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Title: LOCAL ECONOMIC DEVELOPMENT AND POVERTY ALLEVIATION IN NKONKOBEBE LOCAL MUNICIPALITY

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2016
DECLARATION

I, ZixoleleTsomo, declare that the work presented in this treatise is my own work and has not been submitted by me for evaluation at any other university. Where information has been derived from other sources, I confirm that this has been indicated in the treatise.

ZixoleleTsomo

March 2016
ACKNOWLEDGEMENTS

The successful completion of the research would have been impossible without the support, advice, assistance and encouragement of others. I would like to express my sincere thanks and appreciation to the following:

God for giving me the ability to complete my Masters of Arts in Development Studies

- My supervisor, Dr G Wellmann, for the professional manner in which she guided me through this study. Without her motivation and encouragement this research would not have been completed.
- My late mother, Nomzamo Tsomo for her love, support and prayers during those trying times of my study.
- My wife Ntombikazi Gloria for believing in me during the difficult and trying times and for her unending support.
- My children, Sibabalwe and Esihle who remained content at times when it was difficult for them to understand why I had to spend such long hours with my studies.
- My family and friends for their support.
- To the management and staff of Nkonkobe Local Municipality.
- To Sis Noli N Xate and Ms Gail Klopper for editing my work. (Annexure E provides confirmation that my treatise was assessed and edited by a professional language editor).
ABSTRACT

The purpose of this study was to investigate the impact of Local Economic Development (LED) in alleviating poverty in Nkonkobe Local Municipality in the Eastern Cape Province, a municipality that is predominantly rural in nature and also stricken by poverty. The research objectives were; to explore the implementation of LED strategies, to assess the degree to which various spheres of government work collaboratively to enhance efficiency and effectiveness in development planning; and to evaluate the extent to which job opportunities have been created as a result of LED practices in the municipality. To achieve these objectives, a qualitative research approach was utilised. The sample was selected using a purposive sampling technique whereby individuals who are directly involved in integrated development planning and LED planning were targeted. Those who met this criterion were considered suitable for providing relevant information regarding the implementation of LED in Nkonkobe Local Municipality.

Based on the literature review presented in chapter 2, LED can be perceived as an integrated, multidisciplinary approach that seeks to alleviate poverty through pro-poor economic growth by promoting economic development initiatives in municipalities. Moreover, the legislative framework presented in the same chapter reveals that the South African government has employed various strategies in the implementation of LED in local communities.

The study showed that the Nkonkobe Local Municipality LED strategy has limited impact on poverty alleviation due to a myriad of factors which reinforce and interact with each other, thereby limiting development and thus trapping residents in poverty. The findings suggest that there is significant room for a paradigm shift from predominantly pro-growth LED to pro-poor LED, and the need to adopt a comprehensive LED strategy that seeks to include both pro-growth and pro-poor strategies.
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<th>Description</th>
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<tr>
<td>ANC</td>
<td>African National Congress</td>
</tr>
<tr>
<td>LED</td>
<td>Local Economic Development</td>
</tr>
<tr>
<td>IDP</td>
<td>Integrated Development Plan</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>FEPD</td>
<td>Forum for Effective Planning and Development</td>
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<td>DPLG</td>
<td>The Department of Provincial Local Government’s</td>
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<td>SMMEs</td>
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CHAPTER 1

1.1 INTRODUCTION AND CONTEXT

The focus of this research project is to establish the impact of the Local Economic Development (LED) in poverty alleviation in the Nkonkobe Local Municipality in the Eastern Cape Province. Before 1994, no single, uniform system of local government existed across South Africa; each province had its own configuration of local government institutions. Under apartheid spatial planning, strong emphasis was given to top-down regional policy interventions which were centered upon promoting industrial decentralization in the country’s peripheral homelands or Bantustan regions. A case in point is Dimbaza location in the former Ciskei (Douglas S.C., 2003:9).

Transformation of local government into a fully-fledged and non-racial institution of governance was thus impelled by a legacy of urban environment logic that systematically favoured white urban areas at the cost of black urban and peri-urban areas “with tragic and absurd results. It is in the above context that, in order to address the imbalances of the past considerable emphasis was being placed on developmental local government as part of the transformation agenda of the South African society. Central to the concept of developmental local government was government argument that the responsibility of municipalities (is) to work together with local communities to find sustainable ways to meet their needs and improve the quality of their lives.” (South Africa, 1998:17).

The South African government has considerably embraced Local Economic Development (LED) in its policies and strategies for almost two decades. To this end, LED has emerged as an integral part of a new wider emphasis upon local responsibility and power in the democratisation of daily life (UNCDF, 2002 cited in Smoke, 2003). LED is defined as a participatory process that encourages and facilitates partnership amongst local stakeholders, while enabling “joint design and implementation of strategies, mainly based on the competitive use of the local resources, with the final aim of creating decent jobs and sustainable economic activities” (Canzanelli, 2001:9). LED can also be defined as follows:
“a process in which local governments and/or community based groups manage their existing resources and enter into partnership arrangements with the private sector, or with each other, to create new jobs and stimulate economic activity in an economic area” (Zaaijer and Sara, 1993:129).

Local Economic Development stems from the belief that bottom-up strategies should be encouraged over a centralised, top-down approach. These bottom-up strategies are integral to developmental thinking.

In recent years, LED has globally grown into locality-based responses to the challenges of globalisation, devolution and local level opportunities and crises. Moreover, international bodies such as the World Bank, the Organisation for Economic Co-operation and Development (OECD) and various national governments have embraced LED. Within the OECD, LED is particularly endorsed for urban development and business promotion (World Bank, 2001).

The purpose of LED is to grow the economic capacity of a local area so as to improve its economic future through economic growth, employment creation and the improvement of quality of life for all (Swinburn, 2006; World Bank, 2006). In encouraging the use of local resources, LED builds up the livelihoods of local communities. Local communities have an abundance of resources, namely; social capital, natural capital, financial capital, human capital and physical capital. However, the main problem is the limited access to these resources.

With the challenges facing LED, there is a need for all relevant stakeholders to mobilise resources in order to enable local communities to adapt to the competitive market environment and increase investment and employment for the enhancement of their livelihoods. This will empower communities to improve quality of life through the creation of economic opportunities for poverty alleviation (World Bank, 2006).

In Western Europe, North America and some parts of the developing world where LED dominates, it is seen as neo-liberal and pro-growth. Thus, in these countries LED is a tool for reducing the economic challenges posed by globalisation and for assisting local economies to participate in the global economy in a competitive manner and find market niches (Nel, 2001). Whereas in South America, where the pro-poor alternatives
of LED are prominent, LED is seen as primarily seeking to address social ills such as exclusion (marginalisation) and poverty (Helmsing, 2001; Nel and Rogerson, 2005).

The research study seeks to establish the extent to which LED is considered a poverty alleviation tool. Furthermore, it examines the Integrated Development Plan (IDP) process in Nkonkobe Local Municipality in the Eastern Cape Province.

1.2 PROBLEM STATEMENT

The LED Strategy of Nkonkobe Local Municipality (Nkonkobe Local Municipality, 2011) recognises that a set of activities have come to be regarded as achieving LED. Nevertheless, while many of these activities may be components of LED, it is important to define the essence of LED. Nkonkobe Local Municipality is grappling with understanding what LED is about which in turn affects the planning and implementation of LED within the municipality.

The LED Strategy of Nkonkobe Local Municipality (Nkonkobe Local Municipality, 2011:47-48) defines LED as a broad set of activities aimed at creating a competitive advantage for the city or region so as to create income and jobs. It notes that Nkonkobe Local Municipality “accepts that small local municipalities have a limited role in facilitating [LED] in their areas.” It further indicates that “municipalities cannot create sustainable jobs or grow the local economy through their own interventions or investments alone”. Hence, intergovernmental relations amongst various spheres of government and other role players need to be strengthened. Local governance for LED is frequently not inclusive of a wide range of stakeholders but is rather dominated by government.

Nkonkobe Local Municipality has challenges in mobilising key role players. For example, there are no formal associations that represent local businesses and the community, while projects mostly rely on the municipality or other government support. Consequently, LED initiatives that are not funded by government have no dedicated funding and are therefore less able to sustain themselves.

The Nkonkobe Local Municipality IDP programmes do not seem to be working together with LED programmes which seek to building partnerships, create
employment and make Nkonkobe Local Municipality the destination of choice in terms of tourism. As such, there is a high unemployment rate as well as brain drain because the citizens of Nkonkobe Local Municipality leave to work in other municipalities. Therefore, the study investigated the strategies that are in place to eradicate poverty in the Nkonkobe Local Municipality, the extent to which such strategies are being implemented, and the link between LED and poverty alleviation.

1.3 SIGNIFICANCE OF THE STUDY

The Constitution of the Republic of South Africa (Act 108 of 1996) and the 1998 Local Government White Paper envisage a complete transformation of the local government system. Local government is now a separate sphere of government and no longer a function of national or provincial governments. Furthermore, it has been given a distinctive role in building democracy and promoting socio-economic development (SA, 1998: 1-2).

The last phase of local government reform in the new democratic South Africa started with the local government elections of 5 December 2000. Building effective and efficient local governments is a key component of the democratic development of the country. The local sphere of government is closest to the people and affects their daily lives more directly than any other. The Department of Constitutional Development (1998: 1) describes local government as "the hands and feet" of reconstruction and development in South Africa. Thus, local government is at the centre of the development process in South Africa.

However, numerous issues and challenges confront local government in South Africa. One of these is LED and the role of local authorities in LED. The responsibility of stimulating economic growth and job creation is no longer reserved for national and provincial levels of government but has become a common challenge that local authorities must also confront. Subsequently, it is essential for all local government authorities to develop a firm understanding of various LED issues as LED forms part of their responsibilities. Local authorities are in a distinctive position to partner with community stakeholders and utilise the unique powers and duties of local government to help stimulate the local economy and improve the lives of citizens.
This study provides a better understanding of the link between service delivery and the policies and legislation of the country. Such understanding can be used to enhance the sense of responsibility and ownership of government as well as the recipients of government services over public resources. Additionally, understanding the link between service delivery and the policies and legislation of the country will enable the public to hold the municipality accountable and provide citizens with legal recourse in cases of unfair treatment and mismanagement of public resources.

1.4 Nkonkobe Municipality

The Nkonkobe local Municipality is located roughly in the centre of the Eastern Cape Province. It forms part of the Amathole District Municipality. The municipal area is mainly rural, but because of the extensive nature of farming practices in the area the rural population comprises only a small portion of the total population. Most of the residents are urbanized and the urban population is concentrated in the two small towns of Fort Beaufort and Alice. As is common in most South African cities and towns, there are notable differences between the levels of development and infrastructure in the formerly white and black residential and business areas.

Nkonkobe Local Municipality is characterized by extensive commercial farms that farm with cattle, sheep and crop farming. The administrative seat of Nkonkobe Local Municipality is situated in Fort Beaufort, which is about 140 km from East London. East London is the main economic and administrative centre in the whole of the Amathole District Municipality.

1.5 LED in the Nkonkobe Local Municipality

Nkonkobe Local Municipality has developed a process plan that outlined all activities that had to unfold during the development of its integrated development plan (IDP). The Municipal Systems Act requires that the process plan be set out in writing and be adopted by the Municipal Council to guide, among other aspects, the IDP review process. The IDP process is designed to include public participation, mainly through the Community Based Planning and the Representative Forum set up specifically for that purpose. The forum includes councillors, area committee members and all other stakeholders within the Nkonkobe Local Municipal area. According to the Nkonkobe
Municipality’s Integrated Development Plan (Nkonkobe Local Municipality, 2013: 3), the Municipal Manager has a delegated responsibility for drafting the IDP and will subsequently coordinate and manage the IDP review process.

1.6 RESEARCH QUESTION

The questions that were investigated in the study are:

- What is LED in the context of Nkonkobe Local Municipality?
- What poverty reduction plans are specified in the IDP of Nkonkobe Local Municipality?
- What strategies are being used to implement the plans stipulated in the IDP?
- What are the successes or shortcomings of LED in reducing poverty in the Nkonkobe Local Municipality?
- Based on what Nkonkobe Local Municipality has achieved over time, what recommendations can be proposed in order to enhance the contribution of LED in reducing poverty in Nkonkobe Local Municipality?

1.7 RESEARCH OBJECTIVES

The objectives of the study were:

- To investigate whether LED strategies are implemented in Nkonkobe Local Municipality.
- To assess the degree to which the various spheres of government work collaboratively to enhance efficiency and effectiveness in development planning.
- To evaluate the extent to which job opportunities have been created as a result of LED practice in the municipality in an attempt to fight poverty in the area.

1.8 CONCLUSION

Local Economic Development is a multi-focus development strategy, which appears to have some potential to help address development needs in a variety of localities in
the country including Nkonkobe Local Municipality. Despite the hopes which are currently pinned on LED in most localities, it is clearly not and cannot be regarded as a panacea capable of solving the nation’s economic problems. Regardless of these assertions, LED should still be supported and pursued because of the potentially inestimable contribution, which it can play in helping to address poverty, in providing alternative growth options, in reconciling communities and in addressing issues of empowerment and poverty, not only in the Nkonkobe Locality, but also in South Africa as a whole.

The concept of LED and other concepts integral to this study is further explored in the following chapter.
CHAPTER TWO

CONCEPTS, CONTEXT AND LEGISLATIVE FRAMEWORK FOR LOCAL ECONOMIC DEVELOPMENT

2.1 INTRODUCTION

The Nkonkobe Local Municipality, the geographical area being researched in this study, is faced with a serious problem of a lack of sustainable development. Unemployment and poverty levels in the area are high and are coupled with development and services backlogs; the study is seriously looking at the impact of local economic development in poverty alleviation. It is therefore imperative to define concepts, as well as the entire legislative framework so that one understands whether the municipality is on track in terms of complying with the legislation of South Africa. This chapter provides the legislative and theoretical framework required to gain a clearer understanding of the nature and meaning of Local Economic Development (LED).

2.2 POVERTY DEFINED

Poverty is recognised in different forms since while some individuals or households are permanently poor, others become impoverished as a result of general life-cycle changes, specific events such as the illness of a main income earner, or when external economic conditions get worse (Rakodi, 1995). Poverty is multi-faceted and it can be linked with hunger, unemployment, exploitation, and a lack of access to clean water, sanitation, health care or education (Baulch, 1996). The basic types of poverty are reflected in various ways: alienation from the family, food insecurity, crowded homes, usage of basic forms of energy, lack of access to social services, lack of adequately paid secure jobs and fragmentation of the family (World Bank, 2004).

The asset base of the poor was used by May (1998) to describe poverty. He identified four broad categories, human capital (such as labour, education, health), social and institutional assets (household relations, trust, access to decision making), natural resources (land, water, common property), and human-made assets (housing, productive infrastructure, social infrastructure). From the perspective of this asset
vulnerability framework, poverty is characterised by not only a lack of assets and the people’s inability to accumulate an asset portfolio, but also by an inability to devise an appropriate coping or management strategy.

A reliable measure of poverty according to Whiteford (1995) should encapsulate an understanding of the depth of poverty in relation to the poverty gap, because it is the sum of differences between the income of each poor household and the poverty line. The poverty gap measures the average deficit in the income of the poor in relation to the poverty line, whereas the poverty gap index measures the extent of the deficit of income below the poverty line. A poverty line divides the population into two groups on the basis of some measure: below the line a household/individual is considered to be poor, and above the line it is considered non-poor. Clearly, poverty lines are extremely useful for descriptions of poverty. By defining a line that is regarded as some kind of minimum living level, we are able to get a handle on the number of poor people, as well as the depth and severity of poverty.

2.3 THE CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA, 1996

The 1996 Constitution of South Africa promotes the social and economic development of the community and its participation in national and provincial development programmes. It gives municipalities powers to ensure that development takes place in such a manner that it enhances and develops the well-being of the residents in their jurisdiction. In terms of Section 153(a-b) of the 1996 South African Constitution, a municipality must structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community. While the municipalities are mandated to ensure economic development, they also need to involve multi-stakeholders in making decisions that directly affect people through the Integrated Development Planning (IDP) process.

2.4 WHAT IS INTEGRATED DEVELOPMENT PLANNING?

Integrated Development Planning (IDP) is a process through which municipalities prepare a five year strategic development plan. The Local Government: Municipal Systems Act 32 of 2000 defines the IDP as a “single inclusive and strategic plan for the development of the municipality” that:
• Links, integrates and co-ordinates a municipality’s sector specific plans;
• Aligns the resources and capacity of the municipality to the overall development objectives of the municipality;
• Forms the policy framework on which annual budgets rest, and
• Informs and is informed by similar development plans at national and provincial developments plans.

Integrated Development Planning is defined by the intergovernmental Forum for Effective Planning and Development (FEPD) as a participatory planning process aimed at integrating sectoral strategies, in order to support the optimal allocation of scarce resources between sectors and geographic areas and across the population in a manner that promotes sustainable growth, equity and the empowerment of the poor and the marginalized (The Planact, 2001).

The IDP process is very interactive and participatory, requiring the involvement of a number of stakeholders. The IDP is reviewed annually which results in the amendment of the plan if necessary. In a nutshell, IDP is about the municipality identifying its priority issues/problems. In terms of the Municipal Systems Act, the Executive Committee or Executive Mayor has the responsibility to the municipal manager.

The main purpose of the IDP is therefore to enhance service delivery and fight poverty through an integrated and aligned approach between different role players and stakeholders. The Nkonkobe Municipality 2008 Integrated Development Plan informs the municipality’s development planning, budgeting and implementation.

According to the Policy Paper on IDP (DPLG, 2000) the IDP process has six broad roles to play. These are to:

• Provide a strategic framework for municipal management, budgeting, delivery and implementation;
• Ensure political accountability and continuity;
• Facilitate interaction, engagement, communication and the building of alliances;
• Transform local government into a vehicle for development;
• Promote socio-economic development;
• Help municipalities devise holistic strategies for alleviating poverty and creating livelihoods.

Section 26 of the Municipal Systems Act lists the core components of the integrated development plans as follows:

• “An integrated development plan must reflect:
• the municipal council’s vision for the long term development of the municipality with special emphasis on the municipality’s most critical development and internal transformation needs;
• an assessment of the existing level of development in the municipality, which must include an identification of communities which do not have access to basic services;
• the council’s development priorities and objectives for its elected term, including its local economic development aims and its internal transformation needs;
• a spatial development framework which must include the provision of basic guidelines for a land use management system for the municipality;
• the council’s operational strategies;
• applicable disaster management plans;
• a financial plan, which must include a budget projection for at least the next three years; and
• the key performance indicators and performance targets determined in terms of Section 41.

‘Development has to be sustainable. Sustainable development reflects a process that meets the needs of the present generations, without compromising the ability of future generations to meet their own needs. It is multidimensional and encompasses complex interactions between economic, social, political and environmental issues. It represents a development framework that makes the reduction of poverty, the goal of full employment and the fostering of a stable, safe and just society the overriding objectives of developmental policy and interventions.’ (South African Human Development Report, 2003:198).
2.5 IDP LEGISLATIVE FRAMEWORK

The Constitution of the Republic of South Africa, Act 108 of 1996 states that a municipality must:

- structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community; and
- participate in national and provincial development programmes.

In terms of the Local Government: Municipal Systems Act 32 of 2000, each and every municipality must develop and adopt a single, inclusive and strategic plan for its development, which must be aligned with the plans of surrounding municipalities and other spheres of government.

Therefore it is imperative that the IDP prioritise key community needs through an integrated approach. Many government services are delivered by provincial and national government departments at local level, for example: police stations, clinics and schools. Municipalities must take into account the programmes and policies of these departments. The departments should participate in the IDP process so that they can be guided how to use their resources to address local needs.

Planning and managing local government development programmes requires councillors to consider social, economic, environmental, ethical, infrastructural and spatial issues pertinent to specific areas. Municipalities need to mobilize the participation, commitment and energies of residents and stakeholders by establishing participatory processes, which must be constructive and effective. Municipalities need to give community participation careful thought and make full use of all available resources to assist with the process. It is the researcher’s wish that the top management of Nkonkobe Local municipality understand the above-mentioned document (Nkonkobe IDP) because it is the cornerstone of service delivery, and that they should also implement what they have planned.
2.6 THE LEGISLATIVE FRAMEWORK FOR LOCAL ECONOMIC DEVELOPMENT

The legislation influencing local economic development (LED) operations flows from the Constitution. According to Bekink (2006:10-11), constitutional confirmation post-1994 in the Republic of South Africa has emphasised the system of cooperative governance by forcing all three spheres of government to work together in promoting economic development and improving service delivery. The roles of the structures and their responsibilities as enshrined in the South African legislations are essential in guiding local bodies.

2.7 LOCAL ECONOMIC DEVELOPMENT IN SOUTH AFRICA

The 1994 Reconstruction and Development Programme (RDP), the 1996 Constitution, the 1998 Local Government White Paper and the 2000 Local Government Municipal Systems Act emphasized strong community-focused, pro-poor development policies for the post-apartheid South Africa (Nel and Rogerson, 2005:16). Nel and Rogerson (2005:16) further declare that these documents have encouraged local governments to pro-actively intervene in their local economies to create employment and reduce poverty. Nevertheless, numerous obstacles have been encountered, not least among them a poor understanding of local economies, support for unsustainable community projects, and capacity and resource constraints.

South Africa’s policies are very special when it comes to Local Economic Development. Whereas in other countries LED tends to be a voluntary activity of local government, often borne out of necessity or desperation, in South Africa it is a statutory activity. The South African constitution establishes “developmental local government”, and this includes the responsibility for economic development. In recent years, the main vehicle for the developmental task of local government has been the Integrated Development Plan (IDP) process, which also includes LED activities (Stammer, 2006:2).

The debate on enablement has made clear that governments continue to play a role, albeit a different one, alongside communities. Enabling governments seek to involve other actors in the formulation and implementation of government policies and
programmes. Helmsing (1997:73) asserts that, the range of actors has increased, and now includes government, communities and their organisations, non-governmental organisations and now also private enterprise. Communities and their community based organisations (CBOs) continue to be principal actors but are themselves undergoing changes.

2.8 ROLES OF DIFFERENT LEVELS OF GOVERNMENT IN LED

The growth of local economies should be the focal point of each and every level of government in South Africa. Bond (2002:7) even states that their purpose should be to formulate strategies to address job creation and community development. If necessary, the democratic government must provide some subsidies as a catalyst for job-creation programmes controlled by communities and/or workers, and target appropriate job creation and development programmes in the most neglected and impoverished areas of our country. Ultimately, all such projects should sustain themselves.

The Framework makes clear that local government does not create jobs. It emphasizes on the fact that local economic development is about creating a platform and environment to engage stakeholders in the implementing strategies and programmes (DPLG 2006:8). DPLG (2006:9-10) further states that municipalities have a key role in creating a conducive environment for investment through provision of infrastructure and quality services, rather than by developing programmes and attempting to create jobs directly. A critical part of local government’s leadership role in the area of LED rests within its ability to draw other key stakeholders into the development process.

Effective and sustainable local economic development has been associated with the emergence of strong local partnerships, bringing together key stakeholders from both public and private sectors, along with local community interest groups. Such local partnerships bring a range of diverse perspectives and insights to the definition of local strategic priorities, strengthen consensus and commitment, and can contribute to the successful implementation of local development strategies and plans. LED managers should thus facilitate the mobilisation of such local coalitions or partnerships for active
involvement throughout the strategy development and implementation process (Department of Provincial and Local Government, 2006:18-19).

There are key drivers of LED in the context of a developmental state. The first is what national and provincial government do within district and metropolitan areas. The second is what district and metropolitan municipalities together with local role players do to grow the local economy. Two drivers can work at odds with each other and lead to ineffective resource and implementation. The more desirable approach and the ingredient for success is when these drivers act in synergy (Department of Provincial and Local Government, 2006:20).

The roles of the three spheres of government are discussed below. The National government as the first sphere will be discussed first, followed by the provincial government and lastly the local government.

2.9 NATIONAL GOVERNMENT

The Constitution places much emphasis on LED and the rise of developmental local government and thus national government needs to make this concept law. National government is the first sphere and is driven by the Constitution. The main role for national government set out in the guidelines is that of coordination of public policies and investment programmes. Government is also to ensure access to loans, directly through the Banking Charter (an agreement with commercial banks) and through legislation to permit the establishment of local savings and credit banks. These multi public funding mechanisms are seen as opportunities for LED, and the task for national government is to coordinate them to achieve maximum impact (Hindson and Vicente, 2005:28).

A national LED Forum is to be set up to kick start, coordinate and oversee the process, providing it with technical instruments and a multi-sourced funding mechanism combining government and off budget sources (Hindson and Vicente, 2005:30-31).

The Department of Provincial Local Government’s (DPLG) five year plan outlines three key priorities for the national government which are: mainstreaming hands on support to local government to improve municipal governance, performance and
accountability; addressing the structure and governance arrangements of the State in order to better strengthen, support and monitor Local Government, and refining and strengthening the policy, regulatory and fiscal environment for Local Government and giving greater attention to enforcement measures (Patterson, 2008:16).

2.10 PROVINCIAL GOVERNMENT

Provincial departments are to take on LED as a major delivery area which municipalities must provide for communities and citizens. Municipalities are also encouraged to set up LED fora to carry out the work of the National LED Forum at the provincial level (Hindson and Vicente 2005:33). The provinces are given an important role in building the capacity of municipalities to undertake LED and in supporting them in its implementation. They are to do this through technical economic development resources, funding, investor and business information.

2.11 LOCAL GOVERNMENT

The leading role players of the local government are the District and Metropolitan municipalities. The District Municipalities and Metropolitan municipalities together with local municipalities should be at the centre of a planning and networking web, ensuring that municipal policies and practices are conducive to a good environment in which businesses, cooperatives and Non-governmental Organizations (NGOs) can thrive and grow. What is of paramount importance is that municipalities should make a good use of policies and instruments made available by national government and provinces by ensuring that policies and instruments are available to the population in useful and accessible forms (Hindson and Vicente, 2005:33-34). Further, local government has a role to play in facilitating capacity building and skills development. It also has the responsibility to cluster development by providing amongst others, land, stimulating partnerships, facilitating business services, promoting marketing etcetera.

Municipalities should play a connector role in respect of LED drawing upon resources locked in a range of different government support instruments into their localities. Section 26 of the 2000 Local Government Municipal Systems Act emphasises that; it is compulsory that all local authorities should draw up (amongst other things) an annual and five year Integrated Development Plan (IDP) which plan must contain a
LED strategy, this is an attempt to ensure that local authorities do in fact focus on LED as a priority area.

There is a high level of competition between levels of government, including local and district municipalities, and between these municipalities and provinces with inadequate involvement of the private sector. Despite the guidelines presented in the LED framework of 2007, positioning municipalities as custodians of LED implementation is not clearly executed or done without challenges (Van Donk, Swilling, Pieterse and Parnell, 2008:270).

The 1998 White Paper on Local Government encourages municipalities to actively intervene in their local economies to protect and create new jobs, attract investments, support economic growth, oversee the redistribution of resources and assist with the restructuring of industries. Helmsing (2001:74) reiterates that several factors have contributed to a more prominent role for local government in local economic development. Local government has generally realised that they are but one of many players involved in local economic development. Most local authorities including relatively affluent countries, spend a relatively minor fraction of their budgets on direct economic development support.

Municipalities have other developmental mandates to intervene in their local economies, this mandate is supposed to be achieved through the integrated development planning of municipalities. All Integrated Development Plans include a chapter on LED with lists of funded and unfunded projects, which range from poverty related community projects to large scale projects. These projects are driven by municipal LED unit officials with intentions to create job opportunities. In all these pieces of legislations mentioned above, it is clear municipalities have a mandate to serve people of their communities. However, with regards to Nkonkobe, what is their position? What does this area still have the highest numbers of unemployment? Where are jobs, as promised about twenty one years ago? What does their IDP promise to do in the current financial plan and which LED programmes does this include? What was promised previously? If the answer is negative, what are they doing to minimise the unemployment?
2.12 THE WHITE PAPER ON LOCAL GOVERNMENT, 1998

The Local Government is committed to working with citizen groups within the community to find sustainable ways to meet their social, economic and material needs as well as improving the quality of their lives. The idea of community involvement is also confirmed by Section B of the 1998 White Paper on Local Government, which affirms the concept of developmental local government.


There is a criteria established for determining the category of municipality to be established in an area; to define the types of municipality that may be established within each category; to provide for an appropriate division of functions and powers between categories of municipality; to regulate the internal systems, structures and office-bearers of municipalities; to provide for appropriate electoral systems; and to provide for matters in connection therewith. The preamble to the Municipal Structures Act of 1998 states that the Act provides for the establishment of municipalities in accordance with the requirements relating to categories and types of municipality. Section 83(3) the Act further states that, a district municipality must seek to achieve the integrated, sustainable and equitable social and economic development of its area as a whole.

2.14 THE MUNICIPAL SYSTEMS ACT, 2000 (ACT 32 OF 2000)

Section 4(2) of the 2000 Municipal Systems Act, further states that a municipal council has to encourage the involvement of the local community; strive to ensure that municipal services are provided in a financially and environmentally sustainable manner. The council should consult the local community about the level, quality, range and impact of municipal services provided. There is also a need to ensure that members of the local community have equitable access to municipal services to which they are entitled; promote and undertake development in the municipality.

The main function of Act, 2000 is described at is preamble to the Act, to provide for the core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of
communities, and to ensure universal access to essential services that are affordable to all. Binza (2010:249) suggests that LED initiatives and programmes should be managed effectively and efficiently to redistribute economic resources equitably.

2.15 LOCAL GOVERNMENT TRANSITION ACT, 1993 (ACT 209 OF 1993)

The 1993 Local Government Transition Act assigned various powers and duties relating to service provision to local governments and specifically required metropolitan councils to promote integrated economic development, the equitable distribution of municipal resources and the delivery of services with a developmental focus in municipalities.

Although more recent legal provisions pertaining to the development role of local government have been based on the 1998 Local Government White Paper, pre-1998 Acts have also served as a basis for this new role.

2.16 CONCLUSION

In its simplest form, LED can be regarded as an integrated, multidisciplinary approach aimed at poverty alleviation through pro-poor economic growth by supporting sustainable economic activities in municipalities (Van der Waldt, 2007:145). This chapter provided the strategies employed by South Africa in the implementation of LED in the communities. The roles played by the three tiers of government were elaborated.

The following chapter describes the methodology used in this study.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

The main purpose of this study is to assess the impact of Local Economic Development (LED) on poverty alleviation in Nkonkobe Local Municipality in the Eastern Cape. The research study will focus on the implementation of LED projects that are concerned with infrastructural development in Nkonkobe Local Municipality in order to check how they are linked to the objectives of the LED strategy or plan.

This chapter seeks to explain the research design and methodology to be employed in conducting the study. The subsequent sections will further discuss research design and methodology, the setting of the study, the data collection process as well as ethical considerations.

3.2 RESEARCH DESIGN AND METHODOLOGY

Research design refers to the procedures and methods of collecting the information needed during research. It is the overall framework or plan that outlines the type of information to be collected, the sources from which it is to be collected and the preferred tools for collecting that information. Thus, research design specifies the most suitable methods for investigating the research questions and achieving the objectives of the study.

The qualitative research method has been identified as the appropriate method for conducting this study. The qualitative research method is concerned with the scientific description of events and persons without the use of numerical data. It is more open and responsive to its subjects. Additionally, it is focused more on collecting and analysing data in as many forms as possible which are chiefly non-numeric. Moreover, it tends to focus on exploring, in as much detail as possible, smaller numbers of instances or examples which are seen as being interesting or illuminating and aims to achieve depth rather than breadth (Hughes 2006:3). Furthermore, Denzin and Lincoln (1998:4) define the word qualitative as implying an emphasis on processes and
meanings that are not rigorously examined or measured in terms of quantity, amount, intensity or frequency. Therefore, the aim of qualitative research is to establish the socially constructed nature of reality, to stress the relationship between the researcher and the object of study as well as to emphasise the value laden nature of the inquiry.

According to Hughes (2006:4) the main reason for choosing qualitative research is that in qualitative research events can be understood adequately only if they are seen in context. When the researcher starts conducting the research, he or she must be part of the subjects being researched and therefore numbers cannot assist in understanding the problem that is being researched. Also, Hughes (2006:7) believes that qualitative researchers want those who are being studied to speak for themselves and express their perspectives in words and other actions. Consequently, the researcher is able to ask more probing questions as and when the need arises instead of coming back for more explanations on issues raised. Qualitative research also introduces new views regarding the subject and does not just legitimise pre-conceived attitudes.

Denzin and Lincoln (1998:38) maintain that qualitative ethnographic social research entails an attitude of detachment toward society that permits the sociologist to observe the conduct of self and others, to understand the mechanisms of social processes and to comprehend and explain why both actors and processes are as they are. Hakim (1987:26) concurs that qualitative research is concerned with individuals giving their own accounts of their attitudes, motivations and behaviour. It offers richly descriptive reports of individual perceptions, attitudes, beliefs, views, feelings, meanings and interpretations given to events and things, as well as their behaviour. Also, it displays how these are put together more or less coherently and consciously into frameworks of individual experiences which make sense. Thus, qualitative research is used for exploratory studies leading to more structured or quantitative studies as an alternative to opinion polls. Hakim (1987:27) emphasises that the strength of the qualitative research method is the validity of the data obtained whereby individuals are interviewed in sufficient detail for the results to be taken as true, correct, complete and believable reports of views and experiences.

The research was conducted at Nkonkobe Local Municipality using a case study approach. Syrret and Hogg (1992) assert that since localities provide a basis for
studying how general processes affect the local area and how a local area affects the
general processes, there is a great need for research to be in the form of a case study
using empirically based geo-historical research. A case study is justifiable if research
is being conducted into processes happening within specific places and the individual
experiences are unique.

This study used formal interviews to collect information about existing and planned
activities relating LED programmes in Nkonkobe Local Municipality that focus on
poverty alleviation. The researcher also consulted relevant documents to identify
critical factors that contribute to the sustainability of LED poverty alleviation projects in
Nkonkobe Local Municipality.

3.3 SAMPLING

The researcher used purposive sampling. De Vos et al. (2005) define purposive
sampling as “a sample purposefully selected by the researcher and made up of those
elements that are most representative of the population if the population is readily
available for research”. The reason for choosing purposive sampling is that the
researcher is interested in a specific group that is directly involved in LED projects.
People that are no longer involved in the LED or related projects are deemed not
suitable for this sampling. Through the use of purposive sampling, the study gathered
information from the right people with experience of the matter at hand.

Data was gathered through interviews from a sample consisting of people living in
Nkonkobe Local Municipality who are directly involved in, or are participating in
integrated development planning as well as local economic development planning.
Furthermore, it also included, inter alia, municipal LED practitioners of the Nkonkobe
Local Municipality, LED managers from sector departments, IDP practitioners as
overseers of the implementation of the LED programme, provincial government
personnel, project managers and relevant managers from government institutions like
the Small Enterprise Development Agency, beneficiaries of related projects and other
stakeholders such as business people and Non-Governmental Organisations. LED
practitioners are instrumental in this study as coordinators and facilitators of the IDP
and LED as a component of the IDP.
3.4 DATA COLLECTION

The study requires hybrid data consisting of interviews and a case study in order to give a balanced view of the evidence (Mouton 2001:158). Semi-structured face-to-face interviews were used so as to record more than the verbal responses of interviewees which are often superficial. This is because when people communicate directly with each other more information is communicated between them. The communication is not only confined to verbal expressions. The researcher can also read the nature of the words spoken as well as the facial expressions and body language of interviewees all of which communicate what they mean.

Open-ended questionnaires were used for conducting the face-to-face interviews. Since open-ended questions are less structured, they encourage the participants to express themselves freely without restraining themselves to any fixed responses. Moreover, the researcher is able to get more information from respondents by making an allowance for follow-up questions. Additionally, open-ended questions deepen the understanding of certain variables which are under investigation. In this study, open-ended questions will enable respondents, who represent the poor of Nkonkobe Local Municipality, to highlight the various dimensions of data collection, explain the processes of impoverishment in Nkonkobe Local Municipality and rank their priorities. However, the researcher notes that a disadvantage of an open-ended questionnaire is that it is time consuming as a data collection tool and results in a variety of responses which leads to difficulties in analysing the data (Maxwell, 2005). The research questions were derived from the research sub foci areas.

Chambers (1993) argues that unless careful appraisal precedes questionnaire development, the survey will embody concepts and categories of outsiders rather than those of the rural people who are the focus of the study thus imposing meaning on social reality. Hence, the researcher employed face-to-face unstructured interviews whereby the researcher could add or remove questions depending on the insights being provided by participants regarding the variables of the study. The researcher visited Nkonkobe Local Municipality in the last two weeks of July 2015 to secure dates for interviews according to the availability of the participants. Whilst conducting the research, the researcher found that there was an infrastructural LED project in the
local municipality that is relevant to the study, and he conducted small focus groups discussions with implementers regarding their experience with the project.

The researcher also consulted existing documents on LED in order to evaluate the extent to which LED has been implemented as a cross-cutting dimension within the Integrated Development Plan (IDP) of Nkonkobe Local Municipality. Such documents included the Reconstruction and Development Programme, the Constitution of the Republic of South Africa, the White Paper on Local Government, the Integrated Sustainable Rural Development Programme, and the National Framework on LED, the Municipal Systems Act, the Integrated Development Plan Guidelines, journal articles, online publications, research reports, World Bank publications, photographs, video-tapings and tape recordings. After the data collection process, the data was analysed.

3.5 SETTING OF THE STUDY

The study was conducted at Nkonkobe Local Municipality which is under the jurisdiction of Amathole District Municipality. Interviews were conducted individually because the aim of the study is to get individual perceptions from those who are directly involved in LED.

3.6 ETHICAL CONSIDERATIONS

Before commencing with the study, the researcher received an ethics clearance from the Nelson Mandela Metropolitan University (NMMU) and a letter (refer to Annexure C) confirming that the researcher was a NMMU Masters student needing assistance with conducting the research. Consequently, a letter (refer to Annexure B) was then issued by the Office of the Municipal Manager giving the researcher permission to conduct research at the Nkonkobe Local Municipality.

Prior to conducting interviews, all participants were provided with an information sheet (invitation to participate) about the study and consent forms (refer to Annexure A) to sign. According to Gravetter and Forzano (2003) the point of informed consent is that human participants should be given complete information about the research and their role in it. Babbie (2007) indicates that “a basic rule in social research is that
participation should be voluntary”. Participation in the study was voluntary and it was explained that refusal to participate will not hold any negative consequences. The researcher made an effort to convince potential respondents who were reluctant to participate that the findings of the study will inform the focus of future government and private sector interventions and financial support. The researcher also sought to illustrate how the participants, as residents of Nkonkobe Local Municipality, would benefit from the study.

Subsequent to respondents consenting to participate in the study, interviews were conducted in a private and safe place in order to allow participants to freely express themselves. Confidentiality was emphasised and participants were given an opportunity to ask questions and receive clarity where necessary. Babbie (2007) explains that “social researchers have many ways to guard against harming people and need to be careful to respect the privacy of the participants”.

Interviews were conducted over a two-week period in July 2015 with each interview taking an estimated 20 minutes. Due consideration were given to the timing of the interviews by looking at the daily schedule, seasonal activities and work habits of respondents.

Before commencing with the interviews the researcher introduced himself to the participants stating the aim of the study, what he anticipated the outcomes of the study would be and how the data will be used. Participants were also told that there would be no financial benefit in participating in the study. A complete face-to-face interview schedule is provided in annexure D.

3.7 CONCLUSION

This chapter discussed the research procedures that were employed in conducting this study. The chosen research method is the qualitative approach. Data were collected through interviews, a case study and relevant literature. The following chapter will present the analysis and interpretation of the research results.
CHAPTER FOUR
RESEARCH ANALYSIS

4.1 INTRODUCTION

This chapter presents the research findings of the study of the Local Economic Development (LED) as a tool to alleviate poverty in Nkonkobe Local Municipality. It will provide a qualitative interpretation of results based on the interviews that were carried out with municipal officials.

4.2 RESEARCH FINDINGS

This section deals with the interpretation of the research findings. It is divided into sections according to the areas of information covered in the questionnaires that were administered to respondents.

4.2.1 Profile of Participants

This sub-section provides an overview of the sample which was used in the study. The sample consisted of 14 participants as illustrated in Table 4.1 below.

Table 4.1: An Overview of Participants

<table>
<thead>
<tr>
<th>Type of respondent</th>
<th>Workplace</th>
<th>Tool</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>LED manager</td>
<td>Nkonkobe Local Municipality</td>
<td>Interview</td>
<td>1</td>
</tr>
<tr>
<td>LED practitioners</td>
<td>Nkonkobe Local Municipality</td>
<td>Focus group discussion</td>
<td>2</td>
</tr>
<tr>
<td>Community members</td>
<td>Community service</td>
<td>Key informant interviews</td>
<td>5</td>
</tr>
<tr>
<td>Project managers</td>
<td>Nkonkobe Local Municipality</td>
<td>Focus group discussion</td>
<td>3</td>
</tr>
<tr>
<td>Integrated Development Programme (IDP) Unit</td>
<td>Nkonkobe Local Municipality</td>
<td>Focus group discussion</td>
<td>3</td>
</tr>
</tbody>
</table>

The following frequency table (Table 4.2) indicates the education, age, marital status and economic status of respondents.
The above table shows that 47.8 years and 41.9 years were the average male and female ages respectively. More than half (64.3%) of participants were married compared to only 35.7% who were unmarried. Approximately 79% of respondents had a Diploma and the remaining 21% had a tertiary education (which is also referred to as third stage, third level, and post-secondary education, is the educational level following completion of a school providing secondary education), nine out of the 14 respondents were from the public sector and five were from the private sector. Males dominated with more than three quarters (79%) of respondents compared to 21% of females.

### 4.2.2 Perceptions of LED among Respondents

Despite the differing experiences and knowledge of respondents regarding local government, each respondent was asked to define LED according to their understanding in order to ascertain their perceptions of LED. Their responses are captured in Figure 1 below.
Figure 4.1: Perceptions of LED

As depicted in Figure 4.1 above, respondents explained LED as follows:

- The LED manager affirmed that LED is an initiative that is about promoting economic growth and job creation. The LED practitioners defined it as economic growth initiatives.
- The community members, representing different villages in Nkonkobe Local Municipality, explained LED as a poverty alleviation and job creation approach.
- The project managers stated that LED is comprised of local initiatives that seek to promote economic growth and job creation.
- The respondents from the Integrated Development Programme (IDP) unit considered LED to be about job creation and regarded it as an initiative that promotes economic growth within the local space.

It seems that respondents believe that LED is a unit that has been designed solely for the poorest of the poor so as to develop the local economy through job creation by building partnerships with businesses locally and outside the local municipality. The definition of LED given by respondents seems to focus mainly on building the local economy and job creation without any mention of the role of stakeholders in LED. In
addition, there was no mention of how LED was to fulfil its objective of developing the local economy and creating jobs. Furthermore, there is no evidence of collaborating with other government departments and municipalities that are located adjacent to Nkonkobe Local Municipality. One of the respondents from the LED unit indicated that it would be beneficial if, for example, there could be a collaboration between Nkonkobe Local Municipality and the Department of Water Affairs to build a big dam around Fort Beaufort to mitigate seasons of drought.

The limited focus on job creation and poverty alleviation, by implication through individual projects, overlooks the importance of the role of all stakeholders and the need for the municipality to work together with others to build the overall economy of Nkonkobe Local Municipality.

4.2.3 LED Status in the Administration of Nkonkobe Local Municipality

The study found that Nkonkobe Local Municipality has a fully-fledged LED Unit. The LED Unit currently has another unit under it, namely; the Community Services, Rural Development and Public Enterprise Unit which is led by the LED Manager and the LED Coordinator. Two LED Officials responsible for agriculture and tourism respectively report to the LED Coordinator. According to the Nkonkobe Local Municipality organogram the LED manager reports directly to the Municipal Manager. This was a strategic move to ensure that LED issues were prioritised appropriately at that level. Nevertheless, the LED manager strongly believed that the Nkonkobe Local Municipality organogram needs to be reviewed since it is currently undergoing a merger with the very small Inxuba Local Municipality. Inxuba Local Municipality is being merged with Nkonkobe Local Municipality because it is not economically viable.

They suggested that the LED Unit be removed from Community Services and instead be attached to the Office of the Municipal Manager where it would receive support for the development and strategic thrust it requires. The LED manager stated that the LED unit and its personnel need to be well-capacitated in order to do a credible job. This is also one of the objectives of the Provincial Department of Local Government and Traditional Affairs.
4.2.4 Budgeting For LED

Section 152(c) of the Constitution of the Republic of South Africa (Act 108 of 1996) stipulates that municipalities have the responsibility of promoting socio-economic development in their areas of jurisdiction. The IDP affirms that LED has an allocated budget. Nonetheless, respondents expressed conflicting views on the amount of money that is allocated to the LED Unit. The LED manager revealed that they receive R500 000 which he deemed as being too little. On the other hand, the IDP manager maintained that they get R1, 5 million. The other respondents did not even know their allocated budget.

The IDP reflects the use of a lot of money in poverty alleviation projects. These include agricultural projects such as citrus production which employs workers on a permanent and seasonal basis. Other related projects include the production of essential oils, olive oil and paprika as well as the Alice Fresh Produce Market which is meant to be utilised by all farmers within the area for selling produce with the support of local stakeholders. The Department of Labour assists with the provision of managerial, technical and leadership skills whereas the Siyazondla Homestead food programme helps the poor by providing training, infrastructural support and follow-up programmes to related households.

The allocated LED budget also contributes to tourism development within the Nkonkobe Local Municipality. The municipality is recognised as a significant contributor towards the local economy and creates sustainable employment. The tourism sector has great growth potential in areas such as accommodation services, heritage, hiking trails, cultural villages, game farming, craft and tour guiding. Local and international partnerships have been established to spearhead the development of rural tourism in the area. For instance, the Department of Environmental Affairs has, through its poverty relief programme, complemented the local initiatives to promote community tourism. Members of the community participate in the development initiatives.

Cultural villages and craft centres and their preservation have been equally identified as critical contributors to tourism in the Nkonkobe Local Municipality. Local authorities are planning to fundraise in an attempt to support key vital areas such as small
business planning, product development training and enterprise development services. A major spin-off from this initiative was the micro-credit finance scheme that helps women in their business ventures.

Infrastructural development, as highlighted in the municipal LED plan, is aimed at improving access to rural communities and is vital in attracting investment in the locality. It is important to reduce the backlog in access to electricity and telecommunication as well as the upgrade of roads especially in rural areas (Nkonkobe, 2004). Amongst other key infrastructural facets, roads facilitate transportation of goods and people, telecommunication overcomes distance in communication and electricity adds to productive potential in a variety of ways such as the use of different machines. Therefore, investments in infrastructure leverage other investments and activities. The development of Small Micro to Medium Enterprises (SMMEs) is an ideal strategy spearheaded by the need to reduce the percentage of households living under the poverty line. SMMEs require training in business management skills, creation of business, funding opportunities as well as company registration and auditing. Skills development empowers locals to participate in economic activities, create employment and provide income that will sustain the livelihoods of the people.

4.2.5 Project Evaluations

The subsequent chart presents the awareness of participants regarding the evaluation of projects at Nkonkobe Local Municipality.
The LED manager and LED practitioners together with the IDP manager and his two officers maintained that there is always a session where projects are reviewed and recommendations made in order to prepare for forthcoming projects and give feedback to stakeholders. The remaining respondents were not aware of any project evaluations. Approximately 64.3% of respondents affirmed that there were project evaluations being carried out over the years whereas the five community members (making up 34.7% of all respondents) were unaware of any evaluations being conducted.

4.2.6 Monitoring of Projects

Table 3 below shows the awareness of project monitoring and evaluation among respondents.
Three LED staff, comprised of the LED manager and two LED practitioners, together with the IDP manager and his two officers, asserted that the entire process of projects is monitored. Furthermore, they stated that there is a LED standing committee that monitors the progress of Nkonkobe Local Municipality projects. Additionally, they reported that officials monitor the status quo of projects and make recommendations. However, the project managers indicated that they are the ones monitoring their projects because there is no standing committee that monitors their work unless they do so without their knowledge. The five community members were unaware of any monitoring and evaluation plans.

### 4.2.7 The Existence of a Credible Municipal LED Strategy

The LED strategy of Nkonkobe Local Municipality has been debated and adopted by the Municipal Council. The LED Manager asserted that the strategy is only on paper and yet they are busy with implementation. All participants agreed that the LED Unit is not well resourced and therefore needs a radical change. Nonetheless, they were optimistic that things will change for the better since the Inxuba Local Municipality will merge with the Nkonkobe Local Municipality because of ‘the corrupt practices that are taking place in Nkonkobe’, one respondent mentioned nepotism and a lot of mal-administration in the municipality.

### 4.2.8 Poverty Reduction Plans as Specified in the IDP of Nkonkobe Local Municipality

The IDP makes reference to LED and its strategy. The IDP of Nkonkobe Local Municipality identifies tourism, especially hunting, as one of its economic drivers and growth sector. The municipality has a tourism sector plan in place which sets out clear
objectives on how tourism could contribute to the development of the local area and job creation. Nevertheless, no development has taken place since the development of the plan. Tourism product development and marketing are the key primary areas that the municipality would want to tap into. Agriculture and hunting are mentioned as representing the largest economic contributor and employer in the municipal area. The municipality has prioritised agriculture, hunting, forestry and fishing as first order sectors while manufacturing, construction, community services, social services and the informal sector are prioritised as second order sectors.

The study has found that all respondents were aware that the LED is supposed to be a cross-cutting element in the municipal IDP, similar to poverty and gender equity. However, there are noticeable barriers in terms of mainstreaming LED. These include a lack of access to capital, inadequate infrastructure, and a low skills base, etcetera. It seems that the municipality does in principle conceive LED as cross-cutting issue but the challenges highlighted above impede the municipal objective of creating job opportunities and promoting the economic growth of the local area.

The LED manager indicated that managers pro-actively consider LED as a cross-cutting element during the planning and implementation of its strategies and projects. The respondents concurred that there is constant liaison and interaction between the LED Unit and other line function departmental managers on issues that relate to or may be considered part of LED. Project managers, representing Project Management, Engineering Services and Community Services units, reported that approximately 120 jobs were created in their respective departments, such as the implementation of infrastructure development projects, contributed to LED.

The research has shown that the IDP and LED go hand-in-hand in job creation and service delivery.

4.2.9 Successes and Shortcomings of LED in Reducing Poverty in Nkonkobe Local Municipality

All respondents were aware of the successes of LED and mentioned the following as examples:
• Citrus production that employs permanent and seasonal employees particularly in the Fort Beaufort area.
• The Alice Fresh Produce Market which is utilised by farmers for selling produce.
• The Siyazondla Homestead food programme which helps the poor by providing training, infrastructural support and follow-up programmes to related households.
• Tourism projects which include cultural villages and craft centres. Moreover, the preservation of cultural villages and craft centres has been identified as a critical contributor to tourism in the Nkonkobe Local Municipality. Other identified contributors to tourism are the establishment of the Vusuhlanga craft centre and cultural villages in the Ngcabasa area in Middledrift with the main beneficiaries being local women. Tourism is widely acknowledged as a key economic sector that has the potential to contribute to national and local development and, more specifically, serve as a mechanism to promote poverty alleviation and pro-poor development within a particular locality (Hill, Nel&Trotter, 2006). However, the challenge remains for the municipality to seek sustainable solutions to address the oversupply of tourism graduates that is not absorbed by the industry, which will provide the very much needed employment and empowerment opportunities. In other words, the tourism sector in Nkonkobe Municipality does not have that much of an impact in terms of employment creation as it has relatively stunted growth, hence there is a great need for intervention strategies.

Areas for further development include:

• Infrastructural development that will improve access to rural communities in order to attract investment in the area and provide better access to electricity and telecommunication. Furthermore, infrastructural development is needed in the upgrading of roads especially in rural areas.
• SMME development by training SMMEs in business management skills, business creation, funding opportunities as well as company registration and auditing. LED initiatives in small centres are more projects based, with LED initiatives that concentrates mainly on increased service delivery,
extension of the social grant system, public works and SMME initiatives’ (Van der Heijden, (2008:3), as compared to large centres, which have focused on creating appropriate institutional market enabling frameworks (Rogerson, 2008; 2010). However, the most significant challenge faced by SMMEs in Nkonkobe Local Municipality is the lack of access to finance and markets for SMME’s as they struggle to access funds, resulting in bottlenecks for growth and development. SMMEs are by far the largest group of customers of commercial banks in any economy, loans extended to SMMEs are often limited to very short periods, thereby ruling out financing of any sizable investment (Rungani&Fatoki, 2010).

- LED initiatives require a great deal of funds, which will enable local authorities to drive the LED process independently. It is also of grave concern that, the funds that are available at local and national level are insecure, and to alleviate the situation, LED practitioners often rely on charitable donations and public grants (Patterson, 2008). This means that local and international non-governmental organisations or donors are significant actors for many local authorities in terms of either accessing or making available direct funding for local development initiatives (Rogerson, 2010).

In addressing the shortcomings of LED, respondents stated that funding is vital in the municipality. Moreover, they revealed that officials lack the necessary capacity for executing their jobs. Officials need a lot of training and recruitment should be based on merit, experience and educational qualifications.

4.3 CONCLUSION

Nkonkobe Local Municipality is a predominantly rural area and as such its strategy is pro-poor which means that it seeks to uplift the poor of the area through development. All participants in the study were aware of the Nkonkobe Strategic Plan but only the managers claimed to have seen it. LED practitioners and other junior personnel indicated that they only saw things being implemented without having had any interaction with the Strategic Plan.
The Growth Domestic Product (GDP) and employment rate of Nkonkobe Local Municipality mainly depend on agriculture. However, respondents alluded to the fact that Nkonkobe Local Municipality also depends on tourism, infrastructural development and the development of SMMEs for its economic growth with tourism being a fundamental sector especially in the peripheral local areas. Some tourism areas for possible development in Nkonkobe Local Municipality include craft centres, heritage sites such as the University of Fort Hare, Hogsback and the Manqoma route that crosses the greater part of Nkonkobe Local Municipality to the Nxuba Local Municipality.

Since employment opportunities are scarce any initiative that creates employment, even if it is short term, is eagerly sought out by the unemployed. The research indicates that the role of LED in developing and promoting Nkonkobe Local Municipality is highly appreciated by those in the municipality.

This chapter has presented the results of the study. It also covered the views and perceptions of the respondents regarding the implementation of LED programmes in the municipality. The next chapter will focus on the general conclusions of the study and consequent recommendations.
CHAPTER FIVE

RECOMMENDATIONS AND CONCLUSIONS

5.1 INTRODUCTION

The study sought to assess the impact of Local Economic Development (LED) in poverty alleviation in the Nkonkobe Local Municipality. This chapter provides a summary of how LED strategies in Nkonkobe Local Municipality have impacted on poverty. Assessment was made in terms of the impact on poverty indicators namely infrastructure and basic needs, skills development, human capabilities, agriculture, tourism and SMME development and business attraction and retention, and whether the Nkonkobe LED is pro-poor. The last section of the chapter will present the conclusion for the entire study.

5.2 RECOMMENDATIONS

The following section will dwell on the recommendations that can be made with reference to the findings of the research.

5.2.1 Agriculture

Nkonkobe Local Municipality is predominantly a rural area, the locality is fortunate to possess large tracts of land and forests, which offer ample land to use for agricultural purposes. The presence of farms also substantiates this fact. The farms are owned by both previously disadvantaged and advantaged members of the South African community, although mostly privately owned by a white minority who are deeply engaged in commercial farming. However, although a significant number of previously disadvantaged people are becoming involved in agricultural activities, they do not appear to gain much from commercial agriculture, which is dominated by the white minority. Despite this, the situation has however contributed to creating employment opportunities and income generation, and alleviating poverty. More importantly, this offered the local people the opportunity to be involved in the local market which not only brought about income, it also helped to enhance the standard of living and quality of life.
Private-Public partnerships between the Nkonkobe local authorities and its allies have also significantly played a vital role in the promotion of LED through agriculture. The results showed that agriculture has the potential to be the backbone of local economic development in the area, which can also serve as a gateway to agricultural produce that comes from the surrounding farm areas. An example of this is that the partnership between the Department of Agriculture in the Eastern Cape and the National Wool Growers Association (NWGA), which has improved the quality of communal sheep in the area. The Nkonkobe Local Municipality has benefited from this exercise since 2004 through a ram exchange programme. The programme encourages farmers to get rid of inferior rams in exchange for healthy and good quality rams to enhance sheep production.

Enhancing human capabilities enlarges people’s choices and is vital to escaping poverty (World Bank: 2003). This further reinforces the idea that enhancing the incomes of people is a basic starting point for poverty alleviation, which would open up other possibilities (World Bank: 2000). The agriculture sector presents opportunities for direct impact from efforts exerted in poverty reduction in terms of support to small-scale agriculture, urban agriculture, as well as opportunities for larger scale job creation through commercial production and the exploration of beneficiation opportunities.

Local Economic Development in Nkonkobe Local Municipality tends to be directed towards parallel endeavours of pro-poor LED initiatives with the aim of community empowerment as well as the economic connotation that is geared towards mainstream economic activity. However, the concerted effort of LED as a poverty alleviation strategy has prompted the rise of a decentralized bottom-up approach to economic development and poverty alleviation. According to Rogerson (2008:307), such efforts are meant to strengthen the building blocks of growth directed towards skills development and investment. Nkonkobe Local Municipality has its economic base anchored in agriculture through the citrus and wool industries, which have become the mainstay of the local economy. These provided the foundation for the creation of employment opportunities and income generation.
5.2.2 Infrastructure

Infrastructure development has had stunted development. This has negatively impacted on the basic operations of LED initiatives, because of serious infrastructure backlogs, including Information and Communication Technology (ICT) infrastructure, thereby affecting basic service delivery and general provision of basic infrastructure necessary for the operation of enterprises. There has been progress in terms of providing infrastructure and services, with the local authorities directing efforts towards expansion programmes and economic enhancement initiatives that have a significant impact in upgrading infrastructure and improving household access to basic services. Programmes that have been implemented include the Maintenance, Refurbishment and Upgrading Programme that focuses primarily on restoring efficient economic operation and the capacity of the existing bulk and reticulation infrastructure, and the Expansion Programme that largely focuses on the Integrated Development Plan (IDP) housing programme.

However, there remain many challenges such as the lack of direct funds towards specific infrastructure development activities that are meant to directly benefit the local population, with a consequent minimum effect on the local LED strategy’s ability to positively influence the standards of living. Therefore, there is greater need to call for more comprehensive direct investment infrastructure development, with concerted efforts directed towards logistics and the need to provide a supportive business environment for domestic investment. This is a critical precondition for attracting new economic activities that are currently the basis for future economic growth. Furthermore, logistics infrastructure capacity and efficiencies also need to be consolidated to impact positively on Nkonkobe’s trade competitiveness in both export/import costs, as well as investment competitiveness to compete globally. The citrus farms in Fort Beaufort, Seymour and Alice attract a lot of investors to the Nkonkobe Local Municipality and thus employ a lot of seasonal workers within the municipal area.

Failure to address infrastructure investment at the local level will result in failure of the Municipality. Providing for effective and efficient infrastructure and leveraging off the current infrastructure foundation is crucial for the municipality to gear up for the future and build on the geo-physical connectivity of the Municipality (Nkonkobe, 2007). If
people are to operate effectively and efficiently at both a household and an employment/business level, it is essential that they are provided with adequate services such as water, sanitation, electricity, roads, telecommunications, etc. Without these and without the municipality implementing a rigorous maintenance programme to ensure their effective operation, effective LED implementation would be impossible.

5.2.3 Skills development

There is a great deal of room for expanding human skills development in Nkonkobe Local Municipality. There is a need for training and for the transfer of skills to municipal personnel involved in LED activities so they are able to perform. As such Rogerson (2009) suggested establishing a national network of appropriate trainers in the area of LED. This would lead to competent LED practitioners with appropriate skills and knowledge (Patterson, 2008:20). The focus should be towards improving vocational advantage with a shift towards market-based support structures and a ‘pro-poor’ developmental undertone (Rogerson, 2009). This is because there is considerable evident potential that significantly improves the Human Resource capacity in the municipality and its overall contribution to the broader economic development. This can be achieved by enhancing interaction between the educational institutions; and between them and municipal/business/industrial sectors/SETAs. It can also be done by encouraging sector forums that focus on skills development and/or research in key niche areas. This improves the range of the relevant career-related skills training offered, improving student placement, identifying and responding to the training and development needs presented by new economic opportunities and enhancing support for small businesses. In other words it is vital to strengthen partnerships with the Further Education and Training (FET) and Higher Education (HE) institutions e.g. Lovedale (FET) College, Fort Cox Agricultural College, University of Fort Hare and Walter Sisulu Universities in terms of skills training linked to regional growth sector needs.

The decisive act of skills development inherently capacitates the local population and enhances their ability to be more involved and equipped to make a significant contribution to socio-economic development, and in the process curb poverty. For instance, skills development in tourism was accomplished through the skills development programme as dealt with in the Nkonkobe Local Municipality Tourism
Master Plan with assistance from the Department of Economic Development and Environmental Affairs (DEDEA). This is empirical evidence of capacitating the locals by marketing emerging entrepreneurs and disseminating skills to market their products. This together with other skills development programmes such as the Expanded Public Works Programme and its learnership initiative, have had a significant effect in plugging the gaps in the local economy, SMME development and by attracting investment through offering a more skilled workforce (place marketing skills).

In its developmental efforts, the local municipality should strategically ensure that the local farmers' associations are strengthened to promote collective action among producers and focus on participation, as these organizations can play a critical role in widening marketing opportunities in the agricultural sector. Emphasis can be placed on small group membership such as the Siyazondla Project to which the municipality not only provides technical support but also encourages them to be a collective unit that attends regular training exercises on project management and the efficient management of resources. This should be exercised with the aim of improving significant capacity-building business skills, access to technologies and marketing of their produce. This will ensure project sustainability and livelihood enhancement.

5.2.4 Tourism

Tourism is a fundamental sector, especially in the peripheral local areas. Nkonkobe has also embraced tourism as a developmental strategy in poverty alleviation and this could contribute to the broader pro-poor economic growth strategy. Craft centres and the Heritage sites such as University of Fort Hare, Hogsback, and the Manqoma route that crosses a greater part of Nkonkobe to Nxuba Local Municipal area could be developed. It can be asserted that LED has the potential to be a key driver of economic development in the study area. However, according to academic research (Rogerson, 2008), LED remains mixed with the lack of appropriate monitoring mechanisms for evaluating LED. It also needs to be conceptualized in a coherent and consistent manner for successful poverty alleviation (Meyer-Stamer, 2003).

The tourism sector shows great potential for spearheading local economic development, as Nkonkobe Local Municipality inherently possesses great landscape
scenery. The tourism master plan has also ensured that it incorporates the involvement of the locals. The locals are given the opportunity and freedom to participate in their own development, and in the process accumulate significant income and goods thereby leading the kind of life they want, which is less poverty-stricken.

Nevertheless, in as much as tourism has room for growth, future tourism growth will depend on a wide range of factors. These include improvements in logistics infrastructure, tourism infrastructure (e.g. beach front), and branding and marketing. Additional resources are required to implement a number of priority initiatives that have already been identified, as well consolidating the efforts of the Special Purpose Vehicles (SPV).

Tourism offers an opportunity of employment creation and significant income generation. Tourism is widely acknowledged as a key economic sector that has the potential to contribute to national and local development and, more specifically, serve as a mechanism to promote poverty alleviation and pro-poor development within a particular locality (Hill, Nel&Trotter, 2006). However, the challenge remains for the municipality to seek sustainable solutions to address the oversupply of tourism graduates who are not absorbed by the industry, thus providing the much needed employment and empowerment opportunities. In other words, the tourism sector does not have much of an impact in terms of employment creation as it has relatively stunted growth. Hence the need for intervention measures moderate for equilibrium between the needs of the tourism sector and the provision of skills development programmes provided by teaching and learning institutions. Such efforts should be done in collaboration with the Department of Economic Development and Environmental Affairs that will spearhead the funding for skills development programmes in the Tourism Sector, while also involving the private sector who can contribute valuable expertise and experience in tourism. In other words, it is imperative to develop strong public-private partnerships in order to provide sustainable economic development through tourism.

Skills development in tourism is of fundamental importance and has been shown to have an important role to play regarding job skills and enterprise development towards effecting what Kaplan (2004) as cited in Rogerson (2008) described as “South Africa’s tourism-led development strategy” (Tecle and Schroenn, 2006). Skills development
ensures that as the industry grows, opportunities that are opening up in the formal tourism industry (in hotels, tourism destinations, travel agencies, car hire companies) are filled by previously disadvantaged South Africans, not only in menial positions but at all levels. Moreover, the growth of this skills base should furnish a pool of potential new tourism entrepreneurs (Kaplan 2004) as this will ensure that people are able to take advantage of and benefit from this development through business opportunities that will improve their standards of living and alleviate poverty.

A further recommendation is that tourism awareness programmes be conducted at school and community levels by utilizing the experience and expertise of senior citizens to assist in the development of new ventures while utilizing the expertise of retired sector practitioners. As prosperity within the tourism sector becomes eminent, it is likely to bring about the creation of employment and income generation, improvement of the standard of living and poverty alleviation. Rogerson (2006) substantiated this notion in his statement that it is argued that pro-poor tourism as a vehicle for local economic development can potentially be one critical facet of the process that the UNDP (2003:209) styles ‘unleashing the creative involvement of stakeholders in the formulation and implementation of initiatives’.

5.2.5 Business retention and expansion

Retention and expansion of businesses is of vital importance in any locality to enable the locality to sustain its development and be able to compete in the dynamic development environment that requires constant awareness of the environment and careful identification and isolation of problems. Without doubt, business retention and expansion plays a vital role in addressing the challenges of economic development and sustainability. A conducive business environment with less red-tape should be promoted, where service delivery is provided efficiently and effectively, to satisfy local businesses. In other words, if LED is to succeed, it is important that businesses not only be retained in the locality that spawned it, but that they are able to expand.

There are a number of mechanisms that would help ensure that businesses are attracted, retained and afforded room to expand. This would entail the adequate provision of services and infrastructure, such as roads, water, electricity, the development of local business skills through human capital development, as well as
the provision of advice, capital and technical support. Hence, the need for highly efficient municipal administrative efficiency that will positively influence business establishment, business expansion, and more importantly contribute to the physical property development and investment. This will go a long way towards ensuring that local businesses do not relocate and reciprocally enables Nkonkobe Local Municipality to attract businesses and direct investment across all economic development sectors. There is a need for an integrated economic development plan coordinated by both the Nkonkobe Economic Development Agency (NEDA) and the Local Municipality. Such coordination should be complemented with direct participation of larger institutions and private stakeholders such as the Department of Local Government and the Department of Trade and Industry (DTI) who would bring complementary roles and responsibilities. The coordination will lead to the development of strategies for strengthening the local municipality to make headway in poverty alleviation.

5.2.6 SMME development

The SMME development in Nkonkobe Local Municipality has the greatest potential to instigate significant economic development, and poverty alleviation through the implementation of LED strategies involving the poor population. However, more resources need to be deployed, focusing on re-engineering LED in a way that promotes poverty alleviation through LED-promoted SMME development. For this to bear fruit, LED and SMME development must be targeted towards the poor themselves so that they get a foothold on the development ladder. In other words, a pro-poor LED initiative with SMME in the forefront is commendable. There is also need to promote an environment that is conducive to SMME development and a swift implementation as well as endorsement of high skills and education levels, which will enable SMMEs to explore global markets where they earn higher incomes. Nkonkobe municipality can effectively direct its LED interventions on poverty alleviation through SMME development. Moreover, Rogerson (2003) supported this assertion by proposing that Local Government recognise the role and significance of building an effective business service sector to assist enterprises to attain the necessary competitiveness. This will be fundamental to fostering positive relations with the business sector, which has the funds and expertise that local government neither have nor can provide. Another linked issue is support of the development of service markets
for the provision of Business Development Services in order to make markets work for the poor, especially in small towns and rural areas.

Lack of funding and credit is one of the major challenges faced by local SMMEs in Nkonkobe and across many localities. For example, both the Johannesburg and Durban surveys of SMMEs that were conducted by the World Bank (Chandra and Rajaratnam 2001), showed the lack of credit to be a core business constraint faced by especially emerging SMME entrepreneurs.

The Nkonkobe Local Municipality local authorities, in collaboration with other stakeholders, did well to encourage small businesses registered as co-operatives to be involved in small-scale business, and this further consolidated the call to promote cooperative activities where they obtain start-up financing for a small-scale business. This is because the cooperatives comprises the local population who fall within the poverty bracket.

The Nkonkobe Local Municipality also has the Capacity Building and corporative programme in place. This programme has done well by supporting SMMEs in financial and non-financial initiatives, in which training has the potential to equip locals with skills. This is in line with Schumpeter's entrepreneurial skills where small businesses are equipped with skills to promote invention, innovation and diffusion of ideas (Schumpeter, 1976). This form of human capacitating will allow small enterprises to grow in terms of income, market share and assets within the value chain. This will go a long way towards ensuring that SMMEs are capacitated to transform from being survivalist enterprises to growth enterprises. This can be noted in the programme spearheaded by Nkonkobe Local Municipality where hawkers from the major towns of Nkonkobe Local Municipality such as Alice, Middledrift, Seymour and Fort Beaufort received basic business training with the emphasis on basic bookkeeping, stock control, health and hygiene, marketing and customer care. Support of all forms is crucial for the success in the development of SMMEs. As such, Rogerson (2008) supported this notion by comprehensively arguing that better access to finance, skills and business training, which in this case referenced what the Nkonkobe authorities have done, and more flexible regulations are key strategic elements in supporting the three pillars of promoting entrepreneurship, strengthening the enabling environment and enhanced competitiveness and capacity at the enterprise level.
The greatest dilemma of SMMEs in Nkonkobe local Municipality is their lack of continuous access to relevant, up-to-date, easily understandable information and advice. LED planning which takes into consideration the needs of SMMEs, as well as ensuring that the current support centres are more visible in their operations, so that the local SMME owners can easily approach them for assistance. The current regulatory planning should be strategically done to promote development. This can be done through relaxing planning rules and regulations, which enables enterprises to operate when other factors are held constant (Musakwa, 2008). Although yet to be established, the Small-Business-Support-Forum and the secretariat comprising all stakeholders will have to play a vital role in SMME development once they are established and fully operational. This forum is currently at an advanced planning stage.

5.3 CONCLUSION

The Nkonkobe Local Municipality City Local Economic Development initiative does to a certain extent contain integral elements focused on poverty alleviation, but has unfortunately, failed to have any influential effect directly on poverty and thus has had a limited effect. Similarly, Dapira (2008) came up with the observation and analysis that most of the LED initiatives failed to bring about tangible social transformation and would appear to derive only limited benefits. Nevertheless, poverty alleviation in Nkonkobe Local Municipality is not a separate programme, but an integral part and objective of the Nkonkobe Local Municipality Development Strategy.

Local Economic Development has had a marginal impact in improving assets, income, employment growth and improving the human capabilities of local inhabitants in Nkonkobe Local Municipality. However, LED has had a significant impact in rural agriculture, tourism and to a certain extent SMME support, and in upgrading infrastructure and improving household access to basic services. This supports LED as an initiative for development, hence it cannot be written off as a total failure. The LED initiatives should seek to promote innovative, appropriate LED approaches in the municipality, that go beyond the municipality’s traditional focus on large industry in order to benefit and assist a far broader section of the municipality’s society (Nel, 1999). Nkonkobe Local Municipal authorities should thus plan and set in place an
opportunity-creating environment that will provide clear development options in which business, civics, unions and local authorities are all involved.

Local authorities should provide leadership and increasing awareness of LED through the building of partnerships and constructive relationships in co-operation with all key sections in society. There is also the need to identify key strategies that focus on enhancing the capacity of participating organisations, the undertaking of research to support the key sectors and an examination of municipal functions to reorient its activities to support SMMEs and informal traders (Kent, 1996 as cited in Nel, 1999).

There is a need for a comprehensive strategy of LED consisting of multiple strategies, while other complementary strategies outside LED that can unlock the poverty trap are desirable (Musakwa, 2008). As such, strategies should focus on investing in all forms of capital, which the poor lack, so that gains in one sector are not lost in another sector. Poverty requires a concerted, multidimensional and coherent effort that should be guided by an over-arching strategic approach, supported by local administrative authorities and an environment characterised by political stability.

In addressing poverty, the Nkonkobe Local Municipality Development Strategy reiterated the need for key policy shifts for a more nuanced response to the needs of the poor. The Nkonkobe Local Municipality Strategy shifts the poverty focus consciously by emphasizing that the current social development agenda is inextricably linked to welfare provision and extension. Such an initiative is crucial, as it has been recognised that there are gaps and weaknesses in the Nkonkobe Local Municipality welfare package that addresses poverty. The municipality is in a very weak position to add significantly to the welfare roll out beyond what is currently within the realm of government programmes. Thus it is imperative to come up with a comprehensive pro-poor LED policy initiative.

Nevertheless, if Nkonkobe Local Municipality is to succeed in implementing LED in a way that it alleviates poverty, the way LED is practiced has to be re-engineered into a new cycle that dwells more on public-participation and private-public partnerships. Participation is of vital importance since, in LED as in any democracy, the principle of public participation is crucial particularly in local government, to enable people to influence development at grassroots level.
To second such a notion, Van der Heijden (2008) in Rogerson (2009:18) asserted that LED as an outcome should be strongly interrelated and dependent upon municipal transformation and organisational development, basic services delivery, municipal financial viability and management, and good governance and public participation, all of which are essential performance areas that should be inherent in an LED strategy. Rogerson (2009) further asserted that partnerships between the public and private sectors are considered important foundations for successful local economic development (LED) planning. The success of LED in Nkonkobe Local Municipality will require the continued involvement and commitment from a number of key role-players.

Local Government is where the community has a direct and continuous voice and thus the municipality must ensure effective public participation in its governance and developmental processes. It is also the responsibility of the municipality to provide space for inventive public participation structures in the municipality. This will open space for civil society participation and support in the development of its community. This is fundamental for the local people to make the transition from poverty to a sustainable standard of living with enhanced capabilities. For economically active people to make the transition from poverty to property thus requires the entire economic ladder to function well. Nevertheless, there is a need for increased services levels which, unfortunately, are not sustainable without increased economic activity.

In trying to improve LED strategies so that they have a major impact on poverty alleviation the study recommends rethinking LED strategies to unlock the poverty trap in Nkonkobe Local Municipality in particular and South Africa in general. Targeting of LED programmes should therefore be improved to ensure that strategies reach the poorest of the poor (Musakwa, 2008). Moreover, there is need for investing in all forms of capital since poverty is multidimensional. In other words, various packages are needed to unlock the poverty trap which is endemic in most cities in developing countries such as South Africa and local areas of concentrated poverty such as Nkonkobe Local Municipality.

Self-employment and capacity building is one of the best options. There is a need to create more jobs and on-the-job training, and enterprises must be encouraged to provide internships. A partnership is needed between government, private sector and civil society to enable an environment that is conducive to job creation. More industries
need to be developed in the Nkonkobe Local Municipality area. Education, job creation and sustainable development programmes could even stop alcohol abuse and crime.

The Nkonkobe LEDs need to impact on both accelerating job-creating economic growth as well as poverty reduction through building the informal sector, comprising the hawkers and cooperatives that are prominent in the poorest areas of Nkonkobe Local Municipality. Economic growth needs to be accelerated to create jobs, which is needed to reduce poverty. At the same time, direct measures to reduce poverty and build the second economy, focusing on basic service, public transport, and skills training, are needed to ensure the poor are able to access the opportunities created by economic growth. Thus, there is a need for initiating sustainable pro-poor LED policies and strategy implementation. Much debate has emerged about the appropriate LED approach to be adopted, with the debate shifting from pro-growth to the assimilation of both pro-poor and pro-growth LED policies. As a way of moving forward, Marriot (2004) advocated that the debate should seek to address the difficult question of how South African municipalities – collectively and/or individually – can achieve a growth path or trajectory that operates to simultaneously achieve the goals of enhanced competitiveness on the one hand and of poverty reduction on the other. Nkonkobe Local Municipality should ensure that they adopt a new LED policy that incorporates pro-growth and pro-poor LED in a systematic manner and avoid the trap of LED debates getting bogged down in terms of a search for a balance between programmes that promote growth and competitiveness on the one hand as opposed to poverty reduction on the other hand.

In as much as pro-poor LED needs to be pursued, it needs to be structured in such a manner that it consolidates pro-growth LED. In this regard, Nel, Hill & Goodenough (2007) asserted that it is imperative that both be pursued in tandem to draw in investment, expand the current economy, simultaneously either directly or indirectly address issues of poverty and furthermore improve the overall skills and social base of the area to support further growth and development. At a broader level, the pro-poor, pro-growth LED debate will remain largely unresolved, and it is apparent that both need to be pursued, perhaps with specific mandates for different local role-players. Abrahams (2003) held a similar stance as he argued for a more definitive pro-poor LED, by asserting that for local impoverished and unemployed communities the
choice is clear - an approach that is inclusive and provides jobs and income. Nevertheless, the Nkonkobe local authorities should consciously shift the strategic discourse to a balanced LED strategy, which perpetuates both economic development traditional emphasis on pro-poor welfare provision and structure poverty interventions by building a progressive ladder out of the impoverished lifestyle towards affluence and hope.

There is great need for consistent municipal support since the lack of support will lead to the failure or poor development of vital sectors in economic development. For instance there is widespread concern amongst business leaders and support agencies in Nkonkobe Local Municipality area that SMME development, which was regarded as insufficient, should be improved. This culminates in stunted SMME and economic growth. The same can be observed in the case of Ndlambe Local Municipality where community development projects and pro-poor economic development were only successful for a limited time but faltered with time due to poor or lack of municipal support.

Concluding remarks that come from the study is that, LED has a vital role to play as strategy or tool to promote economic development and poverty alleviation. It has the potential to considerably improve the socio-economic environment of the localities. This applies across all municipalities in South Africa and, in the case of the study, more specifically for Nkonkobe Local Municipality.
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ANNEXURE A: RESEARCH CONSENT FORM

The impact of LED on poverty alleviation in Nkonkobe Local Municipality in the Eastern Cape

CONSENT FORM FOR PARTICIPATING IN THE STUDY

I hereby consent to participate in the research study. The purpose and procedures of the study have been explained to me. I understand that my participation is voluntary and that I may refuse to answer any particular question or may withdraw from the study at any time without any negative consequences. I also understand that, upon my request feedback of the results will be communicated to me by the researcher. I understand that my responses will be kept confidential.

Name of participant: __________________________

Signature: __________________

Date: __________________

I________________________________ have explained the procedures, purpose and conditions of the study to my participants. I have explained to them their rights in taking part in the study as well as given an assurance on confidentiality. I have also offered to give feedback of the results to the participants at their request. I agree with the above mentioned conditions and I will adhere to them.

Name of researcher: _______________________

Signature: __________________________

Date: __________________________
The Research Coordinator
Nelson Mandela Metropolitan University
Summerstrand Campus
Port Elizabeth
6031

Dear Sir /Madam

Re: Permission to conduct Academic Research

Nkonkobe Local Municipality hereby grants Mr Z.Tsone (Student No: 209910798) permission to conduct academic research as a requirement for his Masters Programme in Development Studies. We will appreciate if he can share the findings with Municipality for the development of its LED sector.

We indeed wish him the best.

Regards,

[Signature]

L. Menze
ACTING MUNICIPAL MANAGER
8 August 2015

To whom it may concern

Re: Mr Z Tsomo

Dear Sir/Madam

This letter serves to confirm that Mr Z Tsomo is a registered student in the Masters programme in Development Studies at the Nelson Mandela Metropolitan University, with student number 209910798. He is conducting his research treatise in 2015 as a requirement for completion of the MA Development Studies degree. The topic of his research is "The impact of led on poverty alleviation in Nkonkobe local municipality in the Eastern Cape".

Please assist Mr Tsomo in the completion of this relevant research project. Please do not hesitate to contact me if there is any further information you require in this regard.

Yours sincerely

[Signature]

Prof JM Cherry
Research Coordinator
ETHICS CLEARANCE FOR TREATISES/DISSERTATIONS/THESSES

Please type or complete in black ink

FACULTY: Faculty of Business & Economic Sciences

SCHOOL/DEPARTMENT: Development Studies

I, (surname and initials of supervisor) DR G Wellmann

the supervisor for (surname and initials of candidate) Tsomo Z

(student number) 209910798

a candidate for the degree of Masters in Development Studies


The impact of LED in poverty alleviation in Nkonkobe Local Municipality in the Eastern Cape

considered the following ethics criteria (please tick the appropriate block):

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<th>YES</th>
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<td>1. Is there any risk of harm, embarrassment of offence, however slight or temporary, to the participant, third parties or to the communities at large?</td>
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<td>✓</td>
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<td>2. Is the study based on a research population defined as ‘vulnerable’ in terms of age, physical characteristics and/or disease status?</td>
<td>✓</td>
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<td>2.1 Are subjects/participants/respondents of your study:</td>
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<td>(a) Children under the age of 18?</td>
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<td>(b) NMMU staff?</td>
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(c) NMMU students?
(d) The elderly/persons over the age of 60?
(e) A sample from an institution (e.g. hospital/school)?
(f) Handicapped (e.g. mentally or physically)?

3. Does the data that will be collected require consent of an institutional authority for this study? (An institutional authority refers to an organisation that is established by government to protect vulnerable people)

3.1 Are you intending to access participant data from an existing, stored repository (e.g. school, institutional or university records)?

4. Will the participant's privacy, anonymity or confidentiality be compromised?

4.1 Are you administering a questionnaire/survey that:
(a) Collects sensitive/identifiable data from participants?
(b) Does not guarantee the anonymity of the participant?
(c) Does not guarantee the confidentiality of the participant and the data?
(d) Will offer an incentive to respondents to participate, i.e. a lucky draw or any other prize?
(e) Will create doubt whether sample control measures are in place?
(f) Will be distributed electronically via email (and requesting an email response)?

Note:
- If your questionnaire DOES NOT request respondents' identification, is distributed electronically and you request respondents to return it manually (print out and deliver/mail), AND respondent anonymity can be guaranteed, your answer will be NO.
- If your questionnaire DOES NOT request respondents' identification, is distributed via an email link and works through a web response system (e.g. the university survey system); AND respondent anonymity can be guaranteed, your answer will be NO.

Please note that if ANY of the questions above have been answered in the affirmative (YES) the student will need to complete the full ethics clearance form (REC-H application) and submit it with the relevant documentation to the Faculty REC H (Ethics) representative.

and hereby certify that the student has given his/her research ethical consideration and full ethics approval is not required.

[Signature]

SUPervisor(s) 30 April 2015 DATE
Please ensure that the research methodology section from the proposal is attached to this form.
ANNEXURE D: FACE-TO-FACE INTERVIEW

FACE-TO-FACE INTERVIEW SCHEDULE.

SAMPLE: LED MANAGERS, LED PRACTIONERS, IDP MANAGER, PARTICIPANTS FROM THE COMMUNITY AND PROJECT MANAGERS AT THE NKONKOE LOCAL MUNICIPALITY IN ALICE AND FORT BEAUFORT IN THE EASTERN CAPE.

INTERVIEW DISCUSSION GUIDE:

Moderator’s Instructions:

- I will introduce myself and clarify to each participant I interview, the reasons for conducting the interviews. Read the “Subject Information Sheet for Participants”;
- I will inform the group that the interview / discussion will be confidential;
- I will inform the group that I would like to record their interview / discussion and request their permission to use a tape recorder or any other audio / audio visual recording instrument;
- I will inform the participants that they may withdraw from the interview /discussion at any point should they wish to do so;
- I will obtain each participants verbal consent for participation; and
- I will obtain each participants written consent for participation.

READ TO EACH PARTICIPANT:

“Thank you for agreeing to participate in this interview / discussion today. Before we begin, I would like to confirm that you have given your voluntary consent to participate. Do you agree freely?”

- Okay, then I would like to start with the instructions.”
Begin:

- Start with the instructions;
- Proceed with participant introduction; and

Introduce an ice-breaker comment to set the tone for the interview.

Questions for the face-to-face interviews:

1. What is LED in the context of Nkonkobe Local Municipality?
2. What part of the budget is allocated to LED development in the municipality? Normally and in this financial year?
3. How much of it is actually spent?
4. Does the District Municipality and the Province, as well as National Government departments (e.g. DWA, DTI, etc) also contribute (in cash, skills, etc) towards LED development in the municipality? If so, to what extent?
5. What poverty reduction plans are specified in the IDP of Nkonkobe Local Municipality?
6. How many of these are directly linked to LED development in the municipality?
7. What strategies are being used to implement the plans stipulated in the IDP?
8. How many years have these programmes and projects been implemented?
9. Are there any monitoring and evaluation (M&E) plans for these projects?
10. Any evaluations of the projects done over the years?
11. What are the successes or shortcomings of LED in reducing poverty in the Nkonkobe Local Municipality?
12. Based on what Nkonkobe Local Municipality has achieved over time, what recommendations can be proposed in order to enhance the contribution of LED in reducing poverty in Nkonkobe Local Municipality?

Thank you for your kind participation in this study
ANNEXURE E: LANGUAGE EDITOR LETTER

24 Justin Road
Broadwood
Port Elizabeth 6070

TO WHOM IT MAY CONCERN

I, Aileen Gail Klopper, declare that I have assessed and edited the treatise of Z Tsomo entitled:

The impact of LED on poverty alleviation in Nkonkobe Local Municipality

submitted in partial fulfilment of the requirements for the Degree of MA in Development Studies, in the Faculty of Arts at the Nelson Mandela Metropolitan University.

Any other queries related to the editing of this treatise can be directed to me at 074 3209463.

Signed at Port Elizabeth on 05 October 2015.

Ms AG Klopper (MA HWM)
ANNEXURE F: TURNITIN ORIGINALITY REPORT

The Impact of LED poverty Alleviation in Nkonkobe Local Municipality by Zixolele Tsomo
From Final Submission - Part 1 (Moodle 37383996) (EDS504: Guided Research Report (Moodle 9731843))

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