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Chapter 1: Introduction and context

1.1 Introduction

The aim of this chapter is to provide an overview of the research topic, conceptualising and defining three critical concepts that the research will focus on. The first part deals with the South African understanding of local economic development, rural development, as well as the role of small towns to local economic development. In order to present the role of small towns in rural economic development it is important to define and contextualise the current meaning and understanding of rural development and local economic development. How small towns can promote the role of rural economic development particularly in relation to their surrounding rural villages. The chapter also briefly introduces the small town of Keiskammahoek as research study area.

1.2 Overview & background

Rural development policies, strategies and programmes have been developed and implemented in South Africa since 1994. Despite the existing planning and implementation of rural development strategies and programmes there is still high rural depopulation and urbanization. Urban areas are therefore increasingly characterised by high numbers of job seekers, housing backlogs, etc. due to increasing demand for these services by the growing urban population (Xuza 2005). Despite the existence of small towns in each and every province, small towns are seldom seen as key players or contributors to local economic development of rural areas, except for serving as administrative centres (or nodes). In terms of town planning for small towns, settlements, particularly in the former homelands, small towns are neither urban nor rural and they are often unplanned and under serviced (Bernstein, 1996).
In South Africa rural development programmes are more focused on agriculture and scattered around villages with no directly defined linkage to a town, despite the existence of rural small towns for each rural community. Nevertheless they are not considered for rural development of their surrounding hinterland therefore leaving no defined economic role for the town centre. Government policies such as Local Economic Development framework (LED), Integrated Sustainable Rural Development Programme (ISRDP) and Integrated Development Plans (IDPs) are sector based with no emphasis on localities such as small towns (Hemson, Meyer & Maphunye, 2004).

Previous research reveals that there are dramatic economic and social changes taking place in small towns which result in changing roles of small towns. Some of these changes are caused by or result in declining economic growth, and ageing community members as the economically active population are leaving for urban cities (Xuza, 2005). These patterns somehow portray a picture of local economic development and the rural development dilemma when one considers the historical and current role of small towns with respect to economic development of their rural hinterland.

It is in this regard that the research is conducted so as to find “What is the changing role of Keiskammahoek, and how can economic regeneration of the small town support rural development of its surrounding hinterland?”. The research addresses the following sub-foci:

1. Understanding and myths of rural development with special emphasis on economic development in South Africa
2. The role of small towns in relation to their rural hinterland (theory of small towns)
3. Developmental local government policy implications on small towns (LED & Rural development)
4. What is the historical and current economic role of Keiskammahoek town as service provider versus its role as an initiator for LED of its rural hinterland
5. Recommendations:
5.1. Small town regeneration model
5.2. Implementation and institutional arrangements of the model

For the purpose of this research much emphasis will be placed on economic rural development, although other components of rural development will be considered in the debate, for example issues of infrastructure, etc. The research will mention problems and cases of other small towns in general under literature review, however the research will focus on Keiskammahoek in the Amahlathi Local Municipality area. Mention of other towns is made for comparative reasons and to draw lessons and experiences.

1.2.1. Brief background about research area:

The study area of Keiskammahoek refers to the town centre, including 38 rural villages serviced by the town, which is located 40 km from Stutterheim and 45km from Alice in the Eastern Cape. The town of Keiskammahoek is among 72 small towns in the Eastern Cape, and 40 in the Amathole District. One of the significant things to note about Amathole District, and its significant concentration of small towns, is its historical context – being a composition of parts of the former Ciskei and Transkei homelands. In addition to the District’s historical context, at the local level of Amahlathi there are 4 small towns, with Keiskammahoek being the vibrant second largest service centre in the municipality.

Keiskammahoek is one of the former Ciskei homeland towns situated 40 km from Stutterheim, which historically fell under the Republic of South Africa. Keiskammahoek has a total population of 37,063, which represents 27% of the total Amahlathi population (Amahlathi Local Municipality IDP 2008-2012). In the previous homeland government Keiskammahoek was developed mainly as a magisterial administrative and service centre for the agricultural/farming community (Amathole District profile, 2006).
1.3 Understanding Rural Development in South Africa

Rural development is understood to be multi-dimensional encompassing local economic development and social development. This includes improved service delivery in terms of social and economic infrastructure, as well as active participation of local communities in the development process (ISRDS; 2000). Some scholars still view rural development as equivalent to agriculture, while others argue that rural development is more than just agriculture (Makhura, 2009).

There are three identified approaches namely: Community Development, Integrated Rural Development, Basic Needs and Public Participation (Nel & Rogerson, 2005). For almost a decade since 1995 rural development initiatives have focused on and prioritised agricultural intervention as solution to rural development. For example, in his budget speech of 13 February 2009 the Finance Minister, Trevor Manuel, budgeted R3-billion for increasing South Africa’s agricultural output, supporting small-scale farmers and raising rural incomes in 2009/10, describing these as key elements of the country’s rural development strategy (The Presidency, 2009).

Although the Rural Development Framework (DLA 1997) identifies local economic development as an effective approach to rural development, the focus was more on sectoral interventions, mainly agriculture in rural villages, with lack of emphasis on localities such as small towns to integrate the interventions. However, as the debate on rural development progresses some researchers (Makhura, 2009;) argue that rural development is more than agriculture, as it encompasses improved economic and social infrastructure as well as institutional arrangements.

Considering the sectoral approach to rural development, especially regarding economic development, and the definition of rural development as stipulated in the 1997 framework definition of LED is essential. Local Economic Development is understood as both a spatial and a sectoral intervention focusing on the
enhancement of the employment status and the comparative and competitive advantages of any given locality, which differs from place to place (World Bank, 2002:1). Another understanding of LED includes a partnership between local government, business and community for utilization of existing resources in order to create businesses and employment opportunities therefore stimulating economic growth (Xuza, 2008). According to the concept of LED networks, local economic development enhances the individual business support and sectoral development approaches by making the entire business and community environment more conducive to economic development. The focus is on providing a competitive local business environment, encouraging and supporting networking and collaboration between businesses and public/private and community partnerships.

Research conducted on a study of pro-poor local economic development in 30 urban and 50 rural municipalities of South Africa discovered that there are at least six “developmental” LED strategies suggested for support, namely: community based economic development; linkages; human capital development; infrastructure and municipal services; plugging leaks in the local economy; and, retaining and expanding local economic activity (Nel & Rogerson, 2006).

Nel (2001) has identified four variants of LED as it is applied at the time of writing in South Africa, namely:

1. Local Government-led LED where the elected local authority becomes the active change agent
2. NGO- or Community-led LED, often in the absence of other logical economic leaders
3. Development Corporation or Section 21 Initiatives specifically for promotion of economic development
4. Top-down’ LED whereby government or external resources are invested in a particular area to kick start and accelerate LED on behalf of the community or in partnership with local stakeholders.
There are a number of role players in the LED sphere implementing different LED strategies depending on their formation and mandate. Despite all the role players, the Developmental Provincial and Local Government (DPLG) White Paper of 1998 recognizes and institutionalizes LED as a core mandate of developmental local government through Integrated Development Planning.

The White Paper 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 (Rogerson, 2003; Nel 2005). Some of the reasons for poor implementation of these LED strategies is poor, or lack of, integrated planning and implementation by government departments and municipalities (Kwaru, 2008).

Contrary to the sectoral and locality focus of Local Economic Development, economic regeneration of small towns focuses on spatial development, and entails an economic revival and renewal of the town economic activities using the existing local assets, and building on the comparative advantages of that particular area (Aspire strategy 2007-2014).

1.4 Definition and understanding of economic role of small towns in relation to rural hinterland

Although there is no standard definition of what a small town is, small towns are defined relatively rather than absolutely. An absolute definition is that small towns are “centres that are small in the context of their respective national urban
and economic systems” and they are mostly defined by population size and function. In relation to population size, South African small towns are defined as small centres of about 50,000 population, which are socially and economically linked to surrounding rural hinterlands, and characterised by intermediate density levels and comprise of former White well serviced areas and former Black areas with limited access to services (Van Niekerk & Marais 2008: 369).

Currently small towns are serving as home to millions of South Africans as well as economic and service hubs for rural communities. This positions small towns as critical links between urban and rural communities as small towns provide urban services, administrative services and social centres to their surrounding rural hinterland (Xuza 2005).

Rural-urban linkages take many forms, such as:
(a) the movement of people between rural and urban households (many of which are of a circular nature), and include temporary migration (as in seasonal moves) and labour migration (including weekly commuting)
(b) the more permanent migration of people from rural to urban areas and vice versa
(c) the movement of people operating from a single (urban or rural) household (as in daily commuting or school trips, shopping trips and short-term visits)
(d) the movement of resources (such as money and remittances), commodities (as in the production-market chains for agricultural produce), and services (e.g. mail delivery).

The more static (or long-term) types of linkages are found mainly in the infrastructural connections between rural and urban areas (e.g. roads, railway lines, and water, electricity and telecommunication networks). In the absence of these linkages neither rural nor urban development can take place.

In addition to this role small towns serve as reservoirs for labour (skilled or semi-skilled); production centers for raw materials; primary hubs for manufacturing (timber); centers of many industries (agriculture, heritage, culture); strongholds of
government assets (land, water, buildings and naturally as ‘growth point’ areas). Small towns also serve as conduits channeling people, goods and money, mainly through transport trade (ISRD 2000).

The channeling of goods through transport trade thus forms a critical junction between the villages and the wider economy through small towns. Small town enterprises create space for the exchange of goods brought from other areas and channel local farm and non-farm surpluses to distant markets. Small towns have an ability to positively shape the production, employment and marketing opportunities available within the local economy, and thus act as catalysts for local economic development, though it varies according to size and quality of existing enterprises (Wandschneider, 2004).

1.5 Conclusion

The chapter has presented the current understanding and definition of rural development, local economic development, as well as the concept of economic regeneration of small towns. The chapter has synthesised the different concepts by providing differences and linkages between rural development and local economic development through small town regeneration. The chapter has revealed that in South Africa, economic development of rural communities is mainly understood as agricultural intervention highlighting the current understanding of Local Economic Development through sectoral interventions such as agriculture, tourism, etc. The chapter has shown that despite the significant focus of economic rural development as agricultural intervention, recent debates have emerged arguing that rural development is more than agriculture.

Small towns have been defined and contextualised in rural economic development of surrounding villages serviced by the town. In the case of Keiskammahoek small town has been defined as the town centre including the 38 rural villages serviced by the town. From the definitions and role of small towns
it can be argued that small towns are neither urban nor rural but a mixture of the two. The chapter has shown that small towns have a distinct economic role in development of rural villages surrounding the town, as they serve as critical junction between the rural villages and wider urban economy.
Chapter 2: Literature review

2.1 Introduction

The aim of this chapter is to summarise and analyse existing literature and research on economic development of rural areas with special emphasis on small towns. This chapter seeks to answer the question regarding the role of small towns in relation to their rural hinterlands (theory of small towns), as well as review existing LED and Rural Development policy implications on small towns by analysing plans and strategies of the Eastern Cape provincial government, Amathole district municipality and Amahlathi local municipality in which Keiskammahoek lies. The chapter will compare research studies on economic and rural development of small towns, consider rural and economic development policies, legislative frameworks and implementation impact on small towns.

2.2 Existing research on small towns

2.2.1 International perspective on economic role of small towns

Due to high urbanization, depopulation and relocation of businesses from small towns to bigger cities have been a common trend in most countries. This resulted in a declining or diminishing economic role of these towns, which later required communities to develop renewal strategies to revive the economy of these towns. It can be argued that this came as a result of increasing awareness of the critical role of small towns to link the urban with the rural economy. The rural-urban linkage places a mutual dependency role on the two in the process of regional and local economic development. This thinking promotes or argues for a symbiotic relationship between the urban cities, small peri-urban small towns as well as their rural villages (Wandschneider, 2004).

In America, Casell (2002) argued that “a renaissance of market towns offers the opportunity to tackle social, economic and environmental issues affecting rural
areas in a sustainable and integrated manner. This rarely involves simply seeking to re-create the past as it requires a radical look at strength and weaknesses, and a determined drive towards the future”. The term ‘market town’ is used to mean towns roughly between 2,000 and 20,000 in population, with a history of, or potential of, supporting and servicing a rural hinterland. The presence of a ‘market’ as such is not a determining feature, rather it is the relationship of the town to its rural hinterland and its capacity to act as a local service centre. In the renaissance programme community strategies and initiatives are developed and designed for implementation over a period of 3 years. The multi-stakeholder programme seeks to revive twenty-four towns across the region through sector based industries or, geographical location or context, as well as size of core town and rural hinterland. The programme highlights and argues the importance of partnerships between communities, businesses and government.

A paper presented by Wandschneider (2004) at the International Conference on Local Development, Washington, argued and investigated the role of small rural towns in local economic development in two poor states of India. The study emphasizes linkages between small towns, villages and the wider economy with special emphasis on local employment and market opportunities. The paper highlights the importance of spatial considerations in policy making and development strategies. It further argues for the role of economic sectors in local development with relevant lessons for public policy and investment interventions in India. The report argues that small towns have been neglected and insufficiently recognized in rural development strategies and programmes in India and elsewhere in the world. The report also argues the importance of economic and social roles of small towns as entry points for policy, investment and enterprise development interventions. He argues for institutional changes by the national and local levels of the state in terms of policy, planning and implementation in order to see improvement.

Similarly to Cassell and Wandschneider, Kenyon (2001) also developed a small towns renewal manual based on his survey and case studies in Australia, the United States, Canada and South Africa. The model emphasises the important
role of communities, businesses and government in renewal of small town economies. The manual provides a range of economic development tools that can be used at different stages of renewal programmes by communities, as well as government to develop programmes and strategies that support local economic development planning.

In Ghana; Owusu tried to explain strategies to address urbanization through decentralization of functions to small towns. He argued that based on the role of small towns, unless efforts are made to improve the declining economic activity of small towns, a large pool of people and skills will leave small towns to urban or metropolitan areas where there are economic activities. He argued that small towns are uniquely positioned as they are still rooted in rurality, but have adequate contact with urban networks and their influence, for example communication and postal services in town. He argued that this positions small towns as potential host centres for development initiatives targeting rural communities where greater population resides. He argued for decentralization of government services and economic development programmes to ease the pressure on urban cities whereby small towns can offer these service to nearby rural hinterlands (Owusu 2006).

2.2.2 South African perspective on small towns

Research on small towns and their role in local economic development of rural areas has been in existence since 1996. For example, Centre for Development Enterprise (1996) research focused on the development conditions and possibilities of South Africa's small towns. The report contains a number of analytical and policy implications for small towns. The report argued that small towns need to develop a vision of their own future, and bring together a coalition of stakeholders to achieve it. The research recommends that strategies will have to be devised around four themes of reconciliation, economic growth, socio-economic development and linkages. The strength of this research is that it looked at a combination of all small towns with different historical backgrounds,
although it does not provide much details on the historical context shaping the current status quo of these towns.

Nel (1996) conducted a research on Regional and local economic development strategies in Eastern Cape and provides guidelines for future development. Although the research has compelling findings and strategies that can be applied to small towns, these strategies will differ according to a given town’s situation. Xuza (2005) studied the renewal of small town economies, with special emphasis on Alice, by providing an analysis of the role of the town to the broader community. In her research she argues that even though small towns have a distinctive role in rural economic development there are real economic impediments in realizing local economic development. Similarly to other research findings she argues the important role of multi-stakeholder involvement in renewal of small town economies. The research also provides policy recommendations on the role of small towns that can be carried forward to change the existing status quo.

Van Niekerk and Marais (2008), through a case study of Phillopolis, argued that national policies have negatively affected the functioning of small towns. This results from improper policy implementation to the detriment of small towns. They argue that small towns have been under immense pressure from decentralization processes and other external factors. Furthermore development policies have not made provision for socio-economic development strategies specially tailored for small town survival. They argue that policies have been developed and implemented through a blanket approach with huge negative impact for small town development. The research therefore recommends specific policy focus on small towns to address their unique challenges.

Van Der Merwe, Davids, Ferreira, Swart and Zietsman (2004) in their small town research in Western Cape also argued and identified that the development of small towns was rooted in their role as service centres for the surrounding rural communities. It is in this regard that they play a central position in providing socio-economic resources, amenities and markets for surrounding rural villages.
In this case the town provides for the needs of both urban dwellers and rural communities with equal access to resources. However, one must note that this does not call for a neglect of development, or provision of service to rural villages. Contrarily this calls for prioritization of small town regeneration instead of individual isolated projects that benefit a few members of the community, while they could be for the broader community served by the town. They argued that a declining or stagnant town affects the broader community serviced by the town, while dynamic towns are the engines of growth for the overall region and optimal functioning of regions and their habitats. The research concludes by recommending the development of a spatial development framework that highlights the important economic role of small towns. The research provides a detailed town profile highlighting the socio-economic role of each town to the regional local economic development of the province.

2.3 Small towns & rural economic development post-1994

Despite the significant role of small towns as engines of economic growth for their rural hinterland, there are impediments to their development. These challenges include out-migration of young people, an undefined role in economic development (base for rural industrialization); just serving as conduits for services and goods because of spatial issues resulting from apartheid planning. Small towns are also faced with diminishing status in the urban economic hierarchy (ruralization of small towns), coupled with disinvestment (due to single sector dominance, lack of holistic development approach) and neglect as economic centers (infrastructure) (Nel and Rogerson, 2005).

Although research exists on small towns for the past 15 years of post-apartheid South African rural and economic development policies, small towns have been neglected. National policies have seldom considered the realities of small towns and this can be seen through a lack of socio-economic developmental support, programmes and strategies for small towns. For example, the National Spatial
Development Programme emphasized the investment focus on urban areas with huge economic potential. The Presidential Urban Renewal Programme emphasises the importance of urban centres with a minimum number of one thousand or more households. This may include, or exclude, some of the rural small town centres from economic development programmes depending on whether the surrounding rural villages are excluded when profiling the town.

In 2009, president Jacob Zuma recognised and acknowledged the need to use government funding such as the Neighbourhood Development Partnership Grant (NDPG) to finance development programmes in small towns (The Presidency, 2009). It must also be noted that improvement has been made nationally regarding the role of small towns to rural development, whereby the new Comprehensive Rural Development Programme of 2009 calls for revitalization of rural towns as strategic priority number 3 (Comprehensive Rural Development Programme, 2009). This is a ground-breaking policy initiative in terms of small town regeneration programmes, as small towns are then being brought into the rural development dialogues as engines for development of the rural hinterland. Despite this achievement nationally, the policy has not cascaded down to the Eastern Cape Province despite the highest concentration of small towns and under-development of rural areas.

2.4 Eastern Cape Rural Development: Post-1994 strategies and programmes

The Eastern Cape is one of five provinces where more than 60% of its population live in rural areas serviced by small towns. There is a total of 72 small towns in the province. The Eastern Cape Province has a legacy of endemic rural poverty and is characterized by the historical neglect of rural areas. The Eastern Cape still suffers from large outflows of people to other provinces and to the two main cities of East London and Port Elizabeth, to find places of employment rather than staying in small towns (ECSECC, 2006).
For the past few years much focus of the province was on agricultural development as a way to curb rural underdevelopment. This is not a unique case, for example, in his budget speech of 2009, the then Finance Minister Trevor Manuel set aside R3 billion for rural development which was mainly targeted for agricultural development. According to Manuel, "Increasing agriculture output, raising rural incomes, supporting small-scale farmers and investing in rural roads are key objectives of [the] government's rural development strategy" (The Presidency: Budget speech, 2009).

In 2007 the then Eastern Cape Premier, in the State of the Province address identified the 10 poorest municipalities which were considered as priority areas for resourcing with estimated costs of R4 million. The challenges for implementation of these strategies and programmes focused on isolated projects, which were spread throughout the province, included the lack of a coordination strategy or linkage for the renewal of the entire town or economic corridor to feed and support other programmes in these areas.

### 2.4.1 Provincial Rural Development Strategy of 2009

Despite some achievements made under the previous rural development initiatives, it was recognized that the province’s rural communities are still underdeveloped. It is in this regard that the new rural development strategy is proposed as a way to reverse the legacy of inequitable access to basic services as well as reversing the spatial imbalance in the Eastern Cape economy (Manyisa, 2009). The strategy seeks to improve the coordination and integration of service delivery across (all spheres of) government and foster sustainable partnership.

The strategy focuses mainly on livelihoods through land reform, agrarian transformation and non-farm rural economy. The six pillars of the strategy are: land reform, agrarian transformation and food security, on-farm rural economy,
infrastructure, social protection, institutional mechanisms, and enabling environment (Manyisa, 2009).

The strategy further emphasises greater effectiveness and a thorough restructuring of the system of delivery, looking at how rural development can be kick started. It creates relationships between rural and urban economies and affirms that agriculture has strong backward and forward linkages into the rest of the economy, together with SMME’s and tourism which provide an opportunity to create employment. Although the backward and forward linkages between urban and rural economies via agriculture are acknowledged, there are no details provided on how this can be achieved. More emphasis is on agriculture and land reform with little emphasis on spatial or locality issues of where this will take place (Hemson, et.al, 2004).

Although the province has 72 small towns servicing surrounding rural communities, economic regeneration of these small towns is not considered as a pillar for rural development or a critical component of the strategy. Despite the neglect of small towns, the majority of economic development or the proposed sector developments could take place in small towns. For example, the provincial MEC of Agriculture and Rural Development visited a project that entails resuscitation of agriculture through crop production, fencing of arable land, poultry projects in Qumbu and Tsolo. The MEC heard that dozens of eggs from the poultry project are being sold at a local supermarket in Qumbu (small town) through a deal clinched by the Department of Agriculture and Rural Development, while some are sold to a businessman who has a contract with a fast food shop in the town of Mthatha (Manyisa, 2010). This on its own illustrates the economic role of small towns (backward and forward linkages) to the development of rural areas as market for rural produce. Although the strategic document does not fully articulate spatial locations, it was robustly debated that there is a need to focus on economic sectors of the province that fall within small towns, with specific reference to towns such as Coffee Bay and Port St Johns (Manyisa, 2010).
It is worth mentioning that most rural towns in the Eastern Cape are characterised by dormant government assets, mainly in the form of vacant land and buildings that belonged to the former homelands governments and parastatals. The majority of these properties are owned by the Department of Public Works, which can either develop them, transfer them to local municipalities or sell them to the private sector for commercial use. In most small towns land ownership is a complex issue as it is still not clear who owns what. In addition to land ownership, there is the legacy of apartheid spatial planning that still divides the former White areas from Black townships. There is a lack of co-ordinated planning and private sector investments in some small towns in the province. These can be linked to various reasons, such as lack of vision, planning capacity or lengthy bureaucratic processes, and lack of incentives to attract investors compared to urban areas. There is no proper land use management to ensure co-ordinated and structured urban design.

There are institutions of higher learning (technology, research, vocational training) with no meaningful partnership between the institutions and local development planners. There are existing unskilled and semi-skilled labour pools from the homelands government’s factories and development programmes. Despite the vast potential to promote rural development little, if any, development has been done or focused on small towns. There is no integrated development approach to develop and unlock the economic opportunities of these towns (Nel and Rogerson, 2005; Xuza, 2005).

2.5 Rural economic development planning and implementation at local government level

In the guidelines and framework provided by the Developmental Government White Paper of 1998 LED implementation and support by municipalities were limited to a facilitation role (Abrahams, 2003, cited in Xuza, 2008). The municipal LED units, located in the municipal managers’ office, the mayors’ office or the planning department, are responsible to play a co-ordinating role in preparing
LED development plans. In addition, their role is to provide support to community projects and spatial reconfiguration, mainly of taxi ranks and informal trading points.

The myths and understanding of both concepts, rural development and local economic development, created bigger challenges and complex implementation for rural municipalities. This is because municipalities had other developmental mandates to intervene in their local economies. These other mandates could be done by creating enabling environments for business, to attract investors, to protect and create new jobs, as well as support economic growth. This mandate is supposed to be achieved through the integrated development planning of municipalities. All IDP’s 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 (Swilling, Van Donk and Xuza, 2008). 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 (DPLG: MSA, 2000).

2.5.1 LED Strategy and plans: Amathole District Municipality level

The Amathole District Municipality (ADM) understands LED as having a distinct role in broadening the economic and social options of rural and urban people and consequently improving the quality of their lives. The ADM also identifies that a major challenge facing Local Economic Development (LED) is the number of different institutions and agencies that are involved in LED. The Amathole District Municipality has, in its Integrated Development Plan 2009/2010 (IDP), identified a need to establish a District Economic Development Forum in addition to the LED unit and the existing Economic Development Agency (Aspire). The role of the
forum is argued to be an overall co-ordinating structure for institutions that are involved in LED within the ADM area of jurisdiction (Amathole District LED Unit, 2010).

Within the context of the District Economic Development forum, sector coordinating sub-committees have been identified to feed into the forum. This is in addition to the multi-stakeholder Amathole Regional Economic Development Strategy (AREDS) that was developed and adopted in 2007 by council. Nevertheless the District has not facilitated its implementation except through Aspire’s small town regeneration strategy. The municipal LED section has still not adopted the corridor and small town approach, as LED is still implemented via sector based community projects and infrastructure projects in a haphazard manner. There is still no focus on localities and their competitive advantages, except through the traditional approach to LED sector promotions (Amathole District Economic profile, 2009; Amathole District IDP 2009/2010).

In addition to the ADM’s involvement in local development of the district, there are several infrastructure development projects driven by ADM in Keiskammahoek whereby the ADM is responsible for transport infrastructure upgrades such as development of an intermodal transport hub (i.e. taxi rank), management and development of bulk water infrastructure such as sanitation and sewer, and solid waste disposal. In relation to electricity the area is supplied by Eskom, while the local municipality is responsible for road infrastructure (Field interview; 2010).

### 2.5.2 Amathole Economic Development Agency (Aspire)

In its second term of developmental local government post-2006 elections, South Africa established development agencies to handle LED. A few development agencies were established at district municipality level, such as Amathole Economic Development Agency trading as Aspire, local level, such as Nkonkobe Development Agency, and at metropolitan level, i.e. Madiba Bay Development
Agency. The global principles of development agencies include the promotion of public private partnerships (PPP’s), thus institutionally linking the public and private sector at local and national levels.

The development agency was developed by Amathole District Municipality (ADM) in partnership with the Industrial Development Corporation (IDC) in 2005 because it appeared to create a structure that would provide a single focus point for economic development, whilst being exempt from the lengthy bureaucratic processes that beset local government institutions. As the economic development agency of the district municipality, Aspire had to work hand in hand with the LED units of both district and local municipalities with much focus on large scale economic intervention programmes in partnership with other development stakeholders. In the case of Aspire, on its formation the agency was responsible for conceptualization of a district wide multi-stakeholder economic development strategy. As a result of this mandate the Amathole Economic Development Strategy (AREDS) was developed in 2006. This is a multi-stakeholder strategy with ADM acting as the custodian and driver of the strategy. In implementing the strategy Aspire positioned itself for local economic development in rural areas of Amathole, focusing on small towns as engines of economic development. These small towns cover and fall within the 8 local municipality areas of Amathole District (Aspire annual report, 2007, 2008).

Small town regeneration focuses on an area based and market oriented strategy for the regeneration of small towns. In the first phase of implementation of the programme and strategy Aspire had to play the role of facilitator of economic development. Later, due to shortages in skill and capacity of local municipality officials to implement spatial LED programmes, the role of Aspire included implementation of the programme in partnership with local municipalities. In this case Aspire’s role was that of project manager and advisor to local municipalities regarding economic development (Aspire strategy, 2007-2014).
Lessons learnt from facilitation and concept development of small towns programme resulted in development of small town regeneration strategy and model since 2007-2010. Currently Aspire, in partnership with the five participating local municipalities, are piloting implementation of 6 small towns in the Amathole District, including Keiskammahoek. Five small town regeneration strategies are funded by the National Treasury Neighbourhood Development Grant which was initially targeting urban township redevelopment. Due to the absence of such townships and the rural economic development challenges in the area, it was successfully argued for small towns to be included in the programme focus. This saw a successful grant award of R243 million for technical planning and implementation of the five small town development concepts. In addition, a sixth town, Keiskammahoek, was funded by the European Union Municipal LED support fund, Amahlathi and Aspire for integrated development of the area through agriculture (Aspire lessons learnt report and strategic review, 2009).

2.5.3 LED strategy and plans: Amahlathi Local Municipality level

In almost all rural municipalities there are three programmes that are included in every LED strategy driven by the LED unit. The programmes are agriculture, small business and tourism. The majority of projects are around agriculture due to the understanding that economic and rural development of these local areas can be achieved through agriculture. Similarly in Amahlathi Local Municipality which is the local authority of Keiskammahoek, the municipal IDP for 2006-2011 has focused on facilitating sectoral growth in tourism, local manufacturing, agriculture and forestry, as well as small locally based enterprise developments (Amahlathi IDP, 2007/2008-2011/2012:23)

Page 32 paragraph 5.2 of the 2009/2010 IDP, under Local Economic Development, identifies three ways to achieve local economic development of the area. These include firstly, the tourism development objectives of promoting tourism within Amahlathi in preparation for 2010 and beyond. Secondly the development of local agriculture with the objectives of facilitating increased food security and to have sustainable agricultural programmes. Thirdly and lastly
heritage and craft with objectives of preserving the culture/history of the area and uncovering hidden talents through craft.

Regarding spatial development strategies and local economic development of service towns for the area, page 130 of the current IDP identifies Keiskammahoek as a secondary administrative and service centre to a large number of surrounding rural areas with eco-tourism and agricultural potential. The IDP positions and targets Keiskammahoek for investment in infrastructure to improve services delivery capacity. In addition, it identifies appropriate land use management and infrastructural support to develop the agricultural sector in the area. Furthermore, the area is also earmarked for eco-tourism and cultural tourism development. The IDP does not go into detail regarding how these will be achieved, except by providing a list of mainly agricultural related and infrastructure projects, such as community facilities, etc.

2.6 Conclusion

The purpose of this chapter was to provide a literature review on research conducted in small town economic development internationally and in South Africa. The aim of this chapter was to summarise and analyse existing literature and research on economic development of rural areas with special emphasis on small towns. The chapter tried to answer the question regarding the role of small towns in relation to their rural hinterlands by providing some theory of small towns. Review of existing LED and Rural Development policy implications on small towns has been done by analysing plans and strategies of the Eastern Cape provincial government, Amathole District Municipality and Amahlathi Local Municipality in which Keiskammahoek lies. The chapter compared research case studies on economic and rural development of small towns from national and local perspectives.

The literature review has emphasized the importance of the rural-urban linkages and symbiotic relationship between the town and its rural hinterland. The
researches have argued for the importance of multi-stakeholder initiatives and interventions in small town renewal. Policy recommendations in terms of government planning and implementation have been highlighted as lessons learnt for future planning. Despite existing research, understanding and developmental policies that impact on small towns, there is little if any significant positive impact of the implementation of these policies on economic development of small towns in the province. Existing initiatives have taken the form of poverty alleviation development projects, which have not resulted in economic development of these localities and have further perpetuated apartheid spatial planning. Policy implications in terms of decentralization of powers have shown the dual structure in development planning, which can be linked to slow developmental impact in these towns. This is due to poor integration of planning and mismanagement of implementation as a result of complex inter-governmental relations and many development players.

At Amathole District Municipality level economic regeneration of small towns has been introduced through the regional economic development strategy developed by the district agency. The agency is responsible for project management of the economic regeneration of small towns in partnership with local municipalities. Despite the existing relationship between the district agency and the local municipalities however there are still gaps in the 3 entities’ development plans and strategies, for example their IDP documents are totally different, each institution is driving its own programmes, with its own budget at its determined time frame. There is no alignment and proper working relationships visible in the planning.
Chapter 3: Research Methodology

3.1 Introduction

For the purpose of addressing the research question a social research methodology was utilised. Social research methodology as a process involves data collection for both quantitative and qualitative methodologies, with various techniques for data collection, such as questionnaires, which can be measured for validation purposes (Brynard and Hanekom, 1997:25). The methodology section was designed to guide the researcher on how to find answers, contextualise findings by informing the recipients of the research report on how data was gathered to validate and substantiate the arguments. Any flaws in the research methodology can then be understood as per the methodology adopted.

3.2 Research approach and data to be collected

For the purpose of the research question a qualitative research approach in the form of in-depth case study was adopted. Primary research through participatory research was used as the main method of data gathering to fulfill the research objectives. The rationale for this approach is that qualitative research aims to gather an in-depth understanding of human behavior and the reasons that govern such behavior. This method investigates and addresses why and how a particular behavior occurs and often produces this information through a particular case study, which can be used to make general conclusions or hypotheses that can be tested quantitatively (Neuman, 2003).

The rationale for participatory research is that it involves all relevant parties in actively examining together current action (which they experience as problematic) in order to change and improve it. This can be done by critically reflecting on the historical, political, cultural, economic, geographic and other contexts which make sense of it. It is argued that participatory action research is not just research which it is hoped will be followed by action. It is action which is
researched, changed and re-researched, within the research process by participants. It aims to be active co-research, by and for those to be helped. This research cannot be used by one group of people to get another group of people to do what is thought best for them. Instead it tries to be a genuinely democratic or non-coercive process whereby those to be helped, determine the purposes and outcomes of their own inquiry (Wadsworth, 1998:5).

For the purpose of this research question, the adopted methodology has assisted the researcher in getting local understanding of what the changing economic role of Keiskammahoek to the surrounding rural villages is. Secondly it guided the researcher to answers and confirmed perceptions on the current status quo of under-development and development potential of Keiskammahoek as it is. Strategies and guidance from locals on how economic regeneration of the town as service centre can lead to rural development of surrounding villages has been sought to understand the research problem.

The historical formation and functioning of Keiskammahoek as a former Ciskei homeland town, characterised by the spatial and economic apartheid planning of the homeland government, provides an interesting comparative research, especially in a municipal area that includes former apartheid republic towns such as Stutterheim and Cathcart. Keiskammahoek present a different local development challenge as it is a former homeland town with limited services and made up of many rural villages, which primarily depend on the town for access to urban services and economic opportunities. The case study results can then be used to form hypotheses and provide comparisons on challenges faced by homelands towns because of the existing gap in research on former homelands small town. Lastly but not least, the research also investigated why the local communities or surrounding villages behave in a particular way, and what their understanding of the role of the town as service centre to their development is. The research aims to focus and use interactive research methods where local stakeholders inform the research output (Neuman, 2003).
3.3 Data Collection tools and techniques

Primary and secondary research was used to gather data and make analysis to substantiate the arguments. Secondary research material such as literature review of books, historical documents, journals, policy documents and other literature was reviewed to contextualise the problem and understand the current debates and discourse. Interactive primary research methods and tools, such as workshops with stakeholders, semi-structured interviews, questionnaires and document analysis were utilized, as well as direct observations such as a field trip into the town to observe the current trends and patterns. For example, a sample of 50 people comprising of local residents, businesses, government workers and NGO’s were surveyed by a questionnaire that was administered in town and via telephone discussions. The researcher spent 5 days in the field at different intervals talking to people, observing their behaviour through social gatherings and conducting interviews.

Due to the long term relationship between the researcher and the community of Keiskammahoek data collection dates back to May 2008 through a workshop with stakeholders. In June 2010 questionnaires were administered in the area and another batch was administered in July/August 2010 followed by a 3 day field trip on 1-3 November 2010. The researcher attended a community meeting on 1 November 2010 conducted by a local development forum so as to understand the local community perspective of the development challenges in the area.

On the second day of the field trip, informal focus group discussions were held with hawkers and local residents to get more perspective on developmental challenges and the role of the town for economic development of surrounding rural villages. On 3rd November the researcher organized another stakeholder workshop to form a project steering committee meeting as well as kick start the visioning exercise for economic development of the area.
Throughout these engagements anonymity of respondents has been assured, although attendance registers were circulated in meetings and respondent names were recorded on some questionnaires. However these were not used to identify individual comments, rather they were recorded to allow follow up. Because of the long term involvement and strategic visioning for the area, another workshop was planned for the 2-3 December 2010 and the process will run until May 2011, ending with a regeneration strategy for the area which can be implemented by various stakeholders.

Quality control measures were put in place to validate the reliability of information, whereby particular sets of questions were asked several times in a rephrased manner, as well as throughout the engagements conducted at different time intervals to check consistency, relavance and applicability to date. In addition to this, draft findings from questionaires and workshops were compiled into a report and presented to a stakeholders workshop to verify the findings. Cross reference from different sources of information was done to check consistency and recurring themes, for example, the Local Municipality IDP, the concept document informed by the workshop conducted in May 2008, as well as other initiatives happening in the area conducted by different stakeholders.

These findings were presented as background information at the workshops to get stakeholders comments and input on the findings. Participatory research methods, such as plenary discussions by different groups, were conducted whereby each plenary reported back to broader group of stakeholders. The workshops and discussions were conducted in both Xhosa and English, translation was done where necessary to ensure that stakeholders are on the same level of understanding.

Figure 1 below presents a picture of stakeholders meeting held on November 2010 in Keiskammahoek. The purpose of the workshop was to kick start a visioning exercise for broader town regeneratio with multiple stakeholders.
Telephone interviews with local stakeholders were conducted in order to reach those who could not be accessed through participatory workshops and focus groups. For tracing the historical role of the town, older citizens were interviewed to check how the role of the town has changed. Historical journals were also sourced from museums, the internet and libraries. All the community workshops and meetings were conducted under the Aspire Small Towns Regeneration Programme and facilitated by the researcher, with a team of consultants to ask direct questions regarding the role of residents and local businesses in development of their town, and their expectations from government regarding their town. Bilateral meetings and semi-structured interviews were conducted with municipal officials, government departments, as well as other development stakeholders.

Probability and non-probability sampling methods were used, for example, purposive and random sampling to administer questionnaires in town, as well as random sampling where a group of stakeholders were identified to participate in the research. These include municipal and government officials, NGOs, local residents and businesses (Bryman, 2001).
3.4 Data analysis and interpretation

Interpretational methods were used where data was analysed to search for themes and reflect participants' views. Data verification was done by keeping records of meetings, workshops and interviews and, in some cases, visual maps and pictures. Interpretive validation was used to allow for participants' viewpoints, thoughts, intentions and experiences to be accurately understood and reported by the researcher while descriptive validation was used to show and verify the need for the proposed intervention or findings (Neumans, 2003).

Data triangulation was conducted via document reviews, such as planning documents of municipalities (IDP), empirical case studies, observations, interviews and workshops with different groups of stakeholders and graphic pictures of the area of study, in order to double check or cross examine findings (Johnson, 1997). Field visits and workshops were conducted at different times and in different settings to observe consistency of outcomes. Some questions were asked in bilateral interviews as well as verified in public meetings or workshops. The questions were rephrased as probing questions asked so as not to limit the participants' responses. In some cases informal communication was used to study people in their local setting where there are no recording materials or formalised process to influence their thinking.

Interpretational methods were used where data was analysed to search for themes and reflect participants views. Quantitative processing of data was conducted through graphs, tables, and qualitative content analysis. Data verification was done by keeping records of meetings, workshops and interviews and, in some cases, visual maps and audio recordings. Draft reports on findings were presented by Aspire to participants for verification and to establish trust. Data validation was done via interpretive and descriptive validation. Interpretive validation was used because it allows for participants' viewpoints, thoughts, intentions and experiences to be accurately understood and reported by the researcher. In addition, descriptive validation was also used whereby the facts presented were shown to verify the need for the proposed intervention or findings.
Data triangulation was done via document reviews such as planning documents of municipalities (IDP), empirical case studies, observations, interviews and workshops with different groups of stakeholders, and graphic pictures of the area of study in order to double check or cross examine findings (Johnson, 1997).

Probing questions were asked so as not to limit the participants’ responses. In some cases informal communication was used to study people in their local setting, where there are no recording materials and formalised setting to control their thinking.

Challenges experienced on the field were that some people could not be reached due to their busy schedules. The 1-3rd day of the month proved difficult to hold meetings and workshops as these are pension days, therefore people are busy travelling. In some cases the meetings did not go as planned due to conflicting stakeholder’s views and objectives, as some stakeholders had their own agenda at the meetings and tried to force it upon the meeting. A proper facilitation plan for each meeting was critical. In some cases, because the researcher is linked to Aspire and Amahlathi Local Municipality, the welcome and responses were different than when the research was conducted by an independent researcher.

In addition to the above, the research process started in 2008 therefore it was necessary to revisit the respondents and check whether their concerns were still the same as over 2 years. It was interesting to note that some concerns had still not been addressed since 2008. Another lesson learnt was the importance of honesty and relationship building between the researcher and the research subjects, as it was easy for the researcher to go back and revive the relationships with stakeholders where there were no hard feelings developed over the period. The challenge was to manage stakeholders’ expectations in terms of what the researcher can or cannot achieve.
3.5 Conclusion

The chapter has presented the research methodology adopted to address the research question through qualitative research methods. It has outlined and explained the research approach, methods and data collection procedure utilized and justified the research approach. Proper methods and data validation tools were used to verify and validate research findings as a true reflection of the situation. Field experiences are noted for lesson purposes and to understand field dynamics that might influence the research outcomes. The research adopted a qualitative research approach through a case study, and data is analysed and interpreted in a narrative way recording the respondents’ views.
Chapter 4: Research Findings

4.1 Introduction

The purpose of this chapter is to present research findings and validate the findings through a case study. This chapter seeks to answer the question: “what is the historical and current economic role of Keiskammahoek town as service centre versus its role as an initiator for LED of its rural hinterland?” This is achieved firstly by providing a detailed historical background of Keiskammahoek town from its establishment, as well as economic development of the area under the homeland government regime providing an analysis of the study area. It further interprets the field research in a descriptive manner narrating the secondary research conducted and local views elicited through primary research methods as tabled in chapter 3.

4.2 Historical Background & Development of Keiskammahoek

The name Keiskamma is of Khoekhoen origin, meaning either ‘Puffadder River’ or ‘glittering water’. The town was established as one of a chain of British military
outposts and played an important role in the Frontier Wars between 1846 and 1853. Figure 2 above presents the location of Keiskammahoek in relation to other Amahlathi small towns and road networks.

During the homeland government era Keiskammahoek fell under the jurisdiction of Ciskei, which was formed in 1961 (see Figure 3). Like other communities in South Africa, it has suffered deeply and on many levels from the apartheid system, but unlike many of the marginalised communities of South Africa, Keiskammahoek was never a dumping ground for victims of apartheid's forced removals (http://www.amahlathi.co.za/keiskammahoek/page2.html).

The population of the town grew from 18,391 in 1946 to 37,063 in 2007 thus representing 27% of Amahlathi Local Municipality total population. Although there are no formal statistics since the 2001 census, this number is believed to have increased. According to (Wilson, 2009) the number of White residents in the area were estimated at 503 in 1946, which later declined to 3 in the late 2000s making the area almost 100% Black. The majority of the population resides in the 38 rural villages of the 5 municipal wards (Stats summarised from Amahlathi IDP 2008/2009).

4.3 **Contextualizing Keiskammahoek as a Ciskei homeland town**

The Ciskei homeland came into being after the South African government declared the area as a separate administrative territory. In 1972 its status was elevated to self-governing territory. On 4 December 1982, Ciskei became an independent republic, recognised only by the South African government and other ‘independent’ homeland states in South Africa. This resulted in homeland residents losing their South African citizenship and resulted in them being the most neglected areas of South Africa.
As far as employment was concerned, jobs in the Ciskei were limited to government or government-sponsored projects, and foreign owned factories. Most of these factories were neither economically viable nor legally compliant entities in terms of labour practice. They were mostly Taiwanese owned and emerged out of efforts to attract foreign investors with promises of cheap labour and repression of unions. Most of these factories and economic projects were scattered in small towns with the intention to keep the homeland’s citizens working in their own areas separated from White communities. Nevertheless, the economies of these towns had to feed the broader South African economy via East London and Port Elizabeth (Charton, 1980).

Most of these factories were located in the mainly Black townships of Dimbaza, Berlin, Sada, Zwelitsha, Alice and Keiskammahoek were two towns which had no industry based economy, as they emerged as an integral part of South African colonial period and were steeped in the planning paradigm of that era. Despite the lack of an industry based economy, there was a furniture manufacturing factory in the area due to existing forestry plantations. As a military town, Keiskammahoek was known as a postal town due to its good and efficient postal services.
services. The lack of industrial base in the area meant that the majority of Keiskammahoek residents had to work outside their area in the nearby factories if they were not absorbed by government, communication services or agriculture (Charton, 1980).

In the 1980s the government of Ciskei established two agricultural irrigation schemes, the Zanyokwe crop production scheme and the Keiskammahoek dairy, under the development wing of Ciskei National Development Corporation. These schemes emerged as government and local community led projects in an attempt to improve job and income opportunities. The Keiskammahoek dairy project grew out of the practice under which white officials organised milk for rural schools, hospitals and administrative settlements from neighbouring white farms or from white managed government or ‘trust’ farms in the reserves (Reynolds, 2002).

At that time, the Ciskei’s government formed a 5 year partnership with Israel’s government to operate the schemes and mentor local communities in managing and operating them. This was done for skills transfer and empowerment of local communities. Five years later, the Israelis left the operation of the scheme to the Eastern Cape Department of Agriculture and local farmers (Stevenson, 2007). Although these were huge investment projects to alleviate poverty, there was no investigation as to how they might support a far wider economic activity in the surrounding 37 villages with a perfectly natural production / milk marketing system within the local region (Reynolds, 2003).

Concurrently to the development of the agricultural schemes the Ciskei National Development Corporation, on 1 April 1980, took over a well known tourist attraction of Keiskammahoek town, the Grosvenor Hotel, which was a famous stop over for German and British settlers. This announcement was made on 2\textsuperscript{nd} March 1980 (Daily Despatch history files, 2 March 2010).
Historical role of Keiskammahoek as service centre and economic node to rural hinterland

Historically Keiskammahoek, as mentioned in the history of the town, was established as a small town serving the military and later grew to an agricultural town serving the colonial/apartheid era farming community, which later became irrigation schemes established by Ciskei government in 1980. In its nature and history the town was not intended to grow as an industrial area and its economy relied heavily on government subsidised projects, especially those related to agricultural services. Despite the massive investment in the irrigation schemes project, the economy of the town did not grow as anticipated due to non-profitability of the schemes, which relied more on government grants and subsidies. The reports reveal that the dairy scheme alone was losing a minimum of R1 million per annum (but this increased in later years to R12 million per annum, and it never paid off the capital) under false regulations and monopoly marketing. Quoting Reynolds (2002:3) “Normal development efficiency would have included plenty of locally produced milk at reasonable prices adding to the local economic activity and the well-being of residents” and that “the population was denied both the general activity of milk production and local marketing as well as access to a plentiful supply of low cost milk”.

Prior to these interventions the town survived on postal communication, military, government services and tourism (especially during the annual Ntaba kaNdoda festival hosted by Lennox Sebe’s government). The surrounding rural villagers were consumers and labourers in the above mentioned sectors. Further collapse of agricultural performance in the area, due to the abolition of the Ciskei regime and its subsidies, resulted in economic decline, as many shops which supported the commercial farmers and the scheme closed, and the White commercial farmers left the area. Furthermore, the Ciskei government’s annual National Heritage festival at Ntaba kaNdoda which attracted a large influx of Ciskeians also fell by the wayside. This resulted in further loss of income and job opportunities in the area.
Based on the field research conducted, people praised how the town was well managed and maintained during the apartheid system and how it functioned and serviced the needs of the White farming community and surrounding villages. It is argued that most shops in the town were White owned, there was a local magistrate’s office and local municipality with a town manager responsible for enforcing municipal by-laws and management. The infrastructure services were mainly for the urban White community and small township, as the majority of the town population was residing in rural villages. According to the residents, the town was well maintained in terms of cleanliness and infrastructure maintenance (Field research, 2010).

4.5 Keiskammahoek & development: Post-1994 to 2010

After the 1994 democratic elections in South Africa, the homelands were dissolved and the area known as Ciskei, restored to the Eastern Cape Province. Currently Eastern Cape has 6 districts; Amahlathi Local Municipality is one of the eight (8) local municipalities that fall under Amathole District Municipality. As a Category B Municipality, it covers the following clusters: Tsomo, Cathcart, King-Kei, Keiskammahoek and Stutterheim. The administrative seat of the municipality is situated in Stutterheim, and it has been an ANC led council ever since the advent of the category B municipalities, after the first local government elections of 2000. In terms of Amahlathi Local Municipality spatial planning, Keiskammahoek is a peri-urban settlement serving as a secondary service node. Keiskammahoek is characterised by a historically fragmented spatial pattern of development.

There is high fragmentation and unequal services provision in terms of social, infrastructure and land tenure agreements between the former White areas and rural villages. The villages are dispersed, predominantly residential with grazing and small portions of arable land allocated to individuals. Land ownership in the former White areas is currently held as freehold tenure (Amahlathi SDF: 2006). In terms of town planning and urban design, the town is linear with scattered shops that are metres away from each other, there is no well defined CBD. There is a
lack of proper zoning for CBD and land use management, although a plan exists for the local municipality it has not as yet been implemented. For example, the taxi rank is poorly placed and people are not using it as it is far from busy parts of the town.

4.6 Current role of Keiskammahoek as economic service node of surrounding rural hinterland

4.6.1 Current socio-economic status quo

According to the Amahlathi Local Municipality IDP (2009-2012) and community workshop findings Keiskammahoek is characterised by high unemployment, poverty, low skills base, lack of private sector investment, complex land tenure issues, as well as poor business infrastructure such as roads to link with external markets. There are 3,157 people who are grant dependents with a total income of R2,628,839.00 injected into the area of Keiskammahoek in March 2010 (SASSA, 2010). This amounts to 8.5% of people relying on pension grants while others are working in Keiskammahoek and the nearby towns, mainly in government services, forestry and retail sectors.

Despite the above mentioned challenges, the area is adorned with rich agricultural soil, beautiful natural environment from the existing fauna and flora, indigenous forests and is rich in heritage and history of the Xhosa, German and British nations.

4.6.2 Current role of Keiskammahoek as commercial service node to surrounding vilages

As argued in the literature review, small towns serve as commercial services nodes for rural hinterlands as they provide urban and commercial services such as banks, administrative offices, retail facilities and filling stations. Similar to any other small town Keiskammahoek town centre provides commercial services for
the rural villages, although at a small scale due to lack of variety of services available in the area. The town serves as a secondary service node of Amahlathi local municipality, and has the potential to serve as an important commercial centre for the agricultural sector in the area. Presently Keiskammahoek has limited business infrastructure and private sector investment. Available commercial facilities and social facilities constitute the following:

Table 1: Existing services & facilities: Source: Field research findings: 2010

<table>
<thead>
<tr>
<th>Keiskammahoek commercial services and economic players in the CBD</th>
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<tbody>
<tr>
<td><strong>Commercial &amp; Retail</strong></td>
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<tr>
<td>Clothing stores</td>
</tr>
<tr>
<td>Grocery</td>
</tr>
<tr>
<td>Fuel station</td>
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<tr>
<td>Bank (ATM)</td>
</tr>
<tr>
<td>Hardware</td>
</tr>
<tr>
<td>Liquor</td>
</tr>
<tr>
<td>Umtiza Agricultural co-op</td>
</tr>
<tr>
<td>Hawkers</td>
</tr>
<tr>
<td>Tourism accommodations</td>
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<tr>
<td><strong>Social facilities</strong></td>
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<tr>
<td>School</td>
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<tr>
<td>Tourism office</td>
</tr>
<tr>
<td>Health facilities</td>
</tr>
<tr>
<td>Sports field</td>
</tr>
<tr>
<td>Community hall</td>
</tr>
</tbody>
</table>

The mini-grocery stores are both locally and foreign owned, with PEP clothing store as the only well known brand. In terms of the 3 small tourism accommodations, one of them is located 7km from town at Chata village. In terms of financial services, there are 2 bank ATM’s in town, namely ABSA and Standard Bank, while other banking needs are sourced outside town, mainly in King Williamstown (see Figure 4). There are no training facilities and business support services in town to support local businesses, neither in the local municipality as a whole nor the nearby Stutterheim town. Existing big investment initiatives are being supported by capital injections from government through 2 agricultural schemes and land restitution programmes facilitated by an East London based NGO known as Border Rural Committee. The biggest and best known boarding school in Keiskammahoek is located 7km away from town at St
Matthew's mission. There is a potential for proper retail facilities and banks to service the needs of the community, existing businesses and schools, as presently people are spending their money in nearby towns outside Keiskammahoek due to a lack of variety in consumer services.

This study's findings are similar to those of the study in India (Wandschneider, 2004) which argued that economic activity in small and medium-sized towns is closely interrelated with the surrounding village economy through consumption, production, employment and financial linkages, and various types of economic and social service provision. Although an expansion of the small town economy is intimately dependent on development dynamics at village level, the reverse is also true. This is the case in Keiskammahoek where the development of the town is dependent on the rural villagers, who utilize the services of the town thereby
giving economic catchments required for the survival of the town. Currently the town is not growing because the rural population is spending their money outside the town. The town does not provide economic opportunities for rural villagers to grow as there are no employment opportunities being created in town, nor any development that services the socio-economic needs of the rural villagers.

Despite the existence of community LED projects facilitated by the municipality and other development stakeholders there are, however, no markets or business support centres in town to add value to these projects. Nevertheless, it must be noted that some of these projects are not well planned or efficiently managed enough to warrant these services. In addition, lack of prioritization and consideration of the role of small towns in the economic development of their rural hinterlands at national, provincial and local government level further polarises and promotes scattered economic initiatives in rural villages which are neither spatially nor economically linked to any markets. As of yet government economic spatial planning has not linked these villages to any markets through their small towns, nor are these towns considered as serving this role. For example, the rural development strategy of the Eastern Cape adopted in 2010 has not considered the role of 72 small towns in economic rural development of the province.

Currently the rural villagers of Keiskammahoek have to travel to Stutterheim in order to access most of the services. These services include municipal services, due to the non-functioning of the local municipal office in town. The lack of commercial services, poor variety of retail facilities to meet consumer demands and limited access to private health care services except at Gida Hospital and one private surgery, the majority of people travel to King Williamstown and other surrounding towns where they end up spending all their money on the various commercial services provided in these towns. In addition to the above challenges, the majority of government and other administrative workers reside outside Keiskammahoek, due to the poor quality of life in the area, and commute to work. This amounts to approximately R20-R40 return taxi and bus fare to King Williamstown, Stutterheim or Dimbaza. At this stage the biggest role of the town is
to serve as transport linkage between the rural villages and the bigger towns with a limited role in terms of the provision of commercial services.

The field work conducted at different intervals through focus groups and questionnaires provided the following feedback from local consumers, hawkers, businesses and farmers. Questions and responses are grouped and chosen from questionnaire’s, interviews and focus group responses as follows:

1) What do you understand as the role of the town in economic development of its rural people and do you think Keiskammahoek is fulfilling this role?

The residents believe that the role of the town is to provide urban and commercial services to rural villagers, such as transport services, recreation and sport, better schools as well as job opportunities. When they were asked if Keiskammahoek is serving this role respondents believed that Keiskammahoek is not fulfilling this role to its maximum potential, due to limited facilities in town.

2) Do you think there have been any changes in the status and role of the town in the last 15 years, if yes what?

Yes, the situation is getting worse as service delivery has dropped, more and more people are forced to look for these services outside town. The area has ageing infrastructure, such as buildings, roads, water supply and sanitation, has suffered job losses and has lost its appeal as a town due to uncollected rubbish in the streets. There is an economic invasion of local businesses by foreign owners who do not comply with any by-laws or health regulations.

3) What do you think are the causes of such changes?

Lack of local leadership, non-existent municipal by-laws in regulating businesses and management of the town, no integrated and shared vision to develop the town. Political and administrative changes at the local municipality that resulted in lack of prioritization of Keiskammahoek as a town. Some residents also believe that because most of the municipal and government staff reside outside town, they don’t prioritise the development of the town. Others also acknowledge the
service backlog faced by the municipality to service rural village which never had access to these services in the past, hence the lack of development in town. They also argued that even under the apartheid government market facilities for hawkers or Black traders were never provided, despite several requests for such services.

4) How often do you go to Keiskammahoek town per week and for what services do you go?
The answers ranged between daily and weekly due to various reasons, however, all people interviewed recorded that they do go to town at least 2 times a month. All employed people, businesses, hawkers and taxi operators reported that they go to town daily because of work, while ordinary citizens varied from weekly to bi-weekly or as needed. During the field work on the 1st – 3rd November, the researcher confirmed that these are the busiest days in town due to social grant and pension pay days. On these days the town comes alive more than any other pay days. This could be related to the market segment and buying power of the grant dependents who cannot afford to travel to more distant towns. Currently Keiskammahoek services the low income market with no middle to high end market facilities or services.

5) Which shops do you often visit when in town and why the shops and town of your choice
It was reported that local grocery stores such as Pak foods, Madala’s, etc. are used for convenience goods, while people travel to Stutterheim, King Williamstown and even East London for a broader range of services. For example, farmers reported that they mainly shop in East London and King Williams town for farming supplies and inputs, because Umtiza Co-op cannot meet all their farming requirements. It is evident that most people go to King Williamstown as the first choice, followed by Stutterheim mainly because of the different services rendered in these towns.

6) When asked what other services they think are needed to improve Keiskammahoek as a town it was mentioned that there is a dire need for:
• Recreational and social facilities for entertainment,
• Economic opportunities such as job opportunities
• Commercial services such as more retail stores and banks
• Better municipal services, such as upgrading of infrastructure, and cleansing services to collect all the garbage that fills the storm water drains.

7) What do you like and dislike the most about Keiskammahoek?
About 100% of people interviewed mentioned that they stay in Keiskammahoek because it’s their home. Likes mentioned include the biodiversity of the area, its culture, people, quiet environment and crime free areas compared to King Williamstown. Respondents mentioned that they dislike the state of the town as characterised by dirty streets, old worn out buildings, poor infrastructure and poor social life (see Figure 6 below of picture taken during a field trip in Nov 2010).

8) What would you like to change about Keiskammahoek?
The negative attitude towards town, lack of social capital, poor leadership, run down buildings and infrastructure. Roughly 80% of stakeholders interviewed agreed that with leadership from the local municipality, and outside assistance to provide funding and guidance, the town can be developed. It was reported
that currently people have lost hope over the years due to lots of fighting by
development stakeholders and local leaders. Some residents argued that the
municipal leardership is not visible and that they don’t even know the municipal
plans. This concurs with the findings by Menze in 2008 when assessing community
participation in IDP processes of the municipality, as he argued that these
meetings were run as political rallies instead of information sharing.

9) What do you think is the role of the community in development of
Keiskammahoek and how they can play this role?
Almost 70% of respondents interviewed believed that the community has a role to
play, however due to social dynamics and lack of social capital they are not
playing this role.

10) What is your vision of Keiskammahoek as a town and how do you see this vision
becoming a reality, who do you think needs to come to the party to make it
work?
All respondents agreed that they would like to see Keiskammahoek being an
appealing, thriving economic town that serves its community by providing jobs
and better social and commercial services. The high level of unemployment and
lack of skilled youth was highlighted as a major concern that hinders the
development of the town. The municipality and other development stakeholders
reported that complex land ownership hampers the development of the area, as
it is difficult to know who owns which piece of land. Some people are currently
claiming the land, but have no title deeds to verify their claims. In addition to this,
the Municipal Systems Act of 2000 and procurement procedures further
complicate the matter. This is due to the fact that leasing of municipal land to
private developers for a period of more than 5 years constitutes a public private
partnership, which is understood as complex and risky and therefore avoided by
developers. This is one of the issues in Keiskammahoek as most vacant and
developmental land is municipal and state owned.
4.6.3 Existing development plans and economic opportunities

As an agricultural hub of the Amahlathi municipal area that is adorned with rich and fertile soils; opportunities exist in the development of essential oils, blue berries, food crop and livestock production. With an existing agricultural college 14km away from Keiskammahoek, and the Department of Agriculture’s intervention, research and training can contribute to improve performance of the existing initiatives in the area. Further land restitution and transfer of commercial forests to communities provide another opportunity for rural development, such as out-grower schemes for forestry and agriculture, thereby promoting community beneficiation and local economic development. The revamping of historical buildings and heritage sites of Keiskammahoek, highlighting its historical importance in conjunction with upgrading of the main roads in the centre of the town, offer an opportunity for creating a unique town centre. By this the rich history and heritage of Keiskammahoek could well be marketed to attract tourists.

Resuscitation of the irrigation schemes started in 2006 as an initiative of the Department of Agriculture and Rural Development?. The programme involves resuscitation of two schemes in Keiskammahoek, namely Zanyokwe and Keiskammahoek irrigation schemes. This project is a prioritised LED project of Amahlathi IDP 2007/2008 with an allocated annual budget of more than R1 million. The Zanyokwe irrigation scheme project started in 2006 with a capital injection of R5 million by the Department of Agriculture, for upgrading of infrastructure and implementation material, and has been funded R295, 000 by the National Development Agency. The project produces about 400,000 units of vegetables per annum, which supplies big retailers such as Pick n Pay, Woolworths, ProVeg and Fruit and Veg City in Port Elizabeth, East London and surrounding areas. However, the biggest challenge of the scheme is transport costs, due to bad roads which make it difficult to reach the markets. The project is managed and owned by local Black farmers with assistance from the Department of Agriculture.
Keiskammahoek irrigation scheme is a dairy production project which is owned by local farmers and funded by the Department of Agriculture. The project has 330 cattle with 115 cows in milk at any given time and a production volume of 1500 litres per day. The scheme covers a land area of 1 730 ha with only a fraction of this land currently developed. The milk is sold locally, and to Clover in East London, through a joint partnership with Amadlelo Agriculture which is a company of commercial farmers in the area. A long term vision of the project is to process the milk internally. However, due to insufficient production volume it is difficult to enter the market until the required minimum of 4 000 litres per day, which would make internal processing viable, can be attained. The irrigation scheme could further create opportunities for beef processing and lucerne growing. The Development Bank of South Africa (DBSA) and Asgisa EC, through its sustainable livelihoods programme, have invested millions of rands to pilot paprika in the area through a partnership with Unilever. Other interests are an initiative by Potato SA to plant 40 ha of potatoes at Zanyokwe.

Currently 60 ha of land is required by Aspire, Eastern Cape Development Corporation and Amathole Berries to involve local farmers as blueberry outgrowers to support a berry farm in Stutterheim. These initiatives arise out of the existing agricultural potential in the area which, based on farmers comments, warranted an investigation for an agri-produce market for the area. Other opportunities exist in the tourism and education sectors due to history, heritage, biodiversity of the area as well as the historical St Matthews boarding school 7 km outside town (Aspire field work 2008-2010). Other initiatives are facilitated by Amathole District Municipality (ADM) and Border Rural Committee (BRC) through a land restitution programme and the agricultural cluster of ADM to provide farmers with support.

4.7 Analysis and conclusion

Based on the field research findings the secondary node of the Amahlathi Local Municipality of Keiskammahoek was never given priority in terms of economic
development. Prioritization of Stutterheim as the main administrative services centre of the local municipality further disadvantages Keiskammahoek, as people are still forced to go to Stutterheim for better municipal services. Historically Keiskammahoek town was a magisterial town with its own municipality managed by a town manager servicing the urban centre and surrounding townships. The traditional council or municipality had a mandate to service only a small portion of the area, compared to the 38 rural villages and town centre that are now the responsibility of local government for both local economic development and infrastructure development.

Administration and capacity issues were never addressed and planned properly during the transition period from homeland system to the new local government. The previous White owned shops and schemes were then taken over by Black owners, and in some cases due to complex land tenure and ownership issues, the current owners could not develop nor make any infrastructure investment in these properties as they don’t have valid title deeds and most properties are subject to land claims.

The above mentioned points and challenges are worth noting as they raise some policy questions, especially relating to local government in post-1994 South Africa. These relate to the size of population that was supported by the existing infrastructure, the expansion of infrastructure systems, whilst bulk infrastructure upgrades took place at a slow pace compared to population growth, and the backlogs in services to rural villages. This also makes an interesting comparison when considering that today Keiskammahoek municipality is integrated in the broader Amahlathi Local Municipality (centralization of powers and functions compared to decentralization). Another interesting point to note is the lack of a local town manager residing or working from the Amahlathi Municipality, Keiskammahoek office to enforce municipal by-laws as previously occurred. Furthermore, in current planning Keiskammahoek town is positioned as a secondary service node of Amahlathi Local Municipality, hence the lack of prioritization of economic development in the area. The local government understanding and planning of rural development and local economic
development as sector based community projects further disadvantages the town development.

Complex land tenure issues and economic spatial planning of government further poses a challenge in the area, as the urban edge for development purposes only focuses on the former White areas. Lack of local leadership and social capital in the area seems to hamper most of the existing development initiatives in two ways. Firstly, there is limited facilitation of a business enabling environment by local government and lack of integration of government infrastructure services. Secondly, social dynamics result in lost hope by the locals to support and benefit from the existing initiatives. Although there are already external players and investors in the area, lack of leadership and social cohesion to integrate, guide and support these initiatives does not result in community beneficiation and growth of the area, and this further marginalizes the rural communities.

Judging from the number of initiatives in the area one can conclude that Keiskammahoek has huge economic development potential, however due to policy issues in terms of local government administration, local economic development and rural development strategies, these initiatives are not integrated. In comparison to its historical role as a town one can argue that Keiskammahoek’s role as service centre and economic node has not significantly changed, but there is a shift in the level and range of services provided. In the past 15 years of rural and local economic development planning of local government, there is no significant change or positive impact visible in the development of rural economies such as that of Keiskammahoek. Current understanding of local economic development of rural areas has further promoted scattered initiatives at village levels, which lead to neglect of the town centre as central business district of the rural hinterland. Another shift can be seen in the quality of service delivery in the area which has a huge impact on the role of the town as service centre. One can argue that the available municipal services and infrastructure influences or determines the commercial and economic role of the town.
Chapter 5: Conclusions and recommendations

5.1 Introduction

The purpose of this chapter is to briefly summarise the context of the research, come to conclusions and provides recommendations on how the identified challenges facing a small town such as Keiskammahoek can be addressed. This chapter provides recommendation on the role of a small town to promote economic development of its rural hinterland by presenting the small town regeneration model adopted by Aspire and the implementation and institutional arrangements that underpin the model. A Keiskammahoek renewal concept is presented as a case study, or example, of how the model should work. Furthermore policy recommendations are also made; although this was not the purpose of this study, these have emerged as critical to address the issues identified.

5.2 Summary of research objectives and problem

The research aimed to investigate the changing role of Keiskammahoek and how economic regeneration of the small town may support rural development of its surrounding hinterland. The research came as a result of Amahlathi Local Municipality approaching Aspire for assistance in the development of Keiskammahoek as a secondary node of the municipality. The researcher is a project officer at Aspire responsible for project management of the economic renewal of the town, and so became part of the project team. Secondly, it was decided to research the perceptions and status of under-development and development potential in Keiskammahoek. Thirdly, the research was propelled by a need to find solutions based on the use of existing local resources to revive the economy of the town as a service centre and initiator of economic development of its rural hinterland. The research objectives are to address the following sub-foci:
• Current understanding of rural development and local economic development in the South African context
• The role of small towns in the context of their rural hinterlands (theory of small towns)
• Post-1994 LED and Rural Development policy implications for small towns with specific focus on the Eastern Cape
• The historical and current economic role of Keiskammahoek town as a service centre and as an initiator for LED of its rural hinterland

Although problems, case studies and findings from other small town studies internationally and nationally are briefly reviewed in the literature review, the research focus was limited to Keiskammahoek in the Amahlathi Local Municipality of the Eastern Cape Province.

5.3 Summary of chapters

Chapter 1 presented the current understanding and definition of rural development, Local Economic Development, as well as the concept of economic regeneration of small towns. The chapter considered the differences and linkages between rural development and local economic development through small town regeneration. The chapter revealed that in South Africa, economic development of rural communities is mainly understood as agricultural intervention. This is confirmed by the current understanding of Local Economic Development as sectoral interventions, such as agriculture or tourism, etc. The chapter argued that despite the significant focus of rural economic development on agricultural interventions, recent debates argue that rural development is more than agriculture.

Chapter 2 provides a literature review on research conducted in small towns internationally and in South Africa. The aim of this chapter was to summarise and analyse existing literature and research on the economic development of rural
areas with special emphasis on small towns. The chapter tried to answer the question regarding the role of small towns in relation to their rural hinterlands by considering the theory of small towns. A review of existing LED and Rural Development policies and their implications on small towns was done by analysing plans and strategies of the Eastern Cape provincial government, Amathole District Municipality and Amahlathi Local Municipality in which Keiskammahoek is located. The chapter compared case studies on economic and rural development of small towns from both national and local perspectives.

Chapter 3 presented the research methodology adopted to address the research question through qualitative research methods. The chapter outlined and explained the research approach, methods and data collection procedures utilized and justified the research approach. Information from workshops, focus groups, questionnaires and interviews conducted between 2008 and 2010 as part of the Aspire programmes have been used as data for the research. Proper methods and data validation tools were used to verify and validate the research findings as true reflections of the situation. This was augmented by presentations to groups of stakeholders to verify the findings. Another set of primary research was conducted early in November 2010 to update the status quo of the area.

Chapter 4 presents the research findings and validates the findings through a case study of Keiskammahoek by narrating the findings. The chapter was closed by analysing and interpreting the data gathered in the field. This chapter seeks to answer the question “what is the historical and current economic role of Keiskammahoek town as service centre versus its role as an initiator for LED of its rural hinterland?”. This is achieved firstly by providing an analysis of the study area, first through a detailed historical background of Keiskammahoek small town from its establishment, and then through an overview of economic development of the area under the homeland government regime. It further interprets the field research in a descriptive manner by narrating the secondary research and presenting local opinions and views captured through primary research methods as explained in Chapter 3.
The purpose of chapter 5 is to draw together the data gathered in the previous chapters as well as to make recommendations based on the findings as interpreted by the researcher. This chapter has identified development policy challenges that have an impact on the development of Keiskammahoek as a commercial and economic service node for its rural hinterland.

5.4 Summary of findings

The research has identified these findings as key challenges to economic development of small towns as service centres and economic nodes for development of their rural hinterlands:

- Government policies have not considered their implications on economic development of rural small towns or on the role of small towns as service centres and initiators of economic development for rural areas. Government policies, such as centralization of local government, have also further disadvantaged previous homeland towns, such as Keiskammahoek, as they end up being swallowed by bigger service centres which are more developed and better able to provide services compared to secondary nodes.

- The role of small towns as economic centres for rural economic development has been a neglected arena in South Africa despite the existing 500 small towns until recently, through the new rural development strategy of 2010.

- In the Eastern Cape Province, with 72 small towns, the newly adopted rural development strategy has failed to align with the national strategy placing small towns at the centre of rural development. Although some government departments have started to respond to small town regeneration, there is still much confusion in understanding the socio-economic role of small towns. Another challenge is that local political leaders need to have a number of projects per village in order to win their constituency, which ends up compromising the integrated development that can be brought by small town regeneration.

- Decentralization of local government powers in terms of infrastructure service delivery has somehow compromised or complicated the process, as it has
created too many reporting and negotiating layers to get the services delivered efficiently.

- The proliferation of local government institutions, together with the number of provincial and national government stakeholders creates a significant co-operative governance challenge; particularly given the need to align various and varying administrative system requirements.

- Due to the lack of commercial and economic facilities in small towns for servicing their rural hinterlands, there is a considerable leakage of economic resources and money that leaves the small towns to service or promote the growth of bigger towns.

- There is a dysfunctional symbiotic relationship between small towns and their rural hinterlands, as small towns are currently not fulfilling their economic and service role to their rural hinterlands.

- There is a lack of community participation in the economic development of their small towns, with too much reliance on government and outside help.

- There is limited trust by communities and visible local leadership to drive and support the development vision and economic development of the town.

5.5 Recommendations: small town regeneration model

One of the main objectives of the research was to provide recommendations on what needs to be done to revive the economies of small towns, such as Keiskammahoek, as effective service centres and as initiators of the economic development of their rural hinterlands. This is achieved by presenting the Aspire small town regeneration model. The chapter presents the general model and illustrates it as a case study by means of the Keiskammahoek regeneration concept. The regeneration concept provides solutions to address the challenges identified in the field research. Locally identified development opportunities, as articulated in the workshops and planning documents, are strategically packaged into the concept document with the help of the researcher as a development advisor to the local stakeholders.
5.5.1 Small town regeneration model as recommended strategy for rural economic development

Small town regeneration is an economic revival and renewal of the town’s economic activities using the existing local assets and building on the competitive and comparative advantages of that particular area. In the Amathole district context, small towns are defined as the urban centre or central business district including the surrounding rural villages serviced by the town centre (Aspire 2007). For example, Keiskammahoek as a small town is composed of it’s central business district and its residential areas, including the surrounding 38 rural villages. Spatial perspectives need to be considered as an important aspect of small town regeneration. The sustainability of these efforts depends on the character of a town as an anchor for broader economic growth, and the development of an economic corridor where growth can occur to achieve regional development.

The Aspire small town regeneration model comprises of a number of catalytic interventions to improve economic development in the area. The overall regeneration project is spearheaded by a number of carefully chosen and packaged interventions, such as business ventures and/or socio-economic needs that will explore the advantages of the area, while simultaneously boosting economic growth and empowerment of communities. Aspire believes that a balanced improvement in small towns can be achieved through nodal/precinct development to create neighbourhood diversity (Aspire Regeneration Model 2009).

The concept of nodal development, as defined within the framework of small town regeneration, concentrates on specific sub-areas of the town (including rural villages surrounding the town), such as the CBD, public spaces with pedestrian zones or parks which serve the town and its hinterland in terms of retail facilities, social and public services, as well as recreational functions. It is believed
that development of these key areas can improve the quality of life in the town, as well as nodal areas for broader community members serviced by the town, and therefore stimulate the local economy.

- The aim of the small town regeneration model is as follows:
- To identify the key economic conditions and trends in the town in partnership with local stakeholders such as communities, municipality, businesses, government departments and other developmental stakeholders, such as agencies and NGO’s
- To determine which sectors and commodities in the area are significant to its economic activity and could be developed in order to positively impact on economic development
- Assess socio-economic activities that will give a competitive advantage to the area, such as skills, natural resources, active community, etc
- Increase capital investment in the town and surrounds such as investing in high impact sector based projects that can have economic spin offs for the town and unlock opportunities
- Assess existing spatial data such as cadastral, land use, land ownership, demographic and physical analysis of the area
- Investigate the availability of bulk infrastructure and other related engineering services that are critical for the functioning of the town and to unlock economic opportunities

![Figure 7: Source: small town’s conference 2010. www.aspire.org.za](www.aspire.org.za)
The small town regeneration model is a phased approached, whereby Phase 1 entails a situational assessment of the area, visioning and identification of interventions; and includes development of a Localized Spatial Development Framework to plan and locate proposed interventions. This phase leads to a Feasibility study phase where community needs are assessed based on situational analysis, scenario development for proposed interventions and assessing the socio-economic impact of identified interventions.

Feasibility assessment of proposed interventions then leads to detailed business plans, which include project packaging, market analysis, operational plans, risk analysis, and financial viability; and, where necessary, environmental impact assessment (EIA) of identified and prioritized interventions. Once these phases are completed, implementation of feasible projects commences which entails securing investors (public and private); funding agreements, project management and the establishment of a managing structure /company, such as community trusts, to drive the development (Aspire small town regeneration model 2009). The above graphic summarizes the key pillars for a small town regeneration strategy.

Through stakeholder engagements, it has emerged that one of the challenges with a small town regeneration programme is that it is easily confused with the national urban renewal programme that is taking place in eight Presidential nodes. This comparison unfortunately places this programme as a ‘little sister’, almost a ‘no hope’ agenda for a small peripheral town compared to the presidential nodes in larger towns or townships in large cities.

Small town regeneration is also confused with the local economic development strategy. Such strategies emphasize the importance of economic sectors, while small town regeneration highlights the importance of locality. The small town regeneration approach requires an understanding of the small town and its environment as well as the approaches to achieve regeneration (Aspire lessons learnt report: 2009).
5.5.2 Case study of Keiskammahoek economic regeneration concept

Based on the research findings in chapter 4 highlighting challenges and opportunities of Keiskammahoek small town, a local development concept was produced with the purpose of addressing the identified local development challenges. The opportunities identified through participatory methods are then categorised into nodal developments focusing on locational advantages. The regeneration concept proposes three nodes namely commercial, educational and tourism nodes.

The application of the model included synthesising it with both local and district IDP projects. The three nodes are informed by existing economic activities based on competitive and comparative advantage of the locality as agricultural service area. It must be noted that Keiskammahoek is one of the four towns of Amahlathi Local municipality providing urban services to its rural communities and positioned for agricultural economic development as future growth strategy. This positions Keiskammahoek spatially and economically as the second largest centre of Amahlathi with a different character to its main town of Stutterheim, as well as neighbouring towns within the R63 economic corridor such as Alice and Hogsback.

5.5.2.1 Commercial node

The purpose of this node is to position Keiskammahoek as an agri-produce market servicing hub for agri-processing, as well as commercial services centre for surrounding rural communities creating rural-urban linkages. The commercial node aims to spatially reconfigure the central business district of the town, as services will need to be integrated and centrally positioned to cater for community needs, thus resulting in a redefined urban edge, rezoning and land use. Although there is a need for private investment in the retail sector to support the agri-produce market, as well as provide general commercial services to
locals, this needs to be done in a way that promotes local economic development of the area and considers social and environmental aspects. The ideal commercial node entails an agri-produce market, mini retail shops as per consumer demand, tourism and education support services.

The reason behind the proposed agri-produce market is due to the existence of agricultural production and existing agricultural resources provided by the irrigation schemes. The commercial node is informed by the economic role of the town as service centre to the rural hinterland, especially the existing agricultural initiatives in the town and surrounding villages, which need a market to sell local produce. The agri-produce market is a sector stimulation initiative that aims to provide economic and job opportunities to enable growth of the town. It is believed that the market can strengthen and promote sustainability of the IDP funded poultry, home gardens, and related projects in rural villages, whereby surplus from these villages can be sold in town via the market.

5.5.2.2 Educational node

The existence, history and reputation of St. Matthews’s boarding school and Fort Cox College in the area provide an opportunity for creating an educational node that will service student and staff needs of St Matthews School 7km from town. St Matthews’s village has been declared as a national heritage site and has been identified as a pilot project for the restoration of historic schools by the National Department of Arts and Culture (DAC).

Currently, St Matthews is a tourism attraction and the road has several other tourism attractions that go as far as Stutterheim, such as Gubu Dam and forest hiking trails through Cata (Annexure 2: Spatial location of nodes). The proposed facilities need to be designed and spatially positioned to ensure accessibility, safety and proper quality to service the school needs as well as the community at large. The recreation facilities would also be used to promote sport tourism in the area through school and community events. Currently St Matthews has established a partnership with Rhodes University as one of the University’s feeder
schools and part of its outreach programme. This positions St Matthews as an important school and centre for the area where all the local primary and high schools can network and share resources through the link with Rhodes University (BRC, 2010).

5.5.2.3 Tourism node

The proposed tourism node is divided into eco-tourism and heritage tourism, building on existing assets such as the aesthetic appeal of existing dams and biodiversity (natural vegetation and bird life) of Keiskammahoek and surrounds. This node will be developed in such a way that it consolidates the products available in Cata and other villages on the R63 as offering supplementary opportunities, like Lower Mnyameni which holds potential in such leisure activities as water sports and fishing at Mnyameni and Cata Dams.

These three nodes support and feed each other and they are linked spatially to form one integrated Keiskammahoek town. This therefore results in a redefined urban edge to the town, restructuring the historical apartheid urban and town planning. Road infrastructure projects, such as surfacing of the road from Keiskammahoek to Stutterheim and from Keiskammahoek to Middledrift, are prioritized infrastructure projects. These roads are prioritized as they could unlock economic opportunities of the area, particularly the irrigation schemes, forestry and proposed nodes as they will improve accessibility to the market.
5.3 Implementation and Institutional arrangements of the model

In Aspire’s context, the key stakeholders are local municipalities as they play a significant role of political champion, facilitating community engagements and coordinating and aligning IDPs to corridor development and small towns (refer to Figure 1). While municipalities are playing this role, the development agency facilitates the development of the regeneration strategy and small town development concept, as well as manages the implementation of the town regeneration projects in partnership with the local municipality, government departments, communities and the private sector.

This is done through facilitation of stakeholders, lobbying for funding and technical planning. In addition, communities are an integral part of the process through community participation to develop the broader local economic development vision, as well as owners and drivers of identified business opportunities in the form of joint ventures, community trusts, etc. It is acknowledged that community dynamics, such as unequal power relations, community and businesses perceptions and apathy, are challenging in ensuring active public participation but several methods are used to ensure community
input. The long term vision is to get the local municipalities to project manage the process with technical advice from the agency.

There is still much that needs to be done to get stakeholders to understand the role of small towns and why prioritization of small towns presents a better way to meet broader community needs. Other government departments have a role to play through allocation of budget, alignment of implementation planning in terms of infrastructure requirements for small towns; such as housing needs, road infrastructure, electricity, public amenities, etc; that are required by small town residents. The town concept guides and informs other players on what interventions are required in the town. In addition, the studies conducted also assist other players with information necessary for implementation thereby promoting integrated planning.

5.4 Community beneficiation and economic development of the rural hinterland

As described above, the proposed nodes would be developed within communities and build on the existing natural resources, community and commercial activities. The proposed nodes aim to attract both private and public sector investment in the town and enable community, public and private partnership through the proposed nodes. For example, the proposed agri-produce market would provide a market for local produce, thus improving feasibility of the irrigation schemes and community agricultural projects supported and funded by municipality and government departments. This will promote the projects into business enterprises serviced and trading at the agri-produce market. This could create more and higher quality jobs and business opportunities for local people along the existing agricultural value chain, introducing new agricultural activities such as a nursery, abattoirs, harvesters, farmers’ business support centre, processing facilities, etc.

Currently in most villages there are existing agricultural projects driven by individuals or groups of women. The research has identified that even though
successful farming has taken place in the area, it is difficult to increase output due to difficult access to market and other production issues. The economic regeneration of the small town through commercial agriculture and tourism could assist the rural farmers to reach the market and expand its catchment, thus positioning Keiskammahoek as an agricultural town and leading to locality development of the area through the three identified nodes which are linked to the main sector of the economy.

The significant advantage of Keiskammahoek renewal, as with any other small town, is that growth and development would benefit all the surrounding community members who rely on the small town for day-to-day needs, unlike having development in one particular village while neglecting another. For example, by investing in one anchor project with competitive and comparative advantage, without neglecting other interventions such as the agri-produce market, adds value and builds a case for socio-economic bulk infrastructure such as roads and transport networks to link all surrounding communities. Retail services such as fuel stations, banks, and other convenience stores could develop to support the market, as well as service the entire community. The integration and alignment of diverse activities in nodes is a key factor in creating diversity in the neighbourhoods and in accommodating the needs of all social groups thereby providing diversity of services.

5.5 Conclusion

The research has argued that despite 15 years of rural development programmes and strategies since 1994, there is still no consensus on what rural development is. More often than not rural development has been considered and understood mainly as agricultural intervention and provision of social services. Similarly to rural development, LED has been considered as sector investment in programmes such as agriculture, tourism, manufacturing, etc., with little attention or details given to spatial and locality advantages and disadvantages. Little attention has been given to rural small towns as service centres for rural areas based on the rural-urban linkages often talked about. Most rural development
and LED initiatives are taking place in rural villages with no defined or well thought out linkages to the market, which is one of the roles of the small town in economic development of its rural hinterland. The small town regeneration model provides a new strategy for linking and ensures that the forward and backward linkages between the town and its rural hinterland are optimised.

In conclusion, small towns as service centres and economic nodes for rural villages have a significant role to play in the economic development of their rural hinterlands. According to the Aspire model, the researcher argues that investment in the economic sector of the town not only creates economic opportunities, such as jobs, but leads to integrated service delivery that improves the socio-economic quality of life of the area.

Although the services are located in town, they have far wider catchments of rural villages to support and service compared to village based initiatives. These initiatives feed off each other as the small town cannot survive economically without the rural villages. Dysfunctional towns result in dysfunctional villages and vice versa due to the symbiotic relationships between the two areas, therefore economic regeneration of small towns results in economic development of their rural hinterlands.
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