

CHAPTER I

LOCAL ECONOMIC DEVELOPMENT IN

SOUTH AFRICA

Introduction

Local economic development (LED) has become a widely practiced development strategy in the countries of the North at both the local government and community levels (Nel, 2001). LED has been widely implemented in the South where, in most instances, it has been in an incipient phase. In South Africa local governments have engaged in LED, which has been a tool through which to achieve sustainable development (Abrahams, 2003). Whereas in many countries LED tended to be a voluntary activity of local government, in South Africa it has been mandatory (Stamer, 2003). The South African Constitution (1996) promotes the establishment of developmental local government, and this includes responsibility for economic growth.

The main vehicle for development at local government has been the Integrated Development Planning (IDP) process (Stamer, 2003). The IDP is a five-year plan that monitors infrastructure development and LED activities. The preparation of the IDP includes comprehensive participatory exercises with local communities, and local business communities should be prominent in these exercises.

It has now been widely recognized that there has been the existence of economic, social and environmental interdependence between rural and urban areas and the need for a balanced and mutually supportive approach to development of the rural and urban areas (Okpala, 2003). The purpose of LED therefore has been to build the capacity of a local area to improve its economic future and the quality of life for all citizens (World Bank, 2005). Thus, considering economic, demographic and environmental complementarities that exist between rural and urban areas, there has been a need to promote rural and urban linkages that posit these areas as the two ends of the human settlement continuum. Rural development must be based on policies that do not deter rural-to-urban migration and on improving economic and social conditions of rural population (Diogo, 2003). There has been the need for rural areas to effectively contribute to national economic growth through increased agricultural and nonagricultural productivity (Okpala, 2003).

A rural area as used in this thesis is described as a place with equitable farming assets including land. It should be an area where livelihood diversification increases incomes, investment in farming and demand for goods. An urban area, on the other is a place with access to urban local markets and processing facilities. It is a place with increased production of non-farm goods and service provision, as well as increase in non-agricultural employment opportunities. An urban area may also be described as a place of continuous urban development. It includes the historical core municipality and the adjacent suburbs. Many of South Africa's rural areas including the

BCRM exist below subsistence levels and remain impoverished because they have no access to basic infrastructure essential for economic growth and development. Development of the local economy in rural areas is severely compromised through lack of infrastructure, services and markets.

The concept of rural-urban area, therefore, involves a number of socio-economic aspects such as the structure of the employment, population age and population change in an area. Rural-urban linkages have conventionally been understood in terms of social, environmental and economic interactions and linkages between the two areas. The linkages may be in the form of household livelihood strategies that affect the two areas. These may include the flow of commodities, capital and migrants. While each of these approaches provides useful insights, they essentially overlook the politics of rural-urban linkages.

Local economic development offers local government, the private and not-for-profit sectors, and local communities the opportunity to work together to improve the local economy. LED has encompassed a range of disciplines including physical planning, economics and marketing. It has also incorporated many local government and private sector functions, including environmental planning, business development, infrastructure provision, real estate development and finance. All these disciplines must work together to improve the local economy. The discrete consideration of rural development as completely distinct from urban development is no longer valid (Okpala, 2003).

A new perspective referred to as the rural-urban linkage development is increasingly becoming accepted for LED. It is important therefore that states at the national level and at the local (municipal) level of cities, small and medium-sized towns and rural areas, recognize the potential of rural-urban development linkages, the impact of their development actions on rural and urban areas and the positive role they can play in poverty alleviation. Dubey (2003) has articulated that issues of rural-urban linkages indicate that what is lacking in the city is the link between the poorer neighbourhoods with the enclaves of the well-to-do. This linkage will allow comprehending these areas as interdependent phenomena rather than as random disparities. Thus, this research studies LED in a South African small town, via the rural-urban linkages development, with Blue Crane Route Local Municipality in the Eastern Cape as the study area.

According to the Republic of South African Constitution (1996), local states are responsible for local economic development in their areas. The local state must play an important role in job creation and boosting the local economy through the provision of business-friendly services, local procurement, investment promotion, and support for small businesses and growth sectors (Nel, 2005). According to Ndlela (2001), LED is crucial for municipalities. Ndlela indicated that the Republic of South African Constitution (1996) states that local authorities have been best placed to promote economic development of their communities because this sphere has exerted considerable influence over the societal well-being of the local communities. For Ndlela, municipalities can use their Integrated Development

Plans (IDPs) as an important tool to coordinate LED initiatives with other municipal programmes and appropriately be linked to provincial and national initiatives.

The burden of rapid population growth without adequate economic growth affects many cities in the developing world (Beyer, Peterson & Sharma, 2003). LED strategies typically emanate from local government in an urban centre, but the arena for positive change and market access includes developing linkages with rural areas, enhancing rural productivity and developing agribusiness opportunities. The LED process identifies ways to leverage urban economies, often in intermediate centres and farmlands, which are often vast in extent but only cultivated on a small scale. The intermediate centres have become vigorous points of interaction for rural economic growth by encouraging small-scale industries, marketing facilities for rural products and agricultural extension services (Beyer et al., 2003).

The practice of LED requires a comprehensive assessment of the dominant and potential industries and conditions in a city in order to guide the planning process, as well as an identification of priority activities of the public sector designed to support local economic growth. Partnerships and participation help to guarantee two important outcomes of LED strategies, which are economic growth and poverty reduction. Thus, the successful creation and implementation of LED strategies is dependent on the ability of local authorities to engage a wide array of stakeholders who represent planners and decision makers as well as ordinary citizens. At the same time, local authorities must engage civil society representation including the poor,

marginalized and vulnerable populations who are able to articulate concerns regarding poverty reduction and equitable distribution of services as well as economic growth.

Rural-urban linkages also support LED on partnerships and the international impetus for greater community participation of relevant stakeholders. LED, once tailored to individual cities, is a targeted response to managing the challenges of recent decades of population growth and economic decline, and shoring up the forces of change. LED activities can ensure that change is both an intended and real outcome (Davis, 2004).

This chapter first outlines the conceptual framework and a review of the literature underpinning this dissertation. Within this context, it identifies those research areas that remain unaddressed, and then argues the case for the study of rural-urban linkages in facilitating LED in the Blue Crane Route Municipality. More specifically, it identifies the research objectives, the research methodology, research location and the significance of the study. The difficulties encountered in research are addressed in this chapter.

Conceptual Framework

The conceptual framework is derived from the seminal work of Logan and Molotch (1987) and Harvey (1989). Though their work constituted an important theoretical framework in the past, Davis (2004) has proposed a new framework that this research adopts. The former theoretical frameworks focused on big cities (urban centres) while the latter focuses on the linkage between both rural and urban centres, including small towns. The latter

framework also considers the interdependence between environmental, social and economic variables in addressing LED.

Logan and Molotch (1987) referred to the ideology of growth within urban areas and presented it in terms of the urban growth machine or urban regime. The elite groups within a society according to Logan and Molotch (1987)¹ strongly influence the urban regime. They have great interest in seeing a city grow because it will be beneficial to themselves or to their institutions. Logan and Molotch further indicated that the elites contend that growth is good and that its outcomes benefit the people and improve their living conditions. They argued that it will bring jobs, help with taxes and make the community more efficient. Finally, Logan and Molotch contended that the elite promote growth for their own self-interests and profits.

In a perspective different from what Logan and Molotch advocate, Harvey (1989) explained three main features to urban entrepreneurialism. First, powerful business interests infiltrated the new urban political arena especially through public-private partnerships. Second, the business-led agenda under the urban regime is less interested in issues of social welfare. Rather, it is concerned with providing an enabling environment for economic enterprises. This it sells to the community at large on the pretext that increased economic activity will generate more jobs, and that the community will benefit from the trickle-down economies. Third, the new progrowth regime commits the city to highly speculative flagship projects as a means to enhance the status and marketability of the city.

Harvey indicated that from the early 1970s, as full employment moved from the top of government priorities, local councils began to take up the challenge. Harvey further contended that there was support for small firms, closer links between the public and private sectors and the promotion of local areas to attract new business. For Harvey, the managerial approach to development so typical of the 1960s has steadily given way to an entrepreneurial stance based on economic development. The shift towards entrepreneurialism in urban governance, according to Harvey, has to be examined at a variety of spatial scales: local neighbourhood and community, central city, metropolitan region, nation and state. However, the transfer of public resources to boost capitalist enterprises provides the basis for tremendous conflict within municipalities as the poor residents are increasingly marginalized, and are called upon to subsidize the progrowth developments (Seethal, 1993). Consequently, development practitioners now recognize the need to have an integrated perspective on development, which takes into account rural-urban livelihoods, and social and economic links between rural areas and urban centres (Davis, 2004).

The reality of rural-urban linkages is that households should utilize assets and resources that flow from rural to urban areas, and vice versa. The positive impact of rural-urban linkages on local economic development is summarized in the notion of the virtuous circle where rural and urban developments are mutually dependent. However, rural-urban linkages are not beneficial in all circumstances (Davis, 2004). They can increase inequality and the vulnerability of groups with the least assets, particularly

where land ownership is unequal and where government policies and subsidized credit institutions tend to benefit already privileged urban elites and large farmers.

This study adopts the Rural-Urban Economic and Enterprise Development (RUEED) sustainability perspective as the conceptual framework given its focus on rural-urban linkages in small towns and surrounding villages. Economic and environmental sustainability have been the focus of much research in relation to specific regions (Alston & Cocklin, 2003). Rather than just understanding the functioning of small towns through case studies, recent research has centred on the question of small town sustainability in all its forms (Courvisanos & Martin, 2005).² The focus in this approach is on economic, social and environmental dimensions to resources in small towns.

The RUEED conceptual framework provides for how a small town responds to external forces and how its own dynamics cumulatively alter over time. Research outcomes from this framework, by providing general patterns of town processes, should assist government at all levels, and business and local community groups to identify what patterns their own towns reflect and what can be done to enhance particular actions and processes. Strategies for development based on rigorous research outcomes can then be developed within these small towns with the assistance of the business community and various government bodies and authorities. Coordination of decisions and actions of all these different actors on the small town stage will be greatly enhanced. This then provides a comprehensive approach to the

understanding of small towns, and to more effective development of public policies and community action. The framework needs deepening and has the potential to be used locally and spatially to identify rural-urban drivers of change and growth.

Davis (2004) indicated that the RUEED framework addresses the shortcomings of the traditional rural-urban dichotomy and comprises ten cornerstones for successful intervention, covering the policy and institutional dimension, access to infrastructure, services and markets, entrepreneurial competence and stakeholder links. The RUEED framework is more explicit in understanding the need for enhanced and effective rural-urban linkages as part of a local economic development strategy. Broad-based economic development and employment creation are challenges in most countries. RUEED is also envisaged as an effective analytical instrument for assessing and improving policies, institutional development and intervention programmes, and projects for more system-based and comprehensive intervention of all partners (policy-makers, national and local state, development agencies, field level practitioners, the private sector, community-based organizations and Non-Governmental Organizations). Davis indicated that the framework enables stakeholders to identify the strengths, weaknesses and gaps of current interventions. He further indicated that the framework is based upon the principle of systemic interaction, so that each of the cornerstones is critical for the success of policies, programmes and projects. They (cornerstones) are fundamental functions, which are nevertheless interdependent and linked to each other.

The first cornerstone according to Davis is the enabling environment that provides for an attractive investment climate for fostering entrepreneurship.³ The second cornerstone includes mechanisms, processes and structures that address local needs (bottom up).⁴ Effective private sector institutions and linkages constitute the third cornerstone.⁵ This component of RUEED focuses on the conditions needed to enable poor rural producers to access urban markets. Pullman, Scoresone & Weiler (2000) support this cornerstone by indicating that information linkages are important in LED.

The fourth cornerstone is a functioning and effective infrastructure.⁶ Investment in infrastructure, according to Davis, encourages propoor growth and migration, and improves wage labour opportunities. Infrastructure is an important aspect of the enabling environment providing for an attractive investment climate. Strategies should provide actors in rural and urban areas with better access to functional infrastructure and improve the management and service delivery of existing infrastructure. Davis indicated that people in rural and urban communities would benefit from improved access to rural infrastructure and this should reduce transaction costs and lead to increased productivity.

According to Davis, access to an integrated and effectively functioning market is the fifth cornerstone.⁷ The main actors involved in this cornerstone are the rural entrepreneurs, input suppliers, traders and market structures. Rural communities, and local and national states are also important actors along with transport companies and others involved in the market chain, such

as retail outlets. Rural enterprises can exploit the opportunities in globalized markets by having better access to market information.

Access to effective support services and resources constitutes the sixth cornerstone.⁸ The seventh cornerstone is active participation and ownership of joint learning processes of the well-linked stakeholders.⁹ The importance of this cornerstone is that full ownership of the initiative from the stakeholders is the guarantor of sustainability. Under this cornerstone, negotiations between public and private interests are central elements of the RUEED framework. Platforms and forums for negotiations where a common understanding and vision among the stakeholders is created are key to orienting the actions towards common goals, and balanced competitiveness and collaboration. Furthermore, RUEED is about change and development in terms of approaches, roles of actors and relationships. This requires a joint learning approach, which results in a continuous improvement of the performance of all actors together.

The stakeholders' on-going learning from success and failure constitutes the eighth cornerstone.¹⁰ Individuals and organizations learn continuously. Actors in rural areas are frequently disadvantaged as activities may be isolated and remote. However, this cornerstone indicates that in some cases rural communities have existing modes of exchanging views and sharing knowledge that might be built upon.

Davis contended that adaptive management capacity and entrepreneurial competence within business and enterprises constitutes the ninth cornerstone.¹¹ Local organizations, groups and associations

(representing the poor) form the last cornerstone.¹² The view here is that the degree to which the interests of poor rural entrepreneurs and wage labourers are taken into consideration is frequently limited. The implication is that, there is a way for one to explore these connections and relationships. Thus, development practitioners now recognize the need to have an integrated perspective on development, which takes into account rural-urban linkages, and social, economic and environmental links between rural areas and urban centres (Davis, 2004). These linkages demonstrate interdependence rather than a one-way dependence within geographical areas. For this reason the development and maintenance of rural-urban linkages is widely seen as an essential component of an LED strategy as indicated through literature.

Literature Review

Although LED as a concept dates back to the 1960s and 1970s, it was not until the late 1990s that an emphasis upon enterprise development, improving infrastructure, building local partnerships and generally promoting an inclusive and dynamic framework became the dominant strategy (World Bank, 2003). Local economic development, according to Philander and Rogerson (2001), is an activity of increasing importance in the developing world as globalization produces new roles for local states. It must be understood that the business of LED is not merely an activity for local states alone; rather, it involves all stakeholders in a locality. Local economic development includes the private sector, the community, NGOs and trade unions among others (Philander & Rogerson).¹³ Tomlinson (2002), on the

other hand, explains that LED is a participatory development process that encourages partnership arrangements between the main private and public sectors of a defined territory, enabling the joint design and implementation of a common development strategy by making use of local resources and competitive advantage in a global context, with the final objective of creating decent jobs and stimulating economic activity.

Local economic development initiates the restructuring of rural economies and variously involves the strengthening of agricultural bases, the diversification of rural communities through the attraction of new production activities, making rural areas attractive spaces for tourism consumption, and/or incorporating geographically marginal communities lobbying for public sector spending (Philander & Rogerson, 2001). Moreover, Seethal (2002) indicated that although tourism is identified as a sector of opportunity within the integrated rural development (IRD) policy in South Africa, it receives little attention as a strategy for rural development in KwaZulu-Natal's IRD.

Although the new policy frameworks for South African tourism incorporate elements such as effective community involvement and the necessity to use tourism as a development tool for the previously disadvantaged communities, the involvement of historically disadvantaged individuals in the promotion of tourism has been very slow (Rogerson, 2003). Simon (2000) indicated that planners, including those tasked with implementing LED initiatives, should start by listening and observing, discuss alternatives, and then examine suggestions from the local people seriously. When planning becomes increasingly detailed, participation is transformed into partnership.

For the World Bank (2003), the key to LED is the role of local government, the private sector, the not-for-profit sectors and the local community in creating opportunities to work together to improve the local economy. For the South African Department of Provincial and Local Government (DPLG) (2000), the current understanding of LED is linked to the national government's interpretation of LED as a process whereby local initiatives combine skills, resources and ideas in stimulating local economies to respond innovatively and competitively to changes in the national and global economies, towards the goal of job creation, poverty alleviation and redistribution. It is therefore imperative to record that in rural areas of South Africa external support and advice are necessary in order to meet capacity shortfalls at local levels for undertaking LED (Nel, 1999).

Matovu (2002) argued that LED incorporates good governance. Good governance entails the legitimacy of authority, public responsiveness, public accountability, partnership between government and civil society organizations, information openness and public management effectiveness. Good governance involves government and the private sector, civil society and all interest groups like the NGOs in LED. Good governance can be achieved when local governments engage in partnership with private sectors, NGOs and community based organizations (CBOs). Matovu further stressed that partnerships should be promoted between local communities and private service suppliers.

The triangle (social, economic and environmental variables) of sustainable development, according to Stamer (2003), is an outcome of the

discussion on ecological aspects of development. The idea is to reconcile economic, social and environmental development to make sure that development is not following an exclusively economic rationale but also leads to social development while not destroying the environment. Connecting these three points as part of local development initiatives is a relatively new approach in industrialized countries. According to Stamer any local development effort involves effective state and private actors. He also highlighted that successful LED is based on the interaction between an efficient state, which understands business principles and economic development, and an effectively organized private sector that can voice the interests of private business but also assure compliance with agreements.

Stamer (2003) indicated that the basic pattern of a successful LED effort involves a network, not an organization. LED is based on a policy-network that is comprised of a set of different actors, governmental as well as non-governmental. The reason is that each actor contributes specific resources such as legislative power, money, information, knowledge and prestige. Thus, successful LED is based on a constructive relationship between the local state, the private sector and relevant stakeholders.

Hassebrook (2006) gives a strong note on the issue of linkages by indicating that, in Italy, small rural manufacturers have long worked through established networks to gain contracts to provide outsourced components to large Italian corporations based in metropolitan areas. These networks provided a ready conduit for large companies to gain bids and contracts from many small rural manufacturing businesses. The networks made it possible for small

manufacturing firms to flourish in rural Italy by producing components for larger companies. However, it is hard for rural businesses to market to metropolitan businesses without having established networks.

Hassebrook (2006) argued that in the U.S.A., small entrepreneurship is especially important as opportunities shrink to attract large employers to remote rural areas. Companies that formerly looked to rural communities for lower wage labour are now moving offshore for even lower wage labour. Hassebrook contended that there are social advantages to development strategies based on small entrepreneurship. It keeps profits in the community and creates a mix of opportunities. Small business development creates some low wage jobs, but it also provides significant numbers of opportunities for people to build assets and earn middle class incomes as business owners. Finally, nurturing locally owned businesses puts the economic future of the community in the hands of its own members and people committed to its future. This builds local leadership and reduces dependency on outside forces. Most small enterprise development strategies in rural U.S.A., according to Hassebrook, have been based on public-private partnerships, typically non-profit organizations working with rural communities and people, often with partial government funding.

Rodriguez-Pose (2001) indicated that in Croatia, economic development and social cohesion have often been dealt with as separate issues, resulting in missed opportunities to reinforce each other. LED, according to Rodriguez-Pose, is a participatory development process that encourages partnership arrangements between the main stakeholders of a

defined territory. The final objective is to create decent jobs and stimulate economic activity. Rodriguez-Pose further indicated that the design and implementation of a LED process responds to the need to find the most suitable and sustainable solutions to local needs by addressing simultaneously the different dimensions of the development process. This is achieved by integrating economic strategies into their social, cultural and institutional contexts.

Harvey (1989) indicated that if the study of urbanization becomes separated from that of social change and economic development, it results in missed opportunities. Economic growth strategies have sometimes excluded those on the margins of society, while many physical and social regeneration programmes have neglected the need to foster the conditions in which business can flourish. Harvey also argued that urban governments had to be much more innovative and entrepreneurial, willing to explore all kinds of avenues through which to alleviate their distressed condition and thereby secure a better future for their population. For Harvey, it is therefore important to specify who is being entrepreneurial and about what.

Hans and Heinelt (2002) indicated that the state's failure in regards to LED can be identified along two dimensions. On the one hand, government failure can be related to a problematic role of representative institutions and decision-making in LED, leading to lack of legitimacy, efficiency and effectiveness. Whereas lack of legitimacy is usually related to a loss of trust in problem-solving and interest mediating capacity of the representative institutions, lack of effectiveness is usually seen as the inability

of these institutions to realize decisions taken in representative bodies. On the other hand, government failure has to be linked to solving complex (or coordinating) societal problems and interactions in modern society.

Hans & Heinelt (2002) indicated that the success of LED rests on using the strengths of community involvement and urban leadership, and compensating for their respective shortcomings. They indicated that this addresses complementarity because the expression of community involvement and urban leadership leaves room to consider both. These core elements are separated but work together in realizing urban sustainability. That means people use the notion of complementarity because it allows them to consider linkages as well as separateness of urban leadership and community involvement.

The role of the urban regime can be crucial in mediating, that is acting, between the spheres of deliberation based on community involvement, law-making bodies and the public, and the administrative implementation of political decisions. Furthermore, the urban regime can bring in common interests or claim community involvement on their behalf (Wilson, 2001; Jonas, 2004). Sustainable competitiveness does not only mean enduring economic growth but a perspective of economic development. This perspective takes into consideration the side effects in social and ecological terms and strives at the best possible acceptance of economic strategies in the local community as a whole (Ginwalla, 2003).

It is important to stress that LED does not refer only to local institutions but also to decentralized sectors and national agencies. The participation of

key stakeholders may generate new forms of local economic governance. These may consist of public or private ones, as well as partnerships. The broadening of the local institutional base is one of the central messages of LED. Thus, Beyer et al. (2003) indicated that the rapid growth of African cities in recent decades presents both challenges and opportunities to local governments in their efforts to foster economic growth and provide services to urban populations.

The successful creation and implementation of LED strategies are dependent on the ability of local authorities to engage a wide array of stakeholders (Beyer et al., 2003). During the stages of strategic development, it is important to consider the number of stakeholders involved, their degree of participation and the diversity of representation. Unlike participation, partnerships imply a more formal and potentially economic relationship, often with clearly defined roles and responsibilities for each stakeholder. Partnership focuses on transforming inclusion into working, productive and equitable relationships. Beyer et al. (2003) explained that partnerships and participation help to guarantee two important outcomes of LED strategies, which are economic growth and poverty reduction. At the same time, local authorities must engage civil society representation including poor, marginalized and vulnerable populations who are able to articulate concerns regarding poverty reduction and equitable distribution of services as well as economic growth.

Beyer et al. (2003) advocated that proper representation in relation to gender, ethnicity, poverty or other locally relevant criteria must be ensured.

According to Beyer et al., in addition to stakeholder inclusion, transparency, accountability, sustainability, equity and efficiency are all part of the equation of a well-planned and implemented LED, but are not unique to LED strategies. The need for directing development programmes to rural areas has become widely accepted in recent years (de Janvry & Sadoulet, 2003; Seethal, 2002; World Bank, 2003). This is due to an increasing awareness of the fact that disproportionate levels of poverty are to be found in rural areas and a high percentage of the population of most developing countries live in rural areas. Thus, in order to meet the Millennium Development Goals with regard to poverty levels, it is essential for LED to target these areas. Empirical evidence has shown repeatedly that market activity cuts across rural and urban divisions thus undermining the traditional dichotomy (Davis & Rylance, 2005). Moreover, Xuza (2005) indicated that it is important to concentrate on small town renewal and local economic development. The role of small towns in rural development and their function as intermediary between large cities and rural communities must be recognized (Forth & Howell, 2002).

The RUEED is a recurrent theme in the literature and it is the basis for rural-urban linkages, not just in terms of labour market linkages but also of supply chains, household structures and consumption patterns (Boraine, 2004; Satterthwaite & Tacoli, 2003; Wandschneider, 2004). These linkages demonstrate interdependence rather than a one-way dependence within geographical areas. For this reason the development and maintenance of linkages is widely seen as an essential component of any LED strategy.

Small entrepreneurship is one of the most promising strategies for creating genuine opportunity in rural communities (Aronson, 2002). LED refers to the ability of local areas to achieve both economic growth and economic redistribution, sometimes referred to as propoor economic growth (Binns & Nel, 2001). LED focuses on creating an enabling environment for propoor investment and encouraging the development of the market to facilitate linkages between the established and the emerging sectors. According to the World Bank (2000), under LED, the public, businesses and NGOs partners work collectively to create better conditions for economic growth and employment generation. There is a growing consensus that democratic governance creates the conditions for sustainable development and poverty reduction.

According to Beyer et al. (2003), the LED strategy is not only a planning roadmap, but a process as well. As a roadmap, the strategy outlines policy priorities as well as long-and-short-term strategies for enhancing the urban economy. Woods & Slogget (2002) indicate that a strategy is simply a plan or roadmap showing how to get there. Developing a strategy for community economic development is very similar and necessary, if communities are to succeed. Local leaders must be fully involved in developing the strategy because it cannot be successful without their total support. Woods & Slogget finally indicate that it is also important that local leaders understand at the very beginning that they must make a substantial commitment of their time and effort if they hope to succeed.

Deller, Marcouiller & Shaffer (2004) indicated that when striving to build strategies, people were often more interested in short-term projects than in long-term strategies, although both were important. According to Deller et al., long-term strategies provide people with an overarching result for the community while short-term projects provided tangible feedback that local people needed in order to remain committed to long-term strategies.

Participation of various stakeholders helps to ensure an inclusive and comprehensive strategy. On the other hand, as a process, the participatory strategy development is a first step in augmenting relationships and linkages between stakeholders that will help during the implementation of activities.

According to Nel (2001), LED can materialize when local agencies and people seize the initiative and engage in actions that unify communities, business and other relevant authorities in their local area in a joint endeavour to improve their economic and social conditions. The role of the government in this context is that of facilitating, supporting, part-financing and devolving control. The imperative of integration stems from recognition of the interdependence of human and natural systems, expressed in the research and policy agendas of sustainability. International and national policy law states the policy integration principle that environmental, social and economic considerations must be integrated in decision-making processes to advance the higher order social goal of an ecologically sustainable, socially desirable and economically viable future (Berkhout, Leach & Scoones, 2002; Elliott, 2004; Page & Proops, 2003).

The integration of environmental, social and economic considerations is a challenge that requires the development methods, processes and data streams to create integrative capacity. Nel (2002) indicated that there are two key policy requirements for LED if it is to succeed. First, LED policy must acknowledge and encourage the participation of a wide range of actors in the local economy. Secondly, in smaller towns and rural areas a clear need exists for LED facilitators to encourage local initiative and leadership.¹⁴ The LED approach came as a response to the incapability of the central state to solve socio-economic and environmental issues of lagging regions (Puljiz, 2002).

Gaps in the Literature

Research conducted to date does not focus on how government failure to improve the quality of life can be linked to solving complex, or coordinating, societal problems and interactions in modern society. There are no studies that focus on the importance of economic, social and environmental development in addressing LED, rather, the focus is mainly on political and economic development. Most of the studies conducted do not focus on how the failure to establish linkages between the rural and urban areas contributes to a decline in the local economy (Philander and Rogerson, 2001). According to the World Bank (2003), which is concerned with the design and implementation of LED strategies and action plans, there is little emphasis upon the ability of local areas to attract private sector investment

and develop competitive advantage in increasingly integrated domestic economies.

There is little emphasis on partnerships and participation which helps to guarantee two important outcomes of LED strategies, which are economic growth and poverty reduction. At the same time there is little evidence on local authorities engaging civil society representation including the poor, marginalized and vulnerable populations who are able to articulate concerns regarding poverty reduction and equitable distribution of services as well as economic growth. The research conducted to date does not encompass an enabling environment whereby the government would encourage the creation of self-organization, maintain an active dialogue with stakeholders and ensure that local needs are addressed (Nel, 1999; World Bank, 2003). Moreover, the rural and urban population, in particular the poor and deprived, is weak in pronouncing its needs. The process becomes more meaningful when representation and space are provided for all people and interests.

There is no emphasis in the studies conducted that rural and urban enterprises need to have access to financial resources, assets and inputs in order to exploit economically viable opportunities (Fourth and Howell, 2002). There is also no assurance that enterprises have adequate support services for their planning and production processes and the necessary resources to fulfill their production plans. According to the research conducted, there is no evidence as to how rural and urban entrepreneurs are helped to maximize their returns from the market place and be given the opportunity to compete in a greater range of markets (Davis & Rylance, 2005). There is little

attention reserved for infrastructure as it provides access to both input supply and output sale markets. There is also less emphasis on the issue that infrastructure improves the quality of life of the rural and urban population and has wider socio-economic, environmental and health benefits.

There is little research focusing on the restructuring of rural economies which involves the strengthening of agricultural bases, the diversification of rural communities through the attraction of new production activities, making rural areas attractive spaces for tourism consumption, and incorporating geographically marginal communities (Davis & Rylance, 2005). There is less emphasis on the idea to reconcile economic, social and environmental development to make sure that LED is not following an exclusively economic rationale but also leads to social development while not destroying the environment. There is also little research conducted on small town renewal and LED. The role of small towns in rural and urban development and their function as intermediary between large cities and rural communities must be recognized.

Small business developments and LED are emerging as a key research nexus in the next decade. Therefore, this study addresses these gaps in the literature reviewed using the rural-urban, economic, and enterprise development approach (RUEED) that Davis (2004) has advanced. The study focuses on the Blue Crane Route Municipality as a research area.

Research Aim

The study aims, within Davis's rural-urban economic and enterprise development on rural-urban linkages, to address the importance of policies and institutional framework; infrastructure, services and markets; entrepreneurial competence and stakeholder involvement as primary areas to consider in local economic development.

Objectives of the Study

1. To establish and assess the effectiveness of infrastructure, services and markets in addressing social, environmental and economic variables in the promotion of local economic development.
2. To evaluate the successes and failures of the strategies involved in rural-urban linkages in addressing social, environmental and economic variables between and among the various role players such as the private sector, community-based organizations, the local government and the local communities in the promotion of LED.
3. To establish stakeholders (e.g., entrepreneurs, local state, donors, CBOs, NGOS and local communities) involved in participatory strategy development in addressing the challenges in local economic development in small towns.
4. To examine and assess the principal stakeholders' (local state, NGOs, CBOs and the local communities) role in creating an enabling business environment for investment and development as part of a LED programme or strategy.

5. To determine and assess the policy and institutional framework for the implementation of local economic development amongst the relevant stakeholders (CBOs, NGOs, the local state and the local communities) within the BCRM and its surrounding areas.

Research Methodology and Location

The research methodology selected for this study was the intensive research design that incorporated the case study method with emphasis on both historical and qualitative analysis (Mouton, 2002; Yin, 1994). For Mouton (2002), participant action research gives preference to qualitative rather than quantitative analysis and compels researchers to move away from positivist inquiry. The selection of the case study method was justified in that it was characterized by in-depth, intensive approaches rather than extensive or numerical approaches (Sayer, 1992). According to Sayer (1992), intensive research uses mainly qualitative methods such as structural and causal analysis, participant observation and/or informal and interactive interviews. Qualitative methodologies seek subjective understanding of social reality rather than statistical description or generalizable predictions. Qualitative methodologies are used to build grounded theory through intensive empirical research so that meanings are clarified and interpreted through the research process (Davies, Hoggart & Lees, 2002; Dwyer & Limb, 2001). Hay (2000) indicates that there are three main types of qualitative research methods: oral (primarily interview based), textual (creative, documentary and landscape)

and observational. According to Hay, the most popular and widely used method is oral. This study mainly used the oral type of methodology.

In keeping with the intensive case study design chosen for this study, a variety of techniques and sources of evidence were used to collect data during the data collection period. These included the survey of Municipal documents including minutes of meetings and archival records, and interviews (open ended and focus group techniques) (Denzin & Lincoln, 2000; Flowerdew & Martin, 2005; Robson, 2002; Sarantakos, 2005).

The BCRM was characterized by high agricultural potential, inputs and intensive farming systems and exhibited strong linkages. Also, more effective planning in areas such as irrigation infrastructure, transport infrastructure and enterprise development generated strong levels of rural-urban linkages. Furthermore, rural-urban linkages are strong in regions characterized by a multiplicity of dispersed small towns. It was important therefore that the BCRM recognized the importance of rural-urban linkages, the impact of their development actions on rural and urban areas and the positive role that the rural-urban linkages played in promoting LED.

For the selection of villages in the rural areas of the study area, a random numbers table was used as well as the systematic sampling technique for selecting persons within villages. There were five wards within the study area, and villages as well as household heads were selected from four wards as the second ward had similar variables as the third. Four ward counillors were interviewed. Two villages were selected from ward one which falls within Cookhouse town and 12 household heads were interviewed.

From Somerset East, one village and six respondents from each of wards three and five respectively were interviewed, and the last two villages were from ward four which is Pearston where 10 respondents were interviewed. In the urban areas of the study area, a total of 27 household heads were interviewed. In short, a total of 61 household heads were interviewed throughout the Municipality. Municipal officials were also interviewed. These included the integrated development planning/local economic development manager and the Municipality manager. The Blue Crane Development Agency (BCDA) personnel were also interviewed. These included the Chief Executive Officer of the Development Agency, the manager responsible for tourism and marketing, the manager responsible for business, and the manager responsible for agriculture and administration. The executive committee members of the Municipality were interviewed. The group comprised of four councillors responsible for infrastructure, community services, corporative services, and finance and IDP/LED respectively. The interviewed focus groups included the infrastructure forum (three persons plus a councillor), and four farmers' unions.

The household heads interviewed were reluctant to freely divulge information because they feared that they might not be considered for employment opportunities. Most of the rural commercial farmers who have houses in the towns were not readily available for interviews because of their tight schedules. Finally, it was important therefore that all interviewees were assured that the information sought from them was for academic purposes and would be treated confidentially.

The study area comprises the Blue Crane Route Local Municipality in the Eastern Cape Province of South Africa (figure 1). The Blue Crane Route Local Municipality is located in the western half of the Eastern Cape Province, approximately 150km north of the Nelson Mandela Metropole in the Cacadu District Municipality (figures 2 & 3). The area comprises the former municipal and transitional representative areas of Somerset East, Pearston and Cookhouse (Figure 4).

Though some areas in Somerset East have facilities such as computers, telephones, electricity and water, the isolation of rural areas within BCRM is another obstacle to overcome. Most rural farmers reside in inaccessible areas which makes it difficult for resources and facilities to reach them. There are also limited transport resources to these areas. Telephone facilities could make it possible for farmers in rural areas to keep abreast with latest developments regarding LED. In rural areas within BCRM there are few telephone facilities, making communication prohibitive. Computers and computer resources are a necessity in the business environment today. Most jobs in the business would require some knowledge of the use of computers and the internet. In most of the rural areas within BCRM there are no computer laboratories. This has left a huge gap in the rural areas to keep abreast with developments, especially in LED in the modern world.

The communities within BCRM were dependent on the railway station for employment when it was state-controlled, as it was situated at a strategic point for employment opportunities and as a means of transport to both Port Elizabeth and Johannesburg. Since the closure of the railway station, job

opportunities have gone. The unemployment rate is alarming (38.2%) due to shortage of job opportunities. The Cookhouse economy is historically based on agriculture that has been enhanced by the railway station that played a crucial role in the town's economic activity. When the railway station was closed, the effect on the local economy was devastating. The closure of the railway station proved to be a catalyst for unemployment and poverty. The closure of the railway station has also resulted in an ever-deteriorating environment.

While the rural areas of the Blue Crane Route Municipality were relatively isolated and marginalised - principally in terms of electronic communications and the media – the urban areas, and the socially advantaged within them, were relatively well linked to the outside world. This better linkage amongst advantaged urban residents stemmed in part from the close proximity to Port Elizabeth, and the major national transport route from Port Elizabeth to Johannesburg that passed through BCRM. Proximity to Port Elizabeth also provided access to the Eastern Cape's main airport, and therefore the opportunity for greater contact with the larger metropolitan areas within South Africa and with the outside world.



Figure 1. South African Provinces including the Eastern
Cape Province (2009)

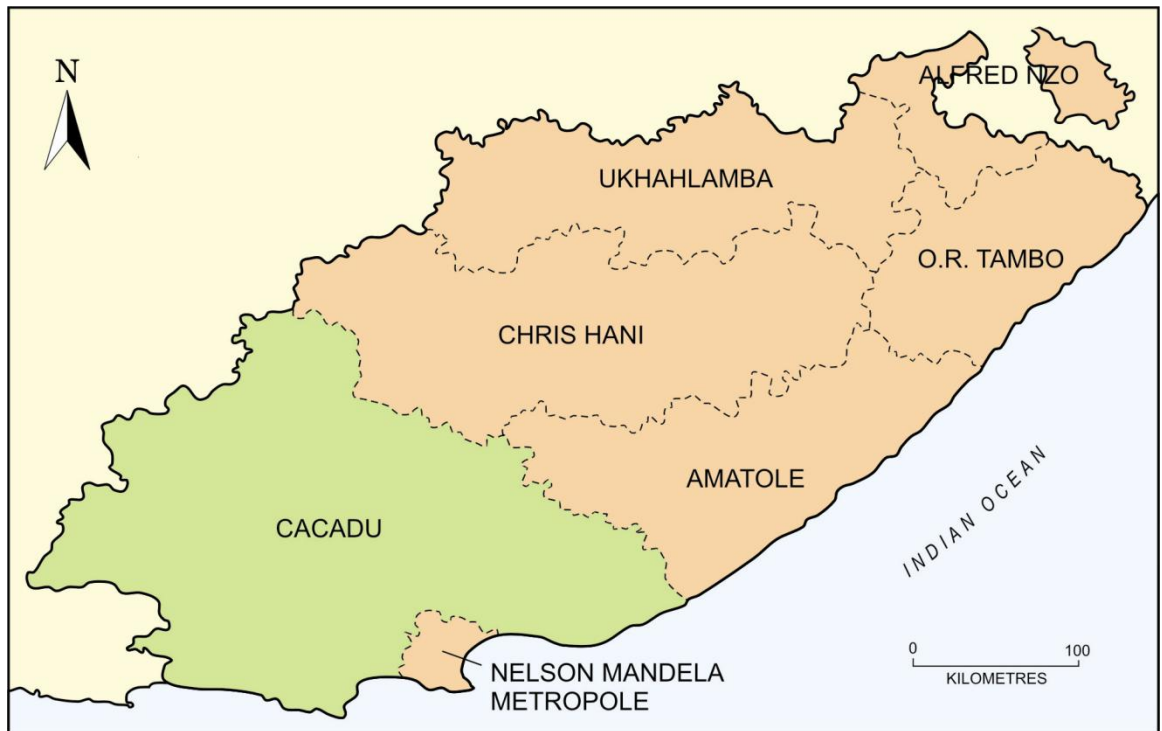


Figure 2. The District Municipalities of the Eastern Cape Province
including the Cacadu District Municipality (2009)



Figure 3. The Cacadu District Municipality's Local Municipalities
including the Blue Crane Route Local Municipality

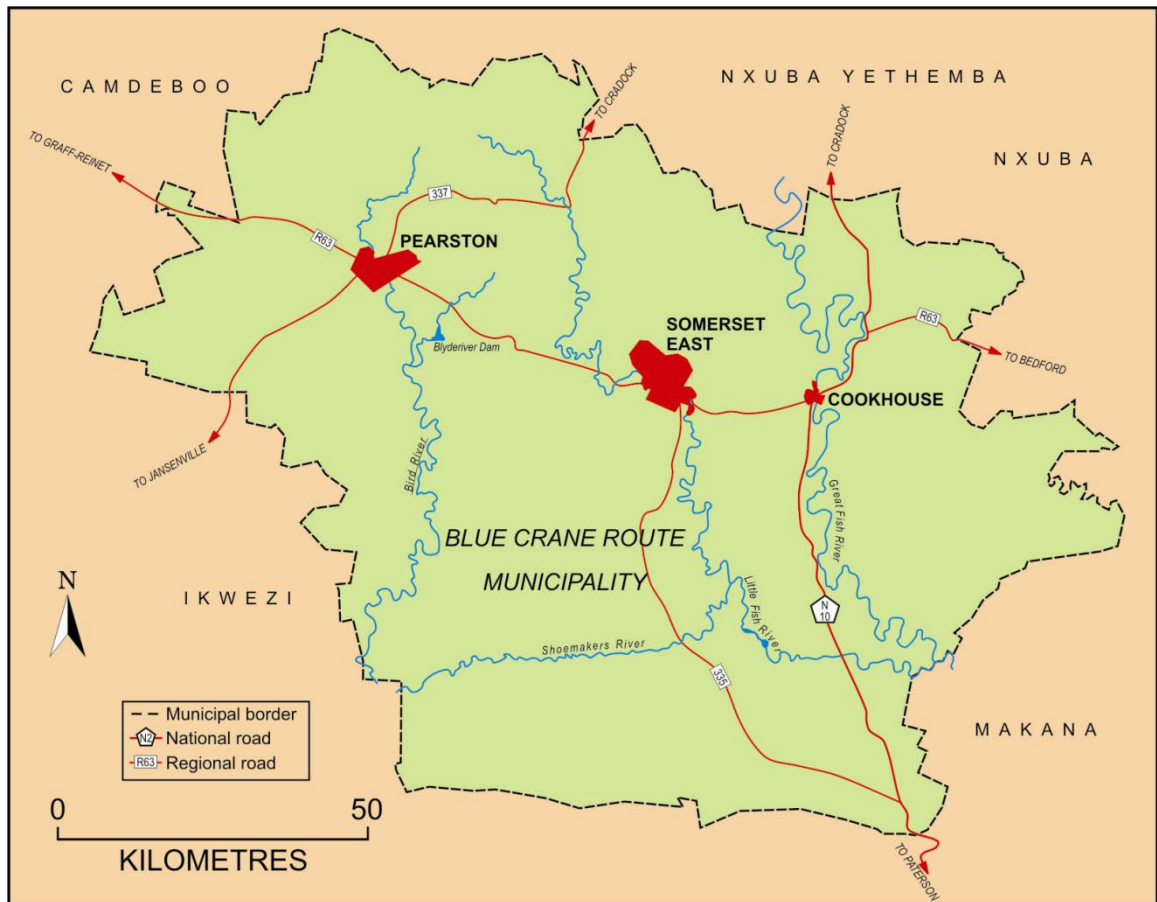


Figure 4. Location of the Study Area (Blue Crane Route Local Municipality)

Significance of the Study

Previously, towns were separated from the rural areas in that local government during the apartheid regime was structured to facilitate and regulate the agenda of racial segregation and exclusion, but now (post-1994) they are integrated. For LED sustainability to be attained, LED must address the issue of rural-urban linkages as well as the interdependence between social, economic and environmental variables. A new perspective referred to as the rural-urban linkages development is increasingly advocated for LED. Areas characterized by high agricultural potential, an equitable distribution of

land, inputs and intensive farming systems show the strongest linkages. Also, more effective planning in areas such as market and transport infrastructure, irrigation infrastructure, water, energy supply and enterprise development generate strong levels of rural-urban linkages. Furthermore, rural-urban linkages are stronger in regions characterized through a multiplicity of services linking towns and villages and diversified LED. Given that local areas are part of wider regional and national realities, there is a need for effective horizontal coordination between local institutions and stakeholders, and for vertical coordination with different levels of state on the policy. It is important therefore that governments at the national or central level, at local level of large cities, small and medium-sized towns and rural areas, recognize the importance of rural-urban linkages, the impact of their development actions on rural and urban areas and the positive role that rural-urban linkages play in promoting LED.

LED in countries of the North tends to be a voluntary activity of local states, while in South Africa it is mandatory (Stamer, 2003). The South African Constitution promotes the establishment of developmental local government, and this includes the responsibility for social, environmental and economic growth. In accordance with the Municipal Systems Act, No. 32 (2000), municipalities are required to provide services in a financially and equitable manner, to promote local economic development in the municipality, and to establish a simple and enabling framework for the core processes of planning, performance management and resource mobilization. Municipalities can therefore use their integrated development plans as an

important tool to coordinate LED initiatives appropriately, and restructure their LED objectives and strategies and be linked to national and provincial initiatives.

Structure of the Dissertation

Chapter One discusses the background of local economic development in South Africa and in relation to the study. This chapter also provides an overview of the conceptual framework, a review of the literature on LED, the aim and objectives of the study, research methodology and study location, and the significance of the study. Chapter Two focuses on the local government restructuring in South Africa with reference to the study area. The Provincial growth and development plan of the Eastern Cape Province is dealt with in Chapter Three because it provides a contextual background to the study of LED in the BCRM. The integrated development planning in the Blue Crane Route Municipality is discussed in Chapter IV while Chapter V covers the presentation of findings. Chapter VI presents the discussion of findings while the conclusion and recommendations are presented in Chapter VII.

Conclusion

This chapter discussed local economic development in South Africa, the conceptual framework and a review of the literature underpinning this dissertation. The chapter has identified those research areas that remain unaddressed and makes the case for rural-urban linkages in facilitating LED

in the Blue Crane Route Municipality in the Eastern Cape Province. More specifically, it has identified the research objectives, research methodology and location, including the significance of the study. The difficulties encountered in research have been covered in this chapter. The next chapter discusses Local Government Restructuring in South Africa.

¹ Logan and Molotch indicated that although the elites may differ on which particular strategy will succeed, they use their growth consensus to eliminate any alternative vision for the purpose of local government or the meaning of community. The main purpose of the elites is to attract people to their ideas of growth and to actually stimulate growth in a certain area.

² By understanding the forces that operate on small towns, local communities and governments will be better able to develop policies and actions that can make these towns resilient, more viable and sustainable. The contention is that a comprehensive integration of the community studies, together with the sustainability based approach of more recent demographic and economic analysis can enhance understanding of the dynamics of small towns and how to manage these places better. From these approaches one can develop more effective sustainability policies or determine that the town's existence is not viable with structural assistance packages provided. The focus is on how this social relationship-based approach affects the resource allocation issues of government in small towns. This must be followed by an examination of the way information is collected and analyzed for the sustainability approach.

³ A conducive business environment is essential to the creation of a level playing field for all parties in the RUEED. Rural entrepreneurs need transparent and consistently applied rules and regulations, access to efficient service providers, markets and physical infrastructure. In an enabling environment, government would encourage the creation of self-organization, maintain an active dialogue with stakeholders and ensure that local needs are addressed.

⁴ This cornerstone is important because in most countries the rural population, in particular the poor and deprived, is weak in pronouncing its needs. Therefore, frequently, their interests are not taken into account regarding an enabling business

environment, an appropriate legal or regulatory framework, provision of adequate business support services or the development needs for an effective infrastructure. The process usually becomes more meaningful when representation and space are provided for all people and interests. The poor and disempowered have the potential to become economic active and viable actors.

⁵ Private sector institutions and organizations constitute the main supply and delivery channel for business services to their members and clients in many countries. In terms of rural-urban linkages, investments in agricultural market linkages in most developing countries have concentrated on the commercial cash export sector from which small farmers have been historically excluded.

⁶ Local physical infrastructure including density of the road and telephone networks, and household services are an important aspect of rural-urban linkages and growth. Within the context of the RUEED, infrastructure provides access to both input supply and output sale markets. The infrastructure should enable enterprises to reduce the costs of doing business and should, at the same time, facilitate the production process. Infrastructure improves the quality of life of the rural population and has wider socio-economic, environmental and health benefits.

⁷ Rural entrepreneurs need to maximize their returns from the market place and be given the opportunity to compete in a greater range of markets than they traditionally have had access to. Rural entrepreneurs should have market access in order to take advantage of the potential benefits of trade globalization. In order to maximize returns from the market, enterprise managers need options and choices from their markets by being able to interact with a range of different buyers and different outlets. Rural enterprises need access to more remunerative, non-local markets in order to benefit from trade opportunities. To encourage access, firms need improved

market information systems, market linkages, a sound regulatory environment and a level playing field regarding taxation and subsidies.

⁸ This cornerstone (access to effective support services and resources) is important because both rural and urban enterprises need to have access to financial resources, assets and inputs in order to exploit economically viable opportunities. They need access to high quality business development services to overcome human capital and information constraints in order to develop profitable activities. Rural enterprise should get better access to services, which are often undersupplied and of poor quality in rural areas because of high transaction costs. The basic functions of this cornerstone are to ensure that enterprises have adequate support services for their planning and production processes and the necessary resources to fulfill their production plans. The main actors are rural enterprises, rural business development services and suppliers of physical inputs and financial resources. In addition, other actors are local and regional governments and rural communities.

⁹ Active participation and ownership mainly of joint learning processes from stakeholders can be fostered through space, and incentives for business organizations, associations, networks and collaboration to develop through investment of their own resources and to take economic risks. The facilitation and support from external agencies, mainly government, private and NGOs to develop successful partnerships and solutions that are inclusive of poor and disadvantaged people may also promote active participation and ownership of joint learning processes by stakeholders. Partnerships between government, business, labour and organized civil society are encouraged for LED implementation. Local government has an important role to play in identifying and using local resources for opportunities to promote economic growth and employment (Taylor, 2002).

¹⁰ The foundation of the RUEED is based on development structures and mechanisms, in which the performance of the whole RUEED process in a given region is regularly reviewed, and the activities, roles and relationships of different actors and their overall effectiveness are self-evaluated.

¹¹ The goal of this cornerstone is to support, at the level of the business and enterprises, the establishment of an effective management that responds and utilizes the opportunities and challenges of the market forces.

¹² This cornerstone indicates that there is little information about the specific needs, demands and potential of the entrepreneurs. In some cases, the political will to promote the development of rural and urban areas, increase incomes and improve the livelihoods of the poor is lacking. Thus, this cornerstone is important because there is a need for the effective articulation and representation of interests of different groups for fair access to assets, resources and information. Local organizations are the basis of channeling information, organizing activities and collective action.

¹³ LED is thus about local people working together to achieve sustainable economic growth that bring economic benefits and quality of life improvements in the community. LED, therefore, is conceptualized as a form of partnership between the key actors in a locality. In some cases, local authorities may assume an active or leading role in directing LED, but in many others the activities of local authorities may be of a more passive or facilitative character.

¹⁴ Nel states that the current policy stresses the role of local government. The place and function of the private sector, NGOs, CBOs, unions and more specifically of partnerships between key local stakeholders must be properly acknowledged and encouraged. The leadership could either come from the provincial government or from institutions such as a national initiative or it could be based on the available pool of skills such as universities.

CHAPTER II

LOCAL GOVERNMENT RESTRUCTURING

IN SOUTH AFRICA

Introduction

This chapter explains how in the pre-1994 period rural areas were excluded from the urban areas in development. It also captures how in the post-1994 period, the development process started changing in South Africa. The chapter further explains how the rural and urban areas were managed in the development process. The importance of the concept of rural-urban linkages in the development of small towns with specific reference to Blue Crane Route Municipality in South Africa is also highlighted. In conclusion the chapter indicates the importance of the provincial growth and development plan as a strategy that the Eastern Cape Province adopted to overcome the high levels of poverty and unemployment, and to enhance economic growth.

The South African government of 1910 passed the 1913 Land Act that prohibited native residents from living in selected areas of South Africa. The Act set the foundation for subsequent laws and administrative fiats that saw whites appropriating eighty percent of the land in the country. It (the 1913 Act) further squeezed the black majority constituting about eighty percent of the South African population into thirteen percent of mostly inhospitable land. This had a devastating impact on the rights of South African blacks to land and has influenced land policy profoundly after.

Later, jobs were racially reserved for whites and coloureds, and not for blacks (Oldfield, 2002; Visser, 2003). Despite directing employment opportunities to whites and coloureds, the apartheid regime ensured that virtually no good housing was constructed for blacks in the urban areas of South Africa. Moreover, the overall strategy of the central state was to crush popular organizations, particularly the emerging street committees and civic structures, and to promote black local authorities and community councils (Cameron, 1991).

Segregation in South African Cities

In the Nineteenth Century, separate residential locations for the African population were established in many South African towns although municipal compliance with the accompanying regulations was often not effective (Christopher, 2001). According to Christopher, the process was carried further in terms of the Natives (Urban Areas) Act of 1923 and its many amendments, notably the Consolidating Act of 1945 which mandated municipalities to enforce segregation. Subsequently, a host of legislative measures, regulations and controls in the 1950s and early 1960s effectively led to the segregation of the African population from the whites, except for a tightly controlled number of domestic servants.

The planned imposition of systematic segregation between whites and Asians under Acts of parliament in 1943 and 1946 was the precursor of the Group Areas Act of 1950 and the destruction of the established areas of integration in the 1960s and 1970s (Christopher, 2001). Christopher indicated

that the coloured population was less affected by segregation practices prior to 1950, although they suffered from hostile discrimination in both the private and the public housing markets.

The effects of the Group Areas Act of 1950 were devastating and resulted in the forced removal of large numbers of people and the transformation of relatively integrated societies into rigidly separated towns in the 1960s and 1970s (Cloete, 1995). In the urban areas, the Group Areas Act of 1950 restricted property ownership rights to specified areas for Africans, as well as for coloureds and Indians (Maharaj, 1999). Together with the migrant labour system that restricted African movement into the urban areas, this contributed to severe housing shortages in the cities and also prevented home ownership for Africans.

Later, regulations prevented black entrepreneurs from owning more than one business, from establishing companies or partnerships, or owning business premises even in township areas. Therefore, the spatial and racial restrictions on property ownership resulted in blacks lacking collateral to borrow for asset acquisition. Thus, the risks of ownership were increased by the insecurity of urban residential and workplace tenure.

It is appropriate that when dealing with the creation of the apartheid city, it is necessary to recognize the different routes to segregation taken by the different groups as a result of a complex legislative history. Therefore, it should be recognized that the apartheid city was not produced as a single, central act of state planning, but evolved in stages, aided by local initiatives.

The same complexity may be true of the route to desegregation in the post-apartheid city.

The imposition of segregation on South African cities was forced by the white electorate through control of parliament, and the consequent enactment of discriminatory legislation (Christopher, 2001). According to Christopher, it was the whites' desire to achieve physical segregation, initially from the African population and subsequently from the Indian and the coloured populations, which culminated in the emergence of the highly structured apartheid city. Christopher further indicated that although the apartheid planners were concerned primarily with the segregation of the whites from the remainder of the South African population, there was a systematic programme to separate all groups from one another.

The removal of Africans from the central city to peripheral locations inevitably increased the separation of Africans from coloureds. According to Christopher, controls preventing Indians from living and trading in African locations were exercised rigorously from the late Nineteenth Century. Segregation levels between the two groups (Indians and Africans) were therefore extremely high before the advent of the Group Areas Act. Hence, urban segregation has been and remains remarkably high by international standards. However, Christopher (2001) contended that urban segregation began to show limited declines in the period between the repeal of racially based land laws in 1991 and the first post-apartheid census in 1996. Also, direct government intervention through the provision of jobs contributed to a

significant reduction in the degree of separation between Africans and whites in the national and provincial capitals.

Local government during the apartheid regime was structured to facilitate and regulate the agenda of racial segregation and exclusion (Cameron, 1999; Naude, 2001). Cameron contended that it meant that the four designated racial groups (whites, coloureds, Indians and Africans) had their own versions of local government with different capacities and powers. According to Cameron, the pre-1994 local state system made provisions for race-based municipal authorities. Thus, in the past municipalities were geared for the implementation of rural and urban apartheid agendas (Nyalunga, 2006). Moreover, South Africa has an extensive history of local government. According to Nyalunga, starting in the 1940s there were defined efforts to promote industrial development in decentralized areas. Nyalunga indicated that from the 1960s through to the 1990s the apartheid policies acquired a distinctively racial overtone as they came to be instruments of the apartheid regime. The state also established the former homelands as 'independent' economic and political entities. However, according to Nyalunga, the apartheid policies were suspended in 1991 when attempts were made to institute more neutral forms of local government.

According to Nyalunga (2006), local government before 1994 was largely based on racial Fordism that involved the exploitation of politically isolated, cheap labour pockets in the former homelands. State support for development focused largely on a series of politically determined industrial development points in or near homelands. Thus, the economic distortions of

apartheid planning and the degree to which economic inequalities were entrenched at the regional level clearly demanded and justified (in the post-1994) new forms of interventions both to address such distortions and to enable regions of differing potential to take advantage of the various market-based opportunities.

In strengthening their minority government in the apartheid era, the whites made sure that Africans were not regarded as permanent citizens of South Africa (Christopher, 2001), and South Africa's towns and cities were divided along racial lines. On the one hand, there were wealthy white areas and suburbs with commercial and municipal services comparable to those of established democracies, while on the other, the sprawling black townships on the peripheries of these towns and cities had poor services and ever-increasing informal housing (Reddy, 1996).

Prior to 1994 there was no unitary, democratic system of local government in South Africa. Instead, white urban and rural areas were administered separately (Nyalunga, 2006). The undertaking in 1994 to put in place wall-to-wall local municipalities in South Africa was therefore no small challenge.

Urban African communities during the apartheid era were under the jurisdiction of black local authorities (BLAs). The primary role of the local government under the apartheid state was to create and perpetuate local separation and inequality. Moreover, in the past, municipalities were geared to the implementation of the rural and urban apartheid agendas. The Medical Research Council of South Africa (1998) indicated that service delivery was

characterized by great inequalities in access between well-resourced white suburbs and poor rural communities. In short, there was a gap between the rural and urban areas in terms of development and service delivery because of the existence of racial segregation.

Segregated Local Authorities in South Africa

Natural and financial resources were directed to the white minority during the apartheid period. That maintained the whites' position through withholding access to basic services and opportunities to the majority through a legalized form of discrimination. Cloete (1995) argued that the results of this deprivation of the majority in the midst of affluence affected the whole society. The system also resulted in profound inefficiencies in the public sector.

South Africa's long history of racial segregation and apartheid, combined with the uneven spread of resources and endowment, created wide disparities in levels of economic activity and development (Parnell, 1998). According to Parnell, there was a racial dimension to this skewed distribution of income with the majority of the poorest being black and the wealthiest white South Africans. Forced removals, land expropriation, discriminatory housing, restrictions on trade and racist employment practices helped to create a black majority with few assets, located on poor land far from jobs.

According to Cameron (2001), apartheid public budgets directed little expenditure towards education, health, housing and basic needs of black South Africans. The system had been structured strictly on racial lines. Accordingly, white municipalities conforming to an inherited British local

authority model, enjoyed considerable autonomy and held sway over coloured and Indian management and local affairs committees which though intended to be local states, were effectively no more than advisory bodies without meaningful local decision-making powers.

The Native Act of 1923 provided for segregated urban areas and enabled white local authorities to manage the black townships within urban areas. Blacks during this time could not own property and consequently could not be taxed for property ownership (Cameron, 1991). According to Nyalunga (2006), the historical norm in South Africa during the Twentieth Century was racial segregation and control of the influx of blacks into the city which led to the establishment of both black and white local authorities. In keeping with the policy of apartheid, the state made provision for separate local government structures for each of the four major population groups (blacks, whites, coloureds and Indians). The Group Areas Act of 1950 provided the basis for the system of separate representation at the local government level (Seethal, 1991).

Local government in the apartheid city was characterized by a complex process of functional inclusions, spatial separation and political exclusion (Maharaj, 2002). The white authorities controlled the urban centres and hence the strong tax base. Blacks were confined to the periphery of the cities, receiving limited municipal services. Thus, the cities consisted of centres of business activity with slums of poverty surrounding them (Steytler, 2005). Hence, with the advent of democracy, the immediate objective was to establish integrated cities where the benefits of the central tax base could be

redistributed equitably to disadvantaged areas. Strong national government was necessary to develop a city-wide framework for economic and social development for both black and white local authorities.

Black Local Authorities in South Africa

Under the apartheid system, local government had been a provincial matter. According to Bekker, Buthelezi, Manona, Mlambo and Van Zyl (1997), the system had been structured strictly on racial lines. Bekker et al. indicated that during the apartheid period, black local authorities could only be understood by reference to developments both within and outside the former homelands. Outside these former homelands, black local authorities were thrust into formal autonomy in 1982 with minimal experience and entirely inadequate financial resources.

On paper, the black local authorities were granted powers equivalent to those of white municipalities and were expected to play a role in meeting the challenge of black urbanization. However, they were strictly controlled by higher-tier state bodies. Initially, the black local authorities were governed by Bantu affairs administration boards and later, the provincial authorities. Thus, the black local authorities found themselves without real local authority.

The BLAs Act of 1982 was formed to establish a local system based on the municipal system similar to that for whites (Seethal, 1991). However, according to Seethal, the BLAs were politically powerless institutions given only to the administration of housing and the provision of basic services. The BLAs were introduced in 1982 to govern black areas and represented a

significant but insufficient improvement in the form of local government for the African communities in the urban townships (Shubane, 1991).

According to Shubane (1991), the black local authorities were responsible for service provision in African townships, yet from the outset, these structures had virtually no tax base, limited powers and capacity to execute their functions. Shubane indicated that from the early 1980s, local conditions, and specifically the lack of urban services in black townships became a rallying point for mass mobilization across the country. The black local authorities lacked the revenue, capacity and legitimacy to provide services to African townships. At the same time, residents were faced with deteriorating services while the economy was slipping into decline.

The BLAs fell outside the white interpretation of the city and were thus forced into being independent management units (Visser, 2003). They were ineffective due to their poor tax base and partly because they were seen as politically illegitimate (Cameron, 2001). Blacks were not regarded as permanent citizens of South Africa and their presence in the urban areas was linked to their contribution to the urban economy (Reddy, 1996). Black townships were developed as dormitory towns without central business district (CBDs) or industrial areas, leaving them with no income base.

Black local authorities were plagued with difficulties since their inception. According to Reddy (1996), there was a deliberate attempt by the apartheid state to restrict commercial and industrial development in the townships. The restrictions resulted in the black business being forced to move to the townships. Despite oppression and hardships experienced in the townships,

most residents remained in the urban areas because conditions in the rural areas were worse. Even though black local authorities received more formal powers over the years, the fiscal inadequacies and political illegitimacy had left them as ill-functioning and controversial institutions. In brief, local state management and development during the apartheid era, with the exception of white local authorities was one of oppression, illegitimacy, inefficiency and fragmentation (Reddy, 1996).

Black people in rural areas were barred from living permanently in white areas. Pieterse (2002) indicated that those rural areas reserved for black people were underdeveloped and characterized by poor service conditions as opposed to the areas reserved for white people. The rural areas were basically excluded from the urban areas in service delivery. According to Nyalunga (2006), the pre-1994 local government system underwent periodic reforms in an attempt to make the racially discriminatory system more palatable. The primary role of the local government under apartheid was to create local separation and inequality. This was reflected in separated municipal institutions with different political and financial power (Naude, 2001). Whites were regarded as superior with their authorities controlling all the developmental activities in both the rural and urban areas.

White Local Authorities in South Africa

During apartheid, local government structures in South Africa were designed to reproduce the urban system in accordance with the policy objectives of the state (Swilling, 1997). Thus, until influx control was

abolished in 1986, the state projected an image of urban areas as white areas, where black labourers would stay temporarily in racially segregated areas for the duration of their employment. It was therefore only in areas designated as 'white' that fully fledged white local authorities were set up.

White (group) areas were governed and administered by white local authorities (WLAs) that were fully fledged municipal institutions with a council and an administration to carry out the functions of the council and taxation powers. Management boards and local affairs committees represented coloured and Indian areas respectively. Both these institutions relied on the administration of WLAs and/or provincial administration to provide services on their behalf.

Many white local authorities delegated powers to management committees, including the allocation of business licenses, the allocation of houses and eviction of tenants, and the approval of planning for new housing schemes. This formed the basis of the allocation of resources on the basis of patronage.

According to Cameron (1991), the management committees were established through elections characterized by very low levels of voter participation and were therefore regarded as illegitimate. The state and administration of white urban areas was brought in line with the urban areas for Indians and coloureds. In general, the genesis of separate white, coloured and Indian local state structures can be traced to the Group Areas Act of 1950, which made provision for separate residential areas and local structures (Naude, 2001). The Group Areas Act restricted until 1982 the permanent

presence of Africans in white urban areas through a pass system. The genesis of separate white, coloured and Indian local state structures also took place in the Pearston, Somerset East and Cookhouse local municipalities.

The Pre-1994 Administration of Pearston,

Somerset East and Cookhouse

In the BCRM, the three towns of Cookhouse, Pearston and Somerset East were administered separately (Manager C.M., personal communication, August, 15, 2007). Each town had its own municipality taking care of its developmental activities. The three towns had their own local councillors who were mostly white males. The council was non-political and the members were drawn mostly from the business sectors such as legal, medical, farming and the accounting professions. During the pre-1994 period, in each town there were Divisional Councils whose main tasks were to build and maintain roads in the rural areas.

In the Cookhouse municipality in 1988, there were six councillors for the whole Municipality (Manager S.B., personal communication, July 21, 2008). There were about 317 housing units and the total expenditure for the Municipality was R90, 000.00. According to Manager S.B., during his term of office (1988-1994) as a councillor, meetings were held on a monthly basis. The meeting would discuss budget in relation to equipment, and items to be bought.

The number of councillors in the Cookhouse municipality was then increased from six to 12 in 1994 (four from Bhongweni, four from Newtown

and the last four from Cookhouse town). Bhongweni which was a black township had its own administration board which was the Bhongweni Town Council. It ran its developments under the control of the Eastern Cape Province that was situated in Port Elizabeth. Decisions regarding development and service delivery of the area were made in Port Elizabeth. The residents had to pay rent for their houses.

The coloureds had their own committee (Newtown Coloured Management Committee) to deal with the developments of the Newton area. Also, the committee was managed in Port Elizabeth like the Bhongweni Town Council. In contrast, Cookhouse town was composed of whites. The Cookhouse municipality was under the administration of the town clerk, a secretary and six elected councillors. The officials had full control of the Municipality regarding its development and day-to-day administration. The Municipality only had to submit books for audit and budget for the following year to the Eastern Cape Province in Port Elizabeth for approval.

The rural communities did not fall under the three municipalities but they were administered under the Regional Services Council which constructed roads for the farmers. The farmers in return paid taxes to the Regional Services Council. The sewerage and bucket toilet system work was undertaken by the Cookhouse municipality for the Bhongweni and Newtown residents. They were supposed to pay for the services but that never happened (Manager K.L., personal communication, July 22, 2008). The Municipality then decided to sell the tractor that was used in the sewerage and bucket system operations. The Municipality applied for money from Port

Elizabeth for job creation and employed blacks for manual work and coloureds as bricklayers. The two groups were managed through the office of the town clerk.

Pearston which was the second municipality struggled financially though it got assistance from the European Union (Manager B., personal communication, September 19, 2008). Pearston, like Cookhouse, had its own town council (Pearston Town Council) which was composed of mainly whites. The coloureds had their own council (Nelsig Coloured Committee) which was the sub-council of the town council. The coloured council had monthly meetings to discuss their issues and problems as well as the programme of action regarding development and service delivery. The issues would then be taken to the white town council for resolution or approval. Finally, there was the Khanyiso town council for administering issues regarding blacks.

In Somerset East, there was the Somerset East municipality which managed developments of the area (Manager Z.T., personal communication September 04, 2008). There were ten councillors under the administration of the Somerset East municipality. There were also heads of departments (HODs) running the affairs of the Municipality. The HODs were responsible for basic service delivery such as electricity, works, health and finance. The HODs met once a month to submit their budget to the council. The council would then discuss it at the stakeholders' forum before final adoption. This form of local government operated until the restructuring period in 1993.

The Local Government Restructuring Period (1993-2000)

The first stage of restructuring of local government involved the creation of forums. Criteria for the establishment of a forum included commercial and industrial linkages, daily commuting patterns, provision of services within the area and the areas of jurisdiction of local government bodies (Cameron, 1995). According to Cameron, before a forum could formally operate, it had to be formally recognized by the administrator of the province concerned.

Cameron (1995) noted that the major functions of the forum included negotiating the following issues.

1. Which transitional model was to be applied and what were its functions?
2. The numbers of seats on the new transitional council, taking into account the existing number of seats in council as a departure point.
3. Which councillors were to be nominated to the new transitional council? This included looking at which incumbent councillors would be re-nominated and which councillors from the non-statutory side would be appointed on the basis of the fifty-fifty agreement.

Cameron (1995) also reiterated that forums were obliged to notify the administrator or provincial committee of the results of the negotiation for a pre-interim model within ninety days after the implementation of the Local Government Transition Act (LGTA) of 1993. If agreement was not reached within this time, the administrator or provincial committee could, within thirty

days, institute a process of independent mediation in order to reach an agreement. The Local Government Transition Act placed great emphasis on local negotiations to reach solutions, and if there was no goodwill or political will to achieve negotiated settlements, and where consensus was not reached, the administrator or provincial committee could institute mediation to reach an agreement.

In addition, setting up forums involved a rather complex technical process which also led to delays (Cameron, 1995). Another reason for the slow progress was the delay in the transfer of powers from central government to the provinces after the elections. This meant that provinces did not have the power to approve areas of local government forums or transitional local council boundaries. It was only in July 1994 that the administration of most of the provisions of the Local Government Transition Act was assigned to provinces.

Cloete (1995) contended that local government comprised local community management and administration. It denotes the political and bureaucratic structures and processes through which community activities are promoted and regulated. Cloete also indicated that the apartheid value system in South Africa manifested itself the strongest at the local government level where racial communities were separated by law in every sphere of society, and where whites enjoyed all sorts of privileges at the cost of the other racial communities.

In 1985 political resistance against apartheid at the local community level in South Africa led to the escalation of conflict to the point that a national

state of emergency had to be established to restore law and order (Lee and Schlemmer, 1991). According to Lee and Schlemmer, the intensity of the conflict at this level of government (local) and the virtual total stalemate produced as a result, eventually contributed to the demise of apartheid. Thus, at the end of 1992, two major conflicting parties (the National Party and the African National Congress) at the local government level decided to settle their differences in a more peaceful way.

According to Seethal (1991), the experience of the capitalist regime in South Africa in the 1970s and 1980s illuminated several points of importance in understanding the central state's efforts at restructuring the local state as a mechanism for crisis management and resolution. Firstly, the central state's attempt to co-opt the conservative elements of the African, Indian and coloured populations into racially-defined local state structures under white domination in the 1970s and 1980s was unsuccessful. Seethal indicated that the political, social and economic inequalities and repression inherent in apartheid South Africa, coupled with the attempts to avoid fundamental political change in the new constitutional initiatives, meant that each new attempt at reforming the local state apparatus was likely to be stillborn. The majority of blacks strongly resisted state attempts to include them as a supportive and collaborationist class in the new local state apparatus. The response was in keeping with the increasing momentum of black resistance and opposition to apartheid and its structures in the post-1970s reformist period in the country.

Secondly, although the introduction of the Regional Services Councils heralded the possibilities for reform in South Africa, specific aspects of the new dispensation showed that the intended devolution of power to the lowest tier of the state was unlikely to be realized. The state's failure to contain the unrest which began in the early 1970s through reformist measures resulted in the increased state repression.

A bilateral negotiated settlement about future local government was hammered out principally between the National Party and the African National Congress (Lee and Schlemmer, 1991). The main principles on which this settlement was based were formulated in the Local Government Transition Act, No. 209 (1993), and the Interim Constitution, No. 200 (1993). According to Christopher (2001), in early 1993, the South African National Civic Organizations (SANCO) had persuaded the Minister of Local Government to establish a formal national local government negotiating forum (LGNF). This body (LGNF) served as the main negotiating forum on local government.

South Africa embarked on an important exercise of creating a decentralized form of government comprising three spheres of state which are national, provincial and local (Steytler, 2005). The institutional arrangements of local government in South Africa had been driven by two concerns: first, the de-racialisation of local authorities into democratic institutions, and second, the establishment of viable institutions that could redistribute resources equitably. Functionally, as the closest state institution to the vast disparities stratifying every rural area, small town and city, the local state had become the key to the delivery of state programme for LED. Local state

responsibilities included the delivery of basic services such as infrastructure, community services and land in order to initiate redistribution of resources from wealthier areas to poorer areas within specific localities (Oldfield, 2002).

Oldfield (2002) indicated that local state institutions interfaced directly with citizens and community organizations and are the face of the democratic, post-apartheid state. Although the negotiations of local government restructuring proved difficult, according to Oldfield, the implementation of post-apartheid local state institutions in practice was highly contested. Post-apartheid local state structures were grounded simultaneously in apartheid's uneven social and spatial development and in broader national restructuring processes that both limited and extended the power of the local state (Cashdan, 2001).

Oldfield (2002) reiterated that though local government is an independent sphere it is dependent on provincial and national funding and legislation that determines many of the mechanisms it uses to operate in its area. Local government is a representative of competing racial and class-based interests that include white, Indian, coloured and African areas of cities and a variety of different aligned political parties.

According to Maharaj (1997), the restructuring of the local state was especially significant in the context of South Africa's democracy. He indicated that in order to function effectively, the local state must be legitimate and politically acceptable to the society it serves. The local state has to be viable in the sense that it must have the financial and human resources to enable it to conduct its functions effectively. Maharaj indicated that in the democratic

era, the Local Government Transition Act (LGTA) of 1994 provided an institutional base for the disbanding of race-based municipalities, scrapping of apartheid laws relating to the local state and the establishment of transitional local councils.

According to Maharaj (1997), the prime purpose of restructuring the local state in South Africa was to ensure smooth service delivery at the local level. The other reasons included the rationalization of the many structures of local state (both political and administrative), changing the focus of the local state from strict control to development and management, eliminating corruption and mismanagement of funds, reducing the level of duplication at local state level and creating a more user-friendly local authority. However, many affluent white local authorities were reluctant to give up the power and privileges of the old order and merge with previous black local authorities. Moreover, the socio-spatial distortions of the apartheid city needed to be addressed through a more equitable distribution of resources.

According to McCarthy (1991), since the 1990s South Africa embarked on the long journey towards restructuring, development and planning in the post-apartheid era. The restructuring of the local state had been primarily influenced by economic, technological, political and ideological change (Razin, 2000). In South Africa the de-racialisation of the local state represented a major challenge in development. The national negotiations were launched in 1990. In the process, as indicated by Christopher (2001), the National Party (NP) government proposed that established local

governments enter into local-level negotiations with other local stakeholders with a view to transforming local government in line with non-racial principles.

The proposal for transforming local government was made at a time when the local government negotiating forum movement was established in the country (South Africa). The movement may be described as the mobilization of a wide spectrum of South African interest groups, including labour and business, non-governmental organizations (NGOs) and community-based organizations (CBOs), state bodies and political parties.

There were three main reasons for the launch of the local government negotiating forum (Christopher, 2001). First, general acknowledgement was emerging that the illegitimacy of the NP government precluded effective unilateral decision-making. Second, the former pattern of struggle politics in which the principle of non-participation had been binding was abolished. Third, there was a growing understanding that a range of stakeholders needed to be drawn into the decision-making process.

The spirit of the negotiations that led to these local government transitional arrangements reflected a shared belief in the importance of legitimate and effective local government (Bekker et al., 1997). As for Bekker et al., the legitimate and effective local government would be established through a transparent, inclusive, bottom-up approach, drawing all relevant stakeholders at local level, especially from sectors of local communities previously excluded from local government participation. As opposed to the top-down and racially fragmented local government policy and practice of the former government, new policy was envisaged which would embody

internationally recognized democratic values encapsulated in the concepts of bottom-up democracy and effectiveness.

Early in 1993, the South African National Civic Organizations, a body representing local alliances largely aligned with the African National Congress (ANC), entered into negotiations with two national bodies (The council for the coordination of local government and the national committee of local government associations). These negotiations resulted in the establishment of what came to be called the local government negotiating forum (LGNF). Its task was to reach agreement on the procedure for, and substance of, the restructuring of local government.

At the urban scale in South Africa, the local state has been restructured legally into non-racial and financially viable units (Lemon, 1996). In practice, the process was done to amalgamate the formerly segregated African, coloured, Indian and white neighbourhoods into new local state administrations (Oldfield, 2002). Moreover, Oldfield indicated that functionally, as the closest state institution to the vast disparities stratifying every rural area, small town and city, the local state has become the key to the delivery of state programmes.

Although the negotiations of this restructuring proved difficult, the implementation of post-apartheid local state institutions have been highly contested (Visser, 2001). In combining previously segregated African, coloured, Indian and white communities into single political units, the local state encompassed communities with divergent socio-economic conditions, histories, political affiliations, cultural and lingual identities.

The local government negotiating forum was therefore established in 1993 as a two sided forum between representatives of central, provincial and organized local government in all provinces (the statutory delegation) on the one hand, and the non-statutory delegation on the other. The terms of reference of the LGNF were to try to compile and analyze the necessary data and to seek agreement among the two delegations on the process and contents of local government restructuring. This was done in close cooperation with, and within the framework of agreements in the national negotiations process.

A national level local government negotiating forum (LGNF) had a mandate to reach agreement on the future of the local state system and the transition mechanisms and procedures (Maharaj, 1997; Pieterse, 2002; Reddy, 1996). The establishment of the LGNF was a major breakthrough for local states in South Africa. The mission of the LGNF was to contribute to the democratization of the local state and to bring about a democratic, non-racial and financially viable local state system. The deliberations of the LGNF took place while the main constitutional negotiations were taking place.

There was on-going consultation between the LGNF and the multi-party negotiating council. The consultation ensured that what was acceptable to the negotiations at the local level was also acceptable at the national level. According to Christopher (2001), one of the most urgent issues facing the LGNF was to deal with the financial crisis of local government and the non-payment of rent and service charges. This resulted in the agreement on finance which facilitated writing off arrears to black local authorities. Thus,

within a year, the LGNF negotiated a national framework to guide the transition towards a new local government system, the Local Government Transition Act (LGTA) of 1993. This framework and its implications became entrenched in the interim constitution of 1993, meaning that local government became an autonomous sphere of authority.

The local state transition process therefore, was given a very strong legal driving force through three pieces of legislation. The first and most important was the Local Government Transition Act (LGTA) of 1993 which provided for transitional local states and for a clearly defined transition process. The second was the Development Facilitation Act and finally, the Demarcation Act that allowed for the radical reconsideration of the geographical boundaries of jurisdiction of local states and to ensure that every area of South Africa falls under democratically elected local governments (Nyalunga, 2006; Reddy, 1996).

According to Maharaj (2002), countries seeking to remake the structure of their societies have placed a strong emphasis on the development of a viable effective system of local state. Maharaj argued that, unless there were redistributive transfers, rural-urban inequalities are accentuated.

In terms of the political agreements in the negotiations, local government transformation was to take place in three distinct phases. First was the pre-interim phase which commenced with the passing of the Local Government Transition Act 209 of 1993. The pre-interim phase covered the period from after the country's first democratic national and provincial elections in April 1994. The pre-interim phase involved the creation of local forums. It entailed

negotiations in the LGNF. The major function of the forum was to establish transitional local councils until the first local government elections could be held in 1995/96.

The pre-interim phase commenced with the replacement in 1994 of race-based local authorities in cities and towns with non-racial transitional local councils. Thus, one of the prominent features of the pre-interim phase was the division between the statutory and non-statutory members of local negotiation forums. Statutory members were those that participated in local elections in the past. Thus, the statutory side consisted of members of existing apartheid government bodies. Organizations that were not involved in the past local state elections represented the non-statutory group.

The non-statutory side comprised those who were not part of a statutory forum in the political restructuring of local government, most notably the African National Congress (ANC). The major functions of these forums were to establish transitional local councils as a holding operation until the first local government elections could be organized (Cloete, 1995; Cameron, 1996). Forums had to be established on a fifty-fifty basis between statutory and non-statutory organizations.

The second or the interim phase started with the first local government elections in 1995 and ended with the implementation of the final model of local government in 1999. This phase was governed by the provisions of the Interim Constitution (1993) as well as the Transition Act (1993). Rural areas were also to form part of the LGNF area if such areas conformed to the requirements of the Transition Act (1993). However, the decision to

incorporate rural areas complicated the transition given the differences of opinion that existed in the forum about the mechanisms by which the rural areas were integrated into the urban municipality.

Within the interim phase was the Interim Constitution which contained a number of power-sharing provisions at the local government level. The major provision was at the electoral level where forty percent of councillors were elected through proportional representation, while the remaining sixty percent were elected on a ward basis. The sixty percent ward representation was further divided whereby half of the councillors represented traditional white local authority areas (including coloureds and Indians). The other half represented black local authority areas.

The final constitution was signed in December 1996 and came into effect in 1997. The signing of the final constitution saw the establishment of metropolitan local councils, district councils, transitional local councils and rural councils. The implementation of phases one and two of the transformation process represented the democratization of the local state as well as a significant movement towards integrated and better service delivery.

The finalization of the transformation process was, however, marked with the implementation of phase three, which was initiated through the local state elections held in December 2000. Phase three resulted in the establishment of new local state structures. The final phase commenced when the final constitutional model was implemented with the second local state elections in December 2000 (Cameron, 2001; Pieterse, 2002). The final phase started with significantly changed boundaries incorporating rural and

urban areas. The local government elections of fifth December 2000 brought into existence the first fully democratically elected 284 municipal councils.

The new, democratic local authorities arising from negotiations and compromise were created through a combination of the new dispensation and the apartheid era. The establishment of the new local municipalities opened doors for new developments to be undertaken for both the rural and urban populations in South Africa.

The Post-1994 Blue Crane Route Local Municipality and its Planning Process

On fifth December 2005 the new Blue Crane Route Municipality was established consisting of the three merged towns of Cookhouse, Pearston and Somerset East plus the rural areas as demarcated in the Demarcation Board. Ten Councilors comprising five ward members and five proportional members were elected. The establishment of the Blue Crane Route Municipality was promulgated in the Provincial Gazette no. 654 dated 27 September 2000. Blue Crane Route Municipality is now one of the nine local municipalities which fall under the Cacadu District Municipality.

After the inception of a new political dispensation in 1994, the role and structure of the Municipality and the planning process started to change dramatically (BCRM IDP, 2002). When the new post-apartheid state came into power in 1994, it inherited a country with high levels of poverty, social dysfunctionality and growing levels of inequality (Smith, 2003). Therefore, in an attempt to redress apartheid legacies, the BCRM repealed previous

apartheid local state policies. This was done to redress issues pertaining to segregation, inequity, discrimination and poverty. In trying to redress apartheid legacies, the Municipality was faced with numerous challenges.

In the late 1980s, the need for strong decentralized local government received increased impetus as African states became subject to external as well as internal democratic pressures (Maharaj, 1997). Maharaj further indicated that effective local government depends on the legitimacy derived from broad based participation, fairness and accountability. The municipalities of Somerset East, Cookhouse and Pearston which later became the Blue Crane Route Municipality were no exception in this case. The challenges facing democratic non-racial local authorities in South Africa also characterized the BCRM and included the following aspects:

1. How to democratize local government to ensure that it would be non-racial and legitimately representative of all people?
2. How to develop new structures in local government which would manage and deliver services to communities and also contribute to urban reconstruction and development?
3. How to restructure the workforce through training and retraining existing employees and to ensure that there is a racial and gender balance?

According to Maharaj (1997), many local structures of government suffered from shortage of skills, particularly in the financial, technical and administrative areas, which comprised their ability to change their approach to develop and to deliver public services effectively and efficiently. Maharaj

contended therefore that it was in the interest of the country that local government was transformed and capacitated to play a developmental role. Most municipalities including the BCRM lacked management and financial skills. There was the lack of adequate internal controls, lack of asset registers and failure to comply with the applicable accounting legislation. Most of the community protests have been over lack of service delivery by municipalities.

In the post-apartheid period, the new South African constitution (1996) provides the primary overarching framework within which local state planning must be contextualized. The Constitution gives the local state a mandate to provide democratic and accountable government for all communities; ensure the provision of services to communities in a sustainable manner; promote social and economic development, and finally encourage the involvement of communities and community organizations in matters of local government.

The post-apartheid state therefore, aimed to democratize state institutions, redress inequality and extend services to the broader population, thus, changing the role of the local state from traditional local service delivery and administration to local socio-economic development (Cameron, 2001). However, Cameron (2001) argued that the calibre of councillors right across the political spectrum is generally weak. Councillors do not fully appreciate their roles as public representatives. In addition, the BCRM in its planning and development function had to factor in critical elements emerging from the Eastern Cape's PGDP. This included that the BCRM focus on development facilitation, governance, administration and service delivery. The Eastern

Cape PGDP has embraced the challenging notion that IDP/LED should be systematic to the activities of a range of departments within the local state.

Conclusion

This chapter explained that the white electorate forced the imposition of segregation on South African cities through the control of parliament, and the consequent enactment of discriminatory legislation. The chapter further explained that it was the whites' desire to achieve physical segregation, initially from the African population and subsequently from the Indian and the coloured populations, which culminated in the emergence of the highly structured apartheid city. The removal of Africans from the central city to peripheral locations inevitably increased the separation of Africans from coloureds. Also, controls preventing Indians from living and trading in African locations were exercised rigorously from the late nineteenth century.

The chapter highlighted that local government during the apartheid regime was structured to facilitate and regulate the agenda of racial segregation and exclusion. This meant that the four designated racial groups (whites, coloureds, Indians and Africans) had their own versions of local government with different capacities and powers. In short, the pre-1994 local state system made provision for race-based municipal authorities. Thus, in the past, municipalities were geared for the implementation of rural and urban apartheid agendas.

In strengthening their minority government in the apartheid era, whites made sure that Africans were not regarded as permanent citizens of South

Africa, and South Africa's towns and cities were divided along racial lines. On the one hand, there were wealthy white areas and suburbs with commercial and municipal services comparable to those of established democracies, while on the other, the sprawling black townships on the peripheries of these towns and cities had poor services and ever-increasing informal settlements.

Apartheid public budgets directed little expenditure towards education, health, housing and basic needs of black South Africans. The system had been structured strictly on racial lines. Accordingly, white municipalities conforming to an inherited British local authority model, enjoyed considerable autonomy and held sway over coloured and Indian management and local affairs committees which though intended to be local states, were effectively no more than advisory bodies without meaningful local decision-making powers.

The BLAs Act (of 1982) was promulgated to establish a local system based on the municipal system similar to that for whites. However, the BLAs were politically powerless institutions given only to the administration of housing and the provision of basic services. The BLAs represented a significant but insufficient improvement in the form of local government for the African communities in the urban townships. Even though black local authorities received more formal powers over the years, the fiscal inadequacies and political illegitimacy had left them as ill-functioning and controversial institutions. In brief, local state management and development during the apartheid era, with the exception of white local authorities, was one of oppression, illegitimacy, inefficiency and fragmentation.

The chapter has indicated and explained how black people in rural areas were barred from living permanently in white areas. The rural areas reserved for black people were underdeveloped and characterized by poor service conditions as opposed to the areas reserved for white people. The rural areas were basically excluded from the urban areas in service delivery. Thus, the pre-1994 local government system underwent periodic reforms in an attempt to make the racially discriminatory system more palatable. However, the bottom line was that the whites were regarded as superior and their authorities fundamentally controlled all the development activities in both the rural and urban areas. This form of local government operated until the restructuring period in 1993.

Although the negotiations of local government restructuring proved difficult, the implementation of post-apartheid local state institutions was highly contested. Post-apartheid local state structures were grounded simultaneously in apartheid's uneven social and spatial development and in broader national restructuring processes that both limited and extended the power of the local state. In post-apartheid South Africa, the local state had to be legitimate and politically acceptable to the society it served, with the necessary financial and human resources to enable it to conduct its functions effectively, including smooth service delivery, and development and management.

Finally, the chapter has noted that on fifth December 2005 the new Blue Crane Route Municipality was established consisting of the three merged local authorities of Cookhouse, Pearston and Somerset East plus the rural areas as

demarcated in the Demarcation Board. Ten Councilors comprising five ward members and five proportional members were elected. In consequence, the role and structure of the Blue Crane Route Municipality and its planning process started to change dramatically. The PGDP which constitutes the backdrop to LED in the Blue Crane Route Municipality is discussed in detail in chapter III.

CHAPTER III

THE PROVINCIAL GROWTH AND DEVELOPMENT PLAN OF THE EASTERN CAPE PROVINCE

Introduction

The specific purpose of this chapter is to provide a contextual perspective of the PGDP into which the study of local economic development in the Blue Crane Route Municipality (BCRM) fits. The chapter therefore focuses on the PGDP and the Cacadu District Municipality (CDM) IDPs in order to ensure the contextualization of LED in the BCRM. There are assumptions contained within the NSDP that ultimately inform the NSDP principles (CDM IDP, 2007). The CDM IDP indicates that although the state is committed to economic growth, employment creation, sustainable service delivery and poverty alleviation, infrastructure investment and development spending must be applied in the most cost effective and sustainable manner. The different spheres of the state are obliged to apply these principles.

Applicable policy directives may be grouped into three distinct categories, the aim of which is to achieve the above-mentioned goals. The three categories relate to national, provincial and district policy directives which are invariably interlinked in their objective to attain sustainable development. Various pieces of legislation and state policies highlight and outline the importance of local economic development (LED) or the integrated development plan (IDP) and poverty alleviation in attaining sustainability. The policies and legislation guiding and outlining LED/IDP are:

1. The Constitution of the Republic of South Africa (1996) strongly articulates the vision of a developmental state that addresses the realization of social and economic rights in a sustainable manner (Mpahlwa, 2007). The Constitution of the Republic of South Africa obliges the local state to ensure the sustainable provision of services to communities and the promotion of social and economic development. The participation of local communities and organizations in these processes is encouraged. Lastly, the Constitution stipulates that the local state must structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community.
2. The South African Local Government White Paper (1998) indicates that the local state is responsible for the achievement of local economic development. According to the White Paper, the local state must play an important role in job creation and in boosting the local economy through the provision of business-friendly services, local procurement, investment promotion and support for small businesses and growth sectors. The White Paper also states that local authorities are best placed to promote economic development of their communities. In short, a developmentally oriented local state seeks to achieve four key objectives: the provision of household infrastructure and services; the creation of livable and integrated cities, towns and rural areas; local economic development; community development and resource redistribution.

3. Municipal Systems Act, Act no 32 (2000) which states that municipalities are required to provide services in a financially and sustainable manner, to promote development in the municipality and to establish a simple and enabling framework for the core processes of planning, performance management, and resource mobilization which underpin the notion of the developmental local state. All municipalities are required to adopt a single, inclusive plan for the development of the municipality. This plan must link, integrate and coordinate plans for the development of the municipality and align resources and capacity of the municipality to implement the plan. The IDP forms the policy framework and basis for annual budgets, and must be compatible with national and provincial development plans, the district IDPs and planning requirements.

In addition to the requirements for every municipality to compile an Integrated Development Plan (IDP), the Municipal Systems Act, Act no 32 (2000) also requires that the IDP be implemented, and that the local municipality monitors and evaluates its performance. Moreover, there are guiding policies working together with the various and appropriate legislation.

The Eastern Cape Provincial Policy and Economic Development Plan

The policies to be considered at the Provincial level include the impact of national policy frameworks on provincial growth and development and the impact of the policy shift towards the local state as the primary site of delivery.

Provinces have limited roles in developing economic, industrial and social sector policies. Therefore, their main role is to coordinate and implement national policies. The Province has a major service delivery role in education, health and social development, and oversight of local state in many areas of policy implementation (Balindlela, 2007). The Province makes choices regarding the sectoral and spatial distribution of public expenditure. These choices, in turn, affect growth, job creation, environmental management, tourism development, manufacturing and poverty alleviation.

The Eastern Cape has developed its own Provincial Growth and Development Plan to address the above challenges. The Provincial Growth and Development Plan (PGDP) is therefore designed to deal with the spread and incidence of poverty and unemployment in the Eastern Cape as well as the spatial inequality amongst the different districts (PGDP, 2003). The Plan prioritizes interventions in the sectors of manufacturing, agriculture and tourism. The PGDP programmes build on the state's existing interventions, particularly those that create jobs and alleviate poverty. Simultaneously, it intends to redirect state plans and spending towards addressing fundamental problems in the economy.

The PGDP is set to provide the strategic framework, sectoral strategies and programmes aimed at a rapid improvement in the quality of life for the poorest people in the urban and rural areas of the Eastern Cape Province. The plan represents a step forward from previous development planning processes in the Province, which have tended to be sectorally driven, fragmented and short-term. The PGDP gives the Eastern Cape the

opportunity for medium-to-long-term (10 years) strategic planning to prioritize and address major structural deficiencies in the economy and the conditions of the society (PGDP, 2003).

The main aim of the framework document is to articulate a consensus-based vision and quantify targets for the Provincial Growth and Development Plan through a clear strategy framework. The strategy framework in turn has to lay the ground for the generation of policy options, the prioritization of objectives, the consequent development of sectoral strategies, plans and programmes.

The Provincial Growth and Development Plan of 1996

The Eastern Cape Province developed its first Provincial Growth and Development Plan (PGDP) in 1996 as an overall framework for socio-economic development. Although the PGDP was not sufficiently informed by an integrated empirical understanding of socio-economic conditions in the Province, it drew on national policy frameworks in highlighting the importance of dealing with poverty and in pointing to approaches to service delivery, investment in infrastructure and sectoral interventions.

The pre-1994 development planning process in the Province was sectorally driven, fragmented and short-term (PGDP, 2003). In addition to national sectoral policies that frame the work of the provincial and local states, three interrelated national economic policy frameworks were considered relevant to the development of the PGDP. They included the Reconstruction and Development Programme (RDP) of 1994, the Growth, Employment and

Redistribution Strategy (GEAR) of 1996 and a range of micro-economic reforms that have been developed since 1994.

The review of the first PGDP revealed constraints with implementation. First, the PGDP was not sufficiently owned by the Provincial departments and the relevant stakeholders. The result was that service delivery remained constrained due to lack of integration across departments and the spheres of state. Second, the period 1994 to 2000 concentrated on stabilization of the local state, grappling with overspending, maladministration and intractable administrative backlogs. During this time, the local state has undergone significant change, posing many governance challenges (PGDP, 2003). Third, the broad goals of the PGDP were not translated into clearly defined programmes that could be translated into departmental plans. The lack of clarity at the level of programmes and projects was reflected in very limited attention to the linkage of the PGDP and the provincial budgeting process. There were no monitoring mechanisms put in place to allow for the reorientation of programmes during the lifespan of the 1996 PGDP, and no institutional mechanisms were established to allow for the reorientation of the strategic thrust (PGDP, 2003).

There has been no linkage in terms of development between the rural and the urban population which has been the major challenge in the pre-1994 period. The major challenge was to establish whether there was progress in terms of development since the amalgamation of municipalities and to evaluate the successes and failures of the strategies involved in promoting LED in the post-1994 period.

The use of the provincial fiscus for growth and development was also constrained due to the lack of financial management capacity within provincial state departments and municipalities. The constraints were also due to the centralization of financial management controls in the provincial treasury that led to budget surpluses co-existing with the huge and increasing social and economic needs of the population (Pillay, 2003).

Most of the constraints stemmed from the severe poverty that the Province faces, including the high inequality between the poor, densely populated labour reserves and the relatively affluent, sparsely populated commercial agricultural areas. The constraints were also compounded by the well serviced urban centres and underserviced townships and informal settlements. Although there were weaknesses in the poverty data of the Province, especially in the analysis of women's poverty, the picture of widespread and deep poverty was supported through other indicators such as illiteracy, unemployment and access to basic services (Edwards, 2003). The abovementioned constraints and weaknesses of the 1996 Eastern Cape PGDP led to the formulation of the principles that underlaid the development of the PGDP of 2004-2014.

The Provincial Growth and Development Plan

(PGDP) for 2004-2014

The fact that large numbers of the Eastern Cape Province population are not participating in wealth creating entrepreneurial activity is economically costly, and compromises the revenue base of many of the local municipalities

(PGDP, 2003). This in turn increases dependency on state-sponsored safety nets, and limits the resources available for infrastructure and economic development. The PGDP, therefore, is aimed at turning this situation around through a number of innovative measures that transfer skills and productive assets to the poor in order to crowd in resources for PGDP programmes.

According to the PGDP (2003), there is a need to be more proactive in influencing the investment decisions of public entities such as the Development Bank of South Africa (DBSA) and the Industrial Development Corporation (IDC) in order to attract resources for PGDP programmes. Thus, bold targets have been set to grow the economy and reduce levels of poverty and unemployment. Key among the targets are:

1. Economic growth rate of five to eight percent per annum.
2. Eighty percent reduction in the number of households living below the poverty line by 2014.
3. Food self-sufficiency of the Province by 2014.
4. Half the unemployment rate by 2014.

In order to deliver on these targets, a clear strategy has been developed, articulated in the framework for growth and development (2004-2014).

The PGDP of 2004-2014 indicates what has to be done to alleviate poverty, promote socio-economic development, create jobs and generally create a better life for all in the Eastern Cape. According to the plan, strategies do not only focus on improving the lives of the people today but also lay a foundation for creating a better future for generations to come. The PGDP assigns priority to the former homelands (urban and rural areas) and

emphasizes the importance of promoting competitiveness in financial sustainability and global integration in LED initiatives. It also reiterates that local authorities should focus on development facilitation, governance, administration and service delivery. The Eastern Cape PGDP has embraced the challenging notion that the IDPs/LED should be relevant to the activities of a range of departments. In terms of the foregoing overview of expectations, perceptions and approaches, the following core ideas and principles require to inform and guide the formulation and implementation of the PGDP.

The PGDP should be a regulated, state-led facilitated growth and development strategy that offers the greatest possibility of economic change to address the problems of poverty and inequality. According to the PGDP (2003), the Province requires effective partnerships with business, labour and civil society to meet the socio-economic challenges of the municipalities in facilitating growth and development. On the other hand, resources should be directed to ensure that the capacity, efficiency and efficacy of the Province is improved in order to meet the challenges of growth and development which it undertakes, leads and coordinates.

According to the PGDP (2003) any substantive PGDP requires to embody an active provincial industrial policy located in the context of existing capabilities. While seeking out new opportunities at a national and international level, the PGDP requires to pay particular attention to the economic development of highly dislocated and marginalized rural areas of the Province. Thus, the PGDP should be adopted with respect to addressing basic social needs, and has to move beyond a position of simply mending-

tears in the Provincial social safety-net, to one of honouring the state's constitutional obligations in respect of addressing basic needs in a substantial and sustainable manner.

Finally, the issue of financing the plan (PGDP) should go beyond ensuring more effective alignment between the planning and budgeting processes but be broadened to include engagement with national government and the Provincial private banking system and the foreign donor community.

The plan (PGDP) contends that the local states should be the primary site for service delivery and participatory democracy. Thus, effective support is needed for the IDP process within the local states and integration of the local states' IDPs into district plans. The plan indicated that opportunities for productive employment of women, youth and disabled people should be created in all state-sponsored programmes. Moreover, the needs and opportunities associated with the natural environment should be considered at all stages of planning, design, implementation, monitoring and evaluation of the PGDP.

To overcome the constraints experienced during the 1996 PGDP, the 2004-2014 PGDP has strategic objectives to achieve. First is systematic poverty alleviation through a holistic, integrated and multi-dimensional approach to pro-poor programming (LED). Poverty is characterized through a lack of access to opportunities (income, skills and knowledge) for a sustainable livelihood. Older people, youth, people with disabilities and other marginalized groups (from the urban and rural areas) are particularly vulnerable. The PGDP indicated that such groups lacked the ability to

influence decision-making and thus poverty alleviation strategies responded inappropriately to their needs. Hence, they should be treated as priority.

Therefore, the approach to poverty should focus on actions that:

1. Establish great control over access to decision-making process by poor people.
2. Strengthen the income, asset and skills capabilities of the poor.
3. Accelerate access to basic services.
4. Create employment opportunities and thereby reduce the dependency of the poor and marginalized on the local state.

According to the PGDP (2003), poverty alleviation requires attention to the social, economic and political dimensions of poverty. In particular, action is required to establish greater control over and access to decision-making processes by poor people; strengthen the income, asset and skills capabilities of the poor and establish linkages between micro-macro levels of intervention in a mutually reinforcing manner. The PGDP further indicates that the goal of poverty leads to a further commitment to reduce inequality both between households and different regions of the Province. Hence, the Eastern Cape Province cannot afford continued inequitable growth with thriving metropolitan regions and sectors and disintegrating rural periphery. Inequitable growth might add to the already serious unemployment problem and further increase in poverty in the Province.

The strategic approach to poverty alleviation in the PGDP (2003) is not only aimed at addressing income poverty but at focusing on local economic development. Although this objective concentrates on the social dimensions

of poverty, effective implementation of the other two key objectives of agrarian transformation, manufacturing and tourism are also critical in poverty alleviation. It is important that social service delivery is integrated within the local state. The provincial poverty alleviation programmes and targets must support those developed through the integrated development planning processes of district and local states.

The social sector programmes of the PGDP according to Balindlela (2007) are one part of the solution towards the alleviation of poverty. The Department of Social Development has made a concerted effort to address the issue of the second economy, especially in rural areas, through promoting sustainable livelihoods. Finally, within the local state, programmatic interventions that combine social, economic, environmental and political principles should be conceived and implemented (PGDP, 2003).

One of the keys to poverty alleviation according to the PGDP (2003) lies in the rapid transformation of the agricultural sector. The challenge of poverty requires a focus on the growth of the agrarian economy in the former homelands through the following.

1. Programmes to promote household food security by expanded smallholder production.
2. Development of commercial agriculture through optimum use of the highest potential agricultural land in the former homelands.
3. Land tenure reform to release land for poor households and for new commercial farming enterprises.

The agrarian economy of the rural areas must therefore be integrated into wider Provincial economy through the promotion of commercial agriculture and as a source of raw material for agro-enterprises.

The objective of agrarian transformation and strengthening household food security focuses on increased agricultural production, income generation and employment of the poorest households. The PGDP indicates that support should be given to the development of homestead agricultural production in order to lay the foundations for the emergence of small-scale farming entrepreneurs in both rural and urban areas. However, even though development of the agrarian economy should be a key foundation of a provincial growth and development plan, it cannot be pursued to the exclusion of the manufacturing and tourism sectors, within which further development and diversification could be facilitated. Linkages between these economic sectors and the agricultural sector are crucial not only for provincial economic growth, but for development within the local municipalities in the Province.

The manufacturing sector requires consolidation by extending growth beyond a relatively small number of volatile export markets. Diversification into new markets can be achieved through three main strategies:

1. Consolidating the value chain and supply chain in existing markets by identifying inputs that can be supplied and higher value products linked to existing production.
2. Creation of regional growth points for manufacturing development based upon availability of raw materials, skills and existing industrial profile.

3. The development of agro-industries based upon expanded agricultural production in the former homelands.

The PGDP (2003) argues that the development of Provincial tourism has high potential to create employment and raise incomes in rural areas through community tourism programmes. The development and protection of existing and new parks and reserves, improvement of infrastructure, and the development of a strong marketing brand showcasing a number of core attractions and themes should be priorities within the Province.

The development of infrastructure, especially in the rural areas is a necessary condition to enhance LED and alleviate poverty through two main strategies. One, the elimination of social backlogs in access to schools, clinics, water resources and sanitation. Two, leverage of local economic development through access roads and improving the road, rail and air networks of the Province. Infrastructure development in turn, will have strong promotion effects on the agriculture, manufacturing and tourism sectors by improving market access and private investments. The aim of the infrastructure development strategy, therefore, is to package and deliver, in the short to medium term, catalytic economic infrastructure projects to kick-start and sustain growth in key sectors and subsectors of the Provincial economy. These include strategic transport infrastructure projects, particularly rail and road projects aimed at building development corridors between developed and underdeveloped regions.

The PGDP further contended that support should be given to the development of institutions and systems for storage, processing and

marketing of agricultural products. Expanding agricultural production in the rural areas can provide the opportunities for linkages with the manufacturing sector in the urban centres as a source of inputs and raw materials.

Therefore, the PGDP placed great emphasis on the local processing of the District's agricultural products. Manufacturing strategies are therefore needed to consolidate growth, develop linkages among industries and create employment opportunities for both the rural and urban communities.

According to the PGDP, human resource development links strongly to agrarian transformation through strengthening of agricultural colleges and high schools. This should be done for mentoring, training and support to increase the numbers of emerging commercial farmers and provide training in enterprise development and low cost farming for smallholders. Special priority should be given to training for women, the youth and farm workers in trying to enhance LED within the local municipalities (PGDP, 2003).

Human resource development underlies both local economic development and growth in the key economic sectors. First, through improving levels of general education by full universal primary education and a higher uptake of further education. Second, through increasing the intermediate technical skills needed in the key growth sectors of the economy. Third, through promotion of high level skills needed for further growth in the modern, export oriented sectors.

Public sector and institutional transformation is another objective with four key challenging areas. The transformation of the state is a crucial

condition for growth and development by way of strong leadership role that is required from government recognizing:

1. Improved capacity to plan, manage, and monitor implementation is necessary at all levels of government.
2. Local government should become the main focus for service delivery. Planning the delegation of powers and functions therefore becomes a key challenge.
3. Local authorities should have an increasingly important role in promoting LED through the implementation of integrated development plans.
4. Participation by the Provincial social partners in planning and implementation needs to be institutionalized.

As the PGDP (2003) stipulates, the challenge of the Provincial states relate to the need for strengthening and integrating development while leading the process of decentralization of service delivery to district and local states. The challenge of the local state centres on the legislative and regulatory requirements of the new developmental role; the strengthening of local state planning and project management capacity; the division of powers and functions between district and local municipalities; the establishment of effective participation in development planning and implementation within the local sphere of state.

This challenge to business is on the effective harnessing of public resources in support of growth and development strategies. The challenge to business could be achieved through strategic investment in infrastructure,

research and spatial planning, identification of economic development priorities within the agricultural, manufacturing and tourism sectors (PGDP, 2003).

There are however, challenges that arise in the realization of the PGDP. First, the PGDP programme implementation must proceed in tandem with capacity development and institutional strengthening so that the local state is ready to facilitate growth and development. Second, clear understanding is needed of the roles of the local state and other relevant stakeholders in promoting growth and development in both the rural and urban areas. Third, according to the PGDP (2003) the depth of poverty and the degree of inequality within the Province are major constraints on development. Fourth, the Province has finite resources in support of growth and development. The PGDP therefore has to develop clear and prioritized programmes within a strong strategic framework to leverage additional resources from the national state, donors and the private sector. Fifth, the provincial economy is concentrated on a limited number of sectors. Hence, diversification of the productive base of the Province and developing linkages within and between sectors in both the rural and urban areas are major goals within the PGDP. Sixth, planning and budget need to be closely linked. The PGDP must provide a strong strategic and programme planning framework to lead the allocation of state resources to development priorities. Finally, the establishment of effective local government to deliver services, to support the poor in taking ownership of development processes and to lead social and

economic development within municipality boundaries requires strong capacity and institutional development during the life of the PGDP.

During the period of the PGDP (2004-2014), service delivery has to be centralized from provincial to district and local states as powers and functions are transferred. Particular attention should be paid to issues such as planning and project management capacity; financial management capacity; decentralization of service delivery supported through increased and more effective flows of fiscal resources to the local state; strengthening of ownership of the IDP/LED process by local communities, particularly the poor; effective integration of Provincial and national programmes with the IDP/LED programmes. Finally, strengthening of partnerships within the local state, particularly with civil society organizations supporting the strengthening of livelihoods at the household level is vital.

The failure to seriously address these institutional and capacity requirements will undermine the consolidation of local democracy. The failure will also compromise the implementation of the PGDP in the same manner that the failure to adequately deal with capacity constraints in Provincial government compromised implementation of the earlier version of the PGDP (PGDP, 2003).

The PGDP is intended to lay the ground for the generation of policy options, the prioritization of objectives, and the consequent development of sectoral strategies, plans and programmes (PGDP, 2003). The PGDP document covers among others, a clear vision for the long term development of the Eastern Cape, an analysis of the causes of socio-economic challenges

in the Province, a review of development planning and its success in addressing core challenges, a summary of the socio-economic challenges to be addressed, setting out the development opportunities to be seized, a quantified vision and sequenced targets for economic growth, job creation, poverty alleviation, human resource development and institutional transformation, the sequencing of implementation and key programme priorities to set the direction for the second phase (2004-2014) of the PGDP.

The implementation of the PGDP has to be done in distinct but related steps. Implementation during each step should be guided by the fiscal and operational capacity of the Provincial state, and the need to build medium to long-term economic growth and development. The first step prioritizes improvements in areas such as control and regulatory capacity to ensure good and corporate governance, institutional mechanisms for operational management to ensure that projects are delivered with necessary scale and impact, the balance between decentralized service delivery through centralized coordination, management of planning as well as implementation and partnership arrangements in support of all the key objectives of the PGDP.

According to Balindlela (2007), the success of the PGDP is heavily dependent on extensive consultation and input from the Provincial Government, public entities, district and local municipalities, business, labour, NGOs and higher education institutions in the planning process. However, to achieve its objectives, the PGDP has to centralize the Provincial policies to

suit the district and local states priorities where implementation of activities is taking place.

Balindlela (2007), in her State of the Province address, emphasized the critical areas of tourism, infrastructure, manufacturing and agriculture towards improving LED and enhancing the quality of life in the rural and urban areas of the Province. This is because the PGDP (2003) indicates that although two-thirds of the Provincial population is rural, and that South Africa is under-agriculturalised compared to other middle-income countries, the Province is only 20% food self-sufficient. Therefore, the development of agriculture should have high potential.

Serious options to build the agrarian economy require redirection of development policies and public expenditure towards the poorest households. An emphasis on building the agrarian economy will also give high returns in poverty alleviation and job creation. Building the agrarian economy would be the most effective path towards black economic empowerment. There are limited numbers of black commercial farmers in the Province which could improve agricultural production and assist in poverty alleviation (PGDP, 2003). Many of the black commercial farmers depend on land leased under the former homelands for their production.

Expansion of this vital cadre of commercial farmers is limited through access to land, market information and credit. Thus, there is a need for a programme to increase the number of black commercial farmers. The main challenge of the Province is also to expand agricultural production and reduce the dependence of the economy on agriculture through building agro-

processing industries. Agriculture has been in decline for the past decade within the Province, primarily due to falling small-stock production (Edwards, 2003). Many farmers have converted to game farming, which is now a major industry, hence the decline in the employment rate of labourers working on the farms.

The Department of Agriculture should refocus and decentralize extension service, invest in training and have sufficient funding for core food security programmes and implementation at district and local level. Thus, effective budgeting for both district and local-based implementation of smallholder agricultural development, targeted cash crops and livestock production have to be effected. The institutional structure would also be needed to provide support to commercial agricultural development in the rural areas, including the establishment of cooperatives and the provision of training in enterprise development and management. The planning of provincial programmes for agricultural support should include local municipal priorities. LED initiatives in agriculture should build local partnerships for agricultural development (PGDP, 2003).

The objective of manufacturing diversification and tourism is relevant to the local economic development priorities of the Cacadu District Municipality (CDM). Issues relevant to this objective (manufacturing diversification and tourism) are discussed under the CDM's IDPs of 2002-2007 and 2007-2012 respectively. In addition to the objective of manufacturing diversification and tourism, the objective for growth and development set in the PGDP guide the local economic development priorities within the Cacadu District Municipality.

According to the CDM IDP (2007), the IDP is an issue-driven approach to planning. Emphasis is placed on the analysis phase, focusing on understanding priority issues, leading to the development of strategic guidelines. These priority issues become the focal point for determining appropriate local economic development strategies that meet priority issues (agriculture, tourism and manufacturing) within the CDM, the challenges of the communities and relevant stakeholders. There is limited local beneficiation of the District's (Cacadu) primary products. Most of the products in terms of mohair, fruits and marine products are exported out of the country in their raw state. Unless an adequate water supply is provided, opportunities for the local beneficiation of the District's raw materials are limited.

Lack of an adequate and reliable supply of water hampers the establishment of enterprises such as wool washing and leather tanning (CDM IDP, 2004). Besides that, the CDM IDP (2004) indicates that a number of small-scale businesses have been initiated to spin and weave the locally produced wool and mohair into consumer goods, mainly for tourists. Thus, the production of wool and mohair products for the tourism market should be explored as the local communities may use the existing skills, especially women living in the District Municipality. It is also paramount to include greater participation of the previously disenfranchised groups in the tourism industry. Human capacity building in poor communities is critical to enable them to take advantage of business opportunities in the tourism sector.

Moreover, tourists demand quality products, thus, the local production of high quality crafts and art should be encouraged and facilitated through

training. Other opportunities that exist in cultural tourism and the heritage of the different groups have to be transformed into a viable tourism product. However, the CDM IDP (2004) indicates that all the tourism development efforts will be in vain unless there is an increase in tourism numbers to the District. In the past, there has been little collaboration and focus among the various role-players, which resulted in the lack of cohesive policies and their implementation at the Provincial and District levels. Another important aspect is safety and securities as foreign tourists tend to avoid countries and local areas with poor safety records.

The CDM IDP (2004) indicates that the development of tourism has high potential to create employment and raise incomes in rural areas through community-based forms of tourism programmes. Community-based forms of tourism are most likely to optimize benefits to host communities. Thus, linkages between established and emerging tourism enterprises should be supported particularly through the tourism marketing strategy. Due to the importance of community-based tourism, it is necessary to pay attention to environmental factors as the environment has now become an important economic resource. Tourism is becoming an increasingly important economic activity in the District. The District has a number of natural, historical and cultural features that could be exploited to attract local and international tourists to the area and create employment. Recent conversions from traditional commercial farming to game farming have resulted in an emphasis on game farms. There are no fewer than twenty private game reserves in the District that facilitate a range of outdoor activities (CDM IDP, 2007).

The main drive of the tourism industry in the District is its wide range of environmental assets. The CDM IDP (2007) indicates that on the western region of the District is the indigenous Tsitsikama forest with giant yellow woods, mountains, rivers, waterfalls, bridges and high cliffs. The Kouga region is characterized with beaches that are used for international surfing competitions. Fynbos is the dominant vegetation type in the District and there are rare mountain cedars, honey bush and indigenous herbal plants. The CDM is home to the famous elephants of the Greater Addo Elephant National Park. The District is a major rose growing area where the Addo Rose Festival is held in October each year. The biodiversity outside of formal protected areas in Cacadu is subject to many competing pressures which causes direct biodiversity loss, decreased farm productivity and ecotourism potential.

Other than tourism, agriculture is one of the local economic development priorities within the District. Due to the District's rural nature, the largest proportion of the population in the area is employed in the agriculture sector. There has been a two percent reduction in the number of people employed in this sector from 1996 to 2001. This can be attributed to the diversification of farming into game farming and hunting (CDM IDP, 2007). However, according to the CDM IDP (2004), agriculture remains the backbone of the economy of the Cacadu District Municipality. Agriculture is the largest employer of people within the CDM. In the Cacadu district, commercial agriculture provides 41 percent of formal sector employment (CDM IDP, 2004). Agriculture in the Cacadu District Municipality is an export-based economy. As the CDM IDP indicates, wool, mohair, mutton, citrus and

deciduous fruits are exported through the Port Elizabeth harbour to the United Kingdom, East and Western Europe. It is unfortunate that most of the products leave the Country (South Africa) in their raw state, with little, if any, local beneficiation.

The agriculture sector is characterized by privately owned commercial farms. The farms range from extensive sheep and goats production, grazing in the semi-Karoo to more intensive cultivation and dairy farming in the southern coastal belt and fertile irrigated river valleys. Approximately, 60 percent of the wool from the sheep gets exported without being processed (CDM IDP, 2007). Concerning manufacturing, opportunities that exist in the District are linked to agro-processing. Manufacturing activities are situated throughout the District, predominantly in urban areas. The focus of manufacturing concerns in the District is centred on food and leather processing.

According to the CDM IDP (2004; 2007), in expanding tourism, agriculture and manufacturing industries, the provision of infrastructure and the upgrading of road and rail links between rural and urban areas is paramount. Infrastructure investment and development has to be promoted in order to address social backlogs and support economic growth. Moreover, infrastructure development should play a key supporting role to agrarian transformation, tourism and manufacturing through the improvement of access roads, water, sanitation and power supply. Better access roads open up areas for LED, especially high potential land for irrigation and livestock farming and must have access or linkages to inputs and markets. According

to the CDM IDPs, infrastructure investment and development is the cornerstone of local economic development of any municipality. In the District Municipality, the policy of separate development between the rural and urban areas accounts for the huge imbalances in infrastructure development that exist today. Infrastructure development is critical in addressing those imbalances and promoting both social and economic growth. Investing in social infrastructure (education, healthcare and community development) in the rural areas is a key concern of the District.

The CDM's IDP (2007) states that rural access roads are a key priority for access to schools, clinics and hospitals. Therefore, the availability of access roads is considered imperative for the improvement of the educational system in the CDM and BCRM (Balindlela, 2007). The rail network that used to be a vibrant backbone to the economy of the District has been neglected. According to the CDM IDP (2007), the rail network is in a state of dilapidation resulting in the collapse of towns like Cookhouse, Paterson and Kliplaat. In total, 8,420km of roads connects the Cacadu District Municipality. A vast portion (6,880km) of the total District road network is gravel roads. This is the second largest challenge the District faces, other than water. Due to their nature, gravel roads are intensive in terms of maintenance and need a structured maintenance programme.

The CDM IDP (2007) stated that water was the largest challenge that the District faced. Regarding water and sanitation, the focus had to be in rural areas where the worst backlogs were present with communities still without safe drinking water and limited irrigation water. Water shortages were

common phenomena in Ikwezi, Baviaans, Camdeboo and Blue Crane Route. This was due to the low rainfall which could be less than 200mm per year. The District depended predominantly on ground water for human consumption and agricultural activities. The CDM IDP indicated that the low rainfall results in sporadic droughts consequently drying up supply boreholes to towns and villages. The water quality during these periods deteriorates to levels that are unsafe for human consumption. Due to water being a scarce resource in the District, there are competing demands between servicing the community and the agricultural sector.

The key objective of the Cacadu District Municipality is to link the planning process and local economic development so that better and cost effective service delivery is achieved through the joint implementation of projects. Hence, in crafting local economic development and its objectives, the ultimate goal is to improve service delivery and upliftment of the community in the district (CDM IDP, 2004; 2005; 2007). Therefore, the integration of local economic development activities between the CDM and BCRM becomes paramount in dealing with the problem of poverty and unemployment.

According to the CDM IDP (2007) the unemployment in the Cacadu District Municipality is estimated at 20.5%. The CDM IDP contends that between 1996 and 2001, employment increased by 2,490 whilst the number of the unemployed increased significantly by 6,047. Thus, there was slow job growth and the increase in the ability of residents to pay for services. There is also an increase in the need for indigent support and subsidies. There has

been a 2% decrease from 1996-2001 in the number of people employed in the agriculture sector. This can be attributed to the diversification of farming into game farming and hunting.

Although the Cacadu District Municipality has the lowest unemployment rate in the Province, the rate is far higher in the small Karoo where the BCRM is located and where many farm workers have lost their jobs in the past decade (1989-1998). In the Cacadu District Municipality, however, according to Mphahlwa (2007), opportunities in timber, construction, tourism, agriculture and business service sectors have to be looked at and specific sector plans drawn. The CDM IDP (2007) indicates that the Cacadu District Municipality in collaboration with the local municipalities (BCRM included), have LED priorities to address the unemployment problem of the communities. The LED priorities can be achieved through the integration of the CDM and BCRM and the implementation plan for the five-year local state strategic agenda (2006-2011).

The CDM IDP (2007) indicates that the CDM's core function is to facilitate development within the District whilst supporting and capacitating local municipalities in their efforts to develop the local communities. The role of the CDM is therefore defined as an organization that is both supportive and facilitative in nature in terms of:

1. Serving as a district wide integrated development planning authority.
2. Serving as an infrastructure development agent.
3. Serving as a technical and institutional capacity resource to local municipalities.

According to the CDM IDP (2007), spatial management should therefore seek to recognize the limitations of available resources but also propose targeted and phased development in an effort to address basic needs and create a facilitating environment for local economic development in both rural and urban areas through:

1. The focusing of investment in existing rural settlements, villages and towns on a phased basis according to available resources and local economic development priorities.
2. Reinforcing development nodes and development areas through channels of opportunity and bulk infrastructure.
3. Focusing on economic upliftment and employment creation through LED, agriculture, SMMEs and industrial programmes.

Therefore, in order to attain the District's envisaged vision, LED needs to be directed and managed through applicable policies and interventions in order to create a sustainable rural and urban environment; ensure optimal accessibility to potential development opportunities and ensure efficiency and effectiveness within the District's varying structural components and integrated development plans.

Conclusion

The chapter has acknowledged the fact that the Eastern Cape Province has a major service delivery role in education, health and social development, and oversight of local state in many areas of policy implementation. It has

been explained in this chapter that the Province makes choices regarding the sectoral and spatial distribution of public expenditure. These choices, in turn, have affected growth, job creation, environmental management, tourism development, manufacturing and poverty alleviation. It has been discussed in this chapter that the Eastern Cape has developed its own Provincial Growth and Development Plan to address the above challenges. The Provincial Growth and Development Plan (2004-2014) was therefore designed to deal with the spread and incidence of poverty and unemployment in the Eastern Cape as well as the spatial inequality amongst the different districts.

In this chapter the PGDP was set to represent a step forward from previous development planning processes in the Province, which have tended to be sectorally driven, fragmented and short-term. The PGDP gave the Eastern Cape the opportunity for medium-to-long-term (10 year) strategic planning to prioritize and address major structural deficiencies in the economy and the conditions of the society. The main aim of the framework document as the chapter has highlighted was to articulate a consensus-based vision and quantify targets for the Provincial Growth and Development Plan through a clear strategy framework.

The Eastern Cape Province developed its first Provincial Growth and Development Plan (PGDP) in 1996 as an overall framework for socio-economic development. Although the PGDP was not sufficiently informed by an integrated empirical understanding of socio-economic conditions in the Province, it drew on national policy frameworks in highlighting the importance

of dealing with poverty and in pointing to approaches to service delivery, investment in infrastructure and sectoral interventions.

In this chapter it has been indicated that the review of the first PGDP revealed constraints with implementation. First, the PGDP was not sufficiently owned by the Provincial departments and the relevant stakeholders. The result was that service delivery remained constrained due to lack of integration across departments and the spheres of state. Second, the period 1994 to 2000 concentrated on stabilization of the local state, grappling with overspending, maladministration and intractable administrative backlogs. Third, the broad goals of the PGDP were not translated into clearly defined programmes that could be translated into departmental plans.

The chapter further discussed that the lack of clarity at the level of programmes and projects was reflected in very limited attention to the linkage of the PGDP and the Provincial budgeting process. There were no monitoring mechanisms put in place to allow for the reorientation of programmes during the lifespan of the 1996 PGDP, and no institutional mechanisms were established to allow for the reorientation of the strategic thrust. The major challenge was to establish whether there was progress in terms of development since the amalgamation of municipalities and to evaluate the successes and failures of the strategies involved in promoting LED in the post-1994 period.

In this chapter it has been argued that the PGDP should be a regulated, state-led facilitated growth and development strategy that offers the greatest possibility of economic change to address the problems of poverty and

inequality. The Province requires effective partnerships with business, labour and civil society to meet the socio-economic challenges of the municipalities in facilitating growth and development. On the other hand, resources should be directed to ensure that the capacity, efficiency and efficacy of the Province are improved in order to meet the challenges of growth and development which it undertakes, leads and coordinates.

In this chapter, the plan (PGDP 2004-2014) contends that the local states should be the primary site for service delivery and participatory democracy. Thus, effective support is needed for the IDP process within the local states and integration of the local states' IDPs into district plans. The plan has indicated that opportunities for productive employment of women, youth and disabled people should be created in all state-sponsored programmes. Moreover, the needs and opportunities associated with the natural environment should be considered at all stages of planning, design, implementation, monitoring and evaluation of the PGDP.

This chapter has given an overview of the PGDP of the Eastern Cape Province including its objectives. The legislation giving rise to the PGDP and the IDP/LED has also been highlighted. The Eastern Cape Provincial policy and economic development plan has been dealt with. The chapter has covered the PGDP of 1996 which was an overall framework for socio-economic development. Aspects (improving the quality of life for all, socio-economic development and job creation) relating to the PGDP of 2004-2014 have been discussed in this chapter. Finally, the chapter concluded by

referring to CDM's IDP. The next chapter (IV) focuses on the detailed IDPs of the BCRM.

CHAPTER IV

INTEGRATED DEVELOPMENT PLANNING IN THE BLUE CRANE ROUTE MUNICIPALITY

Introduction

This chapter discusses the different Integrated Development Plans (IDPs) implemented in the Blue Crane Route Municipality (BCRM). Their relevance to the rural-urban linkages and local economic development is highlighted. The socio-economic situation of the BCRM from 2002-2007 is addressed in this chapter. The local economic development priorities of the BCRM are also reviewed as LED forms the core of the study. Finally, the role of the Blue Crane Development Agency (BCDA) which is operating as an entity of the Municipality is discussed.

The Pre-1994 Integrated Development Planning

The pre-1994 local planning dispensation was primarily concerned with the organization of spatial patterns of development. The responsibility for planning often resided in a line department of the organization and had a limited relationship with and impact on, other activities of a municipality. In general the planning was as follows:

1. Technical in nature with limited participation from the local communities.
2. Concerned with physical aspects of development.
3. Control orientated and of a blue-print nature.
4. Sector based.

5. Indifferent to environment, social and economic concerns.

The legislative framework for IDP was introduced during the period 1996 to 2000. The Local Government Transition Act, Second Amendment Act (1996), outlined the IDP as a specific legally prescribed product of an integrated development planning process in the local sphere of government.

Since 1996, the IDP has been the centrepiece of planning. It is supposed to provide strategic guidance to municipalities whilst linking sectoral plans and processes (Harrison, 2001). IDPs developed in the post-2000 period provide the basis for a fairer assessment, although the second round of IDPs clearly shows that it continues to be a learning process in terms of its preparation, operationalisation and implementation (Harrison, 2003). IDPs are intended to assess and prioritize community needs, develop integrated frameworks and goals to meet these needs, formulate strategies to achieve the goals and implement programmes and projects. The constitutional obligations of local government to meet basic needs must be seen in the light of an extensive infrastructure backlog. However, there is an increase in the number of municipalities defaulting on the repayment of loans to the creditors including banks and service providers.

Many municipalities do not have the administrative capacity to deal with the constitutional and legislative requirements of municipal governance (Sutcliffe, 2000). Sutcliffe contends that the lack of financial management skills is the biggest capacity problem facing municipalities. For Sutcliffe, the lack of finance is overplayed. Often the problem is that municipalities cannot manage or utilize funds properly. However, it is not only finance and capacity problems affecting local government.

In the Municipal Systems Act, No. 32, (2000), the IDP is defined as a strategic plan that coordinates and integrates plans, aligns resources and implementation capacity. It provides the policy framework for annual budgeting and is compatible with national and provincial development plans. The purpose of an IDP is to align plans and strategies of a district municipality with those of its constituent municipalities in order to ensure cooperative governance. Its content is to reflect the council's long term development vision, to assess existing levels of development in the municipality, setting development priorities and objectives and local economic development aims.

Evidently, IDP covers a range of planning issues over several spheres. The IDP comes across as a strategic management tool for the municipality. The IDP looks at both the internal capacity and external development priorities of the municipality. Local economic development is lifted out by legislation as a key area of collaboration and coordination. Thus, the IDP is a process through which municipalities prepare a strategic development plan for a five-year period (Municipal Systems Act, No. 32, (2000)). According to the Municipal Systems Act, the IDP is the written plan that results from the IDP process.

The IDP process presents a fundamental shift from a technically-based planning approach to a participatory planning process. Representative participation is an essential element of a democratic planning process (BCRM IDP, 2002). The development priorities for the area need to be set with the full participation of all the stakeholders in the area. Thus, the planning process acknowledges the right of people to take responsibility for their own future and to actively participate in the realization of the vision for their area.

Blue Crane Route Municipality Integrated Development

Plan for 2002-2007

According to the BCRM IDP (2002), the IDP process should provide the opportunity for disadvantaged and marginalized groups to make their voices heard. The Municipality must make every effort to ensure that previously disempowered and/or marginalized sections of community such as women, disabled people, long-time unemployed people, young and elderly people are fully involved. Therefore, the strategies, projects and programmes that are generated through the IDP process must be tested in terms of the extent to which they assist in empowering and improving the living conditions of the disadvantaged.

The IDP process ensures the integration of social, economic and environmental concerns (BCRM IDP, 2002). The BCRM IDP further indicates that integration is achieved through incorporating these issues into a Municipal level environmental, poverty, gender and socio-economic analysis. The IDP process also ensures integration through the formulation of strategic development guidelines and the development of alternative assessment and prioritization criteria. Integration is also ensured through the setting of indicators, impact assessment and the assessment of strategic and policy compliance.

The IDP process also requires that the Municipality negotiate the anticipated impacts and implications of its development proposals. The Municipality is required to reflect on the medium to long-term environmental, social, economic, spatial and institutional impact of its proposed strategies and projects. According to the BCRM IDP (2002) the Municipality needs to consider the operational and maintenance

implications of capital projects and off-set it against the planned resources in the financial and institutional plans.

The BCRM IDP (2002) indicates that the IDP is the principal strategic planning instrument that guides and informs all planning, management, investment, development and implementation decisions and actions in the local Municipality. The IDP supersedes all other plans that guide development of the local Municipality. According to the Municipal Systems Act, No. 32 (2000) all municipalities (metropolitan councils, district and local municipalities) are required to adopt a single, inclusive plan for the development of the municipality.

According to BCRM IDP (2002), an IDP aims to first, facilitate integration between the funding and investment decisions of the three spheres (local, provincial and national) of government. Second, improve coordination with the investment decisions of service providers and parastatals such as ESCOM and TELKOM. Third, promote coordination in the investment and implementation decisions and actions of district and local municipality. Fourth, promote an intersectoral as opposed to a multisectoral approach to planning and development. Fifth, facilitate the interaction of various sectors of the community in the planning process to arrive at commonly agreed and integrated outcomes.

Through the setting of performance indicators the Blue Crane Route Municipality is encouraged to monitor and evaluate the medium to long-term effect of its development interventions. This will enable the Blue Crane Route Municipality to reflect on the sustainable use of resources (input indicators), the achievement of development targets (output indicators) and the impact of implementation (outcome indicators). Thus, the IDP process can only be strategic

if it considers resource limitations and constraints in a systematic way. The IDP process requires the Municipality to assess the state of existing resources (environmental, social, institutional, financial and economic) in the analysis phase.

During the process of strategy formulation, the Municipality needs to consider optimal use of resources in addressing its development concerns. In the project phase, the Municipality needs to identify and allocate relevant resources for the implementation of projects and determine risks related to resource utilization. During the integration phase, the Municipality needs to assess the cumulative implications of resource utilization and adjust its plans and programmes accordingly.

According to BCRM IDP (2002), the process guidelines outlines the purpose, process requirements and outputs for each of the planning phases followed by a brief summary of the main interventions required to strengthen sustainability considerations and LED in the IDP process. BCRM IDP (2002) indicates that in order to strengthen sustainability the IDP process must encompass the following at phase zero which is the preparation stage.

1. Initiate a sustainable development awareness-raising process, targeting councillors, officials, community members and stakeholder groupings prior to the development of the IDP.
2. Incorporate all relevant sustainability principles contained in international and national policy and legislation in the process of identifying binding plans and planning requirements and incorporate these in the sustainable development awareness-raising process.

3. Ensure that all affected communities and stakeholders are aware of the IDP process to be followed, how they can participate and how decisions are to be made. Pay attention to notifying disadvantaged communities.
4. Design participation mechanisms and programmes to facilitate appropriate target group consultation to ensure that the specific needs of women, the elderly, youth, disabled and marginalized are considered.
5. Ensure the broadest possible representation of stakeholders and groupings on the IDP representative forum, through a process of discussion and referral.

At phase one which is the analysis stage according to the BCRM IDP (2002) the IDP process must encompass the following to strengthen sustainability considerations and LED:

1. Adopt an issue driven-approach and engage with communities on the level of living conditions as opposed to engaging them on desired projects.
2. Ensure that participatory processes include representatives from all sectors, including stakeholders/experts concerned with the cross-cutting issues of poverty and gender equity, environment and LED.
3. Prepare Municipal level analysis that considers all the elements of sustainability.
4. Adopt a proactive approach to the Municipal strategic environmental assessment which should inform the spatial development framework.

5. Develop clear sustainable criteria for prioritization of issues, which include social, environmental and economic concerns.

At phase two which is the strategies stage, the following must be encompassed in the IDP process of the BCRM to strengthen sustainability and LED:

1. Ensure that the vision of the Municipality is developed in a participatory manner, and consider the concept of sustainable development during formulation of the vision.
2. Develop key questions incorporating critical sustainable development issues to be used during the development of working objectives for each priority area.
3. Consider the elements of sustainability in the formulation of objective level indicators.
4. When formulating the localized strategic guidelines, consider how the resource constraints identified during the analysis phase can be addressed, and how the opportunities can be maximized.
5. Formulate holistic strategies by considering the social, economic, environmental, spatial and institutional dimensions of the priority to be addressed.
6. Develop clear sustainable development criteria for deciding between alternative strategies that include social, economic, environmental, spatial and institutional concerns.

At phase three, projects must encompass the following to strengthen sustainability and LED within BCRM:

1. Consider the extent to which the project concept complies with the strategic development guidelines formulated in the strategic phase.
2. Develop outcome indicators which probe actual impacts on the ground and changes in people's quality of life, in addition to project indicators for each project.
3. Develop input indicators that will assist in managing, monitoring and evaluating the use of resource (social, economic and natural) in achieving the desired project outputs and outcomes.
4. Developing indicators in a participatory manner and developing community monitoring systems to raise awareness and empower civil society.
5. Determine the need for and commission environmental impact assessment related to specific projects.

The following must be encompassed in the IDP process of the BCRM during phase four to strengthen sustainability:

1. Use sustainability principles to guide the formulation of the spatial development framework.
2. Ensure that the integrated performance management system incorporates sustainable development criteria.
3. Assess the extent to which both integrated and sectoral programmes and plans comply with the strategic guidelines formulated during the strategic phase.

The approval phase which is stage five must encompass the following during the IDP process of the BCRM to strengthen sustainability and LED:

1. Ensure that all affected parties and stakeholder groupings are notified and have sufficient opportunity to comment on the draft IDP prior to approval.
2. Maximize awareness-raising opportunities associated with approval of the IDP and ensure that the procedures and timeframes for monitoring activities are broadly communicated.

Finally, the Municipality needed to fulfil its core responsibilities in such a way that it had a lasting and profoundly positive impact on the quality of people's lives. The Municipality needed to become more developmental in its thinking, visionary and influential in the way it operates. It should also be more strategic and creative in addressing development priorities from the IDP process in a sustainable and increasingly integrated manner. The identification of development priorities forms an integral part of the IDP. Development priorities form the basis for strategy formulation, identification of projects and ultimately financial planning for the Municipality. Development priorities for BCRM have been determined through a comprehensive community and stakeholder level analysis and a Municipal level analysis (BCRM IDP, 2005).

The 2002 BCRM IDP represents the second generation document that the newly established BCRM prepared. It was prepared and submitted in fulfillment of the Municipality's legal obligation in terms of the relevant sections of the local government (BCRM IDP, 2002). The purpose of IDP according to the BCRM IDP (2002) is to foster more appropriate service delivery and to provide a framework for economic and social development within the local state.

According to BCRM IDP (2007), the IDP does not replace the previous (2002) IDP document but provides an update on Municipal progress in relation to its objectives, projects and programmes, operational strategies, local economic development priorities and performance indicators. Throughout the year, implementation of programmes was monitored. Some of the new information acquired in the process was used to make immediate changes. The relevant input was then integrated in an annual review of the IDP.

It remains the responsibility of the BCRM council to implement the IDPs' strategies. The IDP document reflects the foundation for work to follow in the years ahead. Hence, it is revised, updated and improved on a yearly basis. It also helps to assess whether LED is undertaken effectively within the Municipality. Therefore, the focus of this study is to identify the areas of concern regarding LED and rural-urban linkages and to look at strategies, ways and means of addressing these LED and rural-urban linkages issues as priorities for both the rural and urban areas. Thereafter, integrated programmes are formulated for LED and rural-urban linkages. However, this chapter first examines the socio-economic status of the Blue Crane Route Municipality, its infrastructure development and spending, unemployment rate within the Municipality and the local economic development priorities.

Socio-economic Situation of BCRM in 2002-2007

The BCRM IDP (2002) argued that the level of unemployment in the BCRM has increased dramatically since 1990. The highest increase of 54% was experienced in the Pearston region of the BCRM. According to BCRM IDP (2007),

34.6% of the economically active population was employed while 23.6% of the population remained unemployed within the BCRM. The BCRM IDP (2007) recorded that 41.8% of the population is not economically active. The highest unemployment rate was observed in Cookhouse (38.2%), followed by Pearston (30.4%) and Somerset East (24.9%).

Over 1,000 individuals in the BCRM lost their jobs from 1996 to 2004 thereby posing a serious problem to unemployment. The low levels of income and high levels of unemployment are major contributors to the increasing poverty and dependency on the local state. The BCRM IDP contends that the high levels of poverty impacts significantly on economic growth and the payment of services to the state. The BCRM IDP (2007) suggested that the estimated number of households below the minimum living level and the dependency ratio provide a clear guideline and indication of poverty in the region.

Approximately 73.1% of the households in the BCRM live below the minimum living level. This represents 4,753 households and indicates a very high level of poverty. Thus, this raises concern relating to the well-being of residents. The dependency ratio is indicated as 1:1,78, implying that every working individual within the BCRM support 1,78 non-working individuals. According to the BCRM IDP (2007), the purpose of the socio-economic analysis was to ensure that the strategies and projects formulated consider the needs of all communities but especially those that are marginalized. This was to make sure that the Municipality dealt with all socio-economic issues such as LED, unemployment and gender equity effectively. Thus, there is a need for LED activities to overcome the problem

of unemployment and low income earning for individuals as well as improving the quality of life for all.

The agricultural sector employs the highest percentage of people within the Municipality (54.5% in Pearston and 37% in Somerset East). The BCRM IDP (2007) further confirms agriculture to be the largest employer in the BCRM as it employed 40% of the working population in 1996 and 35% in 2004. However, the BCRM IDP emphasized that the agriculture sector has been shedding jobs since 1996 while there was an increase in population growth (Tables 1 & 2).

Table 1: Population Distribution for Blue Crane

Route Municipality in 2002

Geographic Area	Population	Percentage (%)
Somerset East	16,354	47.6
Cookhouse	5,257	15.3
Pearston	4,020	11.7
Rural	8,726	25.4
Total	34,357	100

Source: BCRM IDP. (2002). Reviewed Integrated Development Plan.

Somerset East: Blue Crane Route Municipality.

Table 2: Estimates of Population Distribution for Blue
Crane Route Municipality in 2004

Geographical Area	Population	Percentage Population
Somerset East	17,133	47.4
Cookhouse	5, 369	11.5
Pearston	4,176	14.8
Rural	9, 500	26.3
Total	36,178	100

Source: BCRM. (2004). Integrated Development Plan. Somerset East:
Eastern Cape Province, South Africa.

Most of the population in the study area within BCRM fell within 15 to 64 years, the age group representing the economically active population. This implies that almost half of the population within the BCRM was of working age. However, many of these individuals cannot work due to the lack of employment opportunities. This in turn increased the dependency ratio within the Municipality. The population increase from 2005 to 2010 is projected at 3,779 (BCRM IDP, 2007). This estimate is of significant importance with respect to future land identification and local economic development proposals.

The BCRM IDP (2007) stated that the national key performance areas development priorities have helped those of the CD M and the BCRM (Table 3) and to identify LED proposals. To ensure that strategies and projects are based on a thorough knowledge of all the relevant aspects of the priority issues, each LED priority within BCRM is analyzed and put in context.

Local Economic Development Priorities of the BCRM

The identification of local economic development priorities forms an integral part of the IDP. Local economic development priorities form the basis for strategy formulation, the identification of projects and ultimately financial planning for the BCRM. Local economic development priorities for the BCRM have been determined through a comprehensive community and stakeholder level analysis and a municipal level analysis (BCRM IDP, 2007).

Table 3: Alignment Between National Key Performance Areas,
the CDM and BCRM Local Economic Development Priorities

Name	Development Priority
National Key Performance Areas	1. Infrastructure and Services 2. Socio-economic Development 3. Financial Management
Cacadu District Municipality	1. Funding 2. Effective Local Governance 3. Economic Development
Blue Crane Route Municipality	1. Infrastructure 2. Community Services 3. Financial Management 4. Governance and Institutional Transformation

Source: BCRM. (2007). Integrated Development Plan. Somerset East:

Eastern Cape Province, South Africa.

The local economic development priorities are relevant to both the rural and urban areas, hence the applicability of the rural-urban linkages approach to LED for the improvement of the lives of the BCRM communities.

Infrastructure Development and Spending

Infrastructure, as indicated in the BCRM IDP (2007), is pivotal to local economic and social development in that the socio-economic conditions of the area are inextricably linked to the basic infrastructure. Social development can be facilitated and accelerated through the provision and maintenance of infrastructure. The BCRM IDP indicated that the lack of infrastructure and basic services induced a risk from the international, national and local investment environment. The improvement in the state and quality of infrastructure enhances the accessibility of markets, movement of goods and services, and interregional linkages.

Through the attraction of new public and private investments, critical economic, tourism and agricultural infrastructure backlogs can be addressed as a pre-condition to unlocking new economic growth levels. Also, the efficiency of the local Municipality in terms of the provision and maintenance of infrastructure influences the feasibility of tourism initiatives. Infrastructure development was regarded as one of the most prominent methods of employment creation (BCRM IDP, 2007). Besides the lack of employment and income, the need for basic services in the rural and urban areas of the Municipality was high and needed immediate attention.

Water

The BCRM IDP (2002) indicated that 120 households do not have access to water on site while 961 households did not have access to sanitation services. According to the BCRM IDP (2002), the greater part of Somerset East and Cookhouse obtain water from surface run-off into catchment areas, springs, boreholes and the Orange-Fish river scheme. Pearston, on the other hand is dependent on the provision of water from boreholes. There were water treatment facilities in both Somerset East and Cookhouse while in Pearston there was no water treatment plant.

The BCRM IDP indicated that besides the Chris Hani settlement in Somerset East, the entire community of the Somerset East urban area was serviced by a waterborne sewer system. There was an urgent need to upgrade the bucket, vacuum and septic tank system operating in Chris Hani settlement in Somerset East, and in Cookhouse and Pearston.

The BCRM IDP (2007) contended that the BCRM was performing the water provision function on an agency basis on behalf of the Cacadu District Municipality (CDM). A service level agreement existed between the two municipalities. The objective of the BCRM was to supply each consumer with an individual metered water connection. It was evident that BCRM had a relatively high standard of water provision. However, water is a prerequisite for development and is therefore important. Both the rural and urban areas of the Municipality needed water to implement the LED activities.

All of the capital related water infrastructure projects that were being implemented through the Water Services Authority (WSA) were mainly funded

through the state programme. The funds required in conducting the operation and maintenance of the water and sanitation systems were generated from the payment for services rendered to the consumers. Presently, the funds generated do not cater for the maintenance that is required on the networks, nor for refurbishment and replacements (BCRM IDP, 2007).

Roads and Storm Water

Roads were necessary for local economic development activities within the Municipality. A bad functioning and poorly maintained road network created a negative economic environment for the area (rural and urban). This specifically affects agriculture related industries and tourism. Poor infrastructure within the BCRM resulted in difficulty in attracting investors. Investment opportunities thus declined due to the absence of good road infrastructure. The BCRM IDP contended that roads and storm water drains have been included in the infrastructure analysis because of the importance of ground work for investments in the BCRM.

Roads in the urban areas range from tar surfaced in central business areas and higher income residential areas to gravel and graded roads in the middle and low income areas, respectively. The maintenance of roads in the BCRM (rural and urban) was problematic due to lack of funding. The Municipality was the provider of electricity to all rural and urban customers (BCRM IDP, 2002; 2007). With all communities having direct access to electricity, a major capital outlay was however envisaged to upgrade both rural and urban road networks for LED activities.

Training Development and Improvement

The BCRM IDP (2002) stated that education, and the provision and maintenance of education facilities were not the direct responsibility of the Municipality. However, it was imperative for the Municipality and the Education Department to align needs and delivery programmes for continuous development. Hence, some of the challenges that the Municipality faced in achieving its objectives with respect to education was that funding and resources were scarce. There were no structured integrated programmes to facilitate the education programme within the Municipality (BCRM IDP, 2004). The BCRM IDP stated that 16.6% of the population under the age of 15 is illiterate and 21.5% of the population above the age of 15 was illiterate. Those who have primary education were reflected as 39.6%. The relatively low level of education in the BCRM reflected an urgent need for educational facilities.

Education had been identified as a challenge in the BCRM because of the impact that it had on an individual's quality of life. Those with little or no education often had to take low paying labour intensive jobs as these often did not require a high level of formal education. The educational analysis did not include the impact of the problem solving potentials and initiatives. These problems contributed to the low standard of living of the communities and poverty within the Municipality.

Community Services

Community services were identified as one of the key local economic development priorities as it was concerned with some of the basic human rights that every South African was entitled to, as outlined in the South African Human

Rights Commission. These human rights included the right to education, housing, health, land, water, environmental rights and social security.

The high population growth and urbanization from people looking for employment has resulted in increased crime rates within the Municipality. The increase in crime rate due to the high unemployment rate was a serious problem to the development of the BCRM. The lack of Municipal by-laws and the lack of a disaster management plan were also the challenges that the BCRM faced as protection services measures. The causes of these problems included lack of communication, funds and resources. Over R800, 000.00 in funding had been allocated for three Financial Years (2007-2010) to the development and implementation of Municipal LED plans. The Council's powers and functions to make provision for law enforcement was one of the challenges. Protection services were an important function of the Municipality because it provided vital emergency services.

Land

According to the BCRM IDP (2002), land was considered as one of the priorities for LED activities such as agriculture, manufacturing and tourism. The concern had to be addressed to permit planning of all land within the Municipality for development. Land in all rural and urban areas within the BCRM was needed for residential expansion, communal grazing and small scale farming especially for emerging farmers. Land required for housing alone was estimated at 90ha. The shortage of land had resulted in high unemployment rate, poverty and lack of job opportunities because agricultural activities were constrained. Though not

addressed in the BCRM IDP (2002), land was also needed for the farming communities in the rural areas within the Municipality. The BCRM IDP indicated that the BCRM currently had a shortage of land for local economic development purposes. The urban areas of Cookhouse and Somerset East were facing shortage of suitable land for residential and agricultural development. This concern must be addressed timeously to permit planning of infrastructure development in order to improve LED activities within the Municipality.

Integrated Local Economic Development

The purpose of the integrated local economic development programme was to emphasize a set of measures to promote viable local economic development activities and employment creation. The integrated local economic development should also focus to consolidate and cross reference LED related projects as part of the IDP.

Local economic development was one of the cornerstones of the local state for employment creation and environmental protection (BCRM IDP, 2002). The role of the local state as a developmental body cannot be overemphasized. The BCRM IDP elaborated that LED was not one specific action or programme, rather the sum total of the individual contributions of a broad spectrum of the community. Therefore, LED occurred when the local authority, business, labour, NGOs and most importantly individuals strive to improve the economic status within BCRM by combining skills, resources and ideas. Local economic development is vital to the future development of the BCRM and its inhabitants as indicated in the BCRM IDP.

To this end, the Department of Provincial and Local Government had a charter on LED for the Blue Crane Route Municipality. For the purpose of the IDP, it is important to highlight the eight principles that guide the Blue Crane Route Municipality in its LED programme (BCRM IDP, 2005):

1. Local people through their democratically elected Municipality should establish a vision for LED. This should include promoting growth, reducing inequality, increasing participation and tackling poverty in the Municipality.
2. The basic quality of life within the Municipality should be a key determinant of its success. Therefore, the Municipality should work to ensure that all the residents and businesses have access to good services, clean and healthy environment.
3. Everything which the Municipality's Council does, if it does well, could potentially contribute to local economic development. Hence, responsibility for local economic development should not be confined to a special unit or programme responsible for investment promotion.
4. Investment promotion is a vital component of local economic development. The Municipality's efforts to attract investment should be linked to clear social, economic and environmental goals, especially employment creation and balanced development.
5. A major opportunity for growth and local economic development lies in meeting basic needs. Public works, housing, social and community services constitute an opportunity to bring people into the labour force.

6. A more supportive civic culture will encourage an adventurous business climate. Civic institutions, cultural and social structures can help to build confidence and trust. In particular, small firms should be helped to network, share ideas and take risks.
7. A divided city cannot be successful or competitive. It is in everybody's interest to narrow the gaps which divide communities geographically and economically.
8. The economic potential within impoverished communities is considerable. With the right support and encouragement, including concerted education and training, the poorest in the communities can achieve a great deal.

The primary purpose of the local economic development strategy was therefore, divided into three main objectives. First, to prepare and implement the local economic development plan. Two, to promote and establish the basic principles for local economic development and developmental local government. Three, to give effect to the strategic guidelines (national and provincial).

There were key challenges facing BCRM that impact on local economic development, including the following:

1. Disparity exists between development in rural and urban areas within the municipality.
2. Rural areas have seen a decline in investment due to poor infrastructure.
3. High levels of unemployment (40% of economically active population).

4. Concentration of employment opportunities (75%) in agriculture and community/government services.
5. High levels of poverty within BCRM (more than half of the population living below poverty line).
6. Developmental role of LED stakeholders and principles of LED are not clearly understood by other government departments (BCRM IDP, 2007).

The rural-urban linkages approach becomes relevant in addressing the challenges of LED in the BCRM. Blue Crane Route Municipality has identified LED as a key factor in the development of the Municipality's economy and the communities. LED has been identified as a priority because of a number of opportunities in tourism, agriculture, manufacturing and investment that the Municipality was not adequately exploiting (BCRM IDP, 2007). This is where the research focuses. The BCRM IDP states that the Municipality has received funding from the European Union (E.U.) in order to develop an integrated LED plan. The plan was estimated to cost R369, 000.00

The Municipality has identified tourism as an important catalyst for LED and the existing spatial development framework (SDF) recognized the untapped tourism potential of BCRM. According to the BCRM IDP the Municipality was in the process of developing a tourism sector plan. An amount of R200, 000.00 had been allocated to the tourism sector plan with a detailed analysis of BCRM's tourism potential and strategies for its development.

In order to address the LED priorities within the BCRM, there were a set of objectives and strategies (BCRM IDP, 2002).

1. To stimulate economic development, improve basic living conditions and reduce unemployment.
2. To attract tourists and increase stop-overs.
3. To enable and facilitate the availability of land for housing and agriculture.
4. To provide sanitation services in the urban areas of the BCRM.
5. To maintain the existing infrastructure on an on-going basis and to provide tar surfaces and storm water drainage systems to all roads.
6. To maintain the existing level of service to urban communities and ensure environmentally acceptable disposal methods.

The BCRM IDP (2007) argued that the objectives indirectly address the challenges of poverty and unemployment within the Municipality. According to the BCRM IDP, there were gaps that have been identified in setting out the objectives. First, the objectives presented did not directly reflect the constitutional principles of LED and gender equity. The local economic development priority regarding environmental issues did not include the application of National Environmental Management Act (1998) principles and the local agenda 21 principles. Finally, the local economic development priority regarding institutional transformation did not include an estimate on the resources available for each objective.

The BCRM development objectives and strategies were formulated to address local economic development. The strategies and objectives in Table 4 have been identified for LED which is the main focus of the research. Blue Crane Route Municipality has identified LED as a key factor in the development of the BCRM economy and all of its communities. Local economic development has been

identified as a priority because of the increasing number of opportunities in tourism, agriculture and manufacturing in the Municipality (BCRM, 2007). In addressing the local economic development activities and challenges, the Municipality has chosen to work with the Blue Crane Development Agency (BCDA) as an entity of the Municipality.

Blue Crane Development Agency

The BCRM was one of the first municipalities in the Eastern Cape Province to establish an Industrial Development Corporation (IDC) funded Development Agency, the purpose of which is to drive economic development in the Blue Crane Route Municipality. The BCDA supports the BCRM in the area of LED. The BCDA is registered as a Section 21 Company. A service level agreement between the BCDA and BCRM has been signed. Furthermore, the Development Agency was mandated to benefit all the citizens and communities in the designated area, with special emphasis on job creation, black economic empowerment (BEE) opportunities and the sustainability and viability of projects.

Table 4: The Blue Crane Route Municipality's

Local Economic Development Objectives and Strategies

Objectives	Strategies
1. Investor confidence in BCRM will be promoted through the provision of sound infrastructure and reliable services by 2012.	<ol style="list-style-type: none"> 1. Increase economic confidence in BCRM 2. Enhance skills base of BCRM.
2. Institutional arrangements to promote LED in BCRM have to be consolidated and strengthened.	<ol style="list-style-type: none"> 1. Ensure a sustainable & effective development agency 2. To provide a framework for LED in BCRM
3. SMMEs will be promoted and supported to increase employment opportunities in BCRM by 2009.	<ol style="list-style-type: none"> 1. To encourage and support SMME development
4. Growth of the agricultural sector will be encouraged through diversification and value adding to primary products.	<ol style="list-style-type: none"> 1. To commercialize agriculture in BCRM 2. To add value to local products within BCRM
5. Visitor numbers to BCRM will be increased by 10% annually.	<ol style="list-style-type: none"> 1. Promote tourism as economic driver in BCRM. 2. To promote implementation of development agency nodes.

Source: BCRM. (2007). Integrated Development Plan. Somerset East:

Eastern Cape Province, South Africa.

The importance of the Development Agency can best be described through its core objectives as: first, to develop a spatial and economic development plan for the identified development sectors; second, to acquire (including entering into long-

term agreements), own and manage land and buildings, and/or rights to land and buildings to be used for economic and social development purposes, public service, public infrastructure, educational, health and cultural purposes, and to prepare and equip such property as needed to fulfill the development needs of the public infrastructure and for cultural, nature or wildlife conservation purposes.

In order to facilitate development in the BCRM, the Agency is obligated to compile an Integrated Development Master Plan (IMDP) which describes development mechanisms, projects, budgets and time frames; a communication and marketing plan that explains the marketing actions and procedures, and the concept document that portrays the functionality of the Agency (IMDP, 2004). The IMDP states that the primary purpose of the BCDA is the development of agriculture, tourism and business sectors through individual and communal projects. It was through these project developments that jobs are created and local economy stimulated in the BCRM area. The secondary purpose of the BCDA is to positively influence any situation that can have a constructive bearing on development issues in the BCRM area. The BCDA has the potential to rectify the troubled tourism efforts and to produce a strong and vibrant sector that benefits all the citizens in the BCRM. The potential for tourism development in the three towns (Pearston, Cookhouse and Somerset East) was an important factor for LED in the Municipality and the BCDA was responsible for its development.

Conclusion

This chapter has discussed that since 1996, the IDP has been the centrepiece of planning. The IDP is supposed to provide strategic guidance to

municipalities whilst linking sectoral plans and processes. IDPs developed in the post-2000 period provide the basis for a fairer assessment, although the second round of IDPs clearly shows that it continues to be a learning process in terms of its preparation, operationalisation and implementation. IDPs are intended to assess community needs, prioritize such needs, develop integrated frameworks and goals to meet these needs, formulate strategies to achieve the goals and implement programmes and projects.

In terms of the Municipal Systems Act (No. 32 of 2000), the IDP is defined as a strategic plan that coordinates and integrates plans, and aligns resources and implementation capacity. It provides the policy framework for annual budgeting and is compatible with national and provincial development plans. The purpose of an IDP according to the chapter is to align plans and strategies of a district municipality with those of its constituent affected municipalities in order to ensure cooperative governance.

The IDP comes across as a strategic management tool for the Municipality. Thus, the IDP looks at both the internal capacity and external development priorities of the Municipality. The IDP aims to achieve cooperative governance. Local economic development is lifted out by legislation as a key area of this collaboration and coordination. Thus, the IDP is a process through which municipalities prepare a strategic development plan for a five-year period. According to the Municipality Systems Act, the IDP is the written plan that results from the IDP process.

According to the BCRM IDP, the IDP process should provide the opportunity for disadvantaged and marginalized groups to make their voices heard. The Municipality must make every effort to ensure that previously disempowered and/or

marginalized sections of community such as women, disabled people, long-time unemployed people, young and elderly people are fully involved. Therefore, the strategies, projects and programmes that are generated through the process of IDP must be tested in terms of the extent to which they assist in empowering and improving the living conditions of the disadvantaged.

In this chapter it has been reiterated that the Blue Crane Route Municipality needs to fulfil its core responsibilities in such a way that it has a lasting and profoundly positive impact on the quality of people's lives. The Municipality needs to become more developmental in its thinking, visionary and influential in the way it operates. It should also be more strategic and creative in addressing development priorities from the IDP process in a sustainable and increasingly integrated manner. The identification of development priorities forms an integral part of the IDP. Development priorities form the basis for strategy formulation, identification of projects and ultimately financial planning for the Municipality. Thus, development priorities for BCRM have been determined through a comprehensive community and stakeholder level analysis and a Municipal level analysis as discussed in this chapter.

It therefore remains the responsibility of the BCRM council to implement the IDP's strategies. In this chapter, the IDP document reflects the foundation for work to follow in the years ahead. Hence, it is revised, updated and improved on a yearly basis. It also helps to assess whether LED is undertaken effectively within the Municipality. Therefore, the focus of this study is to identify the areas of concern regarding LED and rural-urban linkages and to look at strategies, ways and means

of addressing these LED and rural-urban linkages issues as priorities for both the rural and urban areas with the help of the IDP.

This chapter has discussed the different BCRM IDPs (2002-2007) and their importance in solving the employment problem and poverty alleviation within the BCRM. In discussing the IDPs, special attention was focused on the socio-economic situation of the BCRM from 2002-2007. The demographic situation of the Municipality was also analyzed. Key performance areas, the CDM development priorities and the BCRM development priorities have been discussed. The local economic development priorities of the BCRM have been highlighted. Finally, the chapter highlighted the development activities performed under the BCDA which is an entity of the Municipality.

CHAPTER V

DEVELOPMENT CHALLENGES IN BCRM-
INFRASTRUCTURE, SERVICES AND MARKETS

Introduction

This chapter presents and analyzes the data collected in the research. The chapter provides an analysis of local economic development and rural-urban linkages in the Blue Crane Route Municipality (BCRM). The chapter indicates some of the development challenges the Municipality faces in implementing its Integrated Development Plans (IDPs). The empirical findings focus on the effectiveness of infrastructure, services and markets in addressing social, environmental and economic variables in the promotion of LED. The importance of policy and the institutional framework for the implementation of LED within the Municipality is analyzed in this chapter.

The findings address the importance of involving the relevant stakeholders in local economic development as well as addressing the challenges in LED within the Blue Crane Route Municipality. Finally, the findings focus on the importance of the concept of rural-urban linkages in enhancing the quality of life of the local communities. The chapter starts with the background information of the interviewed household heads. Local economic development activities and infrastructure within the BCRM are also presented. The role of the Blue Crane Development Agency of the Municipality is highlighted in this chapter. Finally, the chapter discusses infrastructure development and rural-urban linkages as infrastructure is pivotal in LED.

Echoing the broadened notions of development to incorporate economic, social and environmental concerns within BCRM, a resonant distinction in the kinds of LED was between its quantitative level and its qualitative character or nature. The quantitative dimension of LED related to a numeric measure, for example, the number of jobs created or safeguarded within the Municipality, new investment projects secured or new firms established. The qualitative dimension was concerned with the nature and characters of LED, for example, economic, social and environmental sustainability. The qualitative dimension was also concerned with the form of growth within the Municipality, the type and quality of jobs and the growth potential and sectors of new firms.

The qualitative approach focused upon more subjective concerns that connected with specific principles and values of LED such as relative wage levels and Farmers' Unions recognition by the Municipality. Though the research in the BCRM focused on the two dimensions, the qualitative dimension has become increasingly important in recent years in tandem with broader understandings of LED (Pike, Rodriguez-Pose & Tomaney, 2006). The main reason is that high quality economic growth that is sustainable brings lasting gains in employment and living standards and reduces poverty. High quality growth promotes greater equity and equality of opportunity. It should respect human freedom and protect the environment.

Socio-Economic Characteristics of Household Heads

A total of 61 household heads were interviewed throughout the

Municipality. In the rural areas of the Municipality, 34 household heads were interviewed whereas in the urban areas a total of 27 household heads were interviewed. From the household heads interviewed throughout the BCRM, there were more female-headed households (60%) than male-headed ones (40%). The female heads attributed this to the fact that their husbands were in/or in search of employment elsewhere. This incidence of female-headed households was common in black and coloured residential areas (rural and urban), but not in the white rural and urban residential areas.

According to the data collected, 60 percent of the household head respondents attained primary education while 20 percent attained a high school education. Moreover, 10 percent studied at university and the remaining 10 percent never attended school. The majority (65%) of the household head respondents in the study area, both in the rural and urban areas, indicated that they were educating their children with funds from the state grants (R210.00) and old age pension (R940.00) (2008 figures). Against this background, the household heads interviewed indicated that 30% of their youth who had completed their high school education cannot further their studies because of lack of funds since their parents were not working (50% of the parents were unemployed within the study area). The low standard of education (70% of household heads either with primary or no education) led to an increase in poverty within the Municipality.

The 30 household head respondents working in the dairy husbandry and the 16 on small stock (sheep and goats) white farms were employed in most cases as casual labourers. They were paid an average of R800.00 per month which was also not enough to take care of all the family needs. A total of 65% of the rural and

urban household head respondents in the study areas indicated that they were never offered good jobs because of their lack of skills. This is best articulated in the following statement that one of the householders made:

Due to a lack of education and skills we have been excluded from the mainstream economy, hence, we could not source out good income for our children to further their studies. South Africa is still in the developing stage. Therefore, we cannot afford to acquire quality education without enough financial information.¹

Although the Cookhouse Youth Development Foundation was training residents in computer skills and issuing them with certificates, the existence of such a facility was not well known in the Cookhouse area.

Most of the respondents (55%) had between four to six family members within their households. In addition, unmarried daughters, often with their own children lived in the family home where the financial situation was poor. The result of this was a decline in the quality of life and increased poverty:

The Municipality does not employ them (children) even if they apply. It is sad because our children are always applying but are not called for interviews. These are some of the critical issues leading to the high unemployment rate which is in excess of 50%. Unemployment creates a vicious, negative downward spiral, destroying communities and the

¹ S.K., personal communication, September 04, 2008.

Municipality. The migration of people from the rural to urban areas is as a result of unemployment. As soon as the downward spiral of unemployment gets momentum, people start migrating to areas with greater financial opportunities. Implementation of local economic development activities in agriculture, tourism and manufacturing and good infrastructure are some of the solutions to the unemployment problem within the Municipality.²

Local Economic Development Activities and

Infrastructure in BCRM

In the study area physical infrastructure, in the form of road networks and household services (electricity, sewer and water), was an important aspect of rural-urban linkages and LED. A road network was one of the determinants of household-level prospects of escaping poverty in the BCRM. However, there was a divide in access to household facilities (electricity, sewer and water) between the rural and urban households where the rural had relatively lower levels of coverage. The four respondents from the executive committee (Community Services, Infrastructure Development, Finance and IDP/LED, and Cooperative Services) of the BCRM indicated that the LED activities in agriculture, tourism and manufacturing had been incorporated into the Integrated Development Plan (IDP) documents of 2002-2007 and 2007-2012, though they were not thoroughly implemented. The executive officer from Finance and IDP/LED indicated that:

² T.P., personal communication, September 04, 2008.

The LED strategic plan is not thoroughly followed during the planning and implementation of the LED projects in agriculture, tourism and manufacturing, which is a major setback in development. The LED strategic plan is also incorporated into the IDP and community-based plans, though not thoroughly followed. The Municipality is in the process of implementing the LED strategic plan together with the community-based plans. The exercise is done with the communities in their respective areas.³

The Finance and IDP/LED respondent from the executive committee indicated that the plans (LED strategic plan and the community-based plans) were developed together with the communities which indicated their development needs. The respondent further indicated that in developing the IDP/LED strategic plan, public meetings and workshops were held to discuss the problems of the communities. In these meetings the communities stated their needs in order of priority.

The IDP/LED Officer, however, indicated that the main challenge was to separate the LED programmes from the IDP plans because full attention was needed on LED:

It is not easy to monitor the LED programmes if they are incorporated into the IDP. The LED strategic plan is very critical for LED activities in agriculture, tourism and manufacturing to be successful. There has been

³M.S., personal communication, August 23, 2008.

no implementation of the business structure for tourism. Hence, the local communities are not benefiting from the tourism industry.

The IDP/LED Officer further indicated that the communities were not benefiting from the LED projects because the Blue Crane Development Agency (BCDA) delays in handing over the LED projects in agriculture, tourism and manufacturing to the communities. According to the IDP/LED Officer, the Development Agency is required to hand over the LED projects in agriculture, tourism and manufacturing to the communities after two years.

The main task of the Development Agency is to check the capacity of the people before the handing over is done. The local communities have to be assisted with skills training, markets for their products, financial management and how to develop business plans.⁴

The infrastructure development respondent from the executive committee indicated that the major challenges that the Municipality was faced with included the shortage of water, funding for LED projects, the poor road infrastructure, especially the gravel and farm roads, shortage of both electricity and land for farming purposes. The respondent further indicated that the shortage of water was critical in the BCRM but it was more severe in Pearston where only one borehole serviced the whole area (both rural and urban):

⁴ A.N., personal communication, August 25, 2008.

In trying to address the shortage of water in Pearston, the Municipality was collaborating with Camdeboo, Ikwezi and Sundays River local municipalities. There are no agricultural, tourism and some small business developments that can be implemented in the absence of water. Shortage of water affects local economic development activities within the entire BCRM.⁵

The Infrastructure Forum had referred the water shortage problem to the Department of Water Affairs and Forestry (DWAF) for attention. The water shortage was marked as one of the constraints to local economic development projects in agriculture, tourism and manufacturing within the Local Municipality. The four ward councillors from Cookhouse, Somerset East and Pearston, though interviewed individually, argued that even where there was land available for local economic development projects, the resource (land) was not fully utilized due to water shortage. Water shortage was constraining agriculture, tourism and manufacturing developments within the Municipality, especially in Cookhouse, Pearston and the rural areas of Somerset East. The farming community was reluctant to invest in agriculture related projects in the absence of water.

The ward councillor for Cookhouse (ward 1) who was also a member of the executive committee stated that land under the control of Transnet which were considered arable, and good for agricultural production, especially in Cookhouse, had a serious shortage of water problem because the Municipality could not improve it:

⁵ F.L., personal communication, August 23, 2008.

The Municipality is not in a position to develop lands under the control of Transnet because the Company (Transnet) is not willing to sell the land. Negotiations regarding the selling of land have been ongoing between Transnet and the Municipality but have remained unresolved.⁶

The shortage of water had resulted in few people investing in agriculture in the Local Municipality. The agriculture sector was therefore employing few people in the BCRM resulting in an increase in the unemployment rate (50%) and the incidence of poverty within the Municipality.

The members of the four Farmers' Unions (two of which were in Somerset East, one in Cookhouse and the other in Pearston) in the BCRM had been discussing the water shortage with the Municipality but the problem remained unresolved. Most of the lands that the farmers intended to use for farming purposes were without water, therefore there were problems with the implementation of the LED projects in agriculture.

The Municipality was auditing land throughout the BCRM in order to purchase some for the emerging farmers to pursue their LED activities in agriculture and manufacturing. The MEC for Agriculture had recommended collaboration between the emerging black and commercial white farmers to improve agriculture and overcome the incidence of poverty and unemployment within the BCRM. In trying to overcome the incidence of poverty and the unemployment problem within the Municipality one of the ward councillors indicated that:

⁶ B.M., personal communication, August 22, 2008.

The Department of Land Affairs and the Land Bank have bought a farm (1,389ha) for 118 farmers under the Masisame Trust in Cookhouse to act as one of the solutions to the unemployment problem and the enhancement of quality of life in 1994. The farmers are engaged in dairy and beef farming at the subsistence scale. However, the Trust is not employing people because each member is managing his/her own stock. Thus, the Trust is not completely solving the unemployment problem (50%) that has resulted in increased poverty levels within the Municipality.⁷

At the time of conducting the research, the Masisame Trust had 103 members as 15 had died. The members of the Trust indicated that they were seeking assistance from the Department of Agriculture on dairy farming. The (ten) members of the Trust that were interviewed indicated that the cheese factory in Cookhouse was not buying their milk because of the complaint that the Trust's cattle were not in good health. The factory had told the members of the Trust that they were not producing milk that was good for cheese production. Therefore, the members sold their milk locally for R3.00 per litre or travelled to Somerset East to sell to the retailers. This was expensive for the farmers as transport costs R15.00 to Somerset East per single trip. In relation to environmental degradation, the Trust members complained that the Department of Agriculture was not helping them with soil erosion control, fire management as well as grazing control techniques to improve their livestock production:

⁷ B.M., personal communication, August 27, 2008.

The cattle are kept in a communal grazing system. This type of grazing system encourages both inbreeding and crossbreeding which is not favourable for the production of good quality meat at the abattoir in Somerset East. The grazing land is not controlled and hence overgrazing is experienced. This results in land degradation such as soil erosion and poor grazing lands for the livestock. There is also the experience of uncontrolled fires in trying to improve range condition.⁸

At the abattoir, the farmers were getting between R1,500.00 and R1,800.00 per cow which was far lower than the selling price for cattle. The Trust members also indicated that transport costs were very high (R150.00) for 24km whenever they wanted to sell their stock in Somerset East. The cost was high because of the poor road infrastructure from the rural areas where the farms were located and Somerset East. The members of the Trust also raised a serious concern about the shortage of water which was impacting negatively on both dairy and beef production as the animals had nothing to drink. The farmers complained about the lack of market information on a weekly basis to know the changes in price.

There was also the Masephethisane Farmers' Trust dealing with vegetable production in Cookhouse. The Trust was established in 1997 and had 28 members. Each member was supposed to have a tap close to his/her plot (900m²) for irrigation purposes. However, only 20 members had taps close to their plots and the taps did not have water regularly which impacted negatively on their production. The Trust members planted vegetables such as onion, carrot, cabbage

⁸ X., personal communication, August 22, 2008.

and beetroot. When there were no rains the members preferred to plant maize and pumpkin which do not need water regularly. The members complained about the Department of Agriculture for not assisting them with vegetable production techniques to improve their production as well as with marketing to sell their commodities. The members indicated that they had to carry their produce in bags and travel for 10km from the farm to the urban centre in Cookhouse where they received minimal prices for their produce.

The Department of Agriculture was consulted as the emerging farmers indicated that they were not getting any assistance from them. The Extension Officer for the Department of Agriculture indicated that they were helping the emerging farmers with both crop and animal production techniques. The extension officer further indicated that she worked with the LED/IDP officer who linked her with the ward councillors and community development workers. The extension officer explained how they work with the emerging farmers:

The members of staff in the Department of Agriculture visit the projects once every week to advise on agricultural production techniques. The Department provides inputs and implements to these farmers for the first three planting seasons to start their projects. Thereafter the farmers are expected to be self-sufficient.⁹

The four ward councillors (two of whom were members of the executive committee) interviewed in the BCRM indicated that the Municipality was in the

⁹ N.P., personal communication, August 22, 2008.

process of helping the Farmers' Unions and emerging farmers to acquire land for LED activities/projects in agriculture, tourism and manufacturing. According to the four ward councillors, these projects were initiatives from both the commercial and subsistence farmers who were interested in developing projects in partnership with Black Economic Empowerment (BEE). The LED projects occurred on commercial farms and Municipal lands. Individuals and Farmers' Unions who showed interest in agricultural development approached the Municipality for assistance (land, agricultural inputs, implements, and technical expertise).

Training on the management of agricultural projects was to be conducted before any form of assistance was offered. The institutional structuring of the projects revolved around: one, establishing a legal shareholding entity; two, legal entity that included partnerships; three, BEE to establish a Workers Trust; four, legal entity to either purchase or lease land/equipment from commercial farmers. Moreover, the ward councillor responsible for ward three indicated that as part of LED and the enhancement of quality of life, the Municipality, through the Department of Land Affairs, had purchased Prinsloo farm in Somerset East to lease to the emerging farmers (Siazama Agro-Project). The farm was 1,449ha in size, however, only 110ha was utilized. This farm was bought as part of the BEE projects in the Blue Crane Route Municipality:

The Siazama Agro-Project has a total of 25 registered members engaged in fodder, poultry and beef production. The emerging farmers also got a donation of two Nguni cows from the Department of Agriculture. It is however, difficult for BCRM to monitor the development projects of the

emerging farmers because of the slow implementation of the LED strategy and the shortage of personnel.¹⁰

The Siazama Agro-Project secured funding of R750,000.00 from the Department of Social Development for the planting of lucerne to complement grazing. The fodder was to be planted on 50ha to accommodate at least 36 cattle belonging to the Siazama Agro-Project. When the cattle were ready for market at the abattoir in Somerset East, the owners of the beef cattle drove their animals from the farm, 12km East of Somerset East to the abattoir for selling.

In this Project (Siazama Agro-Project) there were three members who were engaged in poultry production. They were raising 300 birds per batch. The members sold their broilers at Somerset East for R40.00 each as the poultry abattoir on the farm was not working. They indicated that they had to pay for transport (R70.00) for their broilers to the market and for buying feed in Somerset East.

Though the Department of Agriculture has subsidized the Siazama Agro-Project with R220,000.00 for the drilling of a borehole, the members still have to pay for the water tax right which is R46,003.00 per year. They (members of the Siazama Agro-Project) have to pay rent for the land (R12,000.00 per year) that has been leased to them by the Department of

¹⁰ N.Y., personal communication, August 21, 2008.

Land Affairs. Therefore it is difficult for them to continue with their different agricultural projects.¹¹

Thus, the four councillors indicated that the Provincial government had to help fund the LED activities within the Municipality. However, the application for funding of LED projects was made to the Cacadu District Municipality (CDM) and this delayed service delivery for LED projects in the Municipality. The ward councillor responsible for ward five indicated that the problems of land and water shortage were compounded by poor road infrastructure and the shortage of electricity:

Though the Department of Public Transport, Roads and Works is providing funding for routine maintenance of roads, the funding is not enough for the private contractors to do a complete routine maintenance of the roads. The inadequate funding is therefore jeopardizing the chances of having more investors in the Municipality which could ultimately result in more job opportunities.¹²

The poor road infrastructure within the Municipality (especially gravel and farm roads in the rural areas) needed a thorough routine maintenance to assist in rural-urban linkages and the enhancement of LED. The respondents (ward councillors and Farmers' Unions) indicated that the funding allocated for road infrastructure was not enough for routine maintenance. The Infrastructure Forum operating within BCRM was also tasked with the maintenance of roads and other

¹¹ N.Y., personal communication, August 21, 2008.

¹² M.N., personal communication, September 05, 2008

infrastructure problems. According to the Infrastructure Forum, R20,000,000.00 (not enough) had been set aside for the maintenance of the rural roads throughout the Municipality for the Financial Year 2008/09.

The Infrastructure Forum further indicated that an estimated amount of R70,000,000.00 (though not enough) had been budgeted for tarring access road to the northern gate of Addo. The road infrastructure work was scheduled for two Financial Years whereby R35,000,000.00 were to be used in 2008/09 and the remaining R35,000,000.00 in 2009/10. The funding for these roads was from the Department of Public Transport, Roads and Works. The Infrastructure Forum stated that a new road network for Boschberg Country Estate had been estimated at R15,000,000.00 for the 2007/08, 2008/09 and 2009/10 Financial Years.

Each Financial Year was supposed to use R5,000,000.00 and the funding was from the Industrial Development Corporation (IDC). Finally, a new road network from the airport at the Boschberg Country Estate was estimated at R2,500,000.00 (which was also not enough) for the Financial Years 2008/09 and 2009/10. The ward councillor responsible for ward four indicated that:

The Municipal rural roads which are mainly gravel leading to farms require thorough maintenance as they are key to local economic development and in enhancing rural-urban linkages within the Municipality. The slow implementation of the local economic development framework and

shortage of personnel are resulting in the increase in infrastructure problems that are experienced within the BCRM.¹³

The poor road infrastructure has impacted negatively on the taxi industry as well. According to the secretary of the Uncedo Taxi Association branch in Somerset East, other than the poor road infrastructure, the industry was also very difficult to operate because of the illegal transport operators who carried passengers on the main routes (Cookhouse and Pearston) to Somerset East.

This illegal business by the transport operators has led to the taxi operators reducing the number of trips to Pearston and Cookhouse to three trips per month as opposed to daily (1st, 2nd and 3rd of every month). Otherwise the taxi industry becomes operational on Fridays which makes life difficult for the rural communities in the study area to connect with the urban centre (Somerset East) to sell their products (fish, bread, vegetables and milk) and receive full banking services which are only found in Somerset East. There is no business in the taxi industry because the police are not willing to prosecute illegal transport operators in Cookhouse and Pearston. Thus, a taxi operator makes one trip per day when on duty. The illegal operators do not want to pay a joining fee of R3,500.00 and R6.00 for a receipt book. The association members are not getting any assistance from the police service (D.V., personal communication, August 25, 2008).¹⁴

¹³ V.J., personal communication, August 23, 2008.

¹⁴ D.V., personal communication, August 25, 2008.

In terms of LED activities, the councillor responsible for ward one indicated that the Municipality Infrastructure Grant (MIG) funded mega-projects, especially those that were managed through the Blue Crane Development Agency (BCDA). These included the Boschberg Node which was a tourism/environment project, Misty Mountain which was agriculture related project, and the airfield and flying school.

According to the ward councillors in wards three and five, the Department of Agriculture required people from different areas in BCRM to form Farmers' Unions and undergo training before they were offered assistance in the form of agricultural inputs and implements. According to these councillors, training on LED development activities in agriculture was provided to the Somerset East communities before implementation of LED projects. The Department of Trade and Industry (DTI) incurred all the expenses for the running of LED workshops and the Provincial Department of Agriculture offered expertise and training. Training was offered in the fields of agriculture, environmental management and protection, tourism development and financial management.

The Ward four councillor in Pearston contended that the LED activities were being implemented slowly. However, the ward four councillor further indicated that there was an ostrich project to be implemented before the end of 2008 and the birds were to be bought from private companies. It had not been implemented yet because funds were not available. The project beneficiaries were supposed to be the communities (blacks and coloureds) in BCRM, mainly in the Pearston area. The ward four councillor also emphasized that there were social relief projects funded by the National Department of Social Development in the pipeline as part of

LED. They included, amongst others, poultry and vegetable production. However, 70% of the household head respondents in Pearston indicated that there was no transparency when selecting the beneficiaries of the projects.

Regarding electricity, the BCRM had a license to buy electricity and sell to its consumers (individuals and farms within BCRM) from the Electricity Supply Commission (ESKOM). Moreover, all the formal houses in the Municipality were electrified while the informal settlements, such as Chris Hani were not. The upgrading of electricity installations was an important factor within the Municipality. According to ward four councillor, the shortage of electricity was another problem leading to fewer LED activities being implemented as investors were reluctant to operate in an area with power shortage. The expansion of electricity to new farming areas was a serious problem experienced in the Municipality.

The ward one councillor and household head respondents, though interviewed separately, complained that the railway station which used to create employment opportunities in Cookhouse had been closed. The ward one councillor emphasized that since the closure of the railway station, the unemployment rate had increased drastically:

The communities within BCRM were dependent on the railway station for employment when it was state-controlled, as it was situated at a strategic point for employment opportunities and as a means of transport to both Port Elizabeth and Johannesburg. Since the closure of the railway station,

job opportunities have gone. The unemployment rate is alarming (38.2%) due to shortage of job opportunities.¹⁵

The ward one councillor indicated that in the past Cookhouse was one of the busiest railway junctions in the country. Currently, the train does not stop at Cookhouse as there are no railway personnel any more.

The Cookhouse economy is historically based on agriculture that has been enhanced by the railway station that played a crucial role in the town's economic activity. When the railway station was closed, the effect on the local economy was devastating. The closure of the railway station proved to be a catalyst for unemployment and poverty. The closure of the railway station has also resulted in an ever-deteriorating environment ... This alarming situation led to the establishment of the Blue Crane Development Agency (BCDA) to remedy the situation.¹⁶

The BCDA was established as an entity of the Municipality to deal with mega-projects and as a facilitator in LED activities to deal with the unemployment problem. The Municipality in turn acted as the implementing body of the LED activities through its LED Officer.

¹⁵ B.M., personal communication, September 07, 2008.

¹⁶ B.M., personal communication, September 07, 2008.

The BCDA's Role in LED Activities in BCRM

According to the Chief Executive Officer (CEO) of the BCDA, the Development Agency was operating as an entity of the Municipality. The CEO stated that the Agency was responsible for macro-economic projects. The Municipality on the other hand was responsible for micro-economic projects that the LED officer monitored. The Agency was the facilitator for LED mega-projects of the Municipality, while the Municipality was the implementing body. The CEO of the BCDA contended that the Development Agency obtained loans for development from the Development Bank of South Africa (DBSA) and the Industrial Development Corporation (IDC) to pursue local economic development activities in agriculture, tourism and manufacturing within the Blue Crane Route Municipality. However, the Development Agency had some difficulties in pursuing its activities:

The Development Agency is having problems with the Department of Environmental Affairs to conduct the environmental impact assessment on the development of the golf estate. The Development Agency had to hire private consultants to conduct the environmental impact assessment exercise before the actual development.¹⁷

Though there were agriculture, tourism and manufacturing LED projects in the BCRM, the beneficiaries (rural and urban communities within BCRM) were struggling with management of these projects because of the lack of skills and hence, were not able to run the projects themselves. The beneficiaries also lacked

¹⁷ Z.T., personal communication, September 06, 2008.

enthusiasm and cooperation to be able to manage these projects themselves. In addition, the BCDA respondent responsible for business emphasized that the level of literacy was impacting negatively on the development of the Municipality as most of the beneficiaries had a low standard of education.

The Manager responsible for the business section of the BCDA argued that the shortage of personnel and slow implementation of the LED framework were the main obstacles towards development in the BCRM. According to the BCDA Manager responsible for business, the LED guidelines which had been prepared by a consultant from Port Elizabeth were not adequately addressing the needs of the people. However, several workshops and meetings were conducted with the employees and the councillors of the Municipality to clarify critical issues on the LED guidelines. The BCDA Manager responsible for business contended that the BCRM and the Developing Agency were not creating sustainable jobs and should work towards achieving that goal. He added:

The challenges facing the Municipality are huge because of the lack of enthusiasm among BCRM staff members concerning local economic development and the lack of cooperation between the BCDA and BCRM personnel. The BCRM, on the other hand, has a shortage of experts. The Municipality has to request technical expertise from the Department of Agriculture for agricultural activities which is creating problems regarding local economic development in the area.¹⁸

¹⁸ R.B., personal communication, September 06, 2008.

The Manager further indicated that the strategy for business development was founded on black economic empowerment (BEE) and job creation. According to the manager responsible for business, the BCDA was to act as the driving mechanism, creating business opportunities and to act as an overall facilitator to drive the LED process from concept to implementation:

The drive for LED is always of crucial importance to the Blue Crane Development Agency. The business environment in the BCRM lends itself to an integrated, linked system. There are no large industrial developments within this Municipality. Most businesses revolve around the agricultural sector. Agriculture, as the main driver of the economy and the developing tourism sector create secondary business opportunities that can be utilized by the business development sector of the Blue Crane Development Agency.¹⁹

The Manager responsible for the business section argued that the BCDA acted as a forum to identify potential micro-and macro-business opportunities. The BCDA also facilitated the initial prefeasibility studies to determine the viability and sustainability of proposed LED projects. The BCDA business section facilitated the compilation of business plans incorporating cash flows and other financial information. The business plans are then submitted to funders for consideration. The business manager noted:

¹⁹ R.B., personal communication, September 06, 2008.

The business section of the BCDA facilitates a networking function to assimilate and coordinate all role players and stakeholders to maximize resources and monitor projects in the rural and urban areas of the Municipality. The business section is an integral component in both the agricultural and tourism sectors. Thus, it plays a pivotal role in both the agricultural and tourism sectors in the rural and urban areas of the Municipality while at the same time being developed as a sector in its own right.²⁰

The Manager responsible for business further stated that the business strategy favoured a policy of development that was very sensitive and considerate towards the environment. He indicated that the critical component in development was finance. Intensive development of the business industry was aimed not only at stimulating growth and creating jobs but also at attracting foreign investment to the Municipality. The business section also assisted with the creation of strategic alliances and partnerships to improve the viability and sustainability of business industries in the Blue Crane Route Municipality.

The business Manager further noted that business development included agriculture, tourism and manufacturing. Thus, business development served as a common denominator throughout and cannot be considered or managed in isolation, but rather in conjunction with both agriculture and tourism. For the reason that there were no large industrial developments in the BCRM, most businesses

²⁰ R.B., personal communication, September 06, 2008.

revolved around the agricultural sector. The partnership dealt with commercial enterprises in manufacturing, agriculture and tourism.

The Manager responsible for the agricultural section of the Development Agency indicated some challenges facing the Municipality. He indicated that though there was slow implementation of LED projects in agriculture, tourism and manufacturing, developmental procedures and policies were essential to ensure success. The manager responsible for agriculture further argued that the entire agricultural development strategy was based on responsible agricultural improvement:

The local communities are not taught to assume full responsibility of the agricultural projects. The local communities are not getting continuous support from the Municipality to manage their projects because of staff shortage in the Municipality. Funding is not readily available for the agricultural projects. It is imperative that representatives of local communities are involved in all the different stages of agricultural development. As a powerful economic driver within BCRM, agriculture has a positive impact on other related sub-sectors such as the economy, conservation and community development (N.L., personal communication, September 05, 2008).²¹

In improving agricultural development, the manager responsible for agriculture indicated that the BCDA was dealing with emerging farmers' projects

²¹ N.L., personal communication, September 05, 2008.

(agriculture, tourism and manufacturing). The emerging farmers' projects were initiatives of the Development Agency and had been implemented on Municipal and government land. According to the agriculture manager, emerging farmers had been organized into three different categories throughout the BCRM. First, subsistence farmers who farm in a cooperative manner; second, some of the cooperative farmers grow larger and become medium size farmers, and third, the subsistence farmers become commercial farmers and buy land through the Department of Land Affairs. The emerging farmers' projects were in the rural areas of the Municipality where there was an open space to pursue the projects easily.

The emerging farmers' projects included flower and vegetable tunnel commercial farming (Misty Mountain Flower Project) in Somerset East which started in 2005 with eight members. During the time of research five members had left the project citing financial mismanagement on the part of the Agriculture Manager from the Development Agency. One member had died. The two members indicated that the Agriculture Manager was no longer assisting them with technical expertise as he used to do:

The agriculture manager from the Development Agency is no longer assisting us in our flower project. We are struggling on our own with the management of the Misty Mountain Flower Project. Initially we were subsidized with fertilizer, water and chemicals and the project looked a success. The guideline document for the growing of flowers has been taken

by the Development Agency Manager (agriculture). The manager also took the spray that we used to kill insects and weeds on the flowers.²²

According to the two members interviewed, the flowers take five months to reach maturity. The members indicated that initially there was market but the manager has terminated the market lately:

We used to sell our flowers at SPAR supermarket, schools and the surgeries in Somerset East. The agriculture manager stopped that. We are now selling the flowers in town as informal traders. There is no more specific market for the flowers. Most of them die because of lack of market. Also they are not of good quality due to shortage of fertilizer, insecticides and herbicides. Hence, the whites are no longer buying them.²³

The Manager responsible for agriculture indicated that the market for the cut flowers was profitable with big export possibilities. The project concentrated on the local market, but the manager indicated that as production expands, export can be forced into the overall marketing programme. According to the manager, production occurred quickly and an income can be generated within three months after planting. Initially the project used to employ forty employees. The funding for the project (R1,000,000.00) was obtained from the Industrial Development Corporation (IDC).

²² B.E., personal communication, September 05, 2008.

²³ B.E., personal communication, September 05, 2008.

According to the Manager responsible for agriculture, vegetable seed production was already functioning as a BEE project. The seeds were multiplied for national and export market. The manager indicated that one hectare was planted with beetroot and carrot seed for export to Brasilia. Planting was done on commonage lands in Pearston, Somerset East and Cookhouse. The commercial partner was Congo seeds in Oudsthoorn. The Project secured funding of R100,000.00 from Land Bank (Table 5).

The manager also indicated that the broiler production and abattoir commercial projects were seen as some of the successful projects. He (the manager) indicated that the premises identified for establishing the project were Prinsloo farm and the Somerset East commonage in Somerset East, Lazarus farm in Cookhouse and the Pearston commonage (Table 6).

Table 5: Job Creation from Vegetable Seed Production within
Pearston and Somerset East

Location	Jobs Created
Pearston Commonage	20
Somerset East Commonage	30
Total	50
Value of Project	R100,000.00

Source: BCDA. (2004). Integrated Development Master Plan. Somerset East:
Eastern Cape Province, South Africa.

The central abattoir was situated on Prinsloo farm where all slaughter was to be done and central marketing and distribution take place. The operation was divided into two separate sections. The first was the producers section where 14 people had to manage their own broiler production units. They then had to supply the broilers to the abattoir on weekly basis at a fixed price. The second was the abattoir section which had employed three people. This section had to buy the chickens from the producers. The legal entity established for the project had to be a partnership with a Central Bank account managed by the Prinsloo section and the Development Agency. During the time of research (September, 2008) the abattoir structure in Prinsloo farm was visited but it was not functional. The secretary general for the Siazama Agro-Project indicated that there were conflicts between the Development Agency and the Prinsloo farm. Thus, most of the activities such as the operation of the abattoir within the farm were on hold.

Table 6: Job Creation from Broiler Production within BCRM

Location	Jobs Created
Prinsloo Farm	10
Somerset East Commonage	10
Pearston Commonage	10
Cookhouse Commonage	10
Total	40
Value of Project	R1,500,000.00

Source: BCDA. (2004). Integrated Development Master Plan. Somerset East:

Eastern Cape Province, South Africa.

The agricultural Manager indicated that the beef production (weaner system) project of 1200 herd size in Somerset East commonage was ideally suited for the production of red meat under extensive conditions and helped in LED and rural-urban linkages, though it was currently not operational (Table 7). The Manager indicated that the veld composition was such that a high yield of red meat production per hectare could be achieved. According to the Manager, easier management of livestock enables higher profitability. The Manager also mentioned that most of the members in the beef production industry had an excellent understanding of the basic functioning of cattle farming as they grew up with cattle production.

The Manager indicated that a beef production project was a low risk, low management venture with good income. Another advantage for beef production farming according to the manager was that cattle do not compete for grazing with sheep even if raised together because the cattle are long grass grazers while sheep are short grass grazers. Beef production needed less attention, and income was relatively high throughout the year.

Another project of the emerging farmers was the ostrich farming project where there were three beneficiaries who enjoyed permanent jobs and ownership (Table 8). According to the agricultural manager from the Development Agency, an amount of R100,000.00 was secured from Land Bank to start the Project. The members managed to purchase 30 breeding birds to start the Project at Somerset East commonage and Pearston. The manager indicated that further ostrich farming expansion to Prinsloo farm and Cookhouse commonage was envisaged.

The ostrich farm project which was not operational at the time of research was to be expanded to serve as a show farm to complement the tourism sector.

The Manager indicated that the institutional structuring of the emerging farmers' projects revolved around establishing a legal shareholding entity, or creating a legal entity to include a partnership, or establishing a BEE structure to establish a Workers' Trust and/or a legal entity to either purchase or lease land/equipment from the Municipality. All the projects were BEE opportunities and were up to the beneficiaries to take the initiative to become full owners through hard work and cooperation amongst themselves.

Table 7: Job Creation from Beef Production within BCRM

Location	Jobs to be Created
Prinsloo Farm	30
Somerset East Commonage	100
Pearston Commonage	50
Cookhouse Commonage	50
Total	230
Value of Project	R5,000,000.00

Source: BCDA. (2004). Integrated Development Master Plan. Somerset East:

Eastern Cape Province, South Africa.

Table 8: Job Creation from Ostrich Project within BCRM

Location	Jobs to be Created
Somerset East Commonage	30
Pearston Commonage	20
Total	50

Source: BCDA. (2004). Integrated Development Master Plan. Somerset East:
Eastern Cape Province, South Africa.

The Manager, however, indicated some problems with irrigation farming:

The problem with irrigation farming in the Municipality is shortage of water and the current crop usage pattern. The problem with the old farming methods is that low income generated from crop production does not allow for more emerging farmers within the Municipality. However, the idea is to spread the production over the three towns (Cookhouse, Pearston and Somerset East). The even spread over three towns is to ensure viability and sustainability.²⁴

The Manager responsible for tourism indicated that the Development Agency received a mandate from the Municipality to develop the local Municipality tourism sector:

²⁴ N.L., personal communication, September 05, 2008.

The role of the tourism section is to ensure that tourism contributes significantly to the Municipality's economy, social and environmental well-being. Tourism development does not only ensure Black Economic Empowerment (BEE) and job creation, but strongly promotes the area. Tourism development improves and strengthens the existing tourism industry, explores and markets the BCRM area.²⁵

The tourism Manager indicated that after 1994 the Municipality was busy addressing the basic needs of the local communities and had limited capacity to address tourism development. According to the tourism Manager the Municipality has a thriving hunting industry under the leadership of the Development Agency in the winter months:

Tourism-related business people in the three towns need to form associations to organize themselves and assist the development of tourism business. The BCDA has initiated the establishment of these associations and they can be used as key tourism assessment and development tools.²⁶

The tourism Manager further indicated that tourism development was a sensitive issue that required a great deal of responsibility from the Development Agency, the Municipality and the local communities. He indicated that responsibility resided with the Development Agency to ensure that the environment was protected and managed in a way that contributed to sustainable resource

²⁵ C.W., personal communication, September 05, 2008.

²⁶ C.W., personal communication, September 05, 2008.

management and at the same time ensured a good quality of life for all the local communities within BCRM:

It is imperative that representatives of the local communities are involved in all the different tourism development phases. The critical component in tourism development is finance. Intensified development of the tourism industry is aimed not only at stimulating growth, but also at attracting foreign investment to the BCRM. Tourism can be seen as an economic activity that produces a range of positive and negative impacts.²⁷

The BCDA CEO indicated that there were still no good relations with white personnel which had impacted negatively in the planning of local economic development projects in agriculture, tourism and manufacturing for the local communities (rural and urban). Some local residents were reluctant to suggest their development needs with the BCDA personnel because of the lack of trust (between the BCDA personnel and the local communities). Though the local economic development projects in agriculture, tourism and manufacturing were created for local communities from the rural and urban areas within BCRM, there were still problems:

Implementation of LED projects in agriculture, tourism and manufacturing is very slow as the BCRM is responsible for the physical work on the ground (implementation). The BCRM is also responsible for employing people to

²⁷ C.W., personal communication, September 05, 2008.

work in the projects, including monitoring. The BCDA only facilitates these local economic development projects to be implemented and writes business plans.²⁸

Interviews were also held with four Farmers' Unions dealing mainly with vegetable and field crop production, sheep and goat production, and beef and dairy production within the Municipality. The respondents dealing with sheep and goats, beef and dairy production were commercial farmers, while most of the emerging black farmers concentrated on vegetable and field crop production. The commercial farmers dealing with wool, mohair and mutton production drew labourers from Cookhouse and Somerset East. The representatives of the sheep and goat production commercial farmers indicated some of the reasons why they were engaged in this type of farming:

The venture was chosen because there are lots of acacia and other tree or shrub species available for browsers. A big advantage is that the current pastures cater for a goat farming venture. The combination of boer goat farming and beef cattle complements each other very well because there is little competition for grazing. Income is more evenly spread throughout the year.²⁹

They indicated that the boer and indigenous goats were sold at 35kg live weight. The representatives for sheep and goats further indicated that sheep were taken to the market at the age of six to eight months. The representatives indicated

²⁸ Z.T., personal communication, September 06, 2008.

²⁹ B.N., personal communication, August 25, 2008.

that it was easier to manage sheep because they are short grazers and can utilize the grass component of the veld once cattle had moved out of camp. They also indicated some of the problems regarding the marketing of their products (mutton, wool and mohair):

The Market is the main problem for the produce. Transporting the products to the market in Port Elizabeth is costly. Therefore, goats are sold to individuals who use them mainly for the purposes of burial ceremonies. There is a transport problem taking our meat to Somerset East town, though, some residents from the rural areas buy sheep and goats from the farm. The Union therefore prefers to sell the livestock alive as it gets better returns compared to selling carcasses.³⁰

The representatives of the Farmers' Union who engaged in wool and mohair, however, complained about the high electricity bills that they paid to the Municipality. The increase in electricity bills was effected without prior consultation with the farmers. The situation has worsened as the revenue for wool production has decreased by 20 percent and thus, increasing difficulties in paying electricity bills.³¹ Most of the wool and mohair projects have been in operation for two to five years, and the Farmers' Union members dealing with wool and mohair emphasized that there were no problems with the projects. The Farmers' Union members (four) dealing with wool and mohair indicated that they had employed 16 permanent workers at an average monthly income of R1,250.00 per person.

³⁰ Manager B.J., personal communication, August 25, 2008.

³¹ B., personal communication, September 07, 2008.

For the Farmers' Union dealing with dairy, there were seven members with 30 permanent employees who earned an average monthly income of R2,000.00 per person. The Farmers' Union members indicated that they mainly drew labour from the rural areas of the BCRM, and sold milk to the Parmalat Company in Johannesburg and not to individuals. The Dairy Farmers' Union had purchased 500ha of land from private persons, and the land accommodated 2,000 dairy cows. The Farmers' Union members dealing with dairy indicated that the dairy project was able to generate R30- million per year. Hence, the Farmers' Union was funding its own dairy project. In brief the members indicated that the dairy project is self-sufficient and sustainable as it has been in existence for five years.

The emerging farmers were found in the rural areas of the three towns (Somerset East, Cookhouse and Pearston). The emerging farmers were engaged in field crop production such as maize, pumpkin, potatoes and horticultural production such as beetroot, onions, carrots, green-pepper and cabbage. They also grew peaches and apricots on their farms. On average, there were 23 members per project and they work for themselves. The members usually sold their produce in the urban centres of Cookhouse, Pearston and Somerset East. There was no specific market within the BCRM to sell their commodities. The members of these emerging farmers were blacks and coloureds.

The two Farmers' Unions for vegetable and field crop production in the rural areas of Pearston and Cookhouse stated that the BCRM leased land to them for farming. The black and coloured farmers bought inputs to farm the land without any subsidy from the local state. The producers of vegetable and field crops argued that their farming was not very successful as they did not have capital to run

the vegetable and crop production projects. The Municipality promised to disburse an amount of R250,000 for farming activities but the Farmers' Unions did not receive these funds. The Farmers' Unions were faced with production problems in their areas as well as transporting their produce to the market due to the poor road infrastructure of the rural farms (Cookhouse and Pearston).

The majority (65%) of the local blacks was surviving with funds from the state grants (R210.00) and old age pension (R940.00) (2008 figures). Thus, they were unable to visit towns like Somerset East and Port Elizabeth in the Nelson Mandela Metropolitan area, either for shopping, banking services or other recreational facilities. The local black rural residents also had a problem in visiting Port Elizabeth because of the closure of the railway line that was situated in Cookhouse. The railway line acted as an affordable means of transport to Port Elizabeth and Johannesburg. The rural white commercial farmers were able to visit those towns (Somerset East and Port Elizabeth) because they generated high financial returns from agriculture (dairy, wool and mohair), and they invariably had their own private transport.

Some of the local blacks working in the farms were paid an average of R800.00 which would not afford them transport to P.E. and Somerset East when need arises. The local blacks were never offered good jobs because of their lack of skills. Thus, due to lack of skills they have been excluded from the mainstream economy. The MEC for agriculture had recommended collaboration between emerging black and white commercial farmers to improve agriculture and overcome the incidence of poverty and unemployment within BCRM. That may bridge the financial gap between the emerging black and white commercial farmers.

Infrastructure Development and Rural-Urban Linkages
within Blue Crane Route Municipality

The members of the four Farmers' Unions who were interviewed mentioned transport as one of the main constraints in the marketing of their products as they had to sell their produce in the urban areas of Cookhouse, Pearston and Somerset East. The members of the Farmers' Unions argued that there was a problem in transporting their commodities between the rural and urban communities because of the poor road infrastructure. The respondents (household heads, transport forum, Farmers' Unions and the BCDA personnel) further contended that the poor road infrastructure (gravel and farm roads) within BCRM has resulted in poor mobility between the rural and urban areas and in promoting local economic development activities in the rural and urban areas. The transport problem was a concern as the Municipality had even established an infrastructure forum to address the problems relating to transport and other infrastructure problems such as water and electricity.

The four Farmers' Unions argued that additional water was needed for farming purposes. The infrastructure committee contended that it was working on the water shortage problem throughout BCRM. The members of the Farmers' Unions argued that the commercial farmers were using the water from the boreholes on their own farms. The water that was available was for commercial farmers, not for the emerging farmers. The infrastructure forum had to come together to solve the problem of water. Thus, investment opportunities in agriculture, tourism and manufacturing within the BCRM were a big problem because of water and electricity problems experienced throughout the Municipality.

Conclusion

In this chapter it was indicated that a road network was one of the determinants of household-level prospects of escaping poverty in the BCRM. However, there was a divide in access to household facilities (electricity, sewer and water) between the rural and urban households where the rural areas had relatively lower levels of coverage. The road infrastructure within the Municipality (especially gravel and farm roads in the rural areas) needed a thorough routine maintenance to assist in rural-urban linkages and the enhancement of LED. The respondents (ward councillors and Farmers' Unions) indicated that the funding allocated for road infrastructure was not enough for routine maintenance. The Municipal rural roads which were mainly gravel leading to farms required thorough maintenance as they were key to local economic development and in enhancing rural-urban linkages within the Municipality.

Regarding job opportunities, the ward one councillor and household head respondents, though interviewed separately, complained that the railway station which used to create employment opportunities in Cookhouse had been closed. The ward one councillor emphasized that since the closure of the railway the unemployment rate had increased drastically (38.2%). In this chapter it has been explained that the Cookhouse economy was historically based on agriculture that had been enhanced by the railway station that played a crucial role in the town's economic activity. When the railway station was closed, the effect on the local economy was devastating. The closure of the railway station contributed to unemployment and poverty.

In the chapter, the manager responsible for the agricultural section of the Development Agency indicated some challenges facing the Municipality in trying to overcome the unemployment problem. He indicated that though there was slow implementation of LED projects in agriculture, tourism and manufacturing, developmental procedures and policies were essential to ensure success. The manager responsible for agriculture further argued that the entire agricultural development strategy was based on responsible agricultural improvement.

This chapter presented and analyzed the findings from the data collected from the respondents in the Municipality. Local economic development activities and the infrastructure in the BCRM have been analyzed. Attention was given to local economic development activities such as agriculture, tourism and manufacturing. The role that the BCDA played in local economic development within the BCRM was presented. Finally, the chapter presented infrastructure development and rural-urban linkages in the Municipality. The next chapter discusses the findings as they are presented in this chapter.

CHAPTER VI
LED AND RURAL-URBAN LINKAGES
IN BCRM

Introduction

The aim of this chapter is to discuss the findings of the research. The chapter starts with the discussion of the implication of the background information gathered from the field with regard to LED and rural-urban linkages within the BCRM. The chapter discusses all the issues pertaining to integrated rural-urban linkages and LED. Environmental and local economic development issues of the BCRM have been discussed in this chapter. The empirical findings also focus on the local economic development policy within BCRM. The chapter outlines the importance of the link between education and unemployment within the Municipality. The geographic segregation and service backlogs within BCRM have been highlighted. Critical issues enhancing the quality of life through infrastructure development and LED are also dealt with. In conclusion, the benefits that can be accrued with infrastructure development within BCRM are highlighted.

Integrated Rural-Urban Linkages and LED

Local economic development is one of the international imperatives of the new millennium. In accordance with the objective of establishing and assessing the effectiveness of infrastructure, services and markets in addressing social, environmental and economic variables in the promotion of LED within BCRM,

investment in rural and urban areas between 1994 and 2000 did not have the envisaged impact on LED and rural-urban linkages in the Municipality. Although the range and quality of development programmes in existence were relevant, the impact of these programmes was weakened through poor coordination and integration amongst the different Departments (Agriculture, Social Development, Education, Environmental Affairs and Tourism). Interventions have failed to provide services that were relevant to the local economic development priorities and strategies involved in rural-urban linkages within the Municipality. According to Davis (2004), the adoption of rural-urban, economic and enterprise development is ideal in addressing these problems.

Emerging employment opportunities and affordable transport links ensuring higher levels of mobility in the study area (rural and urban) did not facilitate income diversification (work in bars, restaurants and domestic services). The striking differences in the number of women-headed households (60%) in the study area (urban) of the Municipality suggested that urban labour markets offered more work opportunities for women than the rural areas. The towns (Cookhouse, Somerset East and Pearston) offered greater possibilities of employment for females.

The three towns (Cookhouse, Somerset East and Pearston) as potential catalysts for rural-urban linkages within the Blue Crane Route Municipality did not receive the attention they deserved in terms of infrastructure improvement and employment creation. The role of Blue Crane Route Municipality, Social Development, Development Agency, Department of Public Transport, Roads and Works, and the Department of Agriculture did not have a positive influence on rural-urban linkages and agricultural productivity due to poor infrastructure and

management. Thus, the Municipality had failed to achieve rural-urban linkages and agricultural productivity through the provision of a range of goods (agricultural inputs, and consumer goods), urban cash flows and services (agricultural extension and welfare services). In return, rural areas were unable to provide resources (labour and demand for urban goods and services) to enable the Municipality to expand its economic, environmental and social functions.

According to Pike, Rodriguez-Pose & Tomaney (2006), the introduction of new production plants or new agricultural methods of production is generates greater productivity and efficiency, but frequently at the expense of employment. Within the BCRM, most of the commercial farmers employed few people because of the new technologies in agriculture like machinery used. The frequently jobless economic growth was contributing to the exclusion of large numbers of unskilled workers and to the expansion of the informal economy in the Municipality.

According to the information gathered in the Blue Crane Route Municipality, rural development was not pursued by linking the rural with the urban. Tacoli (2006), attests that setting a rural-urban linkage process in motion requires attention to three critical issues:

1. Access to natural resources/agricultural land and water.
2. Devolution of political and administrative authority to the local level.
3. A shift of national development policies in support of diversified agricultural production.

The urban centres within BCRM did not contribute to rural development through

acting as centres of demand/markets for agricultural produce from their surrounding rural areas, either for local consumers or as links to national and export markets. Furthermore, access to markets was a prerequisite to increasing rural agricultural incomes within the Municipality. Moreover, the proximity of the local urban centres of production was assumed to be a key factor in acting as centres for the distribution of goods and services to the rural areas. Throughout the agricultural production process, services included agricultural extension, health, education and banking services. Services in the BCRM did not include the wholesale and retail sales of manufactured goods from within the area.

Whether the BCRM urban centres developed as markets for rural producers and especially for emerging farmers who were struggling to find markets for their produce depended on a number of factors: first, farming systems, labour and natural resources; second, accessibility and affordability of transport; third, storage and processing facilities; fourth, road infrastructure; fifth, the presence of urban demand and finally, the relations between producers and traders.

In the BCRM the rural producers' physical access to the markets in the small urban centres and the extent of these urban centres connection to wider networks were key influences on the Municipality's development. Thus, accessibility and affordability of transport was considered important not only in connecting the producer areas to local urban centres within the Municipality but also in connecting local small and intermediate urban centres to other actual and potential markets. The location of urban centres in the Municipality was therefore critical for rural-urban movements. In most cases, urban centres located on road axle, along railways and rivers had better links with wider market networks. It was

therefore imperative for the railway station in Cookhouse to be revived. Also, it was highly important for the Municipality to consider rural producers' access to information on markets including price mechanisms, fluctuations and consumer preferences.

The problems relating to the development of the SMMEs/emerging farmers in the BCRM included the lack of technical expertise and market opportunities, insufficient support infrastructure and difficult access to finance for the rural and urban areas. Banks had reservations towards making loans available to SMMEs, especially in regards to new LED initiatives. Banks required security that was beyond the means of most potential borrowers and were unwilling to bear the costs of examination of numerous small loans applications. One of the factors of sustainability and success for LED is a credit fund usually formed with resources provided through the Municipality. The major problem is that credit is disbursed on the basis of business plans whose feasibility is thoroughly assessed by experts. The production of business plans is a major challenge that the Municipality is facing.³²

Business plans had to be used, in part, to assess whether the borrower would repay the loan. However, the financial institutions within BCRM had to be included in the loan scheme because clients who previously had no experience with financial systems do acquire the necessary skills. Besides support in drawing up business plans and providing credit, the different government departments (Department of Agriculture and Social Development, for example) had to fully assist in arranging for technical support once the business has started. The initial phase

³² R.B., personal communication, September 06, 2008.

for setting up business enterprises was crucial for the survival of the entrepreneurs. The implication was for the BCRM and the Development Agency to have personnel with technical expertise or seek assistance from relevant departments such as Agriculture, Social Development and the Environment.

The main aim of the BCRM through its Development Agency was to promote local economic development within the Municipality. This was to be done through helping to establish conditions for economic growth, job creation, strengthening local economic and administrative capabilities and promoting local participation as well as rural-urban linkages. In the process of achieving rural-urban linkages in the Municipality, establishing stakeholders' (BCRM, IDC, Farmers' Unions, Development Agency and the Land Bank) involvement in participatory strategies regarding development, and their role in addressing the challenges (infrastructure, financial management, market information and technical expertise) in LED in the BCRM was critical. While dealing with its local economic development priorities, the BCRM did not fully take into consideration rural-urban linkages and the environmental concerns (land degradation) of the communities within the Municipality. Moreover, the most important issue for the Municipality in getting initial interest and support for LED projects (range management, livestock and crop husbandry improvement and tourism development) from local stakeholders was financing.

It was also imperative to develop within the local stakeholders the feeling of ownership of the LED projects. This feeling of ownership motivates local stakeholders to actively participate in development. Policy-makers within the BCRM were not fully considering that economic support institutions situated in rural

areas were faced with greater difficulties than the ones in urban areas, and therefore required more attention and support. The BCRM, Social Development, Department of Public Transport, Roads and Works have a critical role to play in improving the rural and urban life including those of the poor local communities. The abovementioned stakeholders were not fully addressing the people's survival challenges such as water shortage and agricultural production problems when considering local economic development within the Municipality.

Given the high rate of unemployment (50%), people cannot afford to pay for all the basic services within the Municipality. The poor have been excluded from the mainstream developments (agricultural production, road infrastructure maintenance and tourism developments) resulting in the increase in poverty within the Municipality. Taking issues of financing, sustainability and democracy into consideration, these were critical issues to consider. First, it was imperative to consider the poor (urban and rural) communities and their resources (mainly livestock and land) within the BCRM. Second, how the resources could be utilized to improve their lives? It was therefore not a case of using physical labour and managerial resources to provide shelter and make services more affordable. A critical issue for the BCRM was how to protect the environment and make resources available on a sustainable basis, ensuring that if services were provided, people could pay for them.

It has been highlighted in Chapter V that the majority (65%) of the household head respondents in the study areas from rural and urban areas indicated that they were educating their children with funds from the state grants provided (R210.00) and old age pension (R940.00) (2008 figures). Against this background, the

household heads interviewed indicated that 30% of their youth who had completed their high school education were not able to further their studies because of lack of funds since their parents were not working (50% of the parents were unemployed within the case study areas in the Municipality). Thus, it became difficult for the youth to be considered for job opportunities because of inadequate educational skills.

Unemployment affecting young people is a key challenge facing many African countries. A growing youth population projected in the overall demographics of developing countries including the BCRM where 30% of the youth was not employed during the time of research, September, 2009 (the United Nations Population Fund projects 60% of the urban population of developing countries to be aged under 18 by 2030) calls for extraordinary efforts in creating employment and economic opportunities (UN Habitat, 2009).

Environmental Degradation and LED Issues within BCRM

Environmental degradation (overgrazing, soil erosion and uncontrolled fires) within the Municipality had critical implications for the achievement of LED. In 1992, heads of many countries signed Agenda 21 in Rio de Janeiro as a global commitment to protect the environment and promote sustainable development. This served as a strong justification for integrating environmental concerns into all local economic development and policy processes within the Municipality. The LED-environment relationship in the BCRM described a downward spiraling relationship between LED and environmental degradation.

Municipal Commonage Management

The carrying capacity of grazing land within the Municipality was not determined according to ecological zones. The prescribed stocking rate varies spatially between 28-32 ha per large livestock unit (LLU) and 5-6 ha per small livestock unit (SLU). The livestock owners within the Municipality were exceeding the prescribed stocking rate which was regarded as an offence by the commonage By-law of 2006. The Department of Agriculture has a Natural Resource Conservation Division tasked with monitoring overgrazing but was not enforcing closure of grazing camps for prescribed periods so as to allow veld to recover, and this resulted in overgrazing.

Technical advice on good grazing practices, veld and livestock management were not provided to the farmers through the Department of Agriculture. However, the farmers had to purchase livestock medicines from pharmaceuticals themselves. For most of the emerging farmers, livestock medicines were unaffordable and this prevented them from dosing and dipping properly. To this end, the extension officer was expected to provide the emerging farmers with guidance on commonage management such as grazing capacity, erosion control measures and control of wild fires.

What was discovered in the BCRM during the time of research (September, 2008) was that the constituencies covered by the extension officers were large and the distances that they were required to cover excessive, which made it difficult for them to provide the required level of support. Thus, progress in terms of grazing was affected. The extension officers did not provide training in technical, financial

and management skills to emerging farmers in order to develop a business sense on how to invest in the land and think financially.

A major focus for the Municipality was to assist with the creation of communal grazing institutions. The rules governing these institutions needed to be consistent with the national policy. For this to be possible, the Department of Land Affairs and the Municipality needed to be more explicit in laying down guidelines for commonage use (for example, sanction for overgrazing, appropriate lease periods and the extent to which partnerships with white farmers should be encouraged). Within these guidelines commonage user groups should be encouraged to formulate their own rules within a facilitated environment.

During the time of research, there was no evidence that the Municipality authorities had the capacity or resources to police the commonages to prevent degradation. Therefore, the commonage users had to be charged with the responsibility to prevent degradation. Since there was no consistent development approach or culture applied to the commonages across the Municipality, it greatly undermined the work of anybody trying to foster development.

Soil Erosion Control in the BCRM

One of the biggest environmental problems within the Municipality was water erosion. Water erosion was serious and extensive in both cropland and rangeland in Cookhouse and Somerset East. In cropland, inappropriate farming practices played a role, but the most serious cases were where non-arable soils that were vulnerable to erosion had been cultivated. In rangeland used for extensive grazing, serious erosion was due to removal of the protective vegetative cover because of

poor management. Overstocking with grazers (sheep and cattle) in the commonages of Masisame Trust in Cookhouse and Siazama Agro Project in Somerset East led to destruction of the grass cover, leaving the soil barren or leading to bush encroachment.

Due to lack of capital, little fertilizer was applied in the emerging farmers' fields. This led to exhaustive cropping and soil fertility decline resulting in increased soil erosion. According to BCRM IDP (2007), a characteristic of most South African soils including the BCRM is that they are extremely vulnerable to various forms of degradation and have low resilience (recovery potential). Thus, even small mistakes in land use planning and land management have been seen as devastating with little chance of recovery once degradation has begun.

Implications for Future Soil Sustainability

The soils within the BCRM were characterized by serious constraints that needed special management requirements. Due to a wide range of environmental and socio-economic conditions, location-specific, technical solutions were required. It was often best to start from indigenous knowledge and technologies, and to improve these to ensure sustainability of soil. According to BCRM IDP (2007) it was not realized that the resilience of most of the BCRM's soils was very poor. Once the soils have been degraded it is very difficult or impossible to get them back into a productive state again. Thus, it was very important for the farmers to prevent the degradation of areas that were still in good condition within the BCRM.

Sustainable land use had be achieved and degradation avoided if land use and management planning were based on correct land suitability evaluation.

Correct land suitability evaluation was possible only if it was based on high quality physical-biological resource information, including soil maps and soil survey reports. It was important for the Municipality to have well-qualified soil scientists to conduct the required soil surveys that were needed to do effective land suitability evaluations for the improvement of agriculture. Reclamation of degraded areas posed big challenges and new thinking for the Municipality. Promising successes with community-based soil and water conservation approaches had to be used for future efforts in this regard. Finally, strict laws to protect prime and unique agricultural land from being invaded by other uses, especially the political will to enforce these, were essential for maintaining sustainable resource use. Likewise effective laws against subdivision of agricultural land into uneconomic units and strict enforcement of them was required to achieve ecological and socio-economic sustainability.

Uncontrolled Fires within BCRM

Although fire was a fundamental part of traditional land management in the BCRM, some burning regimes promoted soil and nutrient loss, threatened forests, property and water catchments as well as the livelihood of farmers. The problem was that fire was too often used carelessly in the rangelands with little regard for where the fires might end up. Uncontrolled landscape fires, especially in the late dry season, destroyed buildings and crops, and inflicted irreversible damage on mature forests.

The commercial farmers within the study area in the Municipality complained that they suffered extensive financial loss every year as uncontrolled fires

destroyed crops, shrubs, buildings and equipment. Thus, there was a pressing need to improve technical capabilities and information infrastructure to support local decision-making capabilities related to fire management within the Municipality and its adjacent municipalities. Successful prevention of uncontrolled wild fires required the understanding of the economic and ecological benefit of fire prevention by the local communities, and the securing of a strong commitment on their part to prevent intentionally and carelessly started fires.

Finally, environmental degradation within the BCRM occurred through the combined effect of rural and urban consumer and producer activities that used natural and man-made resources unsustainably. Hence, environmental mitigation and improvement efforts within the Municipality require consistent, vigorous, concerted and integrated efforts. These had to be done to ensure the halting of degradation of natural resources. There has to be integration between LED and the practice of sustainable environmental management. The imperative of integration includes environmental, social, economic and stakeholder interests.

The Link Between Education and LED within BCRM

The improvement of the education and the skills of the population within the Municipality without a similar improvement of the competitiveness of local producers or without the attraction of foreign resources resulted in a mismatch between the educational, skills supply and labour demand. The mismatch generated dissatisfaction and out-migration of the highly qualified personnel. Thus, the upgrading of the competitiveness of the producers within the Municipality was

not matched with similar progress in labour skills or in the attraction of inward investment and jeopardized the capacities of local producers.

Rethinking education in rural and urban areas of the Municipality required considering the place of education in current rural-urban linkages of the Municipality. To a large extent, rural and most urban areas in the BCRM have been neglected in development. The educational standards within the Municipality shed light on the need to devote more attention to rural education and to selected parts of urban areas (those occupied by blacks and coloureds). The lack of financial management skills was another problem facing the Municipality. There has also been the appointment of poorly trained staff in the Municipality due to lower standards of education.

The poor funding on education from the Department of Education impacted negatively, especially on rural and selected urban schools, and made living difficult for the local communities. This (funding problem) was evident from the interviews conducted in the Municipality. Seroto (2004) argued that educational policies affected education since 1994, and were hastily implemented. He indicated that insufficient consideration had been given to the contextual realities in schooling in rural and selected urban areas.

The findings of the research conducted in the BCRM revealed that because of the low standard of education amongst the blacks and coloureds, the BCRM communities were not considered for good paying jobs. Therefore, the level of education played a pertinent role in the development of both rural and urban areas of the Municipality. Through poor education, LED activities in agriculture, tourism and manufacturing did not improve in the BCRM. The level of education was a

problem within the Municipality as most of the household heads interviewed had either primary or high school certificates. It was therefore imperative for the Provincial Department of Education to aid the people to acquire a tertiary level of education in the Municipality.

According to the findings, 60 percent of the respondents had primary level of education, 20 percent had high school qualification. Only 10 percent of the respondents had reached university level while the remaining 10 percent had not attended school. According to Balindlela (2007), the Eastern Cape has developed its PGDP to address the challenges of education. Balindlela also indicated that education was one of the six pillars of the PGDP which was aimed at building human resources and the removal of illiteracy within the Eastern Cape Province. It was therefore imperative for the Provincial Department of Education to address educational needs continuously.

Geographic Segregation and Service Backlogs

within BCRM

Local government (Somerset East, Cookhouse and Pearston local municipalities included) during the apartheid regime was structured to facilitate and regulate the agenda of racial segregation and exclusion (Cameron, 1999; Naude, 2001). In the past, municipalities were geared for the implementation of rural and urban apartheid agendas. During the apartheid era, Africans were not regarded as permanent citizens of South Africa, and South African towns and cities were divided along racial lines. South Africa's long history of racial segregation and apartheid, combined with the uneven spread of resources and endowment, created

wide disparities in levels of economic activity and development (Parnell, 1998). According to Parnell, there was a racial dimension with the majority of the poorest being black and the wealthiest being white South Africans. Parnell indicated that apartheid municipalities played a critical role in enforcing segregation, dispossessing and impoverishing the black masses. Forced removals, land expropriation, discriminatory housing, restrictions on trade and racist employment practices helped to create a black majority with few assets, located on poor land far from jobs. The white authorities controlled the urban centres and hence the strong tax base. Blacks were confined to the periphery of the cities, receiving limited municipal services. The cities consisted of centres of business activity with slums of poverty surrounding them (Steytler, 2005).

The settlements within BCRM were deeply divided with a buffer zone between racial and economic groups. The major challenge facing the Municipality was to deal with the issue of geographic segregation as it was impacting negatively on development. The issue that had resulted in segregation was that suburbs provided residential property tax, while the townships and rural areas had weak tax bases. Rural and urban entrepreneurs had to get better service delivery in terms of roads, supply of inputs for farming purposes and extension service other than the basic services such as water, electricity and housing which were often undersupplied and of poor quality. The most important part to consider was to understand the extent to which local communities were prepared to pay directly for the services that they use. Alternatively, the Municipality had to find other sources of funding to ensure that service delivery was improved within the Municipality.

Enhancing the Quality of Life through Infrastructure

Development and LED within BCRM

According to the CDM IDP (2004 & 2007), to enhance the quality of life and LED through tourism, agriculture and manufacturing industries, the provision of infrastructure (land, water resources and the upgrading of roads) between rural and urban areas was paramount. Moreover, infrastructure was supposed to play a key supporting role to agrarian transformation, tourism and manufacturing through the improvement of access roads, water, sanitation and power supply. However, poor access roads did not open up areas for LED, especially high potential land for irrigation and livestock farming and had no access or a linkage to agricultural inputs and markets.

Infrastructure, mainly in the form of roads and water resource, was pivotal to local economic and social development within the BCRM in that socio-economic conditions of the area were inextricably linked to the basic infrastructure. The lack of infrastructure and basic services in the BCRM induced a risk in the international, national and local investment environment. The poor state and quality of infrastructure in BCRM did not improve the accessibility of markets and the movement of goods and services from the rural to urban areas and vice versa. The poor state of infrastructure therefore failed to enhance the rural-urban linkages in the Municipality. Moreover, the inefficiency of the Municipality in terms of the provision and maintenance of infrastructure did not improve the feasibility of tourism initiatives, agricultural potential and manufacturing opportunities (BCRM IDP, 2007).

The Poor state of infrastructure did not influence employment opportunities in the Municipality (BCRM IDP, 2007). The Physical infrastructure was therefore an important aspect of rural-urban linkages in the Municipality. The Poor infrastructure in the Municipality had far-reaching consequences for producer prices and in the long run affected production and activity patterns. Thus, small producers and poor farmers were often much more affected than commercial farmers. The small producers and poor farmers were forced to abandon farming their own land and turn to waged agricultural employment and migration.

Within the context of the rural-urban economic and enterprise development (RUEED), infrastructure provides access to both input supply and output sale markets. The poor state of infrastructure within the BCRM did not enable enterprises to reduce the costs of doing business and facilitate the production process. Infrastructure did not improve the quality of life of the rural communities and had no socio-economic, environmental and health benefits. In the BCRM, those people who did not afford to sustain themselves as commercial farmers and owners of manufacturing companies resorted to wage labourers. It was therefore imperative for the Municipality to work on infrastructure and to have full commitment in creating an enabling business environment for investment and development opportunities as part of a LED strategy. Most of the rural and urban areas in the study area had infrastructure (water resources, roads and electricity) problems. Even where infrastructure existed within the Municipality, it was badly managed and barely functional. The communities (rural and urban) did not benefit from agriculture because of poor infrastructure, and that led to decreased agricultural and manufacturing productivity.

The Municipality was in desperate need of water but the biggest problem was in the Pearston area. The whole town (rural and urban) relied on only one borehole for water supply. The water shortage had been marked as one of the constraints to LED within the Municipality. The ward councillors from the four wards indicated that the farming community was reluctant to pursue its agricultural activities in the absence of water.

The land owned by the Transnet Company in Cookhouse and Somerset East had serious water shortage. The ward councillors for Cookhouse and Somerset East emphasized that it was not easy for the Municipality to purchase such lands. They cited water shortage as the main reason for the increasing unemployment rate (50%) which had resulted in poverty within the Municipality. The water problem was severe because even farm workers consumed river water. The Farmers' Unions discussed the issue of water shortage with the Municipality without any solution for more than 10 years. In Pearston where the problem was severe, the Municipality had approached the Department of Water Affairs and Forestry (DWAF) to assist in this regard.

The household heads interviewed in the rural areas of Cookhouse and Somerset East areas argued that most of the water was available for town dwellers, not for rural folks. It was therefore difficult for private companies and individual people to invest within the BCRM because of the water problem. According to Tacoli (2006), for much of the rural population, water is a necessity as farming is still the primary activity. Changes in the scale and nature of rural-urban linkages and their relevance to the quality of life for all the areas where the study was conducted in the BCRM were related to transformations in the agricultural sector.

Water seemed to have affected all LED initiatives and was regarded as an important aspect of LED in this regard.

Proposing resolutions to the problems the Municipality was faced with, Balindlela (2007), in her State of the Province address, highlighted the critical areas of tourism, infrastructure, manufacturing and agriculture towards improving LED and enhancing the quality of life in the rural and urban areas of the Eastern Cape Province. The PGDP indicated that although two-thirds of the Provincial population was rural, the Province was only 20% food self-sufficient. Agriculture had been in decline (35-40%) for the past decade within the Blue Crane Route Municipality (because of poor infrastructure), primarily due to falling small-stock production (Eastern Cape Provincial Government, 2007). Many farmers had converted to game farming, which was a major industry, hence the decline in the employment rate of labourers working on the farms. Immediate attention from the Municipality (BCRM) was needed to improve the infrastructure of the area as other LED initiatives such as tourism and manufacturing would then follow.

Agriculture, being one of the LED activities in the BCRM was affected through access to natural resources especially land and water resources. Access was also mediated through a combination of factors ranging from national policies (land tenure and agricultural policies), village level characteristics (population densities and natural resource features) and the difference between household heads (wealthier and vulnerable, migrant and indigenous).

There was a shortage of land for agriculture, which was one of the LED activities within the BCRM. Thus, the Blue Crane Route Municipality was auditing the land in order to acquire land for agricultural purposes, mainly for the emerging

(newly established) farmers within the BCRM. The shortage of land for farming purposes had resulted in difficulties in expanding the agricultural sector. Since there was shortage of water for the improvement of the agricultural sector within the BCRM, poverty persisted and unemployment continued to be high (50%). The lack of land for agricultural activities was a major obstacle for the implementation of LED activities within the BCRM. The training of the potential emerging farmers became paramount in this regard as well.

The training of emerging farmers throughout the Municipality in agriculture related methods was a prerequisite before actually purchasing land for them. This was actually important because the members from the four Farmers' Unions indicated that part of the land was purchased for them (Farmers' Unions) without training being conducted. The emerging farmers experienced problems when managing their own projects. Thus, a successful farmer must have the technical and managerial competence to manage his farm after the training.

The aspect of training emerging farmers in agriculture activities within the BCRM was significant as support was needed at the different stages of project development. It was therefore imperative for the Department of Agriculture and the Development Agency to tailor and coordinate the support to the specific needs of newly established projects. After the intensive training programmes, the farmers would actively participate in agricultural projects with confidence. The issue to be addressed was that individuals needed to have freedom and space to make informed choices with respect to the kind of training they undertook, including the organizations they wished to form or join. The Department of Agriculture and the Development Agency has to be involved in the development activities concerning

small scale farmers so that production is enhanced. The involvement of the Department of Agriculture and the Development Agency has to empower the small scale farmers and assure sustainability.³³

It was very clear that the training in LED activities of the emerging farmers was needed continuously. Without proper and appropriate training, the emerging farmers in the rural areas of the Municipality were always disadvantaged and isolated. However, the emerging farmers had to share knowledge and ideas to enhance their skills in the projects they got involved in. The professional competence of the emerging farmers needed to be strengthened especially in decision making, organizational development, and the acquisition of relevant business information with regard to finance and technology. These skills, the emerging farmers had to obtain through formal training courses, consultants and mentoring. The emerging farmers, after training have to be helped throughout the Municipality to have access to finance.³⁴

Ensuring access to finance for the emerging farmers within BCRM was seen as a focal component of policy intervention to promote local economic development for the rural and urban poor. When the rural and urban poor had access to micro-finance that would foster urban informal economic activities and expand marketing opportunities for rural and urban producers. When finances are available, the emerging farmers can purchase land to embark on farming activities.

The rural roads in BCRM linked to the urban centres within the Municipality were in poor condition. The funds allocated for the road infrastructure (R70,000,000.00) for the Financial Years 2008/09 and 2009/10) were not enough

³³ N.Y., personal communication, August 21, 2008.

³⁴ N.Y., personal communication, August 21, 2008.

for routine maintenance. The Department of Public Transport, Roads and Works on behalf of the Municipality was not working towards fully improving the road infrastructure in the BCRM, resulting in the linkage between the rural and urban areas highly prohibitive. This in turn affected local economic development and rural-urban linkages. The poor state of the roads within the study area in the BCRM had serious negative implications regarding the sustainability of agricultural production, tourism activities and the manufacturing sector.

Poor physical infrastructure had consequences for producer prices and in the long run affected production and activity patterns. Emerging farmers and small producers were often affected more than commercial farmers as they had transport problems. The road infrastructure in the Municipality's rural areas was extremely poor, making transport costs prohibitive. Private companies and individual consumers found it difficult to buy agricultural produce at the farm gate because of the poor state of road infrastructure.

Emerging farmers within the BCRM struggled to transport their produce to the market because of the high costs. The Department of Public Transport, Roads and Works had to provide the rural and urban farmers with improved road infrastructure and access to markets in the urban centres within the BCRM in order to take advantage of the potential benefits of trade. Within the Municipality, rural and urban farmers had little access to markets for their agricultural produce in order to benefit from trade opportunities. To encourage access, there were no improved market information strategies from the Department of Agriculture (Extension Services). Establishing business clusters within the Municipality was also an effective way of improving access to market information for the emerging farmers.

However, a common problem with the emerging farmers in the study area was that the produce was not processed for the market.

To attract customers at the market place, products had to be of a specific standard. This required training in LED activities of the emerging farmers within the Municipality. The critical issue to consider was that emerging farmers came from different backgrounds within the Municipality. Poor market information in the study area (rural and urban areas) within BCRM did not promote LED and rural-urban linkages.

Electricity plays a paramount role in enhancing LED activities. The upgrading of the electricity infrastructure during the time of research (2008) was an important factor when trying to attract more investors within the Municipality. Potential farmers and manufacturers did not invest in the BCRM due to the shortage of electricity as the Municipality did not provide more customers with electricity. This was creating serious problems for private companies and commercial farmers to invest within the BCRM. Moreover, the complaint from the members of the four Farmers' Unions interviewed referred to the high electricity bills paid to the Municipality. Instead of the Municipality subsidizing electricity it had increased the rates by 10 percent. This negatively affected agricultural production which was acting as a source of employment for those communities who were not well educated. In Pearston, the commercial farmers indicated that the price of electricity had increased from eight percent to 32.6 percent per annum (2008 figures). The increase affected production of farmers as they did not afford to pay the bills. Thus, the increase in electricity bills had resulted in lower production of agricultural commodities.

While the agricultural activities provided livelihoods and essential sustenance for the urban poor, they also entailed a high degree of uncertainty in terms of access to markets, raw materials and finance. The nature of the agricultural activities hampered the Municipality in its efforts to tackle properly the challenges faced by the sector and its participants. Since most urban and rural poor live and work informally, they were often left out of programmes and policies, often because the urban and rural poor as a group were not properly identified and engaged.

If properly regulated and engaged, the agricultural sector within the BCRM had to offer better opportunities for the poor and contribute to enhancing the fiscal base of the Municipality. The agricultural sector was also to open for better business and growth opportunities, including subcontracting and ancillary activities that link the formal and informal sectors.

Formulation of Development Policies in BCRM

In accordance with the majority of development policies within the Municipality that addressed directly or indirectly economic growth within the BCRM, communities and their activities were classified as either rural or urban. From this perspective, rural-urban linkages were a useful lens for understanding local economic development within BCRM. Given the variations in rural-urban linkages, the Municipality's executive council members were in the best position to formulate and implement policies. Therefore, determining and assessing the policy formulation and institutional framework for the implementation of LED amongst the

various stakeholders in the BCRM and the surrounding areas in promoting LED was paramount.

The development policies formulated did not directly address the interactions between urban centres and their surrounding regions. The BCRM did not align its development policies to address LED in order to avoid migration to urban centres from rural areas. In view of the increased demand from both rural and urban consumers, many commercial farmers within BCRM were able to specialize in the intensive production of vegetables and livestock. However, this was affected by the slow implementation of the LED framework and shortage of personnel (extension officers). It was therefore important for the Municipality to understand how different LED priorities (dairy production, beef production, broiler production, vegetable production and tourism development) underpin rural-urban linkages in the light of development policies.

Within BCRM, there were different policies governing different developmental activities (agriculture, tourism and manufacturing). The policies that were available within the Municipality included investment, risk, cash management and payment of creditors, budget, cash receipts and banking, financial reporting framework, cost estimation, credit control, indigent relief and property rates. None of these policies were formulated with the intention to incorporate LED issues within the Municipality, hence the need for the Municipality to make sure those policies incorporated LED issues in order to strengthen the LED policy.

It was difficult for the BCRM to monitor the activities of the emerging farmers as there were no experts within the Municipal staff component in agriculture. Due to the slow implementation of the LED framework and shortage of personnel, it was

difficult for the Municipality to operate with ward-based strategies especially when the communities were not yet exposed to that. The LED guidelines that were followed did not address all the needs of the BCRM communities. It was therefore difficult for the Municipality to attract foreigners and potential private investors to the Municipality.

It was paramount that the LED framework had to be transparent for the investors to invest within the rural and urban areas of the Municipality. The LED framework had to encourage an enabling environment whereby the Municipality focused on establishing an active dialogue with stakeholders and ensured that local needs of both the rural and urban community were addressed. Therefore, the Municipality had the responsibility to protect the interests of all the people, especially the poor and disempowered. The guidelines followed in the Municipality were not addressing all the needs of the BCRM communities. The LED policy did not provide incentives to people, areas and sectors that needed them.

Finally, it was imperative that the BCRM considered the interests of both the rural and urban entrepreneurial activities as well as wage labourers. This was a big challenge in enhancing LED and rural-urban linkages within the Municipality. It was also important to encourage the diversity of activities and links to infrastructure upgrading that had extensive and immediate positive economic impacts for the poorest within the Municipality. The slow implementation of the LED framework and shortage of personnel in BCRM had created difficulties to pursue developmental activities within the BCRM. The approach (formulation of development policies) forged linkages between agencies (BCDA) involved in LED, policy implementation and monitoring.

One of the main policy challenges facing the BCRM was formulating a regulatory policy framework to eliminate or at least minimize the negative aspects of LED activities while strengthening its potential to create jobs and income-generating opportunities. A broader policy issue was the formulation of a rural-urban policy and strategy that harnessed LED and rural-urban linkages and promoted sustainable economies within the Municipality. Policy regulation pertaining to land, infrastructure and service provision affected local business activity. Therefore, creating a business and entrepreneur enabling environment depends on clear, accessible and stable policies and regulations.

Conclusion

It was noteworthy that any LED framework including that of the BCRM acknowledged national realities and the globalised context. The BCRM had to strengthen its local economic development base to avoid the increasing numbers of unemployed and underemployed people. Improving infrastructure for the poor communities was an important LED tool in support of quality of life and rural-urban linkages. There were many people leaving the rural areas of the Municipality for the urban centres in the hope of finding employment. Many of them did not have the skills for jobs in urban areas. There was a need for a viable business support system, backed by financing if SMMEs were to grow. The role of the banks was limited and they were not encouraged to become more proactive to support SMMEs. Finally, local sourcing of finance for LED initiatives was a major area of concern.

The LED approach within the BCRM did not focus on attracting outside investment by offering financial incentives, inexpensive land and infrastructure. The LED approach within BCRM, also, did not combine business attraction with retention of jobs and community development. Most importantly, initiatives were not based on strategic planning and did not have a territorial and integrated approach. The LED approach did not encourage the public and private sectors to establish partnerships and collaboratively find local solutions to common economic challenges.

Tackling LED challenges required concerted efforts, innovations and the scaling-up of good practices. Advocacy for action and coherent capacity-building to promote LED was encouraged within the BCRM. Targeting small (rural and urban) areas was not based on lessons learned from good practices and contextualized to local solutions. Thus, emerging local economic development practices within the Municipality did not promote strategic thinking and planning and did not feature territoriality, job creation and retention as key attributes. Job creation and retention were also not central to such strategies.

Typical capacity-building needs for local economic development had to include stakeholder analysis, mobilization and communication, economic analysis and planning (assessment and strategy), marketing and finance (promotion, project development and financial planning) and developing human and community resources (profiles, education and training and community services).

Finally, successful LED required a concerted effort by all spheres of government. In the context of LED, the Municipality was supposed to have three types of roles to play; namely, facilitator, entrepreneur and stimulator. As a

facilitator, the Municipality had to enable communities to articulate, design and implement livelihood and income generation opportunities. As a stimulator, the Municipality had to stimulate investments and direct them through incentives to sectors and areas that created economic value and prosperity for all. As an entrepreneur, the Municipality had to enable communities to engage in LED activities to improve the quality of life.

There were key issues which needed to be considered for the success of LED in the BCRM. With regard to the institutional, there was a need to better integrate LED support from government departments, and thereafter to better coordinate local actions. The role of partnerships in development needed to be advanced and sustained effectively in the BCRM. Local economic development relied on capable, well-connected, charismatic leadership, and this needed support from the Municipality. Furthermore, LED strategies needed to be built on locally unique attributes and not copy the experience of other areas. In this context, acknowledging and responding to local, historical and contextual realities was critical.

Lastly, it had to be noted that in the BCRM LED processes relied on market forces and mechanisms and these could not be built up overnight because the processes take time and effort. In addition, the limitation of decentralization, local capacity weaknesses and the impact of broader forces all needed to be factored into planning and decision-making. Thus, LED was not just about local government action, rather it was about partnerships and joint action within a market context which takes time and care to nurture.

In this chapter it was discussed that the three towns (Cookhouse, Somerset East and Pearston) as potential catalysts for rural-urban linkages within the Blue Crane Route Municipality have not received the attention they deserve in terms of LED. The role of Blue Crane Route Municipality, The Department of Social Development, The BCRM's Development Agency, The Department of Public Transport, Roads and Works and the Department of Agriculture on the other hand did not have a positive influence on rural-urban linkages and agricultural productivity. It has been argued in this chapter that the Municipality did not achieve rural-urban linkages and agricultural productivity through the provision of a range of goods (agricultural inputs, consumer goods), urban cash flows and services (agricultural extension and welfare services). In return, rural areas did not provide resources (labour and demand for urban goods and services) to enable the Municipality to expand its economic, environmental and social functions.

The urban centres within BCRM did not contribute to rural development through acting as centres of demand/markets for agricultural produce from their surrounding rural areas, either as local consumers or as links to national and export markets. Furthermore, access to markets was a prerequisite to increasing rural agricultural incomes within the Municipality. Also, the proximity of local centres of production was a key factor in the distribution of goods and services to the rural areas. Throughout the production process services included agricultural extension, health, education and banking services. Services in the BCRM did not include the wholesale and retail sales of manufactured goods from within the area.

It has also been discussed that the main aim of the BCRM through its Development Agency was to promote local economic development within the

Municipality. This was therefore to be done through helping to establish conditions for economic growth, job creation, strengthening local economic and administrative capabilities and promoting local participation as well as rural-urban linkages. In the process of rural-urban linkages, establishing stakeholders' (BCRM, IDC, Farmers' Unions, Development Agency and the Land Bank) involvement in participatory strategies regarding development, and their role in addressing the challenges (infrastructure, financial management, market information and technical expertise) in LED in the BCRM was critical. While dealing with its local economic development priorities, the BCRM had to fully take into consideration rural-urban development and the environmental concerns (land degradation) of the communities within the Municipality.

The chapter has also discussed that it was imperative to develop amongst the local stakeholders the feeling of ownership of the LED projects. This feeling of ownership had to motivate local stakeholders to actively participate in development. Policy-makers within the BCRM did not fully consider that local economic activities situated in rural areas were faced with greater difficulties than the ones in urban areas, and therefore required more attention and support.

Given the high rate of unemployment (50%), people cannot afford to pay for all the basic services within the Municipality. The poor were excluded from the mainstream developments (agricultural production, road infrastructure maintenance and tourism developments) resulting in the increase of poverty within the Municipality. Taking issues of financing, sustainability and democracy into consideration, there were critical issues to consider. First, it was imperative to consider the poor (urban and rural) communities and their resources (mainly

livestock) within the BCRM. Second, it was also important to consider how the resources had to be spent to improve their lives. It was therefore not a case of using physical labour and managerial resources to provide shelter and make services more affordable. A critical issue for the BCRM focused on how to protect the environment and make resources available on a sustainable basis, ensuring that if services were provided, people were able to pay for them.

This chapter has highlighted some of the critical issues on rural-urban linkages and local economic development within the BCRM. It paid particular attention to aspects that needed consideration in environmental and economic development within the Municipality. The link between education and local economic development within the BCRM was discussed. There were service backlogs due to geographic segregation within the Municipality. The concluding and final chapter follows after discussing critical and challenging issues within the Municipality.

CHAPTER VII

CONCLUSION

Introduction

This is the final Chapter of the study that summarizes the findings of the Blue Crane Route Municipality within the context of local economic development and rural-urban linkages. Therefore, there is need to focus on the conceptual framework, gaps in the literature on local economic development and the empirical findings in the light of the aim and the objectives of the study. Thus, the first part of this Chapter enumerates the key conclusions established from the study. The second part presents the recommendations.

Summary of Findings

There are many studies that have been conducted on LED in South Africa. With a few exceptions, the work in this field (LED) has largely focused on big towns and cities. The unique contribution of this thesis is that it adopts the Rural-urban, Economic and Enterprise Development framework. This framework has been chosen to analyze the development challenges faced by deep rural and urban communities in implementing LED strategies in the BCRM. The adoption of rural-urban linkages also support LED on partnerships and the international impetus for greater community participation of relevant stakeholders.

This thesis also concentrates on environmental degradation and LED which makes it different from what other scholars have researched on. Environmental

degradation (overgrazing, soil erosion and uncontrolled fires) within the Municipality had critical implications for the achievement of LED. In 1992, heads of many countries signed Agenda 21 in Rio de Janeiro as a global commitment to protect the environment and promote sustainable development. This served as a strong justification for integrating environmental concerns into all local economic development and policy processes within the Municipality. The LED-environment relationship in the BCRM described a downward spiraling relationship between LED and environmental degradation.

Most of the research conducted on local economic development does not focus on how the local Municipality engaged in local economic development and rural-urban linkages activities to solve societal problems in order to improve the quality of life of the local communities. According to the World Bank (2003), local municipalities such as the BCRM do not fully design action plans and LED implementation strategies to attract private sector investment and develop competitive advantage in increasing integrated domestic economies.

In accordance with the effectiveness of infrastructure, services and markets in addressing social, environmental and economic variables in the promotion of LED within BCRM, investment in rural and urban areas between 1994 and 2000 did not have the envisaged impact on LED and rural-urban linkages in the Municipality. Although the range and quality of development programmes in existence were relevant, the impact of these programmes was weakened through poor coordination and integration amongst the different Departments (Agriculture, Social Development, Education, Environmental Affairs and Tourism). Interventions failed to provide services that were relevant to the local economic development

priorities and strategies involved in rural-urban linkages within the Municipality. According to Davis (2004), the adoption of rural-urban, economic and enterprise development was ideal in addressing these problems.

Though there were investments (agriculture, tourism and manufacturing) in rural and urban areas of the Blue Crane Route Municipality between 1994 and 2000, they (investments) proved ineffective in addressing LED, and enhancing the quality of life for the local communities. Local stakeholders did not provide an integrated basket of services that were relevant to the local economic development priorities within the Municipality. The rural-urban, economic and enterprise development conceptual framework advanced by Davis (2004) was ideal in studying the rural-urban linkages and local economic development problems within BCRM. The use of the conceptual framework was relevant in helping to study and understand the prevailing situation in BCRM and to enhance the quality of life of residents through rural-urban linkages and LED initiatives. This was because problems relating to the development of the emerging farmers in the BCRM included lack of technical expertise, lack of market opportunities, insufficient support infrastructure and difficulties in access to finance.

During the time of research, there were serious problems hindering the LED progress and rural-urban linkages in the Municipality due to insufficient support infrastructure. The Municipality was supposed to focus on the improvement of physical infrastructure including roads and household services as they were an important aspect of rural-urban linkages and LED. Within the context of RUEED, infrastructure in the BCRM was supposed to provide access to both input supply and output sale markets. Within the Municipality, the poor state of infrastructure in

the form of roads, water resource, electricity failed to improve agricultural production of the rural population and to have wider socio-economic, environmental and health benefits. The BCRM did not invest more in infrastructure to encourage growth and improve wage labour opportunities.

Both rural and urban emerging farmers in the Municipality needed to have access to financial resources and inputs in order to exploit the economically viable opportunities in agriculture. Within the Municipality, emerging farmers were not getting access to services, which were often undersupplied and of poor quality. Thus, farmers did not have adequate support services including financial information for their planning and production processes and necessary resources to fulfill their production plans.

Banks had reservations with regard to making funding available towards emerging farmers within BCRM, especially regarding start-up projects. The banks required security that was beyond the means of most potential borrowers and they were unwilling to bear the costs of examination of numerous small loan applications. The financial institutions within BCRM needed to help with agriculture/manufacturing credit schemes because many clients did not have experience with finance. Besides support in drawing up business plans, experts from different departments within the Municipality needed to be able to offer technical support once business had started. According to Davis (2004), the initial phase of any developmental project (agriculture or manufacturing) is crucial for the survival of the project. The implication was for the different departments in the Municipality (BCRM) to have enough personnel with technical expertise.

The BCRM's LED policy had to acknowledge national realities and the globalised context of LED. The BCRM had to strengthen its local economic development base to avoid the increasing numbers of unemployed and underemployed people. Improving infrastructure to poor communities in both the rural and urban areas of the Municipality was an important aspect of LED. During the time of this research (2008-2009) there were many people leaving the rural areas of the Municipality for the urban centres in the hope of getting employment elsewhere. Many of them did not have the skills required for the jobs in the urban areas. The SMME economy was clearly critical within the BCRM. There was a need for a viable business support system, backed by financing if SMMEs were to grow. The role of the banks was limited and they had to be encouraged to become more proactive to support SMMEs.

There was little emphasis on partnerships and participation within the Municipality which did not help to guarantee two important outcomes of LED strategies, namely, economic growth and poverty reduction. At the same time there was little consultation between the Municipality and civil society representation including the poor, marginalized and vulnerable populations to articulate concerns regarding poverty reduction, the equitable distribution of services as well as economic growth.

There was little focus on the restructuring of rural economies within the Municipality which involved the strengthening of agricultural bases, the diversification of rural activities through the attraction of new production lines, making rural areas attractive spaces for tourism consumption, and incorporating geographically marginal communities. Thus, within the Municipality, there was

limited emphasis on the idea to reconcile economic, social and environmental development to make sure that LED was not following an exclusively economic rationale but also led to social development while not destroying the environment.

Local economic development offered the Municipality (BCRM), the private and non-profit sectors, and local communities the opportunity to work together to improve the local economy. Therefore, the discrete consideration of rural development as completely distinct from urban development was no longer valid within the Blue Crane Route Municipality. A new perspective referred to as the rural-urban linkages was ideal for studying LED and rural-urban linkages in the BCRM. It is important therefore that states at the national level and at the local sphere, small and medium-sized towns and rural areas, recognize the potential of rural-urban linkages, the impact of rural-urban linkages on rural and urban development and the positive role that rural-urban linkages can play in LED and employment creation.

Local economic development strategies of the Municipality indicated that they typically emanated from the Municipality but the arena for positive change and market access included developing linkages between rural and urban areas, enhancing rural productivity and developing employment opportunities. The rural-urban, economic and enterprise development (RUEED) framework was more explicit in understanding the need for enhanced and effective rural-urban linkages within the Municipality as part of a local economic development strategy.

The need for directing development programmes to rural areas has become widely accepted in recent years (de Janvry & Sadoulet, 2003; Seethal, 2002; World Bank, 2003). This was due to an increasing awareness of the fact that

disproportionate levels of poverty are found in rural areas and a high percentage of the population of most developing countries live in rural areas. The findings of this research indicated that most of the household heads interviewed within BCRM were not working. Thus, in order to address the unemployment and poverty levels within the Municipality, it was essential for LED to target both the rural and urban areas. Small entrepreneurship in agriculture were some of the most promising strategies for creating opportunities in the rural and urban communities within the Municipality.

The rural areas within BCRM needed attention because they lacked in development. There were several reasons for the limited development of the rural areas in the BCRM. First, the Municipality had financial problems due to poor management and cumbersome administrative and budget systems. Thus, financial resources were not allocated equally between the rural and urban areas. Second, the BCRM lacked capacity in terms of technical expertise to improve agricultural production, tourism development and manufacturing in the Municipality. Third, there had been the appointment of poorly trained staff in the Municipality. This had led to ineffectiveness in LED activities within the Municipality. Four, the other problem which the Municipality faced in its goals was ineffective service delivery and high levels of poverty amongst residents. The Municipality's public budgets had to direct more expenditure towards the basic needs of the rural and urban communities. Within the Municipality, poverty was still deepening, local environments were under threat and local governance in crisis.

The RUEED is a recurrent theme in the literature and it is the basis for theories of linkages, not just in terms of labour market linkages but also of supply

chains, household structures and consumption patterns (Boraine, 2004; Satterthwaite & Tacoli, 2003; Wandschneider, 2004). These linkages demonstrate interdependence rather than a one-way dependence within geographical areas. For this reason the development and maintenance of linkages within the Blue Crane Route Municipality was seen as an essential component of any LED strategy.

Within the Blue Crane Route Municipality, LED had to materialize if local agencies and people seized the initiative and engaged in actions that unify communities, business and other relevant authorities in their local area in a joint endeavour to improve their economic and social conditions. The role of the Municipality in this context was that of facilitating, supporting, part-financing and devolving control. The imperative of integration stems from recognition of the interdependence of human and natural systems, expressed in the research and policy agendas of sustainability. International and national policy law stated the policy integration principle that environmental, social and economic considerations must be integrated in decision-making processes to advance the higher order social goal of an ecologically sustainable, socially desirable and economically viable future (Berkhout, Leach & Scoones, 2002; Elliott, 2004; Page & Proops, 2003).

Serious concerns have been raised that rural areas needed more attention because local government during the apartheid regime was structured to facilitate and regulate the agenda of racial segregation and exclusion (Cameron, 1999; Naude, 2001). Cameron contended that it meant that the four designated racial groups (whites, coloureds, Indians and Africans) had their own versions of local government with different capacities and powers. According to Cameron, the pre-

1994 local state system made provisions for race-based municipal authorities. Thus, in the past municipalities were geared for the implementation of rural and urban apartheid agendas (Nyalunga, 2006).

The primary role of the local government under the apartheid state was to create and perpetuate local separation and inequality, the result of which was the deepening poverty in the rural areas of the Municipality. The Medical Research Council of South Africa (1998) indicated that service delivery was characterized by great inequalities in access between well-resourced white suburbs and poor rural communities. In short, there was a gap between the rural and urban areas in terms of development and service delivery because of the existence of racial segregation.

Natural and financial resources were directed to the white minority during the apartheid period. That maintained the whites' position through withholding access to basic services and opportunities to the majority through a legalized form of discrimination. Cloete (1995) argued that the results of this deprivation of the majority in the midst of affluence affected the whole society. The system also resulted in profound inefficiencies in the public sector.

South Africa's long history of racial segregation and apartheid, combined with the uneven spread of resources and endowment, created wide disparities in levels of economic activity and development (Parnell, 1998). According to Parnell, there was a racial dimension to this skewed distribution of income with the majority of the poorest being black and the wealthiest white South Africans. Forced removals, land expropriation, discriminatory housing, restrictions on trade and racist employment practices helped to create a black majority with few assets, located on poor land far from jobs.

The white authorities controlled the urban centres and the strong tax base. Blacks were confined to the periphery of the cities, receiving limited municipal services. Thus, the cities consisted of centres of business activity with slums of poverty surrounding them (Steytler, 2005). Hence, with the advent of democracy, the immediate objective was to establish integrated cities where the benefits of the central tax base could be redistributed equitably to disadvantaged areas. Strong national government was necessary to develop a city-wide framework for economic and social development for both black and white local authorities.

The BCRM was thus faced with huge challenges to fulfill the local economic development mandate given to it in the RSA Constitution (1996). The reason given by some respondents was that after 1994 many of the more competent staff left the public sector for private sector where there were better salaries. The Municipality made choices regarding the sectoral and spatial distribution of public expenditure. These choices, in turn, affected growth, job creation, agriculture, environmental management, tourism development and manufacturing.

The Eastern Cape Province therefore, developed its own Provincial Growth and Development Plan in 1996 to address its local economic development challenges. The Provincial Growth and Development Plan (PGDP) was designed to deal with the spread and incidence of poverty and unemployment in the Eastern Cape as well as the spatial inequality between different districts (PGDP, 2003). The Plan (PGDP) prioritized interventions in the sectors of manufacturing, agriculture and tourism. However, the review of the first PGDP revealed constraints with implementation. First, the Provincial state departments and the relevant stakeholders did not own the PGDP. The result was that, service delivery

remained constrained due to lack of integration across departments and the spheres of state. Second, the period 1994 to 2000 concentrated on stabilization of the local governments including BCRM, grappling with overspending, maladministration and intractable administrative backlogs. During this time, the local sphere of the state was undergoing significant change, posing many governance challenges (PGDP, 2003). Third, the broad goals of the PGDP were not translated into clearly defined programmes that could be translated into departmental plans. There were no monitoring mechanisms put in place to allow for the reorientation of programmes during the lifespan of the 1996 PGDP, and no institutional mechanisms were established to allow for the reorientation of the strategic thrust.

There has been little linkage in terms of development between the rural and the urban population within BCRM which has been the major challenge in the pre-1994 period. The major challenge was to establish whether there was progress in terms of development since the amalgamation of local municipalities (Cookhouse, Somerset East and Pearston); and to evaluate the successes and failures involved in promoting LED within the BCRM in the post-1994 period. Most of the constraints stemmed from the severe poverty that the Province faces, including the high inequality between the poor, densely populated labour reserves and the relatively affluent, sparsely populated commercial agricultural areas. The constraints were also compounded by the well serviced urban centres and underserviced townships and informal settlements.

The constraints and weaknesses of the 1996 Eastern Cape PGDP led to the formulation of the principles that under laid the development of the PGDP of 2004-

2014. According to the PGDP (2003), resources were supposed to be directed to ensure that the capacity and efficiency of the Province including the CDM and BCRM were improved in order to meet the challenges of growth and development. The PGDP of 2004-2014 indicated what had to be done to alleviate poverty, promote socio-economic development, create jobs and generally create a better life for all in the Eastern Cape.

According to the plan (PGDP), local economic development strategies were supposed to focus on improving the lives of the people today and laying the foundation for creating a better future for generations to come. The PGDP assigned priority to the former homelands (Ciskei and Transkei) and emphasized the importance of promoting competitiveness in financial sustainability and global integration in LED initiatives. It also reiterated that local authorities had to focus on development facilitation, governance, administration and service delivery.

Seeking out new opportunities at a national and international level, the PGDP was required to pay particular attention to the economic development of highly dislocated and marginalized rural areas of the Province. Thus, the PGDP had to be an approach that was required to be adopted with respect to addressing basic social needs, and had to move beyond a position of simply mending-tears in the Provincial social safety-net, to one of honouring the state's constitutional obligations in respect of addressing basic needs in a substantial and sustainable manner.

The 2004-2014 PGDP contended that any municipality (BCRM included) had to be the primary site for service delivery and participatory democracy through its Integrated Development Programme (IDP). Thus, effective support was needed for

the IDP process within the local states and integration of the local states' IDPs into district plans. The IDP process presented a fundamental shift from a technically-based planning approach to a participatory planning process. Representative participation was an essential element of a democratic planning process (BCRM IDP, 2002). The development priorities for the area (BCRM) were set with minimal participation of all the stakeholders in the area. Thus, the planning process did not acknowledge the right of people to take responsibility for their own future and to actively participate in the realization of the vision for their area.

According to the BCRM IDP, the IDP process had to provide the opportunity for disadvantaged and marginalized groups to make their voices heard. The Municipality was to make every effort to ensure that previously disempowered and/or marginalized sections of community such as women, disabled people, long-time unemployed people, young and elderly people were fully involved. Therefore, the strategies, projects and programmes that were generated through the IDP process had to be tested in terms of the extent to which they assisted in empowering and improving the living conditions of the disadvantaged.

The IDP process also required the Municipality to negotiate the anticipated impacts and implications of its development proposals. The Municipality was required to reflect on the medium to long-term environmental, social, economic, spatial and institutional impact of its proposed strategies and projects. According to the BCRM IDP (2002) the Municipality needed to consider the operational and maintenance implications of capital projects and off-set these against the planned resources in the financial and institutional plans.

The purpose of IDP of the Blue Crane Route Municipality was to foster more appropriate service delivery and to provide a framework for economic and social development in the Municipality. The IDP document reflected the foundation for work to follow in the years ahead. It also helped to assess whether LED was functioning effectively within the Municipality. Evidently, IDP covered a range of planning issues over several spheres. The IDP came across as a strategic management tool for the Municipality. The IDP looked at both the internal capacity and external development priorities of the Municipality.

The IDP aimed to achieve cooperative governance. Local economic development was, by legislation, a key area of this collaboration and coordination. Thus, the IDP was a process through which the Municipality prepared a strategic development plan for a five-year period (Municipal Systems Act, No. 32, 2000). The IDP process presented a fundamental shift from a technically-based planning approach to a participatory planning process. Thus, representative participation was an essential element of a democratic planning process (BCRM IDP, 2002). The development priorities for the area (BCRM) needed to be set with the full participation of all the stakeholders in the area. Thus, the planning process had to acknowledge the right of people to take responsibility for their own future and to actively participate in the realization of the vision for their area.

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the strategies, projects and programmes that were generated through the process of IDP were to be tested in terms of the extent to which they assisted in empowering and improving the living conditions of the disadvantaged.

Through the setting of performance indicators, the Municipality was encouraged to monitor and evaluate the medium to long-term effect of its development interventions. This was to enable the Municipality to reflect on the sustainable use of resources (input indicators), the achievement of development targets (output indicators) and the impact of implementation (outcome indicators). Thus, the IDP process had to be strategic to consider resource limitations and constraints in a systematic way. The IDP process required the Blue Crane Route Municipality to assess the state of existing resources (environmental, social, institutional, financial and economic) in the analysis phase.

The primary focus of the study was to address the importance of policies and the institutional framework; infrastructure, services and markets; entrepreneurial competence and stakeholder involvement as primary areas to consider in local economic development. The low levels of income and high levels of unemployment were major contributors to the increasing poverty and dependency within the Municipality.

Almost half of the population in the BCRM fell within the 15 to 64 year old category. However, many of these individuals were not working due to the lack of employment opportunities. This in turn increased the dependency ratio within the Municipality. The 2005 to 2010 population growth estimates were of significant importance with respect to future land identification and local economic

development proposals. Thus, the population increase from 2005 to 2010 was projected at 3,779 persons (BCRM IDP, 2007).

The increase in population within the BCRM led to the formulation of local economic development priorities to solve the problems of unemployment, poverty and dependency and to reverse the decline in the quality of life of the local communities. In addressing the local economic development challenges and rural-urban linkages, the Municipality chose to work with the Blue Crane Development Agency (BCDA) as an entity of the Municipality. The Blue Crane Development Agency (BCDA) mandate was the promotion of agriculture, tourism and business within BCRM. Furthermore, the Development Agency was mandated to act such that it benefited all the citizens and communities within the Municipality, with special emphasis on job creation, black economic empowerment (BEE) opportunities and on sustainability and viability of LED projects. However, the Development Agency complained about the lack of cooperation from the Municipal officials. The development of the Municipality was thus affected. The Development Agency's main argument stemmed from the point that the BCRM was not creating sustainable jobs for the communities, hence the increase in poverty. The inadequate funding for LED projects was a huge challenge that the Municipality faced. The implementation of LED projects and infrastructure development was very slow as the BCRM was responsible for the physical work on the ground. The BCDA facilitated and wrote business plans on LED projects for the Municipality which had to be implemented with proper infrastructure in place. It was the responsibility of the Department of Public Transport, Roads and Works through the Municipality to take care of infrastructure.

Infrastructure Development within BCRM

Objective one which was to establish and assess the effectiveness of infrastructure, services and markets in addressing social, environmental and economic variables in the promotion of local economic development has been one of the focus areas in this study. Infrastructure as indicated in the BCRM IDP (2007) is pivotal to local economic and social development. Social development can be facilitated and accelerated through the provision and maintenance of infrastructure. The poor state and quality of infrastructure in the Municipality restricted the accessibility of markets, movement of goods and services from the rural to the urban areas. Objective two which was to evaluate the successes and failures of the strategies involved in rural-urban linkages in addressing social, environmental and economic variables in the promotion of local economic development has also been addressed.

Infrastructure development was regarded as one of the most prominent methods of employment creation. The lack of improvement in the state of infrastructure therefore restricted the rural-urban linkages in the Municipality. Moreover, the Municipality's difficulty to provide and maintain infrastructure had a negative influence on the feasibility of tourism initiatives, and the realization of the agricultural potential in the area. Lack of infrastructure development in the Municipality restricted enterprises from reducing the costs of doing business and facilitating the production process.

Infrastructure was supposed to improve the quality of life of the rural communities and have wider socio-economic, environmental and health benefits. Most of the rural areas within the BCRM had infrastructure problems (poor road

infrastructure and shortage of water resource). Even where infrastructure existed within the Municipality, it was badly managed. The communities within BCRM (rural and urban) did not benefit from the agriculture they were engaged in because of the poor state of road infrastructure and this reduced LED activities.

Roads form one of the most basic infrastructure components necessary for local economic development. A bad functioning and poorly maintained road network created a negative economic environment (LED) not influencing the economic activity of the Municipality (rural and urban). This specifically affected agriculture related industries, tourism and manufacturing in the Municipality. Within the Municipality the road network was poorly maintained and it had a negative influence on the potential growth rate of leading sectors. Poor infrastructure development within the BCRM had resulted in fewer investors.

The roads in the urban areas ranged from tar surfaced in central business areas and higher income residential areas to gravel and graded roads in the middle and low income areas respectively. The maintenance of roads throughout the entire BCRM (rural and urban) was problematic due to the lack of funding. The rural roads within the Municipality were in bad condition to facilitate agricultural production and tourism development. The allocation of funds for the road infrastructure was insufficient for routine maintenance. Given that the Municipality was not fully working towards improving the local roads, the poor road linkage between the rural and urban areas had continued to exist. The road infrastructure in the Municipality's rural areas was extremely poor, making transport costs prohibitive. Private companies and individual farmers found it difficult to buy agricultural produce at farm gate.

Public transportation was very limited in the BCRM. The BCRM had therefore identified a need for an integrated transport plan. The Municipality was also supposed to ask for funding from the CDM to implement the integrated transport plan. That did not happen. Improving the transport infrastructure implied an improvement in LED which was one of the development priorities within the Municipality.

Emerging farmers were not able to afford the high transport costs to the market. The Department of Public Transport, Roads and Works did not improve the road infrastructure and therefore market access for rural farmers for trade was curtailed. Thus, within the BCRM, rural and urban entrepreneurs did not have access to markets in order to benefit from trade opportunities. Since good road infrastructure and market information were not in place it was difficult for the emerging and commercial farmers to promote LED in the rural and urban areas.

Water shortage has been one of the constraints to LED within the rural and urban areas of the Municipality. The ward councillors indicated that the farming community was reluctant to pursue its agricultural activities in the absence of water. The Municipality had a big challenge regarding the water supplies needed to fulfill the needs of the communities. The rural household heads interviewed argued that the communities living in town had most of the privileges to water usage compared to those in the rural areas as most of the water was available to town dwellers rather than for the rural people. It was therefore difficult for private companies and individuals to invest within the BCRM because of the water problem. Agriculture has also been affected through access to natural resources, especially land, financial capital, information on market prices and fluctuations. Therefore, it was

significant for the Municipality to address the water issue in order to promote LED activities in both the rural and urban areas to overcome the unemployment problem and poverty in the Municipality.

Land in all rural and urban areas within the BCRM was needed for residential expansion, communal grazing and small scale farming, especially amongst the emerging farmers. Insufficient land for agriculture had resulted in high unemployment rates, poverty and lack of job opportunities because agricultural activities had been constrained. The auditing of land on the part of the Municipality had to be done quickly in order to address farming problems. Due to inadequate land for farming purposes, it was difficult to expand the agricultural sector. The issue of expanding the agricultural sector was critical as agriculture was one of the potential LED activities within the BCRM that were not fully exploited due to shortage of land. The training of emerging farmers became more important in this regard.

The training of emerging farmers throughout the Municipality on agriculture related activities was a prerequisite before purchasing land for them. This was important because the training on different crop and animal husbandry activities was paramount for LED. The Municipality needed to be involved in the developments concerning emerging farmers so that well trained farmers were produced. The training had to empower the emerging farmers and ensure LED and sustainable rural-urban linkages. Training the emerging farmers in proper agricultural methods was also considered a prerequisite before communities can actually search for employment in the farms as well.

Ensuring access to appropriate financial services for the emerging farmers within BCRM was seen as a focal component of policy interventions to promote local economic development activities for the rural and urban poor. When the rural and urban poor had access to micro-finance, LED activities were to be improved leading to the promotion of LED within BCRM.

Regarding electricity, the Municipality was the provider of electricity to all rural and urban customers. Electricity plays a paramount role in enhancing LED activities. The upgrading of the electricity infrastructure was an important factor in marketing the BCRM to investors. Instead of Eskom subsidizing electricity, it increased the tariffs by 10 percent. This decreased agricultural production.

Education Improvement and Training

Education has been identified as a challenge in the BCRM because of the impact that it has on an individual's quality of life. Those with little or no education often had to take low paying labour intensive jobs as these often did not require a high level of formal education. According to the data collected, 60 percent of the respondents had attained primary level of education while 20 percent had attained high school. Moreover, 10 percent attended university level and the remaining 10 percent had not attended school. Most of the rural and urban household heads interviewed complained about the poor construction of schools and lack of money to pay for fees for their education. This has left the Provincial Department of Education with a huge challenge to improve the education system.

The majority of the household head respondents (65%) were educating their children with funding from the child grant (R210.00) and old age pension (R940.00)

(2008 figures) which were not enough to cater for their children's education.

Those household head respondents working on the farms were employed mainly as casual labourers and had not undergone training in farming. They were paid an average of R800.00 per month (2008 figures) which was not enough to afford their children quality education. Against this background, the household head respondents indicated that 30 percent of the youth within the Municipality who had completed their high school education were unable to either qualify for employment or further their studies.

The educational standards attained within the Municipality shed light on the need to devote more attention to rural education and selected parts of the urban areas (principally the black and coloured areas). The financial problems due to poor management and cumbersome administrative and the Provincial budget systems had impacted negatively on selected rural and urban schools, and had resulted in the decrease in quality of life for the local communities. This was evident from the interviews conducted with the rural and urban household heads within the Municipality. The level of literacy can play a pertinent role in the development of both rural and urban areas of the Municipality. Through education and training, LED activities in agriculture, tourism and manufacturing can be improved. Thus, rethinking education in rural and urban areas of the Municipality required reconsidering the place of education in rural and urban development.

The other challenges facing the Municipality were to deal with the issues of racial segregation and the lack of financial management skills as they were impacting negatively on development. Residents in the townships and villages were denied full access to all Municipal amenities. The Municipal services provided

were undersupplied and of poor quality. The Municipality had to find other sources of funding to ensure that basic services were provided to the residents.

Investments in tourism, agriculture and manufacturing in rural and urban areas between 1994 and 2000 did not have the envisaged impact on LED in the BCRM. The problems relating to the development of the emerging farmers in the BCRM included the lack of technical expertise and lack of market opportunities, insufficient support infrastructure and difficult access to finance. Banks, therefore, had reservations towards SMMEs, especially regarding start-up projects. Besides support in drawing up business plans and providing credit, the agricultural extension officers had to offer assistance in agricultural activities once the business has started.

The BCRM officials and other relevant stakeholders (BCDA) were supposed to play a role to facilitate agricultural production, tourism and manufacturing in rural and urban areas to improve the standard of living for the communities. The Municipality's officials and other relevant stakeholders did not meet the BCRM communities' farming problems and how to improve farming when considering local economic development and rural-urban linkages. Therefore, a critical issue for the BCRM was to promote LED on a sustainable basis, ensuring that if services were provided, people could pay for them.

Environmental degradation within the Municipality had critical implications for the achievement of LED. The Municipality had to fully engage in environmental protection in their LED, rural-urban linkages and quality of life strategies. This posed a strong justification for integrating environmental concerns into all local economic development and local economic development policy within the

Municipality. The LED-environment relationship was a consequence of both extractive and uneven development. It (LED-environment relationship) described a downward spiraling relationship between LED and environmental degradation in the BCRM.

The main aim of the BCRM through its Development Agency was to promote local economic development within the Municipality. This was to be done through helping to establish conditions for economic growth and job creation. This was also done to strengthening local economic and administrative capabilities and promoting local participation as well as rural-urban linkages. In addressing objectives three and four, in the process of achieving rural-urban linkages in the Municipality, establishing stakeholders' (BCRM, IDC, Farmers' Unions, Development Agency and the Land Bank) involvement in participatory strategies regarding development, and their role in addressing the challenges (infrastructure, financial management, market information and technical expertise) and in creating an enabling business environment for investment and development in LED was critical. While dealing with its local economic development priorities, the BCRM did not fully take into consideration rural-urban linkages and the environmental concerns (land degradation) of the communities within the Municipality. Moreover, the most important issue for the Municipality in getting initial interest and support for LED projects (livestock and crop husbandry improvement and tourism development) from local stakeholders was financing. It was also imperative to develop within the local stakeholders the feeling of ownership of the LED projects. This feeling of ownership had to motivate local stakeholders to actively participate in development.

Both the commercial and emerging farmers need transparent and consistently applied rules and regulations, access to efficient service providers, markets and physical infrastructure. In an enabling environment, government would encourage the creation of self-organization, maintain an active dialogue with stakeholders and ensure that local needs are addressed. Active participation and ownership mainly of joint learning processes from stakeholders can be fostered through space, and incentives for business organizations, associations, networks and collaboration to develop through investment of their own resources and to take economic risks. The facilitation and support from external agencies, mainly government, private and NGOs to develop successful partnerships and solutions that are inclusive of poor and disadvantaged people may also promote active participation and ownership of joint learning processes by stakeholders.

Partnerships between government, business, labour and organized civil society are encouraged for LED implementation. Local government has an important role to play in identifying and using local resources for opportunities to promote economic growth and employment.

The stakeholders must have full ownership of the LED projects they manage. This acts as the guarantor of sustainability. Thus, platforms and forums for negotiation where a common understanding and vision among the stakeholders is created are key to orienting collaboration. This requires a joint learning approach, which results in a continuous improvement of the performance of all stakeholders involved. Active participation and ownership of joint learning processes by stakeholders can be fostered through incentives for business organizations, associations and networks to development. This can be done through investment

of their own resources. Opportunities for the development and articulation of their own needs and priorities, and to resolve disputes internally are critical.

In addressing objective five, which was to determine and assess the policy and institutional framework for the implementation of LED amongst the relevant stakeholders within the BCRM and its surrounding areas, it was important for the BCRM, when implementing its LED policy and enhancing the quality of life for its rural and urban residents, to have a balance in terms of development between the two areas (rural and urban). The BCRM lacked strong justification for the implementation of local economic development policy with regard to LED and rural-urban linkages. Within the BCRM, rural-urban linkages were seen as critical elements of LED policy issues and local economic development priorities. The LED policy needed to take into account rural-urban linkages as well. It was therefore imperative for the BCRM to realign its LED policy to avoid migration to urban centres. It was paramount that the local economic development policy fully addressed the local economic development activities and attracted investors to the Municipality. The local economic development policy needed to encourage an enabling environment whereby the Municipality had to focus on establishing an active dialogue with stakeholders and ensured that local needs of the community were addressed. The local economic development policy was to incorporate incentives in the form of inputs and implements to people, areas and sectors that needed them.

Recommendations

The Blue Crane Route Municipality needs to invest in institutional management mechanisms that enable effective decision-making and specifically streamline decision-making processes. As such, effective local economic development within the Blue Crane Route Municipality requires strong decentralization of decision-making as economic investment decisions are made faster. Since the Municipality has limited decision-making powers as it is under the control of the Cacadu District Municipality with respect to local economic development, this is detrimental to growing the economy of the local Municipality.

Within the Blue Crane Route Municipality, local economic development must initiate the restructuring of rural economies. Moreover, local economic development must variously involve the strengthening of agricultural bases, and the diversification of rural activities through the attraction of new production lines. Furthermore, local economic development is vital in making rural areas attractive spaces for tourism consumption, and/or incorporating geographically marginal communities lobbying for public sector spending.

The Municipality is required to plan its systematic support to the local economy. Furthermore, the Municipality is expected to lead local economic development. One way of doing this is achieving better agricultural organization and by investing more on physical infrastructure in agricultural zones demarcated in its spatial plans. The Municipality is expected to lay out infrastructure required for economic growth, including roads, water resource, sanitation, electricity and social upliftment as part of its agricultural, tourism and manufacturing strategy.

In laying out infrastructure required for economic growth it is argued that local funds are better spent on investing in infrastructure such as local transport and communication, technical services, education and training as well as housing. The investment is done with a view to developing the area's own resources, encouraging new technologies and products and improving the quality of work and life in the area. Such infrastructure and social investment lays the basis for the development of a location that would be attractive to both internal and external investors.

The LED approach in the Municipality has to seek to stimulate inclusive growth in a participatory process in which local communities work together to increase local commercial activities, resulting in a resilient and sustainable economy. It is a way to help create decent jobs and improve the quality of life for everyone, including the poor and marginalized. Furthermore, the LED approach in the Municipality should focus on attracting outside investment by offering financial incentives, inexpensive land, infrastructure services and labour.

Most importantly, initiatives must be based on strategic planning and have a territorial and integrated approach. The LED approach within the Municipality should therefore, encourage the public, private and civil society sectors to establish partnerships and collaboratively find local solutions to the local economic development challenges. Tackling the LED challenges within the Municipality requires concerted effort, innovation and the scaling-up of good practices.

One of the main policy challenges facing the BCRM was formulating a regulatory policy framework that would eliminate or minimize the negative aspects of agricultural activities while strengthening its potential to create jobs and income-

generating opportunities. A broader policy issue was the formulation of an effective rural-urban policy and strategy that harnesses LED and rural-urban linkages and promotes sustainable economies. Within the Municipality, policy regulation pertaining to land, infrastructure and service provision were affecting local business activity. Therefore, creating a business and entrepreneur enabling environment within the Municipality depends on clear, accessible and stable policies and regulations.

Investors must be encouraged to commit themselves to explicit local economic development projects (agriculture, tourism and manufacturing) and objectives. Commitment to local economic development implies participation of local role-players and stakeholders in local economic development. In local economic development, more than in any other development perspectives, community mobilization forms a vital element. Consequently, local communities must be employed in the Municipality to improve their skills so as to enrich the labour market through skills development programmes funded through the Municipality and private sector contribution.

The Municipality must encourage Departments such as Agriculture, Education, Environmental Affairs and Tourism to coordinate their activities to improve LED in the area. Attention should be paid to shortage of agricultural land and water shortage as well as insufficient electricity. All these variables were hindering the development of the Municipality. A new and evolving relationship between councillors and officials was critical if the Municipality is to progress effectively.

It is argued that as agricultural incomes grow, the links between the rural and urban areas get stronger. The three urban areas, if well developed, can provide employment and markets for the agricultural products of the rural areas. Urban areas can play a major role in increasing the efficiency of agricultural support services such as commercial and financial services. Finally, urban areas can accommodate a wide range of agro-processing small scale manufacturing and commercial enterprises that can provide employment for rural residents. Another positive effect of urban areas on rural areas is their ability to transfer finance from the centre of the towns to their surrounding rural areas. This can occur through the payment for the purchases of rural raw materials and the spread of investment from the urban to the rural areas.

In conclusion, the urban areas within the BCRM are an integral part of LED and rural-urban linkages. The creation of employment opportunities and the improvement in the standard of living are important dimensions of LED and rural-urban linkages. It is critical that the LED policy and interventions reflect the existing patterns of interactions between the rural and urban areas of the Municipality. This concluding chapter summarized the findings of this study and considered their importance for local economic development and rural-urban linkages in enhancing the quality of life.

Future research needs to take into consideration a broader range of both private sector and market-led investments in employment creation. Community-driven developments that originate from grassroots within the Municipality must be considered. In response to the global commitment to protect the environment and promote sustainable development, future research must focus on environmental

management and LED. This would serve as a strong justification for integrating environmental concerns into all LED and policy processes.

Appendix A

Questionnaire for Local Economic Development (LED) Manager in the Blue Crane Route Municipality (BCRM).

1. What are the LED projects that the BCRM is engaged in to overcome the unemployment problem?

Explain

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2. What are the challenges in the implementation of the LED projects in the BCRM in relation to:
 - (a) Agriculture
 - (b) Tourism
 - (c) Small business enterprises in the Blue Crane Route Municipality?

Explain

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3. How do the LED projects in each of the following economic activities:
 - (a) Agriculture
 - (b) Tourism
 - (c) Small business enterprises grow in the Blue Crane Route Municipality. How successful is each in terms of economic growth such as financial profit, job creation, production amounts (tonnage) and number of tourists?

Explain

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4. How have the LED projects in each of the following activities in the BCRM:
 - (a) Agriculture
 - (b) Tourism

- (c) Small business enterprises impacted on the quality of life of each of the black, coloured and white local communities in the rural and urban areas?

Explain

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5. What are the local State LED strategies involved in facilitating rural-urban linkages between the:

- (a) Private sector
- (b) NGOs
- (c) Civic organization and
- (d) The different local communities (blacks, coloureds and whites) in the BCRM?

Explain

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6. Explain the interaction between the BCRM and the

- (a) Small business entrepreneurs in small industry, informal sector and agriculture
- (b) Donors,
- (c) NGOs and
- (d) The different local communities (blacks, coloureds and whites) in the rural and urban areas in participatory strategies in LED?

Explain

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7. How does the BCRM and the

- (a) Small business entrepreneurs
- (b) Donors and
- (c) The different local Communities (blacks, coloureds and whites) in the rural and urban areas address the LED challenges, if any, throughout BCRM?

Explain

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8. What policy/policies did the following agencies implement in promoting LED in the BCRM over the last five years?

- (a) Private sector,
- (b) NGOs and
- (c) The different local communities (blacks, coloureds and whites) in the rural and urban areas.

Explain

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9. What are the responsibilities of the

- (a) Municipality (BCRM),
- (b) Private sector organizations (industries, commerce, finance and trade).
- (c) Business associations,
- (d) NGOs and
- (e) Donors in ensuring an enabling business environment that provides for investment opportunities and local economic development within the BCRM?

Explain

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10. How do the

- (a) BCRM,
- (b) Private sector organizations
- (c) Business associations
- (d) NGOs and
- (e) Donors ensure an enabling business environment which provides for investment opportunities and local economic development within the BCRM for the different local communities (blacks, coloureds and whites) in the rural and urban areas?

Explain

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Appendix B

Questionnaire for the Blue Crane Development Agency (BCDA) Manager in the Blue Crane Route Municipality (BCRM)

1. How does your Agency coordinate its LED activities with those of the BCRM in regard to:

- (a) Agriculture
- (b) Tourism
- (c) Small business enterprises including industry in the rural and urban areas?

Explain

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2. Which department/s in your Agency is/are taking responsibility for coordinating the LED activities in:

- (a) Agriculture
- (b) Tourism and
- (c) Small business enterprises within the BCDA in both the rural and urban areas?.

How is the coordination pursued?

Explain

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3. What are the challenges in the implementation of the LED projects in

- (a) Agriculture
- (b) Tourism
- (c) Small business enterprises within the BCRM?

-What contributes/gives rise these challenges?

-How does your Agency address these challenges?

Explain

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4. What impacts, if any, have the LED projects in the BCRM in
- (a) Agriculture
 - (b) Tourism and
 - (c) Small business enterprises had in improving the quality of lives of the different local communities (black, coloured and white) in the rural and urban areas?

Explain

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5. What are the LED strategies, if any, between
- (a) The private sector,
 - (b) NGOs,
 - (c) Civic organizations,
 - (d) Community-based organizations
 - (e) The BCDA and
 - (f) The different local communities (black, coloured and white) that ensure rural-urban linkages?

Explain

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6. How is the BCDA involved in LED activities with regard to
- (a) Agriculture
 - (b) Tourism and
 - (c) Small business enterprises in the surrounding local communities (rural and urban) within the BCRM?

Explain

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7. What is the involvement of the BCDA and the:
- (a) Small business entrepreneurs in agriculture, small industry, the informal sector and the black economic empowerment.
 - (b) International/local Donors/funding agencies and

- (c) The different local communities (black, coloured and white) in participatory strategy development to address the challenges in LED?

Explain

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8. How does the BCDA engage:
- (a) Small business entrepreneurs
 - (b) International/local Donors funding bodies, and
 - (c) The different local communities (black, coloured and white) in addressing the challenges in LED in the BCRM?

Explain

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9. What joint policy/policies have been implemented between the BCDA and the:
- (a) Private sector,
 - (b) Funding bodies and
 - (c) The different local communities (black, coloured and white) in promoting LED in the BCRM?

Explain

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10. How effective are the joint policy/policies that have been implemented between the BCDA and the:
- (a) The private sector,
 - (b) Funding bodies and
 - (c) The different local communities (black, coloured and white) in promoting LED in the BCRM?

Explain

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11. What are the responsibilities of the
(a) BCDA in ensuring an enabling business environment that provides for investment opportunities and local economic development within the BCRM?

Explain

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Appendix C

Questionnaire for the Ward Councilors

1. What is the funding available to implement the LED activities in your wards for each of the following activities:

- (a) Agriculture
- (b) Tourism and
- (c) Small business enterprises?

Explain

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2. How is the LED funding apportioned to the following different activities within your wards;

- (a) Agriculture
- (b) Tourism and
- (c) Small business enterprises within your wards?

Explain

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3. Is the funding of LED projects in your ward in:

- (a) Agriculture
- (b) Tourism and
- (c) Small business enterprises adequate to implement these activities?

Explain

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4. What are the LED strategies used in facilitating rural-urban linkages between the:

- (a) Local State and the
- (b) The rural and urban communities in your ward?

Explain the effectiveness of these strategies:

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5. Explain the involvement of the:

- (a) Local State,
- (b) The rural and urban communities in participatory strategies to address the challenges in LED in your ward?

Explain

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6. To what extent is the involvement of

- (a) The BCRM,
- (b) Rural and urban communities effective in addressing the challenges in LED your ward?

Explain

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7. What mechanisms and/or opportunities are available to the local development committees in your ward to suggest infrastructural developments and LED projects to the

- (a) BCRM,
- (b) Funding bodies
- (d) The rural and urban communities?

How effective are these mechanisms?

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8. What policy/policies have been adopted between:

- (a) Local State and
- (b) The different local communities (black, coloured and white) in promoting LED in your ward?

Explain

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9. How successful is/are the policy/policies that have been adopted between:

(c) Local State and

(d) The different local communities in promoting LED in your ward?

Explain

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10. What are the responsibilities of the local development committees in ensuring an enabling business environment which provides for investment opportunities and local economic development in your ward?

Explain

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Appendix D

Interview Questionnaire for the Farmers Union and the Development Committee chairpersons

1. From the list below, select what type of farming system/s is your union/committee engaged in?

- (a) Field crop production
- (b) Horticultural crop production
- (c) Dairy husbandry
- (d) Beef production
- (e) Piggery production
- (f) Poultry production
- (g) Sheep and goats production

Explain

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2. Where do you draw your labourers from to work in your farm/s?

- (a) From the urban centres within BCRM
- (b) From rural areas within BCRM
- (c) From outside the BCRM
- (d) Other-Specify

Explain

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3. Which, from the following places is the market for your produce?

- (a) Urban centres within BCRM
- (b) Rural areas within BCRM
- (c) Other-Specify

Explain

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4. What is the funding available from the BCRM or funding bodies to implement the LED activities for the next five years in your rural and urban communities for each of the following activities:

- (a) Agriculture
- (b) Tourism and
- (c) Small business enterprises in the BCRM?

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5. How is the LED funding apportioned to the following different activities within your different communities:

- (a) Agriculture
- (b) Tourism and
- (c) Small business enterprises within the BCRM

Who is responsible for the apportionment of funds in your areas?

Explain

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6. Is the funding of LED projects in the BCRM in

- (a) Agriculture
- (b) Tourism and
- (c) Small business enterprises adequate to implement the LED activities?

Explain

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7. What are the constraints experienced in promoting integrated, development strategies and programmes in your different areas in the BCRM?

Explain

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8. What is the state of infrastructure in terms of:

- (a) Transport
- (b) Markets

- (c) Energy supply and
- (d) Services linking the different local communities within BCRM (rural and the urban centres)?

Explain

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9. What are the LED strategies involved in facilitating rural-urban linkages in the BCRM?

Explain

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10. Explain the involvement of the farmers union and the development committees in participatory activities to address the LED challenges in the BCRM?

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11. How successful are the farmers union and the development committees in addressing the challenges in LED in the BCRM?

Explain

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12. What mechanisms and/or opportunities are available to the local development committees and farmers union given a chance to suggest developments and LED projects to the BCRM?

How effective are these mechanisms?

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13. What LED projects/programmes have been implemented by the development committees and farmers union in promoting LED in the BCRM?

Explain.....
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Appendix E

Questionnaire for the Household Heads in the Blue Crane Route Municipality

Part 1. Background information

1. Sex

Male

Female

2. Educational Background

(a) Primary

(b) Secondary

(C) High school

(d) College

(e) University

(f) Other

3. Household Size

(a) 1-3

(b) 4-6

(c) 7-9

(d) 10-12

(e) 12+

4. Employment Status

(a) Employed

(b) Unemployed

(c) Self-employed

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5. If employed, does your household have any other additional source of income besides that from your formal employment?

Explain

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6. What is the range of your monthly income?

- (a) R0-500
- (b) R501-1000
- (c) R1001-1500
- (d) R1501-2000
- (e) Above R2000+

7. What are the factors enabling or constraining your ability to

- (a) Access markets
- (b) Employment
- (c) Services
- (d) Education
- (e) Financial information

8. How does the BCRM help you in regards to the following to enhance LED in the rural and urban areas:

- (a) Financial information
- (b) Employment
- (c) Infrastructural development
- (d) Education and
- (e) Training services in your area?

Explain

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9. How successful are the strategies used in the BCRM in helping with:

- (a) Financial information
- (b) Employment
- (c) Infrastructural development
- (d) Education and
- (e) Training services to establish rural-urban linkages in your area?

Explain

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10. What measures can be employed to strengthen the rural-urban linkages and the movement of goods and services between the rural and urban area in regards to each the following:

- (a) Transport,
- (b) Market,

- (c) Services linking the different local communities (black, coloured and white) your area,
- (d) Energy supply

Explain

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11. How are the activities coordinated in your area in regards to each of the following:

- (a) Small business enterprises,
- (b) Infrastructural developments (roads, water, electricity and sanitation)
- (c) Agriculture (horticulture, poultry, sheep and goats, dairy and beef production) to address the challenges in LED in your area?

Explain

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12. How successful are the activities in regards to:

- (a) Small business enterprises,
- (b) Infrastructural developments (roads, water, electricity and sanitation)
- (c) Agriculture (horticulture, poultry, sheep and goats, dairy and beef production) to address the challenges in LED in your area?

Explain

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14. How do the development committees and community-based organizations facilitate an enabling business environment and investment opportunities in your area?

Explain

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