IMPACT ASSESSMENT OF LOCAL ECONOMIC DEVELOPMENT IN
THE AMATHOLE DISTRICT MUNICIPALITY WITH SPECIAL
REFERENCE TO AGRICULTURE

BY

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A treatise submitted in partial fulfillment of the requirements for the degree of
Master in Public Administration

at the

NELSON MANDELA METROPOLITAN UNIVERSITY

Supervisor : Prof Mayekiso

Date : April 2010
DECLARATION

I, the undersigned, declare that the work contained in this treatise is my own original work. It is being submitted for the Degree of Master of Public Administration at the Nelson Mandela Metropolitan University, and that to the best of my knowledge this work has not been previously authored and submitted to any institution of higher learning. I further cede the copy rights of this treatise to Nelson Mandela Metropolitan University.

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Mbuyiseli Mpengu (Mr)

March 2010
DEDICATION

I dedicate this treatise to my late cousin, Fundiswa Priscilla Daka, who passed away in 2005. May the Almighty God rest your soul in loving peace.
ACKNOWLEDGEMENTS

The writing of this project was a monumental task that required commitment, patience, discipline and a great degree of tolerance for frustration.

I wish to express my sincere gratitude to my Heavenly Father who provided me with the mental capacity, wisdom, strength, guidance and resilience throughout my studies.

Further gratitude goes to the following persons:

- My supervisor, Prof. T. Mayekiso for her astute and constructive guidance, under whom it has been a privilege to work. Had it not been for you, I would not be where I am now. Keep up the good work;

- My uncles, aunts and cousins, for their support and encouragement during the course of my studies;

- Hon. M.Sogoni (MEC for Agriculture & Rural Development) together with his wife, Sisi "Mavuyi", who believed in and kept me motivated. You are my inspiration, and indeed I thank you for everything. Stay blessed;

- Last but not least, I thank everyone who has in one way or another assisted me in the writing of this project.
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<thead>
<tr>
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<th>DESCRIPTION</th>
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<tr>
<td>ANC</td>
<td>African National Congress</td>
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<tr>
<td>ADM</td>
<td>Amathole District Municipality</td>
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<td>AREDS</td>
<td>Amathole Regional Economic Development Strategy</td>
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<tr>
<td>ASGISA-EC</td>
<td>Accelerated and Shared Growth Initiative of South Africa – Eastern Cape</td>
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<td>BBBEE</td>
<td>Broad Based Black Economic Empowerment</td>
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<td>BPO</td>
<td>Business Process Outsourcing</td>
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<td>CASP</td>
<td>Comprehensive Agricultural Support Programme</td>
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<td>CBOs</td>
<td>Community Based Organisations</td>
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<tr>
<td>DARD</td>
<td>Department of Agriculture and Rural Development</td>
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<tr>
<td>DEDEA</td>
<td>Department of Economic Development and Environmental Affairs</td>
</tr>
<tr>
<td>DLGTA</td>
<td>Department of Local Government and Traditional Affairs</td>
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<tr>
<td>ECRFC</td>
<td>Eastern Cape Rural Finance Corporation</td>
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<tr>
<td>ELIDZ</td>
<td>East London Industrial Development Zone</td>
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<tr>
<td>EPWP</td>
<td>Expanded Public Works Programme</td>
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<tr>
<td>GEAR</td>
<td>Growth, Employment And Redistribution</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GDS</td>
<td>Growth and Development Summit</td>
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<tr>
<td>HDIs</td>
<td>Historically Disadvantaged Individuals</td>
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<td>HIPPs</td>
<td>High Impact Priority Programmes</td>
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<tr>
<td>IDP</td>
<td>Integrated Development Plan</td>
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<td>LED</td>
<td>Local Economic Development</td>
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<td>MDGs</td>
<td>Millennium Development Goals</td>
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<td>MSPs</td>
<td>Municipal Service Partnerships</td>
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<td>NDA</td>
<td>National Development Agency</td>
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<td>NEPAD</td>
<td>New Partnership for Africa’s Development</td>
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<td>NGOs</td>
<td>Non-Governmental Organisations</td>
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<td>PGDP</td>
<td>Provincial Growth and Development Plan</td>
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<td>PPPs</td>
<td>Public Private Partnerships</td>
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<td>RDP</td>
<td>Reconstruction and Development Plan</td>
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<td>SMMEs</td>
<td>Small, Medium and Micro Enterprises</td>
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<tr>
<td>STRP</td>
<td>Small Towns Regeneration Programme</td>
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<td>UN</td>
<td>United Nations</td>
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ABSTRACT

In this study, Local Economic Development (LED) is defined as an outcome of processes aimed at building up the capacity of local areas for sustainable economic development. The study assesses whether LED interventions, especially agricultural programmes, improve the livelihoods of poor communities in the Amathole District Municipality. Data was collected by use of both qualitative and quantitative research methods through interviews and questionnaires, respectively. Probability and non-probability sampling techniques were used to identify the research sample from the target population. These were further broken down into stratified, purposive and snowball sampling to enable the researcher to select specific municipalities, councillors, officials and stakeholders who participated in the study. Budgetary constraints, staff shortages and lack of required skills/ expertise were identified as the main challenges facing the district. The latter makes it difficult for the municipality to effectively implement sound LED programmes. Consequently, LED benefits are minimal. It is, therefore, recommendable for the municipality to seek other means of generating and boosting their financial viability through partnerships and private sector investments. This in turn will generate revenue for the municipality and ensure economic development in the district, thereby making a meaningful contribution towards the realization of a goal for “a better life for all”.
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CHAPTER 1
INTRODUCTION AND BACKGROUND TO THE STUDY

1.1. INTRODUCTION

This chapter gives the background to and rationale of the study, and further covers the following sections: statement of the problem, research question and, objectives of the study.

The chapter further provides definition of some of the terms that are used/ utilized in the study. Lastly, an outline of the study in the form of chapters is presented.

1.2. BACKGROUND AND RATIONALE OF THE STUDY

In 1994 the ANC-led government inherited a country with a skewed economy. Most of the crucial economic resources of the country are concentrated in urban areas, while very few economic activities and resources are found in their rural counterpart. This has led to minimal growth taking place in rural towns/ areas where about 70% of the country’s poorest people reside. Poverty manifests itself in various forms in communities. However, what is very common to all poor communities in South Africa is the fact that they have limited opportunities for economic development and have thus become trapped in a poverty circle, and economic growth is the only sustainable approach of addressing poverty.

In response to the global issues of poverty, underdevelopment and related challenges, the United Nations (in September 2000) adopted and signed the Millennium Declaration which contains the Millennium Development Goals (MDGs). While the MDGs represent a composite commitment that recognizes the inter-dependence between growth, poverty
reduction and sustainable development, goal one (Eradicate extreme poverty and hunger) refers specifically to rural development and agrarian transformation.

Informed by this declaration, the South African government has developed various policies with a view to realize this goal. The *White paper on Local Government* (2000), which contains the developmental approaches for local government, namely the Integrated Development Planning, service delivery, Local Economic Development (LED) and democratization, is one of such policies. The LED policy (*Refocusing Development on the poor*) further elaborates on the importance of LED in addressing the developmental challenges. Importantly, this policy articulate and provide a framework for a mandate given to municipalities by the section 152 of the Constitution of the Republic of South Africa, which is “to promote social and economic development”. In essence, LED is government’s strategy to alleviate poverty, and is aimed at empowering historically -disadvantaged individuals economically. LED further seeks to impact positively on the redistribution process in the municipal area thereby improving the quality of lives of the local citizenry.

LED, which is a relatively new development strategy in South Africa, has been practised for a while in wealthy countries around the world (e.g. the United States of America and the United Kingdom). While the reasons for the adoption of local economic development strategies in both wealthy and poor countries are many, Nel (2001:104) traces this move to “the so-called development impasse”. He argues that this came about as a direct result of the slump in the economic growth of industrialized countries after World War II. The downward spiral of the economies of these industrialized countries placed a lot of pressure on governments, especially local government, to become more innovative in trying to attract investment.
Described as a locally driven process designed to identify, harness and utilise resources to stimulate local economy and create new job opportunities, LED has, in recent years, become a widely practised development strategy in the local government and at community levels.

Over the past decade, local governments, community groups and non-governmental organisations (NGOs) have become significantly more active in locality-based economic development. Several municipalities have established comprehensive LED programmes including the establishment of LED units and the pursuit of a range of developmental strategies, whilst in parallel, an array of community and NGO initiatives are in place. There has been an increasing emphasis on the importance of the role played by local government in the development of local economies.

The Eastern Cape is one of the poorest provinces in the country. The province’s economy is characterised by extreme levels of uneven development. This is evident through a number of dualisms: between the two urban industrial manufacturing centres and the poverty stricken and underdeveloped rural hinterland particularly in the former homeland areas of the Transkei and Ciskei; between a developed commercial farming sector and a floundering subsistence agricultural sector; and between concentrations of fairly well developed and efficient social and economic infrastructure in the western parts of the province and its virtual absence in the east. In 2004 the Eastern Cape Province contributed 8.0% of South Africa’s national Gross Domestic Product (GDP). This placed it fourth amongst the nine provinces, with Gauteng contributing 33.7%, KwaZulu-Natal 16.5% and the Western Cape 14.5%. At the same time, the Gross Domestic Product (GDP-R) for the Eastern Cape was 4.4% per annum, while 59.6% of its population’s income was between R15, 803 – R19, 932 per annum in comparison to the national average which was only 30% for the same amount.
The unemployment rate in 2004 was 29.6% and the province was heavily dependent on the motor industry for its economic well-being (Stats SA:2007).

The table below depicts measures of poverty in the Eastern Cape Province:

**Table 1: Measures of poverty in the Eastern Cape Province 2000-2007**

<table>
<thead>
<tr>
<th>MEASURE</th>
<th>2000</th>
<th>2004</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Development Index</td>
<td>0.49</td>
<td>0.53</td>
<td>0.53</td>
</tr>
<tr>
<td>Gini Coefficient</td>
<td>0.65</td>
<td>0.67</td>
<td>0.67</td>
</tr>
<tr>
<td>Number of people in poverty (Million)</td>
<td>3.99</td>
<td>4.31</td>
<td>3.95</td>
</tr>
<tr>
<td>Percentage of people in poverty (%)</td>
<td>63.1</td>
<td>67.2</td>
<td>61.9</td>
</tr>
<tr>
<td>Poverty Gap (R million)</td>
<td>5.516</td>
<td>7.504</td>
<td>7.854</td>
</tr>
</tbody>
</table>

*Source: Global Insight, 2008*

Accordingly, in 2004 the Eastern Cape Government developed and adopted a Provincial Growth and Development Plan (PGDP) to guide the development of the province over the period of ten years (2004-2014). The PGDP sets out a Provincial vision, targets and programmes aimed at economic growth, employment creation, poverty eradication and income redistribution, with Agrarian transformation and food security as one of the six pillars. To this end, the PGDP envisages increased agricultural production, incomes and employment among the poorest households, particularly in the former homelands.
In pursuance of this target, the Department of Agriculture (now called Department of Agriculture & Rural Development) has developed a Green Revolution Strategy. This strategy is anchored on the ‘Six Peg’ Policy catering for fencing, dipping of livestock, dams, tractors, irrigation infrastructure and human resource development. Over the past few years, a number of food security programmes targeting poor households were implemented. These include, inter alia, the Massive Food Production Initiative, Siyazondla Homestead Food Production, Integrated Agricultural Infrastructure as well as the Land Reform programmes.

Furthermore, the draft Rural Development Strategy (2009:24) developed by the provincial government is aimed at addressing, inter alia, factors such as Land and Agrarian Transformation; Food security; Agricultural production and its multipliers. In the main, the strategy focuses on three areas, namely, the envisioned end state (this refers to the developed community that the provincial government seek to build); the six pillars (land reform, infrastructure development, agrarian transformation, non-farm rural economy, social protection and institution building); and social mobilisation (in other words, the recognition that rural development is only possible if rural communities themselves are part of the struggle to end poverty and under-development).

It is now almost seven and five years since the development of the LED policy and the PGDP respectively. Although lot of work has been done in relation to the implementation of these and other related policies, most communities are still poor and/ or living below the poverty line. The latter refers to the minimum level of income deemed necessary to achieve an adequate standard of living.
Hence, this study was undertaken with a view to assess the impact of the LED, especially agricultural related programmes, in the Amathole District Municipality. In other words, this study seeks to determine the challenges facing the district municipality in the implementation of LED thereby drawing lessons that can be learnt.

Moreover, this study seeks to focus on the capacity of the municipality to implement LED programmes and as such has the potential to contribute to effective, democratic and participatory local governance that is people-centered for effective service delivery. Considering the fact that there is new administration in place (both at National and Provincial level) and that in 2011 there will be Local government elections in the country, the timing for the study is very much relevant. Linked to this is the current global economic meltdown which impacts negatively on the country’s economy. Accordingly, the outcomes of this study will inform and influence the strategies for the new administration in its quest to address such challenges. In pursuing this, due consideration will be given to the fresh mandate of current government as informed by the Manifesto of the ruling party (the ANC).

1.3. PROBLEM STATEMENT

The demarcation process that took place during the period 1998 – 2000 created large areas to service with mostly poor communities to pay for such services. This may call into question the financial sustainability and viability of small municipalities. Section 152 of the Constitution of the Republic of South Africa, 1996 states that a municipality must strive within its financial and administrative capacity to achieve the following objectives for local government:

- to ensure the provision of services to economies in a sustainable manner;
- to promote social and economic development; and
• to encourage the involvement of companies and community organizations in the matters of local government.

Addressing the third conference of South African Local Government Association, the former Minister of Provincial and Local Government, Professor Mufamadi (2004:2), acknowledged that “…there is still a gap between expectations which our democracy has aroused amongst our people and what some of our municipalities can actually deliver”. What can be gleaned from the Minister’s acknowledgement is that municipalities have shortages of financial resources and lack the capacity to accelerate service delivery, alleviate poverty, and combat underdevelopment.

Most municipalities in the country have their organisational structures in place, with the LED Unit that has, in some cases few or no human resource to provide the requisite services. In the light of this, it could be concluded that such municipalities are not in a position to promote, facilitate and co-ordinate LED within their respective areas of jurisdiction. According to the Growth and Development Summit Report (2007:27) the “Amathole District municipality itself lacks sufficient and requisite capacity skills to achieve its targets”. In his State of the District Address (2008), Executive Mayor S. Somyo further acknowledged the challenges facing the district municipality insofar as the implementation of LED programmes is concerned. In this regard, he identified a need for a policy shift in terms of support to LED and Agricultural initiatives. The Provincial Government’s Five Year Report at the end of the Third Term of government (2009:46) noted that although the food security programmes have largely been successful, making a huge impact on the recipient households and farmers, the performance of the agricultural sector generally is on the decline.
Furthermore, the fact that there are a number of different institutions and stakeholders involved in the implementation of LED programmes also places a strain on the capacity of certain municipalities to service and manage wide areas of jurisdiction with inadequate institutional and financial capacities. Linked to this is the fact that there is a general concern over the participation by sector departments in the IDP processes. Consequently, the municipal plans are not in line with various programmes of other spheres of government that are aimed at alleviating poverty and improve the quality of the lives of communities. The Growth and Development Summit Report (2007:50) concurs with this assertion and states that there is “absence of alignment with respect to planning, budgeting and implementation between the two spheres of government”.

1.4. RESEARCH QUESTIONS

Below are the questions that the present study sought to answer:

- What is the impact of the Agricultural programmes in promoting LED in the Amathole District Municipality?
- To what extent is the IDP and LED strategy of the district municipality aligned to the plans of the local municipalities in its area of jurisdiction?
- What is the role played by the district municipality to support municipalities falling under its areas of jurisdiction with a view to promote LED? and
- What are the challenges facing the district municipality in the implementation of LED programmes?
1.5. AIMS AND OBJECTIVES OF THE STUDY

The following are the objectives of the study:

- to assess the impact of the LED programmes in the Amathole District, with special reference to the agricultural sector;
- to identify challenges facing the municipality in promoting LED; and
- to propose recommendations and strategies to improve the efficiency and effectiveness of LED programmes.

1.6 DEFINITION OF TERMS

As this study concerns some concepts and terms which could have different interpretations, it is important that they are defined according to the context in which they should be understood through the course of this study.

- Local Economic Development

LED is an outcome based on local initiative and driven by local stakeholders. Blakely (1994:16) further defines LED 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. In other words, it involves identifying and using primarily local resources, ideas and skills to stimulate economic growth and development. The aim of LED is to create employment opportunities for local residents, alleviate poverty and redistribute resources and opportunities to the benefit of all local residents.
• Local government

Local government is that sphere of government which is closest to the people and is in a better position to satisfy the needs, desires and aspirations of local communities. According to Ismail et al. (1997:2), “…local government is that level of government which is commonly defined as a decentralized representative institution with general and specific powers devolved to it by a higher tier of government (central or provincial) within a geographically defined area”.

Du Toit and Van der Waldt (1997:240) state that local government in South Africa is:

- established according to law by the central government for the residents of a particular area;
- an institution having the jurisdiction to exercise authority in an area legally demarcated by a competent authority;
- an autonomous body which has powers and authority, within the limits of legislation by the central and relevant provincial governments within its area of jurisdiction and to promote its well-being; and
- a government which occupies the lowest level of the government hierarchy.

• Developmental local government

White Paper on Local Government, 1998 defines Developmental Local Government 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”. For it to be meaningful, it should target especially those members and
groups within communities that are most often marginalised or excluded, such as women, disabled people and very poor people.

- **Accountability**

Accountability means to give an account for one’s actions or inactions. In democracy, a government (national, provincial or local) is voted into power by its citizens to satisfy the needs, desires and aspirations of its citizens. It is thus incumbent upon the government to devise mechanisms like accountability to ensure that it remains on track in trying to fulfill its constitutional mandate. Sharma in Reddy et al. (2003:242) concur with this assertion by saying that, “…efforts to realize good governance will require a responsible, responsive and caring local government which is accountable to the community it serves. Responsible behaviour of local government implies an adequate understanding by its bureaucracy of its roles, functions and authority”.

Ideally there should be an accountability relationship between government and citizens to ensure that citizens also act responsibly and, for example, pay for their services to enable government to provide the required services. Citizens should thus be required to account for their failure to meet their responsibility. This mutual answerability will result in improved service delivery. An accountable government will gain the trust of citizens and will also promote citizen participation and involvement.

- **Municipal Service Partnerships**

Municipal Services Partnerships are arrangements between local government and private sector entities aimed at providing public infrastructure, community facilities and related
services. Such partnerships are characterized by the sharing of investment, risk, responsibility and reward between the partners, Van Niekerk (1998:32).

- **Integrated Development Planning (IDP)**

Integrated Development Planning is defined as an approach to planning that involves the entire municipality and its citizens in finding the best solutions to achieve good long-term development. It is a super plan for the area that gives the overall framework for development. It aims to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in an area. It should take into account the existing conditions and problems and resources available for development. The plan should look at economic and social development of the area as a whole (http://www.etu.org.za).

- **Agrarian Transformation**

Agrarian transformation is concerned with the class character of the relations of production and distribution in farming and related enterprises, within both local and non-local markets. It is thus concerned with both economic and political power and wealth as well as the connections between them. In essence, its central focus is the political economy of land, agriculture and natural resources.
• Rural Development

Rural Development refers to the development that benefits rural populations; where development is understood as the sustained improvement of the population's standards of living or welfare (Anríquez & Stamoulis, 2007)

• Poverty

Poverty is multi-dimensional and must be seen as more than lack of income; it is primarily characterised by a lack of access to opportunities for a sustainable livelihood (income, assets, skills, knowledge, self-confidence and access to decision-making).

1.7 OVERVIEW OF CHAPTERS

The study is divided into five chapters as follows:

Chapter 1
This chapter indicates the scope of the study and methods used. It focuses on the introduction, problem in the form of statement, objectives of and questions that the study sought to answer as well as definition of terms.

Chapter 2
This chapter gives a general overview of Local Economic Development (LED). It explores the statutory and legal framework within which LED operates. These include, inter alia, the The Constitution of the Republic of South Africa, 1996 White Paper on Local Government, 2000; Local Economic Development Policy Paper, 2002; Local Government Municipal
Systems Act, 2000 (Act 32 of 2000); and Transformation of Certain Rural Areas Act, 1998 (Act 94 of 1998). The nature and meaning of LED is explored. Moreover, role players on as well as strategies of LED are identified and discussed in this chapter.

Chapter 3
The main focus of this chapter is on the role of the Amathole District Municipality in promoting the development of local economies. A description of the methodology used to collect data will be presented. This includes a brief discussion of sampling strategies and research tools employed.

Chapter 4
This is a penultimate chapter and deals with the presentation and analysis of the data collected.

Chapter 5
This chapter focuses on the overall conclusions drawn from the research and recommendations are forwarded. In addition, areas for further research are identified.
CHAPTER 2
AN OVERVIEW OF LOCAL ECONOMIC DEVELOPMENT: A SOUTH AFRICAN PERSPECTIVE

2.1 INTRODUCTION

In a bid to rebuild the South African economy and state structures the ANC led government agreed on the long-term development goals of the country. Significant policy and legal basis for pro-poor local economies have been laid in this regard. This chapter provides a detailed overview of Local Economic Development from the South African perspective. It examines various pieces of legislation as well policies designed to promote and support the development of local economies. Furthermore, the nature and meaning of Local Economic Development including its objectives are discussed. Roles players involved in the process, strategies as well as institutional arrangements for LED are identified and explained.

2.2 POLICY AND LEGISLATIVE FRAMEWORK FOR LOCAL ECONOMIC DEVELOPMENT

Below are the policy and legislative framework providing for LED:

2.2.1 The Reconstruction and Development Programme (1994)

This was the first key post-apartheid policy document. The RDP was launched as the main ANC policy document before the elections in April 1994, and then formalised in September 1994 as the new government's 'White Paper on Reconstruction and Development'. It was designed to provide a broad framework for South Africa's new development vision, priorities and operational procedures and it aimed to both lay a basis for subsequent laws and
actions to address the extreme social and spatial inequalities engendered by years of apartheid, and to promote overall development (ANC, 1994). In a radical break with the past, the RDP was promoted essentially as a ‘people-driven process’, focusing on the people’s most immediate needs, and in turn, on their energies to drive the process of meeting these needs.

The RDP also placed considerable emphasis on grassroots empowerment, suggesting that, ‘development is not about the delivery of goods to a passive citizenry, but rather it is about active involvement and growing empowerment’ which integrates ‘all levels of the state together with non-governmental organisations and community-based organisations’ (Lyons & Smuts, 1999: 2155). The RDP as such emphasises the fundamental links between participation and pro-poor economic development.

The RDP was designed to tackle inequality and poverty through the need for ‘an integrated and sustainable programme’, which was motivated by the recognition that;

- the legacy of apartheid cannot be overcome with piecemeal and uncoordinated policies. The RDP brings together strategies to harness all resources in a coherent and purposeful effort that can be sustained into the future. These strategies will be implemented at national, provincial and local levels by government, parastatals and organisations within civil society working within the framework of the RDP’.

It is argued that the broad goals of the RDP can be achieved by giving much more responsibility for development to local government, which is viewed as the primary level of democratic representation. As the RDP stresses, ‘the democratic government will reduce the burden of implementation which falls upon its shoulders through the appropriate allocation of powers and responsibilities to lower levels of government, and through the
active involvement of organisations of civil society’. Therefore, the RDP laid a policy basis for enhancing participation through local government and provided principled support for grass-roots action.

2.2.2 The Development Facilitation Act (1995)

A key local government planning and development instrument is the Development Facilitation Act, 1995, which laid down the general principles governing land development throughout the country. Local governments were empowered to develop what were known as ‘Land Development Objectives’ (LDOs). These are for the sub-division and development of land in the urban and rural areas to promote the accelerated provision and development of land for residential, small-scale farming, economic uses or other needs, and to improve the security of tenure. This Act was deemed necessary in the light of the complex apartheid geography of the country and the need to redress development imbalances and accelerate development through the efficient utilisation of land.

2.2.3 The Constitution of the Republic of South Africa (1996)

In South Africa the supreme law upon which all other laws are based is the national Constitution. The Constitution recognises local government as a distinctive sphere of government, and Section 153 mandates municipalities 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’. The Constitution makes provision for establishment of municipalities. More specifically, section 155 provides for the following categories of municipality:
• **Category A:** A municipality that has exclusive municipal executive and legislative authority in its area.

• **Category B:** A municipality that shares municipal executive and legislative authority in its area with a category C municipality within whose area it falls.

• **Category C:** A municipality that has municipal executive and legislative authority in an area that includes more than one municipality.

Section 152(1)(e) of the *Constitution* obliges local government to ‘encourage the involvement of communities and community organizations in the matters of local government’. This elevated status of local government and the associated participatory rights of citizens is a clear reflection on just how far policy and authority is devolving. To this end, Schedules 4 and 5 of the Constitution also specifies the competences allocated to the three spheres of government.

### 2.2.4 Local Government Transition Act (1996)

Although the more recent legal provisions pertaining to the developmental role of local government have been based on the 1998 White Paper on *Local Government*, pre-1998 Acts have also helped to lay a key basis for this new role. *The Local Government Transition Act* (1996) assigned various powers and duties to local governments relating to service provision and required metropolitan councils specifically to promote integrated economic development, the equitable distribution of municipal resources and the delivery of services, with a developmental focus in mind. Metropolitan councils are also required to formulate and implement a metropolitan Integrated Development Plan, a provision subsequently extended to all local authorities incorporating land use, transport and infrastructure planning and the promotion of integrated economic development.
Though the Act has a focus on metropolitan areas, non-metropolitan councils have their powers and duties assigned on an individual basis, in terms of the 1993 Constitution and the original Local Government Transition Act of 1993.

2.2.5 The Municipal Demarcation Act (1998)

Three Acts of Parliament pertaining to local government have developed from the 1996 Constitution and the 1998 White Paper on Local Government. The first, the Local Government Municipal Demarcation Act (1998), is concerned with determining new municipal boundaries throughout South Africa, a process undertaken between 1998 and 2000 which saw over 1000 local councils amalgamated into +/-284 municipalities, and also ensured wall-to-wall local government across the country. This Act sought to eliminate small and ineffective local councils through combining neighbouring local authority areas under a single jurisdiction, and also assigned rural areas surrounding urban centres to the control of the latter.

This was undertaken to ensure economic and service efficiency, such that within municipal boundaries the municipality would be capable of fulfilling its constitutional obligations, including the promotion of social and economic development, integrated development, effective local governance and the incorporation of poorer communities under the jurisdiction of wealthier local authorities. Indirectly, this Act lays a basis for local economic development through ensuring fairer spatial distribution of resources, and created more resourced, but also less accessible, local government structures.
2.2.6 The Municipal Structures Act (1998)

The Municipal Structures Act (1998) extends and develops the provisions of the Local Government Transition Act of 1996. The Act provides for the three categories of municipality noted above, to operate within the newly demarcated areas and assigns them specific powers and duties. The duties and powers are based on the Constitution (1996) and are generally of a service type nature, but include the following LED-type foci, namely: tourism, planning, public works, infrastructure development and markets. In undertaking such duties municipalities are expected to promote economic and social development in the area under their jurisdiction.

Importantly, the Act recognizes and allows for the participation of traditional leaders within local government administration in the areas in which they reside. It also mandates district councils to assist local municipalities falling under their jurisdiction through integrated development planning, bulk infrastructural development, capacity development and the equitable distribution of resources.

2.2.7 White Paper on Local Government (1998)

Four years after the publication of the RDP document, the new developmental role of local government was further articulated in the White Paper on Local Government, which stressed that, ‘...the central 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’. In order to achieve developmental local government, local authorities are now expected to maximise both social development and economic growth and to help ensure that local economic and social conditions are conducive for the creation of employment
opportunities (Nel & Binns, 2001: 10). In addition, local government is required to take a leadership role, 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 they are urged to become more strategic, visionary and ultimately influential in the way they operate. Building upon the strategies of the RDP, developmental local government is charged with promoting empowerment and redistribution, and delivering four significant and essentially pro-poor outcomes, namely:

- the provision of household infrastructure and services (such as electricity, water and sewerage), with priority given to the delivery and subsidisation of at least a basic level of services to those who currently have little or no access;
- the creation of liveable, integrated cities, towns and rural areas, in which the spatial legacy of apartheid separation is addressed;
- the achievement of local economic development, in which local government can play an important role in job creation and in boosting the local economy through the provision of business-friendly services, local procurement, investment promotion, support for small businesses and growth sectors; and
- community empowerment and redistribution.

The *White Paper on Local Government* marked a key break from past conceptualisations of local government in South Africa. The policy calls for municipalities to become more strategic, visionary and ultimately influential in the way they operate. Specific elements in the Act promoting empowerment and redistribution include:

- the provision of below-cost services to the poor;
supporting community organisations; and

- linking profitable growth and investment with redistribution and development.

2.2.8 The Municipal Systems Act (2000)

This Act specifies in more detail how local government is to work, including the principle of popular participation in local governance and local-level development. The Municipal Systems Act (2000) provides 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 ensure universal access to essential services that are affordable to all’. The Act goes on to state that it describes the `core processes or elements that are essential to realising a truly developmental local government system. These include participatory governance, integrated development planning, performance management and reporting, resource allocation and organisational change’.

This particular Act has defined implications for LED in terms of the operational procedures, powers and management systems, which are mechanisms to promote pro-poor development. Municipalities are specifically required to involve communities in the affairs of the municipality, to provide services in a financially and sustainable manner and to `promote development in the municipality’.

In terms of service provision, municipalities are required to prioritise the basic needs of the community and to ensure that all residents have access to a minimum level of basic services. LED may be promoted through the provision of special tariffs for commercial and industrial users. A further LED-related provision is that municipalities may establish service utilities or acquire ownership of a company which renders a municipal-type service. The
parallel White Paper on Municipal Service Partnerships details how municipalities can enter into partnership arrangements with the private, public, community and NGO sectors to improve service delivery in a specific area. According to Binza (2009:249) it is the responsibility of the municipality to ensure that the partnerships are structured so as to flourish through continuous training and development, and a coaching and mentoring system. He further states that the aim is to improve the human capacity of the local sphere of government to manage LED initiatives and programmes effectively and efficiently, and to redistribute economic resources equitably.

A key facet of the Act is the detail provided on the Government’s commitment to the encouragement of participation (section 2.7.2). The Act spells out the same powers and duties as detailed in the Structures Act and obligates municipalities to undertake developmentally orientated planning, requiring municipalities to develop ‘Integrated Development Plans’. These plans should involve widespread consultation with communities and other stakeholders and should link and coordinate all municipal development plans, municipal resources, capacity and budgets and be compatible with national and provincial planning requirements. In terms of service provision, municipalities are required to prioritise the basic needs of the community and to ensure that all residents have access to a minimum level of basic services. The Act clearly provides the mandate for participatory governance in local government affairs and development matters. These principles clearly have critical pro-poor objectives.

2.2.9 The LED draft Policy (2002)

The title of the 2002 paper (Refocusing Development on the Poor) is an explicit and bold statement of pro-poor LED. The document adopts a defined ‘pro-poor’ stance and though
not opposing more conventional business-focused activities, argues that in the light of the country’s economic and social situation that overtly ‘pro-poor’ development interventions must be the priority for local governments to pursue. It is also important to note that ‘pro-poor’ LED is also referred to as ‘developmental LED’ (dplg: 2002). The challenge identified in the document is the need to develop pro-poor LED methods which can address both poverty and entrenched inequality. In pursuit of this ideal the document identifies the following goals/objectives for local governments:

- to establish a job-creating economic growth path;
- to embark on sustainable rural development and urban renewal; and
- to bring the poor and disadvantaged to the centre of development. In order to achieve this, it suggests that LED needs to be holistic, innovative, creative and redistributive.

The document argues for developmental LED. In terms of understanding what this involves, the document states that non-developmental LED takes place when equity is not addressed and social objectives are secondary. Key problems with traditional approaches are that the traditional ‘smoke-stack chasing’ approach often leads to a ‘race to the bottom’, and ‘place-marketing’ often skews the objectives and benefits of development, resulting in little or no benefit for those most in need. Instead, pro-poor options should entail a greater measure of redistribution, carefully designed to maximise local social and economic development objectives’ (dplg, 2002: 9) and new investment should be directed so as to maximise integrated development generate high quality jobs, and assure clean production processes. In order to promote Developmental LED, the following broad interventions are advocated:

- foster Community-Based Development;
- promote links wealthy and poor redistribution areas;
➢ human capital investment;
➢ delivery of infrastructure and services to those most in need;
➢ plug leaks in the local economy - i.e. buy-local and try and prevent money leaving the area;
➢ retain and expand local economic activity; and
➢ identify a 'lead' LED strategy for an area.

In order to achieve the above, the policy suggests that local government needs to focus on Capacity Improvement Instruments; Market Expansion Instruments; and Cost Reduction Instruments. From an institutional perspective, the document argues that municipalities should establish a LED Unit and that there are defined roles which a local government can play in terms of LED. The functions of an LED Unit are to co-ordinate municipal activities, to manage the LED strategy, to monitor projects, to coordinate all stakeholders, to manage the LED budget and to create an LED data base. The four identified roles for such a unit are to co-ordinate, facilitate and stimulate LED and to act as an entrepreneur/developer.

2.2.10 Policy guidelines for implementing LED in South Africa, 2005

In 2005, the Department of Provincial and Local Government (DPLG) released a new policy statement on the topic of LED. The document aligns LED with the RDP, GEAR, the Micro Economic Reform Strategy and a diverse range of current government policies, including the Provincial Growth and Development Strategies and municipal Integrated Development Plans (IDPs). The Microeconomic Reform Strategy seeks to address the inequalities in the country and to build on the RDP, by focusing on issues of the geographical spread of activity, integration, black economic empowerment, knowledge-led growth, skills development and state responsiveness. Issues of both community development and
growing the economy through appropriate mechanisms and investment feature in the document.

In contrast with the earlier LED policy document, investment promotion features more prominently, as does business retention and support for a range of enterprises and growth sectors, not just the smallest firms. In terms of alignment with current government thinking it argues the need to support ‘both’ the first and second economies and working in collaboration with a range of government programmes to achieve this goal. It also argues that LED is a key mechanisms to close the gap between the ‘two economies (dplg, 2005).

2.3 NATURE AND MEANING OF LOCAL ECONOMIC DEVELOPMENT

Williams (2003:1) posed the puzzling question as to what is it that we are studying when we study development? Simply put, what constitutes development problem? While it is common in the literature to come across continents, countries, regions and communities being described as developed, developing or under developed, determining what exactly constitutes development or the lack of development continues to prove elusive.

According to Kesper (2004:35) development is described as sustained economic growth accompanied by reducing levels of poverty, unemployment and inequality. It should entail a growth process that requires the systematic reallocation of local factors of production from a low productivity, traditional technology, decreasing returns, mostly primary sector to high productivity, modern, increasing returns and highly industrial locality.

A concrete and universally acceptable definition of the concept ‘development’ remains quite elusive. In fact, various scholars and researchers seem to attach differing meanings to what
its components should at least be. The Economic Development Administration (EDA: 2000) of the United States Department of Commerce confirms to this assertion through its observations about the varying meanings of local economic development. It observed that:

- to most economists, economic development is an issue of more economic growth;
- to many business leaders, economic development simply involves the wise application of public policy that will increase competitiveness;
- to labour leaders, it is a vehicle for increasing wages, benefits, basic education and worker training; and
- to community-based leaders and professionals, economic development is a way to strengthen inner city and rural economies in order to reduce poverty and inequality.

There are various definitions of LED in the literature, most of which, as is the case here, draw on the one originally provided by Blakely (1994:49) who stated that Local Economic Development “…is essentially a process by which local government and/or community-based groups manage their existing resources and enter into new partnership arrangements with the private sector, or with each other, to create new jobs and stimulate economic activity in a well-defined economic zone”.

To this widely accepted definition, the following points could be added:

- The first relates to “external” resources. This is in recognition of the fact that local development depends not only on local resources but also those that may be sourced nationally and globally, an issue that has become increasingly important with the interpenetration of local and global factors.
- The second point relates to poverty and social exclusion. These could be added because reducing and eventually eliminating them are the main development
challenges in Africa, and because economic growth does not automatically reduce them, and may even be associated with increasing poverty and exclusion.

- The third relates to economic, social and environmental sustainability. This dimension could be added because it needs to be emphasised that short term economic growth is not what LED should be about, and because economic growth cannot be sustained in the long term if it is based on destruction of the natural environment and deepening social divisions and exclusion.

During his reign as the President of the Republic of South Africa, Nelson Mandela believed that by mobilising the resources of urban communities, the government and the private sector would make cities centres of opportunity for all South Africans, and be competitive within the world economy. Accordingly, the success of this would largely depend on the initiatives taken by the municipalities in partnership with the private sector, Non-governmental Organisations (NGOs) and Community-Based Organisations (CBOs) to build and/or develop their areas of jurisdiction and promote local economic development (Mandela 1995: 5).

The development strategy of local economic development has been widely practised elsewhere for several decades now. In the South, by contrast, it appears to be a relatively recent phenomenon and one which, in an era of economic crisis, needs to be evaluated in terms of its potential to help to address the challenges of poverty and unemployment and simultaneously to encourage growth and development.

South African LED shares similarities with both the Northern and the Southern African States. Uniformity, to a certain extent, in the form of principles and standards in promoting the development of local economies is a testimony to this. It is, therefore, inevitable that
LED is experienced in forms ranging from urban entrepreneurialism to rural survival strategies. However, as evidence detailed above reveals, in many cases, LED is in its early stages. Government and local governments are often still in the first phases of policy development and application. Community initiatives, although often well established, do not receive significant policy support yet.

To this end, Blakely (1994:49) maintains that the key consideration in locally based economic development is the emphasis on “…endogenous development policies using the potential of local human, institutional and physical resources”. In the South African context, LED is seen as important because it is regarded as a mechanism for achieving the following:

- the creation of jobs and new employment opportunities to alleviate poverty;
- increasing income levels, thereby enabling people to pay for services;
- broadening the tax and revenue base of municipalities;
- improving municipal services and facilities;
- the development of human resources;
- building new institutions for sustainable development; and
- linking the developed and undeveloped areas (International Republican Institute and National Business Initiative, 1998: 3)

According to Gilloth and Meier (1989: 17) LED is a process of requiring, *inter alia*, the formation of new institutions, the development of alternative industries, the improvement of the capacity of existing employers to improve quality, the identification of new markets, the transfer of knowledge, and the nurturing of new companies and enterprises. In order to
facilitate these activities, local government and/or community groups must take on an initiating role.

2.4 ROLE PLAYERS ON LED

Local Economic Development is a result of combined efforts from various stakeholders to ensure utilisation of local resources for the purposes of employment creation to alleviate poverty. Below are stakeholders/role players in shaping and developing LED.

2.4.1 Public Sector

The public sector, sometimes referred to as the state sector is a part of the state that deals with either the production, delivery and allocation of goods and services by and for the government or its citizens, whether national, regional or local/municipal. Section 40(1) of the Constitution of the Republic of South Africa, 1996 states that “in the Republic, government is constituted as national, provincial and local spheres of government which are distinctive, interdependent and interrelated.

Accordingly, local government remains the core role player in implementing LED. The task of municipalities includes the promotion and facilitation of local economic development programmes, and indeed this cannot be realized without the support from other government spheres (i.e National & Provincial government).

In order to address challenges related to the implementation of LED programmes, Buthelezi (2007: 30) maintains that “it is the national interest that local government institutions (being
the prime facilitators of LED) are capacitated and transformed to play a developmental role within the singular South African formation”.

2.4.2 **Private sector**

Private sector refers to that part of the economy which is both run for private profit and is not controlled by the state. Enterprises that are part of the state are part of the public sector; private, non-profit organizations are regarded as part of the voluntary sector. Private organisations and individuals work in collaboration with municipalities in a partnership to ensure LED projects are a success. From the support they get from municipalities, they are able to pursue their own goals and objectives.

2.4.3 **Community Based Organisations (CBOs)**

A CBO is an organisation that provides social services at the local level. It is a non-profit organisation whose activities are based primarily on volunteer efforts. This means that CBOs depend heavily on voluntary contributions for labour, material and financial support (Chechetto-Salles and Geyer; 2006:4). Organised community organizations are also a major stakeholder in LED execution for various pieces of legislation, including the Constitution, stipulate their participation in such matters.

2.4.4 **Non-governmental Organisations (NGOs)**

Non-governmental organization (NGO) is a term that has become widely accepted as referring to a legally constituted, non-governmental organization created by natural or legal persons with no participation or representation of any government. In the cases in which
NGOs are funded totally or partially by governments, the NGO maintains its non-governmental status and excludes government representatives from membership in the organization (www.wikipedia.org). These organisations are non-profit making but they operate in association with municipalities and local communities to ensure service delivery, hence, LED.

2.4.5 Development institutions

This refers to both International and National institutions and/ or organizations whose aim is to contribute towards the eradication of poverty and underdevelopment. This contribution is in the form of granting funds to civil society organization with a view to promote the development and advancement of local economies. Examples such as the World Bank, New Partnership for Africa’s Development (NEPAD) and National Development Agency (NDA) are such international, regional and national organizations, respectively.

2.5 LOCAL ECONOMIC DEVELOPMENT STRATEGIES

The LED Policy Paper: Refocusing Development on the poor (2002: 6) identifies six strategic interventions that municipalities can adopt in order to achieve the developmental outcomes of poverty alleviation, job creation and the redistribution of wealth. These strategies are discussed below:

2.5.1 Development and Maintenance of Services and Infrastructure

The strategy focusing on the development and maintenance of services and infrastructure is the key component of municipal service delivery, and in most cases it addresses the past
imbalances by rendering basic services to the people. If done properly, this can result in the provision of reliable as well as cost effective municipal service delivery, thereby boosting business confidence within a municipality. To this end, section 96 (i)(a) of the Municipal Systems Act, 2000 (Act 32 of 2000) specifies the need for a municipal council to choose a service delivery mechanism that will “… most effectively and rapidly extend municipal services to unserviced or under serviced residents and communities in the municipality with the best quality service, at the lowest overall cost to the municipality, residents and consumers…”. This is known as the engine of economic development, as there would be no stimulation of the economy without water, electricity, sanitation, roads and other key facilities, such as, health, recreation, housing and settlements and education facilities.

The impact of infrastructure and service provision can be both short term and long term. This, according to Reddy et al (2003:180-181), can create job opportunities for the poor and can stimulate economic activity that results in more permanent jobs.

2.5.2 Retention and Expansion of Existing Businesses

The Policy Paper on Local Economic Development (2002:8) requires municipalities to give attention to retaining and expanding existing businesses of a municipality. This would primarily assist local businesses to improve their productivity, increase market share and graduate to higher value-added levels in the production chain. In terms of retention, the municipality is required to devise measures which would ensure firms within the area do not relocate, but rather stay and expand. An advantage of retaining businesses within a municipal area is that it also helps to attract new firms to do business in that municipal area (Reddy et al 2003: 181). This is sometimes referred to as the promotion of small, medium and macro enterprises (SMMEs). The support that municipalities should provide in this
respect includes the development of business skills, the provision of business infrastructure and offering technical support through business advice centres.

2.5.3 **Small, Medium and Macro Enterprises Development.**

SMME development is regarded as a key strategy to the promotion of Local Economic Development in that, it generates both jobs and empowers historically disadvantaged individuals. Blakley (1994:203) agrees with the assertion and state that this is the sector that has shown great employment potential in South Africa over the past few years. Municipalities are, therefore, expected to provide professional advice and assistance to small businesses in the areas of management, marketing, accounting, financing, sourcing resources and problem solving.

However, in most cases, municipalities are not able to provide necessary support to SMME. This is so because usually it is these municipalities that lack proper management approaches. These municipalities are actually the ones that need professional advice in terms of locating resources and solving problems due to lack of expertise and proper infrastructure. The importance of SMMEs in South Africa cannot be overemphasized. This sector participates in the national economy through stimulating economic growth by creating jobs, enhancing poverty alleviation and promoting social stability, thus helping to redistribute wealth throughout the economy (Government Communication & Information System, 2002:22).

In the *White Paper on National Strategy for Development and Promotion of Small Business in South Africa* (2005), the government assigns the SMME sector a key role in South Africa’s socio-economic transition. In particular, SMMEs are seen as a vehicle to:
• address the problem of high unemployment in South Africa as they have the capacity to create employment;

• promote domestic competition by creating market places for localities in which they can grow until they identify a need for expansion in response to demand changes, and to be internationally competitive because of their flexibility;

• redress the inequalities inherited from the apartheid period - in terms of patterns of economic ownership and restricted career opportunities for black employees;

• promote and ensure black economic empowerment because the majority of SMMEs are still owned or controlled by those members of society who were privileged in South Africa’s past; and

• SMME’s play a crucial role in peoples’ efforts to meet basic their needs in the absence of social support systems during the restructuring processes – which refers in particular to the micro-enterprise segment in South Africa and especially survivalist activities characterised by low entry barriers for inexperienced job seekers.

The small business sector in South Africa needs financial support so that they can significantly help to create employment opportunities to address the high levels of unemployment.

2.5.4 Community-Based Economic Development.

As mandated in the RDP, support for institutions such as community development trusts, community-controlled enterprises or development co-operations is a key feature of this approach. In other words, this is a concept based on developing community self-reliance.
The central objective of this is the alleviation of poverty and improving the capabilities of the disadvantaged in particular, and the creation of sustainable livelihoods for communities in question (Department of Provincial and Local Government, 2003: 39).


This strategy should include the training of enterprise owners through the Department of Labour, small municipal financial support, or municipalities leveraging external funding to support income generating projects. The beneficiaries should be trained to manage funds and be able to create jobs for themselves. This, according to the LED Policy, is called a pro-poor intervention. If this is not well coordinated and managed properly, it may lose direction and the whole functioning of the LED. For this strategy to make a meaningful impact, it must be combined with other relevant strategies, such as creating market opportunities for small projects which could help sustain them.

2.5.5 Industrial Recruitment and Place Marketing

Attracting new industries to the municipality together with promoting and advertising a local area for people, business and industries to see the municipal area as a desirable place to visit, stay and invest explains this strategy. Factories and individuals consider a number of factors before making such a decision, these include, *inter alia*, the cost of living and that of production, proximity to local markets for products, situational location of suppliers, accessibility of research and development institutions, access to transport networks, and most importantly, whether the municipality offers good infrastructure and services. The
availability of recreational facilities can influence such decisions, together with the quality of schools, educare centres, and social risks, such as violence and crime and health facilities (Reddy et al 2003: 182).

This places a significant role on municipalities and a considerable amount of pressure at the same time, for they have to create such favourable environments. This goes back to the issue of retaining existing business in the municipal area for this may attract new entrants.

2.5.6 **Plugging the “leaks” in the Local Economy**

Generally, leaks are inevitable in every local economy because of lack or failure to make money circulate for as long as possible within a local economy. This always happens where, for instance, industries from small towns become dependant on large towns for their supplies and markets. The strategy is to ‘plug the leaks’ at least by identifying and locating the leaks, and then develop means to address them (Reddy et al 2003: 182). It sometimes becomes crucial to stop the out-flow of money from poor areas by encouraging people to buy locally, supporting and building periodic markets, funding special events and local festivals, providing infrastructure using local labour and locally manufactured material promoting employee training and networking enterprises of all sizes in local area (LED Policy Paper, 2002: 8). LED could be promoted if locally hard earned cash could be spent on local markets rather that to advanced and bigger industrial towns.

2.5.7 **Human Capital Development**

To ensure that LED brings social and economic benefits often requires investing in human capital through skills development, education and health wise. The skilling of local people is
significant because it can promote higher living wages. There are explicit linkages between promotion of living wages, human capital development and economic development, since a well paid, healthy and well educated workforce would be more productive than otherwise (LED Policy Paper, 2002: 7 and Reddy et al 2003:182).

This implies that the strategy focuses on human capital development since skilling the poor in the communities can increase their chances and access to participation in the local economy.

2.5.8 Linking of Profitable Growth to Redistributive Development

In the event of adopting this strategy as a tool for Local Economic Development, municipalities must enforce or make it a pre-requisite that development planning or zoning permission in profitable geographical areas is linked to a commitment to invest in impoverished neighbourhoods. For example, if there is a financial institution opening a branch in a wealthier area, that particular institution should also consider doing so in a low-income neighbourhood and also invest certain proportions of their turnovers in local SMMEs (Local Economic Development Policy Paper, 2002: 7).

Importantly is to note that all these strategies can be combined in different ways to suit local conditions since the adoption of a strategy can be influenced by, inter alia, the following factors:

- the local context, which includes geographical or physical circumstances;
- the local economy and employment structure;
- the local population and labour market; and
- social aspects, such as, community safety and HIV/AIDS status.
2.6 INSTITUTIONAL FRAMEWORK FOR LED

In order for municipalities to plan and implement LED strategies successfully and meet their developmental goals, it is crucial to ensure that proper institutional arrangements are set up.

2.6.1 Establishment of LED units

The Department of Provincial and Local Government, *(LED Manual: Institutional Arrangements, 1999:5)* promotes the establishment of municipal LED Units at District and Local Municipality level. These Units are meant to address the capacity constraints at local level, reflect local government priorities and seek to incorporate them into the IDP. In fact setting such a Unit must be part of the IDP process. LED units are based on the assumption that:

- a municipality recognises that it is politically accountable for LED; (Councillors are therefore the key role players in this process)
- LED strategies and projects will have to be aligned with the IDP;
- the IDP will highlight the need for co-ordination of municipal activities to meet LED objectives; and
- budget and administrative support will be identified for LED.

The LED Unit is established for the purpose of:

- co-ordinating the implementation of municipal activities in a manner that optimizes economic development;
- developing LED policy and strategies and ensure alignment with the IDP;
- managing the implementation of LED strategies;
- managing and monitoring LED programme and projects;
• co-ordinating the municipality's activities with those of other stakeholders, and other government spheres; and
• establish partnerships and leverage funding and manage the LED Budget.

The LED Unit needs to be represented in the organogram of the Municipality, in order to implement the strategies and projects ascribed to it. The Unit can be a separate department or part of another strategic department. The critical issue is for the Unit to have necessary resources and influence in order to function effectively. Its structure would depend on capacity and budgetary constraints of the municipality. The structure is also influenced by the number of skill levels required of staff, the budget available to it and the existence of the required facilities.

Moreover, the structure and the shape of the LED institution is influenced by specific conditions in the community and the envisaged roles of the institution. According to the Local Economic Development Policy Document, 2000 LED institutions are needed at both programme and project levels.

2.6.2 Community-Based LED Institutions

In addition to establishing units within the municipality, it is important to have an institutional arrangement that allows for participation and input at a community level. This arrangement can take the form of partnerships (Public-public/public-private partnerships) or forums. It is questionable whether informal arrangements are truly effective. For this reason, it is often better to have formal co-ordinating structures such as LED Forums. The LED Forum is an advisory body that is required to interact with a full range of stakeholders represented in the community, with regards to LED.
The main objective of LED Forums is to mobilise stakeholders around one common vision. The key guiding principles of the forums can be described as follows:

- the forum must be inclusive and representative;
- it must be participatory;
- it must have a clear role so as to complement the LED Unit;
- it must receive feedback from project-level committees; and
- it must drive a common vision.

It is also important to note that there is no standard blueprint for the structure of the LED Forum. It only depends on the availability of dedicated LED champions in the area.

2.6.3 Project-level Institutions

Once programme-level LED institutions have been established, they will be responsible for selecting the appropriate institutional arrangement for the implementation of specific LED project. Because of the wide range of possible projects, it is impossible to provide details of specific institutional arrangements for each project. Institutions chosen to manage and implement LED projects should:

- match LED objectives and strategies of the project;
- be capable of producing results;
- have sufficient resources and capacity to implement the project efficiently and effectively;
- be able to mobilise sufficient finance;
be able to minimize potential of liability of the LED programme institution, the municipality and other stakeholders if the project experience problems; and

monitor the progress of the project.

2.7 CONCLUSION

From the foregoing discussion, it can be stated that Local Economic Development is an important process that includes all activities which local government and other stakeholders at local level engage in to enhance growth, incomes and livelihoods, specifically including that of poor people. These are not restricted to local government activities, but focus on local government-initiated activities which may be carried out by a variety of actors. This presupposes that, in order for it to be effective, various stakeholders/ role players should be involved in the process. In essence, partnerships should be established with private sector, in the form of Public Private Partnerships (PPP), NGOs/CBOs. Furthermore, effective implementation of LED strategies is also important in order to achieve the objectives of local government as set out in section 152 of the Constitution, thereby ensuring sustainable and shared economic growth and development.

The following chapter focuses on the role of the Amathole District Municipality in promoting the development of local economies in light of the new mandate for local government.
CHAPTER 3
RESEARCH METHODOLOGY

3.1  INTRODUCTION

This chapter gives a description of the methods used in assessing the impact of LED in the Amathole District Municipality. Economic profile as well as poverty analysis of the district is presented.

The rest of the chapter deals with the research methodology including the instruments/tools employed to collect data.

3.2  PERMISSION TO CONDUCT RESEARCH

Prior to the research, letters were written to Municipal Managers of Amathole District Municipality as well as the identified local municipalities requesting permission to conduct research on LED. Letters expressly stated that information obtained would only be used for the purpose of the study, and permission was granted (see Annexure A).

3.3  ECONOMIC PROFILE OF THE AMATHOLE DISTRICT MUNICIPALITY

According to the Amathole District Municipality IDP review (2008/09: 11) the Amathole District Municipality (ADM) occupies the central coastal portion of the province, bordered by the Eastern Cape districts of Cacadu, Chris Hani and O R Tambo, respectively to the west, north and east. The District includes all former administrative areas of the Eastern Cape, namely former Transkei and Ciskei homeland areas and former Cape Provincial areas. The
natural environment is similarly diverse, including moist mountainous, well-watered coastal and semi-arid Karoo, thornveld, succulent and thicket areas. The District includes part of the Wild Coast SDI and is home to Cwebe and Dwesa Nature Reserves, and extends inland to include mountainous areas, centred on the Amatola Mountain Range.

Sectors that provide formal employment in the district are public services (75,000 jobs), manufacturing (27,000 jobs), trade (25,000 jobs) and agriculture (17,000 jobs). Over the last few years the economic growth of the district has been slightly slower than the national average. The Growth and Development Summit (GDS) document (2007:10) reveals that the Buffalo City Municipality is dominating the economy of the district, and this points to the importance of strengthening the city’s growth, and in particular the success of the East London Industrial Development Zone (ELIDZ) in attracting new manufacturing investment, and the Buffalo City Development Agency, in promoting PPP’s around “iconic” property developments. To this end, efforts to upgrade East London’s harbour are critical with regard to the future competitiveness of the manufacturing industry (private enterprises and co-operatives). Furthermore, ASGISA-EC initiatives around, for example, biofuels, forestry and Business Process Outsourcing (call centres) also hold promise for the district. The tourism sector is already showing good (more than average) growth, linked to the various attractions.

Importantly is to note that the Amathole District Municipality has second largest economy in the province, contributing 27% to the provincial economy. East London, Bhisho, Butterworth and King Williams Town are areas of significant economic activity in the Amathole District. Economic activity in the district is concentrated mainly within the Central Business Districts of these major towns. These towns also function as centres of economic activity for surrounding areas and smaller towns, with manufacturing, trade, finance and community
services sectors dominating the district's economy. As a result of its central location in the province, the district has good economic links with neighbouring districts. A growing modern economy linked to global production chains in East London is contrasted with an extremely poor rural economy in former homeland areas. A 55.1% unemployment rate has been recorded in the area, with 77% of the population in the district living below the minimum living level threshold. High levels of poverty and inequality exist especially in the eastern part of the district. There is a substantial need for investment in social and economic infrastructure throughout the district, but especially in the former homeland areas. The district has diverse natural resources in terms of soils, vegetation, climate and topography.

The following diagram, Figure 1, illustrates the contribution by various sectors to the GDP of the Amathole District Municipality:

Figure 1: Sector contribution to GDP
From the above diagram, it is clear that the agricultural sector is one of the important contributors to the GDP of district. The meaningful (8 per cent) contribution by this sector is attributable to the fact that the District has diverse natural resources in terms of soil, vegetation, climate and topography. The land use patterns and land ownership in the District are also diverse. The latter varies from communal land ownership, particularly in the former homelands, to private commercial land ownership. These characteristic features of the District in relation to the agricultural sector have resulted in the situation as summarized below;

- the District accounts for 23% of the Provincial output in terms of the agricultural sector;
- livestock and its products account for more than 70% of the sector output and this stands to reason because the District is suited to extensive livestock production in terms of its climatic and soil resources;
- citrus production is important in the areas of Ngqushwa, Nxuba and Nkonkobe;
- fishery continues to contribute very little to GGP of the District; and
- intensive crop production under irrigation is limited to the valleys of the District while Mbashe, Mnquma and Amahlathi are suited for dry land crop production.

Furthermore, the agricultural sector of the district is also characterized by:

- Low productivity;
- Higher farmer indebtedness;
- Lack of access to finance by historically disadvantaged farmers;
- Declining capital investment; and
- Aging farmer population.
According to the Amathole District Municipality IDP review (2009/10: 08) the district’s area of jurisdiction is made up of eight (08) local municipalities, namely: Amahlathi, Buffalo City, Great Kei, Mbashe, Mnquma, Nkonkobe, Ngqushwa and Nxuba local municipalities. The following is a brief profile, with emphasis on LED, of each of the local municipalities which constituted the sample of this study:

- **Buffalo City Municipality**

Buffalo City Municipality (BCM) incorporates the former magisterial districts of East London, King William’s Town (KWT), Zwelitsha and Mdantsane. BCM is 2515.98km² in extent, consists of 45 wards. BCM envisions “… a people-centred place of opportunity where the basic needs of all are met in a safe, healthy and sustainable environment”. Key development priorities are identified as: Poverty alleviation; Economic decline; Basic needs and Housing; and Building communities. Another priority is the development of an LED strategy while an LED Unit would help improve economic planning, communication and linkages. BCM is a major Provincial economy but is strained by increasing levels of poverty and unemployment, unchecked HIV/AIDS infection rates, a lack of skills, crime, urban migration and poor infrastructure and services. Development of the various tertiary education facilities responds to the skills shortage, while urban agriculture is posited to address food security. Positive economic factors include tourism, manufacturing, agriculture, commercial development and construction and various interventions that are attracting foreign and domestic investors, such as the Bisho-KWT Nodal development, Buffalo City Development Agency and the East London IDZ. A strong linkage exists between East London and KWT, forming a development axis of regional significance, with significant urban sprawl taking place between these centres. East London has developed infrastructure and its port has become a major National
motor vehicle export and import terminal. KWT is a focal point for administration, goods and services for surrounding rural and peri-urban areas.

• **Nkonkobe Local Municipality**

Nkonkobe, extends over 3725.32km2 to incorporate the former magisterial districts of Fort Beaufort, Alice, Middledrift and Seymour, consists of 21 wards. The Municipal vision is “To efficiently implement social and economic development and create a safe and a healthy environment for communities in a sustainable and participatory manner.” Key development priorities are: Roads; Agriculture; Tourism; and Manufacturing / SMME’s. An area of critical concern is decline in all economic sectors, where economic growth is severely constrained by poor infrastructure, particularly roads, and where the local economy has very limited job creation capacity. There is a need to attract investors into the area and potential growth areas are identified as tourism, agriculture and forestry. Irrigation schemes need to be revitalized in order for the agricultural industry to expand. Areas for LED strategic intervention include: regulatory frameworks; municipal services; employment creation; security and safety (crime and natural disasters); and coordination and integration. There is a need to institutionalise LED in order to facilitate sector-specific tourism, agriculture and infrastructure development strategies.

• **Ngqushwa Local Municipality**

The Ngqushwa Local Municipality consists of 14 wards, extends over 2245.79km2. “Ngqushwa Municipality, united and human centred, is committed to elimination of social and economic imbalances and poverty through integrated and socio-economic upliftment of its residents within a sustainable environment.” Key development priorities
are: Poverty and Unemployment; Social services; Infrastructure; Housing and Community facilities; HIV/AIDS; Land use management; and the Internal financial base. Ngqushwa has had success with LED Programmes and has secured further funding for projects, focusing on the areas of Tourism, Agriculture and SMME/Manufacturing. Forming partnerships with stakeholders in economic development is essential for future success of the programmes as the Municipality has limited capacity to generate its own revenue. Tourism is identified as a major income generator, and the area’s natural environment is the basis for LED (primary production, recreation and tourism) opportunities. The tourism industry is aided by a good road network, although this network cannot currently be maintained due to the Municipality’s lack of proper equipment. The Peddie/Fish River/Glenmore Development Zone is an example of the unique tourism expansion possibilities in the municipality that requires urgent attention.

• Great Kei Local Municipality,

Great Kei covers 1735.64km², consists of 6 wards. “Great Kei Municipality has a long term vision of achieving a peaceful and sustainable environment, where all communities enjoy an improved quality of life, affordable services, democratic governance and employment through thriving agriculture, commerce, SMME’s and tourism activities”. Key development priorities are identified as: Infrastructure; Skills development; Sports and Recreation; Agriculture and Land; and Tourism. Great Kei has lower unemployment levels than the rest of the Amatole District, but still faces the challenge of unemployment, with a large economically active age group. Agriculture is a major employment provider, yet current trends show a decline in this industry. However, there is high potential for fruit, vegetable and nut production along the coast. There is a widespread switch to game farming over other forms of livestock and, at present, the
majority of the land is owned by private commercial farmers. While the agriculture industry may be in decline, the tourism industry is strengthening as the area boasts natural, cultural and heritage attractions in a malaria free zone. The rapid growth of coastal towns and Komga has overtaken the capacity of local infrastructure. There is a possibility of the revival of the railway line, which runs between Umtata and East London via Komga, which would facilitate economic growth. There has been considerable interest in aiming LED initiatives at supporting emerging farmers, SMME’s and tourism ventures.

3.4 POVERTY ANALYSIS OF THE AMATHOLE DISTRICT MUNICIPALITY

The number of people in poverty is an indicator of individuals who reside in households whose total income falls below a particular level. The level used here is based on Global Insight data which uses the Bureau for Market Research (BMR) Minimum Living Level (MLL) that ranges from R893 for a single person household to R3314 for an eight person household (ADM GDS report, 2007).

Figure 2, below is a map indicating poverty levels in the ADM.
Figure 2: Amathole District Municipality Poverty analysis

According to the above map, Figure 2, Mbhashe and Ngqushwa local municipalities experienced the highest poverty levels. On the other hand, Buffalo City local municipality, being the district’s primary node, has the lowest poverty percentage, 54%.

The following points serve as a summary of poverty in the ADM:

- a large number of ADM residents survive on pension or grant from the government. Furthermore, the percentage of people living under the poverty line is slightly higher than that of the Eastern Cape as whole.
low affordability levels in the ADM and the increased levels of poverty within ADM have resulted in a further rise in inadequate basic services to households. The common diseases and health problems in the district are related to socio-economic factors such as overcrowding and poor resistance due to poverty and illiteracy (IDP, 2008/09).

3.5 DATA COLLECTION

The researcher made use of both qualitative and quantitative methods of data collection.

3.5.1 Qualitative method

Mouton and Marais (1992:155) state that qualitative research refers to those approaches in which the procedures are not highly formalized, while the scope is more likely to be undefined, and a more philosophical mode of operation is adopted. This was used because it made it easy and/or possible to learn what people perceive, how they interpret their perceptions and how events affect their thoughts and feelings.

3.5.2 Quantitative method

According to Struwing and Stead (2001:4) quantitative research is a form of conclusive research involving a large representative samples and fairly structured data collection procedures. In other words, this approach is concerned with numbers which represent values of variables, and these values measure characteristics of respondents.
3.5.3 The target population

Bless and Higson-Smith (1995:87) define the target population as the set of elements that the researcher focuses upon and to which the results obtained by testing the sample should be generalized. In this study the target population consist of LED Councillors and Managers in Amathole District Municipality as well as officials responsible for LED in the Departments of (a) Economic Development & Environmental Affairs (b) Finance, (c) Agriculture & Rural Development, and (d) Local Government & Traditional Affairs in the Eastern Cape Province. Furthermore, government agencies, like Eastern Cape Development Corporation, Eastern Cape Rural Finance Corporation and Amathole Economic Development Agency (now called ASPIRE), also form part of the study since they are also mandated to promote the development of local economies.

3.5.4 The Sample

Welman and Kruger (2001:46) state that the size of the population makes it impractical and uneconomical to involve all the members in the population. It is thus necessary to obtain a sample of research participants that best represent the population. They go on to distinguish between Probability and Non-probability sampling.

3.5.4.1 Probability sampling

In the case of probability sampling, the probability that any member of population will be included in the sample can be determined. The rationale for using probability sampling was that it enabled the researcher to indicate the probability with which sample results (e.g. Sample means) deviate in differing degrees from the corresponding population values. It
also enables the researcher to estimate sampling error. Under this technique, however, a Simple Random sampling was used. According to Welman and Kruger (2001:47) this is the method of probability sampling wherein each member of the population has the same chance of being included in the sample and each sample of a particular size has the same probability of being chosen. The advantage of this method is that it is representative of the population in the sense that it does not favour one unit of analysis over another.

3.5.4.2 Non-Probability sampling

In this technique, the probability that any element or member of population will be included in the population cannot be specified insofar as it does exceed zero. In other words some elements have no chance (i.e. a probability of zero) of being included in the sample. In the case of non- probability sampling the researcher will use judgemental or purposive sample. This is where the units of analysis are being obtained, deliberately, in such a manner that the sample obtained may be regarded as being representative of the relevant population (Welman & Kruger, 2001:47).

In this study, both probability and non-probability sampling technique were used. These include stratified, purposive or judgmental together with snow ball sampling. In Amathole District Municipality there are eight (08) local municipalities whose aim is to promote sustainable economic development.

- Samples of Local Municipalities

To obtain a sample of the local municipalities, a method of sampling called stratified sampling was used. Huysamen (1994:40-41) believes that in this type of sampling, the
population is divided into different groups called strata so that each element of the population belongs to only one stratum. Accordingly, the municipalities were divided into urban and rural municipalities. From each strata, simple random sampling was used to choose representative municipalities, hence only four local municipalities were chosen, one urban and three rural, that is Buffalo City and Nkonkobe, Ngqushwa as well as Great Kei local municipalities, respectively.

- **Samples of Municipal Councillors and Officials**

Purposive or judgemental sampling was used to obtain this sample. Purposive sampling uses the judgement of an expert in selecting cases or it selects cases with a specific purpose in mind (Neuman, 2003:213). The researcher selected respondents that are specifically informative on the subject. To this end, LED Councillors & Managers were chosen to be relevant respondents regarding the implementation of LED programmes.

- **Samples of service partners (Stakeholders)**

To obtain a sample of the stakeholders, a method of sampling by referral which is also called snowball sampling was used. According to Welch and Corner (1988:193), “…when one member of the target population is found, he or she is asked to name other members of the target group who are then interviewed”. This made the task of the researcher easier because the identified member has knowledge about the problem at hand. The respondents in this category consisted of two (02) officials from each of the following institutions/entities:

- Department of Economic Development & Environmental Affairs (DEDEA);
- Department of Agriculture and Rural Development (DARD);
- Department of Local Government & Traditional Affairs (DLGTA);
• Provincial Treasury;
• ASPIRE (Amathole Economic Development Agency)
• Eastern Cape Rural Finance Corporation (ECRFC);
• Eastern Cape Development Corporation (ECDC);
• Eastern Cape Socio-economic Consultative Council (ECSECC);
• ASGISA-EC; and
• Thina Sinako Local Economic Development Programme.

3.5.5 Data Analysis

Descriptive statistical analysis which was limited to percentages and frequencies of occurrence was used to analyze the data. In addition, data from the interviews was transcribed and verbatim responses from the participants were analysed as part of thematic content analysis.

3.6 OBTAINING CONSENT FROM PARTICIPANTS

Before the interview, a project information sheet accompanied by a consent form was sent to the participants. The information sheet consisted of all the information with regard to the study (see Annexure B). Respondents were assured that participation was voluntary. If the respondent decided to participate, he/she had to sign the consent form and return it to the researcher. On the basis of the consent, data collection then followed.
3.7 DATA COLLECTION METHODS AND INSTRUMENTS

To collect data, the following instruments were used:

3.7.1 Questionnaires

The questionnaire method was used to elicit in-depth information and this allowed for a measure of quantification. Bless and Higson-Smith (2000:13) are of the opinion that whatever is conceived to be filled by a respondent directly or by an interviewer, a questionnaire remains a complex instrument for data collection. The researcher used the combination of open and closed-ended questions. This enabled respondents to fully express themselves and to give detailed and precise information, thereby giving accurate and adequate information about the situation on the ground. Importantly, two (02) sets of questionnaire were developed in this regard. One set was designed for Councillors and consisted of statements with some answers where respondents would select that which best represent his/ her response (see Annexure C). The other set was designed for officials representing the various institutions/stakeholders who are considered to play a vital role in promoting LED (see Annexure D)

The choice of the questionnaire as an instrument had the following advantages:

- it is an easy method of gathering data from many respondents;
- it is easy to deliver questionnaires;
- the questionnaire saves time and is less expensive to distribute; and
- the questionnaire is standardised, making it easy to compare the opinions of respondents in each item.
The researcher was also aware of the following disadvantages:

- the respondents might answer what they thought would please the researcher and might not reflect their true attitudes, thus distorting the facts;
- valuable information might be lost as the answers are usually brief especially in close-ended questions where the scope for expatiation is not given. To overcome this weakness the participants were allowed to express their opinions and suggestions as they deemed fit at the end of the questions.

3.7.1.1 Distribution of questionnaires

The researcher distributed twenty five (25) questionnaires to the identified respondents at their respective work place. Assistance, in the form of explanations to certain questions, was provided to those who found difficulties with the general understanding of the questions. Importantly, personal delivery and collection of the questionnaires ensured a high return rate of completed questionnaires. Respondents were given two days to complete the questionnaires before they were collected. To this end, only 20 questionnaires were returned. Thus the response rate for questionnaires was 80%.

3.7.2 Interviews

To gather information from the municipal officials in Amathole District (including the identified local municipalities), the researcher made use of structured interviews that included planned and detailed questions beforehand. Interviews were structured because questions asked were made prior to the interview. In essence, interviews were used as an instrument for the following reasons:
• they are useful to obtain detailed information about personal feelings, perceptions and opinions;
• they allow more detailed questions to be asked, and usually achieve a high response rate;
• ambiguities can be clarified and incomplete answers followed up; and
• interviewees are not, to a greater degree, influenced by others in the group.

Equally, the researcher was aware of the disadvantages associated with interviews. These include, *inter alia*, the fact that interviews can be very *time-consuming, costly* as well as the differences in terms of understanding and transcription on the part of the interviewer. Such disadvantages relate mainly to the interview processes including setting up, interviewing, transcribing, analysing, feedback and reporting thereof.

In this study, the interview schedule had 16 questions and these were arranged in such a way that interviewees could give lengthy or short answers (see Annexure E).

To this end, interviews were conducted with managers responsible for LED in the district and local municipalities, and the time taken ranged between 30-45 minutes per interview.

### 3.7.3 Document review

Archival material of the District and the identified local municipalities such as the Integrated Development Plan and Strategic Plan were reviewed. Other documents reviewed included the Provincial Growth and Development Plan, Amathole Regional Economic Development Strategy (AREDS) as well as the Growth and Development Summit reports. Apart from gathering more information, these documents were reviewed to draw lessons that can be
learnt and identify gaps where such exist. Furthermore, published material such as written articles/ papers and relevant pieces of legislation were explored in gathering the required data of the research.

For the purposes of conducting an objective impact assessment of LED in Amathole District Municipality, the researcher deemed it fit to visit certain agricultural projects. Accordingly, two (02) projects were visited in each of the identified municipalities.

3.8 ETHICAL CONSIDERATION

This research was conducted within the generally acceptable values and norms of the scientific community, since human beings are the object of study in this project. Importantly, before the study could be conducted, ethics clearance was sought from the NMMU Ethics Research Committee (see Annexure F). In addition to this, ethical values such as voluntary participation and informed consent, no harm to the participants, anonymity and confidentiality guided the researcher in the execution of this project. In essence, participants were informed that information obtained from this study will be treated as strictly as confidential and that under no circumstances will it be used for any reason other than academic purpose.

3.9 CONCLUSION

This chapter discussed the methods used to collect data. Quantitative combined with qualitative methods with the use of questionnaires and interviews was adopted. Population was identified where the sample was derived from. Sampling techniques ensured representativeness and relevance of the target group to this study. Interviews were held
with officials from the identified municipalities. Furthermore, questionnaires were delivered
to service partners and/ or stakeholders within the jurisdiction of Amathole District. The
researcher also deemed it necessary to inspect some documents like IDPs, Annual reports,
as well as other relevant documents of the municipalities concerned.

The next chapter focuses on presenting and analysing the data gathered.
CHAPTER 4
RESULTS AND DISCUSSION

4.1 INTRODUCTION

This chapter focuses on the presentation of data collected during the course of the research, and an analysis of the responses will be provided. In doing this, due consideration will be given to the research objectives as presented in Chapter 1 of this study. The first section, therefore, deals with the biographical information of the respondents, whereas the second part provides qualitative analysis in the form of the presenting the results based on interviews that were conducted with municipal officials. To this end, an analysis of the responses from LED managers and councillors is provided. The rest of the chapter reports on the views and perceptions of the respondents on LED in the district.

4.2 Biographical information of the respondents

Below is the biographical information of all respondents in this study. Respondents in this regard included LED Portfolio Councillors, LED Managers as well as Officials from the identified stakeholders.

4.2.1 Gender

It was important to identify gender in order to make the sample representative. In this study, the majority of the respondents, some of whom were councilors, managers and officials from various government departments and state institutions were males. Thus, male constituted 63% of the respondents, while 37% were females. At the level of municipalities,
responses from participants revealed that LED sections are headed and dominated by males. The large difference in gender representation may reflect true differences in the entire population of the study. That is, it is possible that there are a greater number of males in the workforce of the local municipalities falling under the jurisdiction of the Amathole District Municipality. However, female subjects may also have been under-represented as a consequence of the sampling design employed.

4.2.2 Qualifications

The nature of a developmental state requires relevant and appropriate qualifications as well as skills/expertise on the part of those who have the responsibility to promote and ensure the realization of the development agenda. Responses of respondents confirmed this, and as such the majority, obtained degrees/qualifications in Development Studies/Economics.

Importantly, responses provided by respondents from municipalities revealed that officials responsible for LED obtained different qualifications (mostly Diploma) in different fields. Examples in this regard, include but not limited to qualifications obtained in areas of Agriculture, Tourism and Environmental studies.

4.2.3 Work Position

Responses gathered through the questionnaire reflected that 63% of the respondents from the various stakeholders are holding Senior Management positions, while 27% were LED Officers/Administrators. The latter was evident, especially when considering responses provided by respondents from municipalities. This is attributable to the fact that the majority
of municipalities have not (during the course of the study) established sections/ units dedicated to LED.

4.3 Responses obtained from Municipal Officials on Local Economic Development

Interviews that were carried out between the researcher and LED managers in the District together with the identified local municipalities produced, *inter alia*, the following revelations:

- officials responsible for LED in the identified municipalities understand and are conversant with the concept ‘Local Economic Development’;
- there is a positive relationship between LED and Community participation;
- municipalities understand the need to develop LED strategies aimed at addressing the development challenges in their areas of jurisdiction. While most municipalities, including the district, have developed their strategies, some like Great Kei local municipality are in the process of developing such a strategy;
- whilst the Amathole District Municipality has a unit/section responsible for LED, with 22 officials to be precise, the majority of them are very junior in terms of the positions they hold, skills as well as the required level of expertise they posses. Importantly is to note that the municipality does not have sufficient budget for LED, as there is quite a number of unfunded LED projects in the 2009/10 financial year;
• local municipalities in the district are encountering challenges insofar as LED is concerned. These challenges are, to a greater extent, as a result of shortages in staff responsible for LED as well as the budgetary constraints thereof.

4.4 Views of respondents on IDP and Development issues

As stated in the previous chapter, two sets of questionnaires were developed, one for councillors while the other was for officials from various institutions/ stakeholders who constituted the sample of the study. Below are the results of the questionnaires that were distributed, and interpretation of the responses thereof:

4.4.1 Responses of LED Councillors

• IDP and Developmental issues

Figure 3: IDP and Developmental issues
Figure 3, above represents the views of the councillors on the municipal Integrated Development Plan and developmental issues. Of the total number of questionnaires returned, 75% of the respondents, on the one hand, were positive that the IDP of the District Municipality including those of the local municipalities under its area of jurisdiction, reflect various programmes and strategies aimed at promoting LED. Importantly in this regard is the fact that the IDPs recognize and prioritise certain needs as most basic to the local communities, and that such needs are accessible & affordable.

On the other hand, 20% of the respondents revealed that IDPs partially address such issues. Worth noting in this regard was the fact that the IDP documents of the municipalities of the partially address the agricultural needs of the local farmers. The latter, therefore, leaves much to be desired in terms of the role played by municipalities in providing support and assistance to subsistence farmers as well as smallholders. 5%, though, were not sure on whether such issues are addressed or not.

- Views and Perception of Councillors on LED in the Amathole District

Table 2, below presents the views and perceptions of councillors on LED within the district. Responses in this regard are presented in the form of percentiles to the statements that were provided to the respondents.

<table>
<thead>
<tr>
<th>STATEMENT</th>
<th>PERCENTAGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is a positive relationship between LED &amp; community participation</td>
<td>100</td>
</tr>
<tr>
<td>The Municipality has developed an LED strategy</td>
<td>80 20</td>
</tr>
<tr>
<td>The LED strategy addresses the socio-economic needs of the communities in the municipal jurisdiction/ area</td>
<td>40 40 20</td>
</tr>
</tbody>
</table>
The municipality has prioritized the agricultural development in strides to fight poverty.

| An LED implementation plan outlining the short/medium term targets for the municipality has been developed | 40 60 - |
| A well resourced unit/ section responsible for LED has been established | 20 80 |
| The municipality has programmes in place to promote and ensure development of local economies in the municipal area | 20 60 |
| The municipality has employed Community Development Workers (CDWs) with a view to strengthen community participation | 60 20 20 |
| A capacity building programme for officials responsible for the implementation of LED programme is in place | - 80 20 |
| Partnerships have been established with other institutions (including government Departments) with a view to promote local economic development | 80 - 20 |

From the above table, it can be observed that 100% of respondents remained optimistic and confirmed that there is a positive relationship between LED and Community Participation. It is interesting to note that even though there are strategies in place, such strategies, to a certain extent, fall short in addressing the socio-economic needs of communities. This is evident from the responses provided by respondents where 40% agreed that the LED strategies address the socio-economic needs of the communities vis-à-vis 40% of the respondents who held a contrary view, while 20% was not sure.

Significant variations on the effective implementation of LED can be observed between the extent to which the District municipality has managed to establish a section to drive LED programmes and the lack of capacity on the part of the local municipalities thereof. To this end, 20% of the respondents remained positive that well resourced LED sections/units have been established in contrast to 80% of the respondents who were adamant that such sections/units have not be established. Linked to this was the issue of capacity building programmes for officials responsible for LED which was reported not to be in place.
• **Partnerships with other institutions**

The *White Paper on Municipal Service Partnerships* encourages partnerships between municipalities and community-based organizations (CBOs) as a way to *promote economic development in communities, strengthen democracy and empower civil society at the local level*. Notably, it also states that ‘... efficient, competitive, transparent and socially equitable procurement and contracting arrangements are essential to ensure that Municipal Service Partnerships (MSPs) actually improve service delivery. The Municipal Systems Act, 2000 (Act 32 of 2000) proclaims that ‘a municipality may determine a preference for categories of service providers in order to advance the interests of persons disadvantaged by unfair discrimination.

According to Nyama (2007:70) there is a growing acceptance of the importance of local government co-operating with various agents, through public-public, public-private partnerships, as well as with community-based and non-governmental organizations. This is ideally because many municipalities struggle to marshal the necessary resources and expertise to undertake practical initiatives, due to mainly, lack of human resources, as well as capacity and general know-how of LED. Such partnerships, therefore, entail practical and technical diffusion of best practices to local economic development and other objects of municipalities, among respective stakeholders (partners).

To this end, it is interesting to note that all, 100%, respondents were positive that partnerships have been established with other institutions including government departments. However, there was an oversight in probing the names of the institutions with whom such partnerships have been established as well as the type of a partnership thereof.
4.4.2 Responses of stakeholders

This section deals with the responses of the respondents from various stakeholders who play a vital role in promoting LED.

- **Understanding of Local Economic Development**

Based on the responses gathered from the questionnaires that were distributed to stakeholders, it is interesting to note that all (100%) of respondents understand and are knowledgeable of the concept ‘Local Economic Development’. Below are some of the responses (verbatim) that were provided by the respondents in relation to their understanding of LED:

- “A public policy framework within which locally based institutions and interest groups are empowered to work together to take action to exploit opportunities for – or to address local obstacles to - sustainable economic development, growth and integration – part resourced through national and/or provincial programmes”;
- “A process in which government in partnership with civil society and private sector enter into agreements to stimulate economic activity”;
- “Local economic development is most importantly about people working together to achieve sustainable economic growth that brings economic benefits and quality of life improvements for all in the local community”;
- “Local economic development is most importantly about people working together to achieve sustainable economic growth that brings economic benefits and quality of life improvements for all in the local community”;
- “LED is about robust and inclusive local economies exploiting local opportunities, real potential and competitive advantages, addressing local needs and contributing to
national development objectives. Such economies must show strength, inclusiveness and sustainability. LED must also promote partnership between Institutions of Higher Learning, Research Institutes, Public and Private sector institutions within the local communities;

From the above explanations, it is clear that local economies can be developed through partnerships formed between the three spheres of government and other stakeholders.

- **Programmes aimed at promoting LED**

Once more, it is interesting to note that all (100%) respondents confirmed that their institutions do have programmes in place with a view to promote and ensure the development of local economies. In the main, these programmes are in the form of Grant Fund to various projects by DEDEA, DLGTA, Thina Sinako, to mention but a few, and this funding is done through the District Municipality. Moreover, other stakeholders like DARD, ASPIRE and ASGISA-EC promote LED through the implementation of programmes such as Comprehensive Agricultural Support Programme (CASP), Small Towns Regeneration Programme (STRP) and High Impact Priority Programmes (HIPPs), respectively.
From the above diagram, Figure 4, it can be observed that the majority of respondents (85%) were positive that their respective institutions do have capacity building programmes for officials responsible for LED. Examples of such programmes include Trainings covering aspects such as Contract Management; Monitoring and Evaluation; Project Cycle Management, Strategy as well as Business Plan Development.

Linked to this was the fact that the majority of respondents remained positive that their institutions do provide support to municipalities in efforts to promote LED. Apart from the financial assistance mentioned above, support is also provided in terms of technical
assistance during the development processes of various projects, implementation as well as monitoring and evaluation thereof.

- Implementation of LED in the Amathole District Municipality

Section 153 of the Constitution mandates the local government (municipalities) to promote the development of local economies in their area of jurisdiction. This includes creating a conducive environment for business opportunities, thereby contributing to the economic growth and development of the area.

The implementation of the LED programmes in the district was assessed. The following bar graph depicts the trends of the respondents on the rate of implementation of LED programmes in the district.

![Figure 5: Views on LED in the District](image)

According to the graph, 65% of respondents were of the opinion that the district is not performing well insofar as LED is concerned whereas 5% held a contrary view, and were
positive that the municipality is doing well in implementing LED programmes. It was further noted that 30% of respondents remain positive that the lot still needs to be done by the district in promoting local economic development.

- **The impact of LED programmes in the Agricultural sector of the district**

The researcher deemed it fit to visit certain agricultural projects in the District. This was done to provide responses to the questions raised earlier in this study, thus conducting an objective impact assessment of LED in the district. To this end, two (02) projects were visited in each of the identified municipalities.

The graph below, **Figure 6**, depicts the perceptions of the project beneficiaries on the impact of LED initiatives by the district:

![Figure 6: Perceptions of project beneficiaries on the LED initiatives in the district](image)

From the above graph, **Figure 5**, significant variations on the impact of LED initiatives can be observed between the training provided to beneficiaries and the rest of the other
aspects/ areas of support. According to the graph, 90% of the beneficiaries visited during the research were positive that there are no initiatives undertaken by the district municipality to assist in securing access to markets. They reported that although their produce is good, it is being sold only in the informal sectors like street vendors and to individuals in various communities.

On financial assistance, 80% of beneficiaries expressed their views stating they have not received any assistance in the form of funding from government since the inception of the projects. While 20%, on the other hand, acknowledged and appreciated the support from government, they indicated that this is not adequate as lot still needs to be done.

Monitoring and Evaluation (M & E) is the critical stage/ phase in every project. Monitoring is used to assist with ongoing implementation of activities or interventions, while evaluation focuses on their impacts and benefits. M & E therefore enables the project owner and beneficiaries to track progress, identify problems, take corrective measures and improve service delivery thereof. Despite the importance of M & E, 75% of the beneficiaries reported that there were no visits to their projects, neither by officials from the district municipality nor any government official. Consequently, no support and/ or advices could be provided in attending to various challenges encountered by beneficiaries in managing their projects.

However, it is interesting to note that 55% were positive that support in terms training programmes is being provided. These programmes are aimed at equipping beneficiaries with skills in various areas thereby enabling them to effectively manage the projects. However, it was reported that no follow-ups are being made to assess whether these training programmes are having any positive spin-offs or not. To this end, it can be argued
that this defeats the whole idea/ initiative as such programmes do not yield any positive impact.

- **Challenges facing municipalities in promoting LED**

The promotion of LED by municipalities is not without challenges. This was confirmed by the responses provided by the respondents where all (100%) agreed that the vision of a developmental local government is too far from being reached. The following were highlighted as the main challenges facing municipalities in promoting LED:

- political interference in various LED programmes and initiatives;
- the issue of human capital as well as institutional capacity. This relates, mainly, to budgetary constraints, lack of the required expertise and/or skills (on the part of both officials and beneficiaries);
- Poor monitoring and evaluation as well as reporting thereof; and
- Lack of coordination, poor planning and sound working relations between the partners and/ or stakeholders involved.

4.5 **CONCLUSION**

This chapter presented the results of the study. This was done through the presentation of the biographical information of the respondents. Qualitative interpretation of results based on the interviews that were carried out with municipal officials was also provided. The chapter concluded by reporting on the view and perceptions of the respondents on the implementation of Local Economic Development programmes in the District.

The next chapter focuses on the general conclusions of the study and recommendations emanating therefrom.
CHAPTER 5
CONCLUSIONS, LIMITATIONS OF THE STUDY AND RECOMMENDATIONS

5.1 INTRODUCTION

This study sought to provide a basis to reflect on the challenges currently facing the Amathole District Municipality in implementing LED programmes. It also attempted to outline the background to the local government transformation processes, mapped out the overall plan for the local government transition and highlighted how the District Municipality seeks to further the vision of developmental local government.

This chapter focuses on drawing up conclusions based on the research findings for Amathole District Municipality. In addition, limitations of the study as well as recommendations based on the findings will be presented.

5.2 CONCLUSIONS

From the foregoing assessment into the impact of LED programmes in Amathole District municipality, the following conclusions and can be drawn:

Amathole District is a largely rural municipality which is located in one of the poorest provinces in the country. The Municipality is characterized by high unemployment rate resulting to high levels of poverty and also lacks basic skills required for LED. Importantly, the following major key issues were identified in the district:
implementation of LED programmes by the municipality is poor. This is attributable to various reasons which include inter alia, inadequate budget, staff shortages, IDP document produced consisting most of the national and provincial guidelines on integrated development planning. However, some shortcomings such as a voluminous situational analysis and project proposals with unclear strategies, could be noted. Hence and otherwise, developmental initiatives in the municipality have been progressing at a snails' pace.

linked to the above, is issue of poor planning, coordination and budgeting for LED programmes. The fact that there is no linkage and/ or synergy between the IDPs and the various plans of government departments is a testimony to this. Consequently, there is an increased focus on small scale projects. While this is appreciated, little consideration is given to the impact of such projects.

low agricultural productivity in the district is attributable to lack of and/ or poor support by the municipality and stakeholders to local farmers;

lack of adequate institutional capacity resulting to poor support being provided to local municipalities and monitoring of projects thereof;

high dependency on government grants, hence inadequate and inefficient income generation strategies to improve the economic base of the municipality.

last but not least, development agencies have been established in the district, with processes of developing others being underway, it remains to be seen how effective
these agencies can be in growing local economies and providing opportunity to the many unemployed poor people in those areas.

The study concludes, therefore, that while municipalities are mandated by the Constitution to “promote social and economic development”, they will not be able to do this without clear policy guidance; institutional capacity-building; inter-sectoral collaboration and real empowerment of the beneficiaries whom the projects is supposed to assist.

5.3 LIMITATIONS OF THE STUDY

The focus of the study was restricted by various factors. It is important that such factors be explained. LED is very crucial in addressing the socio-economic challenges facing municipalities. It is also crucial in realizing the goals of a better life for all. However the researcher has been unable to conduct the study to all municipalities in the Eastern Cape Province due to time and financial constraints hence it is confined to the Amathole District Municipality.

Furthermore, various methodological limitations must be taken into consideration when analysing this study. This relates mainly to biasness in terms of the sample employed during the course of the study. Despite these limitations, it must be added that this study yielded valuable data pertaining to challenges facing the ADM.
5.4 RECOMMENDATIONS

The following are the recommendations of the study:

5.4.1. Recommendations pertaining to strategies towards a more effective and efficient Local Economic Development programme

Local Economic Development (LED) has been identified as a key means of improving the economic prospects of South African citizens. The purpose of LED is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.

Although the study acknowledges and appreciates the efforts as well as initiatives by government in ensuring and promoting LED, much more needs to be done to realize the Local Government White Paper, 1998 vision of developmental local government. The achievement of this vision is integrally linked to a supportive role by national and provincial government in promoting seamless and integrated service delivery and development in communities.

Considering that the country is a developmental state, integrated planning in this regard is of vital importance. This will require both National and Provincial government departments to recognize and relate to the IDP as the mechanism for identifying community needs for a coordinated government response. In essence, this influence the whole of government planning, resourcing and implementation of high impact projects in the rural economy.
Importantly, the existence and maintenance of a good relationship between government and community, particularly in service delivery, can never be over emphasised, for it involves increasing opportunities for employment, opportunities for citizens to participate in decisions that affect their lives, promoting partnerships between the state and society, and giving citizens a real sense of ownership of development projects.

In essence, LED requires the commitment of multiple stakeholders at different levels to be effective, and there needs to be a review of how Monitoring & Evaluation can be used more effectively for learning and for building the commitment of these stakeholders, rather than a coercive carrot and stick approach to management;

More specifically, for purposes of ensuring the positive impact of LED programmes and initiatives, the following is recommended:

- considering the economic challenges encountering the district, province and the country at large, and the fact that the district has a vast arable land that is lying far low, the municipality should prioritize agriculture development to ensure and achieve food security through crop production. This will also contribute to the creation of employment opportunities for the local communities;

- the Amathole municipal council must look at strategies to market the municipality to potential investors while retaining current businesses. This in turn will generate revenue for the municipality and boost the economy of the district thereof. Accordingly, municipal infrastructure such as road networks, telecommunications which are essential to the development of the municipality need to be significantly improved to make the area attractive to business fraternity;
• the municipal council need to diversify its sources of revenue by looking at alternative ways of raising its revenues;

• the municipal council need to build its capacity by training personnel to enhance the rate at which it delivers services to the local community especially to rural communities. Linked to this is a need to strive and provide support to local municipalities under its area of jurisdiction thereby enhancing their ability to create a conducive environment for effective LED. Establishment of fully fledged LED units with all the required capacity and necessary skills becomes critical in this regard;

• measures to assess customer satisfaction should be developed. These could include ‘customer satisfaction surveys’ which would enable the municipality to better understand the impact of its development programmes to the lives of communities;

• the coordination of economic development programmes must involve groups that benefit including those that can provide special services. Economic development should be coordinated on a local labour market basis because that is where the benefits accrue and where local business inputs are provided. Private businesses, educational institutions, and community organizations are among the groups that should be involved in local economic development, because of the special support they can provide to local economic development efforts.

• Finally, more attention needs to be paid to the co-ordination and complementarity of anti-poverty policies pursued by the different spheres of government. A co-ordinated effort among the three spheres of government is important in supporting growth in
investment. An example is spatial development initiatives, although there can also be purely locally driven initiatives.

To this end, it is hoped that the implementation of the Draft Provincial Rural Development Strategy, which puts emphasis on integrated and coordinated approaches to planning as well as implementation of government programmes, will yield positive results, thereby ensuring and promoting sustainable Local Economic Development especially in the rural areas.

5.4.2. Recommendations regarding future research

While the study focused on the impact assessment of LED programmes in the Amathole District Municipality, it referred largely on agricultural interventions. In acknowledgment of the latter, the researcher recommends that a further research focusing on LED in its entirety be undertaken. Such study should stretch out to other municipalities in the province and target local communities as they are supposed to be the main beneficiaries of LED outcomes.
BIBLIOGRAPHY


Mandela, N. 1998. *Message from President Mandela at the Presidential Job Summit*. Government of South Africa: Midrand:


Nyama, L. 2007. *An assessment of the impact of democratization of public management approaches through municipal service partnership on LED in the Chris Hani District Municipality*. University of Fort Hare: Alice


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ANNEXURE A

(Permission to conduct study)
Dear Mr Mlokoti

RE: REQUEST FOR PERMISSION TO CONDUCT RESEARCH IN YOUR MUNICIPALITY

I am Mbuyiseli Mpengu, a student at the Nelson Mandela Metropolitan University (NMMU), doing Masters in Public Administration (MPA) degree. I am currently working on my Research Project (Treatise) as partial fulfillment requirement for the degree. My area of focus is on LOCAL ECONOMIC DEVELOPMENT WITH SPECIAL REFERENCE TO AGRICULTURE.

In the light of the above, I write to request a permission to conduct a research in your Municipality.

Kindly be advised that information obtained from this research will be treated as strict and confidential as possible, and under no circumstances will it be used for any reason other than academic purpose. Please further be advised that participants may withdraw from the study at anytime without any adverse consequences.

I look forward to hearing from you.

Thanking you in anticipation.

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MBUYISELI MPENGU (Mr)

Cell: 082 415 9105 / 076 244 4804
Fax: 086 562 4649 or 040 636 3462
Email: mbuyiem@gmail.com
Fax No. 086 562 4649 or 040 636 3462

Mr M Mpengu
6676 Sweetwaters
KING WILLIAM'S TOWN
5600

Dear Sir

RE: REQUEST FOR PERMISSION TO CONDUCT RESEARCH IN AMATHOLE DISTRICT MUNICIPALITY

Receipt of your letter dated 28 July 2009 is hereby acknowledged.

The Amathole District Municipality (ADM) hereby wishes to advise you that the Municipal Manager has given his permission to your request to conduct research on Local Economic Development with special reference to Agriculture.

You are to make contact with the Acting Director Land, Housing and Economical Development, Mr Nondwangu, to set up an appointment with his Department for you to undertake your studies.

The ADM would like to take this opportunity to wish you well in your studies.

Yours faithfully

[Signature]
V MLOKOTI
MUNICIPAL MANAGER

All correspondence to be addressed to the Municipal Manager
ANNEXURE B

(Subject information sheet for respondents)
Subject Information Sheet for respondents/ participants

Dear Participant

I am Mbuyiseli Mpengu, a student at Nelson Mandela Metropolitan University, doing Masters in Public Administration (MPA) degree. As part of my degree I am conducting a research study on Local Economic Development in the Amathole District Municipality. The main aim of this study is to assess the impact of the Local Economic Development in the Amathole District Municipality with special reference to agriculture.

I wish to invite you to participate in my study. Please note that your participation is voluntary and that non-participation will have no negative consequences. I would like to tape record the interview so that I can collect all the information during the interview. The tapes will be destroyed after the study is completed.

Please further note should you feel that you no longer want to continue, you can withdraw from the study at any time. Equally, if you feel that some of the questions are too personal or if you feel uncomfortable answering them, you have the right to refuse to answer. Kindly be advised that all the information obtained will be treated as strictly as confidential and under no circumstances will it be used for any reason other than academic purpose.

By participating in this study you will contribute to the improved implementation of government programmes, hence improved service delivery. The outcomes of this research will be sent to all the organisations that took part in the study and from which you can access the study results if you so wish.

Yours faithfully,

Mbuyiseli Mpengu
(Researcher)
Tel. 082 415 9105

Professor T.V. Mayekiso
(Research supervisor)
Tel. 041-504 2187
ANNEXURE C

(Questionnaire for LED Councillors)
I am Mbuyiseli Mpengu with a student number (208091859). I am currently doing Masters in Public Administration (MPA) with the Nelson Mandela Metropolitan University and working on my Research Project (Treatise), and my area of focus is on Local Economic Development (LED) in Amathole District Municipality. Your assistance with the completion of this questionnaire, which takes about 10-15 minutes to complete, will be much appreciated since it will assist the researcher in reaching the objectives of the research. Kindly be advised that information obtained from this Questionnaire will be treated as strictly as confidential and under no circumstances will it be used for any reason other than academic purpose. All the questions are important for various specific purposes of the study, please answer all questions. You are encouraged to answer frankly and honestly.

SECTION A - BIOGRAPHICAL DATA

Please show your response by crossing the appropriate box

1. Gender

   Female   Male

2. Highest qualification obtained/ passed

   Diploma   Degree   Secondary Education   Post-graduate diploma degree

3. Organization/ Institution
### SECTION B: MUNICIPAL INTEGRATED DEVELOPMENT PLAN (IDP)

The following statements refer to characteristics of your municipality. Using the scale below, circle the number that best represents your response.

<table>
<thead>
<tr>
<th></th>
<th>STRONGLY DISAGREE</th>
<th>DISAGREE</th>
<th>NEUTRAL</th>
<th>AGREE</th>
<th>STRONGLY AGREE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The Municipal council has a strategic vision for the municipality.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>2. This strategic vision is captured in the municipality’s integrated development plan (IDP).</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>3. The municipality’s IDP reflects the municipal council’s vision for the long term development of the municipality.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>4. The municipality’s IDP emphasises the municipality’s most critical development and internal transformation needs.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>5. The municipality’s IDP reflects an assessment of the existing level of development in the municipality, which includes an identification of communities which do not have access to basic municipal services.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>6. The municipality’s IDP reflects the council’s development priorities and objectives for its elected term, including its local economic development aims and its internal transformation needs.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>7. The adopted IDP reflects the municipality’s financial plan, which include a budget projection for the next three years.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
SECTION C

Using the scale below, state how true the following statements are about your municipality's IDP.

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>very true</td>
<td>somewhat true</td>
<td>a little true</td>
<td>not at all true</td>
<td>neutral</td>
<td>not sure</td>
</tr>
</tbody>
</table>

(Please circle one number in each line across)

1. The local community and other stakeholders in the municipality participated in the formulation of the IDP of the municipality.  

2. The municipality's IDP reflects on the municipality’s local economic development strategies.  

3. The municipality's IDP addresses the socio-economic needs of the community.  

4. The municipality's IDP places importance on the need for environmental maintenance of the local area.  

5. The municipality's IDP addresses the agricultural needs of the local farmers.  

6. The municipality's IDP has prioritized certain needs as most basic to the local community.  

7. The prioritised needs are accessible and affordable to the local community.  

SECTION D: LOCAL ECONOMIC DEVELOPMENT

Please tick (V) the appropriate answer

<table>
<thead>
<tr>
<th>1. There is a positive relationship between LED &amp; community participation</th>
<th>Yes</th>
<th>No</th>
<th>Not sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. The Municipality has developed an LED strategy</td>
<td>Yes</td>
<td>No</td>
<td>Not sure</td>
</tr>
</tbody>
</table>
3. The LED strategy addresses the socio-economic needs of the communities in the municipal jurisdiction/ area  
   | Yes | No | Not sure |
---|---|---|---|

4. The municipality has prioritized the agricultural development in strides to fight poverty.  
   | Yes | No | Not sure |
---|---|---|---|

5. An LED implementation plan outlining the short/medium term targets for the municipality has been developed  
   | Yes | No | Not sure |
---|---|---|---|

6. A well resourced unit/ section responsible for LED has been established  
   | Yes | No | Not sure |
---|---|---|---|

7. The municipality has programmes in place to promote and ensure development of local economies in the municipal area  
   | Yes | No | Not sure |
---|---|---|---|

8. The municipality has employed Community Development Workers (CDWs) with a view to strengthen community participation  
   | Yes | No | Not sure |
---|---|---|---|

9. A capacity building programme for officials responsible for the implementation of LED programme is in place  
   | Yes | No | Not sure |
---|---|---|---|

10. Partnerships have been established with other institutions (including government Departments) with a view to promote local economic development  
    | Yes | No | Not sure |
---|---|---|---|

What challenges do you encounter in implementing LED programme?

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-------------------------------------------------------------------------------------------------------------------------------------

THANK YOU FOR YOUR COOPERATION
ANNEXURE D

(Questionnaire for officials from other institutions)
I am Mbuyiseli Mpengu with a student number (208091859). I am currently doing Masters in Public Administration (MPA) with the Nelson Mandela Metropolitan University and working on my Research Project (Treatise), and my area of focus is on Local Economic Development (LED) in Amathole District Municipality. Your assistance with the completion of this questionnaire, which takes about 10-15 minutes to complete, will be much appreciated since it will assist the researcher in reaching the objectives of the research. Kindly be advised that information obtained from this Questionnaire will be treated as strictly confidential and under no circumstances will it be used for any reason other than academic purpose. All the questions are important for various specific purposes of the study, please answer all questions. You are encouraged to answer frankly and honestly.

SECTION A - BIOGRAPHICAL DATA

Please show your response by crossing the appropriate box

1. Gender

   | Female | Male |

2. Highest qualification obtained/ passed

   | Diploma | Degree | Secondary Education | Post-graduate diploma degree |

3. Organization/ Institution

   


SECTION B – LOCAL ECONOMIC DEVELOPMENT

1. What is your understanding of Local Economic Development (LED)

2. In your opinion, is there any relationship between LED & community participation? Please explain.

3. In your institution, what programme(s) do you have in place with a view to promote and ensure the development of local economies?

4. Does your institution have any capacity building programme for officials responsible for LED?
   Yes  No
   If yes, what programmes?

5. Have you established any relationship(s) with other institutions with a view to promote economic development? If yes, how are these managed?
6. What kind of support do you provide to municipalities in the implementation of LED programme?

7. Have you participated in the IDP process of the Amathole District Municipality?
   - Yes
   - No

   If yes, what role did you play?

8. How would you rate Amathole District Municipality in the implementation of LED programme?
   - Poor
   - Average
   - Good

9. What challenges do you encounter in implementing LED programme?

10. What measures do you think need to be taken to ensure optimal implementation of LED?

You are free to make any comments with regard to LED in Amathole District Municipality.

Thank you for your assistance, contribution and your time to complete this questionnaire.
ANNEXURE E

(Interview Sheet for LED Officials)
You are kindly requested to participate in this interview. All information given will be treated with confidentiality and anonymity and will only be used for the purposes of this study. You need not answer question that you are not comfortable with.

1. What is your understanding of Local Economic Development (LED)

2. In your opinion, is there any relationship between LED & community participation? Please explain.

3. Does your municipality have an LED strategy in place; if not, why not; if yes, what are the relevant details?

4. What programmes or mechanisms do you have in place to promote and ensure the development of local economies in your municipality (especially in rural areas)?

5. In your municipality, do you have a unit/section responsible for LED?

   Yes  No

If no, why not

If yes, how many officials are employed in this unit/section?
6. Do these officials have the required skills/ expertise to promote and implement LED programme? Please explain.

7. How do you ensure accountability of these officials?

8. Do you have Community Development Workers (CDWs) in your municipality? If yes, please explain the role they play in promoting LED.

9. Does your municipality have any capacity building programme(s) for officials responsible for the implementation of LED programme?

   Yes  No

   If yes, what programmes?

10. How do you involve local communities in the municipal affairs (i.e budget and IDP processes)

11. Do you have a system of assessing community satisfaction with municipal services?

12. In the 2008/09 financial year, how much has been budgeted for and allocated to LED?
13. In your opinion, do you think this budget is enough? Please explain.

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14. Is there any the role played by the Provincial Government and other institutions in promoting LED? Please explain.

------------------------------------------------------------------------------------------------------------------------------------

------------------------------------------------------------------------------------------------------------------------------------

15. What challenges do you encounter in implementing LED programme?

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------------------------------------------------------------------------------------------------------------------------------------

16. What measures do you think need to be taken in ensure optimal implementation of LED?

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You are free to make any comments with regard to LED in your municipality.

THANK YOU FOR YOUR COOPERATION
ANNEXURE F

(Application for Ethics approval)
**APPLICATION FOR APPROVAL: NMMU RESEARCH ETHICS COMMITTEE (HUMAN)**

1. Any project in which humans are the subjects of research, hereafter called a study, requires completion of this form and submission for approval to the RESEARCH ETHICS COMMITTEE (HUMAN) (REC-H).

2. The faculty through the Faculty RTI Committee and Head of Department (or other intra-faculty academic unit) should approve research proposals before submission to the Ethics Committee.

3. Each faculty has the primary responsibility for ensuring that human subjects used in research in their faculties are protected adequately by the application of the appropriate code applicable to the relevant profession.

4. How to proceed:
   - ii) Open a copy of the application form (this file "REC-H Human Ethics Application Form.doc") from the Intranet, and "Save as" the file with a filename containing your name (e.g. "J Smith REC-H Human Ethics Application Form.doc").
   - iii) Complete Sections 1 to 8 in typescript (Tab between fields, select from pull-downs, information may be pasted from existing Word® documents), and save (ensuring the filename contains your name).
   - iv) Append the necessary information, e.g. an Informed Consent form (use Document D/497/05 "REC-H Informed Consent Pro-forma" as a basis, and modify to suit your requirements).
   - v) Email the files to Belinda.duPlooy@nmmu.ac.za.

5. Print the document, get each page initialed on the lower right hand corner and get Sections 9 and 10 signed by the relevant parties.

6. Hand the signed hardcopy and attachments in at the Department of Research Capacity Development.

## 1. GENERAL PARTICULARS

| a) Concise descriptive title of study (must contain key words that best describe the study): |
| AN IMPACT ASSESSMENT OF LOCAL ECONOMIC DEVELOPMENT IN THE AMATHOLE DISTRICT MUNICIPALITY WITH SPECIAL REFERENCE TO AGRICULTURE |

| b) Name of primary responsible person (PRP) (must be member of permanent staff. Usually the supervisor in the case of students): |
| Prof T. Mayekiso Room 129, First Floor, X Block, 2nd Avenue Campus |

| c) Contact number/s of PRP: |
| +27 41 504 2187 |

| d) Affiliation of PRP: Faculty Arts; Department (or equivalent): |
| N/A |

| e) Name and affiliation of principal investigator (PI) / researcher (may be same as PRP): |
| MBUYISELI MPENGU |

| f) Name(s) and affiliation(s) of all co workers (e.g. co-investigator / assistant researchers / supervisor / co-supervisor / promoter / co-promoter). If names are not yet known, state the affiliations of the groups they will be drawn from, e.g. Interns / M-students, etc. and the number of persons involved: |
| N/A |

| g) Scope of study: Local |

| h) If for degree purposes: Masters |

| i) Funding: No specific funding |

| Additional information (e.g. source of funds or how combined funding is split) |

| j) Are there any restrictions or conditions attached to publication and/or presentation of the study results? |
| NO |

| If YES, elaborate: (Any restrictions or conditions contained in contracts must be made available to the Committee) |

| k) Date of commencement of study: 2008 |

| Anticipated duration of study: 2009 |

| l) Objectives of the study (the major objective(s) / Grand Tour questions are to be stated briefly and clearly): |

The main aim of this study is to assess the impact of LED programmes in Amathole District Municipality with special reference to the agricultural sector. This study also aims to identify means by which the best can be obtained out of progress made thus far in developing local economies. Finally, it aims at identifying the challenges facing the District in the implementation of the programme and come up with proposed recommendations to deal with them.
m) Rationale for this study: briefly (300 words or less) describe the background to this study i.e. why are you doing this particular piece of work. A few (no more than 5) key scientific references may be included:

The Amathole District Municipality is one of the poorest municipalities in the Eastern Cape Province. In its quest to achieve the objectives enshrined in section 152 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) one of which relates to the provision of services to economies in a sustainable manner, and to promote social and economic development, the District has identified the livestock farming and irrigated horticulture as one of its priority economic sectors (GDS report:2007-29). The Growth and Development Summit report (2007:27) reveals that the District Municipality itself lacks sufficient and requisite capacity skills to achieve its targets. In his State of the District Address (2008), Executive Mayor Somyo further acknowledges the challenges facing the district municipality insofar as the implementation of LED programmes is concerned. Accordingly, he identified a need for a policy shift in terms of support to LED and Agricultural initiatives. Moreover the fact that there are a number of different institutions and agencies involved in the LED programme also places a strain on the capacity of certain municipalities to service and manage wide areas of jurisdiction with inadequate institutional and financial capacities. Linked to this is the fact that there is a general concern over the participation by sector departments in the IDP processes. Consequently, the municipal plans are not in line with various programmes of other sphere of government that are aimed at alleviating poverty and improve the lives of communities thereof. The Growth & Development Summit Report (2007:50) concurs with this assertion and state that there is “absence of alignment with respect to planning, budgeting and implementation between the two spheres of government”. Hence, the study is undertaken with a view to assess the impact of the LED programmes, especially agricultural related programmes, in the Amathole District Municipality. In other words, this study seeks to determine the extent to which the District Municipality is succeeding in the implementation of LED programme and the challenges pertaining thereto, drawing lessons that can be learnt. However, this study is not a new line of inquiry but unique in the sense that it seeks to focus on the capacity of the municipality to implement LED programme and as such has the potential to contribute to effective, democratic and participatory local governance that is people-centered for effective service delivery. Moreover, considering the fact that there is new administration in place and that in 2011 there will be Local government elections in the country, the timing for the study is very much relevant. Linked to this is the current global economic meltdown which impacts negatively to the country’s economy. Accordingly, the outcomes of this study will inform and influence the strategies for the new administration in its quest to address such challenges. In pursuing this, due consideration will be given to the fresh mandate of current government as informed by the Manifesto of the ruling party.

n) Briefly state the methodology (specifically the procedure in which human subjects will be participating) (the full protocol is to be included as Appendix 1):

The researcher will make use of both qualitative and quantitative methods of data collection. On the one hand, qualitative research refers to those approaches in which the procedures are not highly formalized, while the scope is more likely to be undefined, and a more philosophical mode of operation is adopted. This will be used because it will be easy to learn what people perceive, how they interpret their perceptions and how events affect their thoughts and feelings. Quantitative research, on the other hand, is a form of conclusive research involving a large representative samples and fairly structured data collection procedures. In other words, this approach is concerned with numbers which represent values of variables, and these values measure characteristics of respondents. Research tools: Interviews. The researcher will make use of the interview technique. Wiersma (1986:79) defines interview as an oral exchange of opinions between an interviewer and individual and it is conducted in person. In an interview, responses may be
limited to a single word response like “Yes” or “No”, or they may be lengthy statements. Moreover, the researcher is going to develop and issue questionnaires. Chadwick et al (1984:103) state that in Questionnaire survey, a respondent fills out and returns to the researcher a Self-administered ‘interview’ (questionnaire) in which the questions and instructions are complete and understandable enough that the respondent can act as his or her own ‘interviewer’. The questionnaire will have open and closed questions. Open questions will call for the respondent’s free response in his or her own words, while no clues or suggestions are provided. Closed questions, on the other hand, will call for short check responses and alternative answers or possibilities will be provided for the respondent to choose from. In this study the target population consist of LED Councillors and Managers in Amathole District Municipality as well as officials responsible for LED in the Departments of (a) Economic Development & Environmental Affairs (b) Finance, (c) Agriculture & Rural Development, and (d) Local Government & Traditional Affairs in the Eastern Cape Province. Furthermore, government agencies, like Thina Sinako & Amathole Economic Development Agency (AEDA), form part of the study since they are also mandated to promote the development of local economies.

2. RISKS AND BENEFITS OF THIS STUDY

a) Is there any risk of harm, embarrassment or offence, however slight or temporary, to the participant, third parties or to the community at large? NO
   If YES, state each risk, and for each risk state i) whether the risk is reversible, ii) whether there are alternative procedures available and iii) whether there are remedial measures available.

b) Has the person administering the project previous experience with the particular risk factors involved? NO
   If YES, please specify:

c) Are any benefits expected to accrue to the participant (e.g. improved health, mental state, financial etc.)? YES
   If YES, please specify the benefits: Improved service delivery.

d) Will you be using equipment of any sort? NO If YES, please specify:

e) Will any article of property, personal or cultural be collected in the course of the project? NO
   If YES, please specify:

3. TARGET PARTICIPANT GROUP

a) If particular characteristics of any kind are required in the target group (e.g. age, cultural derivation, background, physical characteristics, disease status etc.) please specify: The study targets individuals and groups directly responsible for the implementation of LED from various institutions.

b) Are participants drawn from NMMU students? NO

c) If participants are drawn from specific groups of NMMU students, please specify: N/A

d) Are participants drawn from a school population? NO If YES, please specify:

e) If participants are drawn from an institutional population (e.g. hospital, prison, mental institution) , please specify: N/A

f) If any records will be consulted for information, please specify the source of records: N/A

g) Will each individual participant know his/her records are being consulted? YES
   If YES, state how these records will be obtained: N/A

h) Are all participants over 21 years of age? YES If NO, state justification for inclusion of minors in study:
### 4. Consent of Participants

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| a) | Is consent to be given in writing? **YES**  
If YES, include the consent form with this application. (A pro-forma file "REC-H Informed Consent Pro-forma" is available for your convenience. Modify it to suit your requirements, and attach as "Appendix 2"). If NO, state reasons why written consent is not appropriate in this study. |
| b) | Are any participant(s) subject to legal restrictions preventing them from giving effective informed consent? **NO** If YES, please justify: |
| c) | Do any participant(s) operate in an institutional environment, which may cast doubt on the voluntary aspect of consent? **NO** If YES, state what special precautions will be taken to obtain a legally effective informed consent: |
| d) | Will participants receive remuneration for their participation? **NO** If YES, justify and state on what basis the remuneration is calculated, and how the veracity of the information can be guaranteed. |
| e) | Do you require consent of an institutional authority for this study? **YES** If YES, specify: District Municipality as well as the identified Local Municipalities must give permission to interview their staff members. |

### 5. Information to Participants

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<td>a)</td>
<td>What information will be offered to the participant before he / she consents to participate? (A pro-forma file &quot;REC-H Preamble Letter Pro-forma.doc&quot; is available for your convenience. Modify it to suit your requirements, and attach as [Appendix 2]. Attach any oral [Appendix 3] information given)</td>
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| b) | Who will provide this information to the participant? (Give name and role)  
**Interviewer PI** If "Other", please specify: |
| c) | Will the information provided be complete and accurate? **YES** If NO, describe the nature and extent of the deception involved and explain the rationale for the necessity of this deception below: |

### 6. Privacy, Anonymity and Confidentiality of Data

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<td>a)</td>
<td>Will the participant be identified by name in your research? <strong>NO</strong> If YES, justify:</td>
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<td>b)</td>
<td>Are provisions made to protect participant’s rights to privacy and anonymity and to preserve confidentiality with respect to data? <strong>YES</strong> If NO, justify If YES, specify: in completing the questionnaires, the names of the respondents/participants will not be required, and interviews will take place out of earshot of other people.</td>
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<td>c)</td>
<td>If mechanical methods of observation are to be used (e.g. one-way mirrors, recordings, videos etc.), will participant’s consent to such methods be obtained? <strong>YES</strong> If NO, justify:</td>
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<td>d)</td>
<td>Will data collected be stored in any way? <strong>YES</strong> If YES, specify: (i) By whom? (ii) How many copies? (iii) For how long? (iv) For what reasons? (v) How will participant's anonymity be protected? (i) by the researcher; (ii) one copy; (iii) for the standard period of 5 years; (iv) for the process of the data and also for the purpose of writing up academic articles; (v) names of the participants will be not be requested.</td>
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<td>e)</td>
<td>Will stored data be made available for re-use? <strong>NO</strong> If YES, how will participant's consent be obtained for such re-usage?</td>
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<td>f)</td>
<td>Will any part of the project be conducted on private property (including shopping centres)? <strong>YES</strong> If YES, specify and state how consent of property owner is to be obtained: Interviews will be conducted on the premises of the Municipalities, and as such the respective authority will be given a written request asking permission for interviews to take place on their premises.</td>
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<td>g)</td>
<td>Are there any contractual secrecy or confidentiality constraints on this data? <strong>NO</strong> If YES, specify:</td>
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### 7. Feedback

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<td>a)</td>
<td>Will feedback be given to participants? <strong>YES</strong> If YES, specify whether feedback will be written, oral or by other means and describe how this is to be given (e.g. to each individual immediately after participation, to each participant after the entire project is completed, to all participants in a group setting, etc.): The results of the study will be made available in a written...</td>
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format to the District Municipality.

b) If you are working in a school or other institutional setting, will you be providing teachers, school authorities or equivalent a copy of your results? Not Applicable If YES, specify, if NO, motivate:

8. Ethical and Legal aspects

a) The Declaration of Helsinki (2000) will be included in the references: YES If NO, motivate:

b) I would like the REC-H to take note of the following additional information:

9. Declaration

If any changes are made to the above arrangements or procedures, I will bring these to the attention of the Research Ethics Committee (Human).
I have read, understood and will comply with the Guidelines for Ethical Conduct in Research and Education at the Nelson Mandela Metropolitan University and have taken cognisance of the availability (on-line) of the Medical Research Council Guidelines on Ethics for Research.
All participants are aware of any potential health hazards or risks associated with this study.
I AM aware of potential conflict(s) of interest which should be considered by the Committee.
If affirmative, specify:

19 April 2010

SIGNATURE: Prof T. Mayekiso (Primary Responsible Person) Date

19 April 2010

SIGNATURE: MBUYISELI MPENGU (Principal Investigator/Researcher) Date

10. Scrutiny by Faculty and Intra-Faculty Academic unit

This study has been discussed, and is supported, at Faculty and Departmental (or equivalent) level. This is attested to by the signature below of a Faculty (e.g. RTI) and Departmental (e.g. HoD) representative, neither of whom may be a previous signatory.

NAME and CAPACITY (e.g. HoD) SIGNATURE Date

NAME and CAPACITY (e.g. Chair:FacRTI) SIGNATURE Date

11. Appendices

In order to expedite the processing of this application, please ensure that all the required information, as specified below, is attached to your application.

APPENDIX 1: Research methodology

Attach the full protocol and methodology to this application, as "Appendix 1".

APPENDIX 2: Informed consent form

A pro-forma file "REC-H Informed Consent Pro-forma" is available for your convenience. Modify it to suit your requirements, and attach as "Appendix 2". If no written consent is required, motivate at 4a). You are not compelled to use this pro-forma. It is provided as a convenience to those applicants who do not already have an informed consent form. Please delete any information not applicable to your project and complete/expand as deemed appropriate. The intention is that you make sure you have covered all the aspects of informed consent, as applicable to your work.
APPENDIX 3: WRITTEN INFORMATION GIVEN TO PARTICIPANT PRIOR TO PARTICIPATION

A pro-forma file "REC-H Preamble Letter Pro-forma.doc" is available for your convenience. Modify it to suit your requirements, and attach as "Appendix 3". You are not compelled to use this pro-forma. It is provided as a convenience to those applicants who do not already have a letter available. Please delete any information not applicable to your project and complete/expand as deemed appropriate. The intention is that you make sure you have covered all the aspects of written information to be supplied to participants, as applicable to your work.

APPENDIX 4: ORAL INFORMATION GIVEN TO PARTICIPANT PRIOR TO PARTICIPATION

If applicable, attach the required information to your application, as "Appendix 4".

In order to facilitate improvements in efficacy/ease of use, feedback via a REC-H committee member will be appreciated.