural areas. Firstly, rural regions will be classified as listed in table 6.1 below.

Table 6.1: Rural regional classification in South Africa

Type of region	Characteristic of the region
Deep rural region	The region is located in a compromised geographical location for example very mountainous areas and is isolated in terms of distance and access. The region is located 4 hours or more driving distance to a major metropolitan region. The region has no clear primary node but a number of small service centres in the form of small villages. More than 90% of land uses and economic activities are involved in the agricultural and/or primary sectors. Examples of such regions include the central and southern parts of Kwa-Zulu/Natal Province and the remote rural areas of the Eastern Cape Province and North-West Province.
Rural region	The region is isolated in terms of distance and access, but less so than a "deep rural region". The region is located 2 to 4 hours driving distance from a major metropolitan area. The region has rural nodes in the form of medium to small rural towns as service centres with a clearly defined hierarchy of nodes with a primary node and connectivity corridors. More than 75% of land uses and economic activities are involved in the agricultural and/or primary sector. An example of such a region is the parts of southern Free State Province.
Fringe/ peripherial rural region	The region is strategically located on the fringe or periphery of an urban region. The region is located within 2 hours or less driving distance from major metropolitan areas. This locality allows for economic opportunities in sectors other than agricultural. Less than 50% of land uses and economic activities are involved in the agricultural and/or primary sector. The region has a strong hierarchy of nodes and corridors. The nodes range from large rural towns to small rural towns. The northern Free State region (Fezile Dabi District Municipality) is an example of a fringe rural region.
Urban to metropolitan region	The region comprises mainly urban areas in the form of large metropolitan cities with rural areas dispersed along the periphery of the region. Less than 30% of land uses and economic activities are involved in the agricultural and/or primary sector. Examples of such regions include the Gauteng City Region, the Durban Functional Region and the Cape Town/Cape Flats Region.

Source: Author's own compilation.

Secondly, an attempt will be made to classify rural towns in South Africa. Rural towns in South Africa still display the results of the "apartheid" separate development policies of the past. Rural towns in most cases have two components. The original town area which used to be a "whites only" area with the adjacent or even physically removed traditional township area which houses mainly the black population. Over the last 20 years some integration has however taken place of the two areas regarding the geographical layout and population, but this dual system is still clearly evident in most rural towns. This dualism today still exists regarding quality of life and levels of

income. Traditional townships are home to the majority of people living in poverty below the poverty line of $1.25. The townships also still lacks behind in terms of access to economic opportunities, services and community facilities. This situation needs to be kept in mind in the classification of rural towns. Generally more than 50% of people living in townships, lives in poverty as proven in the socio-economic community survey in Chapter 5. This situation has a negative impact on the viability of a rural town in terms of buying power, and economic functionality.

Rural towns in South Africa could be classified in terms of economic activities, population size and population densities or a combination of the above criteria. For the purposes of this study, rural towns will be classified according to population size due to the limited scope of this study regarding this aspect. The other two criteria will form part of future research as listed in chapter 7.

Rural towns in South Africa could be classified in three main groupings in terms of population namely (The towns located in the study area are listed in bold):

- Rural villages: population of less than 2 000 people.
- Small rural towns: with a population of between 2 000 to 20 000 people. Examples of small towns include Adelaide, Grabouw, Howick, Tzaneen, Utrecht, Qumbu, Ulundi, Glencoe, **Deneysville, Koppies, Villiers, Vredefort,** Calvinia, Ixopo, Nkandla and Matatiele.
- Medium rural towns: with a population of between 20 000 and 50 000 people. Examples of medium towns include **Parys,** Ermelo, Vryburg, Stanger, Margate, **Frankfort, Viljoenskroon,** Secunda, Lady Frere, **Heilbron,** and Kokstad.
- Large rural towns: With population of more than 50 000 people. Examples of large rural towns include Klerksdorp, Potchefstroom, Witbank, Rustenburg, **Kroonstad, Sasolburg,** Vryheid, Bethlehem, and Upington.

Generally rural towns have a density of less than 15 residential units per hectare, while urban cities have densities higher than 15 residential units per hectare. Rural towns have a challenge of being viable in terms of service delivery, community facilities, infrastructure, services and businesses. A population of 2 000 people or 500 families allows for a general shop of approximately 2 000 square meters, a primary school and a doctor with some limited community facilities. This is the minimum size which will allow for some feasible local facilities. The larger the population and the higher the level of income, the more feasible a rural town will be (Department of Rural Development and Land Reform, 2010a: 78).

6.3 THE RURAL DEVELOPMENT MODEL

A number of attempts have been made regarding local economic development (LED) and rural development models in order to development, redevelop or revitalize rural areas globally and locally. Table 6.2 below is a summary of some of the main models available regarding LED/rural development processes.

- The LED resource book for municipal councillors and officials by Dept of Provincial and Local Government, 2003 (DPLG, 2003b).
- Towards an anti-poverty strategy for South Africa by the Presidency, 2008 (The Presidency, 2008).
- Investigation of pro-growth and pro-poor LED in South Africa by the World Bank and other research partners, 2006 (The World Bank, 2006).
- A handbook for provincial and municipal elected and appointed officials about local economic development, 2005 (ASALGP, 2005)
- Economic development toolkit by the US Department of Housing and Urban Development, 2010 (US Department of Housing and Urban Development, 2010).
- Promoting local economic development through strategic planning by UN-Habitat, 2005 (UN-Habitat, 2005).
- Strategic local economic development: A guide for local governments by the Local Government Support Program in ARMM, 2009 (LGSPA, 2009).
- Local economic development: A primer developing and implementation of local economic development strategies and action plans by Swinburn et al, 2006 (Swinburn et al, 2006).
- Blueprints for your community's future: Creating a strategic plan for local government development by Oklahoma State University, 2008 (Oklahoma State University, 2008).
- Planning LED: Theory and practice by Blakely and Bradshaw, 2002 (Blakely & Bradshaw, 2002: 79). The detail regarding the process by Blakely is listed in Chapter 3.

Table 6.2: Summary of the main LED/rural development models

Organization	Model/Process
DPLG: LED resource book for municipal councillors and officials, 2003.	No specific step by step process. Aspects include sectoral strategies, outcomes and targets formulation, public participation, data collection surveys, linkage with IDP process, sourcing of funding and monitor and control.
The Presidency: Towards an anti-poverty strategy for South Africa.	No specific step by step process. Aspects include economic sectoral strategies, social development strategies such as education, health, provision of basic needs, social cohesion and institutional development.
The World Bank and support partners: Investigation of pro-growth and pro-poor LED in South Africa.	The investigation listed a specific research methodology when doing LED/rural strategy formulation. This process included a documentary analysis, community and/or business surveys, case study analysis and evaluation with recommendations. The investigation also attached examples of survey questionnaires for a community survey, municipal survey and business survey

Organization	Model/Process
Australia South Africa Local Government Partnership (ASALGP): A handbook for officials about LED.	A 7 step process is prescribed namely allocation of responsibility, engagement of stakeholders, collection of data, involve the public, analyse data, develop action plans and monitor progress.
US Dept of Housing and Urban Development: Economic development toolkit.	A 10 step process is listed namely assessment of existing conditions, assess local resources and barriers, select goal, select market sectors, determine the general approach, identify the intervention activities, write a mission statement, prepare the economic strategy, development action plans for implementation and monitor and evaluate the plan.
UN-Habitat: Promoting local economic development through strategic planning.	A 10 step process is listed namely getting started, stakeholders and participation, situation analysis, visioning, setting of objectives, identify and evaluation of strategic options, action planning, plan implementation, monitor and evaluate and adjust and modify.
LGSPA: Strategic local economic development.	A 5 step process is proposed namely organizing the effort, doing the local economic assessment, formulating the strategy, implementing the strategy and reviewing the strategy.
Swinburn et al: Local economic development: A primer developing and implementing local economic development strategies and action plans.	A 5 step process is listed as organizing the effort, local economic assessment, strategy making, strategy implementation and review.
Oklahoma State University: Blueprints for your community's future: Creating a strategic plan for local economic development.	A 10 step process is proposed namely begin the process, engage the local community, form an organized structure, conduct community assessments, develop a strategic plan, seek community feedback, implement the plan, evaluate the effort, celebrate the success and create an ongoing process.

Source: Author's own compilation from various sources.

In designing a model for rural development strategy formulation, the above listed attempts by other organizations and researchers formed the basis on this newly formulated model. The proposed model is further based on the strategic planning process. This process is indicated below in Figure 6.2. The basic steps in the strategic planning process include planning, implementation, monitor and control and lastly evaluation. This process provides the ideal foundation for any rural development model.

The researcher has also over the last twenty years gained valuable practical experience in policy formulation on the local government sphere in IDP, LED and spatial planning. These experiences in the process are also included in the model. As we have seen in previous chapters, rural

development and revitalization is a difficult and complicated process, especially the implementation part of the process. For this reason, writer has decided to give the proposed model a title known as the **"Feza iSimangaliso"** model, which is the isiZulu term for "achieving a miracle". The model is a step by step process for compilation of a rural development strategy where the majority of the population lives in poverty without basic needs. Although it is accepted that every rural locality is unique with different challenges and opportunities which requires a "best fit" process, the aim of the model is to provide a basic guideline for rural development implementation. The model is based on the principles of participation, partnership promotion, and an integrative approach linking spatial planning with economic planning.

Figure 6.2: The strategic planning process

Source: Author's own compilation.

The various steps in the process are listed below (Figure 6.4 an illustrative summary of the model and is listed after the detailed explanation of the process). Herewith, the proposed model for rural development for use by local government.

Step 1: Vision link

The first step must ensure that all stakeholders in the region are united with an acceptable regional development vision. The vision of the local authority in terms of the local IDP needs to be assessed regarding its relevancy regarding rural development and linked with that of the relevant stakeholders such as local communities and businesses in the area, as well as relevant local policies such as the LED, and SDF regarding spatial planning. The overall vision must form the basis of the rural strategy and serve the purpose of providing a unified vision for the region supported by local business and local communities. In the formulation of the local vision, local community participation could be obtained through the ward committee system and the IDP system. Another important factor that must be taken into account in vision formulation is the impact of national policies such as the NGP and the NDP, and policies on the provincial levels

such as the provincial GDS. This step must include aspects such as rural development approaches and main pillars for development.

Step 2: Short term "quick wins" projects

This step is initiated through a "rapid rural assessment" (RRA) (refer to section 5.3 in Chapter 5 for a detail explanation of the process) focusing on key sectors such as agriculture, public services, community development, environment, infrastructure development and skills development. Such an assessment must be completed for the area in the early phase of the policy formulation. This assessment should be completed within a week. Some pre-planning work is required before a RRA could be conducted. Local strategic policy documents such as the local IDP, LED, SDF and annual report must be studied for example.

A range of short-term or "quick wins" projects, which are easy to "kick-off" must be identified and implemented immediately. Examples of projects could include food gardens, skills acquisition, on-the-job training programmes, EPWP projects, community clean-up projects, and the provision of infrastructure for the informal sector. Such projects should be implemented in order to show immediate positive results. This will enhance stakeholder confidence and support in the overall, long-term strategy process, by showing early positive results.

Step 3: Status quo analysis

This step is initiated by the in depth analysis of local strategic policy documents such as the annual report, the budget, IDP, LED, SDF, and any other existing strategic planning documents. These documents will provide the framework for the development of the integrated rural strategy for the region including spatial planning. The availability of up-to-date base line socio-economic data also needs to be determined at this stage, including information on level of poverty, unemployment, skills gaps, level of basic services, etc. Local infrastructure and local institutional structures should also be analysed in order to determine its suitability with regard to the implementation of the strategy. Examples of the processes contained in this step are contained in Chapter 5.

Step 4: Primary research

At this point in the process, a decision needs to be taken with regards to the usefulness and "up-to-dateness" of existing statistics. The usefulness of available socio-economic data as listed in step 3 above must be determined as soon as possible. Based on the principle that good information leads to good planning, socio-economic data, business surveys (for example an early warning system), unemployment rates and skills levels are needed and a database of the relevant data must be created. Further research will be conducted to determine trends in the area. A skills gap analysis is required in order to determine what skills are needed by local business compared to the skills that local communities have acquired. This analysis will also inform the task team as to the type of skills training projects that is required in the area.

Primary research will be required if recent base line information is not available. The type of survey needed will determine the type of questionnaire to be utilized. The community survey

questionnaire, which was used in this study is attached. The questionnaire is analysed electronically and therefore allows for much larger survey samples. An alternative community survey questionnaire is also attached, which is analysed manually. An electronic business survey questionnaire, which could be used for early warning business surveys are also attached. In the survey of this study, local people were utilized for the survey after they were trained. Local people such as unemployed youths, CDW's and ward committee members could be utilized. If so required and in most cases it is recommended, a early warning systems (EWS) business survey should be conducted annually. Such a survey will allow the local municipality to identify negative and positive trends in the local business environment and implement interventions. Chapter 5 provides an example of a socio-economic analysis and survey.

Step 5: Identify key developmental sectors/areas

This step aims to identify those sectors and areas which are critical in unlocking the development potential of the area. Major stumbling blocks must be identified and addressed. A SWOT analysis could be completed in this regard to assist with the identification of key areas and sectors for development. Areas and sectors as listed in the national economic development policy, the New Growth Path (NGP), such as industrial development, manufacturing, mining the green-economy, agriculture, agro-processing, tourism and the informal sector, to name but a few, must be identified and will form the core of the strategy. The provincial GDS should also be taken into account, as well as the NDP.

In this step, the economic sectoral development strategies must start to take shape, but also the spatial aspects of the SDF. The SDF must guide the spatial development direction, the nodes, development corridors and mixed use economic zones. These spatial development directives must be linked to the economic sectoral planning initiatives.

Step 6: Analysis of government roles and policies

This step aims to align the priorities of all spheres of government involved in the rural region and will prescribe how these policies could be implemented in the area. An analysis of all policies, funding options, the roles of the various spheres of government, partnership formation and skills development will be completed. This analysis will be conducted within the scope of the NSDP, NGP, NDP, CWP, EPWP, CRDP and NYDP, as well as any other applicable provincial and local policies and programmes.

The analysis of all three spheres of government will point out any duplications or gaps in the policy formulation and implementation process. This step must also analyse the institutional arrangements existing in the region with regards to all spheres of government. Aspects such as the involvement of national departments, the involvement of provincial department and capacity and structure of local government must be analysed. Especially with regards to local government, the following aspects needs attention with the view to accelerate implementation of projects namely, the existence and capacity of the LED unit, the level of focus of the departments on economic and social development, the quality and existence of the IDP, LED, SDF and

engineering master plans, the extent and capacity of an projects implementation unit, the level of operationality of the ward committees linked to CDW's in the region, the existence and functionality of portfolio committees regarding rural developmental aspects and the local partnerships between local government and local business.

Step 7: Best practice analysis

This step includes an analysis of local and global best practice, procedures, principles and projects that could be suitable and similar to the local economic and spatial situation of the specific region. For example the economic strategy for Fezile Dabi District Municipality in the northern Free State Province and the economic strategy in the Fetakgomo Local Municipal area, Limpopo province, where the mining and industrial sectors were also dominating the local economy with a threat of diminishing production, will be analysed. The study, which includes in depth analysis of global and local theories and case studies on rural development as contained in Chapters 2, 3 and 4, could be used as a reference. Lessons learnt from these case studies could assist in local policy formulation.

Step 8: Selection of strategies

Various strategies that focus on job creation, sustainable development and improvement of quality of life must be identified. Strategies can include a pro-poor focus, demand driven projects, mass job creation or the provision of "decent jobs", agro-processing in agricultural economies, provision of basic needs and improvement in quality of life. In order to guide future policy developers at local government, the following generic strategies are listed as a guideline of use in most areas including rural areas:

- Improvement and strengthening of **institutional structures and arrangements:** Strong institutional structures are needed for successful implementation of strategies. This strategy could include an institutional analysis of internal and external structures in the region, a regional marketing and investment plan, and a focus on partnership formation and co-ordination on all spheres and business.
- Support and strengthen the **agricultural sector:** Study area, as with most rural areas, is dominated by agricultural land use. This strategy could include a strategy to train local people by means of agri-business incubators centres, improve rural infrastructure, support the improved optimal use of agricultural land, accelerate the land reform programme to allow rural people access to land, and the development of the agro-processing and value added sectors.
- Support and improved linkages to the **mining sector:** Mining is an important sector in the rural economy and the sector is in general decline. Specific strategies in the sector include improved linkage with existing mines by linking local industry and service providers to mining operations, support existing and declining mines, and research regarding the potential new mines in the region.

- Support and strengthen the **manufacturing/industrial sector:** In a rural development plan, any manufacturing/industrial development plan needs to be linked to the agricultural sector which can provide the raw product for value added manufacturing in agro-processing. Other strategies could include the improvement of the local economic environment by providing incentives, land and infrastructure, support to high growth and struggling industries and ongoing research such as an annual EWS.
- The optimal development of the **"green economy":** This strategy could also find linkage to the manufacturing sector. Renewable energy source production strategies should be investigated, access for communities to renewable energy sources, improved waste management, re-cycling and a cleaner environment, improved water access and security and the provision of sustainable food sources.
- **Tourism development:** In rural economies, tourism has the highest development potential after the agricultural sector. Rural areas, with its attractive and relaxed environment have all the ingredients to attract tourists. The tourism sector is also known for its labour intensive character. This strategy could include an analysis of the local institutional structure, municipal support to the sector through marketing, grading and training support and other initiatives, and ensure tourism facilities are well maintained.
- Support and development of the **informal economic sector (second economy):** Strategies include assistance with linkage to formal business, access to finance, provision of facilities and trade areas, provision of technical and business skills, set-up of small business support centres, and encourage "home industries".
- **Entrepreneurial and SMME** development and support: This strategy links with all the other strategies and could include training incubators centres with mentors, research in new markets and products, annual EWS, support small black business development, relaxation of local regulations, provision of key infrastructure, and creation of a positive local business environment.
- **Education and skills development:** This strategy includes an assessment of skills development in the region and the education facilities in the region, implement a skills development plan focused on technical and business skills development, and the integration of this strategy into all the other strategies as listed. An educational plan including all levels of training from early childhood development to adult education must be completed by projects be identified for implementation.
- **Infrastructure development:** Infrastructure development is a support system for economic and social development. Infrastructure development include both "hard" and "soft" infrastructure. This strategy could include regional "hard" infrastructure planning and implementation strategies, and provision of "soft" infrastructure such as community facilities.
- **Provision of social development and basic needs:** This strategy should be initiated through a community facility assessment. This study would identify gaps in the provision of

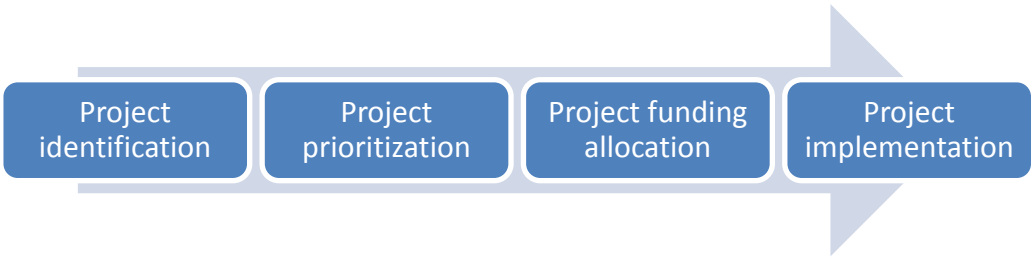
social and community facilities regarding education, health, sports and other community facilities. The next step would then be to prioritise the provision of social facilities in a specific region. Existing community facilities needs to be analysed in terms of feasibility and impact on local community and be improved if need be. A key component in the identification of community facilities is the input of local CDW's. A basic needs analysis will also be required in order to determine backlogs regarding basic needs such as food, housing, services, education, etc. The development of food gardens and local agricultural projects are important for improvement of quality of life.

- **Regional rural possible flagship projects:** Flowing from the above-listed strategies, projects need to be identified in order to achieve strategies. Two key flagship projects which could address all strategies. The two types of flagship projects are listed below. Firstly the development of a regional affordable housing development project. Such a project will have as its end goal to provide housing for all people living in informal settlements. In this process people's quality of life will be improved, skills development will take place and economic development will occur. Local people must be trained to construct their own homes, only then the spin-offs will be significant. Secondly, the establishment of a skills development incubator centre with a focus on technical and business skills development. Such centres will train local people in skills that local business require and local business people must act a mentors in the process.

Step 9: Project identification and implementation

This step includes the following actions as listed in Figure 6.3 below.

Figure 6.3: Project identification process



Source: Author's own diagram.

In the project identification process all stakeholders in the rural development environment must be consulted namely government, business and the local communities. Key participation structures include ward committees and CDW's. Local project prioritization requires a selection criteria process for examples projects will be evaluated regarding priorities as set out in the local area. Criteria could include aspects such as improvement of quality of life, sustainability, etc. Projects can only proceed if funding has been allocated by any of the stakeholders as listed above. Project implementation can commence and each project must have a project sheet indicating a project description, budget, funding source, duration, local champion/driver, and possible risks which could affect the project.

Step 10: Monitor and evaluate plan

The successes and failures of the strategy must be monitored and evaluated. Success needs to be reported and marketed while failures need to be addressed. Ongoing adjustments will be required to ensure success. Measurable development indicators must be formulated in line with both national and local development goals. Examples of indicators are listed below: level of economic growth, percentage of unemployment, number of jobs created, poverty levels, literacy rate, housing backlog and house delivery, services provided such as water, sanitation and electricity, crime rates, health issues such as HIV infection rate, GDP per capita, skills provided, levels of education, sectoral contributions to local GDP, government activities and level and extent of "red tape" procedures , Gini-coefficient on income, access to finance, infrastructure provided, number of new and extended businesses, export growth, level of economic diversification, EWS (surveys, confidence, perceptions), and LED projects.

Figure 6.4 is a visual and summarised illustration of the rural development model as indicated below.

Figure 6.4: Summary of 10 step "Feza iSimangaliso" rural development model

Source: Author's own figure.

6.4 OTHER RURAL DEVELOPMENT SOLUTIONS

6.4.1 General aspects

This section provides some additional rural development solutions and more approaches by a number of specialists in the rural development, LED and spatial planning study fields. According to Makhura (2009:2-17), the concept of “ruralisation” in contrast to “urbanization” is worth considering. Concentrated and effective efforts by the Department of Rural Development and Land Reform (DRDLR) are long overdue and require a new thinking. Clearer visions and an integrated resource mobilization process are required. The political ideology of rural policies must be balanced with technical perspectives. Rural economic development must focus beyond only agriculture as rural development is not equivalent to agriculture but entails much more. According to Makhura (2009:10) rural development strategies should include agrarian transformation, improved land reform, investment in economic and social infrastructure, water and natural resources management and the promotion of social cohesion. The concept of “rubanization” is listed as the urbanization of rural South Africa, meaning rural people with urban mindsets versus “ruralisation” meaning the creation of rural lifestyle to address people with rural mindsets. No quick and easy solutions to rural revitalization exist, and aspects such as policy clarity, sound institutional structures/processes by national government, partnership formation, thinking “out of the box” and long term strategic planning are needed (Department of Rural Development and Land Reform, 2010a:1).

Beinhocker (2006:302) stated that local economic development in especially rural localities is all about maximizing local energy and economic activities. Action must be focused onto turning low level and low value materials, goods and information into more highly valued products and services. These products determine the economic base of local rural towns and their environments. Toerien and Seaman (2010:15) listed two types of economic sectors of importance for local rural towns, namely sectors that bring money into towns known as “drivers sectors” and sectors that provide only services to clients known as “service sectors”. Driver sectors include agricultural products and agro-processing, manufacturing, mining, and tourism. Service sectors include engineering and technical services, financial, legal, telecommunication, trade, professional, health, and transport services. Globally it is recognised that rural regions with its service centres and towns, need to identify locally formulated and appropriate development opportunities and to take control of their own destiny (Hoogendoorn & Nel, 2012:24).

Delius and Schirmer (2001:4-24) listed some possible solutions to rural development in South Africa. The capacity of the state must be maximized, within an integrated approach. A change in the structural position of rural people by government is needed, such as access to economic opportunities and infrastructure development. Regarding land reform and agricultural development policy, capacity of provincial and local government officials is very low, and alienation of farm land is a slow and expensive process. Such policy should totally transform the rural crises. The state should buy land and transfer to sustainable groups and individuals with on-going support. Integrated projects of implementation are important. Rural development interventions should focus

on realistic budgets, based on the real needs of rural people, with improved research and ongoing monitor and evaluation. Viable service provision and welfare policies are also important. The provision of basic services to rural people is critical and welfare provision such as old age pensions and disability grants. Rural people should be assisted to help themselves. Assistance should focus on building up of organizational capacity for example support for emerging farmers and rural labour unions. Government must provide encouragement, funding and expertise to local organizations and play the role of a facilitator. Agriculture should not be the central pillar of a rural development programme, but an integrative approach is required.

The Dept of Rural Development and Land Reform (2010a:26) concluded that the following issues regarding rural development and rural revitalization are required namely that the future of a rural area lies in its people and the plans it have for the future. Rural development requires time and energy and dedication from all role players in political direction, aligned planning, policy and implementation. Rural revitalization has the best chance to succeed when a dynamic local community takes control of their own situation and affect changes. There should be a shift to a "new rural governance" based on consultation, negotiation and partnerships among government, business and rural communities.

The OECD (2006a: 1-7) listed three key fields for public rural investments. These fields include firstly the **provision of quality public services** including community facilities, secondly the investment in promotion of **rural innovation** to create a competitive advantage regarding processes, institutional and government tools, and lastly investment should be geared to the **maximization of rural-urban linkages**. The lessons from developing countries regarding rural developing are that agriculture should be the engine of growth but the benefits are not automatic and require long term dedication. Small farmer support is required to boost competitiveness, and the rural non-farming economy needs to play a bigger role in rural development. Future policy must focus on income opportunities, development of human capital, and a safety net for vulnerable people. Higher levels of participation with democratic decentralization, prioritization of rural policies at least equal to urban policies, and lessening of political instability are needed (Department of Rural Development and Land Reform, 2010a:39).

According to the Department of Rural Development and Land Reform (2010a:45), a successful rural development strategy should include issues such as the diversification of economies of rural areas, respond to changes in the rural environment, include poverty alleviation plans and focus on decentralization policies. Also of importance is to focus on productive and value added sectors, provision of public services and facilities, support the non-farming sectors, promotion of democratic values in rural areas, and improved access to markets and services.

Rogerson (2009:50) listed some strategies for income-generating projects in rural areas of South Africa including the identification and analysis of the problems and needs for groups attempting projects, analyse existing successful projects, use best practice principles and mentors and adjust and refine the plans of struggling groups. Rogerson also listed the main strategic approaches and challenges of LED and rural revitalization in South Africa namely improved clarity on policy and

intensions by national and provincial government. A final decision on the balance between pro-poor or pro-growth, a welfare or competitive approach, the different views on the roles of the spheres of government, and a direct approach or indirect approach. Decisions have to be taken regarding community projects or enterprise development, with a focus on the first economy or on the second economy. Clear leadership has not been forthcoming and is a requirement. Local Government doesn't know what to prioritize due to lack of direction from higher spheres of government. Improved integration and co-operation between stakeholders and government departments are required to avoid duplication of tasks and complimentary roles for all stakeholders must be established. An integrated approach includes links to the IDP process, infrastructure development, marketing of formal sectors, skills development, entrepreneurship and creating an enabling environment for private sector development (Rogerson, 2009:51).

National government must consider rural development and LED as significant goals to achieve and re-prioritization is needed. The DRDLR, DTI and COGTA have made some effort to facilitate and co-ordinate rural and LED implementation. Inter-departmental and cross-sector collaboration is required at an accelerated pace while national and local capacity needs to be increased especially in rural areas (Rogerson, 2009:52).

Appropriate scaling for rural development and LED is required. The scale should be at a functional economic area, taking into account economic cross-cutting of municipal boundaries. This thinking could link LED interventions to wider spatial impacts. Regional scale of rural development and LED planning is needed and could be achieved through spatial planning. This approach links with corridor development and value-chain processes (linking of suppliers, producers and exporters), cluster development and regional competitiveness are key elements in this process. Sources depend on re-scaling of spatial relationships within a region. Another aspect of rural development and LED in South Africa is the need to re-invigorate the role of provincial government. Assistance could include for example the alignment and integration of policies, utilization of PGDS in order to ensure direction and guiding principles to link with the National Spatial Development Perspective (NSDP). The shortcomings of recent PGDS are that they have no spatial foundation and linkages (Rogerson, 2009:54).

A need also exists to close the gap between practice of economic development in large cities and smaller rural towns. Rural towns have only project based LED, while large cities have more integrated approaches. Large cities work towards local competitiveness while small towns still focus on services backlogs and basic needs. Lack of skills, capacity and planning are some of the constraints of small towns. Small towns have poor private sector involvement and rather focus on poor, disadvantaged communities for partners. Poor LED planning re-enforces existing spatial in-equalities in small poor rural towns. COGTA must have a differentiated approach towards small towns versus large towns. A "one-size-fits-all" approach does not work. Local economic development agencies are seen as a solution to the problem by the IDC (Rogerson, 2009:57).

Disseminating good practise efforts and case studies in rural and LED planning are currently lacking in South Africa. The following are proposed to improve on this situation namely improved

monitoring and evaluation to benchmark performance, best practice case studies and success are found in larger city areas regarding enabling environments and needs to be duplicated, cluster formation has been a success in greater Durban area and the Eastern Cape region. The Durban Automotive Cluster (DAC) is a good example or model of a business-driven process for upgrading in which government support is critical. Clusters are not only for manufacturing but also other sectors such as tourism. Good practices must be circulated and promoted such as enabling rather than intervention, focus on "soft" infrastructure also rather than only focusing on "hard" infrastructure, clusters and local competitiveness, comparative advantages of local settings, and market based approaches (Rogerson, 2009:59).

Partnership formation needs to be maximized to increase the potential for rural development and LED success by addressing the aspects such as mistrust to co-operation, integrated vision and goals, strengthen local business chambers, reduction of regulations, achieve "quick wins" and determining the current business climate through surveys. The profile and professionalism of rural development and LED needs to be improved. LED is not taken seriously by role players and is not a priority at most municipalities. Rural development and LED is associated with lower level staff at government and LED units are under-staffed and located within another section of local government. Service delivery is graded a priority over economic development. Rural development and LED should be seen as cross-cutting issues (Rogerson, 2009:61).

It is important to build networks and knowledge platforms in economic development. Networks allow structured sharing of tools, processes, guidelines and best practice. The South Africa LED network was established in 2004 to build on local knowledge. The Learning Monitoring and Research Facility (LMRF) were established in 2006 to promote sustainable LED. Such knowledge centres must assist in high level learning and capacity building. The need also exists for rural development and LED courses for government officials and consultants (Rogerson, 2009:63). Training of rural development and LED professionals and officials are important. Capability and skills gaps still exist in rural and poorer areas for pro-active activation. Most municipalities have a skills and capacity backlog regarding LED, especially the rural municipalities. For this reason, rural development and LED strategies are mostly consultant driven. Limited rural development and LED research occurs at universities and courses are limited (Rogerson, 2009:64). The local business service sector needs to be improved for enhanced local competitiveness. This could be done by assisting SMME's and business to improve their businesses and other business service sector assistance (Rogerson, 2009:66).

Rural development and LED funding and finance continues to be a challenge especially in poor and rural areas. Funding is available from local and international donors, DBSA, national support departments, MIG, the Neighbourhood Development Partnership Grant, municipal own funding and the equitable share from national government (see annexure B). The role of the private sector must be extended in this regard. Improved data and information are needed in rural economic planning. Good data leads to good planning. A requirement is to identify key sectors and local advantages within the local economy (Rogerson, 2009:68).

Out of the 12 pillars of competitiveness as listed in the World Economic Forum's Global Competitiveness Report 2007/2008, 5 pillars are related to space and location (WEF, 2007:3). Therefore, how a country manages its economy is not only important on the macro or national level, but the local level or micro is important (Sibisi, 2009:5). According to Sibisi (2009:6) a number of aspects are important for successful rural development, interlinked with LED and spatial planning to plan the space economy. The vision needs to be made implementable through strategies linked to growth and investment targets. Outcomes and how to get there is needed, otherwise ad hoc projects will result in limited success. Ongoing update of socio-economic data on the national and local level is needed in order to understand the local situation and to determine progress in the economy. In 1975, the previous government had a spatial plan known as the National Physical Development Plan (NPDP), which identified nodes and decentralization areas for development. The focused development led to the successful development of rural towns such as Brits, Richards Bay, and Newcastle. There is proof that focused national spatial rural-urban can work. A centrally enforced spatial plan such as the NSDP, which is implemented, is required (Sibisi, 2009:6).

Most rural development strategies and projects are not spatially referenced and as a result don't have the required pro-poor or pro-growth impact. A rural development strategy must at least attempt to lessen the impact of apartheid policies regarding to access to jobs, distribution of assets and economic and spatial marginalization (Sibisi, 2009:7). Building of the rural poor's asset base is important for poverty reduction. Asset formation include improved access to basic services and needs, improvement of access to safety nets, improve local skills levels, and lastly allow economic opportunities by integrated housing development to reduce transport costs and allow economic opportunities (Sibisi, 2009:8). The capacity to plan and manage sustainable human settlement needs improvement regarding land use management, and infrastructure capacity.

For SMME development to be accelerated, actions required are the reduction of barriers to open a business, the reduction in the costs to open a business, improvement of physical access to markets, and linkages with formal business through value chains (Sibisi, 2009:9). Cluster development and institutional strengthening are also required. A clear policy needs to be developed regarding where and in what form the private sector could invest (Sibisi, 2009:11). Local spatial development frameworks (SDF) need to play this integratory role, guiding development to the benefit of all. A lack currently exists regarding the legislative role of each of the spheres of government (Sibisi, 2009:12). Capacity constraints at local government prevent them from accessing loans, and government funding and grants. Most government grants are also conditional and linked to eradication of backlogs. Improved support needs to be provided to local government to access grants and funding as well as efficient spending thereof (Sibisi, 2009:14). Those communities most in need of strong local government, such as the rural areas, have the weakest local government with lack of information, skills and capacity. Sibisi (2009:17) concluded by stating South Africa needs to move from "politics of loyalty" to "politics of performance".

Critical factors for development of rural towns according to Van Rooy and Marais (2012:183) include strong local leadership, pro-active NGO's and community partnerships with government. Further factors include the availability of funding agencies, government funded programmes, strong local acceptance and participation in economic initiatives. Also important are at least local demand and markets for goods and services, tourism development provides wages, jobs, and enterprise opportunities and lastly spatial planning principles as listed in the NSDP and DFA.

The informal economy also needs to be supported and this sector has been neglected by government. Since 2006, with the Integrated Small Entrepreneur/Enterprise Development Strategy, the focus has improved in this sector. Efforts have been made by local government and national government needs to assist more in this regard (Rogerson, 2009:69). Rural income-generating projects usually struggle to succeed due to lack of identification of target markets, demand for products, product design, quality control and marketing (Trollip, 2001:45).

De Satge (2010,12-14) listed more rural development strategies for South Africa which include: Re-invigorate land reform process/projects, address shortcomings in policy, support mixed farming and emerging farmers, stream line ownership to productive units, ensure that water and irrigation are available for farming projects, ensure access to capital is available, focus on agro-food processing, make incentives available, ensure skills promotion and availability of mentors. Other strategies listed include infrastructure development, support and promote downstream industries, allow for good market access, availability of information, and support and promote the "second economy". The introduction of new technology in agricultural processes such as irrigation, identification of local value chains, improvement in jobs and living conditions in commercial farming, provision of basic services to rural areas, maximisation of EPWP, CRDP and CWP projects, assistance to street traders, and the creation of institutions to support SMME's.

Strategic planning has many benefits for rural development according to Woods and Sloggett (1993:29) including the identification of the steps to achieve a common goal, promote the efficient use of scarce local resources, improved coordination of all initiatives, projects, etc, assist with the building of local consensus between public and private sector, increase public awareness and support, strengthen the local community's competitive position and lastly will encourage forward thinking. Local government has an important role to play in creating an enabling environment for local businesses to prosper. GTZ (2009) listed a number of such actions namely the reduction of "red tape", local business environment assessments, marketing, and tool kits for public-private partnerships. The local business environment is an external factor affecting business to function at optimal levels. Such factors include policy, regulations, governance, access to finances and services, infrastructure.

Spatial planning considerations after looking at SDF's in the Free State and other areas relates to the strengthening of the linkage between spatial planning and LED. Spatial planning concepts such as development corridors, development nodes and mixed use development areas must form the basis for the economic development environment. A good example where such integration was attempted is the Royal Bafokeng Nation (RBN) Master plan compiled in 2006 for the nation of

300 000 people residing in the rural areas of Bapong and the Pilansberg in the North-West Province. This plan is an integrative plan with a focus on creating a structured spatial environment within which economic activities could prosper. The Master plan is a forward looking long term plan to 2035 (RBN, 2006:3).

The plan divides the planning period from 2006 to 2035 in three stages of development to achieve realistic objectives. Stage one is the establishment of a competitive community through skills development on all levels, infrastructure development, assist with start-up businesses in tourism, industry and retail sectors. Stage two is called the thriving community with the provision of more social and community facilities, housing, sports facilities, and open space within a now diversified economy (currently heavily dependent on the platinum mining industry). Stage three is known as the vibrant community with heritage parks, arts and culture, excellence hub and resorts (RBN, 2006:23).

The overall objectives of the plan are to provide improved quality of live to all residents and to ensure job opportunities to the nation. The plan, based on recent socio-economic data, has a projected population growth and economic growth plan linked to focus areas of opportunities and constraints. The plan sets a development direction by means of a SDF with targeted areas for focused development, with a land use control plan. Lastly it sets development guidelines and standards and implementation plans (RBN, 2006: 4). The plan has a special focus on retail and industrial development, residential development, sports, culture and tourism, agriculture and infrastructure, transport, the environment and community facilities (RBN, 2006:20).

Rural development also has a strong social component. Netshitenzhe (2011:8) listed government interventions to address rural poverty which included social grants, free basic services and housing, skills training and learnerships, wages subsidies, public employment programmes, support for micro enterprises and entrepreneurs and full time employment opportunities.

Coetzee (2011:6) from the Afrikaanse Handelsinstituut (AHI) listed some solutions for improved cooperation between local government and local business. Local business chambers need to take the lead in building a relationship with the local municipality. He continues by stating that SMME's are critical for rural economic development. SMME's however need support in the form of specialist advice, training, access to financing, mentorship and coaching.

Sunter (2012: 6), looking from a national point of view, identified a number of issues which needs to be in place for accelerated economic development. Firstly, strong leadership at all levels of government and local communities are required. Secondly, "pockets of excellence" need to be identified and duplicated elsewhere. For example case studies on best practice rural strategies need to be promoted in order for the rest of the country to learn from success. The third issue is a balanced economy, with an outward economy that earns foreign exchange through exports and an inward economy that creates jobs. In terms of the outward economy, the focus should on competitive advantages. In South Africa the need is to focus on resources with downstream opportunities, food production, tourism and promoting South Africa as the gateway to Africa. It is also important to ensure a positive investors environment. This could be achieved by relaxing

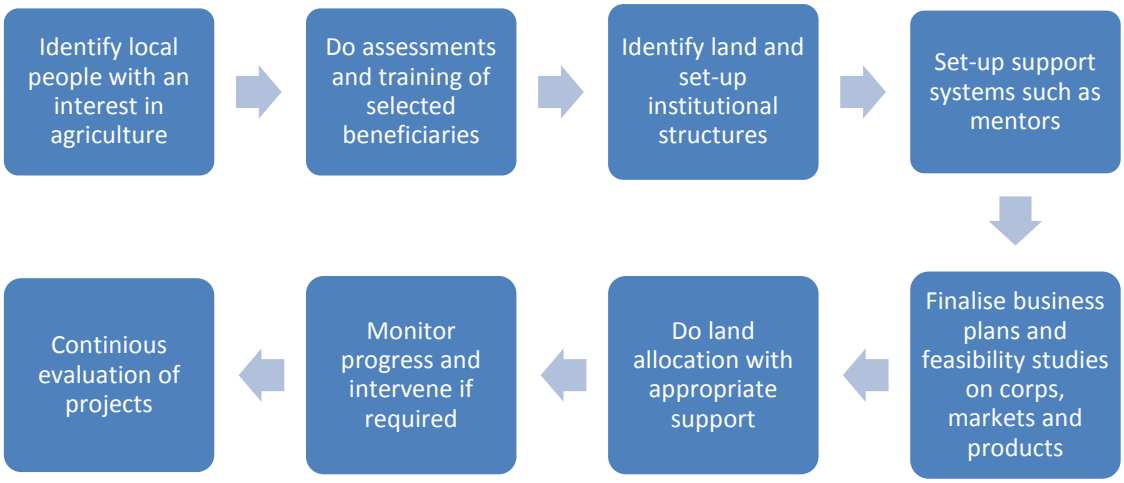
labour regulations, introducing legislation which forces large business to include small businesses in the value chain, and government must consider giving conditional grants to SMME's.

Lastly the United Nation (UNDP) in 2012 defined a rural model known as "rural triple wins" model. The model consists of three components namely economic development, social development and sustainable development. The aim is to ensure that all three components are included in any rural development strategy and projects. This will allow for inclusive growth with jobs resulting in improved quality of life of rural communities and to support the "green economy".

6.4.2 The role of agricultural in rural development.

The agricultural sector plays a dominating role in most rural regions. Agriculture is responsible for the welfare, quality of life and economic development of rural regions. The sector is responsible for the majority of job opportunities and creates a link with manufacturing industries by means of agro-processing. The sector plays an important role in the structural transformation of a region, while the majority of innovation and new technology are introduced through this sector into the local economy. Exports by a rural region are also led by the agricultural sector, while self-sustainable food security is also possible through agriculture. The agricultural sector also has the potential to allow small farmers to enter the market through allocation of land, skills, tools and finance in projects such as agri-villages and cooperatives. Figure 6.5 provides for a process for small scale agriculture at the local level.

Figure 6.5: The process for small scale rural agriculture at the local level.



Source: Author's own compilation.

6.4.3 Pillars for rural development:

The following pillars for successful and sustainable rural development are listed:

- Pillar 1: Spatial planning arrangements: The establishment of a spatial development plan indicating areas or nodes for development and development corridors within a region. Spatial

integration and the strengthening of rural-urban linkages are requirements for rural development.

- Pillar 2: Economic development planning: The establishment of a diverse local economy within a region with a sectoral strategy focus. Rural regions should determine their comparative advantages and location quotient factors and focus on these advantages. Local economies must strive to specialization and cluster formation in efforts to create local jobs. Rural economies must be export focused and strive to build and extend labour intensive production in especially agro-processing industries. Land reform should be implemented more efficiently with the aim to allocate viable land portions to people with suitable skills and interests.
- Pillar 3: Establishment of enabling environment: Local government, with support from other spheres of government must strive to create a local economic environment which allows local business to prosper. Actions that could be taken include partnership formation, access to finance, marketing of the region, reduction of regulations and removal of restrictive labour relations. A well managed physical environment will contribute to the attractiveness of the region.
- Pillar 4: Resource development: Local resources include skills development, entrepreneurial development in order to participate in the knowledge economy, and natural resources development and management.
- Pillar 5: Infrastructure development: The development of new infrastructure and maintenance of existing infrastructure.
- Pillar 6: Basic needs: Provision in the basic needs of all rural communities regarding nutrition, health, housing, education, and essential services such as clean water, sanitation and electricity.
- Pillar 7: Social-welfare development: The provision of social and welfare services and facilities in line with a pro-poor approach with includes the provision of a safety net for the poor. Social grants and subsidies are some of the tools available. Food security in a rural setting is achievable through agricultural projects such as community food gardens. Ownership of assets such as property and ownership of local community projects and community facilities are included here.
- Pillar 8: Good governance: Local government and local business and community structures need to be strengthened and partnerships need to be established.

6.5 CONCLUSIONS

A paradigm shift has occurred regarding rural development over the last few decades. From agricultural focused rural development policy with a narrow approach on farming and food security to an integrated rural development approach including a multi-sectoral approach, diversification of

the economy, value-added processes, and an attractive rural environment with strong local community development and decentralized decision making processes.

In this chapter, a model and various solutions for rural development have been provided. Rural development, similar to LED, is “everybody’s business” within a rural region, and the process requires long term commitment to achieve success. Rural development requires a multi-sectoral and integrated approach linked to a territorial approach. Such an approach has its focus on rural attractiveness and comparative advantages. A local approach for local community development and localized decentralized decision making is rural best practice methods.

In the final chapter, namely Chapter 7, aspects such as best practice rural methods and processes, final recommendations, the realization of the research objectives and future research will be discussed

CHAPTER 7

FINDINGS, RECOMMENDATIONS AND CONCLUSIONS

7.1 INTRODUCTION

Rural development is concerned with the improvement of the quality of life of local communities, the reduction of poverty levels, reduction in the unemployment rate and lessening inequality through decentralized decision making. It also includes the formulation of “best fit” strategic planning, active participation and pro-active planning. This concluding chapter will include discussions regarding the following components namely, a rural development best practice analysis, recommendations regarding gaps filled in the research field, analysis of the realization of research objectives and theoretical statement tested, discussion of possible future research topics and lastly final conclusions.

The three main problems in the South African society, namely, poverty, unemployment and inequality, are concentrated in rural areas and this is also the case in the study area as comprehensively analyzed in Chapter 5. The challenge of any possible solutions to rural development is to break the “vicious cycle of poverty” and replace it with a “virtuous cycle of wealth”. The “vicious cycle of poverty” on the other hand leads to a downward cycle of increased poverty and frustration for the poor and especially the youth in rural areas. The “virtuous cycle of wealth” on the other hand as referred to in the NDP aspires to resolve this situation by improved leadership, improved community development, more active citizenship, entrepreneurial development, a capable and skilled government, and rising living standards through economic opportunities to poor and isolated communities.

The contribution of rural regions and the agriculture sector of a country are pivotal for economic growth, food production and security, social cohesion and political stability. The global tide is slowly but surely turning to an increased interest in rural development and rural areas. Reasons for this new discourse in rural attractiveness are over-population and congestion of metropolitan and large urban areas, global climate changes, globalization and technological advances leading to “space shrinking”, an increasing need for food and land, and a sense of belonging and sustainable development initiatives. These factors and others are providing momentum to this renewed focus on rural development. The strong linkage and inter-dependence between rural and urban areas contributes to this change. In 2004, Bono a member of the Irish rock band U2, who is a sustainable development and anti-poverty activist, stated the following regarding poverty and sustainable development, “We can’t say our generation did not know how to do it. We can’t say we couldn’t afford to do it. We can’t say we didn’t have reason to do it. It’s now up to us. We can choose to shift the responsibility, or we can choose to shift the paradigm” (Sachs, 2005). To reduce rural poverty, the focus of policies should be on the transfer of assets such as fixed property, access to economic opportunities, access to education and the provision of basic needs

even if it means “off-grid” service provision. Local community assets and resources should not be just redistributed but new investment is required.

7.2 RURAL BEST PRACTICE ANALYSIS

The following section is a rural development best practice analysis regarding processes, approaches and methods.

7.2.1 General principles

Rural development entails much more than just agricultural development as a multi-sector and a multi-dimensional development strategy. A rural development strategy must find a balance between pro-growth and pro-poor approaches. The strategy must integrate spatial, economic and social planning. The development of a rural region is dependent on factors such as population and market size, strategic locality, infrastructure, local leadership, good governance, economic diversity and the level of local entrepreneurship. For economic development to occur in a specific region, economic growth must outperform population growth. In the early 1990’s, the South African government released the Reconstruction and Development Programme (RDP). At the time, this policy document did not make the expected impact on of the lives of the masses of people captured in poverty, due to governmental capacity problems. Today, the RDP is however classified as a ground-breaking policy document with its focus on provision of basic needs, local economic development, infrastructure development, social cohesion and skills development. The latest NDP, which was released in 2012, has a similar focus but also prioritizes agricultural development, value-added activities and access to information.

It must be realized that rural development takes time and requires patience with long term commitment and clear policy prioritization. Although rural development is a long term process, the importance of short term “quick win” projects should not be underestimated to create confidence and momentum. Rural development success depends on factors such as good governance with implementable policies, the local demographic composition, good quality environment, community facilities, local resources, transport linkages, human capital, infrastructure capacity, agricultural development, high levels of new technology and levels of diversification of the regional economy. As with most planning projects, rural development planning requires up-to-date data and information and primary research will in most cases be required due to the lack of availability of latest statistical information. Rural development planning is a complicated process and a “one size fits all” approach is not appropriate. Rural development projects fail mostly due to poor planning and limited local market size and demand, poor feasibility and sustainability and limited involvement of local communities. Rural development project implementation success depends on key factors such as community driven involvement, strong local government capacity, access to finance and grants, partnerships, and local demand.

Rural migration to urban and metropolitan areas is a natural process and should be allowed to occur. Rural regions should be promoted as an alternative policy approach through a rural focused policy, infrastructure development, rural incentives and provision of at least basic needs.

Rural characteristics that attract people and business include quality of life, unique culture and heritage and a positive economic environment.

7.2.2 Role of government

The requirements of the development state are to ensure a stable political environment, good governance, implementable policies, assistance with the creation of jobs through an enabling economic environment, support for the informal sector of the economy and a “safety net” for the poor. Best practice principles for rural development as provided by the study field of public management include the decentralization of local decision making, skills development, the dissemination of information, formulation of measurable benchmarks such as targets and outcomes, and audits through monitor and control actions.

Government has a major role to play in rural development, but government is only one of a range of role players. Government alone can’t provide rural development salvation but needs strong partnerships with the local community and business. One of the best practice proposals by both renowned researchers Blakely and Rogerson in the development economics study field, is to establish an institute for best practice development as part of an institutional strategy. Other institutional best practice initiatives that need to be included are the establishment of local LED units and local development agencies. Government is responsible for policy development and it is the responsibility of government to place the rural development agenda at the top. Government needs to clearly define the roles of the various spheres of government to ensure effective implementation and limitation of duplication. A single national department needs to lead and coordinate rural development, linked to provincial and local government initiatives. All spheres of government must be integrated vertically and horizontally. Dynamic rural development occurs by means of increased coordination, as proven in the classic “Big push” theory.

One of government’s key roles in rural development is to create an enabling environment for the private sector and local communities to prosper and be successful. In this process government needs to remove barriers for development, show strong leadership and coordination with effective service delivery. Government also needs to step in if market forces fail, for example through skills training and land development. For government to be successful in rural development, it needs to have capacity and skills. The improvement of capacity for rural local government is one of the goals of the NDP. Increased capacity and skills leads to increased service delivery. Government needs to do research in product development to assist local entrepreneurs to start small businesses. Political stability and commitment is just as important as economical and social stability.

Government needs to subsidize and allow for increased spending in rural areas. Subsidization could be focused on housing delivery, tourism development, infrastructure development and agriculture support through incentives. Local government as the sphere of government closest to the people must play the role of facilitator, coordinator, enabler, stimulator and even developer. To go the extra mile, local government needs to conduct research, provide one-stop-info centres, market the region, provide incubators and job centres and skills development. Local government

must also pursuit to obtain government funding and grants for projects, provide in the basic needs of local communities, and ensure strong land use management and environmental management.

Lastly, government needs to invest in the most productive and strongest growth economic sectors, instead of supporting struggling economic sectors. Public works projects through the EPWP and CWP need to maximize its impact on local rural poor communities by providing income, skills, sustainability and environmental improvement.

7.2.3 Local leadership and partnership formation

Local leadership is critical and essential for rural development success. The term “local leadership” includes members of the “triangle” of local stakeholders namely government, local communities and the private sector. Government leaders are expected to take the lead in coordination and facilitation, but other leaders from the community and business must contribute. Under the term “local leadership”, two other terms are also listed namely “local champions” and “local drivers”. Local leaders and champions must work together as partners to maximize local resources and actions. Local leaders must make sure the local economy is driven and to create momentum. Local government must take quick and effective decisions to the benefit of the local community. Local leaders must put communities first and facilitate participation by all stakeholders. Examples of local champions are local government officials such as the municipal manager, and LED manager, local politicians such as the mayor and ward councillors, local ward committee members and CDW’s, local business leaders, NGO’s leaders and church leaders. Political instability can have a negative impact on rural development.

A potential dynamic driving force behind rural development initiatives is partnership formation by local stakeholders. Local developmental projects driven by local business and local communities have more chance to succeed than projects attempted by government alone. Local people must play a leading role in local initiatives. Local regional development occurs through local coordination. Local partnership formation leads to improved self-governance by communities.

7.2.4 Spatial planning

Spatial planning is based on the strategic planning process and is therefore vision based and gives direction in local economic planning. Economic development planning must be integrated with spatial planning. The integration of spatial planning with economic planning will ensure the spatial and geographic grounding of economic activities at optimal localities within a region. Spatial planning is integrative in nature and has the aim to ensure integrated land use planning to address spatial imbalances of the past, assists in the creation of enabling environments, improved economic rural-urban linkages through development corridors, ensure compact urban areas, supports active participation and ensure sustainable environments with a sense of place and viable local communities.

Spatial planning implementation forces focused capital and infrastructural investment. Spatial planning best practice principles include development nodes and corridors, densification, housing development, mixed use development, compact development and integrated development. The

integration of disadvantaged areas such as traditional isolated rural townships must be allocated economic linkages and activities by means of improved transport routes (corridors). In terms of the NSDP, the national spatial development plan, two types of regions have been identified namely growth regions (leading regions) as regions with dynamic growth potential which are supported through focused investment and depressed or struggling regions (backward regions) which must be supported regarding basic needs and community facilities.

7.2.5 Economic development and job creation

Inclusive economic development, leading to growth with jobs, is required for any successful region. Jobs lead to improvement in quality of life and development. Ultimately, the goal is for economic development to grow faster than population growth, leading to an increase in per capita income. For rural economies to grow more people needs to be working, the working age population needs to increase (less youths and less senior citizens), increased productivity through skills development and technological progress.

As stated in the NGP, economic sectors which have the potential for labour intensive job creation, known as “job driver” sectors, needs to be supported. These sectors include manufacturing, mining, tourism, agriculture including agro-processing, the “green economy” and retail. Although the agricultural sector is important for rural development, the non-agricultural sectors need to be supported, which will lead to a more diversified economy. The agricultural sector must lead to agro-processing and eventually industrial development. Strategies to develop the non-agricultural sectors include provision of improved transport, a focus on competitive advantages, strong rural-urban linkages, entrepreneurial development, incentives, infrastructure development, industrial cluster development and the improvement of the enabling economic environment.

The creation of an enabling environment for local business to prosper is an important function of government. Actions leading to an enabling supportive local environment include service and infrastructure capacity, provision of land and development zones, marketing, skills development, tax policies and incentives, access to finance, and research. Rural economies are focused on a few economic sectors and therefore are usually specialized economies. Economic diversification is required to grow and expand local rural economies. Local markets are relatively small and export of goods outside of the region is needed for growth. Clusters of economic excellence and specialization need to be established. The clustering of similar, competitive and interconnected industries will lead to accelerated innovation and competition.

7.2.6 Agriculture

In a rural region, agriculture is usually the dominating economic sector. Agriculture is a labour intensive economic sector and has the potential to create jobs and plays a key role in food security. Agricultural sub-sectors that require intensive labour include the sugar cane industry, citrus, cotton, apples, pears, and vegetables. According to the NDP, agricultural development include agrarian transformation, land reform and environmental management. Agricultural interventions are required to improve productivity in the sector. Examples of such interventions

include the provision of irrigation systems, hydro-phonic systems, fertilizer, training and mentorship, land, markets and product research.

Emerging farmers and commercial farmers need to be protected and supported. Emerging farmers especially need support in access to land, mentorship from commercial farmers, access to markets, skills development and finance. As proven in Brazil, local demand for products can be maximized through the right to food and school feeding programmes. Agriculture must be supported by government by means of export support, financial assistance, tax and agro-processing incentives. Agriculture is the basis of the rural economy and needs to link with other economic sectors. For example surplus agricultural raw products need to be utilized for agro-processing industries and eventually lead to formal industrial development.

Lastly, urban agriculture in rural areas or as it is also known as “food gardens” are important for food security, reduction of poverty, provision of nutritional food and income to the rural poor. Further benefits of food gardens are skills training, improvement of livelihoods, greening of areas, environmental management and waste management.

7.2.7 Tourism

The tourism sector, as a labour intensive economic sector, provides for economic opportunities within a rural region. This sector has been the salvation of a number of rural regions and towns. Tourism could be successful if the region has reasonable accessibility and a natural attractive environment. Tourism is an important rural economic sector because it assists in reducing poverty, is highly labour intensive, assists with food security, play a role in linking the region to other regions and assists in protecting the local environment.

In addition to these aspects, tourism also plays the following vital roles in a regional economy: it strengthen local supply chains, assists with SMME development, promote local arts and crafts, job creation, formation of partnerships, the diversification of the regional destination, government must play a role as a major client, and assist with the marketing of the region.

7.2.8 Role of rural nodes

Rural nodes of towns act as service centres within a region, but also play a key role as catalysts for development of the region. Globally, rural towns have been neglected but governments are now realizing the importance of rural towns in regional development. The development potential of a rural town depends on a number of factors which could be placed in a matrix to test the development potential of rural towns. The main factors are listed below: Locality, climate, geographical and environmental attractiveness, quality of soil and land, accessibility of town, quality of local government, level of economic diversity, extent of culture, social cohesion, level of entrepreneurship, availability of services, quality of spatial planning and the type of role of the rural town in the region.

7.2.9 Rural-urban linkages

The successful development of a region depends on the strengths of the linkages between nodes within the region and the linkage between the rural areas and nodes in the region. External linkages to other regions and nodes within other regions are also important and will assist in the strengthening of the economic base of the region. Linkages are not limited to economic linkages alone, but also include social and cultural linkages. Rural policies to strengthen rural-urban linkages include industrial linkages, migration policies, and rural urbanization policies. Infrastructure development is a tool in the improvement of the linkages and integration of regions. The aims are to establish a regional economy with integrated nodes and rural areas linked with development corridors, and create a region without dualism.

7.2.10 Local resource utilization

Rural regions needs to maximize the local and in most cases limited resources. Local resources include natural resources such as minerals and water, man-made resources such a local infrastructure and local human resources. Local human resources need to be improved by means of skills development. Skills training need to be provided in locally required skills including technical and business skills. As part of the establishment of a local enabling environment a quality environment is important as it will attract people and businesses to the region. On the other hand, a poor environment will push people away. Local SMME's, entrepreneurship and youth development needs to be encouraged.

7.2.11 Housing

The role of housing provision in rural areas is fourfold. Rural housing projects should be seen as flagship projects with a major impact on local receiving communities. Housing is one of the basic needs of poor communities and will provide decent shelter. Housing projects, if implemented effectively, must be a community driven and a benefitting process in the form of a "people's housing project (PHP)" for example. In this way a housing project will include skills development for local contractors. A community housing project will also have a strong job creation component. Lastly, a housing project will ultimately lead to the improvement of quality of life of local communities.

7.2.12 Local community involvement and indigenous knowledge

Local rural communities must take their destiny into their own hands. Local communities must be part of local decision making, planning, implementation and ownership of projects. Local communities must be allowed access to ownership of projects, community facilities, housing and land. The quality and intensity of local community participation determine the level of rural development. Rural communities have higher levels of community involvement and social cohesion than highly urbanized areas. This sense of community and belonging is one of the comparative advantages that cities don't generally have. An appealing community life could attract city dwellers. A strong and healthy rural community must have modern ICT, strong levels of

entrepreneurship, availability of jobs, export sectors with a strong economic base, social cohesion, industrial specialization, inter-firm collaboration and good governance.

Local rural communities know their area best and the indigenous knowledge needs to be taken into account in local planning processes. Local people know and understand the local needs best and also know local conditions best. Local indigenous knowledge can add value in maximizing local economic opportunities.

7.2.13 Basic needs and social-welfare

Rural development is not only about economic development, but also improvement of the quality of life of people. The provision of basic needs and social-welfare facilities forms the pro-poor component of rural development. The NDP states that quality services in rural areas are important for rural areas to compete with cities. As part of any rural development strategy, a community development plan needs to be included with specific projects. The lack of basic needs keep people trapped in poverty. Local rural people can climb the ladder of social and economic success if basic needs are provided. Basic needs include nutrition, health care, water, sanitation, shelter, education, skills, sense of well-being and belonging, access to land and the ability to find work. The poor needs to be protected from shocks as the vulnerable section of the rural community by means of the provision of a “safety net”, which include tools such as pensions, social grants, housing subsidy, and access to services and finance.

7.3 FINAL RECOMMENDATIONS

In this section, final recommendations are listed based on the gaps identified in the research as listed in Chapter 1.

The research has a foundation in the classical theories of economics, development economics, local economic development, rural development, strategic planning and spatial planning as analyzed in Chapters 2 and 3. The researcher has taken the principles as contained in these theories and compiled a rural development model. This model has the aim to assist local government to compile and implement policies and strategies in rural settings. This process will lead to improved rural development in South Africa. The best practice principles for rural development as listed in Section 7.2 will also assist rural development planning.

The theory of rural development led to the compilation of a rural development strategy for the study area as outlined in Chapter 5. This strategy is based on eleven strategies with sub-strategies and projects for implementation. The strategy has been delivered to the Fezile Dabi District Municipality for consideration. The municipality has accepted the strategy and has initiated the process through the implementation of Strategy 1 namely, the strengthening of the institutional structures in the area. The plan is to assist with the implementation of the strategy and also to assist with the compilation of rural development strategies for the four local municipalities in the study area, based on the rural development model.

The role of government in rural development was comprehensively analyzed in Chapter 4. Roles and responsibilities were identified and duplications and shortcomings were listed. A number of national departments are involved in rural development, but no clear lead department has been identified, although some coordination occurs between departments. Local governments in rural areas are struggling to implement national policies due to lack of clarity, skills and capacity. Urgent additional assistance is therefore required for local government in rural areas to play a role in the rural development turnaround process.

National policies such as the NSDP, NGP, and NDP form the foundation for rural development on the local sphere. These policies were analyzed and form the basis of the rural development model, and best practice principles. It is believed that a local rural development strategy based on the above-listed policies should lead to the successful implementation of a local strategy. National government need to show support for such a local strategy by providing capacity and funding. The proposed strategy for the study area, as outlined in Chapter 5, has its foundation on the national policies and especially the "job drivers" of the NGP and principles of the NDP.

The integration of spatial planning with local economic planning has been investigated. Spatial planning initiatives should precede local economic development planning. Spatial planning policies must create the spatial environment for local economic initiatives to succeed. In the compilation of the rural development model, spatial actions were integrated with economic activities.

The rural development strategy for the study area is the practical application of the theories and the model for rural development. The eleven strategies as listed in Chapter 5 form an integrated unit and are interlinked. Rural development is an integrated "war" on poverty, unemployment and inequality and it is believed that the proposed eleven strategies could be seen as "pro forma" strategies within the rural development model. The strategies address all components of rural development including the spatial environment, the local economy with all the relevant sectors and the social-welfare aspects.

The local rural development strategy as discussed in Chapter 5 focuses on the following aspects namely institutional strengthening, support and strengthening of the job driver economic sectors such as agriculture, mining, manufacturing, the informal sector, the green economy, and tourism, the development and support of entrepreneurs and SMME's, skills development, infrastructure development and provision of basic needs and social development.

The current population of the district area is estimated at approximately 500 995 people. Population growth in the study area has been slow at 0.48% since 2000, but slightly higher than the provincial growth rate of 0.39%. The Metsimaholo area will continue to grow at a much higher rate than the rest of the study area. The rural nature of the study area has and will continue lead to continued rural to urban migration patterns. The study area contributes only 17.3% to the provincial population, while the Moqhaka area has the largest population of the four municipal areas, contributing 35.2% to the total regional population. If compared to the province, the study area has a lower youth population percentage, a higher working population percentage and a

higher old age population percentage. The rural character of the study area has contributed to the decline in the rural population mainly due to the decline in agricultural activities in the area. This situation could be turned around if rural development strategies are implemented successfully. One of the main pillars of such a strategy is agricultural development. Family size/house hold size is an indication of economic development of an area and the level of quality of life. The study area has an average house hold size of 3.2 persons compared to the provincial average of 3.5 persons. Due to the rural nature of the study area, population densities are relatively low, equal to that of the province. The Metsimaholo area is an exception with substantially higher densities, with a more urban nature as the growth point of the study area. Higher population densities usually allow for increased economic opportunities, but also for socio-economic issues and problems. Rural migration to urban areas has reached high levels and up to 80 % of the study area's population now resides in rural urban nodes. The decline in the agricultural sector is the main contributor, while perceptions of rural people regarding more and better work opportunities in urban nodes, also play a role. Disposable and available operational budget at the four municipalities within the study area varies between R1 083 per capita in the Mafube area to R2 278 per capita in the Metsimaholo area. This indicator provides a measure of the level of development, infrastructure provision, maintenance as well as levels of service delivery.

In 2010 a total of 54 130 people, 10.8% of the population in the study area were HIV infected. The required medication needs to be provided on an ongoing basis in order to maintain a good quality of life. In terms of the HDI, the study area has an equal index to South Africa as a whole and a slightly better index if compared to the province. Huge inequalities, however, exists between the black and white populations with a HDI of 0.50 and 0.86 respectively in the study area. The Metsimaholo area has the highest HDI of 0.63 while the Mafube area has the lowest index of 0.47. The high levels of inequality need to be addressed by means of provision of quality services and economic opportunities close to poor and isolated communities. In terms of the Gini-coefficient index, the study area has a slightly better equality index if compared to the province, with the Metsimaholo area with the highest levels of inequality in the district area.

Poverty levels in the study area have decreased since 2000 from 46% of households in poverty to 33.9% in 2010. These figures are, much better than that for the province at 39.7% in 2010. The Mafube area has the highest levels of poverty at 50.5% of all households in 2010. These levels of poverty are still very high and need to be reduced by means of economic opportunities and rural development. It is especially in the Moqhaka and Ngwathe areas where the poverty gaps are substantial.

Education and literacy levels have improved in the study area from 2000 to 2010. In 2010, however, a total of 23 000 people older than 15 years had no schooling at all. The main problem areas are the Ngwathe and Mafube areas. Education, adult education and skills training are important issues to be included in the rural development strategy. Literacy rates are relatively low in the study area at 74.4% in 2010. The average literacy rate in South Africa is 89.3% (2010). The Metsimaholo area has the highest literacy rate in the study area at 80.8%, while the Mafube area

has a literacy rate of only 59.7%. The literacy rate, in terms of adult education and skills training, needs to be accelerated.

The housing backlog of the study area was estimated at 34 191 units in 2010. This figure contributes to 19.1 % of the provincial housing backlog. The Moqhaka area represents the largest housing backlog of 15 411 units in 2010. The housing backlog needs to eradicated by 2018 by provision of a minimum of 6 000 units per year in the study area. In terms of the combined infrastructure index, the study area is better off if compared to the province with indexes of 0.83 and 0.77 respectively. The Metsimaholo area has the highest levels of infrastructure development at 0.89 while the Mafube area has the lowest level of infrastructure development at 0.77. Infrastructure development allows for economic development. Infrastructure improvements need to be accelerated in order to ensure economic and rural development.

Growth in unemployment has been low at 0.7 % in the study area over the period from 2000-2010. The official unemployment rate in the study area was 22.0% in 2010, compared to 28.7% in the province. The Ngwathe area had the highest levels of unemployment at 31.9% in 2010. The unofficial unemployment rate is much higher, at approximately 40%. This was confirmed in the community survey. Job opportunities in the informal sector are limited at only 23 280 jobs in 2010. The informal sector needs to contribute a much higher ratio of jobs if compared to the formal sector. A total of 96 000 formal jobs existed in 2010 in the study area. In terms of the formal jobs sectors in the study area, the sectors of agriculture, manufacturing, community services and house-holds are the main contributors. Agriculture (primary sector) and manufacturing (secondary sector) have lost ground in terms of jobs created over the last 10 years. The focus should be on re-establishment and supporting the main job creation sectors in the local economy and support informal job creation efforts.

In 2010, 52 248 of the employed people received an income of less than R1 500 per month, which is approximately 40% of the official working population. Income levels are low in the study area and improved technical skills and business skills could provide a solution. The buying power in the study area is relatively low and the Moqhaka and Metsimaholo areas contributing up to 72% of the total buying power of the study area in 2010. The average income for working people in the study area is low at R 19 677 annually (2010).

Value added economic activities in the study area contributed 28.9% to the total provincial value added economic activities. Value added activities and export create economic development and such activities must be supported and developed. As a rural area, agriculture must play a key role in development. The study area has a total of 327 592ha (15.4% of all agricultural land in the province) of high potential agricultural land and 59% of agricultural land has low potential. Land needs to be optimally used for agriculture and food production. In the study area, only 4 317ha of land is irrigated. Provision of an irrigation system can assist in improving the agricultural sector's production.

The economy of the study area is a net exporter of goods and services, with an export/import ratio of 1:0.76. Export support and development is needed to improve the ratio even more. The GDP

per capita in the study area is at R89 572 which is much higher than that of the province at R50 231 per capita in 2010. The growth rate of GDP for the study area from 2000 to 2010 was 6.9%. The current growth rate is a low 1.4% in 2010. The Metsimaholo area dominates GDP in the study area, with a GDP per capita at R203 903 in 2010. GDP growth needs to be accelerated, even in the midst of the global recession and the target should be 5% per annum growth. The study area has a well-developed local economy which has a Tress Index (Diversification Index) of 42.3 (with 0 equal to total diversification). Individual local municipal areas have less diverse economies. Economic diversification and formation of specialization clusters need to be promoted. The study area has location advantages in sectors such as agriculture, mining, manufacturing and electricity provision. LED strategies need to focus on such sectors, but also on the focus areas of the NGP.

Tourism only contributed 3.1% to the GDP of the study area in 2010. The industry needs to grow to levels as experienced in the province which has a contribution of 5.9% of GDP. Tourism has been growing steadily at 3.4% per annum. As could be expected, the Ngwathe area has the highest levels of tourism at 9.7% of GDP, while the Metsimaholo area has only a 1.7% contribution to GDP by tourism activities. There is a potential for growth in the tourism sector, which must be exploited, especially in terms of the domestic market.

Population growth in the study area has been low at between 0.4 to 0.6%, while economic growth has been slightly higher at 1.4%. This population growth to economic growth ratio needs to be strengthened.

The vision of a rural development strategy should focus on job creation, economic stability, diversification of the economic base and quality community facilities (Blakely & Bradshaw, 2002: 159). The tools for rural economic development according to Blakely and Bradshaw (2002: 182) are land and building provision, infrastructure development, reduction of regulations, tourism support and development through marketing actions, greening and beautification, housing development and provision of community facilities.

7.4 REALIZATION OF RESEARCH OBJECTIVES AND THEORETICAL STATEMENT

This section analyses the realization of the research objectives as set out in Section 1.5 of Chapter 1 of the study. A total of six research objectives were listed at the inception of the research. The realization of the six research objectives are discussed below:

- **Theoretical review:** The theoretical review of concepts affecting rural development is contained in Chapters 2 and 3. Theoretical concepts such as economic development, economic growth, development economics, location and central place theories, sustainable development, poverty and inequality, and unemployment were analyzed. The theoretical concepts of rural development including what is rural, rural regions, rural towns, indigenous knowledge, agriculture, land reform, rural and urban linkages were also analyzed. Furthermore, the theoretical concepts of LED and spatial planning, as tools for rural development were comprehensively analyzed.

- **Global and local best practice case studies:** Case studies on rural development were analyzed in Chapter 4. A total of 26 global case studies were analyzed in developing and developed settings, while 27 local case studies were analyzed in order to find solutions to rural development challenges in the study area and the rest of South Africa.
- **The analysis of the role and functions of the three spheres of government with a focus on the local government structures in the study area regarding rural development:** Chapter 4 in Section 4.5 contains a detailed analysis on the role and functions of the three spheres of government regarding rural development. Chapter 5 focuses on the five local governments in the study area as contained in Sections 5.2 and 5.3.
- **A socio-economic analysis of the study area by means of a desk-top study as well as by means of primary research:** Chapter 5 contains an in depth socio-economic analysis of the study area by the utilization of the most recent data sources available. The desk-top study was supplemented by primary research in the study area. A community socio-economic survey was completed in mid-2012 in 29 poor communities in the study area, and included a total of 3 208 households. The survey focused on poverty levels, unemployment, income levels, skills, and perceptions on local government service delivery in the study area. The strategies for a rural development strategy were also formulated for the study area in Chapter 5. The local business chambers were also analysed (see annexure E).
- **The compilation of a rural development model:** In Chapter 6 an attempt was made to formulate a model for rural development for the study area, but also for the rest of rural South Africa. The model provides a step-by-step process for rural development known as the “Feza iSimangaliso” plan for rural development which attempted to integrate spatial planning and LED planning. The chapter also contains refreshed definitions of concepts on rural development such as rural development, rural regions, classification of rural regions and rural towns in South Africa. Chapter 6 concluded with more rural development solutions as listed by other rural development specialists in Section 6.4 and pillars for rural development in Section 6.4.3.
- **The formulation of recommendations regarding best practice processes, methods, and approaches on rural development:** Finally, Chapter 7 provides for a comprehensive best practice analyses for rural development in Section 7.2.

All research objectives were comprehensively addressed. The theoretical statement as contained in Section 1.4 of Chapter 1 stated that “the chronic state of underdevelopment, poverty and unemployment, especially in rural South Africa, with a focus on the northern Free State, can be turned around by means of the implementation of revitalization strategies which include innovative policies and programmes of LED and spatial planning”. The theoretical statement was tested throughout the study. The state of the study area was comprehensively analyzed as a rural region and the high levels of rural poverty, unemployment, lack of strong leadership and good governance were confirmed. National, provincial and local policies were analyzed and a rural

development strategy was compiled for the study area. The theoretical analysis in Chapters 2 and 3 and the best practice analysis in Chapter 4, has allowed the researcher to compile rural development solutions, rural development pillars, a rural development model, a rural development strategy in chapter 5, rural development definitions and lastly rural development best practice principles and processes. The study has proven that strategic planning and implementation of rural development principles could lead to accelerated and sustainable rural development.

7.5 FUTURE RESEARCH

The research contained in this thesis has many angles and approaches. The field of research, with its cross and inter-disciplinary nature allows for huge potential of future research. The research attempted to integrate study fields of rural development, regional development, local economic development and spatial planning.

Future research could include, but are by no means limited to, the following aspects:

- The northern Free State as geographical focus area: Research in the study area will continue. The detailed socio-economic community survey which was completed in mid 2012 will be the basis of future research. A total of 29 local communities were included in the survey and local communities will be compared regarding demographics, poverty levels, unemployment, skills levels and perceptions regarding government. Local CDW's will be analyzed and the role of these ground level employees regarding rural development and LED will be ascertained. The levels of skills of CDW's will also be tested regarding suitability for their role in the community. Local municipalities within the study area namely Mafube, Metsimaholo, Moqhaka and Ngwathe will be further analyzed regarding rural development and LED. Relevant strategies will be formulated for these municipalities for implementation, based on the rural development model and best practice principles. The study area as a rural region will be further analyzed regarding the classification and hierarchy of nodes and corridors and the economic linkages between them, within the framework of location theories en spatial planning principles.
- The theory and practice of the creation and establishment of an enabling environment by government and especially by local government within a specific geographical region will be analyzed. The key components of "an enabling environment" will be formulated.
- The creation of jobs, as the highest ranked priority in South Africa, will be analyzed, leading to a possible policy and strategy for government within the framework of the NGP and NDP. The debate between "jobs for all" versus "decent jobs" will also be analysed.
- Flowing from the rural development model as presented in chapter 6, an attempt will be made to create a "serious game" for the model. This "game" will be in the format of a computerized virtual game for government official, councillors and members of local communities. The goal is to train people through "playing the game" in rural development and LED skills to improve implementation. The process will be piloted in the Metsimaholo area and if successful will be rolled out to the rest of the country.

- Lessons in economic development for Africa and South Africa: The cases of successful countries in Africa such as Ghana will be analyzed and compared to activities in South Africa.
- An analysis of the NGP and NDP with a comparison to similar policies in the BRIC countries.
- A theoretical analysis of the composition and role of LED units at local government in South Africa.
- The compilation of a rural development matrix for the evaluation of the level of success of a rural region and the identification of gaps in local rural development plans.
- The impact of geographical boundaries and political boundaries on economic functional regions, for example the case of the "Vaal-triangle" region as an economic region divided by the Vaal River.

7.6 FINAL CONCLUSIONS

Rural development is an integrated and comprehensive "war" on poverty, unemployment and inequality. Rural development includes all aspects of society including social, economic, political, spatial, environment, culture and institutional components. Rural development strategies and policies must be people-centred with projects driven by local communities. Local people must decide on their own destiny and should therefore be involved in the identification, planning, implementation and the taking of ownership of rural development initiatives. All rural development initiatives must have a spatial grounding. A balance between pro-poor and pro-growth strategies is required. People will only be able to leave the poverty gap if their basic needs are provided for and they have access to assets.

In the final analysis on rural development, the work of E.J. Blakely in the various editions of his book "Planning for local economic development: Theory and practice" (Blakely & Bradshaw, 2002) has made an impression on the researcher in the formulation of approaches and strategies on rural development and LED. One of the main aspects as listed by Blakely and Bradshaw (2002: 55) must be his local and regional rural economic development formula. This formula states that: Local and regional economic development = c x r, where c equals the local area's capacity and r equals local resources. Local capacity includes aspects such as local government, local service delivery, social services, economy, skills, political and technological and innovation capacity. Local capacity could be multiplied if a strong culture of cooperation and partnership formation exists. Local resources include locality, availability of resources, labour, capital investment, entrepreneurial environment, transport, effective communication, extent of resources, export focus, and government spending in the region. From the researcher's point of view, in addition to the above listed formula, a rural region will develop if the rate of economic development (not economic growth) exceeds the population rate. Economic development must lead to improved quality of life of all residents of a region. Improved quality of life is achieved through access to basic needs leading to social and economic freedom.

At the end of the day we need to understand what allows and drives rural development. Wealth creation and investment policies on the one hand and redistribution policies on the other hand, should be implemented simultaneously, rather than just a process of redistribution. The key components driving rural development are listed as the following: the extent and quality of local skills and entrepreneurship, the levels of leadership, quality of partnerships and good governance, the levels of linkage with national and provincial policies, the way in which natural resources are utilized, local market size, closeness of large markets and the extent of export focus, the level of innovation and technology, agricultural development leading to agro-processing and industrial development, and lastly the levels and extent of capital investment and infrastructure development.

Finally, good governance within a rural region is critical. Governance regarding coordination of all initiatives, clear policy formulation, well planned interventions and the creation of quality physical and economic enabling environments are needed. In the 2011 World Economic Forum (WEF) report known as “The future of government” it is stated that, globally governments need to transform themselves into “FAST” (flatter, agile, streamlined, tech-enabled) governments. The concept of “FAST” government consists of best practice governance aspects such as increased citizen engagement, administrative efficiency, decentralized decision making, an agile highly skilled workforce with problem solving capabilities, a streamlined government with a reduction in the size of the public service, and a highly innovative and tech-enabled government service (World Economic Forum, 2011: 12).

BIBLIOGRAPHY

ACTS see REPUBLIC OF SOUTH AFRICA.

Adegoroye, A.A., & Adegoroye, A.A. 2006. The roles of selected NGO's in economic empowerment of rural women in Ibadanland, Nigeria. Ladoke Akintda University of Technology.

AFRICAN NATIONAL CONGRESS (ANC). 1994. Reconstruction and Development Programme (RDP). A policy framework. Johannesburg. Umanyano.

ALCOCK, P. 1997. Understanding poverty. 2nd edition. London. Macmillan Press.

ALIBER, M., DE SWART, C., DU TOIT, A., MBHELE, T. & MTHETHWA, T. 2005. Trends and policy challenges in the rural economy: Four provincial case studies. Cape Town. Human Sciences Research Council (HSRC).

AMIS, P. 2002. Municipal government, urban economic-growth and poverty reduction: identifying the transmission mechanisms between growth and poverty. In Rakadi, C. and Lloyd-Jones, T. Eds. Urban livelihoods: A people-centered approach to reducing poverty. London. Earth Scan. P112-133.

ASHLEY, C., & MAXWELL, S. 2001. Rethinking rural development. *Development policy review, 2001,* 19 (4): 395-425.

ASHLEY, C. 2006. How can government boost the local economic impacts of tourism? Toolkit. London. Overseas Development Institute (ODI).

ASHTON, G. 2012. The EPWP programme exploits workers. *Farmers Weekly, p 8,* 15 June 2012.

ASSINK, M., & Groewendijk, N. 2009. Spatial quality, location theory and spatial planning. RSA Leuven, April 6-7, 2009.

ATKINSON, B., BARKER, P., & MILWARD, B. 1996. Economic policy. London. MacMillan Press.

ATKINSON, D. 2003. Post-apartheid local government reforms. Centre for Development and Enterprise (CDE). CDE Focus.

ATKINSON, D., & ZINGEL, J. 2004. Towards a town small network: concept, feasibility, and process. Bloemfontein, HSRC Press.

ATKINSON, D. 2007. Going for broke: the fate of farm workers in arid south Africa. Cape town. HSRC Press.

AUSTRALIA SOUTH AFRICA LOCAL GOVERNMENT PARTNERSHIP (ASALGP). 2005. A handbook for provincial and municipal elected and appointed officials about local economic development. Web access: www.devplan.kzntl.gov.za/ASALGP. Date of access: 21 Feb 2013. Brisbane. Australian Government.

BARKER, F.S. 1992. The South African labour market. Pretoria. Van Schaik.

BARNARD, J. 2012. Industrial Development Corporation (IDC) agro-industries. Advertisement supplement to the *Mail and Guardian*, 26 October, 2012.

BARTIK, T.J. 2003. Local economic development policies. Kalamazoo. Michigan. Upjohn Institute Staff Working Paper No. 03-91.

BATTERSBY, J. 2012. Size matters: land restitution in Knysna. In Donaldson, R & Marais, L. eds. Small town geographies in Africa. New York. Nova Science.

BEINHOCKER, E.D. 2006. The origin of wealth: evolution, complexity and the radical remaking of economics. Boston, Harvard Business School Press.

BELSHAW, D. 2000. Decentralized governance and poverty reduction: relevant experiences in Africa and Asia. In Collins, P. ed. Applying public administration in development: guideposts to the future. West Sussex: John Wiley and Sons.

BENDER, L.B., GREEN, T., & HADY, J. 1985. The diverse social and economic structure of non-metropolitan America. Washington DC. United States Dept of Agriculture, Economic Research Service. Rural Development Research Report no 49.

BERRY, B.J.C. 1972. Hierarchical diffusion: The basis of development filtering. London. Free Press.

BESTER, C.W. 1994. The consequences of urbanization and westernization on black family life in South Africa. *Journal for Social Work,* volume 30.

BHORAT, H., & LEIBRANDT, M. 1996. Understanding unemployment. Pretoria. HSRC Press.

BHORAT, H., & KANBUR, R. 2008. Poverty and policy in post-apartheid South Africa. Pretoria. HSRC Press.

BJARAS, G., HAGLUND, J.A., & RIFKIN, S.B. 1991. A new approach to community participation assessment. *Health Promotion International,* volume 6.

BLAKELY, E.J. 1989. Planning local economic development: Theory and practice. California. Sage Publications.

BLAKELY, E.J., & BRADSHAW, T.K. 2002. Planning local economic development: Theory and practice. 3rd edition. California. Sage Publications.

BOROOAH, V.K., & GREGOR, P. 1991. The measurement and decomposition of poverty: an analysis based on the 1985 family experience survey for Northern Ireland. *Manchester School of Economic and Social Studies,* 57 (4): 357-365.

BOUDEVILLE, J.R. 1966. Problems of regional economic planning. Edinburgh. Edinburgh University Press.

BRANSON, W.H., GUERRERO, I., & GUNTER, B.G. 1998. Patterns of development: 1970-1994. Washington. World Bank.

BRYNARD, P.A. 1996. Realities of citizen participation. In Bekker, K. ed. Citizen participation in local government. Pretoria. Van Schaik.

BURGER, P., GELDENHUYS, J.P., CLOETE, J., MARAIS, L., & THORNTON, A. 2009. Assessing the role of urban agriculture in addressing poverty in South Africa. Washington. Global Development Network working paper series. Working paper no 28.

BUXTON, E.B. 1976. Delivering social services in rural areas. In Ginsberg, L.H. Ed. New York. Council for Social work education.

CENTRE FOR DEVELOPMENT AND ENTERPRISE (CDE). 2008. Shared growth and the role of the state. Number 2, May 2008. Park Town, Johannesburg.

CENTRE FOR DEVELOPMENT AND ENTERPRISE (CDE). 2010. A fresh look at unemployment. Web access: www.cde.org.za. Date of access: 21 January 2013.

CENTRE FOR URBAN DEVELOPMENT STUDIES. 2004. Economic revitalization and integrated development in Middledrift, Eastern Cape. Cambridge, USA.

CHABANE, C. 2010. South Africa set for New Growth Path (NGP). Web access: http://www.southafrica.info/business/economy/policies/growth-271010.htm. Date of access: 31 March 2011.

CHAMINUKA, P., BELETE, A., & MOHOLWA, B. 2004. Rural knowledge – new paradigm to development debate. SARDQ vol 2, Q4, Oct-Dec 2004.

CHENERY, H.B., & SYRQUIN. M. 1975. Patterns of development: 1950 to 1970. New York. Oxford Press.

CHENGWEI, H. 2008. Pro-poor development policies in rural China. Paris. Poverty reduction centre of China.

CLOETE, F.1995. Local government transformation in South Africa. Pretoria. Van Schaik.

CLOVIS MAINS STREET. 2012. Clovis main street projects: eight principles. Web access: www.clovismainstreet.org. Date of access: 24 Dec 2012.

COATES, J.F., JARRATT, J. & RAGUNAS, L. 1992. Reviving rural life. *Futurist,* 26, no 2 pp 21-28.

COETZEE, S. 2011. Plaaslike ekonomiese ontwikkeling toon belofte danksy projek vir samewerking. *Sake24,* 28 April 2011, p6.

COLLITS, P. 2000. Small towns decline and survival. Paper presented at the future of Australian towns conference at La Trobe University, Bendigo, June 2000. Web access: www.regional.org.au/au/countrytowns/global/collits.htm. Date of access: 21 September 2012.

CONRADIE, D.P., MORRIS, C., & JACOBS, S.J. 2003. Using information and communication technologies for deep rural development in South Africa. *Communicatio* Volume 29. Unisa Press.

CONSTITUTION SEE REPUBLIC OF SOUTH AFRICA. 1996.

COOK, E.A., & BENTLEY, M.T. 1986. Revitalizing the small town main street. Western Rural Development Centre. Oregon State University. August 1986.

COUDOUEL, A., HENTSCHEL, J.S., & WODON, Q.T. 2002. Poverty measurement and analysis. Washington. World Bank.

COX, W., & UTT, J. 2004. The costs of sprawl reconsidered. The Heritage Foundation, 25 June, 2004.

CURRAN, J., GRAY, C., & CURRAN, M. 1998. A local economic development plan for Solomon. Web access: http://www.kawerak.org/ledps/solomon.pdf. Date of access: 30 June 2011.

DARROL, L. 2002. Rural enterprise accesses urban markets. World summit 2002. Mineworkers development agency (MDA).

DAVIDS, I. 2010. Development Theories, past to present. Pretoria. Van Schaik.

DAVIDS, I., THERON, F., & MAPHUNYE, K.J. 2010. Participatory development in South Africa. 2nd Edition, Pretoria. Van Schaik.

DAVIS, J. 2004. Using the Rural economic and enterprise development (REED) framework for analysis and joint action: implications for spatial development. Natural Resources Institute (NRI). May 2004. Web access: www:http://www.nri.org. Date of access: 25 June 2012.

DAVIS, M. 2004. Planet of slums: urban involution and the informal proletariat. *New Left Review,* 26,5.

DE SATGE, R. 2010. Rural development in South Africa. Phuhlisani Publishers.

DEVELOPMENT BANK OF SOUTH AFRICA (DBSA). 2008. Local economic Development Fund: Concept and Modus Operandi. DBSA. Halfway House. Midrand.

DE VOS, A.S. & VAN ZYL, C.G. 1998. The grounded theory mythology. In search of grass roots: A primer for the caring profession. Pretoria: Van Schaik.

DELIUS, P. & SCHIRMER, S. 2001. Towards a workable rural development strategy. Trade and Industrial Secretariat (TIPS). Johannesburg. University of Witwatersrand.

Demurger, S., & Xu, H. 2011. Return migrants: The rise of new entrepreneurs in rural China. Lyon, France.

DEPARTMENT OF AGRICULTURE, FORESTRY AND FISHERIES (DAFF) . 2011. Strategic plan. Web access: http://www.daff.gov.za. Date accessed: 29 November 2012.

DEPARTMENT OF AGRICULTURE, FORESTRY AND FISHERIES (DAFF). 2012a. Quarterly economic overview of the agriculture, forestry and fisheries sector, April 2012 to June 2012, Volume 10, no 2, September 2012. Pretoria. Government printer.

DEPARTMENT OF AGRICULTURE, FORESTRY AND FISHERIES (DAFF). 2012b. Annual report 2011 to 2012. Pretoria. Government printer.

DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (COGTA). 2008. Communities at work, Community work programme (CWP), 2010-2011. Pretoria. Government printer.

DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (COGTA). 2009. Local government turnaround strategy. Pretoria. Government printer.

DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (COGTA). 2010a. Strategic plan 2009-2014. Pretoria. Government printer.

DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (COGTA). 2010b. Municipal turn around strategies report for Fezile Dabi District Municipality. Pretoria. Government Printer.

DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (COGTA). 2010c. Towards a Small town regeneration strategy. Pretoria. Government Printer.

DEPARTMENT OF ECONOMIC DEVELOPMENT. 2011. The New Growth Path (NGP): Framework. Pretoria. Government Printer.

DEPARTMENT OF ECONOMIC DEVELOPMENT. 2012a. Strategic plan. Web access: http://www.economic.gov.za. Date accessed: 11 December 2012.

DEPARTMENT OF ECONOMIC DEVELOPMENT. 2012b. Annual report 2011/2012. Pretoria. Government printer.

DEPARTMENT OF ENVIRONMENTAL AFFAIRS. 2000. National soil potential atlas. Pretoria. Government Printer.

DEPARTMENT OF ENVIRONMENTAL AFFAIRS. 2012. Strategic plan 2012 to 2017. Pretoria. Government printer.

DEPARTMENT OF HUMAN SETTLEMENTS. 2012. South African government information. Web access www.info.gov.za/aboutsa/housing.htm. Date of access: 18 Dec 2012.

DEPARTMENT OF PROVINCIAL AND LOCAL GOVERNMENT (DPLG). 2000. A policy on IDP. Pretoria. Government Printer.

DEPARTMENT OF PROVINCIAL AND LOCAL GOVERNMENT (DPLG). 2001. Toolkit for LED. Pretoria. Government Printer.

DEPARTMENT OF PROVINCIAL AND LOCAL GOVERNMENT (DPLG). 2003a. Annual report 2003. Pretoria. Government printer.

DEPARTMENT OF PROVINCIAL AND LOCAL GOVERNMENT (DPLG). 2003b. Local economic development: A resource book for municipal councilors and officials. Pretoria. Government printer.

DEPARTMENT OF PROVINCIAL AND LOCAL GOVERNMENT (DPLG). 2006. Stimulating and developing sustainable local economies, national framework for LED in South Africa, 2006-2011. Pretoria. Government printer.

DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION (DPSA). 2012. Annual report 2011 to 2012. Pretoria. Government printer.

DEPARTMENT OF PUBLIC WORKS (DPW). 2012a. Expanded public works programme: Contributing to a nation at work. Quarterly report for 2012 to 2013. Web access: www.epwp.gov.za/downloads. Date of access: 20 April 2013.

DEPARTMENT OF PUBLIC WORKS (DPW). 2012b. Annual report 2011 to 2012. Web access: www.public works.gov.za/PDFs/documents. Date of access: 20 April 2013.

Department of Rural Development and Land Reform (DRDLR). 2009. The Comprehensive Rural Development Framework. Ministry of Rural Development and Land Reform. Government Printer. Pretoria. Web access: http://www.ruraldevelopment.gov.za. Date accessed 28 Nov 2012.

DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM (DRDLR). 2010a. A study on the revitalization of rural towns and regions in South Africa. Department of Rural Development and Land Reform. October 2010. Pretoria.

DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM (DRDLR). 2010b. Guidelines for the formulation of spatial development frameworks. Working draft, September 2010.

DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM (DRDLR). 2010c. Comprehensive Rural Development Strategy (CRDP). Pretoria. Government Printer.

DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM (DRDLR). 2012. Annual performance plan 2012-2013. Pretoria. Government Printer.

DEPARTMENT OF SOCIAL DEVELOPMENT. 2010a. Strategic Plan 2010-2015. Pretoria. Government printer.

DEPARTMENT OF SOCIAL DEVELOPMENT. 2010b. State of the population report: 2010, Free State Province. UN population fund.

DEPARTMENT OF TRADE AND INDUSTRY (DTI). 2010. Industrial policy action plan (IPAP). Pretoria. Government printer.

DEPARTMENT OF TRADE AND INDUSTRY (DTI). 2012a. The DTI Strategy plan 2012 to 2017. Pretoria. Government printer.

DEPARTMENT OF TRADE AND INDUSTRY (DTI). 2012B. The DTI group of agencies. Pretoria. Government printer.

DEPARTMENT OF TRANSPORT. 2012. Strategic plan. Web access www.transport.gov.za. Date of access: 14 Dec 2012.

DEPARTMENT OF TREASURY. 2011. Employment and economic growth: implications for the Free State future. Presentation at SALGA's special task team meeting on 1 June 2011.

DEPARTMENT OF TOURISM. 2012. Rural Tourism Strategy. Pretoria. Government printer.

DEVELOPMENT AND PLANNING COMMISSION (DPC). 1999. Draft green paper on development and planning. Document DPC 4/99. Pretoria. Government printer.

DEWAR, D. 1994. Reconstructing the South African countryside: The small towns. *Development Southern Africa,* volume 11(3), p351-362.

DJUKANOVIC, V. & MACH, E.P. 1975. Alternative approaches to meeting basic Health needs in developing countries. UNICEF/WHO study. Geneva. World Health Organization.

DONALDSON, R. 2001. A model for South African urban development in the 21st century. Conference paper at the 20th South African transport conference, South Africa 16-19 July 2001.

DUVEL, G.H. 2000. Towards an appropriate extension approach for agricultural and rural development in South Africa. *South Africa Journal on Agriculture Extension,* Vol 29.

DUVENHAGE, H. 2012. Landbou dien as barometer vir ekonomie. *Sake 24.* 11 April 2012. p.8.

DUXBURY, N., CAMPBELL, H. & KEURVORST, E. 2009. Developing and revitalizing rural communities. Creative city network of Canada. Toronto.

EASTERLY, W. 2001. The elusive quest for growth: Economists adventures and misadventures in the topics. Cambridge. MIT Press.

EASTERLY, W. 2005. Reliving the 50's: The big push, poverty gap and take-offs in economic development. Centre for global development. Cambridge. MIT Press.

EDUCATION AND TRAINING UNIT (ETU). 2012. Understanding Government. Web access: http://www.etu.org.za. Date of access on 11 May 2012.

EMMERIJ, L. 2010. The basic needs development strategy. Background paper, World Economic and Social Survey, 2010.

FEZILE DABI DISTRICT MUNICIPALITY. 2005a. Agricultural sectoral plan 2005 to 2010. Sasolburg.

FEZILE DABI DISTRICT MUNICIPALITY. 2005b. Draft public participation plan 2005-2006. Sasolburg.

FEZILE DABI DISTRICT MUNICIPALITY. 2010a. LED: Agricultural Sector Plan. Sasolburg.

FEZILE DABI DISTRICT MUNICIPALITY. 2010b. Reviewed IDP 2011/2012. Sasolburg.

FEZILE DABI DISTRICT MUNICIPALITY. 2011. Spatial development Framework. Sasolburg.

FEZILE DABI DISTRICT MUNICIPALITY. 2012. Integrated development plan 2011-2012. Sasolburg.

FREE STATE GOVERNMENT. 2006. Free State Provincial Growth and Development Strategy. Bloemfontein. Government Printer.

FREE STATE GOVERNMENT. 2012. Free State online. Web access: www.freestateonline.fs.gov.za. Date of access: 16 Jan 2013.

FREE STATE HEALTH DEPARTEMENT. 2008. Provincial and district profiles. Web access: www.healthlink.org. Date of access: 19 Feb 2013.

FREEMANTLE, S. 2012. Brazil's fields of dreams. *City Press,* 25 November 2012, page 2.

FRIEDMAN, J. 1966. Regional development policy. London.

GANGOPADHYAY, S. 2008. Policy, economic federalism and product market entry: the Indian experience. *European Journal of Development Research.*

GAUTENG DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT (GDARD). 2011. Gauteng comprehensive rural development strategy. Information brochure. Branch: Rural development. Johannesburg.

GEDDES, P. 1915. Cities in evolution. London. Double Day Publishers.

GERMAN AGENCY FOR TECHNICAL COOPERATION (GTZ). 2009. Policy and implementation network: Improving the local business environment. Pretoria. GTZ report.

GLASSON, J. 1974. An introduction to regional planning. London. Hutchinson Publishers.

GLOBAL INSIGHT. 2012. Global Insight Regional Explorer data base. Johannesburg.

GOETZ, S.J. 1999. Rural development issues in the North East: 2000-2005. Pennsylvania. Northeast Regional Centre for Rural development. Pennsylvania State University.

GOETZ, S.J. 2003. Critical Development issues in Rural economies. Rural Development paper No. 16. Pennsylvania. The North-East Regional Centre for Rural Development. Pennsylvania State University.

GOVERNMENT OF GHANA. 1987. Republic of Ghana: Public Investment Programme 1986-1988. Vol.1 Main report (Ministry of Finance and Economic Planning).

GOVERNMENT OF NATIONAL UNITY (SOUTH AFRICA). 1995. The rural development strategy of the government of national unity. General notice, notice 1153 of 1995. The Ministry in the office of the president, 12 October 1995.

GRAAF, J. 2001. Theorising development. In Coetzee, J., Graaf, J., Hendricks, F. & Wood. G. Eds, Development: Theory, policy and practice. Oxford University Press.

HABITAT. 2012. Agenda 21. Chapter 14: Promoting sustainable agriculture and rural development. Web access: www.habitat.igc.org. Date accessed: 15 January 2013.

HAGGERT, P. 1965. Location analysis in human geography. London. Edward Arnold Publishers.

HAGGERT, P. 1979. A modern synthesis of geography. 3rd edition. New York. Harper and Row Publishers.

HALL, C.M., & MULLER, D.K. 2004. Tourism, mobility and second homes. Clevedon, Channelview Publishers.

HARRISON, P. & MATHE, K. 2010. Towards a spatial vision for South Africa. Paper presented at a DBSA conference on local government, 20 October 2010.

HEALEY, P. 2004. The treatment of space and place in new strategic spatial planning in Europe. *International Journal of Urban and Regional Research,* 28(1) 45-67.

HEILIG, G.K. 2003. Rural development or sustainable development in China. Laxenburg, Austria. International Institute for applied systems analysis (IIASA).

HEIMANN, C. 2010. Comprehensive Rural Development Programme. Presentation by Chief Director of Dept of Rural Development and Land Reform. ISAD multi-stakeholder forum. 25 Feb 2010.

HELMSING, A.H.J. 2001.Local Economic Development in Africa: New generation of actors, Policies and instruments. Working paper No.12. Regional and Local Development Studies. Addis Ababa University.

HELMSING, A.H.J & EGZIABHER, T.G. 2005. Local economic development in Africa: Introducing the issues. In Egziabher, T.G. & Helmsing, A.H.J. Eds. Local economic development in Africa: Enterprises, communities and local development. Maastricht. Shaker Publishing BV.

HEMSON, D. 2004. Rural development, the provision of basic infrastructure services. Integrated Rural and Regional Development. Pretoria. HSRC.

HENSON, S. 2006. New markets and their supporting institutions. Washington. World Bank.

HERRICK, B., & KINDLEBERGER, C.P. 1995. Economic Development. 4th Edition. London. Mc Graw-Hill.

HERRICK, B., & KINDLEBERGER, C.P. 1997. Economic Development 3rd edition. Singapore. Mc Graw-Hill.

HIRSHMAN, A.O. 1958. The strategy of economic development. London. Yale University.

HOLMAN, R.T. 1978. Poverty: Explanation of social deprivation. London. Robertson.

HOLT, D.A. 1992. Illinois research: preserving a way of life. *College of Agriculture, University of Illinois,* Volume 34, Number 3.

HOOGENDOORN, G., & NEL, E. 2012. Exploring small town development dynamics in rural South Africa's post-productivist landscapes. In Donaldson, R. & Marias, L. Eds. Small town geographies in Africa. New York. Nova Publishers.

HOUSING DEVELOPMENT AGENCY. 2012. Free State: Informal settlements status research report. Houghton. Johannesburg.

HUMAN SCIENCES RESEARCH COUNCIL (HSRC). 2003. Evaluation of local economic development in the Free State Province. Study undertaken by the Premiers Economic advisory Council of the Free State. Pretoria. HSRC Publishers.

HUMAN, F., LOCHNER, M. & BOTES, L. 2008. Marketing Plans against all odds: LED in small towns of the Free State Province, South Africa. *Africa Insight,* Vol 38 (1). June 2008.

INDUSTRIAL DEVELOPMENT CORPORATION (IDC). 2009. Local economic development agencies. Unpublished Internal Document. IDC. Johannesburg.

INDUSTRIAL DEVELOPMENT CORORATION (IDC). 2012. Sowing the green economy's seeds. Special advertising supplement to the *Mail and Guardian,* August 10 2012.

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD). 2011. Enabling poor rural people to overcome poverty. Rural poverty report, 2011. Web access: www.ifad.org/rpr2011. Date of access: 23 September 2011. Rome. Italy.

INSTITUTIONAL INSTITUTE FOR ENVIRONMENT AND DEVELOPMENT (IIED). 2000. Rural planning of South Africa: A case study. London. Web access: www.iied.org. Date of access: 10 August 2011.

INTERNATIONAL LABOUR ORGANIZATION (ILO). 2005. Mainstreaming poverty alleviation strategies through sustainable rural infrastructure, Indonesia. Geneva.

INTERNATIONAL LABOUR ORGANIZATION (ILO). 2006. A Local Economic Development Manual for China, ILO, Geneva.

INTERNATIONAL REPUBLICAN INSTITUTE (IRI). 1998. Local Authority's Role in Economic Development: A Handbook for Councillors and officials. Johannesburg. NBI.

ISARD, W. 1956. Location and space economy. Massachusettes.

JETE-BOLDT, M. 2006. The greatest improvement of any country: Economic development in Ullapool and the Highlands, 1786 to 1835. University of Missouri. Colombia. (Masters dissertation).

JOHNSTEN, D. 1997. The constraints on Black farmers in South Africa, unpublished RAISA Paper.

JOSEPH, C. 2002. Local economic development and job creation. Johannesburg: Friedrick Ebert Stifting. Web access: http://www.fes.org.za. Date of access: 25 August 2011.

KAKUMBA, U., & NSINGO, S. 2008. Citizen participation in local government and the process of rural development. The rhetoric and reality in Uganda. *Journal of public administration,* vol 43 no. 2. June 2008.

KAMANOU. G. 2005. Challenges of poverty statistics in the UN Statistical Commission framework and in the present context of follow up on the UN millennium development goals. Washington. United Nations.

KENYON, P. 2008. Rural revitalization and the need to create sustainable, healthy and resilient communities. Bank of ideas. Web access: www.bankofideas.com.au. Date of access: 23 January 2012.

KHANYA-AICDD. 2006. Investigating pro-poor local economic development in South Africa. Briefing no 1, April 2006. Bloemfontein.

KINGDON, G., & KNIGHT, J. 2005. Unemployment in South Africa, 1995-2003. Causes, problems and policies. Oxford. Oxford University Press.

KLASEN, S. 1997. Poverty and Inequality in South Africa. Unpublished common Security Forum Paper.

KOVEN, S.G., & LYONS, T.S. 2003. Economic Development: Strategies for state and local practice. United States. ICMS.

KRAENZEL, C.F. 1980. The social cost of space in the Yonland. Boseman. Montana. Big Sky Books.

KREMER, M. 1993. The O-Ring theory of economic development. *Journal of Economic Review,* 84:600-621.

KUMAR, S. 2006. Rural development through rural industrialization: The Chinese experience. Web access: www.asianscholarship.org. Date of access: 21 Dec 2012.

LAWS SEE REPUBLIC OF SOUTH AFRICA.

LEINBERGER, C.B. 2005. Turning around downtown: Twelve steps to revitalization. Washington. The Brookings Institution. March 2005.

LEVY, N., & TAPSCOTT, E. eds. 2001. Intergovernmental relations in South Africa: the challenges of the co-operative government. Cape Town and Bellville. IDASA and School of Government. UWC.

LEWIS, R., KNAAP, G., & SOHN, J. 2009. Managing growth with priority funding areas. *Journal of the American Planning Association,* 75: 4, 457-478. September 2009.

LEWIS, W.A. 1966. Development Planning: The essentials of economic policy. London. Manchester School.

LEWIS, W.A.1954. Economic development with unlimited supplies of labour. London. Manchester School.

LICHTENSTEIN, G.A., & LYONS, T.S. 2001. The Entrepreneurial Development System: Transforming business talent and community economies. *Economic Development Quarterly,* 15 No.1 (2001): 3-20.

LIGON, E., & SADOULET, E. 2007. Estimating the effect of aggregate agricultural growth. Washington. World Bank report on agriculture for development.

LIPTON, M. 1997. Why poor people stay poor: Urban bias in world development. Cambridge. Harvard University Press.

LOCAL GOVERNMENT HANDBOOK. 2012. A guide to municipalities in South Africa. 2nd edition. Yes media publishers.

LOCAL GOVERNMENT SUPPORT PROGRAM IN ARMM (LGSPA). 2009. Strategic local economic development: A guide for local governments. Davao City, Philippines.

LOHNERT, B., & STEINBRINK, M. 2005. Rural and urban livelihoods: A trans-local perspective in a South African Context. *South Africa Geographical Journal*, Vol 87 (2).

LOUW, E., NEEDHAM, B., OLDEN, H., & PEN, C.J. 2004. De planning van bedrijven terreinen. Den Haag. SDU Uitgevers.

MAAKE, M. 2012. Infrastructure projects to cost South Africa R4 Trillion. *Sunday Times, Business Times,* 21 Oct 2012, page 13.

MADELL, C. 2008. Relevance of spatial planning interventions in reducing poverty and marginalization of South African townships: Cape Town townships. Paper read at the Planning Africa Conference held in Johannesburg on 14 to 16 April 2008. Johannesburg. p50-59.

MAFUBE LOCAL MUNICIPALITY. 2007. The Mafube IDP 2007-2012. Frankfort.

MAFUBE LOCAL MUNICIPALITY. 2012A. Local Economic Development Strategy. First Draft. Frankfort.

MAFUBE LOCAL MUNICIPALITY. 2012B. Mafube SDF 2012/2013. Frankfort.

MAHLATSI, L.K. 2010. Developmental mandate of district municipalities in the Free State: Challenges in promoting environmental rights. North West University. Vaal Campus. Vanderbijlpark. (PHD thesis).

MAKHURA, M.N. 2004. Economic perspective to indigenous knowledge in rural development. *SARDQ,* vol 2, Q4. Oct-Dec 2004.

MAKHURA, M. N. 2009. Rural development in South Africa: Repetition, revision, and rethinking. Conference presentation at HSRC seminar, Pretoria, August 2009.

MAKONI, E.N., MEIKLEJOHN, C., & COETZEE, M. 2008. Distilling a new regionalist planning agenda for South Africa. Presented at the Planning Africa Conference, Sandton, Johannesburg, 14-16 April 2008. CSIR.

MALEFANE, S.R. 2009. Structuring South Africa Municipalities for effective LED implementation. *Journal of Public Administration*. Vol 44 no.1. p 156 to 168, April 2009.

MARAIS, L., & BOTES, L. 2007. Income generation, local economic development and community development: Paying the price for lacking business skills. *Journal for Community Development,* 42 (3): 379-395.

MARAIS, L., VENTER, A., DE GOUVEIA, A., CAMPBELL, M., & MYBURG, W. 2012. Tourism risks associated with small town development: the case of Clarens. In DONALDSON, R and MARAIS, L. Eds. New York. Nova Publishers.

MARTINELLI, L.A., GARRETT, R., FERRAZ, S., & NAYLOR, R. 2011. Sugar and ethanol production as a rural development strategy in Brazil: Evidence from the state of Sao Paulo. *Agricultural systems Journal,* 104, 419-428.

MATHE, K. 2010. Improving spatial planning in South African district municipalities: Towards inclusive growth and development. Conference paper presented at "over-coming" inequality and structural poverty in South Africa: Johannesburg, 20-22 September 2010.

MATTHEWS, C. 2012. We have suffered a jobless recovery: is a recovery without growth next? Time Business. Web access: http://business.time.com. Date of access: 12 September 2012.

MAUREE, P.P. 2009.Spatial planning as a tool to achieve sustainable development: the case of Mauritius. Web access: www.lemauricien.com/article. Date of access: 24 Dec 2012.

MAX-NEEF, M., ELIZALDE, M., & HOPENHAYN, M. 1989. Human scale development. *Development Dialog* (1): 1-81.

MAX-NEEF, M. 1992. Development and human needs. In Ekins, P. & Max-Neef, M. Eds. Real life economics. London. Routledge.

MCILRATH, L.R. 2004. Local government management implication due to the shift in the local economic policy. North-West University: Vaal Campus. Vanderbijlpark. Master thesis in Business Administration.

METSIMAHOLO LOCAL MUNICIPALITY. 2011a. Metsimaholo Local Economic Development plan. Sasolburg.

METSIMAHOLO LOCAL MUNICIPALITY. 2011b. Metsimaholo Spatial Development Framework Plan. Sasolburg.

MEYER-STAMER, J. 2003. Stimulating rural enterprise in South Africa: Lessons from LED. Paper presented at conference on 21-23 May 2003. Web access: www.mesopartner.com. Date of access: 13 September 2012.

MEYER-STAMER, J. 2008. Systemic Competitiveness and local economic development. Web access: www.mesopartner.com. Date of access: 13 September 2012.

MILLER, S.M. 1994. Poverty in the United States. (Paper presented at the CROP/UNESCO scientific Symposium in the regional State of the Review on poverty Research). Paris.

MOKOPANELE, T. 2006. Poverty in SA. *The Star.* 13 July 2006. P4.

MOLEFE, S.P. 1996. Rural development in South Africa: Implications for social work practice. *Journal of Social development in Africa.* Vol 11 No. 2.

MOQHAKA LOCAL MUNICIPALITY. 2010A. Moqhaka Local Municipality IDP 2011/2012. Kroonstad.

MOQHAKA LOCAL MUNICIPALITY. 2010B. Moqhaka Local Municipality LED strategy. Kroonstad.

MOUTON, J. 2011. How to succeed in your masters and doctoral studies. A South African guide and reference book. 11th edition. Pretoria: Van Schaik.

MPOLOKENG, P.G. 1996. People's participation in rural development: a case study of four rural areas in Molopo. Rand Afrikaans University. Johannesburg. Masters thesis,

MUFAMADI, F.S. 2001: Keynote address by South Africa's Minister of Provincial and Local Government at the conference on "African cities in change". Johannesburg, 15 October 2001.

MUNSLOW, B. 2001. Making Development sustainable. In Coetzee, J.K., Graaff J., Hendricks, F. & Wood, G. Eds. Development: theory, policy and practice. New York. Oxford University Press.

MUSOGA, G.K. 2005. Strategic urban development planning in Lake Victoria Region: Lessons of experience. UN-Habitat.

MYBURGH, D.W. 1978. The origin of towns in the Eastern Cape Midlands. *Contree,* 4(3).

MYRDAL. 1957. Economic theory and underdeveloped regions. London. Duckworth Publishers.

NAISBITT, J. 1994. Global paradox, the bigger the world economy, the more powerful its smallest players, New York.

NATIONAL PLANNING COMMISSION (NPC). 2011a. National development plan: vision for 2030. Web access. http://www.info.gov.za/view/. Date of access: 29 August 2012.

NATIONAL PLANNING COMMISSION (NPC). 2011b. National Development Plan: Diagnostic report. The Presidency. June 2011. Government Printer. Pretoria.

NATIONAL RESOURCES INSTITUTE (NRI). 2004. Small rural towns and local economic development: Evidence from two poor states in India. Paper presented at the international conference on local development, Washington, 16-18 June, 2004.

NATIONAL RESOURCES INSTITUTE (NRI). 2006. Addressing poverty through local economic and territorial development. Web access: http://www.nri.org. Date of access: 2 April 2012.

NATIONMASTER. 2011. People statistics. Web access: www.nationmaster.com/graph. Date of access: 8 Dec 2011.

NDWANDWA, G. 2004. My vision for rural areas: The Umtata experience. *SARDQ,* vol 2 Q4, Oct-Dec 2004.

NEESE, L. 2002. Key steps for development and implementation of an economic development plan for Madison County. Eastern Michigan University.

NEL, E. ed. 1995. LED in South Africa: a review of current policy and applied case studies. Johannesburg. South Africa National Civics organization.

NEL.E. 1999. Regional LED in South Africa: The experience in the Eastern Cape. Ashgate.

NEL, E. 2005. Local economic development in South African small towns. In Nel, E. & Rogerson, C.M. Eds. local economic development in the developing world: the experience of Southern Africa . London, Transaction Press. p 253 to 266.

NEL, E., HILL, T., AITCHINSON, K., & BUTHELEZI, S. 2003. The closure of coal mines and local development responses in the coal-rim cluster, northern Kwazulu-Natal. *Development Southern Africa*, 20 (3), 369-385.

NEL, E.L., & HILL, T. 2008. Marginalization and demographic change in the semi-arid Karoo. *Journal of Arid Areas,* 72, 2264-2274.

NEL, E., & ROGERSON, C.M. EDS. 2005A. Local economic development in the developing world: The experience of Southern Africa. New Brunswick. New York. London. Transaction Press.

NEL, E., & ROGERSON, C.M. 2005B. Pro-poor local economic development in South Africa Cities: Policy and practice. *Africa Insight,* 35 (2) 5-20.

NEL, V. 2012. A developmental planning approach to the plight of small and dying towns in south Africa. In Donaldson, R and Marais, L. Eds. New York. Nova Publishers.

NELSON, A.C. 1993. Theories of LED. Newbury Park, California. Sage Publishers.

NETSHITENZHE, J. 2011. Addressing challenges of poverty. UJ Colloquium on poverty by J. Netshitenzhe, Executive Director: MISTRA, 21 July 2011.

NEWMAN, P., & KENWORTHY, J. 1989. Cities and automobile dependence: An international Sourcebook. Gower, Aldershot.

NGWATHE LOCAL MUNICIPALITY. 2007. Ngwathe Local Municipal LED. Parys.

NGWATHE LOCAL MUNICIPALITY. 2011. Ngwathe Local Municipal IDP Review 2011-2012. Parys.

NOBLE, M., RATCLIFFE, A. & WRIGHT, G. 2004. Conceptualizing, defining and measuring poverty in South Africa: An argument for a consensual approach. Oxford. University of Oxford.

NOVAK, M. 1996. Concepts of poverty. Oslo. Scandinavian University Press.

NEW SOUTH WALES Premier's Department. 2000. Sustainable Rural Communities Handbook. Strengthening Communities unit. Sydney.

NUSSBAUM, M.C. 2000. Woman and human Development: the capabilities approach. Cambridge. Cambridge University Press.

O'CONNER, A. 2001. Poverty knowledge: Social science, policy and the poor in the twentieth century US history. Princeton. New York. Princeton University Press.

O'HARA, S.U. 1998. Economics, ethics and sustainability: redefining connections. *International Journal of Social Economics,* Vol. 5 No. 1.

OFFICE OF THE PREMIER. 2012. Draft Provincial growth and development strategy: Free State vision 2030. Free State Province, May 2012.

OGUNRONBI, S., & GAMA, M. 2010. How do we overcome the urban/rural dichotomy. Pretoria. Department of Rural Development and Land Reform. October 2010.

OKLAHOMA STATE UNIVERSITY. 2008. Blueprints for your community's future: Creating a strategic plan for local economic development. Oklahoma. Oklahoma State University.

OLATOKUN, W.M., & AYANBODE, O.F. 2008. Use of indigenous knowledge by rural women in the development of Ogun State. *African Journal of Indigenous knowledge systems.* Vol 7 (1),2008.

ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD). 1986. The revitalization of Urban Economies. Paris.

ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD). 2006a. Investment in priorities for rural development. Conference held in Edinburgh, Scotland, October 19 to 20, 2006.

ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD). 2006b. Reinventing rural policy. Observer October 2006.

ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD). 2007. Competitive Cities: A new entrepreneurial paradigm in spatial development. ISBN -92-64. Web access: www.oecd.org/rights/. Date of access: 12 April 2011.

ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD). 2009. Rural policy review: China. Web access: www.oecd.org/gov/oecdruralpolicyreviewchina.htm. Date of access: 21 Dec 2012.

OTTAVIANO, G., & THISSE, J. 2004. New economic geography. Centre for operations research and econometrics. Discussion paper no 2004/65.

PETRIKOV, A.V. 2007. Rural development policy in Russia: Problems and trends. All-Russia Institute of Agrarian problems and informatics. Moscow. Web access www.viapi.ru. Date accessed: 19 December 2012.

PIKE, A., RODRIGUES-POSE. A., & TOMANEY, J. 2006. Local and Regional Development. London. Routledge.

PORTER, M.E.1985. Competitive advantage: Creating and sustaining superior performance. New York. Free Press.

POTGIETER, J.F. 1980. Background and interpretation of the household subsistence level. Port Elizabeth. Institute for Planning Research.

PULVER, G.C. 1986. Economic growth in Rural America. Economic committee, Congress of the United States, 99th Congress, 2nd session, 5 June 1986.

PUTNAM, R.D. 1993. The prosperous community: Social and Public life, *The American Prospect,* 13: 35-42.

QUIGLEY, J.M. 1998. Urban diversity and Economic Growth. *Journal of Economic perspectives,* 12 (2), 45-67.

RAFU, I.K. 2002. Cash crops in combination with food crops stimulate sustainable agriculture and improved livelihoods in Africa. Oslo, Norway. Hydro Agri-Business Support.

RAMTHUN, R., & WILLIAMS, S. 2009. Heritage tourism in rural Russia: A case study in collaborative tourism planning in an international setting. Proceedings of the 2009 North-Eastern recreational research symposium.

RAMUSI, M. 2006. Spatial Planning: A measure component for growth and development. Pretoria. CSIR. October 2006.

RASPE, O., VAN OORT, F. & DE BRUIJN, P. 2004. Kennis op kaart: Ruimtelijke patronen in de kenniseconomie. Rotterdam. NA1 Uitgevers.

RAVALLION, M. 1992. Poverty comparisons: a guide to concepts and methods. LSMS working paper No. 88. Washington DC. World Bank.

REDDY, P.S. 1999. Local government democratization and decentralization. Kenwyn. Juta.

REICH, R. 1991. The Work of Nations. New York. Vintage Press.

REPUBLIC OF South Africa. 1995a. Local Government Transition Act. Act 61 of 1995. Pretoria. Government Printer.

REPUBLIC OF South Africa. 1995b. Reconstruction and Development Programme (RDP). Pretoria. Government Printer.

REPUBLIC OF SOUTH AFRICA. 1996a. Constitution of the Republic of South Africa as adopted by the Constitutional Assembly on 8 May 1996. ISBN:0-260-20716-7. Pretoria. Government printer.

REPUBLIC OF SOUTH AFRICA. 1995. Development facilitation Act, no 67 of 1995. Pretoria, Government Printer.

REPUBLIC OF South Africa. 1996b. Growth, Employment and Redistribution (GEAR): a macro-economic Strategy, Pretoria. Government Printer.

REPUBLIC OF SOUTH AFRICA. 1996c. Local Government Transition Act, 2nd Amendment, 1996. Act 97 of 1996. Pretoria. Government Printer.

REPUBLIC OF SOUTH AFRICA. 2001. Local government: Municipal planning and performance management regulations, no R796 of 24 August 2001. Pretoria. Government printer.

REPUBLIC OF South Africa. 1998. White paper on Local Government. Development of Constitutional Development. Pretoria. Government Printer.

REPUBLIC OF SOUTH AFRICA. 2000. Municipal Systems Act, no 32 of 2000. Pretoria. Government printer.

REPUBLIC OF South Africa, 2006. Accelerated and shared Growth Initiative for South Africa (ASGISA). Pretoria. Government Printer.

RESEARCH AND DEVELOPMENT INITIATIVES (RDI). 2005. Sharing best practices in Rural development: Case studies of success stories in Rajasthan and UP. New Delhi. Report submitted to the Planning Commission, Government of India.

REYNOLDS, K.A. 2009. The economic potential of small towns in the Eastern Cape Midlands. Grahamstown, Rhodes University.

RICHARDSON, H.W. 1973. Regional growth theory. New York. McMillan.

RINGEN, S. 1988. Direct and Indirect measures of poverty. *Journal of Social Policy,* 17:351-356.

ROA, V.M. 2009. Policy making in India for rural development: The contextual limits to quantitative approaches. Presentation at the fourth annual international conference on public policy and management. India Institute of Management Bangalore (IIMB). 9 to 12 August 2009.

RODRIGUES–POSE, A. 2001. The role of ILO in implementing local economic development strategies in a globalized world. London School of Economics. Unpublished paper.

RODRIGUES-POSE, A. 2008. Milestones and challenges of LED practice and academic research, @local.glob 5,22-24.

ROGERSON, C.M. 2009. Strategic Review of local economic development in South Africa. Final report submitted to Minister S Shiceka of Department of Development Planning and Local Government (DPLG). Commissioned by DPLG and GTZ. May 2009.

ROGERSON, C.M. 2011. Urban agriculture and public administration: Institutional context and local response in Gauteng. Urban Forum, February 2011, p1 to 13.

ROSENSTEIN-RODEN, P.1943. Problems of industrialization of eastern and south-eastern Europe. *Economic Journal,* 53:202-211.

ROSTOW, W.W. 1971. The stages of economic growth: a non-communist manifests, 2nd edition. London. Cambridge University Press.

ROSTOW, W.W. 1960. The stages of economic growth: A non-communist manifests. London. Cambridge University Press.

ROYAL BAFOKENG NATION (RBN). 2006. RBN master plan on target for 2035. Bapong, North-West Province.

RUECKER, A., & TRAH, G. 2007. Local and regional economic development: Towards a common framework for GTZ's interventions in South Africa. Eschborn. GTZ (German Technical Cooperation).

RULE, S., & FRYER, S. 2012. Calvinia: Exploratory study of the workings of a Karoo town. In Donaldson, R., & Marais, L. Eds. New York. Nova Publishers.

SACHS, J. 2005. End of poverty: Economic possibilities for our time. New York. Penquin.

SAMAD, S.A. 1994. Poverty research: The Asian Chapter. (Paper presented at the CROP/UNESCO scientific Symposium in the regional State review on poverty research). Paris. CROP/UNESCO.

SANTOS, M.E., LUGO, M.A, LOPEZ-CALVA, L.F., CRUCES, G., & BATTISTON, D. 2006. Refining the basic needs approach: A multi-dimensional analysis of poverty in Latin America. Oxford. Oxford University Press.

SARTORIO, F.S. 2005. Strategic spatial planning: A historical review of approaches, its recent revival, and a overview of the state of the art in Italy. Disp 162, 3/2005.

SATTERTHWAITE, D., & TACOLI, C. 2003. The Urban part of Rural Development: The role of small and intermediate urban centres in rural and regional development and poverty reduction. London. International institute for Environmental and Development.

SCHNEIDER, S. 2007. Trends and matters in rural development studies in Brazil. Paper presented at the European society for rural sociology, Wageningen, Nederlands, 20-24 August 2007.

SCHNEIDER, S. 2009. Rural development in Brazil: interfaces between social processes, political action and public policies. Programa De Pos Graduacao Em Desenvolvimento Rural. Web access www.ufrgs.br/pgdr. Date of access: 18 Dec 2012.

SCHNEIDER, S., SHIKI, S., & BELIK, W. 2010. Rural development in Brazil: overcoming inequalities and building new markets. *Rivista Di Economia/a.* LXV, n. 2, giugno.

SEKHAMPU, T.J. 2010. An investigation into the economic sustainability of Kwakwatsi. NWU: Vaal campus. Vanderbijlpark. (PhD thesis).

SEMENOVA, T. 2012. New strategies for rural development in the Russian North. *European Countryside,* volume 2, 2012, p101-115. Versita.

SEN, A.K 1983. Poor, relatively speaking. *Oxford Economic Papers,* 35(2) p. 153-169.

SEN, A.K. 1999. Development as freedom. New York. University Press.

SEWPAUL, V. 1992. Primary Care: The challenge to Social Educators. *Social Work,* 30 (3).

SIBISI, S. 2009. Brushing against the grains of history: making local economic development work in South Africa. Development planning Division, working paper series no 5. DBSA, March 2010. Midrand.

SIBUKO SE–AFRICA. 2010. Assessment of spatial Development Frameworks. Consolidated report. December 2010. Pietermaritzburg.

SLABBERT, T.J.C.S. 1997. Poverty amongst black households in the Vaal Triangle metropolitan area: a micro analysis. Vista University (PhD thesis).

SLABBERT, T.J.C.S. 2004. An investigation into the state of affairs and sustainability of the Emfuleni economy. University of Pretoria. (PhD thesis).

SMITH, A. 1776. The wealth of nations. Random House Publishers.

SOEDJATMOKO, M.1985. The primacy of freedom in development. University Press of America.

SOUBBOTINA, T. 2004. Beyond economic growth, 2nd edition: An introduction to sustainable development. Washington. World Bank.

SOUTH AFRICAN CITIES NETWORK (SACN). 2004. State of the Cities Report 2004. Johannesburg. SACN.

SOUTH AFRICAN LOCAL GOVERNMENT ASSOCIATION (SALGA). 2010. Municipal rental housing: Councillor guide. Pretoria. Web access: www.salga.org.za. Date of access: 28 December 2012.

SOUTH AFRICAN LOCAL GOVERNMENT ASSOCIATION (SALGA). 2011. SALGA national conference, resolutions from commissions. Web access: www.salga.org.za. Date of access: 24 Dec 2012.

SOUTH AFRICAN RURAL DEVELOPMENT QUATERLY (SARDQ). 2004 , vol 2 Q1, Jan to Mar 2004. DBSA.

SPOCTER, M. 2012. Using geospatial data analysis and qualitative economic intelligence to inform LED in small towns: a case study of Graaff-Reinet. In Donaldson, R., & Marais, L. Eds. New York. Nova Publishers.

Statistics South Africa. 2012. Census 2011 municipal fact sheet. Pretoria. Government Printer.

STEYN, D., & DU PLESSIS, R. 2007. A case study of four small-scale job creation projects in Philippolis and lessons for LED projects in small towns. Bloemfontein. University of the Free State, Dept of Town and Regional Planning.

STREETEN, P. 1998. Beyond the six veils: Conceptualization and measuring poverty. *Journal of International Affairs.* New York.

STUDIES IN POVERTY AND INEQUALITY INSTITUTE (SPII). 2007. The measurement of poverty in South Africa project: key issues. Richmond.

SUNTER, C. 2012. The latest South African scenarios. *Farmers Weekly,* 21 September 2012, p6.

SURVEY DATA. 2012. Results of a community survey conducted among households in the northern Free State from May to June 2013 by the author, D.F Meyer.

SWANEPOEL, H.S. 1992. Community development: putting plans into action. Johannesburg. Juta.

SWELLING, M. 2005. Economic Policy making in a developmental state: Review of the South African government's poverty and development approaches, 1994-2004. Pretoria: Van Schaik.

SWINBURN, G., GOGA, S., & MURPHY, F. 2006. Local Economic development: A primer developing and Implementing local Economic development strategies and action plans. Washington. The World Bank.

SWINBURN, W. & MURPHY, F. 2007. Local Economic Development Strategic Planning and Practice Case book. Washington. World Bank.

SYRQUIN, M., TAYLOR, T. & WESTPHAL, E. eds. 1984. Economic structure and performance: essays in honour of Hollis B. Chenery. New York. Academic Press.

TACOLI, C., & SUTTERTHWAITE, D. 2002. The Urban part of Rural Development: The Role of small urban centres in their regional and Local Economies. Monpellier. International institute for Environment and Development (IIED).

THE EUROPEAN COMMISSION. 1996. The Cork declaration: A living countryside. 9 November 1996. Web access: http://ec.europe.eu/agriculture/rur/cork_en.htm. Date of access: 1 November 2012.

THE PRESIDENCY. 2000. The Integrated Sustainable Rural Development Strategy (ISRDS). Pretoria, Government Printer.

THE PRESIDENCY. 2003. National Spatial Development Perspective (NSDP). Pretoria. Government Printer.

THE PRESIDENCY. 2008. Towards an anti-poverty strategy for South Africa. Pretoria. Government printer. Web access: www.info.gov.za/view/download. Date access: 21 Feb 2013.

THE PRESIDENCY. 2011. Diagnostic report 2011. National Planning Commission (NPC). Pretoria. Government Printer.

THE PRESIDENCY. 2012A. Programme to support pro-poor policy development (PSPPD). Web access www.the.gov.zapresidency. Date of access: 14 Dec 2012.

THE PRESIDENCY. 2012B. National Development Plan (NDP) - 2030. The National Planning Commission. Pretoria. Government Printer.

TLADI, D. 2007. Sustainable development in international law: An analysis of key enviro-economic instruments. Pretoria University Law Press.

TODARO, M.P. 1994. Economic Development, 5th edition. New York. Longman.

TODARO, M.P., & SMITH, S.C. 2011. Economic Development, Eleventh edition. Essex. Pearson Education limited.

TODES, A. 2011. Re-inventing planning: Critical reflections. *Urban Forum,* vol 22. P 115-133.

TOERIEN, D.F., & SEAMAN, M.T. 2010. The enterprise ecology of towns in the Karoo, South Africa, *South African journal of science,* 106, p24-33.

TOWNSEND, A. 2009. Integration of economic and spatial planning across scales. *International Journal of Public sector management.* Vol 22, No 7, p 643-659. Emerald Publishing Group.

TROLLIP, A.M. 2001. The development of a strategy for the facilitation of income-generating projects in rural communities. *Journal of family Ecology and Consumer Sciences,* vol 29. 2001.

TROUSDALE, W. 2003. Strategic Planning for Local Economic Development – A resource guide for local government and civil society organizations. Vancouver. UN-Habitat.

TROUSDALE, W. 2005. Promoting Local Economic Development through strategic Planning: *The local Economic Development Series,* Volumes 1 to 5. Nairobi. Kenya. UN-Habitat

TUROK, B. 2008. Seminar Report: is developmental state really controversial? In Turok, B. Ed, Wealth doesn't trickle down. A case for development state in South Africa. Cape Town. New Agenda.

UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP). 2003. Human Development Report 2006 – beyond scarcity: Power, poverty and the global water crisis. New York.

UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP). 2010. MDG's in South Africa. Web access www.undp.org.za/milleniumdevelopmentgoals/mdgsinsouthafrica. Date of access: 18 Dec 2012.

UNITED NATION DEVELOPMENT PROGRAMME (UNDP). 2012. Triple wins for sustainable development. New York. Bureau for development policy.

UNITED NATIONS POPULATION FUND (UNPF). 2008. Urbanization, population and development. Web access: http://www.unfpa.org/pds/urbanization.htm. Date of access: 17 December 2012.

UN-Habitat. 2005. Promoting local economic development through strategic planning. Nairobi, Kenya.

UN-HABITAT. 2009. Planning sustainable cities: Global report on human settlements. New York.

UNITED NATIONS (UN). 2003. Human Development Report, 2003 – Millennium Development Goals: A compact among nations to end human poverty. New York. Oxford University Press.

UNITED NATIONS (UN). 2006. State of the world cities. Foreword by the Secretary-General of the UN, Kofi Annan. UN headquarters, New York, June 2001.

UNITED NATIONS (UN). 2009. Economic and social development: Rural development. Web accessed on 12 August 2012. http://www.un.org/esa/dsd.

US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT. 2010. Economic Development toolkit. Web access: www.hud.gov. Date of access: 21 Feb 2013.

VAN DER HEIJDEN, T. 2008. Key issues in local economic development in South Africa and a potential role of SALGA. Unpublished report prepared for SALGA.

VAN ROOY, R., & MARAIS, L. 2012. Promoting small town development: the case of the Apollo development association. In Donaldson, R., & Marais, L. Eds. New York. Nova Publishers.

VAN ROOYEN, E. 2004. Facilitating Sustainable Rural Development. In Fox, W. & Van Rooyen, E. eds. The quest for sustainable development. Cape Town: Juta.

VAN VLIET, W. 2002. Cities in a globalizing world: from agencies of growth to agents of change. *Environment and urbanization,* Vol 14 no 1 April 2002.

VAN ZYL, J. 1994. Development management: a training perspective. Halfway House: DBSA.

VENTER, A. 2011. Interview with Dr A Venter, Deputy LED manager, Fezile Dabi District Municipality. Date of interview: 12 December 2011 and 28 February 2013.

VON BRAUN, J., GULATI, A., HAZELL, P., ROSEGRANT, M.W., & RUEL, M. 2005. Indian agriculture and rural development. Washington. IFPRI.

WANDSCHNEIDER, T. 2004. Small rural towns and LED: Evidence from two poor states in India. Kent. Natural Resources Institute (NRI).

WEBER, A. 1929. Theory of the location of industries. Friedrich, C.J. (Translator). Lindon. University of Chicago Press.

WEISS, J. 2003. Poverty: what have we learnt? Experiences and lessons from Asia. In Potts, D. ed. Development Planning and poverty reduction. New York. Palgrave Macmillan.

WHITING, L.R. 1974. Communities left behind: alternatives for development. Ames. Iowa. The Iowa University Press.

WIENECKE, M.A. 2007. Making poverty history- fallacy or promise? *Africanus,* 37 (1), 79-89.

WILDSCHUT, A., & HUBBERT, S. 1998. A seed not sown: Prospects for agrarian reform in South Africa.

WILKINSON, K.P. 1986. The small town community: Its character and survival. Pennsylvania. Pennsylvania State University.

WILSON, F. 1996. Drawing together some regional perspectives in poverty. Oslo. Scandinavian University Press.

WOHLGEMUTH, N. 2002. Distributed generation for rural electrification in Africa. Department of Economies. University of Klagenfurt. Austria. Well access. www.econ.uni-klu.ac.at/nwohlgem/. Date of access: 17 September 2012.

WOODS, M.D. & SLOGGETT, G. 1993. Strategic planning for economic development in rural areas and small towns of Oklahoma. Oklahoma cooperative extension service. AGEC-859.Oklahoma State University. Oklahoma.

WORLD BANK. 1991. World development Report. Washington.

WORLD BANK. 1997. Taking action to reduce poverty in Southern Africa: Development Practice. Washington.

WORLD BANK. 2001. Poverty manual. Washington. World Bank Institute.

WORLD BANK. 2005. Poverty manual. Washington. World Bank Institute.

WORLD BANK. 2006. Investigation of pro-poor local economic development in South Africa. Washington.

WORLD BANK. 2008. Waves of LED. Web access: http://go.worldbank.org. Date of access: 16 June 2011.

WORLD BANK. 2010. The World Bank indicators. Web access: http://data.worldbank.org/indicator. Date of access: 20 April 2011.

WORLD COMMISSION ON ENVIRONMENT AND DEVELOPMENT. 1987. Our common future. New York. Oxford University Press.

WORLD ECONOMIC FORUM (WEF). 2007. The Global Competitiveness Report 2007-2008. Davos.

WORLD ECONOMIC FORUM (WEF). 2011. The future of government: lessons learned from around the world. Cologny. Switzerland. www.weforum.org

WRIGLEY, R.L. 1973. Small cities can help to revitalize rural areas. *Journal of the American Academy of political and social sciences,* volume 405, Jan 1973, p55-64.

XUZA, P. 2005. Renewal of small town economies: a case study of Alice. *Africa insight,* 35 (4), 90-96.

XUZA, P. 2012. The future of struggling small towns in south Africa. In Donaldson, R. & Marais, L. Eds. New York. Nova Publishers.

ZHANG, L.X. 2005. Agricultural and rural development in China. Centre for Chinese Agricultural Policy: Chinese Academy of Sciences.

ZHOU, L. 2011. The progress of poverty alleviation in the rural west. Brill. Netherlands. Social Sciences academic press.

ZUMA, J.G. 2013. State of the Nation Address. Web access: http://www.info.gov.za/speech. Date of access: 12 April 2013.

ANNEXURES

ANNEXURE A
DEVELOPED COUNTRIES CASE STUDIES

ANNEXURE A: DEVELOPED COUNTRIES CASE STUDIES ON RURAL DEVELOPMENT

1. INTRODUCTION

Concepts of rural development and LED were initiated in Europe and the US. For this reason these regions will be analysed to determine if rural development concepts and principles from developed countries could be introduced in developing countries such as South Africa. Due to the similarity regarding locality, climate and extent of the countries, best practice rural development principles in Australia will also be analysed for possible application in South Africa.

2. THE EUROPEAN UNION

In terms of the European Union (EU), the Cork Declaration in 1996 had its focus on sustainable rural development with components such as natural resources, biodiversity and cultural diversity. The strategy included the reversal of rural out-migration, combating of poverty, the stimulation of employment opportunities and improvement of rural quality of life. Further issues included in the strategy were an integrated rural development approach with a multi-disciplinary concept with a multi-sectoral application, decentralization of policy administration, strengthening of partnerships between public and private sectors, strengthening of small towns, encouragement of bottom-up approaches to rural development, increased focus on the diversification of local economies, rural development must be community driven, and a move away from subsidizing struggling local industries to investment in new successful economic activities (The European Commission, 1996).

Some lessons from the EU regarding rural development include:

- Focus on a “bottom-up” approach: Government must create space to accommodate non-government viewpoints and local development agenda.
- Rural proofing: Policy making processes should not overlook rural areas and when formulating other policies, the impact on rural areas should first be determined.
- Innovation sharing: the sharing of innovation and best practice solution is an accepted approach in the EU.
- Entrepreneurship: Small businesses are the basis of rural economies and such areas depend heavily on local entrepreneurs. Support and training is high on the local agenda for rural areas.
- Preservation of rural landscapes: The EU focuses on the protection of rural landscapes as agricultural areas and tourism development areas.
- Allow local decision making powers: The EU has devolved its decision making powers to local and region levels (Dept of Rural Development, 2010a:23).

According to the OECD (2006:1-7), new approaches to rural development have not yet been accompanied by a substantial re-allocation of resources to integrated rural policy. Such new policies will require more coherence between sectoral policies. Traditional hierarchical structures are also likely not to be sufficient to implement such policies. The assets of rural regions such as quality of environment, transport links and infrastructure can also attract people to rural areas. In recent years the importance of agriculture in rural areas has declined. Only 10% of the work force in rural Europe is employed in agriculture. Agriculture however remains an important sector in rural areas. New processes such as agro-processing and value added processes can make a difference. Factors that are influencing rural policy making in the EU are an increased focus on amenities and community facilities, pressure on reform of agricultural policy specifically regarding subsidies and decentralization of decision making structures. The new rural paradigm focuses on places rather than sectors and investments rather than subsidies. The new approach from the EU include also to improve the competitiveness of rural areas by utilizing local resources, focus on sectors such as rural tourism, agro-processing and ICT, attraction of local investment, and a bottom-up decision making approach.

Townsend (2009:643), analysed the concept of the integration of economic and spatial planning and integration of policies at the different spheres of government in England. Townsend is of the opinion that local planning efforts are too biased regarding economic planning and too little focus is on spatial planning, social planning and environmental planning. Regional plans need to be integrated single strategies. Economic and spatial planning is still two policy silos. The integration will streamline planning time frames, the integration will lessen the conflict between economic development and environmental management through the spatial planning process. The integration of land use management with economic and transport planning, with a focus on spatial equity, social justice and equality of access to opportunities are requirements.

In England, economic planning and spatial planning developed along different legislation, policy and ministries. The solution to the problem of integration was the establishment of regional development agencies (RDA). The move was towards an inter-disciplinary integration of economic planning and spatial planning at all levels of government (Townsend, 2009:647).

3. THE USA

The USA rural revitalization actions are mostly focussed on the small rural town and revitalization of the central business district (CBD) or as it is known in the US as the “down town” revitalization concepts. According to Cook and Bentley (1986:3), the issues regarding the revitalization of small towns include improvement of organizational structures and partnership formation, improvement of physical appearance and layout of the area, improvement of traffic, access and safety of motorists and pedestrians, improved land use control regarding the mix of uses and zonings, promotion of the area through place marketing, and lastly improved public policies regarding development incentives. Cook and Bentley listed a number

of issues for rural revitalization which include the identification of key local and regional role players and business people, undertake local market and socio-economic assessments, project identification is important and must fit in the local economy and local scale, every area is unique and a best fit approach is required. The use of local human resources in the planning process is important. Rural development must develop through incremental phases, reversing decades of decay requires time, energy and funding, a turn-around strategy must be driven by local key role players and the process should start with simple, low cost projects first and only later attempt more difficult projects.

According to the Clovis Main Street projects (2012), eighth principles are important for the revitalization of the CBD of a small rural town which is the service centre within a rural region namely a comprehensive and integrated approach, incremental approach consisting of various phases of development, local people must be in control of the process in a "self-help" process, partnership formation is of key importance, maximization of existing assets and resources, quality approach, changes in attitudes, and lastly implementation with visible results starting with small projects.

Leinberger (2005:4) listed 12 steps in the process of revitalization of rural areas, with specific reference to the nodal centre or rural town. The 12 steps are listed below:

- Capture to local vision: The listing of an intention to make a change and getting all the key role players together with a combined vision.
- Develop a strategic plan: The strategies should include sectoral plans regarding spatial planning, housing, retail, culture, infrastructure, employment, community involvement, and marketing plans.
- Establishment and formation of strong private/public partnerships:
- Make the right thing easy: such as mixed-use development.
- Establish business improvement districts.
- Create a catalytic development company: The company can make land available, finance for large project, or do the total development.
- Create leisure, recreation and entertainment: such as an arena, theatres, restaurants, speciality retail, festivals and arts.
- Develop a housing market where property investment is worthwhile.
- Introduce an affordability strategy.
- Focus on for-sale housing
- Develop a local-serving retail strategy (buy and support local).
- Establish a strong office market (Leinberger, 2005:5-20).

An historical rural revitalization analysis is analysed in this section. In 1973, Wrigley analysed the issue on how small rural towns could assist in rural revitalization. In 1970, 60% of the US population were already urbanized (the same level as South Africa today). The problem of overcrowding in large cities and

on the other hand the declining population and economy in rural areas was already in existence in the 1970's in the US. The question was then asked, will this trend continue? Rural and small towns have long being sensitive to changes in agriculture, mining and other primary sector economic activities (Wrigley, 1973:56). In the 1970's rural areas were characterised by unemployment, low income levels, depopulation of especially young people, reduced purchasing power, limited leadership, and high levels of poverty. Local towns were bypassed for shopping due to improved mobilization and shopping malls miles away. Rural towns and regions lost their economic base. Small towns were struggling to maintain infrastructure and facilities (Wrigley, 1973:57).

Already 40 years ago the debate was on if this out-migration trend will continue or will rural areas become popular again in the future. In the 1970's small towns were classified if it had a population of between 10 000 and 50 000 people. Then it was stated for rural areas if to be revitalized, large amounts of public and private investment would be required. Concentration of funding and better location of economic activities from a spatial planning point of view of such funds would be required for success. Support should be given to areas with strong services and which are already attracting new business. Growth centres needs to be identified to be logical nodal points around which rural revitalization could take place (Wrigley, 1973: 58). Some 851 small towns with their economic regions existed in 1973 in the US, of which some of them had the potential to attract people and new businesses away from the major cities.

Wrigley (1973:58-61) listed some reasons why people and businesses could be attracted to rural towns and regions. Some of the reasons are listed below. Rural areas are generally pleasant places to live and work, rural regions allows for industries to be located with cheap labour, land availability at low cost, clean environment, and access to markets. Rural towns and regions can be revitalized if a spatial plan could be complied with nodal points were investment should be focused and improved coordination of all government efforts. Specific actions small rural towns and regions can take to promoted economic development include improved transport routes for accessibility, improved essential services, availability of sites for new businesses, improved amenities, provision of skills training, and improved linkages with surrounding areas (Wrigley, 1973:63).

In 1986 Wilkinson defined the importance of local communities in rural areas as rural advantage. A local community must have three elements to be a successful rural community to attract people from other areas. The three elements include the community is a "place", the community is a comprehensive structure providing in all the needs of the local people and lastly the community is a bond of local solidarity (Wilkinson, 1986: 2). Rural revitalization can be achieved due to the existence rural residential preferences of many people wanting to live in a small town community. New ICT technology also allows people to work in more remote localities. The shift from manufacturing economy to an information and services economy means that human knowledge and skills rather than location and natural resources will

determine the key to local economic development in future (Wilkinson, 1986:3). To maximize the latent potential of local rural and small town communities the following needs need to be satisfied namely good jobs and steady income, provision of quality services and facilities, reduction in inequality, and lastly informed and committed local leaders. “Rural revitalization, I believe, is everybody’s business, as well as state and local business” (Wilkinson, 1986:4).

Coates et al (1992:22) stated that rural revitalization success stories include the attraction of retirement communities, area trade centres, decentralized government centres, recreational facilities, and entrepreneurial support facilities. Coates continued by listing various scenarios regarding rural development. The scenarios include firstly “business as usual”: No major change in local economic and no policy interventions are made. Many local rural areas with no or limited comparative advantages such as locality, natural beauty, local resources, will fall further into rural poverty and secondly an “ICT focus”: The use of telecommunications and IT to do work away from the traditional office. Rural areas could provide small community lifestyle and cheaper property within two hours drive time from major urban areas.

According to Neese (2002:38), the components for a local economic development plan should consist of the formulation of development objectives, development strategies and actions for implementation. Neese based her work on the Madison County in the US. Strategies could include the maximization of use of local resources, improved planning process, strong local leadership, local champions that drives the process with ongoing commitment, involvement of local stakeholders, seek outside financial resources to support local projects and take a flexible and creative approach to economic development. In addition to the above listed strategies, the following three strategies are also of importance:

- Expand the local economic base by plugging the gaps and diversification of the local economy. A public relations campaign is included in this process.
- Encourage local small business and entrepreneurial development through skills training and business incubators.
- Improvement in infrastructure and appearance of the local environment.

Pulver (1986:2) has listed sources for rural job creation and income based on findings in rural US. These findings include the improvement of a rural community’s ability to capture local income and expenditure, improvement of efficiency of local firms, encouragement of formation and attraction of new businesses and increased financial aid received from national government. Pulver (1986:2) also formulated the “CARE” model applicable to rural US. The model is explained below:

- **C**reation: formation of new businesses, with an enabling environment and support for entrepreneurs.
- **A**ttraction: Traditional recruitment of industries by means of incentives and marketing.
- **R**etention: The retaining of existing businesses in the area.

- **E**xpansion: Encourage the expansion of local existing businesses.

Goetz (2003:3-7), analysed local economic conditions in the North-East region of the USA. Some of the strategies to create jobs and increase income in rural areas in this region include:

- Recruitment of firms: The traditional strategy to attract manufacturing firms to rural areas needs to be re-looked. It was found that new firms could be attracted by the return of people who left previously. Rural communities struggle to generate critical mass to attract large manufacturing firms (Goetz, 2003:3).
- Firm retention and expansion: Provision of technical expertise to local businesses. Specialists are imported to assist local businesses with product and service development (Goetz, 2003:4).
- Local entrepreneurs and non-farming proprietors: Ensure high level of entrepreneurial activity. The rise of proprietor employment has been identified. In the North-East, one in four jobs is in the non-farming sector in rural areas. Such proprietor businesses include local crafts, tax consulting or export of and marketing of farmer products. Also include woodcraft businesses, pottery, framers, meeting planners, caterers, day care centres, fitness centres, carpenters, auto repairs etc (Goetz, 2003:5). The proprietors could get involved in value-added activities linked to agriculture such as wine production, cheese production, special crops, agriculture and nature tourism (Goetz, 2003:6).
- Clusters are seen as an important concept and cluster formation for example include a wine cluster in California, cheese cluster in Finger Lakes in the New York region, a motor vehicle cluster in North Carolina, a chemical cluster in North-East Ohio, auto parts in TN, and helmet manufacturers in Montpelier. Clusters require community-level leadership and partnerships. Agglomeration forces behind clusters include the spill-over of ideas, innovation, specialization, supply chain linkages, and buy-sell relationships (Goetz, 2003:7).
- Expansion of information and public services including IT infrastructure and physical infrastructure.
- Human capital development.
- To create vibrant rural communities, we need to look inside the communities. Rural strategies require a combination of investment in infrastructure and human capital (Goetz, 2003:9).

To improve rural areas the following lessons are learned from the North East region, US: Place rural on equal footing with urban areas regarding funding for investment and development. Funding in some cases is used for consumption and maintenance and not for new development. Prevent brain drain of the youth from rural areas to urban areas. Ensure equal infrastructure investment and subsidies in rural areas if compared to urban areas. Allow rural retirement by providing especially health facilities in rural areas. Re-distribution to rural areas is required due to urban congestion. Most people prefer rural/small towns. The option should allow people to move back if needed or desired. Create jobs in rural localities, rather than allocating people, without skills and families to urban settings. Rural population numbers needs

national priority. In the North East, the rural population relates to 7 million people or only 12% of the population (Goetz, 1999:4).

According to Goetz (1999:6), rural development trends and concerns include aspects such as: The income gap between rural and urban areas are widening due to skills levels and availability of quality jobs, urban sprawling land use places pressure on national natural resources and federal devolution has resulted in rural government officials to struggle with added responsibilities and decision making.

Opportunities for rural development in the North East region that has been identified include provision of skills and educational development programmes, ICT, internet and e-commerce development, development of entrepreneurship and small businesses, identify and development of niche markets and lastly sustainable growth (Goetz, 1999:17).

The state of Illinois, with it rural areas, is the setting for the next case study. According to Holt (1992:18), government can do little to influence long term economic conditions. It is best not to counter underlaying economic conditions. State policies could include stable taxes, improvement of physical infrastructure, skills development programmes, and public infrastructure expenditure. Rural economic policy should be on the level of the federal government. Federal programmes such as the agricultural trade barrier and domestic farm programmes have been successful. The state's economic success depends on its ability to compete nationally and internationally through partnerships between government, the citizens and the business sector by focusing on comparative advantages. Government must assist business to adjust to changing economic environments and identifying new opportunities (Holt, 1992:20).

Responses to the ongoing rural decline in the US and specifically in the Illinois region were focused on the use of local resources. Rural areas have invested heavily on education for the youth. Improved leadership and organizational institutions could also assist in the implementation of rural strategies. Other strategies include entrepreneurial development, and development of technical skills (Holt, 1992:23).

4. AUSTRALIA

The Australian government has identified its rural areas, or as it is called the "out-back", as key for the general economic development of the country. Rural development in Australia is important to the government because it ensures and provides rural communities with:

- Quality of life: family life, safety, community involvement and support.
- Culture and heritage: allows for local and national identity and unity.
- Economic contribution: major part of export originates from rural areas. Agricultural exports accounts for 25% of all exports (Kenyon, 2008:1).

In Australia, rural areas are facing major problems including, poor government services and lack of community facilities, high transport costs due to long distances, lack of infrastructure and infrastructure

deterioration, loss of youth population to urban areas, lack of lifestyle options and opportunities to rural people (Kenyan, 2008:1). In addition to the above-listed problems, rural Australia faces a number of other challenges:

- Demographic changes: Only 21% of the Australian population does not reside in the cities of Australia. 71% of the total population resides in only ten cities. Rural areas have huge population losses to urban areas. For example, the municipal area of Buloke in the Wimmera area, lost 34% of their population between 1976 and 1998.
- Economic changes: A major factor is the decline in the agricultural sector in Australia. The decline has led to a restructure in the sector to fewer but larger farms, with less employment. More than 100 000 farming families have left the sector since 1970 (Kenyan, 2008:4).
- Job losses in rural areas in non-agricultural sectors have also been drastic. Railway losses, bank job losses, public services losses equates to 100 000 jobs lost in the last two decades. Due to globalization, rural businesses face greater competition. Consumers can bypass local supplies and order goods and services on a national or international scale.
- Social change: De-population, economic decline and changes in social structures have contributed to a reduction in social cohesion and community identity. The loss of family members, especially the youth, has led to a lack of socially active people and future leaders in rural areas. Improved communication and transport has led to regionalization of services and allowing consumers wider choices in products and services (Kenyan, 2008:4) (Collits, 2000:15). Major social pressure is the decline in quality of life for rural people such as decline in income, health facilities, education, old age care, municipal services, infrastructure and housing. Many rural residents feel marginalised, excluded and neglected by government. Rural communities also face loss of jobs, family support and declining property values. The physiological impact of deteriorating towns must also be taken into account (Kenyan, 2008:7).
- Technological change: ICT innovation can lead to positive and negative impacts on rural areas. Poor internet line quality and speed place rural areas at a disadvantage. An example of a loss to rural areas regarding ICT is banks which leave the area due lack of quality internet access to allow electronic banking (Kenyan, 2008:7).
- Environmental changes: Poor water and sanitation systems affect rural areas negatively regarding service delivery and the quality of the environment. The extensions of plantations and nature reserves have impacted negatively on local farming activities (Kenyan, 2008:8).
- Government policy: Policies of regionalization and centralization have had a negative impact on rural areas (Kenyan, 2008:8).

In the Australian context rural development is defined as those processes and actions that actively seek to reverse rural decline and develop more resilient, sustainable and diverse local economics and also to improve quality of life of local communities. Rural development must find a balance between increased

income and job creation and preserving the dynamics and features that makes rural life special in order to attract and retain people in rural localities (Kenyan, 2008:10). Rural development must seek to: Stabilize and increase rural population, retain and attract young people back to rural areas, diversification of the economic base of rural economies, maintain adequate services to maintain quality of life of residents, increased participation and community pride and preservation of what is special in the specific rural area (Kenyan, 2008:10). A balance must be found in activities such as economic development, resource management and community capacity building.

Healthy communities are crucial for rural development. Healthy rural communities mean a state of well-being, a sense of belonging, leading an acceptable standard of quality of life. A healthy community continually improve the physical and social environment, for local people to support each other for maximum human development. A healthy community creates a sense of community, connects people, and embrace diversity (Kenyan, 2008:12). According to Putnam (1993:35) the difference between a prosperous rural region and a struggling region, is the quality and intensity of community involvement. The presence of social capital is important in rural renewal. Rural communities are challenged to develop and use social linkages to develop community-led responses. High levels of social capital equate to high levels of quality of life (Kenyan, 2008:13). Rural citizens will become involved in community activities if they believe that their contribution will be taken into account and will make a difference. Social capital is a resource that grows when utilized but dissipates when not. Community unity and identity is important for rural development success. The concept of volunteering allow for “feeling good about communities” (Kenyan, 2008:14). Table 1 provides a summary of the characteristics of healthy and unhealthy rural communities.

Table 1: Characteristics of a healthy rural community

Healthy rural community	**Unhealthy rural community**
Optimism	Cynicism
Consensus building	Polarisation
Focus on the future	Debate the past
Broad community participation	Poor participation
Strong leadership	Poor leadership
Reconciliation	Hold grudges
Diversity and inclusion	Exclusion
Challenge ideas	Challenge people
Problem solvers	Blockers and blamers
View challenges as opportunities	Victim mentality

Source: Kenyan, (2008:15).

“Sustainable rural communities” is a concept that has been introduced in rural Australia. On a local level, sustainability means an umbrella concept that assist in dealing with building healthy communities, economic vitality, protecting the environment and the well-being of residents. The project handbook “Strengthening Communities Unit” of the New South Wales (NSW) Premiers Department (2000) defines sustainable communities as to maintain and improve their social, economic and environmental

characteristics in order for local residents to lead healthy and enjoyable lives. A healthy environment and a healthy community are necessary for a healthy society. The key characteristics of sustainable rural communities according to the NSW Premiers Department (2000) include:

- Integrated approach.
- Maximises the use of limited resources in areas which yield the highest benefits.
- Create plans to merge social and economic goals.
- Identify and focus on priorities.
- Create critical partnerships through co-operation.
- Visionary and strong local leadership.
- Strong participation and community involvement.
- Invest in education, training and learning.
- Ensure the availability of information.

The concept of “resilient communities” is also important for rural development. Resilient rural communities are characterized by the following: Local leadership that is diverse and visionary, community members that are involved with a sense of local pride, with a spirit of co-operation between all role players exist. The provision of education and skills development, an economic enabling environment exists, partnerships are formed, employment and economy is diversified, local ownership of property and businesses is promoted. Local communities must be aware of their comparative advantages, with regular adjustment and evaluation of local achievements, and a developmental approach needs to be followed (Kenyan, 2008:18).

Effective and successful rural communities include aspects such as a focus on strengths of local human resources and knowledge, focus on specific action plans with measureable results, promote participation by all groups and stakeholders, ensure local decision making and ownership and draw on local resources (Kenyan, 2008:20).

The attitudes, behaviour and processes that contribute to rural development include: the understanding and embracement of changes, for example globalization with its advantages and disadvantages; focus on sustainability including economic vitality, environmental integrity and community well-being; encourage broad based participation: aspects such as involvement, volunteerism, inclusiveness, respect for diversity etc are applicable; an entrepreneurial and opportunity obsessive mind set is needed. Local strategies could include:

- Retain and expand existing local businesses to improve productivity and feasibility.
- Attract outside business with new investment.
- Plug the leaks in the local economy. Create greater loyalty, buy and support local.
- Enhance job linking capacity such as community development, social networks.

- Marketing the local rural community.

Local rural communities need to know and build on the local assets, capacities, skills, and competitive advantages. Strategies to achieve this objective include the promotion of civic pride, local investment and ownership, build a diversified leadership base, act strategically and have a long term plan of actions (Kenyan, 2008:23), promote collaboration, networking, clustering and partnerships and promote entrepreneurial behaviour (Kenyan, 2008:25).

To conclude the Australian section the following quotation is listed. “The future is not a place to which we are going; it is a place we are creating. The path to the future are not found, but made and the activity of making them changes both the maker and the destination” (John Schaar).

ANNEXURE B: FUNDING SOURCES FOR RURAL DEVELOPMENT PROJECTS IN SOUTH AFRICA

According to Sekhampu (2010:58), the broad sources for funding for local rural development and economic development projects include local government own funding, equitable share from national government, municipal infrastructure grant, neighbourhood development partnership grants, national departments, development finance institutions such as IDC and DBSA, and donor funding. In support of the above DPLG (2006) listed the following LED funding sources for local government, namely the Municipal Infrastructure Grant (MIG), the national treasury such as the neighbourhood development partnership grant (NDPG), sector support by national departments and state owned enterprises such as DTI, development finance institutions such as IDC, DBSA, IDT, NDA, private banks and donor funding (DPLG, 2006). Table 2 provides a comprehensive summary of possible sources of funding for LED and rural development in South Africa as compiled by author from various sources of information.

Table 2: Summary of sources of funding available relating to economic development and rural development

FUND	DESCRIPTION	OTHER INFORMATION
Expanded public works programme (EPWP)	Provides temporary employment opportunities for unemployed poor. Provides temporary income and skills to the poor. Promote economic growth and alleviate poverty.	Links to food for waste programme. Links to community works programme (CWP). The EPWP incorporates all departments and all other programmes.
Community works programme (CWP)	Provides job safety net for the unemployed, especially the youth. The programme is area based, focussing on improvement of quality of life of local communities. The programme is project based.	COGTA is the responsible department. Contact details: DR. S. Mngadi 012-336-5757 012-334-0740.
Neighbourhood development partnership grant (NDPG)	NDPG is a conditional grant to municipalities, focusing on improvement of quality of life in poor areas.	Department of National Treasury in terms of DORA TEL: 012 315 5459 ndp@treasury.gov.za
Small enterprise development agency (SEDA)	Fund to assist the start-up of small businesses. Branches in all districts with support offices to small businesses.	Contact SEDA: 012 441 1000 www.seda.org.za Part OF DTI email: info@seda.org.za Moqhaka area office: 056 213 1809 Sasolburg area office: 016 974 2460.
Co-operatives incentive scheme (CIS)	Assist co-operations from all sectors to be established. Funding from R10 000 to R300 000. Project must be in a rural area.	Contact: DTI 012 394 1425 www.thedti.gov.za 0861843384
Khula enterprise finance LTD	Assists SMME's to get loans from banks. Also provide support and mentorships to entrepreneurs.	Contact: 012 394 5560 www.khula.org.za 051 444 1040

Capital projects feasibility programme (CPFP)	Provides funding to capital projects to enhance the local environment for economic opportunities.	Contact: DTI. TEL: 012-394 1021. www.dti.gov.za.
Clothing and textile competitiveness improvement programme (CTCIP)	Assist the specific sector to be competitive on a local and global scale.	Contact: DTI. TEL: 012-394 1021. www.dti.gov.za.
Export marketing and investment assistance (EMIA)	Incentive schemes to exporters which attract new foreign direct investment.	Contact: DTI. TEL: 012-394 1021. www.dti.gov.za.
Isivande womens fund	Support women's projects.	Contact: DTI. TEL: 012-394 1021. www.dti.gov.za.
Sector specific assistance scheme (SSAS)	Funding schemes to support specific sectors in a local economy.	Contact: DTI. TEL: 012-394 1021. www.dti.gov.za.
Small medium enterprise development programme (SMEDP)	Funding and support to local SMME's.	Contact: DTI. TEL: 012-394 1021. www.dti.gov.za.
Manufacturing investment programme (MIP)	Funding and support to the manufacturing sector.	Contact: DTI. TEL: 012-394 1021. www.dti.gov.za.
Tourism support programme (TSP)	Funding and support to the tourism sector.	Contact: DTI. TEL: 012-394 1021. www.dti.gov.za.
Bavumile women's fund	Women's specific funding and support programme.	Contact: DTI. TEL: 012-394 1021. www.dti.gov.za.
National youth services corps programme (NARYSEC)	Projects to enhance skills development by providing unemployed youth in rural areas with work and training opportunities in localized areas.	The Presidency TEL: 0860 0968 884 051 411 9450
National youth development agency (NYDA)	Youth focused agency located at the Presidency working towards reducing youth development and unemployment and social issues.	Dept of Public Enterprises.
Youth economic participation programme (YEP)	Focus on the youth for job creation, skills development, entrepreneurship, and corporate social investment.	Dept of Public Enterprises.
Comprehensive rural development programme (CRDP)	Focus on agrarian transformation, land reform and upliftment of rural areas. Part of war on poverty programme.	Dept of Rural Development and Land Reform (DRDLR).
Land redistribution for agricultural development (LARD)	Grants to people who wants to be involved in agriculture.	Dept of Agriculture Development 012 319 8495
Integrated food	Provides support and relief to poor households for food security, seedlings, and equipment. Produce own	Dept of Agricultural Development

security and nutrition programme (IFSNP)	food for small farmers and food gardens.	012 319 6656
Comprehensive agriculture support programme (CASP)	Support to small farmers for finance, infrastructure, training, technical advice and information.	Dept of Agricultural Development 012 319 8495 012 319 7553 www.nda.agric.za
Commonage programme	Provides grants to municipal and tribal authorities for farming projects. A community can lease land from a municipality.	DRDLR 012 312 9379
Micro-agricultural finance institutions of Southern Africa (MAFISA)	Access to finance to small farmers.	Dept of Agriculture 012 319 7295
Working for water programme	Creation of jobs and cleaning of the environment and skills training.	Dept of Water Affairs part of EPWP.
Working on fire programme	Poverty alleviation, job creation and community development.	Dept of Water Affairs part of EPWP.
Early childhood development programme (EDC)	Support facilities for pre-schools opportunities.	Dept of Social Development 012 312 7666 www.dsd.gov.za
Home community based care	Provides health and social services to vulnerable people. People are trained to support the needy and poor.	Dept of Social Development 012 312 7666 www.dsd.gov.za
Investing in culture programme	Provide access to skills and markets. Programme includes raw materials, skills and SMME development.	Dept of Arts and Culture 012 441 3733
Business partners	Provide finance to formal business.	Email: enquiries@businesspartners.co.za www.businesspartners.co.za
Industrial development corporation (IDC)	Sector specific financing products from R 1 million to R500 million.	IDC: TEL: 011 269 3000 www.idc.co.za 051 411 1450
National empowerment fund (NEF)	Finance to new and early start-up businesses and which is black owned. Finance from R250 000 to R 20 million.	NEF : TEL: 011 305 8000 www.nefcorp.co.za
Free State Development Corporation (FDC)	Provide finance and business development services to SMME. Micro loans, cooporate funding and loans.	FDC: TEL: 051 400 0810 www.fdc.co.za 016 976 8944

Source: Own compilation from various sources.

NORTH-WEST UNIVERSITY
YUNIBESITI YA BOKONE-BOPHIRIMA
NOORDWES-UNIVERSITEIT
VAAL TRIANGLE CAMPUS

SOCIO – ECONOMIC HOUSEHOLD SURVEY QUESTIONNAIRE: FEZILE DABI DISTRICT MUNICIPAL AREA (MAY TO JUNE 2012)

Notes:

1. All field workers have been trained and all information will be treated as confidential.
2. The questionnaire must preferably be completed by the head of the household.
3. The result of the survey will focus on skills development, job creation and local economic development of the area.
4. This project is a combined effort by the municipalities in the Fezile Dabi District Municipal area and NWU in order to improve the quality of life of local residents.
5. The project manager is Mr D Meyer and can be contacted at 0828505656.
6. Only one option may be selected per question.
7. If additional info needs to be filled in, the back of the reply sheet could be utilized.

THE QUESTIONNAIRE

A. General

1. What type of dwelling does the household live in?
   1.Formal brick house
   2.Shack
   3.Other

2. What is the Ownership status of the property? with title deed.
   1.Dwelling owned by household
   2.Dwelling owned by household but no title deed
   3.Dwelling is rented.
   4.Other

3. Did any member of the household receive a housing subsidy in the past?
   1.Yes
   2.No

4. What is the size (no of people) of the household?
   1. 1 person
   2. 2 persons
   3. 3 persons
   4. 4 persons

5. 5 persons
6. 6 persons
7. 7 or more persons

5.How many school going children in the household?

1. No children
2. 1 Child
3. 2 Children
4. 3 Children
5. 4 Children
6. 5 Children
7. 6 or more Children

6.What is the access to the closest school in walking time?

1.less than 5 minutes
2.6 to 10 minutes
3.11 to 20 minutes
4.21 to 30 minutes
5. more than 30 minutes

7.How many youths (16 to 20 years old) that are out of school, but not yet working, in the household?

1. none
2. 1 Youth
3. 2 Youths
4. 3 Youths
5. 4 or more Youths

8.How many adults (20 to 65 years old) in family, excluding adults in retirement or old age (65 years or older), in household?.

1. None
2. 1 Adult
3. 2 Adults
4. 3 Adults
5. 4 Adults
6. 5 or more

9.How many retired people or people of old age in the household? (People 65 years old or older)

1. none
2. 1 retired/old age
3. 2 retired/old age
4. 3 retired/old age
5. 4 retired/old age
6. 5 or more retired/old age

B. Income and Expenditure

10.What is the total household income per month?

1. No income
2. R 1 to R 500
3. R 501 to R 1000
4. R 1001 to R 2000
5. R 2001 to R 2500
6. R 2501 to R 3000
7. R 3001 and more

11.What is the total expenditure of the household per month?

1. R 0 to R 500
2. R 501 to R 1000
3. R 1001 to R 2000
4. R 2001 to R 2500
5. R 2501 to R 3000
6. R 3001 to R 4000
7. R 4001 and more

12.On what item does the household spend income the most on per month?

1. Food
2. Transport
3. Clothes
4. Education
5. Municipal Services
6. Housing
7. Communications (telephone)

13.How much is spend by household on the item in Question 12 per month?

1. R 0
2. R 1 to R 250
3. R 251 to R 500
4. R 501 to R 750
5. R 751 to R 1000
6. R 1001 to R 1500
7. R 1501 and more

14.On which item does the household spend income the second most on per month?

1. Food
2. Transport
3. Clothes
4. Education
5. Municipal Services

6. Housing
7. Communications (telephone)

15.How much is spend by household on the item in Question 14 per month?

1. R 0
2. R 1 to R 250
3. R 251 to R 500
4. R 501 to R 750
5. R 751 to R 1000
6. R 1001 to R 1500
7. R 1501 and more

16.On which item does the house hold spend income the third highest on per month?

1. Food
2. Transport
3. Clothes
4. Education
5. Municipal Services
6. Housing
7. Communications (telephone)

17.How much is spend by the house hold on the item in Question 16 per month?

1. R 0
2. R 1 to R 250
3. R 251 to R 500
4. R 501 to R 750
5. R 751 to R 1000
6. R 1001 to R 1500
7. R 1501 and more

18.What is the income deficit/shortfall of the household if any per month? (income less expenditure)

1. None
2. R 1 to R 250
3. R 251 to R 500
4. R 501 to R 750
5. R 751 to R 1000
6. R 1001 to R 1500
7. R 1501 and more

19.Do the household get any assistance to support income per month?

1. Yes
2. No

20.If yes in Question 19, what is the main source of assistance regarding household income?

1. Family
2. Friends
3. Government Subsidy
4. Pension
5. Other

21.What is the amount of income assistance per month for the household?

1. R 0
2. R 1 to R 200
3. R 201 to R 500
4. R 501 to R 750
5. R 751 to R 1000
6. R 1001 to R 2000
7. R 2001 and more

C. Government Services

22.In general the municipality provides good quality services.

1. Yes
2. No
3. Uncertain

23.What municipal service lacks most in your area?

1. Housing
2. Water
3. Electricity
4. Sewer
5. Education
6. Medical
7. Parks

24.Which municipal service lacks second most in your area?

1. Housing
2. Water
3. Electricity
4. Sewer
5. Education
6. Medical
7. Parks

25.Which municipal service lacks third most in your area?

1. Housing
2. Water
3. Electricity
4. Sewer

5. Education
6. Medical
7. Parks

26.Does government do enough to create jobs in your area?

1. Yes
2. No
3. Uncertain

27.What can government do to create jobs?

1. Skills training
2. Public Works projects
3. Provide Facilities
4. Provide land
5. Give Finance
6. Support co-operatives
7. Other

D. Employment

28.Who is the main bread winner in the household?

1. Father
2. Mother
3. Son
4. Daughter
5. Other family member
6. Other

29.How many employed (working) people in household?

1. none
2. 1 person
3. 2 persons
4. 3 persons
5. 4 persons or more

30.What sector does the employed person (1) work in?

1. Agriculture
2. Mining
3. Manufacturing
4. Construction
5. Retail
6. Services
7. Domestic Worker

31.What sector does the employed person (2) work in?

1. Agriculture
2. Mining
3. Manufacturing
4. Construction
5. Retail
6. Services
7. Domestic Worker

32.What sector does the employed person (3) work in?

1. Agriculture
2. Mining
3. Manufacturing
4. Construction
5. Retail
6. Services
7. Domestic Worker

33.What sector does the employed person (4) work in?

1. Agriculture
2. Mining
3. Manufacturing
4. Construction
5. Retail
6. Services
7. Domestic Worker

34.How many unemployed people, looking for work, in the household?

1. None
2. 1 person
3. 2 persons
4. 3 persons
5. 4 persons
6. 5 and more persons

35.What skills have unemployed person (1)?

1. Farming/Gardening
2. Retail/selling
3. Catering/cooking
4. Sewing/clothes
5. Building/construction/electrical/plumbing
6. Computer/IT
7. Steel work/welding

36.What skills have unemployed person (2)?

1. Farming/Gardening
2. Retail/selling
3. Catering/cooking
4. Sewing/clothes
5. Building/construction/electrical/plumbing
6. Computer/IT
7. Steel work/welding

37.What skills have unemployed person (3)?

1. Farming/Gardening
2. Retail/selling
3. Catering/cooking
4. Sewing/clothes
5. Building/construction/electrical/plumbing
6. Computer/IT
7. Steel work/welding

38.What skills have unemployed person (4)?

1. Farming/Gardening
2. Retail/selling
3. Catering/cooking
4. Sewing/clothes
5. Building/construction/electrical/plumbing
6. Computer/IT
7. Steel work/welding

39.Does anyone in the house hold want to open a small business?

1. Yes
2. No
3. Uncertain

40.What type of business does the person in Question 39 want to open?

1. Farming/Gardening
2. Retail/selling
3. Catering/cooking
4. Sewing/clothes
5. Building/construction/electrical/plumbing
6. Computer/IT
7. Steel work/welding

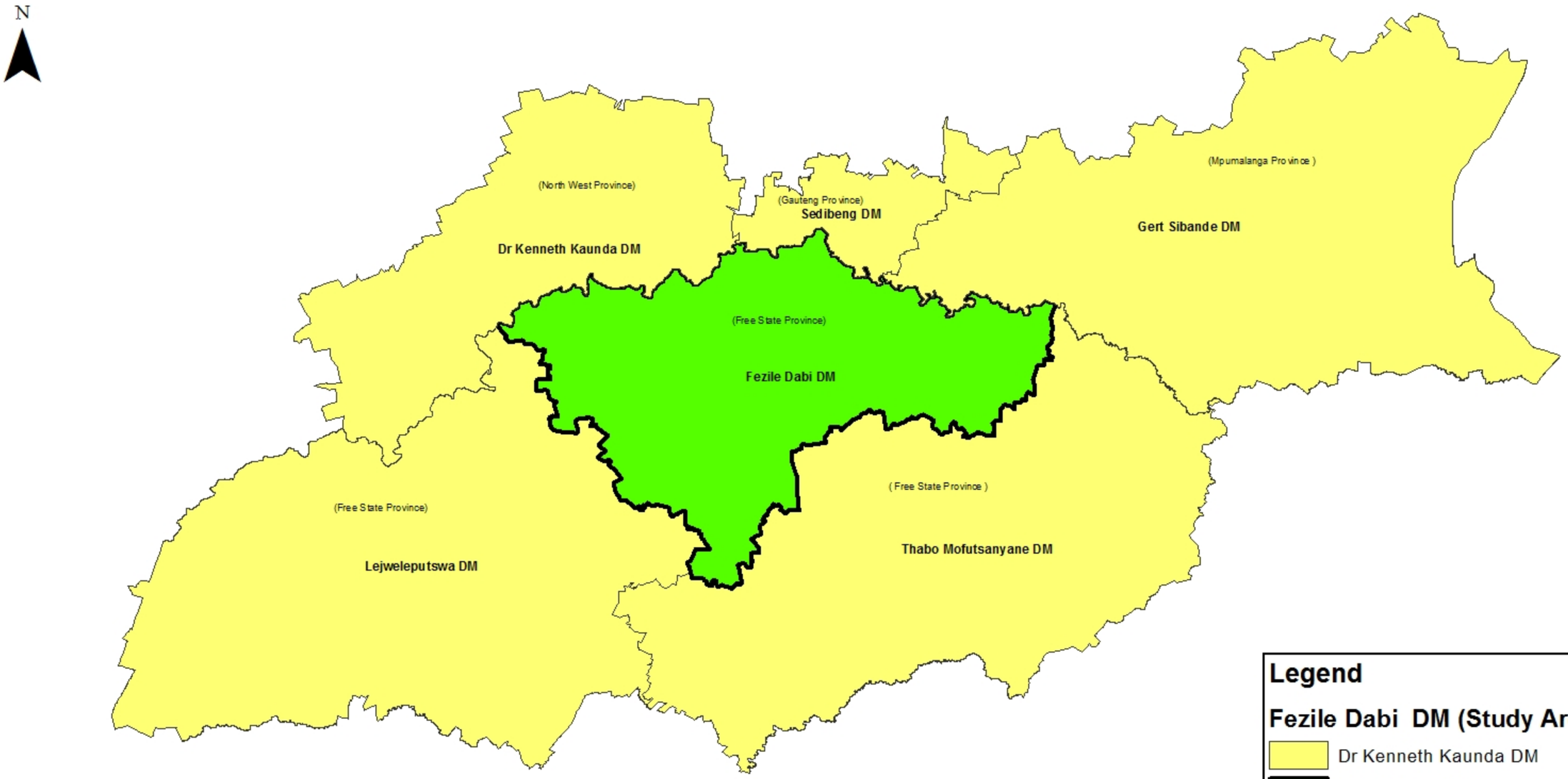
ANNEXURE E: ANALYSIS OF BUSINESS CHAMBERS IN STUDY AREA

The various business chambers in the study area were visited during April 2013 and perceptions regarding their contribution and the local authority in their area were discussed. It should be noted tht the Mafube municipal area has no formal business chamber. The results are listed in the table below.

Name of business chamber, locality and contact details	**Structure, functionality and vision of the business chamber**	**Perception regarding service delivery and linkages with municipality**	**Local barriers and opportunities for development in the area**	**Proposals for improvements in the area by business chamber**
Kroonstad Business and Tourism Association. Located in Kroonstad, Moqhaka Local Municipal area. www.kroonstad.org. Tel: 056-212 3611.	Association is a section 21 company with 13 directors and more than 100 members. The business focus is only on the Kroonstad area, while tourism cover the municipal area. The vision is to assist business and to be the voice of business. An info centre is managed by the association. The association is very active.	The perception of the local municipality is negative due to poor service delivery. The association has poor linkages with the municipality and has no confidence in municipality. No enabling environment is created by municipality. It is very difficult to get an appointment with municipal officials. Poor maintenance of services such as roads, water and sewer. Limited technical skills exist. Poor LED unit and not committed officials. Poor management by top management and poor responsiveness. No marketing of area done by municipality. Supply chain don't support local business. Require a fixed monthly meeting with municipal management.	Poor service delivery by municipality and no feedback on proposals by association. No services capacity exist. Poor IDP and budgeting process. Political instability. Heavy vehicles are allowed in town. Management of advertisement boards is poor. Entrances to town not maintained. Association has various projects to assist municipality but assistance is not accepted.	New industrial park. New airport. N1 Freeway better utilized. Improved marketing of area to improve the image of area. Upgrading of the CBD. Improved management of public tourism facilities such as Kroon Park.
Parys Development Forum. Located in Parys, Ngwathe Local	The forum is a section 21 company with 5 directors. The forum has more than 300 members.	The forum has a poor perception of the local municipality dueto poor service delivery. No enabling environment is created by municipality. The forum has taken the	Area has huge development potential but the municipality is a major stumbling block. All services lacks capacity for	Municipality must involve the local business people to assist by means of

Municipal area. Tel: 056-811 2323.	The vision is to market the area and assist with business development. The forum is also a pressure group for improved service delivery. Organizes the Koepelfees annually. A very active and stable forum.	municipality to court. Investors are chased away due to poor service delivery. Poor skills and experience at municipality. Poor financial management. Meeting with forum are held but nothing is done afterwards. No marketing take place, but the district municipality do some marketing of the area.	development. Dump site has opportunity for job creation through recycling. Tourism potential must be developed Small industries must be assisted.	partnerships. Forum wants to be involve and wants to assist. Even local farmers want to be mentors for small farmers.
Sasolburg Business Chamber. Located in Sasolburg, Metsimaholo Local Municipal area. www.sasolburg.net.	In the process of re-establishing the chamber in cooperation with the Vanderbijlpark business chamber. Has more than 100 members. Sasol industry very involved and chamber depend on Sasol for support. Chamber still not stable, but active and working on improving.	The general perception is that the service delivery by the municipality is poor. Communication with the municipality is also poor. Fixed monthly meetings are also required with the municipality. No feedback is received from the municipality due to a poor problem reporting system. No marketing done by municipality. Sasol industry allows for a positive economic climate, but not the municipality. Municipality has poor skills and local supply chain does not support local business.	The municipality is the main barrier in development. Sasol create a positive economic environment. The development of the Vaal River has huge potential. Red tape regulations prevents development.	The chamber has proposed a job card system for problem reporting to municipality that could assist in service delivery. Better cooperation and partnership with the municipality. Change negative perceptions through marketing.

LOCALITY PLAN WITH STUDY AREA AND SURROUNDING DISTRICT MUNICIPAL AREAS (NORTHERN FREE STATE)



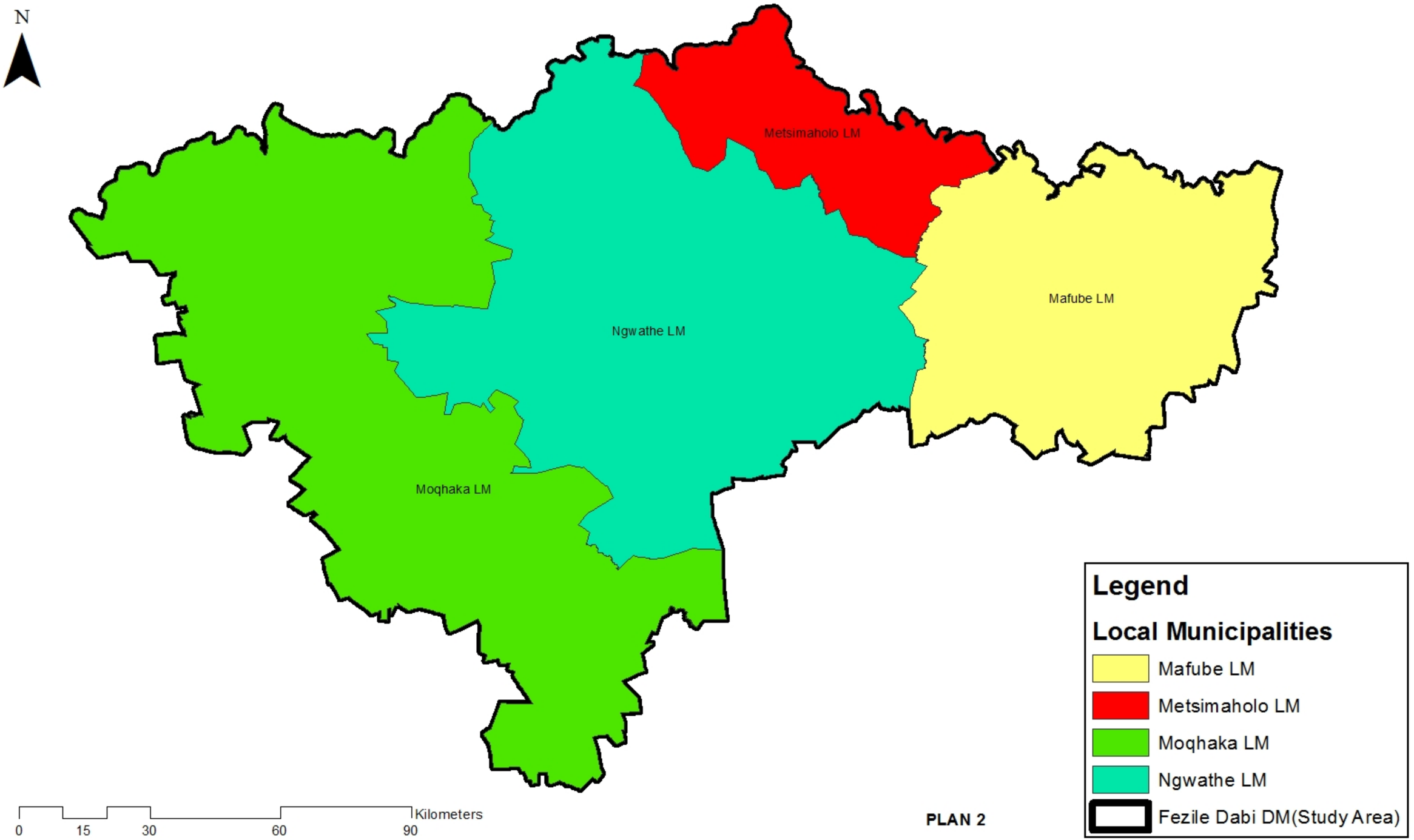
Legend

Fezile Dabi DM (Study Area)

- Dr Kenneth Kaunda DM
- Fezile Dabi DM
- Gert Sibande DM
- Lejweleputswa DM
- Sedibeng DM
- Thabo Mofutsanyane DM

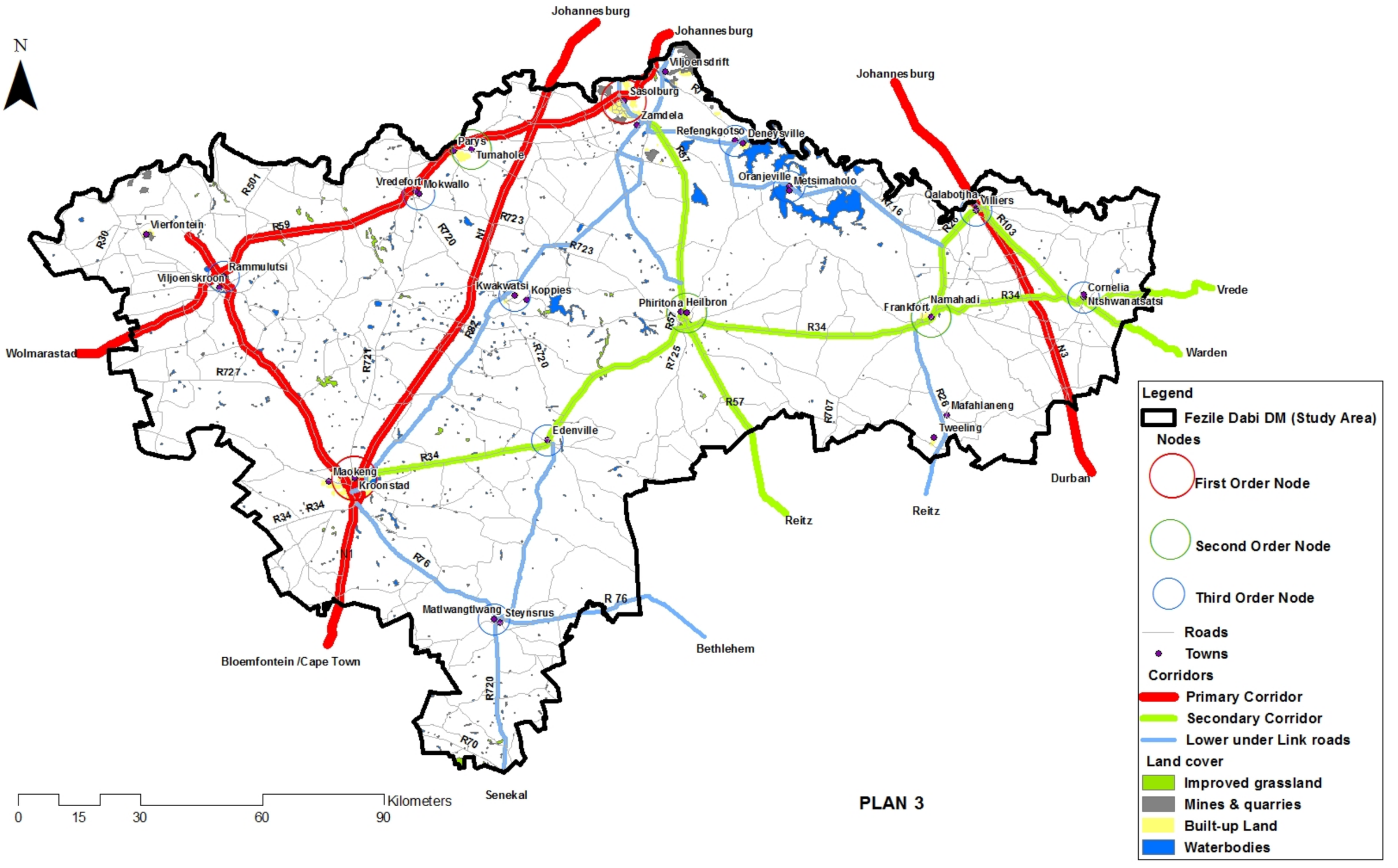
PLAN 1

LOCALITY PLAN OF THE STUDY AREA AND LOCAL MUNICIPALITIES (NORTHERN FREE STATE)



PLAN 2

SPATIAL PLAN STUDY AREA (NORTHERN FREE STATE)



PLAN 3