THE IMPLEMENTATION OF LOCAL ECONOMIC DEVELOPMENT PROJECTS IN
AMATHOLE DISTRICT MUNICIPALITY

S. DUNGA

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THE IMPLEMENTATION OF LOCAL ECONOMIC DEVELOPMENT PROJECTS IN AMATHOLE DISTRICT MUNICIPALITY

BY

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DECLARATION

I, Sipokazi Dunga with student number 9858650, hereby declare that the treatise for Students qualification to be awarded is my own work and that it has not previously been submitted for assessment or completion of any postgraduate qualification to another University or for another qualification.

SIPOKAZI DUNGA

Signature: ___________________________ Date: 02/04/2013
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ABSTRACT

The study investigated the problems and challenges facing the Amathole District Municipality when implementing Local Economic Development (LED) projects. The aim of the study was to evaluate the factors affecting this implementation. The other major challenge is the number of different institutions and agencies that are involved in LED. Consequently, the desired results cannot be achieved, thus the communities continue to live in poverty, the local economy cannot improve and there will be a high rate of unemployment.

In order to address the research problem and to achieve the research objectives, available literature on Local Economic Development was reviewed. Empirical data was also collected making use of face-to-face interviews. The research revealed that the implementation of LED projects has not been entirely effective, mainly caused by the lack of capacity within the municipality to fully provide support in the implementation of LED projects; limited funding; shortage of personnel; political and administrative instability; problems regarding to social facilitation; and LED not being prioritised by the municipality and also seen as an unfunded mandate.

From the investigation, the findings indicate that the effective implementation of these projects require strengthened capacity which needs more funding, more skilled personnel to drive the process, de-politicised development and the municipality to prioritise high impact projects that yield sustainability as opposed to smaller projects that unsustainable.
LIST OF ACRONYMS

ADM : Amathole District Municipality
AREDS : Amathole Regional Economic Development Strategy
CBOs : Community Based Organisations
DEDEA: Department of Economic Development & Environmental Affairs
DLGTA : Department of Local Government and Traditional Affairs
DPLG: Department of Provincial and Local Government
GDP : Gross Domestic Product
IDP : Integrated Development Plan
ISRDS: Integrated Sustainable Rural Development Strategy
LED: Local Economic Development
NGOs : Non-Governmental Organisations
NMMU: Nelson Mandela Metropolitan University
PSC: Project Steering Committee
RSA: Republic of South Africa
SALGA: South African Local Government Association
SDBIP: Service Delivery Budget Implementation Plan
SMMEs : Small, Medium and Micro Enterprises
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CHAPTER 1
GENERAL INTRODUCTION

1.1 INTRODUCTION
This chapter provides the background to and rationale of the study and covers the following sections: literature about local economic development (LED), factors affecting the implementation of LED projects, statement of the problem, assumptions of the study, research questions and, objectives. The chapter further provides the methodology and design to be used, delimitations of the study and the ethics followed by the researcher in conducting the study. Lastly, an outline of the study in the form of chapters is presented.

1.2 BACKGROUND AND RATIONALE OF THE STUDY
Amathole District Municipality is a district municipality in South Africa. In terms of section 155 (1) of the Constitution of the Republic of South Africa, 1996, there are three categories of municipalities in South Africa. Category A is a municipality that has exclusive municipal executive and legislative authority in its area. Category B is one that shares municipal executive and legislative authority in its area with a category C municipality within whose areas it falls and which has municipal executive and legislative authority in an area that includes more than one municipality.

The role of a District municipality (Category C) is essentially to ensure the coordination of Local municipalities in its area by basically providing regional development planning, bulk services; capacity building programmes, and promoting
the equitable distribution of resources and services among the local municipalities (Cooperative Governance and Traditional Affairs, 2011:1).

The Amathole District Municipality (ADM) is situated within the Eastern Cape Province, between Port Alfred and Port St John’s, and includes the city of East London. The District stretches from the Indian Ocean coastline in the south to the Amathole Mountains in the north and includes large parts of the former Ciskei and Transkei homelands, which means the District has large disparities within its borders and between its local municipalities. The District’s jurisdiction comprises seven local municipalities, each containing at least one urban service centre as follows: Amahlathi Municipality (Cathcart, Stutterheim and Kei Road), Great Kei (Komga, Kei Mouth, Hagga-Hagga, Morgan Bay and Chintsa), Mbhashe (Dutywa, Willowvale, Elliotdale), Mnquma (Butterworth, Nqamakwe, Centane), Ngqushwa (Peddie, Hamburg), Nkonkobe (Seymour, Fort Beaufort, Alice, Middledrift) and Nxuba (Bedford, Adelaide) (Amathole District Municipality IDP review, 2011/12:11).

The Amathole District Municipality consists of eight departments namely, the Municipal Manager’s office; Land, Human Settlement and Economic Development; Engineering Services; Corporate Services; Budget and Treasury Office; Strategic Management; Municipal Health and Protection Services and Internal Audit (Amathole District Municipality Structure, July 2011). The focus of the study will be on the Local Economic Development unit which falls under the Department of Land, Human Settlement and Economic Development.
Hindson and Vicente (2005:3) state that Local Economic Development (LED) Policy in South Africa is going through a difficult birth. During the first decade of democracy, the focus of municipal LED initiatives was on community economic development projects, many of which proved economically unviable and had no lasting impact on poverty reduction. At local government level, one of the interventions that was introduced was Local Economic Development which focuses on economically empowering local communities in a participatory process which encourages social dialogue and Public-Private Partnership in a defined physical area with the intention of eradicating poverty and creating jobs. Local Economic Development (LED) is defined as a participatory process in which local people from all sectors work together to stimulate local commercial activity to establish a resilient and sustainable economy. It is a way to help create decent jobs and improve the quality of life for everyone, including the poor and marginalised (UN-Habitat, 2005:2).

Rogerson (2010:482) writes that although there was then a mandate (legal requirement) for South African local authorities to begin Local Economic Development, it was only in 2006 that the government came up with a National Framework for it to create inclusive local economies, exploiting local opportunities, real potential and competitive advantages, addressing local needs, as well as contributing to national development objectives.

Swinburn, Goga and Murphy (2006:14) argue that as the private sector and local community are significant beneficiaries of an LED programme, it is essential to involve them in the LED strategic planning process so as to increase the effectiveness and efficiency of the process; legitimise it and help to de-politicise LED
projects and encourage community voluntary efforts by the community to support LED implementation programs. Cunningham and Meyer-Stamer (2005:5) state that, to stimulate LED, various organisations have developed methodologies that guide the design and delivery of LED projects. Swinburn et al (2006:42-45) explain that once the LED programmes and projects have been selected, implementation planning begins. With each project and program that is implemented, a project review should be put together focusing on how best to advance the project in a rapidly changing environment to deliver the project action plans. It is necessary to ensure that, all key partners who were initially identified as being a beneficiary or potential contributor to the project are still available to support the project.

According to Thina Sinako in Action (2011:1), LED is one of the key performance areas of local government in terms of the Constitution of South Africa, 1996 and the Municipal Systems Act, 2000. However, municipalities in the province both at district and local level continue to be challenged on how to lead, facilitate and support LED at these levels. The challenge does not end there, state management above the local and regional levels is equally challenged as to how to consolidate and sustain an efficient system of support for local development endeavour.

Amathole District Municipality draft Integrated Development Plan (2012-2013:139) states that there is a lack of capacity at local municipal level. Officials in local municipalities often double up their functions and are responsible for diverse issues such as communications, local economic development, special programmes etc. This might have a negative impact on the proper implementation of LED projects as LED officials are expected to drive the implementation process. Plostajner and Briski
argue that local economic development projects have to be financially sustainable and have to sustain a favourable environment. Therefore the actors and the projects themselves need to be flexible, to be able to adapt to changing circumstances in its economies, societies and environments. All District and Metro municipalities have credible LED programmes which are being implemented by a dedicated local economic development unit or similar entity (Cohen, 2010:8).

The Amathole District Municipality has a mandate to support local municipalities to build capacity and assist them in social and economic development. It is important to mention that many role players in LED in the district try to optimise their capacity and resources by collaborating with each other and creating synergies. For the majority of running projects, it remains unclear how they contribute to increased employment and income. For new projects, there is no clear and transparent process defined that ensures that projects with high impact are selected. The ADM has no system in place to monitor project progress and measure future impact in its municipalities. There is a lack of understanding of LED and how it contributes to overall sustainable development. It is often not clear at the beginning of a project intervention what is required and what the intended impact will be, although this is an important investment in terms of time and financial resources to assess the appropriateness of projects. There is a need for guidance and coordination in terms of LED tasks and responsibilities and the role of Economic Development Agencies. The eligibility criteria for funding by the Industrial Development Corporation (IDC) are not suitable for Amathole’s economic development and there is no appropriate model in place on how to sustain operations (Suizer, 2008:28-32).
Amathole District Municipality Integrated and Development Plan (2011/12:149-152) outlines 51 LED projects that are grouped according to specific categories such as Tourism Development, Agriculture, Heritage Development, Enterprise Development, Economic Development and Environmental Management projects. Projects such as Tourism Development are facing challenges in the district because of inadequate infrastructure, product development, the quality of tourism products and lack of branding and marketing. In the agricultural sector there is a lack of adequate integration of planning activities and objectives between role players namely, the Amathole District Municipality (ADM), local municipalities (LM) and the Department of Agriculture, these have been identified as a major constraint within the sector. The need to identify specific institutional roles between the DM, the LM’s and the Department of Agriculture is central to optimising the limited capacity and financial resources and to successfully implement any strategic plan for agriculture in the District (Amathole District Municipality Integrated and Development Plan, 2011/12: 39-51).

The challenges for Enterprise Development which includes Small, Medium and Micro-Enterprise are access to markets, marketing material, access to finance, sustainable and vibrant enterprise, skills acquisition and managerial expertise. The challenges for Cooperatives (commercially viable, self-developing and marginal units) are market linkages (market research – supply and demand analysis), marketing material, procurement practice for co-operatives, education and training, access to finance, sustainable and vibrant enterprise. The challenges experienced in safeguarding heritage resources and developing heritage initiatives are lack of funds, lack of capacity in LM’s with regard to Heritage Resources Management,
limited knowledge in the community about certain heritage issues and the processing of permits by mandated heritage structures. Heritage artefacts that have been exported to other African and European countries, artefacts on privately owned land, raising perception about sites linked to certain histories (e.g. Ntaba ka Ndoda) (Amathole District Municipality Integrated and Development Plan, 2011/12: 30-37).

From the above, it is possible to identify challenges that are common to all these projects, namely, the lack of capacity, lack of funds, skills shortage, sustainability and role clarification issues which are crucial during the implementation of a project. James and Wong (2006:9) argue that the most common causes of project failure are: unclear project goals, unclear roles and responsibilities, inadequate estimation of required human resources and efforts, inadequate project monitoring and control, inadequate project management skills, inadequate risk management and poor project planning.

The main aim of this study is to investigate the factors that influence the implementation of Local Economic Development projects focusing on the Local Economic Development (LED) unit at Amathole District Municipality.

1.3 LITERATURE REVIEW

In recent years much has been written pertaining to Local Economic Development. Ntonzima and Binza (2011:655) state that all South African municipalities are now legally required to adopt LED processes (the Constitution of the Republic of South Africa, 1996; the White Paper on Local Government of 1998; and the Local Government Municipal Systems Act, 2000 (Act 32 of 2000). Ntonzima and Binza
(2011:655) further argue that, former President Thabo Mbeki pointed out that although South Africa seemed to be doing well in LED, it is not achieving as much as it can. He said it was important that LED processes and activities should be mainly home designed, to satisfy and improve the economic needs of local government and its people.

There is no clear distinction between strategic and implementing roles, this is often interpreted in such a way to place the sole responsibility on local government and to ignore other important actors, i.e. business and civil society organisations. This hampers LED efforts, especially since local government is neither best-equipped nor does it have the capacity to drive LED. Local Economic Development officers or units within local municipalities have little capacity or competence to start LED processes and follow them to their rightful conclusion, LED agencies often proposed as a solution to the capacity problem are in most cases too costly and thus not a sustainable support solution for rural areas (Trah, 2004:1-2).

According to Malefane and Mashakoe (2008:1) in order to foster the growth of local economies, broadly representative institutions must be established to address local economic development needs. Their purpose would be to formulate strategies to address job creation and community development (for example, leveraging private sector funds for community development, investment strategies, training, small business and agricultural development). If necessary, the democratic government must provide some subsidies and or workers, and target appropriate job creation and development programmes in the most neglected and impoverished areas of our country. Ultimately, all such projects should sustain themselves. The project
execution phase refers to the monitoring and control of the project and applying corrective measures as necessary. This is done through continuous and consistent review, reporting, control feedback and revision until the project is fully implemented. Some of the processes involved are: scheduling and network planning, cost budgeting, cost control, performance analysis, resource management and reporting (Frigenti and Comninos, 2002: 211-215).

Beyer, Peterson and Sharma (2003:12) state that identifying representation from community organisations can be challenging for implementers of LEDs. Government must accurately categorise societal groups and include appropriate representation in the LED process. In addition to stakeholder inclusion, transparency, accountability, sustainability, equity and efficiency are all part of the equation of a well-planned and implemented LED.

Nel (2001:1008) states that whilst there appears to be universal agreement that change has occurred, the degree to which it has taken place is open to debate as is the whole question of whether Local Economic Development can really serve as a new growth option. Practically however, not all initiatives succeed, many LED projects do experience a life cycle commencing with enthusiasm and success followed by average results and hopelessness.

1.3.1 Factors influencing Local Economic Development

Getting LED to work in South Africa is a critical success factor in addressing poverty and inequality, however there are a number of key issues to be addressed and challenges to be overcome before this can become a reality. The identified
challenges are: lack of common understanding of the role of LED and LED processes; an increasing urban-rural divide in LED processes and practices; the practical spatial constraints of economic planning at a very local level; a less than effective working relationship between provinces, districts and local authorities; a lack of effective LED networks in many areas; the inability of many local authorities to clearly define a LED strategy within the broader IDP process and a lack of planning resources and capacity (Cohen, 2010:11).

According to Sachs (2005:4) delivery of LED programmes and projects is still very fragmented and patchy. LED is not yet well embedded in municipal practice, as shown by limited funds allocation and the lack of monitoring and evaluation; there is considerable variation in the amount of resources and staff devoted to LED; there are differing views held between government as to whether LED should have a pro-poor or pro-market focus and a legacy of support for unsustainable, low skilled community projects has negatively impacted on perceptions of the efficacy of LED; LED is impeded when local municipalities lack the skills and capacity to effect change and lastly for community based economic development to work, participatory identification of strengths and opportunities at a local level is required as well as fostering community commitment in their own development.

Nel (2001:1017) states that there are very real barriers which exist at present to the further expansion and application of LED programmes. He cited internal constraints such as the lack of resources, loss of skills and frequent loss of economic bases and external constraints such as lack of appeal to external investors, the almost total
absence of any meaningful state development assistance for LED initiatives in South Africa and disempowerment in communities.

According to Nel and Goldman (2006:88) reasons for limited success are clearly related to capacity and funding constraints, as well as issues such as poor partnership formation, poor market research and the reality that many projects are not economically sustainable. Low and often minimal allocation of funds to LED only aggravates conditions and hinders the capacity for delivery. The fact that monitoring and evaluation is weakly developed and often not applied does not help.

Mkhize, Nowele and Hadingham (2007:6-10) conducted a study for the Department of Economic Development with regard to the implementation of LED projects and some of the findings were: the lack of continuity due to changes in political leadership, changes in staff involved in projects and changes of LED policy and approach; lack of availability of project documentation which is also linked to the aforementioned problem; lack of follow up as a lot of time is spent in conducting feasibility studies; communication with beneficiaries seems to be very haphazard; management of service providers in terms of transferring the skills to project beneficiaries and project sustainability where stakeholders and beneficiaries indicated that the approach of projects was problematic and contributed to the lack of sustainability and the failure of projects.

According to the Amathole Growth and Development Summit Report (2007:20) with respect to the first economy in Amathole District Municipality, the current regional strengths and lead sectors of the economy need to be enhanced. There is a need to
promote sustainable economic growth and employment, build regional competitive capabilities and provide firm support measures that enhance regional performance to attract foreign direct investment.

1.4 PROBLEM STATEMENT

The White Paper on Local Government (1998:24-28) states that the powers and functions of local government should be exercised in a way that will exert greater influence over the social and economic well-being of local communities. Local government can play an important role in promoting job creation and boosting the local economy.

While the Government of the Eastern Cape perceives LED to be one of the primary policy tools in leveraging socio-economic development throughout the province, there are a number of crucial challenges preventing LED from becoming a powerful development mechanism. In many cases, LED still appears to be fragmented with a greater need for horizontal as well as vertical planning and collaboration around implementation (NMMU report on Thina Sinako LGSF Projects, 2011:14). Executive Mayor S. Somyo, in his State of the District Address in 2008 acknowledged the challenges facing Amathole District Municipality (ADM) insofar as the implementation of LED programmes is concerned and this continues to be so. According to Amathole District Municipality’s Annual Report (2009/10:76) there seems to be a “siloh mentality” among stakeholders who are involved in economic development in the district. There is confusion about the roles each of the stakeholders should play in this regard. As a result, there is often duplication of LED projects and programmes by stakeholders. The other major challenge facing Local Economic
Development (LED) is the number of different institutions and agencies that are involved in LED. This state of affairs might impact negatively as it might stifle the smooth running of the LED projects. Consequently, the desired results will not be achieved and the communities will continue to live in poverty, local economy will not improve and there will be a high rate of unemployment. The question that arises is to what extent can the Amathole District Municipality overcome these challenges to the implementation of Local Economic Development projects? Furthermore, what are the factors influencing the implementation of these projects?

1.5 ASSUMPTIONS

The study assumes that:

- The implementation of LED projects is not effective and sustainable in Amathole District Municipality.
- Improved capacity, sufficient funding and clear role clarification on LED implementation will lead to sustainable local economic development.
- District municipalities with properly planned local economic development projects and complementary implementation plans will alleviate and improve the socio-economic conditions of the ADM.

1.6 OBJECTIVES OF THE STUDY

The study seeks to:

- Examine the role of the Amathole District Municipality in ensuring the effective implementation of local economic development projects.
• Identify and describe the implementation methods employed by the Amathole District municipality in ensuring the sustainability of local economic development projects.

• Identify the factors that hinder the successful implementation of local economic development projects.

1.7 RESEARCH QUESTIONS

Below are the questions that the study seeks to answer:

• To what extent can Amathole District municipality improve its implementation of LED projects to increase efficiency and effectiveness of these projects?

• Is the LED Strategy aligned to the Amathole DM IDP in terms of the implementation of the Local Economic Development projects?

• What are the factors that influence the successful implementation of LED projects within the District?

1.8 RESEARCH METHODOLOGY

According to Brynard and Hanekom (1997:25-27) research methodology is the strategy for research, which indicates the method of data collection, it is referred to as the how of collecting data and the processing thereof. There are two commonly used approaches in the social sciences and these are qualitative and quantitative approaches.

Merriam (2002:6) states that in qualitative research, the researcher is interested in understanding how participants make meaning of a situation or phenomenon, this meaning is mediated through the researcher as instruments, the strategy is
inductive, and the outcome is descriptive. A basic qualitative study, seeks to discover and understand a phenomenon, a process, the perspectives and worldviews of the people involved, or a combination of these. Data is collected through interviews, observations, or document analysis.

Quantitative research is often an iterative process whereby evidence is evaluated, theories and hypotheses are refined and technical advances are made. Quantitative research using a statistical method typically begins with the collection of data based on a theory or hypothesis, followed by the application of descriptive or inferential statistical methods (Babbie and Mouton, 2006:270). According to Patton (2002:14) the advantage of quantitative research is that a lot of people’s reactions can be measured with a limited amount of questions and comparisons are thus possible, as well as statistical aggregation of the data. It is also possible to generalise these findings.

In this study, the researcher will follow the qualitative research approach. The intent of qualitative research is to answer the questions about the complex nature of phenomena, often with the purpose of describing and understanding the phenomena from the participant’s point of view (Leedy and Ormrod, 2001:101).

1.9 RESEARCH DESIGN

A case study approach will be used in this research. Babbie and Mouton (2004:640) refer to a case study as an intensive investigation of a single unit or component which can differ between social groups, organisations, and institutions, events and countries.
For the purposes of this study, the Amathole District Municipality LED unit will be used to identify and examine the factors influencing successful implementation of local economic development projects. According to Spring (1997:1-2) the research object in a case study is often a programme, entity, a person or a group of people. Data gathered is normally largely qualitative but it may also be quantitative.

1.9.1 Population and sampling

In this study, the target population will be the LED officials in the ADM. According to Levy and Lemeshow (2008:11) the population or target population is the entire set of individuals from whom the findings of the survey are to be extrapolated. The individual members of the population whose characteristics are to be measured are called elementary units or elements of the population. The target population is the set of elements that the researcher focuses upon and from whom the results obtained by testing the sample should be generalised (Bless and Higson-Smith, 2000:87).

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. Sample surveys can be categorised into two very broad classes on the basis of how the sample was selected, namely probability samples (characteristics that every element in the population has a known, non-zero probability of being included in the sample) and non-probability samples (elements in the population do not each have an equal chance of being included in the sample) (Levy and Lemeshow, 2008:18-19). Punch (2005:101) states that all research involves sampling, this is because no study whether quantitative, qualitative or both can include everything, you cannot study
everyone, everywhere, doing everything. It is thus necessary to obtain a sample of participants who best represent the population.

Non-probability sampling is used if the objective is to estimate a parameter or a proportion from a sample to a larger population, and if the research calls for the collection of data about attributes of individuals, then the rule is simple, collect data from an unbiased sample (Bernard, 2000:174). Through this method a purposive or judgemental sampling will be used to obtain a sample. Neuman (2003:213) states that this type of sample uses the judgement of an expert in selecting cases or it selects cases with a specific purpose in mind.

In this study, the LED unit of Amathole District Municipality is selected to assess the factors influencing the successful implementation or otherwise of LED projects. The sample of this study will consist of nineteen (19) participants comprising of one (1) LED Senior Manager, three (3) LED Managers and fifteen (15) LED officers in the LED unit in Amathole District Municipality.

1.9.2 Data collection instruments

Face-to-face interviews will be conducted to gather information from the officials within the LED unit of the Amathole District Municipality. This type of interview has been chosen because if a respondent does not understand a question in a personal interview, you can fill in, and if you sense that the respondent is not answering fully, you can probe for more complete data. Further, you can use several different data collection techniques with the same respondent in face-to-face interviews. Some of the questions can be open-ended questions and you might also hand the respondent
a self-administered questionnaire booklet and stand by to help clarify potentially ambiguous items (Bernard, 2000:230).

Open-ended questions will be used in this study because they allow the respondents to express their attitudes or opinions without the bias associated with restricting responses to predefined alternatives. Thus, they can be useful in identifying underlying, motivations, beliefs, and attitudes (Malhotra, 2005:182).

The secondary data will be gathered from textbooks, internet sources, journal articles, academic theses and policy documents.

1.9.3 Data analysis and interpretation

Terre Blanche, Durrheim and Painter (2006:52) state that data analysis issues should be carefully considered when designing a study, since the aim of data analysis is to transform information (data) into an answer to the original research question. Full consideration of data analysis strategies will ensure that the design is coherent, as a researcher matches the analysis to a particular type of data, to the purposes of the research and to the research paradigm. The process of data analysis and interpretation begins once the data collection process has been concluded. The services of a statistician will be used to analyse the data.

1.10 DELIMITATION OF THE STUDY

The study will investigate the factors influencing the implementation of local economic development projects for Amathole District Municipality as LED is crucial in addressing the socio-economic challenges facing the municipality. The study will
take place in Amathole District municipality (ADM) in the Eastern Cape and will be restricted to the LED unit of the ADM.

1.11 LIMITATIONS OF THE STUDY

The study targeted 19 officials within the LED unit in Amathole District Municipality, however only 10 participants were interviewed. This was due to time constraints as other respondents were either working away from their offices therefore the researcher could not get hold of them or others were too busy therefore did not agree to take part in the interviews.

1.12 ETHICAL CONSIDERATIONS

This study will be conducted within the generally acceptable values and norms of the community. Before collecting the empirical data, ethics clearance has been obtained from the Nelson Mandela Metropolitan University Ethics Research Committee. In addition, ethical values such as voluntary participation and informed consent, no harm to the participants, anonymity and confidentiality will be adhered to. Participants will therefore, be informed that information obtained from this study will be treated as strictly confidential and that under no circumstances will it be used for any reason other than for this academic purpose.
1.13 CHAPTER OUTLINE

This study will consist of five chapters as outlined below:-

CHAPTER ONE
GENERAL INTRODUCTION
The background of the study, problem statement, assumptions, objectives of the study, research delimitations and ethical considerations will be discussed.

CHAPTER TWO
LEGISLATIVE AND THEORETICAL FRAMEWORK FOR LOCAL ECONOMIC DEVELOPMENT
This chapter will provide the legislative and theoretical framework for local economic development to obtain a clearer understanding of the nature and meaning of LED.

CHAPTER THREE
FACTORS INFLUENCING LOCAL ECONOMIC DEVELOPMENT PROJECTS
The factors affecting the implementation of projects in general and local economic development projects in particular will be explained.

CHAPTER FOUR
RESEARCH DESIGN AND METHODOLOGY
The focus in this chapter will be on the research techniques to be used to collect data for the study. The focus will be on the target population and sampling for the study; data collection instruments to be used and ethical considerations in respect of protecting the identity, values and norms of the respondents.
CHAPTER FIVE
DATA ANALYSIS AND INTERPRETATION
This chapter focuses on the analysis and interpretation of the empirical data.

CHAPTER SIX
FINDINGS, RECOMMENDATIONS AND CONCLUSIONS
This will provide the findings, recommendations and conclusions of the study.

1.14 CONCLUSION
This chapter outlines the structure and procedures which the study will follow by providing the reasons for conducting the study. Therefore the study seeks to assess the factors affecting the implementation of these projects. The following chapter focuses on the legislative and theoretical framework for local economic development to obtain a clearer understanding of the nature and meaning of LED.
CHAPTER 2
CONCEPTS, CONTEXT AND LEGISLATIVE FRAMEWORK FOR LOCAL ECONOMIC DEVELOPMENT

2.1 INTRODUCTION
The previous chapter discussed the background of the study, problem statement, assumptions, objectives of the study, research delimitations and ethical considerations. This chapter provides the legislative and theoretical framework required to gain a clearer understanding of the nature and meaning of Local Economic Development (LED). According to the Report for LED Strategy review in Sol Plaatjie Municipality (2008:7), LED is an important tool for the alleviation of poverty and the development of sustainable local economies. It is also the tool that can be used to unlock economic opportunities in the municipal area to create jobs and ultimately uplift the lives of the people. LED is thus everything that impacts on economic development and growth at a local level. It thus encompasses all departments, stakeholders and the community involved in various initiatives aimed at addressing a variety of economic needs and imperatives in that community.

Meeting the basic needs of communities is one of the critical challenges local governments face in South Africa. This issue has been at the core of the local government system since its advent in 2000. Municipalities have focused primarily on growing local economies and extending the provision of services to areas that were previously neglected (DPLG, 2005). Discussion in this chapter begins with an analysis of the legislative framework on which local economic development is based. The second section deals with concepts of local economic development while the
The last section focuses on local economic development in South Africa focusing on the role of different spheres of government in LED.

2.2 THE LEGISLATIVE FRAMEWORK FOR LOCAL ECONOMIC DEVELOPMENT

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

2.2.1 The Constitution of the Republic of South Africa, 1996

In terms of section 153(a-b) of the South African Constitution, 1996, a municipality must structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community. It should also promote the social and economic development of the community and participate in national and provincial development programmes. The Constitution gives municipalities power to develop the well-being of the citizens in their jurisdiction. While the municipalities are mandated to ensure economic development, they need to involve multi-stakeholders in making decisions that directly affect people.
2.2.2 The White Paper on Local Government, 1998

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

2.2.3 The Municipal Structures Act, 1998 (Act 117 of 1998)

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

2.2.4 The Municipal Systems Act, 2000 (Act 32 of 2000)

The main function of the Municipal Systems Act, 2000 as per the preamble to the Act is to provide for ‘the core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of communities, and ensure universal access to essential
services that are affordable to all’. Section 4(2) of the Municipal Systems Act, 2000 further states that a municipal council has to encourage the involvement of the local community; strive to ensure that municipal services are provided in a financially and environmentally sustainable manner. The council should consult the local community about the level, quality, range and impact of municipal services provided. There is also a need to ensure that members of the local community have equitable access to municipal services to which they are entitled; promote and undertake development in the municipality. Confirming the statements from the Act is Binza (2010:249) who suggests that LED initiatives and programmes should be managed effectively and efficiently to redistribute economic resources equitably.

2.2.5 Local Government Transition Act, 1993 (Act 209 of 1993)

Although more recent legal provisions pertaining to the development role of local government have been based on the 1998 Local Government White Paper, pre-1998 Acts have also served as a basis for this new role. The Local Government Transition Act, 1993 assigned various powers and duties relating to service provision to local governments and specifically required metropolitan councils to promote integrated economic development, the equitable distribution of municipal resources and the delivery of services with a developmental focus in municipalities.

2.3 CONCEPTUALISING LOCAL ECONOMIC DEVELOPMENT

The concept of LED is currently attracting considerable attention in government and political circles in South Africa. It is currently being initiated in variations which range from typical, northern style, urban entrepreneurial approaches pursued by the major cities through to a host of community and Non-Governmental Organisations (NGOs)
initiatives which share much in common with strategies pursued throughout the developing world (Nel, 2001:1008-1009). On the same subject Frankel (2005:247) confirms that, development must become an interactive process in which people choose their own approach to development.

Local economic development (LED) is about local people working together to achieve sustainable economic growth that brings economic benefits and improves the quality of life for all in the community (World Bank, 2002:3). Section 152(1) of the Constitution of the Republic of South Africa, 1996 encourages the involvement of communities, particularly stakeholders, in matters relating to the development of local government, thereby promoting socio-economic development. Municipalities have low budgets to perform LED and with no implementation guidelines to follow, the challenge to implement effective LED in South Africa at the local level is compounded (Patterson, 2008:40).

Ramukumba (2012:10) asserts that the purpose of local economic development is to build up the economic capacity of a local area, in order to improve its economic future and the quality of life for all. It is a process by which the public, the community and non-governmental sector work collectively to create better conditions for economic growth and employment generation. Local Economic Development (LED) is an outcome of processes aimed at building up the capacity of a local area for sustainable economic development. It requires cooperation and collective work between government, the private sector, the local community, and NGOs. This united effort needs to be linked to an area’s competitive advantage for optimal impact. LED programmes attempts to directly support innovative LED projects while
working to strengthen and support networks in the Province. The latter includes the public sector, the private sector and civil society. LED is aimed at producing economic benefits and an improved quality of life to all citizens within a municipal area. LED programmes are also expected to increase the economic prospects of municipalities and to raise the elasticity of macro-economic growth. Greater local economic growth, the creation of employment, as well as development initiatives of a sustainable nature, consist of various processes (Thina Sinako in Action, October 2010:2).

According to Ababio and Mahlatsi (2008:344), each locality may develop an approach that is best suited to its local context. In taking a best-suited approach, the local development directs its attention intrinsically to the devolution of authority to local bodies to institute development in an environment that is conducive to the possibility of effective transformation. With its practice of creating an economically viable environment, LED in particular refers to the promotion of the economic basis within a community. Pillay (2004:39) argues that, LED is an active process that envisages a mutual relationship between citizens and local authorities so as to create development that is sustainable. In order to produce development that is successful, effective and sustainable, the LED plan should cover short, medium and long-term strategies. It can be stated that the strategies included in LED programmes and projects should consist of support to and empowering of all local communities, in particular the poor.

It is pragmatic for policymakers to work with the dynamics that distinguish knowledge-based economies. The characteristics of developed economies are
based on explicit guidelines that promote relative practical social change in developing countries. Although developed economies provide economic guidelines to developing countries, growth and development in the countries remain instrumentally dependent on the culture and consumption power of the people and institutions of developing entities to introduce socio-economic changes and sustainable economic development that continues to increase employment and combat poverty (Rooney, Hearn, Mandeville and Joseph, 2003:133-135).

Frankel (2005:246-247) argues that the basis of economic development and developmental strategies of developing states founded on developed experiences is largely ineffective. LED strategies of developed states are implemented in countries regardless of contradicting social, economic and political values and systems. The reason is that developmental actions in developing countries are predominantly initiated by international direction from donors who lack understanding of developmental challenges, processes and systems of developing countries, such as South Africa.

An interactive process becomes an essential part of local initiatives as interaction supports the partnership function that shapes LED. This requires collaborations between all intra-local spheres, namely relationships between public, private and civil society organisations within municipalities. Ababio and Mahlatsi (2008:349) posit that, a suitable platform for the co-ordination of state activity is being pursued for the benefit of local areas. Hence municipalities are moulded to operate in a synergy with provincial and national spheres of governance, making local economic development ineffective when cooperation is absent between the spheres of government. Vertical
and horizontal integration of development practices are essential in maintaining a bottom-up approach to effective economic development. LED involves the mobilisation and growth of municipal resources. Malefane and Mashakoe (2008:477) argue that, the evolution of LED is based on collective actions to transform the current environment to embrace growth of the economy and the generation of employment opportunities. This means that the LED strategy cuts across all sector departments, impacting on the roles and orientation of all municipal departments.

Development indicators such as the Human Development Index (HDI), which determines the number of municipal citizens within the economically active age category and the real Gross Domestic Product (GDP) that determines the economic development rate in local spheres have now become the primary instrument in directing LED (Marais and Botes 2008:378). A clear vision is provided within the environment in which developmental action will take place.

Marais and Botes (2008:377) further state that, the utilisation of development indicators aligns local practices with the current New Public Management Paradigm. This paradigm enables the value of international development indicators to contribute to LED planning in developing countries. Thus contribution of international indicators to local legislation takes effect in sculpting initiatives in municipalities, classifying an approach that is formative and strategic for municipalities, by introducing entrepreneurship and private-public coalitions as a part of legislation (DPLG, 2007:4).
2.4 LOCAL ECONOMIC DEVELOPMENT IN SOUTH AFRICA

Nel and Rogerson (2005:16) state that South Africa’s post-apartheid development policy articulates a strong community-focused and pro-poor emphasis. This is expressed in the 1994 Reconstruction and Development Programme, the 1996 Constitution, the 1998 Local Government White Paper and the 2000 Local Government Municipal Systems Act, over and above a range of documents issued by the Department of Provincial and Local Government, which specifically encourage local governments to pursue pro-poor LED.

Nel and Rogerson (2005:16) further declare that these documents have encouraged local governments to pro-actively intervene in their local economies to create employment and reduce poverty. Nevertheless, numerous obstacles have been encountered, not least among them a poor understanding of local economies, support for unsustainable community projects, and capacity and resource constraints.

South Africa is a special case when it comes to Local Economic Development. Whereas in other countries LED tends to be a voluntary activity of local government, often born out of necessity or desperation, in South Africa it is a statutory activity. The South African constitution establishes “developmental local government”, and this includes the responsibility for economic development. In recent years, the main vehicle for the developmental task of local government has been the Integrated Development Plan (IDP) process, a five-year-plan which looks mainly at infrastructure development but also includes LED activities (Stammer, 2006:2).
Khosa (2000:203-204) assumes that LED in South Africa occurs at several levels and that it differs widely in characteristics. It is clearly more than the business and large city enterprises that traditionally characterise thinking on this topic. Apart from enterprises such as the business oriented National Business Initiative, there is a surplus of, for instance, Community Based Organisations (CBO) and NGO initiatives in local areas which also promote social and economic upliftment. There are four variants of LED currently featuring in South Africa and are:

- Formal local government initiatives, which parallel traditional western thinking and to a large degree, overlap with government thinking on the topic as detailed in its Local Government White Paper.
- Community based/small town initiatives which often develop as a result of NGO facilitation and support. Overlap with the government’s Rural Development Framework (RSA, 1997) is evident.
- Section 21 development corporations, i.e. companies that promote local development within a selected spatial area but not for gain.
- Top down LED in which government, usually at the provincial level and or various national organisations attempt to catalyse and support local initiatives.

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

2.4.1 Roles of different levels of government in LED

Bond (2002:7) states that in order to foster the growth of local economies, broadly representative institutions must be established to address local economic development needs. Their purpose would be to formulate strategies to address job creation and community development. If necessary, the democratic government must provide some subsidies as a catalyst for job-creation programmes controlled by communities and/or workers, and target appropriate job creation and development programmes in the most neglected and impoverished areas of our country. Ultimately, all such projects should sustain themselves.

DPLG (2006:9-10) states that municipalities have a key role in creating a conducive environment for investment through provision of infrastructure and quality services, rather than by developing programmes and attempting to create jobs directly. The Framework makes clear that local government does not create jobs. It goes on to point out that “local economic development is about creating a platform and environment to engage stakeholders in implementing strategies and programmes.

A critical part of local government’s leadership role in the area of LED rests within its ability to draw other key stakeholders into the development process. Effective and sustainable local economic development has been associated with the emergence of strong local partnerships, bringing together key stakeholders from both public and private sectors, along with local community interest groups. Such local partnerships
bring a range of diverse perspectives and insights to the definition of local strategic priorities, strengthen consensus and commitment, and can contribute to the successful implementation of local development strategies and plans. LED managers should thus facilitate the mobilisation of such local coalitions or partnerships for active involvement throughout the strategy development and implementation process (Draft Provincial LED Guidelines, 2008).

The National Department of Provincial and Local Government LED programmes provide support in the following areas: Development and review of national policy, strategy and guidelines for LED; Provision of direct and hands-on support to provincial and local government; Management of the Local Economic Development Fund; Management of and Technical support for Nodal Economic Development planning; Facilitation, coordination and monitoring of donor programmes; and assistance with LED capacity-building processes. These interventions and resource mobilising, local role players and interest groups are set to attain economic growth and to create jobs thereby reducing poverty. By 1999 the National, Provincial and Local spheres of government had included LED national imperatives in their development frameworks with specific reference to redistribution, job creation, poverty alleviation and public participation. As a result Integrated Development Plans were put in place in terms of the Local Government Transition Act, Second Amendment, Act 97 of 1997 (Tefu, 2007:24).

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

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

2.4.1.1 National government
National government is the first sphere and is driven by the constitution. Thus, the constitution places much emphasis on LED and the rise of developmental local government and thus national government needs to make this concept law. National government houses the Department of Provincial and Local Government (DPLG). This department is meant to not only assist the other two spheres of government but also link the top sphere of government to the lower spheres (Gunter, 2006:38).

The main role for national government set out in the guidelines is that of coordination of public policies and investment programmes. Government is also to ensure access to loans, directly through the Banking Charter (an agreement with commercial banks) and through legislation to permit the establishment of local savings and credit banks. These multi public funding mechanisms are seen as opportunities for LED, and the task for national government is to coordinate them to achieve maximum impact. A national LED Forum is to be set up to kick start, coordinate and oversee the process, providing it with technical instruments and a multi-sourced funding mechanism combining government and off budget sources (Hindson and Vicente, 2005:30-31).
According to Patterson (2008:16) the Department of Provincial Local Government's (DPLG) 5 year plan outlines three key priorities for the national government which are: mainstreaming hands on support to local government to improve municipal governance, performance and accountability; addressing the structure and governance arrangements of the State in order to better strengthen, support and monitor Local Government, and refining and strengthening the policy, regulatory and fiscal environment for Local Government and giving greater attention to enforcement measures.

2.4.1.2 Provincial government

Hindson and Vicente (2005:33) affirm that the role of provincial government is essentially to coordinate national resources passed down to various provincial departments and correlate these to the priorities and initiatives of the IDPs. They are encouraged to set up LED fora to carry out the work of the National LED Forum at the provincial level. Provincial departments are to take on LED as a major delivery area which municipalities must provide for communities and citizens. Further the provinces are given an important role in building the capacity of municipalities to undertake LED and in supporting them in its implementation. They are to do this through technical economic development resources, funding, investor and business information.

Gunter (2006:38) argues that provincial government is very often involved in the development of large scale investment in the province. It can thus be a major role player in the development of a province.
2.4.1.3 Local government

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

DPLG (2006:9) stresses that, municipalities should play a connector role in respect of LED drawing upon resources locked in a range of different government support instruments into their localities. Section 26 of the Local Government Municipal Systems Action of 2000 emphasises that, it is compulsory that all local authorities should draw up (amongst other things) an annual and five year Integrated Development Plan (IDP) which plan must contain a LED strategy, this is an attempt to ensure that local authorities do in fact focus on LED as a priority area.

The White Paper on Local Government, 1998 encourages municipalities to actively intervene in their local economies to protect and create new jobs, attract
investments, support economic growth, oversee the redistribution of resources and assist with the restructuring of industries. However, there is a high level of competition between levels of government, including local and district municipalities, and between these municipalities and provinces with inadequate involvement of the private sector. Despite the guidelines presented in the LED framework of 2007, positioning municipalities as custodians of LED implementation is not clearly executed or done without challenges (Van Donk, Swilling, Pieterse and Parnell, 2008:270).

Helmsing (2001:74) reiterates that several factors have contributed to a more prominent role for local government in local economic development. Local government has generally realised that they are but one of many players involved in local economic development. Most local authorities including relatively affluent countries, spend a relatively minor fraction of their budgets on direct economic development support.

Municipalities have other developmental mandates to intervene in their local economies, this mandate is supposed to be achieved through the integrated development planning of municipalities. All Integrated Development Plans include a chapter on LED with lists of funded and unfunded projects, which range from poverty related community projects to large scale projects. These projects are driven by municipal LED unit officials with intentions to create job opportunities. In addition to the above mentioned challenges, the local sphere of government placed the role of LED facilitation on both district and local municipalities, as well as separated powers between the two sub-spheres of government, for example, some LED and
infrastructure projects are implemented by the district municipality on behalf of local municipalities due to capacity and budgetary or funding issues (Qayi, 2010:23).

2.5 CONCLUSION

In its simplest form, LED can be regarded as an integrated, multidisciplinary approach aimed at poverty alleviation through pro-poor economic growth by supporting sustainable economic activities in municipalities (Van der Waldt, 2007:145). This chapter provided the strategies employed by South Africa in the implementation of LED in the communities. The roles played by the three tiers of government were elaborated. The next chapter will focus on the factors affecting the implementation of LED projects in Amathole District Municipality.
CHAPTER 3
FACTORS INFLUENCING LOCAL ECONOMIC DEVELOPMENT PROJECTS

3.1 INTRODUCTION
The previous chapter provided the legislative and theoretical framework for local economic development to obtain a clearer understanding of the nature and meaning of LED. The main aim of this study is to assess the factors affecting the implementation of local economic development projects in Amathole District Municipality and to draw attention to lessons that can be learnt.

This chapter highlights the factors that influence the implementation of projects in general and local economic development projects in particular. Analysis in respect of the implementation of Local Economic Development (LED) projects will be done in the first section of this chapter. The second section will focus on the challenges associated with the implementation of LED projects. This will be followed by the factors that affect the implementation of these projects.

3.2 IMPLEMENTATION OF LED PROJECTS
Implementation is “the process of putting an idea, programmes, or set of activities new to the people attempting or expected to change,” (Fullan, 1982:246). Ham and Hill (1984:104) define implementation as “those actions by public or private individuals (or groups) that are directed at the achievement of the objectives set forth in prior policy decisions”. The term “Implementation” in this study refers to the way LED projects in the Amathole District Municipality are delivered and their consequent translation into sustainable development in the communities.
Project implementation usually reveals government’s intentions of how things should be done whereby old patterns of doing things are abolished or modified and new patterns of action are adopted. A project is a unique, definite undertaking with clearly defined objectives, involving many inter-related tasks or activities and the contribution of a number of people working co-operatively under centralised control to produce a specified outcome or product within clearly-defined parameters of time, cost and quality (Gray, 1998:1).

A project is generally considered to be successfully implemented if it comes in on-schedule (time criterion); comes in on-budget (monetary criterion); achieves basically all the goals originally set for it (effectiveness criterion); is accepted and used by the clients for whom the project is intended (client satisfaction criterion). By its basic definition, a project comprises a defined time frame to completion, a limited budget, and a specified set of performance characteristics. Further, the project is usually targeted for use by some client, either internal or external to the organisation and its project team. It seems reasonable; therefore, that any assessment of project implementation success should include these four measures (Pinto and Slevin, 1987:169-170).

After many years of government promoting local economic development (LED) in South Africa, success rates are still limited with many plans in place but very limited implementation. The main contributing factor is the utilisation of weak methodologies, without mobilising the right capacity to execute; plans are simply not viable (Lawson, 2009:2). Pinto and Slevin (1987:167) argue that the project
Implementation process is complex, usually requiring simultaneous attention to a wide variety of human, budgetary, and technical variables. As a result, the organisational project manager is faced with a difficult job characterised by role overload, frenetic activity, fragmentation, and superficiality.

Despite the existence of legislation that requires the implementation of LED projects; most municipalities in South Africa have not been fruitful or effectively functional in their service delivery endeavours. Recent mass demonstrations and community protests against municipal under-performance and lack of basic service delivery attest to this claim (Phago, 2005:131). According to Khosa (2000:207) although LED has become an established feature of the development scene in South Africa, the number of LED projects is small. This can be attributed to serious resource and skills constraints, which are compounded by a lack of strategic guidance, facilitation and role models.

Phago (2005:131) further states that, implementing LED requires that municipal officials be provided with the requisite training in order to carry out their duties effectively and efficiently. Furthermore, a comprehensive strategic planning process is necessary for advancing and strengthening LED activities. Some of the reasons for poor implementation of LED strategies is the poor, or lack of integrated planning and implementation by government departments and municipalities (Qayi, 2010:10).

Primier (2003:10-13) advocates a five stage strategic planning process that is necessary to guide LED initiatives. These strategies, set out below, should be regarded as principled guidelines for municipalities to initiate LED projects:
• Effort organising: the creation of shared values between the stakeholders and identification of who should be involved.

• Local economic assessment: the context of local economy including the identification of strength, weaknesses, opportunities and threats. The purpose is to establish baseline understanding of local economy.

• Creation of LED strategy: creating vision, goals, objectives, programmes as well as projects and action plans is important.

• Implementation of LED strategy: this implementation depends on skilled human resources to follow procedures, in ensuring institutional capacity such as budgeting.

• Reviewing of LED strategy: this refers to the establishment of monitoring and evaluation measures. These measures assist in quantifying the impact of local economic development on the community in particular.

3.2.1 Sustainability of projects

Thapa and Elhaut (2009:8) define sustainability as ensuring that the institutions involved in projects are supported and the benefits realised are maintained and continue. It can be assumed that sustainability means having essential services become a permanent part of community resources. Sustainability is about maintaining and continuing programme service after the funding period is over. For sustainability to be achieved there is a need to change the perception of programme development. There should be forward planning for long term possibilities, opportunities and challenges.
Local governments in South Africa are currently struggling with the concept of local economic development (LED), which is seen as a tool through which to achieve sustainable development. LED has increasingly become an important component of their core function and local governments are faced with the challenge of developing sustainable settlements that will meet the basic needs of local communities, simultaneously improve their quality of life and contribute to the growth of the local economy (Abrahams, 2003:185).

Pieterse (2006:1) states that the realisation that successful and sustainable economic development depends on residents and citizens building local authorities to promote LED emerged from the processes that included supporting SMMEs, refining municipalities to attract local economies to achieve sustainable LED projects. Van der Waldt (2007:134) argues that it is crucial that LED projects should be sustainable and economically viable in order to benefit the society.

International Fund for Agricultural Development (2009:8-10) emphasised that in order to ensure project sustainability, the following essential dimensions should be considered:

- Institutional sustainability - functional institutions will be self-sustaining after the project ends.
- Household and community resilience – resilient communities are readily able to anticipate and adapt to change through clear decision making processes, collaboration, and management of resources internal and external to the community.
• Environmental sustainability – an environmentally sustainable system must maintain a stable resource base, avoid over-exploitation of renewable resources and preserve biodiversity.

• Structural change - the structural dimensions of poverty are addressed through the empowerment of poor and marginalised rural households.

The way a project is implemented can have considerable influence on its long-term sustainability. For instance, by fostering participatory approaches, remaining flexible in the face of inevitable setbacks, and strengthening the capacity of stakeholders to plan and manage future actions. Reiterating similar sentiments is the American Indian Development Associates (2001:4) which affirms that developing sustainability requires a shift from implementing a plan of action to programmes creating an ongoing transformational process that will address different participant and community interests.

The International Fund for Agricultural Development Strategic Framework (2007-2010) identifies several factors that are significant in determining sustainability each of which is directly related to implementation and falls within project control. Some of those factors are:

• Project objectives must be clear, must account for important assumptions and should not be overambitious.

• Projects need to build systematic institutional, economic, social and risk analysis and mitigation into design and implementation.

• Project management must be able to provide or arrange for the provision of consistent implementation support to institutional partners.
• A clear exit strategy must be planned and agreed upon by key partners during the design phase and used as a reference point throughout project implementation.

• Projects must systematically identify, analyse and respond to risks in a way that ensures continuation of project benefits after completion of the project.

• Projects should seek ways to strengthen the capacity of individuals, households, communities and formal and informal institutions that will help them cope with future shocks.

3.2.2 Prospects for success

The reliance of LED initiatives, particularly at the community level, on high degrees of social cohesion and the joint identification and implementation of projects ensure that there is a complementary relationship between LED and the vague notion of social capital. LED represents a serious attempt by local actors, as representatives of the communities to promote and sustain economic development in spite of recessionary and other global forces. Whilst there appears to be universal agreement that change has occurred, the degree to which it has taken place is open to debate as is the whole question of whether LED can really serve as a new growth option (Nel, 2001:1006-1008).

An analysis of the prospects of LED in the developing world should begin with the analysis of the underlying structure of relations among the various actors involved in the process. It is important to study these structures since they determine the ongoing social and political processes. These processes, in turn influence the effectiveness of LED measures. The success or otherwise of LED measures is
rooted within a range of local non-economic factors such as local community, culture and politics (Syrett, 1995:308). Blair (1995:177) argues that the LED approach propagates an active role by the local government in the identification and implementation of projects since it is more aware of the needs of the area. A relatively autonomous local government will be free in its choice of projects. Again if the participation is broad based, the chances are that those projects will be selected which are beneficial for the majority of citizens. The success of these projects depends upon the management skills of the local government. The effectiveness of the local initiative is determined by the political process and how well this represents the interests of the citizens.

The LED approach removes the process of development from higher echelons and places it at the level where it should be. Its success is heavily conditioned by the presence of an overall suitable atmosphere that is determined not only by the economic factors but also by social and political processes. Another condition to make sure that the measures taken by the government do in fact reach the poor is the existence of social consciousness and organisation at the community level. NGOs can also play an important and significant role (Hasan, 1998:12).

### 3.3 CRITIQUE OF LED PROJECTS IMPLEMENTATION

The widespread failure of many LED projects is being recognised and indicates the limitations of their approaches. As has been observed recently, it appears that the results have generally been disappointing (Hindson, 2003:4), with capacity and resource constraints being the key hindrances in many local authority areas (Nel, 2001). In a critical commentary, Meyer-Stammer (2003:3) argues that LED in South
Africa tends to be confused and highly selective. Add to this, the limited capacity and experience of local governments in terms of promoting economic development, it is unlikely that LED will make much of a difference. Accordingly, Meyer-Stammer (2003) contends that LED should focus on markets and that competitive business and community development interventions should be used to deal with social problems. This viewpoint echoes the critique offered by (Hindson, 2003:4) that by focussing on poverty, albeit valid and justifiable, questions of economic growth are left either largely unanswered or side-lined.

Xuza (2007:118) states that the very day that most South African municipalities establish LED units, there will be at least three programme offerings. These are tourism, agriculture and Small Medium Micro Enterprise (SMME) development. The realities behind the establishment of these programmes are understandable. Agriculture in mostly rural municipalities provides a basis for community development, while tourism on the other hand is made easily accessible by the generous poverty relief programme that the national Department of Environmental Affairs and Tourism launched a few years ago.

The sustainable livelihoods framework helps to analyse the strengths of particular systems of land tenure, and of their evolution. The framework is useful when considering options for change and their likely impact on people’s asset status. Their access to capital assets, including finance, land, natural resources and social capital, determines how and how far livelihoods can be enhanced (Adams, Sibanda and Turner, 1999:4). The SMME development programme, with its apparent lack of prioritised economic sectors, has become a day to day struggle between giving (non-
financial) business services to community initiatives and (financial) business support to individuals. The benefits of most project initiatives within these programmes are sometimes difficult to trace and this poses a challenge to programme design at a local or municipal level. A municipal agriculture programme for example is not in itself focused on agriculture development but tends to support project initiatives that are agricultural in character.

In practice, not all initiatives succeed, many projects experience a life cycle commencing with enthusiasm and success followed by what can often be mediocre results and despondency (Razin, 1990:685).

Although there are LED projects being implemented by the municipalities, the challenge is the limited implementation caused by the lack of resources such as the limited budget and capacity to drive the implementation of these projects. It has also been noted that there is no sustainability on the implemented projects, which would meet the basic needs of local communities and improve the growth of the local economy.

3.4 FACTORS AFFECTING THE IMPLEMENTATION OF LED PROJECTS

According to Nel (2003:1) LED has become well established in the South Africa; however a series of key blockages are impeding its widespread and successful implementation, at all levels. Whilst some noteworthy LED successes have been achieved across the country, there are key constraints related to shortages of funds, staff, skills and resources, particularly at local government level. Additionally, government and various researchers have established that LED is not living up to
expectations. There seems to be confusion regarding its definition and application. Furthermore, there is confusion regarding the purpose of LED and whether it is purely about poverty relief or whether it is about encouraging economic growth. Ideally it should be a combination of the two.

LED has been recognised as a critical approach, within the context of empowered local authorities, pro-active actions by local citizens and the need to ensure that development is pro-poor in its focus and outcomes. However even though LED has been encouraged in South Africa for over ten years, it is apparent that it is not without difficulties. Not all LED projects succeed. There are fundamental problems with many projects, such as grant-dependence, critical staff and resource shortages and difficulties in designing projects in terms of being fundamentally economically sound. These challenges have been identified and analysed by a range of authors, and by the Department of Provincial and Local Government in South Africa (Nel, 2003:3).

Nel and Rogerson (2005:12) state that despite these contextual factors, LED is nonetheless still taking place on the ground in South Africa with varying degrees of success. It is therefore, perhaps appropriate to argue that South African LED officials and policy makers need to take stock of the deep-rooted structural constraints which are inhibiting their actions, to learn from successes where they have occurred and to reconceptualise their roles, targets and strategies to ensure that appropriate and meaningful development is achieved.
Nel and Rogerson (2005:12) outline some of the key issues and these are set out below. These considerations reflect the very real challenges that LED has faced in South Africa in recent years. These issues must be addressed when undertaking future LED initiatives:

- The politicisation of development is an issue, where individual interests override the greater common good.
- Projects appear to move through a life cycle which often sees the demise of once promising endeavours.
- There is a clear problem of grant dependence and the limited sustainability of many projects.
- The economic aspects of projects, especially the marketing of products are often neglected in planning and often threaten project sustainability.
- Many regard LED as an unfunded mandate, i.e. local governments are required to pursue it but lack the necessary funds and staff.
- There is a clear need for more training, facilitation and funds.
- There is currently inadequate facilitation and support.
- Community focused programmes are often difficult to sustain because of high staff turnover, limited resources and capacity.

The decentralisation of power from national government to the local tier has placed huge additional responsibilities on a sphere of government which often has very limited capacity to implement them effectively. The lack of clear understanding and or agreement at local level of what LED actually means is problematic (Nel and Rogerson, 2004:1). Some of the key factors affecting the implementation of LED projects are outlined below.
3.4.1 Institutional arrangement

Local government has an important role to play in ensuring appropriate and responsive institutional arrangements and a champion or special purpose vehicle to drive the implementation of economic development projects in their areas. There is a lack of understanding of what LED is, what it should focus on and how it relates to the work carried out in other municipal departments (Xuza, 2007:119).

The establishment and existence of LED units, sections and divisions within municipal administration and management is a legislative requirement. Thus, an Integrated Development Plan (IDP) should explicitly specify LED plans and how activities would be coordinated within the entire municipality by different departments. However, municipal LED in South Africa has not been fruitful or effectively functional (Phago, 2005:131).

Human, Marais and Botes (2008:63) state that the absence of a strategic approach to LED resulted in confusion as to where LED projects should be located. LED projects are scattered throughout municipalities. Officials indicated that little or no funding is made available for the purpose of determining where the economic growth points are or assessing the economic potential of the areas. This problem seriously hampers sustainable economic growth and renders the LED strategy irrelevant. However, it should be pointed out that, since most the LED projects are actually aimed at poverty alleviation, the strategic location of projects in terms of economic sustainability becomes less relevant.
3.4.2 LED funding

Section 153(a) of the Constitution of South Africa, 1996 recognises the significance of local government in the statement that: “a municipality must structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, to promote the social and economic development of the community”. According to Nel and Humphreys (1999:9) local sourcing of finance for LED initiatives is a major area of concern. With the possible exception of the metropolitan areas, local government does not have the money to invest in the process. Local revenues are very limited, the more so by the widespread non-payment of local taxes, as many as one third of all local authorities are thought to be bankrupt. In this situation it is unlikely that much action will be taken without dedicated funds provided by central government.

LED Policy and guidelines are well documented at national level yet the issue of funding for LED remains a matter to be addressed. LED is not yet well embedded in municipal practice, which is apparent in many cases by the limited funds allocated to LED by municipalities and the lack of impact or intervention. Although financial support for LED can be derived from a wide range of sources, a key difficulty is that the municipality or local development agency often lacks adequate, locally available funds and competencies to drive the LED process independently. The varying size of LED units, the presence or absence of professional staff and resource differences creates a very diverse profile in terms of what exists and also in terms of actual impact. Currently to access funds for LED, municipalities can either employ funds generated locally to implement municipal-led activities such as through the levying of rates and taxes, or funding can be derived from higher tiers of government.
Generally, LED has no secure funding sources and often relies on charitable donations and public grants. The role of local and internal NGOs and donors is of great importance in accessing and making available funds for local development projects (Patterson, 2008:11).

3.4.3 LED capacity

The main contributing factor to the limited results in the implementation of LED projects is the utilisation of weak methodologies. Without mobilising the right capacity to execute, plans are simply not viable. Is it surprising then if plans are not implemented? LED success depends on bringing the right stakeholders together in the right pattern of roles, based on the specific competencies and interests of the different stakeholder groups. Stakeholders must believe that the benefit of participating in LED significantly exceeds the cost and time invested (Lawson, 2009:4). The funding of an effective system of LED and management is a precondition for securing the buying in of poorer citizens. While communities can be expected to allocate their own resources for this purpose, government should ensure that adequate measures are in place to protect people from exploitation by elites. At the outset, when systems are being established, funds also have to be found for public information, the training of officials, community facilitation and dispute resolution, among others (Adams, Sibanda and Turner, 1999).

According to Human, Marais and Botes (2008:63) there is no real skills development taking place in municipalities. People are left to run projects without the necessary business knowledge and especially financial management skills to ensure project sustainability. This results in poor financial management, with most of the funds
provided by the municipality being spent on salaries rather than on improving infrastructure.

Patterson (2008:31-32) further states that the best way to assist municipalities to start LED processes and take up local or regional economic development is to introduce an efficient and effective, low cost approach to empower local and district municipalities. Capacity building initiatives take place on various levels. Policy and decision makers at national, provincial and local level are exposed to LED concepts, approaches and instruments via LED training workshops, presentations and exposure tours on LED initiatives. The major capacity building initiative of the programme, is to qualify South African LED experts in LED concepts, tools and practical approaches to support local and district municipalities in their LED processes.

From the above discussion, it has been note that LED is seen as an unfunded mandate as local governments are required to pursue it whilst there is the lack of funds and capacity to implement the LED projects and programmes efficiently and effectively.

3.5 CONCLUSION

This chapter focused on the factors that affect the implementation of LED projects. Many proponents argue that, the implementation of these projects is not effective, and does not introduce sustainable development in communities. This is mainly caused by the lack of capacity (skills) amongst the LED implementers, financial constraints and in some cases institutional arrangements with respect to role
clarification and understanding of the LED concept by municipalities. However some argue that there are success stories with respect to the implementation of LED projects and these could be used, as South African LED officials and policy makers need to take stock of the deep-rooted structural constraints which are inhibiting their actions, to learn from successes where they have occurred and to reconceptualise their roles, targets and strategies to ensure that appropriate and meaningful development is achieved.

The next chapter focuses on the research techniques to be used to collect data for the study in terms of the target population and sampling for the study; data collection instruments to be used and ethical considerations in respect of protecting the identity, values and norms of the respondents.
4.1 INTRODUCTION

Chapter three discussed the factors affecting the implementation of projects in general and local economic development projects in particular were explained. This chapter deals with the research methodology used for the study. The chapter explains research methodology, sampling procedure, data collection and analysis and interpretations, delimitations of the study and also the ethical considerations the researcher adhered to during the data collection process.

4.2 RESEARCH METHODOLOGY

According to Brynard and Hanekom (1997:25-27) research methodology is the strategy for research which indicates the method of data collection, it is referred to as the how of collecting data and the processing thereof.

Research methodology is defined by Babbie and Mouton (2001:647) as “the methods, techniques, and procedures that are employed in the process of implementing a research design or research plan, as well as the principles and assumptions that underlie their use.” Similarly Mouton (2001:56) points out that research methodology is focused on the process and places emphasis on the types of tools and procedures to be utilised in the research project. The point of departure for action is the specific tasks that require completion for the duration of the research study.
There are two commonly used approaches in the social sciences, namely, quantitative and qualitative approaches. These will be discussed in the following paragraphs.

4.2.1 Quantitative research

Quantitative research is often an iterative process whereby evidence is evaluated, theories and hypotheses are refined and technical advances are made. Quantitative research using a statistical method typically begins with the collection of data based on a theory or hypothesis, followed by the application of descriptive or inferential statistical methods (Babbie and Mouton, 2006:270). According to Patton (2002:14) the advantage of quantitative research is that people’s reactions can be measured with a limited amount of questions and comparisons are thus possible, as well as statistical aggregation of the data. It is also possible to generalise these findings.

4.2.2 Qualitative research

A basic qualitative study, seeks to discover and understand a phenomenon, a process, the perspectives and world views of the people involved, or a combination of these. Data is collected through interviews, observations, or document analysis. (Merriam, 2002:6). Qualitative research methods are used to address research questions that require explanation or understanding of social phenomena and their context. They are used in samples that are small in scale and purposively selected on the basis of salient criteria. Data collection methods usually involve close contact between the researcher and the participants, which are interactive and developmental and allow for emergent issues to be explored. Data is very detailed, information rich and extensive (Ritchie and Lewis, 2003:5).
Qualitative researchers typically study a relatively small number of individuals or situations and preserve the individuality of each of these in their analyses, rather than collecting data from large samples and aggregating the data across individuals or situation. Thus, they are able to understand how events, actions, and meanings are shaped by the unique circumstances within which these occur. Qualitative research is interested in understanding the process by which events and actions take place. The interest is in process rather than outcomes. The major strength of qualitative research is in getting at the processes that led to these outcomes (Maxwell, 2005:22).

Qualitative research takes note of details such as environmental impacts and perceptions. The research methodology centres its attention on the methods and tools that the researcher has used in order to reach the results, recommendations and conclusions that have been made. The design is provided to determine the final product and to detail the plan for the research undertaking that relates to the results of the required data collection. Selection of the correct research methodology and the application of an efficient research design makes the collection of relative data and critical analysis of the data mandatory. Within the context of the study, the data is descriptive and relative to the unit of analysis (Preece, 1994:47).

In this study, the author followed the qualitative research approach. In qualitative research, the researcher is interested in understanding how participants make meaning of a situation or phenomenon, this meaning is mediated through the
researcher as instruments, the strategy is inductive, and the outcome is descriptive (Merriam, 2002:6).

4.3 RESEARCH DESIGN

No research has meaning without proper validation. Details about the planning and execution of the research, being critical components of research design are therefore presented in this paragraph. According to Hussey and Hussey (1997:54), research design is the overall approach to the research process, from the theoretical underpinning to the collection and analysis of the data.

A case study approach was used in this research. It was chosen on the basis of trying to gain a comprehensive understanding of the implementation of LED projects within the LED unit in the Amathole District Municipality. Babbie and Mouton (2004:640) refer to a case study as an intensive investigation of a single unit or component which can differ from social groups, organisations, and institutions, events and countries. Merriam (1988:9) states that a case study is an examination of a specific phenomenon such as a programme, an event, a person, an institution or a social group. Bless, Higson-Smith and Kagee (2006:71) further state that research design relates to the testing of the hypotheses. It is a specification of the most adequate operations to be performed in order to test specific hypotheses under given conditions.

For the purposes of this study, the Amathole District Municipality LED unit was used as a case to identify and examine the factors influencing successful implementation of local economic development projects. According to Wilson (2009:207) the
research object in a case study is often a programme, entity, a person or a group of people. Data gathered is normally largely qualitative but it may also be quantitative.

4.3.1 Population and sampling

In this study, the target population used was the LED officials in the ADM. According to Levy and Lemeshow (2008:11) the population or target population is the entire set of individuals from whom the findings of the survey are to be extrapolated. The individual members of the population whose characteristics are to be measured are called elementary units or elements of the population. The target population is the set of elements that the researcher focuses upon and from whom the results obtained by testing the sample should be generalised (Bless and Higson-Smith, 2000:87).

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. Sample surveys can be categorised into two very broad classes on the basis of how the sample was selected, namely probability samples (characteristics that every element in the population has a known, non-zero probability of being included in the sample) and non-probability samples (elements in the population do not each have an equal chance of being included in the sample) (Levy and Lemeshow, 2008:18-19). Punch (2005:101) argues that all research involves sampling, this is because no study whether quantitative, qualitative or both can include everything, you cannot study everyone, everywhere, doing everything. It is thus necessary to obtain a sample of participants who best represent the population.
Non-probability sampling is used if the objective is to estimate a parameter or a proportion from a sample to a larger population, and if the research calls for the collection of data about attributes of individuals, then the rule is simple, collect data from an unbiased sample (Bernard, 2000:174). Through this method a purposive or judgemental sampling was used to obtain a sample. Neuman (2003:213) states that this type of sample uses the judgement of an expert in selecting cases or it selects cases with a specific purpose in mind.

In this study, the LED unit of Amathole District Municipality was selected to assess the factors influencing the successful implementation or otherwise of LED projects. The sample of this study consisted of nineteen (19) participants comprising one (1) LED Senior Manager, three (3) LED Managers and fifteen (15) LED officers in the LED unit in Amathole District Municipality.

4.3.2 Data collection instruments

Face-to-face interviews were conducted to gather information from the officials within the LED unit of the Amathole District Municipality. Assistance was provided to clarify questions that the participants found unclear. According to Marshall and Rossman (1999:37) in qualitative research, for a study focusing on individuals’ lived experience, the researcher could argue that one cannot understand human actions without understanding the meaning that participants attribute to those actions, their thoughts, feelings, beliefs, values, and assumptive worlds; the researcher therefore needs to understand the deeper perspective captured through face-to-face interaction.
The main purpose of an interview is to provide a framework in which respondents can express their own thoughts in their own words in the form of conversation between two people. They are conversations with a purpose, which is to collect information about a certain research problem. The interviewer initiates contact and the interviewee consents where the interviewer establishes the right to ask questions and the interviewee agrees to answer these questions (Miller and Brewer, 2003:166).

Although they may be time consuming, and sometimes part of the conversation may have no bearing on the study, the advantage of interviews is that the researcher is provided with greater flexibility, personal control, and a personal relationship between the interviewer and the interviewee is more effective in eliciting more information from the respondent (Thomas, 2003:63). An interviewer is in a good position to judge the quality of the responses, to notice if a question has not been properly understood and to encourage the respondent to be explicit in his or her answer using visual signs, such as nods, smiles to help get good responses (Walliman, 2006:92).

The secondary data was gathered from textbooks, internet sources, journal articles, academic theses and policy documents.

4.3.3. Research procedure

Respondents were interviewed on different occasions for between 30 and 45 minutes and were assured that their identities would not be identifiable in any subsequent report. 19 officials within the LED unit of the ADM were targeted for the
purpose of the study, however only 10 respondents were interviewed. The participants were fully informed about the purpose of the study and interviews before they started and about their right to leave if they felt they no longer wanted to participate.

4.3.4 Data analysis and interpretation

Terre Blanche, Durrheim and Painter (2006:52) state that data analysis issues should be carefully considered when designing a study, since the aim of data analysis is to transform information (data) into an answer to the original research question. A full consideration of data analysis strategies will ensure that the design is coherent, as a researcher matches the analysis to a particular type of data, to the purposes of the research and to the research paradigm. The process of data analysis and interpretation begins once the data collection process has been concluded. Data was analysed qualitatively making use of themes extracted from the interviews.

4.4 DELIMITATION AND LIMITATION OF THE STUDY

The study investigated the factors influencing the implementation of local economic development projects for Amathole District Municipality as LED is crucial in addressing the socio-economic challenges facing municipalities. The study took place in Amathole District municipality (ADM) in the Eastern Cape and was restricted to the LED unit of the ADM. Time constraints were one of the limitations for this study in terms of interviewing the respondents.
4.5 ETHICAL CONSIDERATIONS

This study was conducted within the generally acceptable values and norms of the community. Before collecting the empirical data, ethics clearance was sought from the Nelson Mandela Metropolitan University Ethics Research Committee. In addition to this, ethical values such as voluntary participation and informed consent, no harm to the participants, anonymity and confidentiality were adhered to. Participants were informed that information obtained from this study would be treated as strictly confidential and that under no circumstances would it be used for any reason other than for this academic purpose.

The ethics of social research is about creating a mutually respectful, win-win relationship in which participants are pleased to respond candidly, valid results are obtained, and the community considers the conclusions constructive (Miller and Brewer, 2003:99).

Bless and Higson-Smith (2000:87) state that often, the ethics of conducting a research project are not very clear cut. Some of the important ethical requirements which researchers must adhere to are: informed consent – participants have a right to know what the research is about, how it will affect them, the risks and benefits of participation and the fact that they have the right to decline to participate if they choose to do so. Anonymity – a participant’s data must not be associated immediately and obviously with his or her name or any other identifier. Researchers assign a number to a participant’s data to ensure that the data remains anonymous. Confidentiality – information provided by participants, particularly sensitive and personal information should be protected and made unavailable to anyone other
than the researchers, thus the data collected from participants should at all times be kept under secure conditions.

Marshal and Rossman (1999:90) argue that ethical considerations are generic, informed consent and protecting participants’ anonymity as well as situation specific. The researcher must demonstrate awareness of the complex ethical issues in qualitative research and show that the research is both feasible and ethical. If the researcher is playing a deceptive role, he/she should demonstrate that this will not be harmful to the participants in the research. If the researcher requires people to change their routines or give of their time, it must be voluntary. What is routine and acceptable in one setting may be harmful in another, what is volunteered in one may be withheld in another.

4.6 CONCLUSION

This chapter discussed the research procedures deployed when this study was undertaken and the study is qualitative in nature. To mention a few of the tools that this study applied, the study used various literature ranging from books, journal articles, academic articles, policies and legislation. It also used interviews whereby municipal officials within the LED unit of Amathole District Municipal Municipality were interviewed. The following chapter will interpret the results brought about by the employment of the research methodology and will identify the deductions made in the research study.
CHAPTER 5
DATA ANALYSIS AND INTERPRETATION

5.1 INTRODUCTION
The previous chapter discussed the research techniques used to collect data for the study in respect of the target population and sampling for the study; data collection instruments used and ethical considerations in respect of protecting the identity, values and norms of the respondents. This chapter focuses on the analysis and interpretation of the research data collected. A thematic analysis has been used to reflect the views of the Local Economic Development (LED) officials of Amathole District Municipality (ADM) gathered through face-to-face interviews.

5.2 ANALYSIS OF DATA
The responses are divided into three sets, namely, responses to questions on available resources and strategies for the implementation of LED projects; responses to questions on capacity building for LED officials; and responses to questions on monitoring, sustainability and the implementation of LED projects.

5.2.1 Responses to questions on available resources and strategies for the implementation of LED projects
With reference to the availability of resources and strategies for the implementation of LED projects in ADM, respondents made the following comments:
5.2.1.1 Availability of the LED Strategy and resources to implement LED projects

All respondents agreed that there is a LED Strategy in place called the Amathole Regional Economic Development Strategy (AREDS) which is comprised of the projects and programmes under local economic development as they are the integral part of any credible strategy.

On whether there are available resources to implement LED projects, respondents unanimously agreed that:

- There is a shortage of personnel to successfully carry the objective of implementing LED projects even though there are a few vacant posts. They stated that the shortage of personnel is evidenced by the periodic use of external service providers to carry out some projects.
- There is a need for more human resources to successfully implement LED projects in local municipalities within the jurisdiction of Amathole District Municipality.
- The municipality has internship programmes in place to assist to filling this gap even though there are still challenges.

The respondents further commented on the availability of budget to support the implementation of LED projects as follows:

- The budget for the implementation of LED projects is insufficient. There is an allocated budget for Land, Human Settlement and Economic Development and the LED unit gets a portion from that budget but it is limited. There are other funders such as the Department of Economic Development and Environmental Affairs (DEDEA), Department of Local Government and
Traditional Affairs (DLGTA), Eastern Cape Parks and Tourism Board, private sectors and the Mayor also provides more funds but it is still not enough.

Respondents highlighted that LED is:

- Largely an unfunded mandate as the municipality does not receive funds specifically for LED.
- Not seen as a core function by the municipality.

80% of the respondents indicated that there are LED implementation plans in place which are based on the Integrated Development Plan (IDP) and Strategies of the municipality. These plans are done after the Strategic Planning session of the municipality has been conducted and situational analysis has been done. The IDP outlines the tools that the municipality can use to implement LED initiatives, Operational Plans are also used to implement these projects.

20% of the respondents disagreed with the statement and stated that the municipality does not have implementation plans specially related to LED as the Service Delivery Budget Implementation Plans (SDBIPs) and other plans are for the whole municipality not solely LED.

70% of the respondents indicated that there are skills and expertise within the unit to promote and implement local economic development. All LED managers have post grad-qualifications. Each LED department has specialists in all the related fields of LED i.e. Agriculture, Tourism, Enterprise Development, Film Development and
Heritage. The issue is whether this represents sufficient capacity to implement LED projects across a vast and widely spread district like the ADM.

However, 30% respondents who both disagreed and agreed believed that there are people with skills and expertise but there are some officials who do not understand the LED concept and what impact or contribution its bring to the economy of the area.

5.2.2 Responses to questions on capacity building for LED officials

With reference to the capacity building programme(s) for officials responsible for LED implementation, respondents made the following comments:

100% of the respondents agreed that there are capacity building programmes in place where the implementers of LED are capacitated. These programmes are mainly conducted by the external service providers and training conducted at different levels, through other municipal structures such as Thina Sinako capacity building programmes and programmes offered by the South African Local Government Association (SALGA). Skills audits and needs analyses are conducted every year to assess employee’s training needs and people are trained according to their scope of work and even on policy formulation. Nelson Mandela Metropolitan University (NMMU) has been appointed to provide training to new staff in relation to LED so as to bridge the gap between the new (inexperienced) and the old staff (experienced).
Even though 100% of the participants agreed on the issue of capacity building programmes, 1% commented that, there is a need to have continuous evaluation of training depending on the level of officials.

40% of the respondents mentioned that there is a clear role clarification which varies according to the needs of the projects. All projects have Project Steering Committees (PSC) where the roles and responsibilities are clarified.

On the contrary, 60% of the respondents mentioned that role clarification is done selectively. As LED is still a relatively new concept to most local government structures, a lot is still required to be done to put all the stakeholders on the same page when it comes to roles and responsibilities. The role of the District Municipality is to provide coordination and support as per legislation however, the district at times has to go to the extent of implementing the projects with the local municipalities within its jurisdiction due to the lack of capacity within these local municipalities.

5.2.3 Responses to questions on monitoring, sustainability and the implementation of LED projects

All respondents unanimously indicated that as part of monitoring mechanisms,

- Site visits are conducted;
- Monthly and quarterly progress reports produced based on the milestones of the implementation plans. This is done through various structures such as PSCs, Council Structures, LED Forums etc.
• A scorecard system is used to monitor the performance or the implementation of LED projects. This system is used to evaluate the effectiveness of the projects or the processes that are being followed.

• Further, the municipality has Clusters in place that are responsible for the monitoring of the implementation of these projects.

With respect to the way in which the municipality ensures the sustainability of projects, (50%) of the respondents indicated that planning is very important and LED projects are planned in such a way that they create employment, alleviate poverty and contribute to the economy of the local area in a sustainable way. This is informed by the real situation on the ground, i.e. projects with feasibility studies, business plans, PSCs etc. are more likely to succeed. However, sustainability is much more than just the involvement of the municipalities. The municipality has an exit strategy in place to provide continuous support to its local municipalities in respect of the projects that have been handed over to the communities. Even though this is done, some projects that have been handed over are doing well and some are not and this is due to the lack of funds and personnel. The other challenge is that of the officials who are supposed to ensure that these projects are sustainable, one person will be performing the duties of three people leading to a lack of support in other projects as the person tends to focus on the sector that she/he has an interest in. Further, the political and administrative instability compromises the sustainability of the projects. This is a common trend in municipalities like Mbashe and Mnquma within Amathole District Municipality’s jurisdiction.
(30%) of the respondents further indicated that the sustainability of projects is ensured by providing training to the project beneficiaries (community empowerment) to ensure sound financial management and even the resources. Awareness campaigns are conducted with the communities and information sharing sessions.

20% of the respondents believed that funding of these projects should be allocated, monitored and evaluated to see if there is any improvement and positive impact in the particular area and noting and addressing the challenges encountered.

With regards to projects implemented by the municipality versus projects implemented by the Implementing Agencies, respondents deliberated as follows:

- There is no duplication between the projects implemented by the municipality and the implementing agencies.
- Aspire is the only implementing agency for the municipality focusing on small town regeneration projects.
- To avoid duplication, the agency reports to the municipality through the various Council structures to ensure that all the LED related projects are presented to the various forums like the District Tourism Organisation for all Tourism related Programmes, the SMME Forum for all SMME related issues, the Agricultural Forum for all agricultural related projects. This prevents duplication as all the stakeholders then know what each one is doing as projects are jointly implemented.
- Partnerships are formed with the implementing agencies so as to ensure the successful operation of the projects. Structures such as LED forums are in place to discuss LED projects in the municipalities including the previous,
current and planned projects. The projects implemented by the implementing agencies are managed through monthly meetings that are held with the implementers.

As much as 50% of the respondents indicated that the Project Steering Committees (PSCs) are conducted on a monthly and quarterly basis with the project beneficiaries to assess whether or not the implementation is still in line with the proposed project objectives. However, 50% of the respondents further commented that even though these meetings are conducted on a regular basis, there is poor attendance which makes these meetings ineffective.

All respondents cited the issue of limited funding and shortage of personnel as major challenges encountered during the implementation of LED projects. They also indicated that LED is not seen as a core function of the municipality. In addition, respondents also cited the following challenges:

- Social facilitation (resistance from the communities);
- Poor stakeholder engagement;
- Political and administrative instability;
- No separation of duties in some local municipalities under ADM as one person is doing the work of three;
- Getting buy-in from the communities to access land;
- Project beneficiary/community conflict; dependency syndrome of beneficiaries; capacity constraints on the part of beneficiaries in terms of not understanding what the project is for; and
• Lack of commitment from sister municipalities (local municipalities within the district’s jurisdiction) and lack of resources as some local municipalities do not have LED units in place which makes it difficult for the district to play its role of coordination and provide support for the implementation of LED projects.

5.2.4 Responses to the question on measures to be taken to ensure optimal implementation of LED projects

With regards to measures that can be put in place to ensure optimal implementation of LED projects, all respondents felt that effective planning is very important. They further suggested the following additional measures:

• The municipality should ensure a more effective collaboration with the stakeholders;
• There should be capacitation of beneficiaries and officials;
• The municipality should also spend more time on social facilitation and consult with project beneficiaries;
• The municipality should be open and transparent about the project so as to build trust in the communities;
• The municipality to be more committed in providing support to its local municipalities as outlined in the legislation;
• Establishment of fully-fledged and operational LED units in local municipalities;
• Allocation of more funding for high impact projects that yield sustainability than small projects that are not sustainable and
• The municipality to further promote self-reliance to the project beneficiaries and to link the projects with external markets.
5.3 CONCLUSION

This chapter presented the responses of the interviewees, grouped into three themes. Based on the findings outlined above, the next chapter will provide the findings, recommendations and conclusions on how to make the implementation of LED projects in Amathole District Municipality more efficient, effective and sustainable.
CHAPTER 6

FINDINGS, RECOMMENDATIONS AND CONCLUSION

6.1 INTRODUCTION

This chapter presents the findings, recommendations and conclusion based on the research findings presented in the preceding discussion. These findings demonstrate critical challenges facing the LED unit in Amathole District Municipality (ADM) in terms of implementing LED projects. The challenges are obstacles in the effective implementation of local economic development projects within the ADM. Recommendations are divided into four, namely: recommendations for the provision of more resources for LED projects; recommendations for empowering beneficiaries to ensure the sustainability of projects; recommendations for increased facilitation of LED projects and recommendations for improved implementation of LED projects.

6.2 RESEARCH FINDINGS

Following are the findings of this research:

6.2.1 Findings on the role of the municipality in ensuring effective implementation of LED projects

- Lack of funds is the main problem for the implementation of projects as identified by the respondents.
- There is also a shortage of personnel to successfully carry out the objective of implementing LED projects as evidenced by the periodic use of external service providers to carry out some projects.
The municipality’s core function is water and primary health and lots of funds are allocated to infrastructure projects. This negatively affects the implementation of LED projects as they are not seen as a core function nor as a priority and therefore allocated minimal budget.

6.2.2 Findings on the implementation methods employed by the municipality in ensuring sustainability of LED projects

- The municipality has LED Plans in place and various structures responsible for monitoring of LED projects i.e. Project Steering Committees, LED forums, Scorecard system and different Clusters. However, there is no sustainability in the projects implemented as some project beneficiaries graduate from small projects to businesses but cannot sustain themselves and some live from hand to mouth due to unemployment therefore they can’t grow.
- This shows that beneficiaries are not capacitated to be self-reliant.

6.2.3 Findings on the factors hindering the successful implementation of LED Projects

- Political and administrative instability compromises the sustainability of LED projects as development is often politicised in the municipalities within the jurisdiction of Amathole District Municipality.
- The municipality is consequently struggling to provide sustainable employment through these projects. Therefore, they do not serve the purpose of alleviating poverty.
A challenge of poor stakeholder engagement and problems with social facilitation in terms of getting the communities to fully support the implementation of these projects.

6.3 RECOMMENDATIONS

The following recommendations are based on the findings of the study aimed to assess the factors influencing the effective implementation of the LED projects in ADM will be made.

6.3.1 Recommendations for the provision of more resources for LED projects in improving the role of the municipality in ensuring effective Implementation

Without reliable funding for economic development, LED will not succeed. The municipality should find a way of creating a specific budget for LED purposes only. That could be achieved by:

- Applying for more funds from National Treasury;
- Strengthening partnerships with the private sector and other state organs to get more funding;
- Marketing itself to attract international donor organisations and investors in LED projects;
- For the implementation of LED projects to be effective and efficient, LED should be seen as the core function of the municipality. Lobbying for financial grants/loans;
- Ensuring that sufficient and experienced municipal officials are available for the execution of tasks for the successful implementation of LED projects.
6.3.2 Recommendations for empowering beneficiaries in improving the implementation methods employed by the municipality to ensure the sustainability of projects

- Access to finance and markets will ensure that beneficiaries are able to run their projects effectively and efficiently.
- The municipality must ensure the training of beneficiaries on critical skills such as financial, business and project management so as to sustain the projects after handing over by the municipality. This will enable them to be self-reliant. Most importantly, these projects would be more sustainable.
- There should be allocation of more funding for high impact projects that yield sustainability rather than small projects that are not sustainable. The municipality should promote self-reliance to the project beneficiaries.

6.3.3 Recommendations for increased facilitation of LED projects to ensure successful implementation of LED projects

LED requires the joint action of a range of stakeholders if it is to succeed. Therefore,

- A more effective collaboration with the stakeholders is recommended.
- The municipality needs to be more open and transparent with the beneficiaries about the projects to be implemented.
- Communities need to be consulted and be part of the project from the initial planning stages to the implementation stage so that they feel part of the process so as to build trust.
- Section 155(4) of the Constitution of South Africa, 1996 stipulates that national legislation must take into account the need to provide municipal services in an equitable and sustainable manner. Furthermore, section
195(1) of the Constitution of South Africa, 1996 provides that services must be provided impartially, fairly and without bias. Based on the above provisions of Chapter 7 of the Constitution, it is recommended that:

- Amathole District Municipality through its local municipalities upholds the principles of the prescripts when servicing its constituencies. This can lead to stability within the municipalities.
- Politicians and administrators should take the interests of the communities as a priority and serve communities in a professional manner as required by the constitution.
- The municipality should try to de-politicise development.
- There is a need to invest in the development of a critical mass of visionary leaders within municipalities and local communities. Leaders who understand the meaning of sustainable LED and are passionate about developing their communities.

Therefore, there is a need to ensure that LED is seen as a priority by the municipality as it should provide sustainable employment to the communities to alleviate poverty and contribute to the economy of the local area in a sustainable way. As stated in the Integrated Sustainable Rural Development Strategy (ISRDS) document, local government must, amongst other objectives attain socially cohesive stable rural communities with viable institutions, sustainable economies and access to social amenities so to contribute to the growth and development of local communities (Tefu, 2007:1).
6.4 CONCLUSION

In the light of the above, it is hoped that the above recommendations will be food for thought for policy-makers. It is advised that if the Amathole District Municipality implements the aforementioned recommendations, the implementation of local economic development projects will be more effective and efficient and thereby alleviate poverty and improve the economy within its local area.

This study has explained the factors contributing to the implementation or lack thereof of local economic development (LED) projects in Amathole District Municipality. On the basis of the research findings the following recommendations are made. Amathole District Municipality through its LED unit is to provide coordination and support to its local municipalities, the major challenge facing the municipality is the political and administrative instability in its local municipalities which negatively impact the implementation of LED projects. Further, social facilitation (resistance from the communities), poor stakeholder engagement, non-segregation of duties as one person is doing the work of three, dependency syndrome of beneficiaries, project beneficiary/community conflict and beneficiaries not understanding what the project is for are also a problem which affects the effective implementation of these projects.

It is worth mentioning that LED is largely seen as an unfunded mandate and is therefore not seen as a core function of the municipality like water and primary health.
Chapter One provided the background to the study, statement of the problem, assumption statements, objectives, research delimitations and ethical considerations that the researcher followed in conducting the study.

In chapter Two, the legislative and theoretical framework for local economic development was discussed to obtain a clearer understanding of the nature and meaning of LED.

Chapter Three discussed the factors affecting the implementation of projects in general and local economic development projects in particular.

Chapter Four provided the research techniques used to collect data for the study. The study focused on qualitative research and face to face interviews were conducted. The study targeted 19 participants in the LED unit of Amathole District Municipality, however 10 respondents were interviewed due to time constraints. Data collected was analysed and interpreted in Chapter Five, using the thematic analysis to reflect the views of the LED officials of the Amathole District Municipality.
7. REFERENCES


American Indian Development Association. 2001. Program Sustainability


Cohen, D. 2010. SALGA position paper: key issues in Local Economic Development in South Africa and a potential for SALGA.


Lawson, J. 2009. LED systems approach: organising capacity to execute LED. South Africa: GTZ.


TO WHOM IT MAY CONCERN

This serves to confirm I have completed Ms S Dunga’s work and the necessary corrections have been made to my satisfaction.

Yours sincerely

S E Jefferys
ANNEXURE “B”

INTERVIEW QUESTIONS

FACE TO FACE INTERVIEW SCHEDULE

1. Does the municipality have a credible LED Strategy in place?

2. Are the LED projects of the municipality incorporated in the LED Strategy?

3. Are there any clear implementation plans that guide the implementation of LED projects processes? If yes, what are those Plans? If no, why not?

4. In your opinion, do you think officials have the required skills/ expertise to promote and drive the implementation of LED programmes?

5. Does your municipality have any capacity building programme(s) for officials responsible for the implementation of LED programmes or how are the officials empowered to support the implementation of the projects?

6. Does the LED unit have enough resources to carry its objective of implementing LED projects (i.e. personnel, equipment etc.)?

7. Is there any allocated budget to support the implementation of LED projects, do you think it’s sufficient to run the projects in the LED strategy?
8. Are the individual responsibilities on a project clearly communicated to the officials by the municipality?

9. How is the implementation of LED projects monitored by the municipality?

10. How does the municipality ensure the sustainability of LED projects?

11. How is the municipality managing the projects implemented by the municipality versus projects implemented by the Implementing Agencies? Please explain.

12. Which strategies are in place to avoid duplication LED projects?

13. Does the municipality conduct regular meetings with the LED project beneficiaries to assess effectiveness of the projects in achieving its objectives?

14. What challenges do you encounter when implementing LED projects? and

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

THANK YOU FOR YOUR COOPERATION!!!
ANNEXURE “C”

LETTER REQUESTING PERMISSION TO CONDUCT RESEARCH

3 Gazelle Close
Club View
King Williams Town
5600

19 June 2012

Mr. C. Magwangqana
The Municipal Manager
Amathole District Municipality
P.O. Box 320
East London
5200

Request for permission to conduct research in Amathole District Municipality

Dear Mr. Magwangqana,

My name is Sipokazi Dunga, a student at the Nelson Mandela Metropolitan University (NMMU) in Port Elizabeth completing my Master’s degree in Public Administration (MPA). The research I wish to conduct for Master’s dissertation focus on the “The implementation of Local Economic Development Projects in Amathole District Municipality”. This study will be conducted under the supervision of Ms. Nompendulo Mfene from NMMU.
In light of the above, I hereby seek your consent to conduct a research in your Municipality. My investigation will be administered through the use of self-administered questionnaires to the officials in the Local Economic Development unit of the ADM.

The research is guided by research ethics and the findings of the research will be disseminated to Amathole District Municipality.

Kindly be advised that the 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. All participants will be fully informed about the purpose of the study, and also assured of anonymity and privacy during the study. Participants will be guaranteed that they will be at liberty to decline to continue with the study at any stage if they so wish. Participants will be informed that no remuneration will be awarded for involvement in the study and all names and addresses of participants will be deliberately omitted from the study.

I trust that my request will meet with your favourable consideration.

Yours faithfully,

Sipokazi Dunga (Student No.: 9858650)

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Cell: 0797183579
Ms Sipokazi Dunga  
3 Gazelle Close  
KING WILLIAMS TOWN  
5600  

Dear Ms Dunga  

REQUEST FOR PERMISSION TO CONDUCT RESEARCH AT AMATHOLE DISTRICT MUNICIPALITY  

Receipt of your letter dated 19 June 2012 is acknowledged.  

Permission is hereby granted to you to conduct your research on “The implementation of Local Economic Projects in Amathole District Municipality” at Amathole District Municipality (ADM). We thank you for selecting our institution for the research and hope to obtain valuable information that would assist in enhancing our performance.  

Yours faithfully  

c. Magwangqana  
MUNICIPAL MANAGER