AN ANALYSIS OF THE ROLE OF A COMMUNITY-BASED PROJECT ON POVERTY ALLEVIATION: A CASE OF DAANTJIE BAKERY IN THE MBOMBELA MUNICIPALITY, MPUMALANGA PROVINCE

by

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ABSTRACT

The South African policy framework on Local Economic Development encourages the establishment of community-based projects in an attempt to address the challenges posed by poverty in local communities. It appears that community-based projects have a role to play in poverty alleviation. Municipalities are supposed to encourage and support the establishment of projects aimed at poverty alleviation in their jurisdictions. The Mbombela Local Municipality has played its role in this regard by supporting the establishment of the Daantjie Bakery Project in 2000.

In an attempt to evaluate the impact of community-based projects on poverty alleviation, this study investigated the role played by the Daantjie Bakery Project in local economic development of the Daantjie local community in the Mbombela Local Municipality. Participants included community members of Daantjie, employees of the bakery, and the project manager.

The study found that, indeed community-based projects play a role in local economic development since they contribute towards employment creation and poverty alleviation.
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CHAPTER 1

INTRODUCTION AND ORIENTATION OF THE STUDY

1.1 INTRODUCTION
This chapter presents introduction on the study of the role of a community-based project on poverty alleviation in the Mbombela municipality of the Mpumalanga province. It provides, among others, background to the study; problem statement; objectives of the study; research questions; literature review; and research methodology.

1.2 BACKGROUND TO THE STUDY

This study evaluates the impact of community-based projects in alleviating poverty with specific reference to Daantjie Community Bakery in the Mbombela Municipality in Mpumalanga Province. There are various community-based projects in the area which are meant to alleviate poverty.

Mbombela municipality played a facilitating, funding and coordinating role to promote the establishment and growth of various Local Economic Development (LED) projects in 2001 and 2002. It is supporting 34 community initiated LED projects by linking them with a network of service providers that work in a cooperative framework within the municipality. This resulted in the roll out of 9 LED forums in each of the Developmental Facilitation Zones, culminating in the launch of the Mbombela LED Forum early in 2003. These forums are people driven and inclusive and form the basis for consultation and planning. LED projects in Mbombela Municipality include the Shabalala Multi-Purpose Centre, the Daantjie Community Bakery, Elanshoek seedless lemon project, Thekwane Greenhouse project, Thekwane south bakery and Msogwaba African potato project. Daantjie Community Bakery is in a small rural village called Daantjie. This village forms part of a broader area called Pienaar in the Mbombela
municipality, in Mpumalanga province. The entire area is characterized by high poverty levels, low literacy levels, limited infrastructure and limited economic growth. Mbombela municipality includes Nelspruit, which is the capital of the Mpumalanga province. This municipality was established after the local government elections in December 2000. Nelspruit serves as a regional centre for the entire area, stretching from as far as Bushbuckridge to Mozambique (Maputo) and Swaziland. (Mayoral Report, 2002: 27).

The Daantjie Community Bakery project was established in the year 2000 by 29 women who were operating from a small container. Since the establishment of the bakery, the demand for baked products has continued to increase. The bakery was struggling to meet the demand. These women approached the municipality and members of the Mayoral Committee for financial and technical support. As a result their project was given a grant amounting to R70 000, 00. A larger building was built in order to significantly increase production. In 2000 the project had provided 20 permanent jobs to 20 women and 50 temporary jobs to other members of the community. It is believed more people will be employed once the building is occupied (Mayoral Report, 2002:27). (http:mpumalangal.mpu.gov.za/premier folder/premier speeches/luphisi road. html). The study evaluated the impact of the Daantjie Community Bakery project on poverty alleviation in the Mbombela municipality.

1.3 PROBLEM STATEMENT

Poverty alleviation is one of the main objectives of the South African government. In an attempt to alleviate poverty, the government has delegated certain responsibilities to the local sphere in order to improve the economic activity through community-based projects. It appears that government is committed to improving the lives of the people especially those from previously disadvantaged communities. Community projects such as the Daantjie Community Bakery are meant to contribute towards poverty alleviation. However, poverty remains high
despite such initiatives. Hence, it is not always clear whether these projects are achieving their initially intended objective.

1.4 OBJECTIVES OF THE STUDY

The main objective is to evaluate the impact of community-based projects in poverty alleviation as a Local Economic Development intervention strategy. Specific objectives of this study are:

- To find out the views of the community regarding the benefits offered by the project.
- To assess the role played by the project in job creation.
- To find out if there are changes, which could be associated with the existence of the project, in the quality of lives of the members of the community.

1.5 RESEARCH QUESTIONS

- What are the perceptions of the members of the community about the Daantjie Community Bakery project?
- To what extent is the Daantjie Community Bakery project contributing towards poverty alleviation in the Daantjie community?
- To what extent is the Daantjie Community Bakery contributing towards job creation in the Daantjie community?
- Are community-based projects making a contribution towards improving the lives of the members of the community?
Zaaijer and Sara, (1993: 129), state that LED is essentially a process in which local government 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.

In the same vein, the World Bank sees LED as a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation. The aim is to improve the quality of life for all. The World Bank asserts that LED is about local people working together to achieve sustainable economic growth that brings benefits and quality of life to all in the community. Community here is defined as a city, town, metropolitan area, or sub-national region. (World Bank, 2002: 1). These quotations clearly identify the core focus of LED which is both pro-poor and pro-growth, emphasizing the concepts of partnership, economic sustainability, job creation and improvement of community well-being.

South Africa’s understanding of local economic development is linked to the overarching concept of developmental local government which is defined as Local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs, and improve the quality of their lives. (The White Paper on Local Government, 1998). The national government’s interpretation of LED is an outcome based on local initiative and driven by local stakeholders to stimulate economic growth and development (DPLG, 2000). LED is seen as a process whereby local initiative combines skills, resources and ideas aims to create employment opportunities for local residents, alleviate poverty, and redistribute resources and opportunities to the benefit of all residents. In the draft LED policy
paper issued in 2000 a series of interlocking challenges that confront localities were defined as constituting the base for LED, inter alia:

- To balance local economic strategies so they achieve both increased competitiveness sometimes through economic transformation and poverty alleviation and job creation
- To address enormous pent up demand for service delivery, particularly where services have not reached vulnerable members of society, as well as severe affordability constraints
- To engage in more open, transparent and mutually respectful state-society relations and
- To forge new and reformed inter-governmental relationships (DPLG, 2000).

It is clear that the official conception of LED in South Africa accommodates market-led or pro-growth approach. The market-led approach of business development aims to enable local economies to adjust more successfully to macro-economic reforms and emphasizes the goals of promoting individual self-reliance, entrepreneurship, expansion of the market, competitiveness, reduction of unemployment and sustainable growth (Scott and Pawson, 1999). By contrast, the market-critical approach of community development represents a bottom-up approach geared to goals of achieving local self-reliance, empowerment, participation, local co-operation, and environmental sustainability (Scott and Pawson, 1999). International works can be used to extend understanding of this spectrum of LED interventions. Based upon an extended analysis of LED interventions in North American cities, the work of Clarke and Gaile (1998) defines several broad policy categories of LED intervention which exemplify the market-led approach in cities. Five major categories of LED intervention are differentiated by Clarke and Gaile (1998):

- locational, the general tax incentives, enterprise zones, industrial parks,
- pro-globalisation, sister programmes, export promotion, foreign trade zones, attracting international direct investment,
• general entrepreneurial, which is venture capital provision, targeted tax incentives,
• entrepreneurial mercantile, business incubators, equity participation, local development corporations and
• human capital, employment training, human capital initiatives.

Notably absent from this North American derived schema of LED interventions is any category of poverty-focused LED interventions.

Although the existing LED planning has been dominated by LED activities geared to achieving high growth rates, the current draft for a national policy framework stresses that the South African priority is to be founded on a pro-poor basis. Indeed, it is stated in the draft South African policy document that LED activities should be rooted most firmly upon the developmental and pro-poor responsibilities that have been given to municipalities (Bond, 2001, 2002).

In recent years, LED has been recognized, internationally, as a key response to key contemporary trends, such as:

• Increasing decentralization of power and decision making to the local-level which parallels the reduction in the role of the central state in the economy in a neo-liberal era.
• Globalization forces, which in an era of the diminishing importance of the nation-state, compel a local-level response,
• Economic change within localities, varying from de-industrialization to local-innovation which requires local leadership initiative, response and direction, and
• The dubious results achieved by macro-level planning and regional development interventions (Nel, 1994-2001).

These trends are not unique to any portion of the globe. Though occurring at different rates, the effects of globalization and global economic crises have helped to ensure that local economic initiatives and self-reliance are a discernible trend around the world.
Accordingly, the goals of LED tend to revolve around issues of job creation, empowerment, the pursuit of economic growth, the restoration of economic vitality and diversification in areas subject to recession, and establishing the ‘locality’ as a vibrant, sustainable economic entity.

In its operation, LED can either have a ‘pro-poor’ focus (i.e. seeking poverty alleviation) as encouraged by the Department of Provincial and Local Government, or a ‘pro-growth’ focus (i.e. seeking economic growth), as encouraged by the Department of Trade and Industry (Tomlinson, 2003). These two divergent approaches respond to every real need in the country but they can also lead to divergences of opinion on the ground. Tomlinson raises a concern that the ‘pro-poor’ variant of LED may well, inadvertently, be marginalized in the country at the present, by the focus on Industrial Development Zones (IDZs), Export Processing Zones (EPZs) and other GEAR related initiatives. With this in mind, it is critical that development interventions in South Africa prioritize the needs of the poor. Projects need to be sustainable as well as economically viable.

The World Bank (2002) suggests the following ten issues as representatives of the most important and frequent sets of LED interventions:

- Ensuring that the local investment climate is functional for local enterprises
- Supporting small and medium sized enterprises
- Encouraging new enterprises
- Attracting inward investment
- Investing in physical (hard) infrastructure by improving the built environment (roads, sewerages, airports) for businesses
- Investing in soft infrastructure including human resource development, institutional support and regulatory issues
- Supporting the growth of business clusters
- Targeting particular geographical areas for generation or growth (i.e. area
or spatial targeting)
- Supporting survivalist, primarily informal sector enterprise
- Targeting certain disadvantaged groups.

Across urban areas, the World Bank interprets the role of such LED initiatives as important dimensions of so-termed city development strategies. The notion of city development strategies represents one of the prime foundations of the World Bank’s new global urban and local government strategy (GHK Group, 2000; World Bank, 2000). The approach involves the building of broad coalitions of local stakeholders and development partners, both national and international, to work together in order to design a strategy for a particular urban area that reflects a broadly shared understanding of the locality’s socio-economic structure, constraints and prospects and a shared or holistic vision of goals, priorities and requirements (World Bank, 2000). It is suggested that the city development in combination with LED contribute to sustainable cities by assisting local governments to pursue good practices in building environments that are livable, competitive, well-governed or managed and bankable, in terms of being financially sound. According to the Bank’s urban and local government strategy the sustainable development of communities or localities is based on the concept that economic vitality, social equity, environmental quality and sustainable urban finance are goals collectively integral for the creation of sustainable cities. The attainment of all four of these goals is viewed as contingent upon responsible and successful local economic development action (World Bank, 2001).

The ten areas for LED intervention that are identified by the World Bank must be viewed as spanning a spectrum of interventions from market-led or pro-business on the one hand to market-critical or pro-poor LED on the other hand.

Another useful definition of the scope of LED policy interventions is offered in the work of Helmsing (2001). Within the international literature on LED, the writings of Helmsing are distinctive for they are rooted upon an extensive analysis of LED practice in Africa, Asia and Latin America rather than upon the developed North.
Based upon the record of LED in the South, Helmsing draws a distinction between three main forms or categories of LED initiatives. First, are a set of actions that might be broadly described as community-based economic development. In the activities of the community-based development the core focus is to facilitate household diversification of economic activity as the principal way to improve livelihood and reduce poverty and vulnerability. For example, much support for survivalist or home-based informal enterprise would fall into this type of LED intervention. Second, are a group of initiatives that surround business or enterprise development. Within this broad category is encompassed a suite of initiatives that would directly target support at either individual enterprises or at enterprise clusters. It is emphasized that in contrast to community economic development, this category is premised on specialization and overcoming obstacles towards specialization in a market context. Enterprise development would focus upon enhancing the trajectory for growth amongst small, medium and large enterprises. This support could be to individual small enterprises but more generally would build upon the need for collective support of enterprises in the form of clusters. The third category relates to what is described as locality development. The concept of locality development is viewed as complementary to both the first two categories of interventions and refers to the overall planning and management of economic and physical development of localities. Indeed, the concept of locality development is primarily interpreted as about the planning and realization of infrastructures and of relevant economic and social capital (Helmsing, 2001). It is clear that pro-poor LED is not highlighted in North American based studies. In addition, whilst the role of LED in poverty alleviation is given due acknowledgement in the influential World Bank analyses, it is not a theme which is placed at the center of LED planning.

The international experience shows that local authorities can play a pivotal LED role through stimulating initiatives for poverty alleviation. The potential of such ‘meso-scale’ anti-poverty approaches is based upon, inter alia, municipal level responsibilities for the provision and coordination of local services, for the
facilitation of community poverty initiatives, for the issuance of building permits, and for local licensing of commercial and transport activities (Wegelin, 1996). It is argued that municipalities are strategically well-placed to undertake local long-term planning in the area of poverty alleviation particularly in association with the private sector, NGOs and CBOs (Pieterse, 2000). Moreover, it is a function of local government to generate and manage local projects whose aim is to address inequalities between citizens as well as mediating the public good through ‘good governance’ (Matovu, 2002).

Several broad intervention areas are identified in terms of LED initiatives for poverty alleviation (Wegelin and Borgan, 1995; Vanderschueren et al, 1996; Wegelin, 1996). Key areas of municipal policy intervention are identified as relating to regulatory framework, access to municipal services, and employment creation. The prime thrust of these policy interventions has been to augment the asset base of the urban poor or to enhance their capacity to manage their existing asset base (Moser, 1996; Rogerson, 1999). It is recognized that the regulatory framework that shapes the lives of the poor is established by both central and local governments and is designed to apply nationally and locally. Essentially, the regulatory framework sets the parameters for development in general but more specifically for the municipal environment. The regulatory framework comprises a wide sweep of laws, including local government laws, ordinances, legislation and regulations related to town planning, public health, building and land development (Vanderschueren et al, 1996). The development of a regulatory environment that supports the livelihoods of poor communities is an important LED initiative. In particular, access to land for housing is critical and most urban governments exert a strong influence on which groups in the city can obtain land for housing through what they do in terms of regulation and what they do not do. Indeed, there is an important link between access to housing and livelihoods as regards providing ready access to income-earning opportunities and servicing as a space for home-based income opportunities (Kellett and Tipple, 2000).
Improving the delivery of infrastructural services to poor communities is a critical LED role in support of poverty alleviation. A major step forward towards expanding the asset base of the urban poor is to enhance their limited access to full range municipal services, which would generally include water supply, sanitation, refuse removal, drainage, flood protection, local roads, public transport, street lighting and traffic management. The limited access of the poor to such services is often aggravated by a tendency for design and service standards to be unaffordable or not planned for to allow incremental upgrading as poor communities improve and expand their willingness to pay for services. It is critical to appreciate that for the urban poor, their greatest asset is their capacity for labour.

Municipal actions towards employment creation represent important options for poverty alleviation. It is stressed that employment generation as the means for alleviating poverty historically has been one of the major strategies for alleviating poverty in urban developing world (Moser, 1996). A range of local government interventions in the developing world experience can facilitate job creation and assistance to poor communities. At one level this would encompass the capacity of municipal governments and actions implemented to attract new investment, retain existing investors and support the expansion of existing formal enterprises. Another dimension would be a municipal intervention that favours more pro-poor economic policies that expand employment opportunities or increased incomes for poorer groups. Key areas for policy consideration relate to the activities of the survivalist informal economy, including street traders, a range of home-based enterprises, and of urban agriculture. In particular, the introduction of accommodationist programmes towards the informal economy by municipal governments allows scope for low-income groups to develop or pursue their own livelihoods through informal enterprise. Another pro-poor tilt in municipal policies includes direct support offered for the expansion of labour-based public employment and for community-based enterprises.
According to the DPLG (2000) local economic development initiatives take place in the context of changes in the national and global economies. Changes in the national and global economies impact on local economies in different ways. For example, a fluctuation in global gold prices may mean that a gold mine which is the main employer in a small town is closed down, resulting in high unemployment. Accordingly, LED needs to take account of the national and global context, and be designed in a way which assists local areas to respond to the national and global contexts creatively.

In urban South Africa a variety of LED interventions have been introduced over the last two decades. The earliest LED interventions pioneered in cities such as Cape Town, Johannesburg and Durban during the late 1980s and early 1990s essentially were pro-growth and of the form that was described as market-led approaches. Major emphasis was placed upon attraction of external investment through a range of LED interventions that centered on place marketing, property-led regeneration and the development of ‘hard’ infrastructure (Bloch, 2000; Rogerson, 2000).

Since 1994, however, there has been a coordinated effort to diffuse more widely the practices of LED in South Africa through the formation of a national framework for supporting LED. As the impetus for driving LED shifted to the level of national government, there has occurred also a notable change in the priorities for LED interventions. At the heart of developing a national framework for LED has been the activities of the national Department of Provincial and Local Government which is the leading national department with the mandate for LED policy formulation.

Through the frameworks that have been evolved by DPLG there has been a marked shift progressively towards the adoption of a more pro-poor focus in South African LED interventions as a whole. An increasing number of policy
interventions have been introduced since 1994 which have sought to address rising levels of urban poverty in South Africa. The essential form of these poverty-focused interventions follows closely the international emphasis upon strengthening the asset base of disadvantaged or poor communities. In strengthening the asset base of poor communities through LED measures a number of important broad intervention areas are identified (Rogerson, 1999, 2000). Three critical policy areas in urban South Africa thus have surrounded the improvement of regulatory frameworks, the major extension of municipal services and infrastructure delivery, and issues of employment creation or more correctly livelihood support through more conciliatory approaches towards the informal sector and home-based economic activities in cities. Of more recent application is the implementation of affirmative systems of public procurement as a means to support emergent SMMEs, particularly in terms of urban infrastructure delivery programmes (Watermeyer, 2000). The essential policy direction has been towards the greater adoption and implementation in cities of elements of what were described as community-based economic development programmes as a supplement to the existing foci on business or enterprise development.

The concept of community- or locality-based development was implicit in the 1994 RDP, effectively enshrined in the 1996 Constitution (in terms of the developmental role of local government) and thereafter has been supported by a range of policy and legal measures.

Local government is required to take a leadership role, involving and empowering citizens and stakeholder groups in the development process, to build social capital and to generate a sense of common purpose in finding local solutions for sustainability. Local municipalities thus have a crucial role to play as policy-makers and as institutions of local democracy, and are urged to become more strategic, visionary and ultimately influential in the way they operate.

In this context, the key thrust of such development strategies in post-apartheid South Africa, as pointed out by Minister Mufamadi is for developmental local
governments to be able to confront the dual nature of the country’s cities and towns, and to deal with the consequences of the location of the poor in dormitory townships furthest away from economic opportunities and urban infrastructure. (Mufumadi, 2001:3). According to Rogerson comments, In terms of the mandate of developmental local government, the establishment of pro-poor local development strategies is therefore critical and central for sustainable urban development as a whole, particularly in dealing with the apartheid legacy of widespread poverty (Rogerson, 2000: 405).

The statutory principles for operationalising these concepts of development are contained in the Municipal Systems Act (Act no 32: 2000a). The Act devotes a great deal of attention to the notion of ‘Integrated Development Planning’, of which LED is regarded as a key element. In essence, according to the Department of Provincial and Local Government, the IDP is conceived as a tool to assist municipalities in achieving their development mandates, and it is seen as a planning and implementation instrument to bring together the various functions and development objectives of municipalities (DPLG, 2000: 21). Integrated Development Planning has been defined as a participatory approach to integrate economic, sectoral, spatial, social, institutional, environmental and fiscal strategies in order to support the optimal allocation of scarce resources between sectors and geographical areas and across the population in a manner that provides sustainable growth, equity and the empowerment of the poor and the marginalised’ (DPLG, 2000: 15). Future government funding allocations to local governments will be determined by the nature of planning and development priorities identified in such plans.

This study is distinctive for its argument that LED should be refocused on the poor; the pro-poor focus of the whole policy paper with its anchor upon infrastructure-provision in poor communities marks a significant turning away from the international policy mainstream. An economic rationale for a program of municipal community services-based LED, geared to expanding access to
infrastructure and services, alongside the benefits for greater gender equality, improve has a potential to public health, lower levels of racial segregation, and improve social capital (Bond, 2002). To achieve local economic benefits from municipal services provision and infrastructure investment requires, however, close attention to the ongoing subsidies that will permit the systems to operate (Bond, 2002).

1.7 RESEARCH METHODOLOGY

Pons (1992) argued that all social research is concerned with evidence and all statements made in a research report should be based on evidence presented in it or on evidence from other sources which should be cited. This can only be achieved by following a scientific methodology which is a system of explicit rules and procedures on which research is based and against which claims of knowledge are evaluated. Certain socio-economic phenomena such as unemployment, rural poverty and LED initiatives can be best understood by the use of the scientific approach.

According to Neuman (2006:151) there are two approaches to research, namely qualitative and quantitative research. Qualitative researchers often rely on interpretive or critical social science and emphasize on conducting detailed examination of cases that arise in the natural flow of natural life. Quantitative researchers rely on a positivist approach to social science and emphasizing on measuring variables and testing hypothesis that are linked to general casual explanations.

For the purposes of conducting this study, the approach that will be used is qualitative. This includes giving questionnaires to the employees of the bakery, project manager and the community of Daantjie to solicit their views on the analysis of the role of community-based project on poverty alleviation in the area.
1.8 POPULATION AND SAMPLING

Babbie & Mouton (2001:100) define population as the group of participants from whom conclusions are to be drawn. Welman & Kruger (2001:46) further says the population is the study object which may be individuals, groups, organizations, human products and events or conditions which they are exposed. The size of the population then determines whether it would be appropriate to include all members of the population or not. Other issues to be given consideration during choosing the population are those in relation to time and cost effectiveness.

The researcher gave questionnaires to the Project Manager; ten (10) employees of the bakery and also to the community members. The study took into account the characteristics of individual household in terms of representation and attitude of the population of the Pienaar community in the Mbombela Municipality. It would be costly and time consuming to engage all members of the community in the research, hence sampling was necessary in order to get the views of the community. Sampling is a process of selecting a sample for the purpose of conducting research which relates to the whole population.

For the purposes of this study, purposive sampling was used to select 10 employees of the bakery and the Project manager in order to find out their views. The purpose is to find credible information from relevant individuals. According to Huysamen (1994:44), purposive sampling is the most important type of non-probability sampling. Judgement or purposive sampling gives the researcher a chance of selecting cases with a specific purpose. The benefits of using purposeful sampling include (Newman 2000:198):

- The researcher uses it to select cases that are especially informative.
- A researcher can use it to select members who are difficult to reach, or a specialized population.
- A researcher can identify certain types of cases for in-depth investigation.
A snowball sampling was used to gather information from the members of the community. This is due to the fact that the households or homesteads in the area are not structurally arranged, and there are no streets. An area covering a radius of 3km around the bakery was targeted for this purpose. The members of the community who participated in the study were limited to the people who are 18 years and older, and who are also residents in the area in order to make the study manageable to the researcher.

Questionnaires were used to collect data and the researcher delivered and collected them by hand. The researcher had a hands-on approach in monitoring the process of data collection.

1.9 ETHICAL CONSIDERATIONS

The researcher made sure that participants were willing to take part in the study. The researcher is aware that doing a research represents an intrusion into people’s lives hence voluntary participation was encouraged. The researcher ensured that participants are given enough time to consider participation. The researcher explained the purpose of the study and time required for participation. Assurance was given that participants will not be harmed.

In the process of conducting the study, ethical considerations were taken into account. According to Babbie and Mouton (2001:520), undertaking social scientific research, it is necessary to be aware of the general agreements among researchers about what’s proper and improper in the conduct of scientific enquiry. The ethical considerations include:

- Voluntary participation: No one should be forced to participate.
- No harm to the participants: Because subjects can be harmed psychologically in the course of a study, the researcher must look for the subtle dangers and guard against them.
• Anonymity and confidentiality: The clearest concern in the protection of the subjects' interests and well being is the protection of their identity, especially in survey research. If revealing their survey responses would injure them in any way, adherence to this norm becomes all the more important.

1.10 CHAPTER LAYOUT

Chapter 1 presents a background to the study, problem statement, objectives of the study, research questions, literature review, research methodology and ethical considerations.

Chapter 2 deals with literature review. Attention is paid among others to community based projects, the concept Local Economic Development, local Economic Development in the South African context, overview of Local Economic Development internationally, and the Policy context of Local Economic Development.

Chapter 3 deals with the empirical study which includes data collection and interpretation.

Chapter 4 concludes the study by presenting the conclusion, findings and recommendations.
CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

Literature review is the effective evaluation of selected documents on a research topic. It provides a background to the study being proposed. South Africa’s understanding of local economic development is linked to the overarching concept of developmental local government which is defined as Local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs, and improve the quality of their lives. (The White Paper on Local Government, 1998). The national government’s interpretation of LED is an outcome based on local initiative and driven by local stakeholders to stimulate economic growth and development (DPLG, 2000).

2.2 COMMUNITY- BASED PROJECTS EXPLAINED

Community-based projects refer to projects whose operation is limited to a particular neighbourhood. Community-based projects are activities carried out by members of communities. The role of local leaders in the implementation of these projects is critical. These leaders are influential members of a community on the basis of their personal status or of their activities in community-based organizations such as political parties, churches, youth and women's organizations, neighbourhood committees. The community member or members, who were responsible for taking the initiative, are often involved in management. A community project is a term applied to any community-based project. This covers a wide variety of different areas within a community or a group of networking entities.
The highlight of economic community projects is what is known as Transition Towns. Most economic community projects are designed at creating some sort of economic autonomy. All community projects are different in some way, the size and scope of these projects is determined firstly by the community they cater for. The term community is defined as: Group of people sharing a common understanding who reveal themselves by using the same language, manners, tradition and law. Commune or residential/religious collective. The condition of having certain attitudes and interests in common.

A community could be the entire human race or parts of it anywhere on the planet. However, in regards to community-based projects the community is usually determined by geography, or demographics such as age group, gender, income etc. Surender and van Niekerk (2008) reported that many community-based income generation projects were conceptually flawed and poorly implemented.

To date the government has introduced various programmes designed to reverse the poverty situation confronting post-apartheid South Africa. These programmes include the reconstruction and development programme (RDP), growth employment and redistribution strategy (GEAR), poverty alleviation projects (PAPs), expanded public works programmes (EPWPs), joint initiative on priority skills acquisition (JIPSA), accelerated and shared growth initiative for South Africa (ASGISA), food security programmes such as school feeding schemes and social security grants (Department of Welfare, 1997), among many others. One of the key fundamentals of Government's development strategy is the vision of a better life for all. To keep the service running, continuous participation of the community receiving the service, is required. This means that community participation is a rather crucial aspect.
2.3 LOCAL ECONOMIC DEVELOPMENT AND COMMUNITY DEVELOPMENT

The term community (or social or household) development refers to measures meant to improve the health, housing, education welfare, including economic welfare of individuals, households and communities in a locality. In development literature it is normally associated with measures to support the poor or disadvantaged communities. In South Africa there has been much debate whether community development falls within the scope of Local Economic Development as evidence by contrasting views of the Local Economic Development think-tanks that is Meyer-Stammer and Helmsing.

For Meyer-Stammer (2004) community development is not at the core of Local Economic Development, but provides an important part of the context. Consistent with his view Meyer-Stammer argues that from the Local Economic Development perspective, daily problems faced by communities create potential opportunities for enterprises. For example, the lack of services or appropriately designed and packaged commodities to serve certain markets provides a model for efficient use of resources through the establishment of business (Meyer-Stammer, 2004).

In contrast, Helmsing (2003) argues that a category of “community economic development” can be usefully distinguished. For Helmsing (2003), community economic development refers to those actions that strengthen the capacity of individuals, households and groups of people within poor communities to take up employment and business opportunities, to improve their livelihoods and promote economic welfare. Community economic development generally operates at the local level and favours participation in decision-making.

Helmsing further argues that, community economic development encourages social equity and the inclusion of target populations, for instance, women and the
unemployed and those with HIV/AIDS. Its primary objectives are to strengthen social solidarity, promote self-help and empowerment. It seeks to do this by contributing to employment and improved living and working standards. Community economic development view profits as the means for community enterprise, not the ends in themselves (Hindson, 2005). The main focus of Local Economic Development initiates in most rural areas, with the attainment of democracy has been community economic development projects.

2.4 THE CONCEPT LOCAL ECONOMIC DEVELOPMENT

The definition of the concept Local Economic Development is hotly contested, on what it should constitute by academics, politicians and Local Economic Development practitioners. Zaaijer and Sara (1993: 129) state that Local Economic Development “is essentially a process in which local governments and community/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”. For the World Bank (2001:1) “Local Economic Development is the process by which public, business and non-governmental sector partners work collaboratively to create better conditions for economic growth and brings economic benefits and quality of life to all in the community”.

Consistent with its view the World Bank asserts that in general terms, the goals of Local Economic Development tend to revolve around a set of common issues of job creation, empowerment, the pursuit of economic growth, community development, the restoration of economic vitality and diversification in areas subject to recession, and also of establishing the locality as the vibrant, sustainable economic entity, often within a global context.

For Stohr (1990) Local Economic Development can be best described by its two distinctive features, that is: it is either an initiative or entrepreneurship, which, he
states, can occur in both the rural areas and urban areas. He further argues that, economic activities ranging from farming and sustainable rural development to city-based development strategies can fall within the broad parameters of the concept Local Economic Development. All these activities are conditioned by certain specifics that should be locally based, mobilizes local resources and skills, promotes economic development, training and new forms of organizational development (Stohr, 1990).

Local Economic Development represents the bottom-up approach to rural development. The term Local Economic Development has attracted increased attention in recent years and is being used to describe a wide range of local level interventions. In principle Local Economic Development shows strong resemblance with the Basic Need Approach, “Development from Below” (Stohr, 1981), “Development form Within” (Taylor and Mackenzie, 1992), Community Economic Development (Helmsing, 2001) and Self-reliance Strategies (Burkey, 1993). These particular topics will be fully dealt with in Chapter Three. Localities which have adopted Local Economic Development focus on developing communities within regions rather than the region itself.

This concept was taken significantly further in 1998 when the Local Government White Paper was released (RSA, 1998). According to the 1998 White Paper on Local Government, to meet the development challenges of the national economy, local government has been given a new constitutional mandate to create, sustain, equitable and viable human settlements. In an effort to create conditions for sustainable development and combat the scourge of poverty, developmental local governments necessitates a commitment to “working with the citizens and groups of people within the community to find sustainable ways to meet their social, economic and material needs and improve their quality of their lives” (Nel and Rogersons, 2005).
Moreover, municipalities have been given the responsibility to mobilize and provide the vision, the leadership as the role players in Local Economic Development. An integrated development plan (IDPs) has been identified as the most important method for achieving greater coordination and alignment. Integrated Development Planning is an approach to planning that involves the entire municipality and its citizens in finding the best solutions to achieve good long-term development. Integrated Development Plan’s provide powerful tools to municipalities for the facilitation of integrated and co-ordinate performance, and this involves comprehensive consultation exercises with local communities and other stakeholders involved in Local Economic Development (Department of Provincial Local Government (DPLG), 2000). Local municipalities thus, have a crucial role to play both as policymakers and as institutions local democracy, and are urged to become more strategic, visionary, and ultimately influential in the way they operate.

In 2002, an important national Local Economic Development policy document, entitled “Refocusing Development on the Poor” was in the process of being drafted (Department of Provincial Local Government, 2002). Building upon the works of Bond (2001, 2002) this document clearly argued a case for a “pro-poor” Local Economic Development, explicitly targeting low-income communities and the marginalised as the focus of governments’ policy. Hindson and Vincente (2005) argued that while there was much value in this document it was never officially released into the public domain and failed to reach the national level for approval. A second attempt again to draft Local Economic Development nation policy framework started in 2003 resulting in a number of draft documents, culminating in the officially circulated policy document entitled: The Policy Guidelines for Implementing Local Economic Development in South Africa, released in March of 2005. In order to support Local Economic Development, the national government introduced a Local Economic Development fund in 1999 to provide support for poverty relief schemes across the country (Binns and Nel, 2002).
2.5 LOCAL ECONOMIC DEVELOPMENT IN THE SOUTH AFRICAN CONTEXT

Local Economic Development is seen as a process whereby local initiative combines skills, resources and ideas aims to create employment opportunities for local residents, alleviate poverty, and redistribute resources and opportunities to the benefit of all residents. In the draft Local Economic Development policy paper issued in 2000 a series of interlocking challenges that confront localities were defined as constituting the base for Local Economic Development. In South Africa, Local Economic Development is often presented as existing in two different varieties, which are the pro-growth endeavours to participate in a neo-liberal, global market, and the community-based/welfares pro-poor variants (Nel and Rogerson, 2005). The pro-growth variants are more widespread in large municipalities which are well resourced and well capacitated. Thus, the pro-poor variants of Local Economic Development are deemed to be more prominent in most rural areas. These Local Economic Development initiatives entail different employment generating activities and poverty reduction measures conditioned by the availability of local resources. Basically, in the rural areas Local Economic Development initiatives are mainly in the form of community-based socio-economic development, for instance, community agricultural co-operative, irrigation schemes, eco-tourism, lucrative sewing contracts, brick-making, chicken and piggery co-operative, craft production and bulk-buying and housing construction.

These Local Economic Development variants are argued to primarily seek to address social problems such as poverty, unemployment and exclusion, but in practice there are more concerned with economic growth, and not development efforts which promotes accumulation from below by the poor. In some quarters these initiatives are argued to have left the underlying structures responsible for rural underdevelopment largely intact. In South Africa, and South Africa in particular, the writings of various authors (Meyer Stammer, 2006; Nel, 2002;
Binns and Nel, 2002; Nel and Rogerson, 2005; Buthelezi, 2004 and 2007) shed a deep insight as to the meaning of Local Economic Development and how it is conceptualized in the sub-region. Their writings vividly review the fact that Local Economic Development is clearly accompanied with attempts to promote the satisfaction of basic needs, to bring about empowerment, to allow greater local-level self-determination and self-reliance, and lastly, Local Economic Development initiatives strive for the betterment of lives of the host communities.

Syrett (1999) identifies Local Economic Development as a process, the products of which, in his terminology, are “Local Economic Initiatives”. He defines these initiatives “as activities which involve the mobilization and development of local resources to tackle local economic and social problems, varying from their organisational forms to include small firms, cooperatives, community business ventures, self-help networks and support agencies” Syrett (1999). Meyer (2004) argues that given the wide diversity of strategies employed, ranging from formed business support and place-marketing to community to community economic development and self-reliance, the concept Local Economic Development can be regarded as a catch-all term to describe localized economic activity initiated by a local community, local authority, external agency or non-governmental organization in a rural or urban area.

In this context Local Economic Development should be seen as a process which entails the following aspects:

- An initiative that has both social and economic goal, usually including job creation, wealth creation by those at the marginal level and poverty reduction
- An initiative that draws partnerships arrangements with different stakeholders that is: local business, the private sector, local government and the central state, community-based organisation and non-governmental organisations - all these stakeholders being united by one objective, that is, to advance sustainable socio-economic development;
• The initiatives originate within the locality geared at addressing the challenges/problems the locality is facing, the key driver of such initiative being the community concerned which can only be achieved through active participation and not symbolic; and lastly Local Economic Development initiatives should attempt slightly to alter the ownership of the means of production within that locality and the distribution of wealth.

2.6 OVERVIEW OF LOCAL ECONOMIC DEVELOPMENT: AN INTERNATIONAL PERSPECTIVE

Local Economic Development initiatives have their origins in the high income countries of the North (Developed Countries). These Local Economic Development initiatives emerged in the last thirty to forty years as a response to the oil crisis and the dramatic weakening in the economic hegemony of the United States: the collapse of the Brteeton Wood’s system, and reductions in global aid (Nel, 2001). These changes have had profound spatial ramifications on local areas and regions. The writings of Chishom (1990) reflect the impact of such changes, the rise of “resurgence” or “recession” and the literature on the great disparities in the United Kingdom’s space economy, namely the “North-South divide”. Such changes precipitated a rise in unemployment and regional inequities which later drove the search for alternative local economic development interventions that would offer opportunities for growth to all areas, and Local Economic Development was identified as a standard tool for combating such problems.

The North appears to have been able to cope with the crisis of the 1970’s with a fair degree of success and its global hold has been entrenched under “New International Division of Labour”, the global reach of the multi-national corporations and the activities of global financial institutions (Nel, 1999). However, the South both endured the crisis of the 1970’s and also the debt crisis of the 1980’s. In many regions, Africa in particular, this led to the 1980’s
becoming a period of stagnant or negative economic growth. Binns (1994) asserts that nowhere else in the world has been negatively affected by the crisis of the 1970’s like the South. The South has experienced greater marginalization, relegation to an inferior trading and manufacturing position, heavy dependence on aid and on international financial institutions and their imposed structural adjustment programmes.

These global changes, coupled with the so called “rolling back” of the frontiers of the state and the reduction in government expenditure on social services has allowed and often compelled the residents of localities to become more assertive economically in order to prosper in many developing parts of the world. As they are not able to aspire to the post-industrial status of the North, it appears that local coping strategies, the reliance on the informal sector, self-reliance and ‘development from within’ are effective Local Economic Development alternatives in many countries of the South (Taylor and Mackenzie, 1992). For Tomlison (1993) the limited success achieved by central state regional development strategies in many countries has necessitated the need for individual localities (both urban and rural) to embrace Local Economic Development initiatives.

Local Economic Development initiatives as pursued in the high income countries of the North are deemed to be neo-liberal pro-growth and are dominant in Western Europe, North America and some part of developing world. Clarke and Gaile (1992) asserts that these pro-growth variants of Local Economic Development are aimed at reducing the economic challenges posed by globalization, localization and assist local economies to participate in the global economy in a competitive manner, and find market niches. In contrast, the so-called pro-poor variants of Local Economic Development are more prominent in the South, and, in particular, in Sub-Saharan Africa, and are argued to primarily seek to address social problems, such as poverty and exclusion (Helmsing, 2001; Nel and Rogerson, 2005). Thus in Sub-Saharan Africa, Local Economic Development has therefore become identified with self-reliance, survival and
poverty alleviation strategies to the vagaries of global capitalism and perpetual marginalization (Taylor and Mackenzie, 1992); Binns and Nel, 1999) and not as strategies that will enhance social transformation. Nel and Rogerson (2001) asserts that, though, Local Economic Development is occurring at different rates, the effects of globalization, of global economic crises and the prominence accorded to the notion of enhances democratization and devolution cumulatively have helped to ensure that Local Economic Development initiatives and self-reliance are discernible trends throughout the world. As the pace of globalization accelerates, the rise of Local Economic Development activity emerges as an integral part of a new wider emphasis upon local responsibility and power and on the democratization of daily life.

2.7 THE POLICY CONTEXT OF LOCAL ECONOMIC DEVELOPMENT

The policy and practice of Local Economic Development in South Africa has become remarkably well established in South Africa in recent years. The experience of LED started from limited cases of applied LED in small towns in the early 1980s and rapidly accelerated through the activities of the forum movement in the early 1990s.

The 1994 Reconstruction and Development Programme (RDP) Document made implicit references to the notion of LED, though overt support for community-based development and locality based initiatives (ANC, 1994). The Constitution of the Republic of South Africa, 1996, mandated local governments to pursue economic and social development. This concept was taken significantly further in 1998 when the Local government White Paper was released. This document introduced the notion of development local government, which is defined as local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives.
In addition, local government is required to take a leadership role, involving and empowering citizens and stakeholder groups in the development process, to build social capital and to generate a sense of common purpose in finding local solutions for sustainability. Local municipalities thus have a crucial role to play as policy-makers and as institutions of local democracy, and are urged to become more strategic, visionary and ultimately influential in the way they operate.

In this context, the key thrust of such development strategies in post-apartheid South Africa, according to Minister Mufamadi (Keynote address: African Cities in Change conference, 2001:3) is that, ‘...The very essence of developmental local government is being able to confront the dual nature of our cities and towns, and to deal with the consequences of the location of the poor in dormitory townships further away from economic opportunities and urban infrastructure. The solutions to comments,’...In terms of the mandate of development strategies is therefore critical and central for sustainable urban development as a whole, particularly in dealing with the apartheid legacy of widespread poverty’ (Rogerson, 2000, 405).

The statutory principles for operationalising these concepts of development are contained in the Municipal Systems Act (Act no 32: 2000). The Act devotes a great deal of attention to the notion of Integrated Development Planning’. Of which LED is regarded as a key element. In essence, according to the Department of Provincial and Local Government, the IDP is conceived as a tool to assist municipalities in achieving their developmental mandates (DPLG,2000: 21), and as a planning and implementation instrument to bring together the various functions and development objectives of municipalities.

Integrated Development Planning has been defined as a participatory approach to integrate economic, sectoral, spatial, social, institutional, environmental and fiscal strategies in order to support the optimal allocation of scarce resources between sectors and geographical areas and across the population in a manner that provides sustainable growth, equity and the empowerment of the poor and
the marginalized (DPLG, 2000: 15). Future government funding allocations to local governments will be determined by the nature of planning and development priorities identified in such plans.

In 2002, a draft Policy Document, entitled Refocusing Development on the Poor was compiled (DPLG, 2002). This document clearly argues that government policy must focus on pro-poor LED, which explicitly targets low-income communities and marginalized. Another emerging policy of note is the government’s Urban Renewal Strategy’ which, though still to be finalized, has a clear focus on issues of urban regeneration and targeted support for township areas.

In order to support LED, the government introduced an LED Fund in 1999 which, though only providing support for poverty relief schemes, is clearly having some impact across the country. A key draw back with South African policy is that despite its sophisticated focus and nature, it tends to implicitly suggest that LED is a local government prerogative, providing little recognition or incentive to support the often critical role played by the private sector, NGOs and CBOs in the development process.

2.8 SUMMARY

This chapter evaluates the selected documents on the topic. The first part discussed is community-based projects. It explains what community-based projects are and explains the importance of the role of local leaders in the implementation of these projects. It also explains that most community-based projects are designed at creating economic autonomy. It further explains community economic development. In addition it explains that community development is not at core of Local Economic Development but provides an important part of the context. It goes further and discusses the concept Local Economic Development, and is hotly contested by academics, politicians and
Local Economic Development practitioners. It explains that Local Economic Development is essentially a process in which local governments and community-based groups manage their existing resources and enter into partnerships arrangements with the private sector or with each other, to create jobs and stimulate economic activity in an economic area.

The overview of Local Economic Development internationally is discussed and also Local Economic Development in South Africa. It ends by explaining the policy context of Local Economic Development, and what Reconstruction and Development Programme document entails, then the Constitution of the Republic of South Africa. The Municipal Systems Act no 32 of 2000, then the 2002 Draft Policy Document, entailed Refocusing Development on the Poor which was compiled by Department of Provincial and Local Government are also explained.
CHAPTER 3

EMPIRICAL RESEARCH: DATA COLLECTION AND INTERPRETATION

3.1 INTRODUCTION

This chapter deals with the empirical research. It builds over the research methodology which was presented in section 3 of chapter 1. The main focus of this chapter is data collection and interpretation. The data gathered from the members of the community, Project Manager and the employees of the Daantjie bakery is presented and analyzed.

3.2 DATA COLLECTION

Data collection by the researcher started on the 1st of September 2010. The researcher visited Mbombela Municipality to gather information on Daantjie Bakery in the Mbombela Municipality. From Mbombela Municipality the researcher was given documents on other Local Economic Development projects within the Municipality, Daantjie Bakery being one of them.

On second day the researcher went to make an appointment with the Project Manager of Daantjie Bakery in Pienaar. The appointment was scheduled for the 4th day of September 2010. The researcher also met the community on the 3rd day of September 2010. She held interviews with the respondents during those days with twenty (20) Community members consisting of one (1) Project Manager, ten (10) Bakery employees and the field work was conducted in less than two weeks. The researcher managed to interview all the respondents she targeted.
3.2.1 ANALYSIS OF RESPONSES FROM THE COMMUNITY

In this section the study will analyze responses from the community and details are as follows;

3.2.1.1 Awareness about the existence of the Bakery project

When participants were asked how long they have been aware of the existence of the bakery project, the following data was obtained.

Table 1:

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Frequency</th>
<th>Cumulative percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least 3 years</td>
<td>16</td>
<td>80%</td>
<td>16</td>
<td>80%</td>
</tr>
<tr>
<td>Less than 3 years</td>
<td>4</td>
<td>20%</td>
<td>20</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 1:
• 12 said they have been aware for more than 8 years
• 4 said they have been aware for 1 year
• 4 said they have been aware for 3 years.

It can be deduced from the responses that most community members have been aware of the bakery project for at least 3 years. They are also aware of what is done in the bakery as the next section demonstrates.

3.2.1.2 Awareness of services provided at the bakery

When asked what is done in the bakery, the following data were obtained.

Table 2:

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Frequency</th>
<th>Cumulative percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bakes bread</td>
<td>15</td>
<td>75%</td>
<td>15</td>
<td>75%</td>
</tr>
<tr>
<td>Sell bread and cakes</td>
<td>5</td>
<td>25%</td>
<td>20</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
15 said bakery bakes bread

5 said bakery sell bread and cakes

From the responses majority of the people are aware that the bakery sells bread and cakes. From the response it can be deduced that 15 members of the community are aware of what the bakery does. The community buys bread and cakes from the bakery and the bakery is helpful to them. This can be deduced from the responses like the bakery bakes bread, and that the bakery sells bread and cakes. 20 members of the community understand the bakery to be a beneficial entity for the community.

3.2.1.3 Accessibility of baked products

When participants were asked if the project has made any difference with regard to the accessibility of baked products, all 20 of them agreed that indeed the bakery has made a difference, the following data were obtained.
Table 3:

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Frequency</th>
<th>Cumulative percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>20</td>
<td>100%</td>
<td>20</td>
<td>100%</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0%</td>
<td>20</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 3:

Has the project made any difference with regard to the accessibility of baked products?

It can be deduced from these responses that bakery is helpful to the community and the local small businesses. Participants also indicated that they now do not have to travel far to buy bread. Bakery also delivers the products to local small businesses. Bread is always available at the bakery. Community including local small business appreciates having this bakery project within their community.
3.2.1.4 Job creation in the local community

When participants were asked if there are employees of the bakery project that are members of the local community. All participants responded by saying yes. When asked if the project is contributing towards job creation, all responded by saying yes. However;

Table 4:

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Frequency</th>
<th>Cumulative percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>20</td>
<td>100%</td>
<td>20</td>
<td>100%</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0%</td>
<td>20</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 4:

Are there employees of the bakery who are from the local community?
• 10 said bakery created other temporary/piece jobs like cleaning, gardening, watchman and other piece jobs

• 6 said bakery has created jobs as some community members were not working previously but now are working at the bakery project

• 4 said community members are working there and they not only learn to bake but develop other skills as well.

3.2.1.5 Poverty alleviation in the community

When asked if the project contributes towards poverty alleviation in the community, most of them said yes. The following data were obtained.

Table 8:

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Frequency</th>
<th>Cumulative percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct poverty alleviation to employees</td>
<td>4</td>
<td>40%</td>
<td>4</td>
<td>40%</td>
</tr>
<tr>
<td>Poverty alleviation to community</td>
<td>6</td>
<td>60%</td>
<td>10</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Figure 8:
Is this project contributing towards poverty alleviation?

- 4 said yes because they are now able to support their families
- 3 said the bakery also contribute by donating bread to the needy, centres for the poor
- 3 said the bread is cheaper at the project.

It can be deduced, to both the employees and community at large. From these responses that the bakery does contribute towards poverty alleviation. From the responses that employees are now able to support their families. The bakery also donates bread and other products to the needy and centres for the poor. Also the fact that bread is cheaper compared to other shops around and in town, bakery does contribute towards poverty alleviation to the broader community.
3.3 ANALYSIS OF RESPONSES FROM THE PROJECT MANAGER

When asked how long the bakery project was established, she responded by saying since 2002. She has indicated that she started working in 2009 for the bakery. It can be deduced from her response that although the project started in 2002, she is aware and has been around, even though she only managed to get the post in 2009. When asked if the community do support the project, the response was no. She gave reason that hooligans came and cut the cable. This resulted in the bakery not being operational and some community members lost interest in the project. She also stated that those hooligans are from the community and are known, but the community is not supporting the project as it does not come out to say who the culprits are.

From her response it can be deduced that the project has its challenges and the frustration on the side of the Project Manager is understandable and her response of saying no, the community is not supportive is based on a particular incident which unfortunately had a negative impact on the bakery to a point of actually crippling the operation of the project. When asked if the project does contribute towards poverty alleviation in the local community, she responded by saying yes. She mentioned the fact that prices are cheaper than other shops locally and in town. She also mentioned that some members of the community who had no jobs before are now working at the bakery. From these responses it can be deduced that the bakery does contribute towards poverty alleviation.

When asked if the project is having a contribution towards the quality of life of the members of the community, the response was yes. She stated that if one member of staff is not present at work, for instance, they ask any member of the community to fill his/her place. From this response it can be deduced that the community does have the interest of the bakery at heart. They also want to see it succeeding and achieving its goals. This is shown by the willingness to come and assist whenever there is a need, so that business is not affected.
3.4 ANALYSIS OF RESPONSES FROM EMPLOYEES

3.4.1 The period of working at the bakery

When asked how long they have been working for the project, the following data were obtained.

Table 6:

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Frequency</th>
<th>Cumulative percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5 years</td>
<td>4</td>
<td>40%</td>
<td>4</td>
<td>40%</td>
</tr>
<tr>
<td>5 years and more</td>
<td>6</td>
<td>60%</td>
<td>10</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 6:
4 said they have been working in the project for 4 years

6 said they have been working in the project for 8 years.

It can be deduced from these responses that people have been working in the bakery for 5 years and more, shows that there are no other job opportunities in the area. Also the fact that they were not working before, getting a job at the bakery is an opportunity, to acquire new skills, and alleviate poverty. Staying in the job for more than 5 years shows that the bakery contributes towards poverty alleviation.

When asked if they were employed before coming to work for the project they all responded by saying no. When asked if they live in the community, they all responded by saying yes. When asked if the project is contributing towards poverty alleviation, their response was yes. The following data was obtained.

### 3.4.2 Benefits offered by the bakery

**Table 7:**

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Frequency</th>
<th>Cumulative percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit beyond bakery</td>
<td>3</td>
<td>30%</td>
<td>3</td>
<td>30%</td>
</tr>
<tr>
<td>Direct benefit on bakery</td>
<td>7</td>
<td>70%</td>
<td>10</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Is this project contributing towards job creation?

3 said it created jobs not only for baking but also cleaners, gardeners and drivers as well.

7 said it reduced the number of unemployment in the community.

70% recognized the direct benefit of the bakery towards poverty alleviation within the bakery’s core business.

It can be deduced from these responses that bakery project does contribute towards poverty alleviation. Employees are saying the little money they get from the bakery is making a difference in terms of job creation and poverty alleviation, and 30% see the benefit to the community beyond the core business of the bakery as it also benefit other skills set like cleaning, gardening and driving.
3.4.3 **Quality of life of the community**

When asked if the project is making a contribution towards the quality of life of the community; the following data were obtained.

**Table 9:**

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Frequency</th>
<th>Cumulative percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved quality of life - Yes</td>
<td>10</td>
<td>100%</td>
<td>10</td>
<td>100%</td>
</tr>
<tr>
<td>Improved quality of life - No</td>
<td>0</td>
<td>0%</td>
<td>10</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Figure 9:**

Is this project making a contribution towards quality of life of the community?
8 said community now buy bread cheaper and closer

1 said employment gives life

1 respondent reported that a person from outside community is making comments that the community is better than where she is coming from.

It can be deduced from these responses that the project contributes towards the quality of lives of this community, ranging from getting bread and other products cheaper, to not having to travel, thus saving on transport costs. An added benefit towards the quality of life is the children have shorter distance to walk and thus keeping them safer.

3.5 Summary

Having conducted an empirical study for period of 2 weeks in the Mbombela municipality, found that the community is aware about existence and services provided at the bakery project. It was clear that the community members saw the bakery as useful beyond its core business as evidenced by the understanding that it fights poverty, through job creation and improves the quality of life of the
majority of community members in that bakery products are cheaper. The bakery was also found to be more accessible. A positive contribution to skills development thus allowing employees to find better employment elsewhere and open space within the bakery for new people to be trained. This in turn increases the number of individuals and extension families for whom the bakery alleviates poverty. Although the general sentiment of the community about the bakery’s existence, accessibility, contribution to poverty alleviation and improved quality of life is positive, it must be said that criminal elements within the community have negative impact on the operations of the bakery, which require increased commitment to the project to keep it running, given its overall positive impact in the community.
CHAPTER 4

SUMMARY, FINDINGS AND RECOMMENDATIONS

4.1 INTRODUCTION

This chapter will be giving summary of the study which is about the analysis of the role of a community-based project on poverty alleviation: a case of Daantjie bakery in the Mbombela municipality, Mpumalanga province. It is about the findings of the study which reflects responses to the questionnaires answered by the community members, project manager and employees of the bakery, and also recommendations based on the responses of all participants, both community members and the employees.

4.2 SUMMARY

The study was about the analysis of the role of a community-based project on poverty alleviation: a case of Daantjie bakery in the Mbombela municipality, Mpumalanga province. The introduction in the first chapter starts by giving background to the study, then problem statement, objectives of the study, research questions, literature review, research methodology, population and sampling, ethical considerations and chapter layout.

The following chapter is literature review which is the effective evaluation of selected documents on a research topic. It explains about community-based projects, community economic development and community development, the concept local economic development is discussed, local economic development in the South African context, overview of local economic development: an international perspective, the policy context of local economic development. All these aspects are discussed.
This is followed by empirical study that deals with data collection and findings. Data collected from the community, data collected from the project manager and data collected from the employees. The last chapter deals with findings of the study and recommendations.

4.3 FINDINGS OF THE STUDY

Following response to the questionnaire it can be deduced from the responses that most community members have long been aware of the bakery project for more than 3 years and that bakery does employ local people. Also they know and are aware of what is done in the bakery, which is not only bread but also cakes. The community does buy bread and cakes from the bakery and bakery is helpful to them. Bakery is helpful to the community and the local small businesses. Participants also indicated that they now do not have to travel far to buy bread. Bakery also delivers the products to local small businesses. Bread is always available at the bakery. Community including local small business appreciates having this bakery project within their community. The project is contributing towards job creation as some members of the community were unemployed before getting job from the bakery. The employees are now able to support their families. It was also found that the bakery also donates bread and other products to the needy and centres for the poor.

It can be deduced from the responses that the bakery has employed local community and that community does benefit. From the responses when asked if the project contributes towards poverty alleviation, participants’ responded by saying yes, and were saying even those that rely on government grants for leaving can afford to buy bread. Some were saying their family member who had never worked before are now getting their salaries every month from the bakery. 1 participant that is claiming it does not create jobs shows from the responses that he wants to be part of those who are benefiting in the project in terms of getting permanent job.
From the responses the project manager it can be deduced that the project has its challenges and the frustrations. It is understandable and her response of saying no, the community is not supportive is based on a particular incident which unfortunately had a negative impact on the side of the bakery to actually cripple the operation of the project. There was a situation that was explained by the project manager that if someone is absent from work, she approaches any member of the community to come and assist and they do that willingly. From this response it can be deduced that community does have an interest at heart about the bakery. They also want to see the bakery project succeeding and achieving its goals. This is shown by the willingness to come and assist whenever there is a need, so that service delivery is not affected. Also the fact that bread is cheaper compared to other shops around and in town, bakery does contribute towards poverty alleviation. It can be deduced from these responses that the project really contributed in the lives of this community, ranging from getting bread and other products cheaper, and they do not have to travel. Members of the community got jobs even though some are temporary.

4.4 RECOMMENDATIONS

The study concludes from the responses of all participants that both community and the employees like the bakery and it is useful in terms of meeting the demand and the needs of the community, and all parties are pleased with the service that is provided, therefore recommend that bakery be supported by the municipality and government. South Africa is integrating its different economies and communities. Multiple policy tools are accompanying the national integration effort. There can be a policy tool that can be used to support projects like Daantjie bakery. To this end local economic development strategies should seek to promote self-sustaining economic growth and the development of vibrant municipalities within an integrated economy.
REFERENCES


Khanya mrc: 30 September 2004: Community Based Planning in South Africa: available at www.khanya-mrc.co.za


*The Constitution of the Republic of South Africa*, Act 108 of 1996, Section sections 152 (a) and 153 (a).


Weglin, E. and Borgan, K., 1995: *Options for Municipal interventions in urban poverty alleviation*, Environment and Urbanization 7 (2), 131-152.


*The Constitution of the Republic of South Africa*, Act 108 of 1996, Section sections 152 (a) and 153 (a).


ANNEXURE 1

Daantjie Bakery
Mbombela Municipality
Pienaar
Nelspruit

Dear Madame

REQUEST FOR PERMISSION TO UNDERTAKE RESEARCH

I am currently registered for the degree of Master of Public Administration at Nelson Mandela Metropolitan University. My studies include a treatise with the following research topic: An analysis of the role of community- Based Projects on alleviating poverty: A case of Daantjie Bakery in the Mbombela Municipality. The main purpose of this study is to find out if the community- based projects do alleviate poverty in our communities.

I would like to request the members of the community and employees in the Bakery to participate in this research by completing a questionnaire. Participation is voluntary with the option of withdrawing at any stage of the process and there will be no negative consequences linked to non-participation.

Their responses will be used for the purposes of the study only and I undertake to ensure that the information will be used in such a way that they cannot be identified. Therefore, the final report will not include identifying information.

Participants are not obliged to answer all questions. If they feel uncomfortable to answer any question, they may not answer it. By participating in the study, they would contribute towards the improvement of the role of community- based projects in poverty alleviation.

The research findings will be disseminated to the Daantjie Bakery employees and community members who will participate in this study.

Yours truly

DK MBONTSI
MPA STUDENT: NMMU
Nelson Mandela Metropolitan University
Daantjie Bakery  
Mbombela Municipality  
Pienaar  
Nelspruit

Dear Sir or Madam:

AN INVITATION TO PARTICIPATE IN A RESEARCH

I am currently registered for the degree of Master of Public Administration at Nelson Mandela Metropolitan University. My studies include a treatise with the following research topic: The role of community- Based Projects in alleviating poverty. The main purpose of this study is to find out if the community- based projects do alleviate poverty in our communities.

I would like to request you to participate in this research by completing a questionnaire. Participation is voluntary with the option of withdrawing at any stage of the process and there will be no negative consequences linked to non-participation.

Your responses will be used for the purposes of the study only and I undertake to ensure that the information will be used in such a way that they cannot be identified. Therefore, the final report will not include identifying information.

You are not obliged to answer all questions. If you feel uncomfortable to answer any question, you may not answer it. By participating in the study, you would contribute towards the improvement of the role of community- based projects in poverty alleviation.

The research findings will be disseminated to the Daantjie Bakery employees and community members who will participate in this study.

Sincerely,

DK MBONTSI  
MPA STUDENT: NMMU  
Nelson Mandela Metropolitan University
ANNEXURE 3

QUESTIONNAIRE TO THE COMMUNITY

1. Are you aware about the Daantjie Community Bakery project?
   YES NO

2. How long have you been aware about the Daantjie Community Bakery project?
   1 year
   2 years
   3 years
   More than 3 years

3. What is done at the Daantjie Community Bakery?

4. Has the project made any difference with regard to the accessibility of baked products?
   Yes No
   4.1 If yes, can you explain how?
   ______________________________________________________
   ______________________________________________________
   ______________________________________________________

5. Has the project made a difference towards the quality of life for yourself and/or your family?
   Yes No
   5.1 If yes, how?
   ______________________________________________________
   ______________________________________________________
   ______________________________________________________
   ______________________________________________________

6. Are there employees of the bakery who are from the local community?
   Yes No

7. Is the project contributing towards job creation?
   Yes No
   7.1 If yes, how?
8. Is the project contributing towards poverty alleviation in the community?
   Yes  No
   8.1 If yes, how?

   ___________________________________________________________
   ___________________________________________________________
   ___________________________________________________________

   THANK YOU
ANNEXURE 4

QUESTIONNAIRE TO THE PROJECT MANAGER

1. When was the Daantjie Community Bakery project established?

2. For how long have you been the manager of this project?

3. Is there community support for the project?
   Yes  No
   3.1 Can you give reasons for your answer in 3?
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________

4. How many employees does the project have?

5. Are there employees who are from the local community in the project?
   Yes  No
   If yes, how many?

6. Is the project contributing towards job creation in the local community?
   Yes  No
   6.1 If yes, how?
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________

7. Is the project contributing towards poverty alleviation in the local community?
   Yes  No
   7.1 Can you give reasons for your answer in 7?
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
8. Is the project having a contribution towards the quality of life of the members of the community?

Yes    No

8.1 Can you give reasons for your answer in 8?

________________________________________________________________________

________________________________________________________________________

THANK YOU
ANNEXURE 5

QUESTIONNAIRE TO THE EMPLOYEES OF THE DAANTJIE COMMUNITY BAKERY

1. Are you employed by the Daantjie Community Bakery project?
   Yes       No
1.1 If yes, how long have you been working for this project?

2. Were you employed before coming to work for this project?
   Yes       No
2.1 If yes, why did you leave your previous employment?

________________________________________________________
________________________________________________________
________________________________________________________

3. Have you been a member of the local community before being employed in this project?
   Yes       No

4. Is this project contributing towards job creation?
   Yes       No
4.1 Can you give reasons for your answer in 4?

________________________________________________________
________________________________________________________

5. Is this project contributing towards poverty alleviation?
   Yes       No
5.1 Can you give reasons for your answer in 5?

________________________________________________________
________________________________________________________

6. Is this project making a contribution towards the quality of life of the members of the community?
   6.1 Can you give reasons for your answer in 6?

________________________________________________________
________________________________________________________

THANK YOU