

**THE PROMOTION OF COMMUNITY PARTICIPATION IN LOCAL
ECONOMIC DEVELOPMENT (LED) PROJECTS TO ALLEVIATE POVERTY
IN THE THULAMELA MUNICIPALITY**

by

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Declaration:

I, Mpfareleni Mavis Netshakhuma, do hereby declare that this dissertation is my own original work and that all the sources contained in this dissertation have been accurately reported and acknowledged, and that this document has not previously, either in its entirety or in part, been submitted at any university in order to obtain an academic qualification.

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Date:



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SUMMARY

At present, many national and local governmental programmes initiated to promote greater economic growth as well as alleviating poverty and unemployment include, among others, Local Economic Development (LED) poverty alleviation projects. LED poverty alleviation projects which are the focus of this study typically concentrate on empowering vulnerable groups, especially women and the disabled to improve their livelihoods by providing them with rural infrastructure, employment opportunities as well as training.

It is evident that the need to address poverty and inequality has been firmly placed at the centre of the nation's agenda. Several poverty audits have been undertaken, and a range of policy documents and strategies have been developed to address this crucial issue. The LED strategy is a locally driven process by which public, business and the non-governmental sector partners work collectively to create better conditions for economic growth and employment generation in order to sustain livelihood and to improve future economic prospects.

This study explored the concept of poverty as understood globally and investigated the perspectives and poverty alleviation approaches in developing countries and in South Africa against the background of certain developing countries' trends, especially LED. The study also determined the meaning of the concept of LED within the South African context and investigated the historical legislative milieu of LED, the key role players and strategies as well as an investigation on how this relates to the implementation strategy of LED implementation projects in the Thulamela Municipality.

This study also assessed whether LED initiatives, and in particular, LED projects are successful toward alleviating poverty in the Thulamela Municipality in the Limpopo province. Specific critical issues addressed in this study include the determination of the socio-economic development benefits derived by the projects' participants in the

Thulamela Municipality towards unemployment and poverty alleviation as well as the sustainability of the projects.



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CHAPTER ONE

GENERAL INTRODUCTION

1.1 Introduction

This study focuses on the promotion of community participation in Local Economic Development (LED) projects to alleviate poverty, and was carried out among a selected group of participants in the Thulamela Municipality in the Limpopo province. This introductory chapter provides a background and rationale for the study in order to put the problem statement in the proper context. The problem statement is provided before research objectives and a hypothesis is formulated for the dissertation. The methodological approach, research design and research methods that will be used are also provided. Concepts frequently used in the dissertation are defined and explained in order to avoid misinterpretation or misunderstanding. This chapter concludes with an outline of the chapters contained in the dissertation.

1.2 Background and rationale for the study

Poverty has different perspectives. It is understood and defined by different people in many ways, both locally and internationally. Prominent among these perspectives are, deprivation, isolation, a lack of income and physical assets such as land, vulnerability, insecurity and powerlessness. These characteristics impair people's sense of well being (Shepherd, 1998:92 and Davids, Theron and Maphunye, 2005:37).

Throughout the world, the struggle against poverty is probably one of the most important challenges facing governments today. As a result, the debate regarding the most effective way of alleviating/reducing poverty continues (Bamberger and Aziz, 1993:3).

In developing countries, the way in which development is viewed has changed over the past decades. Neither the predominant development philosophy of reducing poverty through sustained economic growth, that is, capital-intensive industrialisation during the 1960s and much of the 1970s, nor the structural adjustment models of the 1980s of reforming economic policies have been able to reduce poverty to any great extent (Riddell and Robinson, 2001:14). Another integrated approach to poverty alleviation is the one argued by the World Bank as the poverty alleviation strategy which most effectively, focuses on the poor by providing them with social services, permitting them to participate in economic growth and providing them with social safety nets and targeted programmes (Bamberger and Aziz, 1993:3-4 and World Bank, Internet (a):2003).

In South Africa, decades of apartheid and racial policies, among other things, have led to a high prevalence of poverty among the majority of the people, mainly the rural population. Following the transformation to democracy in 1994, the government placed the need to address poverty and socio-economic imbalances firmly at the centre of its development agenda (Mokate, 1999:189 and Burger, 2002:51).

Great pressure is placed on national government to initiate a way of achieving greater economic growth as well as alleviating poverty. One of the main duties of local government is the development of the community according to its basic needs and to do this in consultation with the community.

Section 153 (a) of the Constitution of the Republic of South Africa of 1996 (Act 108 of 1996) (hereafter the Constitution of 1996) stated: "A municipality must structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community".

In terms of this mandate the overall objectives of local government are to:

- Provide democratic and accountable government for local communities;
- Provide services that are sustainable;
- Promote social and economic development;
- Promote a safe and healthy environment; and
- Encourage the involvement of communities and community organisations in the matters of local government.

In terms of the Constitution (Chapter 10) of 1996, all three spheres of government are responsible for ensuring the delivery of quality services to all South Africans. To carry out this responsibility the different spheres of government face the enormous task of addressing the huge backlogs in access to basic services. To enable these spheres of government to carry out their responsibilities, the public sector delivery process needs to transform through a process of restructuring (Kroukamp, 1999:297). Local government is the sphere of government closest to its constituents and involved in the rendering of a wide range of services that materially affect the lives of the inhabitants residing within its area of jurisdiction (Zybrands, 1995:1). For this reason the broad mission of local government is to achieve the highest general welfare of a community by satisfying the identified needs through the effective rendering of services (Zybrands 1995:1). According to the Reconstruction and Development Programme (RDP) municipalities are key institutions for delivering basic services. Consequently, restoration and upgrading of services where they have collapsed and extending services to new areas are regarded as vital preconditions for the continued legitimizing of the new local government system.

The development duties of municipalities include the responsibility to structure and manage their administration, budgeting and planning processes, to give priority to the basic needs of the community and to promote the social and economic development and participation of the community. In this process, local government must participate in national and provincial development programmes. In turn, municipalities must be seen as being part of a system of co-operative government, in the sense that national and provincial governments through legislative and other measures must support and strengthen the capacities of municipalities in order to manage their own affairs, to exercise their powers and to perform their functions.

In the light of current developments at the local sphere of government, it is imperative to spell out the future developmental roles and functions of South African local authorities (Hilliard and Wissink, 1996:76). Clearly, South African local authorities have to play a crucial role in the South African economy in terms of development (De Beer and Swanepoel, 1997:96).

Research locally, nationally and internationally clearly proves the reality of low levels of efficient community participation in service delivery in South Africa. The demand for quality service delivery from local government has increased over the last few years. This increased need makes high demands on councillors and officials to utilize scarce resources in such a way that a better life for all inhabitants of a municipal area is promoted.

Chapter 7 of the Constitution of 1996 creates a framework for local governments, making them autonomous bodies and more independent of national and provincial government than under the previous dispensation. This means that local government (Category A, B and C Municipalities) are now accountable to their local communities more than ever before, especially in ensuring effective and efficient service delivery.

Local authorities must become integrally involved in the lives and the fate of the communities they serve and to build capacity (Hilliard and Wissink 1996:26). Once the capacity has been built through development, job opportunities can be created for the multitude of skills in order to create wealth. Not only must local authorities become engines but also instruments of development (White Paper on Local Government: Section B:1998:22).

Based on the key principles enshrined in the Constitution of 1996, particularly, in terms of the written Bill of Rights (Chapter 2), the government is currently implementing programmes that are targeted at poverty alleviation. These programmes include, among others, LED poverty alleviation projects (Burger, 2003:54-55). LED Poverty alleviation projects which are the focus of this study are typically concentrating on empowering vulnerable groups, especially women and the disabled to improve their livelihoods by providing them with rural infrastructure, employment opportunities as well as training. It is therefore imperative for these projects to be assessed in order to determine the effect of community participation on poverty alleviation (Lewis, 2001:3 and Atkins and Milne, 1995:1).

A mandate has therefore been given to local government to play a fundamental role in achieving LED. LED is a relatively new approach to development, and is currently seen as a prominent strategy to tackle the problem of unemployment and poverty in South Africa and to provide a bottom-up approach to economic development. It forms part of the economic and social development mandate given by national government to local authorities.

The Department of Provincial and Local Government (DPLG) (previously the Department of Constitutional Development) is vigorously pursuing its LED programme on three fronts namely, the LED Policy, Advice and Support, the LED Fund and the LED Social Plan Fund. Municipalities throughout South

Africa will benefit directly from this programme (Local Economic Development Newsletter No 121: December 1999).

The DPLG has maintained for some time that municipalities do not have a coherent government LED policy framework within which to undertake their constitutional mandate to promote economic and social development.

LED supports broad national macro-economic and provincial development strategies. In turn, municipalities must be supported by national and provincial government in their quest to improve LED.

However, although policies are in place, LED strategies have produced very few success stories for various reasons, such as the lack of capacity within municipalities as well as resource constraints. It is also alleged that LED is incorrectly interpreted and therefore also incorrectly implemented. Because of the presumed effects of LED in terms of economic growth and social upliftment, pressure is placed on municipalities to get appropriate strategies into place as soon as possible (Isaacs 2006:iv).

1.3 Problem statement

Despite the shifts in development theory and practice, and the accompanying development debates, essentially there has been a consistency with the main issue and preoccupations of poverty alleviation over the last decades. According to Harcourt (1997:6) there is, by and large, the same worry about how to deal with poverty and growth, the policy setting and people's participation in terms of poverty alleviation, and how to achieve justice and equality albeit with different emphasis on the action and means with different political backdrops.

According to Skinner (1999:14), it is useful to consider local economic developmental problems in relation to South Africa because a wide variety of such problems can be illustrated by South Africa's experience, and because South Africa has experimented with a variety of policies and economic structures in recent years.

It is in the context of this chapter that the development problem of South Africa described more than a decade ago by Jill Nattrass as being that of "plenty amidst poverty" remains appropriate (Nattrass, 1983:12). Besides the social and political instability that the presence of extreme wealth alongside poverty brings, sufficient evidence exists to argue that the level of inequality in South Africa will dampen the country's economic growth rate. A high level of inequality could also reduce the impact of any improvement that might be achieved in employment creation and poverty reduction (May, 2000:16).

Although policies are in place, the problem of the practical implementation of these policies and lack of efficiency and effectiveness on the part of the officials remains. Local authorities are hampered by inefficiency and ineffectiveness in their quest to fulfil their obligations (Parnell, 2002:159).

The central problem of this study is whether community participation in LED initiatives, and in particular, LED projects are successful in addressing poverty in the country. LED projects were introduced in 1997 through a special allocation from the Poverty Relief Fund (PRF) as an urgent response to the deep levels of poverty in the country (Burger, 2002:507). Since then, LED projects are being implemented around the country. Despite this government's effort, an analysis of recent poverty surveys including the one done by the South African Human Rights Commission (SAHRC) in 2001 and the one by the United Nations Development Programme (UNDP), in 2003 (SAHRC, 2001 and UNDP, 2003) reveal that poverty has increased since the fall of apartheid.

In the case of the Limpopo, the province is identified as one that needs support to pursue a LED approach due to its high levels of poverty. The livelihoods of the majority of the people in that province have not yet improved due to poor access to basic services such as clean water, food and health care. The worst affected are rural women, children and people with disabilities. These people are experiencing greater hardship than ever before, with media reports of actual starvation (Lewis, 2001:6; Leon, 2000:428; Department of Welfare, Internet:2003).

The main aim of the study is to investigate whether community participation promotes better service delivery in the government's poverty alleviation programmes, in addressing the issue of poverty and LED projects within a defined area of the Thulamela Municipality in the Limpopo province, in order to formulate a hypothesis.

Specific issues to be addressed include to:

- Determine the socio-economic development benefits derived by the projects' participants in the Thulamela Municipality towards poverty alleviation;
- Ascertain the projects' sustainability, and
- Make recommendations based on the findings.

Currently, poverty relief funds from the government are being channelled towards poverty alleviation programmes and rural development to push back the frontiers of poverty. However, little is known about what difference these initiatives are making in the lives of the poor. It is of course imperative that a study that aims at investigating the benefits of these programmes in addressing the problem of poverty be undertaken. This is especially the case in poor provinces such as the Limpopo, which is a priority in the government's poverty alleviation programmes.

An electronic search in the NEXUS database shows numerous scholarly studies that have been conducted in the area of LED and poverty alleviation in South Africa. However, they do not address the problem posed by this study and do not intend to determine the benefits of LED projects towards poverty alleviation, in particular, in the Thulamela Municipality.

The research within the study field of the proposed topic are the studies conducted by Kharidzha (2004), Nel (2003), and Boshomane (2003), which were assessing the role of local government in achieving economic growth, poverty alleviation and sustainable livelihoods through the implementation of LED initiatives and the impact of such initiatives on development. Another resemblance study conducted by Musitha (2004:vii), was assessing the role of agricultural development projects for women empowerment and poverty alleviation in the Mapila Village of Makhado Municipality in the Limpopo province.

1.4 Research objectives



Currently, many national and local programmes have been initiated to promote LED, but do these initiatives have the correct approach and why are they not successful in reaching the rural poor? In the light of this, the objectives of this dissertation are:

- Firstly, to explore the concept of poverty as understood globally and to investigate the perspectives and poverty alleviation approaches in developing countries and in South Africa against the background of certain developing countries' trends, especially LED;
- Secondly, to determine the meaning of the concept LED within the South African context and to investigate the historical legislative milieu of LED, the key role players and strategies and to investigate how this relates to implementation strategies;

- Thirdly, in light of the above two investigations, to evaluate the key factors that influence LED implementation projects in the Thulamela Municipality; and
- Lastly, to make recommendations for improving LED implementation in order to address the issue of poverty in the Thulamela Municipality more effectively.

1.5 Hypothesis

Within the context of the above-mentioned statements, it is therefore the intention to assess the impact community participation, in these LED initiatives, has towards alleviating poverty. It is only through the improvement of life of the poor by providing them with basic needs, employment opportunities and access to resources that poverty may be alleviated. Taking the problem statement into consideration, this study departs from the following hypothesis:

The participation of the community improved the quality of service delivery towards alleviating poverty in the Thulamela Municipality.

1.6 Methodological approach, research design and research methods

This study is quantitative and quantitative in nature and of necessity will require careful description and evaluation of data. It involves a literature analysis based on primary and secondary sources, supplemented by structured questionnaires administered to the participants of LED projects in the Thulamela Municipality.

Although there is a high level of inequality, municipalities need to ensure that, whatever approach is adopted by the municipal council, it should not perpetuate the levels of inequality as currently experienced (Parnell, 2002:162).

Qualitative research concerns itself with an assessment of a situation expressed in words (Monobe, 2001:104). It has to do with qualities rather than quantities or figures. It describes types, styles and similar factors in an effort to understand the phenomenon as a totality.

Qualitative study is permeated by some of the following characteristics:

- It is conducted in a natural setting and the researcher is the key instrument for collecting data. According to De Vos (2001:240) the study is undertaken within the habitat of the respondents. The researcher will spend some time at the Thulamela Municipality learning about the concerns with regard to service delivery in poverty alleviation. Data will be collected on the actual premises and will be supplemented by the fact that it is gained on the actual experiences of the respondents. It is therefore not a contrived situation being investigated.
- Qualitative research is concerned with process rather than with outcomes or products. The researcher gains entry into the respondents setting and establishes a role that he/she will make enquiries in, in an acceptable manner. In this study the researcher is particularly interested in what is happening at the Thulamela Municipality in terms of LED poverty alleviation projects.
- Qualitative researchers tend to analyse data inductively in order to prove or disprove hypotheses they had before entering the study. Instead they build the abstractions as the particulars are grouped (De Vos, 2001:240).

The abovementioned characteristics make qualitative research unique and different from quantitative research. These characteristics are prevalent in the study and therefore make it a qualitative study. However, the study also follows a quantitative research method in terms of utilizing data from questionnaires and interviews. These approaches require certain research methods. This study utilizes the case study research method.

The case study method differs with other research methods because it focuses on a single case. Crabtree and Miller (1992:5) see case studies as investigating most of the potential aspects of a particular case. It becomes useful when one wants to understand a specific problem in great depth. In this study an understanding of community participation in ensuring poverty alleviation at Thulamela Municipality is sought.

The reasons why a case study method of research is used in this study are the following:

- It uses a number of data collection techniques (Denscombe, 1998:31).
- This study is an in-depth investigation of a single phenomenon (Leedy, 1993:186). The results of this investigation of community participation in Thulamela Municipality will influence the approach to be followed in the process of service delivery in alleviating poverty.
- The case study is investigated in a natural setting (Dooley, 1984:281). The interviews and completion of questionnaires with the role-players were conducted in their offices.
- The researcher personally conducted the study (Swart, 1994:162). The researcher did the literature review as well as the data collection.

1.6.1 Methods for collecting data

A literature study, questionnaires and interviews were used as methods of data collection to conduct the research.

- **Literature study**

The literature review on poverty and LED provides the point of departure for this study. A further investigation is then conducted from the perspective of national policy on LED, and then relating it to the local government policy milieu. The literature study is utilized to establish a theoretical framework for this study and refers to the study and analysis of all the relevant available literature in the form of books, periodical articles and newspapers. Sources such as reports, letters, and State documents were also utilized in an effort to gain an understanding of actual LED poverty alleviation projects in the Thulamela Municipality.

The use of structured questionnaires is being sought to avoid biasing respondents' answers and to design questions that have the same meaning for all the respondents to guarantee consistency.

- **Questionnaires**

A questionnaire is a device that enables the respondent to answer questions. These questions are open-ended and therefore the respondent can reply in his/her own words (Stone and Harris, 1984:9).

As a multi-dimensional phenomenon, poverty is also measured through a variety of indicators. For the purpose of this study, poverty will be benchmarked through the

household income and expenditure levels. Through this approach, a person is considered poor if his/her expenditure or income level falls below some minimum level necessary to meet basic needs. In South Africa, the minimum level necessary to meet basic needs was set at an income of R587 per person per month in 2004 (Schwabe, 2004:1).

Data, which was used to measure the benefits of LED projects, was acquired through structured questionnaires, which were administered by the student to the participants of LED projects in the Thulamela Municipality. The study was based on 4 randomly selected projects from a list of 26 poverty alleviation projects obtained from the Limpopo Department of Health and Welfare. As these projects have less than 10 members each, and all the members of each of the projects participated in the study.

Two structured questionnaires were administered per project, one to the group leader/supervisor about the general information of the project and the second questionnaire to the rest of the project members with regard to their experiences in the project.

Information acquired was based on the following criteria:

- Qualifications;
- Previous employment;
- Previous income;
- Current income;
- Main expenditures from the income received in the project;
- Standard of living after the involvement in the project; and
- Other benefits derived from the project.

The collected data then captured the socio-economic livelihoods of the participants before and after their involvement in these projects.

- **Interviews**

Interviews, structured and unstructured, were conducted with decision-makers and participants. Interviews include, The Municipal Manager, Managers and Chief Whips of the two majority parties (African National Congress (ANC) and Democratic Alliance (DA)), as well as participants of LED projects.

1.7 Clarification of concepts

Comprehensive conceptual clarifications of terms specific to the research appear in the appropriate chapters. However, to avoid uncertainty and ambiguity in the interpretation of concepts, terms utilised throughout the dissertation are defined or described below.

1.7.1 Poverty

Poverty is understood and defined by people in many ways, both locally and internationally.

The Encyclopaedia Americana (1995:495) defines poverty as “the insufficiency of means relative to human needs”. According to Mokate (1999:187) poverty is a condition that manifests itself in a number of ways, such as the lack of income and insufficient resources. However, poverty is therefore a result of a number of

interrelated factors such as unemployment, a lack of education, poor access to information and a lack of infrastructure.

For the purpose of this study, the researcher prefers the “poor people’s” definitions of poverty as documented in the book *Voice of the poor*, a product of the World Bank. The definitions came out of an analysis of studies conducted by the World Bank with poor men and women around the world. These definitions simply offer an overview of the world from the perspective of the poor by providing a description of poor peoples’ realities, that is, their voices, their drawing on their experiences of poverty and the quality of their interactions with a range of institutions, from the state to the household (Narayan, Patel, Schafft, Randemacher and Koch-Schulte, 2003:3,31).

Poverty according to Narayan *et al.* (2003:32-33) is defined as **multidimensional** in a sense that, poverty and its causes vary by age, gender, culture and other social economic contexts. For example, in both rural and urban Ghana, men associate poverty with a lack of natural assets, whereas for women, poverty is defined as food insecurity. While younger men in Ghana consider the ability to generate an income as the most asset, older men cite the status connected to a traditional agricultural lifestyle as most important. For the agricultural labourers in Guatemala, poverty strikes most during the raining seasons, because when it rains there is no work, everything is expensive and they cannot buy much to eat.

Poverty is also defined as **materially well-being**. For poor families, meeting their most basic needs such as food, water and shelter is a daily struggle (Afrobarometer, 2004:1). In Cameroon, poverty is defined by the poor as “the presence of hunger in their households, fewer meals a day, irregular income spent on food and low sources of cash income” (Narayan *et al.* 2003:37-38).

While poverty is material in nature, is also **psychological** in nature (Saunders, 2004:5). Poverty has psychological effects such as “distress of being unable to feed one’s family, insecurity from not knowing where the next meal will come from and the

shame of having to go without food that have strong symbolic value”. A father in Guinea-Bissau remarked that he feels ashamed of borrowing food from neighbours and friends and to stand before his family when he has nothing to feed them. In Latvia, poor men and women speak about the shame, the stigma and the humiliation of poverty. They speak about the shame their children experience at school when they are stigmatised because they receive free meals, dress in shabby uniforms or have to use photocopied class materials. These children end up traumatised and ashamed that they refuse to go back to school (Narayan et al. 2003:37-38).

1.7.2 Local Economic Development (LED)

The concept of LED according to Blakely 1994 xvi (in Nel, 2001:1005) on the one hand, is based on the promotion of local approaches that respond to local needs and conditions that focus on encouraging local participation and consensus building in order to determine economic and social welfare initiatives for the locality and the community.

On the other hand, Freund and Lootvoet (2004:3-4) define LED as an outcomes based local initiative which involves identifying and using primarily local resources, ideas and skills to stimulate economic growth and development in order to create employment opportunities for local residents, alleviate poverty, and ensure community empowerment.

A report by the DPLG defines LED as an outcomes based approach on local initiatives and driven by local stakeholders involving identifying and using primarily local resources, ideas and skills to stimulate economic growth and development to create employment opportunities for local residents, alleviate poverty and redistribute resources to benefit all (DPLG, Internet:2005).

1.7.3 Local Economic Development (LED) Poverty alleviation projects

LED poverty alleviation projects may be referred to as people's self- initiated or self-help projects whose purpose is generating income in order to enable people to meet their own needs (Atkins and Milne, 1995:1).

According to Bamberger and Aziz, (1993:213), LED poverty alleviation projects, can generally be divided into three categories, namely:

- Those that carefully target direct transfers or subsidies to the poorest or most vulnerable of the population;
- Those that increase access to basic social services such as education, health and nutrition; and
- Those that increase the productive use of whatever assets the poor may have.

These projects are usually publicly funded, involve poor people and require a variety of support services. Their aims include, the development of human resources through training capacity building, socio-economic benefits to those are involve and to the society at large, resulting from the delivery process and from the of the physical asset (Atkins and Milne, 1995:1).

1.7.4 Rural development

To date, a myriad of authors attaches different meanings to the concept of rural development. However, the concept is generally about improving the livelihoods and living standards of the rural poor. Dixon (1993:56-57) defines rural development as a strategy designed to improve the economic and social life of a group of people, that is, the rural poor. The concept involves extending the benefits of development to the poorest among those who seek livelihood in the rural areas, including small-scale farmers, tenants and landless.

Erskine (1985:370) comes up with another useful clear definition of rural development. He describes the concept as a: "Progress of socio-economic change involving the transformation of agrarian society in order to reach a common set of development goals based on capacities and needs of people. These goals include a nationally determined growth process that gives priority to the reduction of poverty, unemployment and inequality, the satisfaction of minimum human needs and stresses self-reliance and the participation of all the people, particularly those with the lowest standard of living".

According to Coombs and Ahmed (in James, 1995:14), rural development is not just simply about agricultural growth. These two authors suggest a broader view that equates rural development with far-reaching transformation of social, economic and cultural structures. Among the general goals of rural development are, according to these two authors, the generation of new employment, more equitable nutrition, greatly broadened opportunities for all individuals to realise their full potential through education and a strong voice for all rural people in shaping the decisions and actions that affect their lives (James, 1995:114).

1.7.5 Community participation

Fagence (1977:19) defines participation as the "...actual involvement in the design and delivery of policies". Fagence also points out that the difference between participation and the demands for more consultation or better redress of grievances should not be confused with one another.

To clarify the concept of community participation further it is compared to the concept of public participation. Public participation involves "...a two-way exchange of information between the public and their local authority" and includes the "...taking part in formulation, implementation and evaluation of policies by interest groups through formal institutions" (Brynard, 1990:40). Langton (1978:16) goes further and proposes the following definition: "Citizen

participation refers to purposeful activities in which people take part in relation to political units of which they are legal residents".

Citizen participation therefore emphasizes the person rather than the formal groupings. Community participation thus refers to the "...direct participation of ordinary citizens in public affairs". From the above it is clear that public participation is not synonymous with citizen participation. Public participation refers to a group of people (general public) exchanging information with their local authority. Citizen participation lays emphasis on the person who directly participates in public affairs. It is thus useful to discuss some realities with regard to community participation.

Research locally, nationally and internationally clearly proves the reality of low levels of efficient citizen participation. Representative elites and the populace have been identified as "gladiators" and "spectators" respectively. A third group, characterized by apathy towards political affairs, has been identified as the "apathetics" (Clapper, 1996:102). Although the importance of community participation in service delivery is realized, it is impossible as well as undesirable to accommodate the response of each and every member of the community. It may therefore not always lead to democratic planning.

Langton (1978:28-29) is of the opinion that the degree of community participation is closely linked to the level of income, education, occupation as well as social status of citizens. Low-income, uneducated and low status citizens tend to participate less in municipal affairs than those of higher income and educated citizens.

From the above it is clear that there are low levels in community participation. Full participation is also closely linked to income, education and occupation. It is therefore worthwhile to discuss the reasons for a lack of community participation.

Brynard (1990:63) is of the opinion that public institutions have become too large and too complex and therefore fails to address the concerns of the public. The professionalization and centralization of public institutions may also add to a feeling of insensitivity to the needs of the ordinary citizen. A lack of education, socio-economic status and a further lack of interest give rise to low participation levels. The above-mentioned may create a feeling of inadequacy on the part of the citizen (Clapper, 1996:103).

The absence of communication channels between municipalities and the communities may also add to this situation of non-participation. In situations where communication channels do exist, it is possible that the citizens may not be aware of it.

The suggestion is that communities usually participate when they feel or are directly threatened by municipalities. The opposite therefore means that when residents are not threatened or affected by local activities, they are reluctant to participate. Ignorance, due to circumstances in rural areas, can also be added to the list of non-participation (Brynard, 1990:42).

The promotion of public participation, as part of the democratic philosophy, can also be found in the Constitution of 1996, Section 195 (1) states that "Public Administration must be governed by democratic values and principles enshrined in the constitution including..., people's needs must be responded to and the public must be encouraged to participate in policy making..." (Bekker, 1996:68).

1.8 Outline of the chapters

The following section will provide a framework of the study in terms of the specified chapters, with a brief outline of each:

Chapter one provides a general introduction to the study in terms of a background and rationale for the study, the problem statement, the research objectives, the hypothesis, the methodological approach, research design and research methods, a clarification of concepts as well as an outline of the chapters in the dissertation.

Chapter two is a review of literature on poverty perspectives, poverty alleviation approaches, the extent, measures and the distribution of poverty in developing countries and in South Africa against the background of certain trends in developing countries. The chapter reviews the variables that influence the milieu and the linkages between development and the quality and inequality of poverty alleviation and elaborates on an approach towards understanding poverty and inequality. The chapter also interprets the extent and the attempts around the world to solve the problems of poverty by providing an overview of trends, causes and key characteristics of poverty in the world, and by examining various policy approaches to poverty alleviation in developing countries since the 1960s, especially the LED approach to poverty alleviation.

In chapter three, the meaning of the concept LED is investigated in more detail. Attention is paid to defining the concept of LED as well as providing the context and dimensions of LED. The legislative and policy milieu of LED is also discussed. In order to further clarify the context of LED, the LED strategies in South Africa, the roles of municipalities in the LED planning process, the key role players and planning process of LED are identified and described.

Chapter four focuses on the presentation and discussion of the empirical research findings; and

Finally Chapter five, provides a synthesis of the preceding chapters and briefly summarises the study objectives in terms of the most critical conclusions and deductions of the study, in order to make recommendations based on the findings of the study.

CHAPTER TWO

POVERTY PERSPECTIVES AND APPROACHES TO POVERTY ALLEVIATION

2.1 Introduction

To provide background for later chapters, this chapter reviews the variables that influence the milieu and the linkages between development and the quality and inequality of poverty alleviation. The chapter elaborates on an approach towards understanding poverty and inequality. It is also a purpose of this chapter to interpret the extent of poverty around the world and the attempts to solve the problem in terms of rural poverty. This is achieved by providing an overview of trends, causes and key characteristics of poverty, and by examining various policy approaches to poverty alleviation in developing countries since the 1960s.

The chapter also focuses on the extent, measures and distribution of poverty in South Africa, especially rural poverty against the background of certain developing countries' trends with reference to the LED approach to poverty alleviation

2.2 Characteristics and causes of poverty

Poverty, a subject favoured by poets, writers and politicians shows itself in different faces. It has been described in many dimensions and has diverse causes (Mullen, 1995:1). As a multi-dimensional phenomenon, poverty is usually characterised by, among other things, deprivation, isolation, lack of physical assets such as land and capital, vulnerability, insecurity and powerlessness. These characteristics impair people's sense of well being (Sheperd, 1998:92 and International Monetary Fund (IMF), Internet: 2003).

Poverty is also linked to a series of phenomena which prevent an individual from attaining some minimum socially acceptable standard of living. Prominent among these are, ethnic strife and genocidal movement, gender bias, high population growth rates, religious extremes and diseases such as cholera, malaria and Human Immunodeficiency Virus /Acquired Immune Deficiency Syndrome (HIV/AIDS) (Mullen, 1995:1 and Borat, Poswell and Naidoo, 2004:1).

Historically, human beings have been poor. Even today, the vast majority of people on earth share a common condition of poverty. Inequality between urban and rural, rich and poor, even in wealthiest nations, is rising sharply and fewer people are becoming increasingly successful and wealthier, while a disproportional number of the population is becoming even poorer (Seitz, 1988:1).

Causes of poverty are also complex. According to the World Bank's African Region Poverty Team, the following are the basic causes of poverty:

- Inadequate accesses to employment opportunities, physical assets such as land and capital and markets for goods and services that the poor can sell;
- Inadequate participation of the poor in the design of development programmes; and
- Low endowment of human capital as a result of inadequate access to social services (The World Bank, 1997:4).

2.3 Measuring poverty

Measuring poverty is a method used to determine how much poverty exists and to identify who is poor and what are the characteristics of people's poverty. The most commonly used method of identifying the poor is through income and expenditure perspective, an approach to poverty measurement adopted by the World Bank. Through this approach, a person is considered poor if his/her expenditure or income

level falls below the Poverty Datum Line (PDL) (World Bank, Internet (a):2003 and Afrobarometer, 2003).

The PDL is the main concept referred to by economists for measuring the poverty line in different countries. The PDL represents the cost of a given level, which must be attained if a person is to be deemed not being poor. Internationally, a person who is living on less than American \$1 a day is generally considered to fall into the category of extreme poverty (World Bank, Internet (a):2003 and Herald, Internet: 2003).

An alternative approach of measuring poverty in the absence of data on income and consumption, is to use an asset-based index. An asset index can be constructed using data on household durables, for example, owning a radio or a refrigerator as well as household characteristics, for example, the number of rooms in a house or sanitation facilities (Bhorat *et al.*, 2004:5).

Another approach of measuring poverty is the basic needs perspective adopted by the UNDP. This approach measures poverty by focusing on social indicators such as child development, life expectancy, illiteracy, and access to basic services such as clean water and health services (Afrobarometer, 2003; Davids, Theron and Maphunye, 2005:39).

2.4 The extent and distribution of poverty

While poverty is predominantly a rural phenomenon, urban poverty is pervasive in many countries, especially those with high rates of urbanisation. It is estimated that rural poverty accounts for nearly 68% of poverty world-wide, reaching 90% in China and Bangladesh and between 65% and 90% in Sub-Saharan Africa (IMF, Internet:2003 and Riddell and Robinson, 2001:13).

It is not easy to quantify either the absolute number of poor people in the world currently or the trends in the extent of world poverty. However, the estimates by the

turn of the 21st century were that, 1.2 billion people worldwide had a consumption level of less than American \$1 a day (Herald, Internet:2003 and World Bank, Internet (a):2003).

Despite these poverty estimates, remarkable progress is also being made in reducing poverty in other regions of the world. The latest progress estimates are that, just under 22% of the world’s population is living in extreme poverty compared to 28% in 1990 (IMF, Internet, 2003). Much of these improvements have been in East and South Asia (Table 1 below). People in Sub-Saharan Africa along with those in Eastern Europe and Central Asia are among the poorest in the world, both in real income and in access to social services. In Sub-Saharan Africa, poverty is actually estimated to have increased from 47.4% in 1990 to 49% in 2000 and the actual number of people living in extreme poverty is estimated to have risen by 60 million (IMF, Internet, 2003).

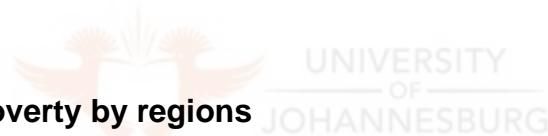


Table1: Levels of poverty by regions

Regions	1990	2000
East Asia and Pacific	29.4%	14.5%
Eastern Europe and Central Asia	1.4%	4.2%
Latin America	11%	10.8%
Middle East and North Africa	2.1%	2.8%
South Asia	41.5%	31.9%
Sub-Saharan Africa	47.4%	49%

Source: (IMF,Internet, 2003)

Although there is still a great cause for concern over the increasing incidence of poverty in developing countries as a whole, some major achievements over the past three decades have been registered, especially in the areas of health, nutrition and literacy. Four out of five people living in developing countries are now living longer

and are better educated than was the case thirty years ago. Life expectancy at birth rose from an average of 46 years in 1960 to 63 years in 1992 (World Bank, Internet (b):2004 and Riddell and Robinson, 2001:10).

2.5 Approaches to poverty alleviation in developing countries

For decades, poverty alleviation has become a widely practiced development strategy in both developed and developing countries and has recently become the overriding objective of many international agencies, national governments and Non Governmental Organisations (NGOs) (World Bank, 1988:32). Even the multilateral financial institutions such as the World Bank and the Development Bank of Southern Africa (DBSA) view the alleviation of poverty as a central goal to their organisational mandate. However, poverty alleviation is not exclusively a donor driven phenomenon (Mullen, 1999:viii).

In the following section an examination of international developmental approaches to poverty alleviation in the developing world will be provided.

2.5.1 The 1960s and 1970s international developmental approaches to poverty alleviation

In developing countries, much of the 1960s and early 1970s witnessed the evolution of modernisation approaches to development as primarily models of economic growth (Wilson, Kanjie and Braathen, 2001:15).

According to Todaro (in Wilson *et al.*, 2001:15): "...development in the 1960s and 1970s was nearly always seen as an economic phenomenon, in which rapid gains in overall and per capita Gross National Product (GNP) growth would either 'trickle down' to the masses in the forms of jobs and other economic opportunities or create the necessary conditions for the wider distribution of the economic and social benefits of growth".

Development by then was totally equated with growth and income distribution was judged to be an important aspect in the determination of growth. Therefore, capital accumulation alone was seen as the driving force concerning development and growth (Hemmer and Wilhelm, 2000:38). Since developing countries have been characterised as being poorly endowed with capital on a per capita basis, the argument behind the model of economic growth was that “growth is a prerequisite for raising per capita incomes in a society as a whole and for expanding the economic opportunities of which the poor are able to take advantage” (Riddell and Robinson, 2001:14).

Even the proponents of a growth-centred approach to development argue that economic growth remains of fundamental importance in providing resources required to support increased social expenditure. They view economic growth as an essential tool for investment which is necessary to sustain improvement in living standards in the long run (Riddell and Robinson, 2001:14).

Through modernisation, new technology was introduced, that is, equipment to produce goods and services. Private ownership of the means of production, the establishment of capitalist firms which mould the means of production and the markets for trade were the main components of economic growth (Seitz, 1988:2-3). It was assumed that the expansion of output could bring with it an expansion of income. Benefits from economic growth were supposed to trickle down to all members of society including the poor who were to benefit from employment creation and an increase in production of goods and services (Salmen, 1990:2).

In many developing countries, new technology of agrarian production through modern seed varieties, fertilisers and irrigation was brought in to provide opportunities for self-sustaining economic growth to reduce poverty and to facilitate change in the rural areas (Lloyd and Morrissey, 1994:139 and Hongo, 2000:8).

Through modernisation, durable decline in poverty has taken place in countries where economic growth has occurred in the context of a reasonably equitable distribution of income and assets. For this reason, many governments in developing countries have sought to complement growth strategies with some attempt at income redistribution and programmes targeted at the poor (Riddell and Robinson, 2001:14). As the process of economic growth occurred in many developing countries, it bypassed the poor and in some cases even worsened their condition, despite some progress (Wilson *et al.*, 2001:15 and Salmen, 1990:2).

As a result, growth alone had not been able to reduce poverty to any great extent in the absence of direct programmes of assistance, especially in countries which had an unequal distribution of land and other assets. In countries with a marked inequality of income, an increase in per capita incomes tend to have a very limited impact on lower-income groups (Riddell and Robinson, 2001:14). In Sub-Saharan Africa, the situation was worse. Not only did the economies stagnate since the end of the 1960s and early 1970s, but the number of people living in poverty also increased rapidly. The latter was also evident in Latin America and most of Asia as well, despite measurable growth (Wilson *et al.*, 2001:15).

As a result of control over the ownership and use of productive assets, many developing countries such as those of Africa faced the problem of skewed distribution of land. Access to productive land became concentrated into fewer and fewer hands (Borsig and Berlin, 1985:10). People's relationship with land as their basic means of production was undermined and weakened. This led to the problem of loss of land ownership and unemployment among people. A lot of rural people lost their access to land and had fallen into poverty from which they had no physical means to escape. Very often, people without access to land and other means of production are people without jobs or regular income (Borsig and Berlin, 1985:10-11 and Easterly, 2001:7).

The introduction of the industrial mode of production into the agriculture sector on the other hand, resulted in a process of impoverishment (Hongo, 2000:11). The

incorporation of high agricultural technology had some significant unanticipated effects. One of the worst was that, it tended to benefit the rich and large farmers much more than poor small farmers. It was the large farmers who had the fortune to afford fertilisers, pesticides, irrigation system and the new seeds or had access to credit to finance them (Seitz, 1988:62-63).

While cropping and land utilisation were primarily directed towards exports production, food crops continued to be seriously neglected. Changes in consumption patterns, for example, the introduction of bread and rice which replaced the traditional food crops also affected people's access to food. The implication of this was that poor people had to buy food which they could not afford. This hampered the rural poor by creating food shortages (Borsig and Berlin, 1985:8).

The results of all the effects mentioned above witnessed the ever-increasing marginalisation of many rural people from their fundamental means of production. As a matter of fact, a lack of access to the means of production left the poor without opportunities to earn their livelihood. The failure of the trickle down strategy for development led to the introduction of structural adjustment for economic stability in developing countries (Borsig and Berlin, 1985:12 and Easterly, 2001:7).

2.5.2 The Structural Adjustment Programmes (SAPs) of the 1980s

In broad terms, structural adjustment is a process whereby the productive capacities of a country are restructured in order to increase efficiency and to restore growth (Moreno, 2001:3). According to Sheperd (1998:3), SAPs were designed to improve a country's foreign investment climate by promoting exports and reducing government deficits through cuts in spending. SAPs were done through foreign investment in the 1980s by the multilateral financial agencies such as the World Bank and the IMF (Easterly, 2001:4). These agencies believed in economic growth driven by foreign investment in the form of loans. The resultant wealth, they claimed would eventually spread throughout the economy and to the poor (Easterly, 2001:4).

Although the implementation of SAPs differed from country to country, they typically included:

- A shift from growing diverse food crops for domestic consumption to specialising in the production of cash crops for export;
- The abolishment of food and agricultural subsidies to reduce government expenditures;
- Deep cuts on social programmes in areas such as health, education and housing;
- Privatisation of state enterprises;
- Liberalisation of trade and investment and high interest rates to attract foreign investment; and
- Currency devaluation measures to increase imports costs while reducing the value of domestically produced goods (Sheperd, 1998:3).

Through SAP, loans were given with strict conditions to debtors' countries in order to assist them to adjust (Easterly, 2001:4). In order to receive financial assistance, countries were only assisted when they agreed to implement the IMF/World Bank's comprehensive programme of macro-economic stabilisation and structural economic reform. In addition, most donor countries would not contribute to any developing country unless that country had accepted these conditions and adopted SAPs as well (Easterly, 2001:4).

Like growth strategies, foreign investments did not lead to the development of the local economy. Instead, the adjustment loans diverted resources away from the domestic economy by encouraging countries to continue importing large quantities of consumer goods and food staples from developed countries (Hongo, 2000:9). This resulted in the stagnation of the domestic economy, the increase in the balance of payments crises and the ballooning of the debt burden (Sheperd, 1998:3-4). Many groups, including the NGOs, economists and the United Nations agencies, argued

that SAPs imposed harsh economic measures which deepened poverty, undermined food security and lead to unsustainable resources exploitation. They believed that SAPs have increased the gap between rich and poor in both local and global terms (Hongo, 2000:15 and Easterly, 2001:4).

According to the United Nations Economic Commission for Africa (UNECA), SAPs led to the increase in poverty and unemployment, starvation and malnutrition, external dependency and debt burden in Africa. In the end, it was concluded that SAPs have been rather unsuccessful in alleviating poverty, especially in rural areas (Moreno, 2001:3). The unsuccessfulness of SAPs led to the promotion of LED approaches.

2.5.3 The Local Economic Development (LED) approach to poverty alleviation in the 1990s and beyond

The beginning of the 1990s witnessed an international shift in economic growth driven strategies to promote development towards a new range of LED driven strategies (Abrahams, 2003:189 and Simon, 2003:133). Compared to previous discussed development policies which focused on participation in the global economy, LED is often primarily relying on small-scale and community-based initiatives which utilise indigenous skills and the participation of the community in order to ensure survival (Simon, 2003:133).

LED initiatives involve a more proactive approach taken by people to create economic opportunities and improve social conditions in their own communities, particularly among those who are most disadvantaged, e.g. low income, unemployed and homeless people (DPLG, Internet:2005). The concept is founded on the belief that problems facing communities, such as, unemployment, poverty, job loss, environmental degradation and loss of community control need to be addressed holistically with the participation of those who are directly affected (World Bank, Internet (c):2005 and DPLG, Internet:2005).

There are a number of LED community initiatives to tackle specific social and economic problems at the local level. However, they usually combine a number of programmes, which include among others:

- Investment in human capital development;
- The provision of technical assistance and training for self-employment and business start-up;
- Support for enterprise creation or expansion (often community- or cooperatively owned);
- Community empowerment and local institution building;
- Redistribution of resources, promotion of local creativity and innovativeness; and
- The mobilisation of local resources (Abrahams, 2003:189-190 and DPLG: Internet:2005).

In many developed countries, the concept of LED has assumed major importance as a development approach and has since been regarded as an important tool to deal with poverty alleviation (Abrahams, 2003:189 and Simon, 2003:133).

In the United Kingdom and the European Union (EU), for example, several approaches to LED have been of importance. A number of UK local authorities, in London, the West Midlands and Yorkshire especially, began to initiate new LED initiatives in the late 1980s in response to growing problems of unemployment caused by economic restructuring and industrial decline in old industrial areas (DPLG, Internet:2005). Support was also given to community-based LED initiatives such as co-operatives and community businesses in a form of the management of local policy programmes by a partnership involving the public sector (local government and other public agencies), business and the voluntary and community sectors (DPLG, Internet:2005).

Developing countries have also become significantly more active in locality-based economic development. The mobilisation of indigenous labour for roads and dams construction was also widespread in colonial Africa through public works programmes. Public works programmes are viewed by their proponents as possessing the potential for improving household food security and levels of living by offering income through employment, while at the same time creating assets necessary for future growth (Ravallion,1990:2). Countries such as India, Bangladesh and China have also implemented labour intensive programmes for years to alleviate poverty (Mullen,1999:viii and Webb,1992:2).

The majority of NGOs also employ different LED strategies. They mobilise local and outside resources into broad, community-based processes that use untapped resources to help communities to identify and develop local opportunities, niche markets, local ownership, the human resource potential of the poor, the less educated, and persons with disabilities. They also tend to fund a discrete development projects covering a range of sectors such as health, education, shelter, food production and a small-scale infrastructural investments (World Bank, 1988:32). In Bangladesh, a poverty stricken country, the World Bank, for example, introduced the secondary school project in 1991 with the aim of increasing the number of girls' enrolment. By 1998, the number of girls enrolled in grades 6 to 10 had grown from 238 000 to 861000. In countries such as India, Madagascar, Ghana, Uganda and Argentina, the World Bank runs programmes which provide food to children and pregnant women who mostly live in rural areas (Granzow, 2000:39,59,67,78,138).

The UNDP also used a similar LED approach in its 1990 Human Development Report arguing in favour of a combination of policies designed to increase the incomes of the poor in order to provide them with a decent standard of living and the potential to lead full and creative lives. This Report argued that development could be achieved through targeted anti-poverty programmes and enhanced social expenditure (Riddell and Robinson, 2001:15).

2.6 The extent, measures and distribution of poverty in South Africa

This section focuses on the above poverty issues, especially rural poverty in South Africa against the background of trends in certain developing countries.

2.6.1 The extent of poverty in South Africa

South Africa is facing many socio-economic and developmental challenges. An extreme inequality in the distribution of income, assets and basic social services characterises the extent of poverty in South Africa. The experiences of most South African households are of outright poverty or of continuing vulnerability of being poor (Idasa, Internet (a):2006; Reitzes, 2004:3 and Umsebenzi, 2004:12). According to the UNDP Human Development Report 2003 (UNDP, 2003), widespread poverty and the growing gap between the rich and poor continue to hamper social development. Many households have unsatisfactory access to basic social services such as clean water, electricity, proper shelter and primary health care. Malnutrition and other various forms of nutritional deficiencies are also widespread (Mngxitama, 2001:3 and Reitzes, 2004:3).

Although South Africa shares much in common with other developing countries, some causes and characteristics of poverty are unique. The roots of South African's current poverty and of the ongoing process of impoverishment go deep into the past.

Some of the causes of poverty in South Africa lie in the deliberate policies of dispossession and exclusion of apartheid and the legislation and institutions through which it was implemented. These included the apartheid educational programme whereby, for example, whites had advantages over blacks in acquiring the skills necessary to fill jobs at the upper end of the economic pyramid, job reservation and the allocation of land along racial lines as well as the establishment of the homeland system. It is this element that makes poverty in South Africa different from poverty elsewhere in the world (Zegeye and Maxter, 2002:2,15).

According to the UNDP Human Development Report 2003 (UNDP, 2003), other factors that contributed to poverty and inequality in South Africa include:

- A high skewed distribution of wealth;
- Inequality in earnings;
- Weak access to basic services by the poor;
- Low economic growth rate and a current economy's inability to generate enough jobs;
- Environmental degradation;
- HIV/AIDS; and
- Inadequate social security system (UNDP, 2003:xvii).

Unemployment, which is on the rise, is also one of the main culprits behind the country's poverty (UNDP, 2003:xx). In South Africa, wages are a key source of income. The implication of this is that, appropriate remunerated work is an important means of improving the living standards of people. South Africa's unemployment rate is high. It was much higher among blacks in 2003 at a rate of 36.8% compared to 14.1% for others racial groups (Economic Justice Update, 2003:3; UNDP, 2003:xx). Between 1995 and 2002 the number of people classified as unemployed, according to the narrow definition of those actively seeking work, had risen from just over 1.9 million to over 4.2 million, an increase of over 2.3 million. This is in spite of an increase in expenditure on public works programmes that ended up employing a total of 124,808 people since 1998 of which most of these jobs were temporary. In 2004, unemployment was high, with varying statistics that range from just over 30% to as high as 42%, although actual unemployment was considered higher (Irinnews, Internet:2004).

2.6.2 Measuring poverty through an income perspective approach in South Africa

In measuring poverty on the basis of income, it is estimated that more than 20-million of South Africa's 45-million population continue to live below the PDL which at the moment is set at an income of R587 per person per month. Based on the 2001 Census, these estimates according to (Schwabe, 2004:1) show that the proportion of people living in poverty in South Africa has not changed significantly between 1996 and 2001. About 57% of individuals in South Africa were living below the poverty income line in 2001, unchanged from 1996 (Schwabe,2004:3 and Economic Justice Update, 2003:3).

Table 2: Poverty income by household's size (R per month)

Household Size	Rand Amount
1 person	587
2 persons	773
3 persons	1028
4 persons	1290
5 persons	1541
6 persons	1806
7 persons	2054
8 + persons	2503

Source: (Schwabe, 2004:3)

Table 2 demonstrates an example of income poverty estimates that are calculated using a poverty line that varies according to household size in South Africa. A household of 4 persons, for example, has a poverty income of R1 290 per month, while a household of 8+ persons has a poverty income of R2 503.

2.6.3 Distribution of poverty between urban and rural areas, racial groups and across provinces

Firstly, there is a strong geographical dimension to the incidence of poverty in South Africa. Like in most developing countries, most of the poor in South Africa live in the rural areas. Of the more than 20 million poor South Africans, the rural poor make up to 71% (Aliber, 2002:2 and Stavrinides, 2002:66). The high incident of poverty in rural areas is due to the fact that rural people lack access to most of the economic infrastructure, which is essential to their livelihood. The rural economy is not sufficiently vibrant to provide them with remunerative jobs. Instead, they have numerous small poorly paid jobs. Most of them earn their income through a combination of farm work supplemented by state grants to sustain their families. A lack of employment opportunities makes them migrate to work in big cities as migrant workers resulting in to facing difficulties in order to maintain family and social ties (Mngxitama, 2001:3).

Secondly, poverty is also racially concentrated. Blacks are the most impoverished segment of the population. Approximately 56.3% of the Black population and 36.1% of the Coloured population continue to live below the poverty line. Only 14.7% of the Asian population and 6.9% of the White population live below the poverty line. These percentages indicate that poverty indeed exists among all racial groups, but, is concentrated among blacks (UNDP, 2003:42).

Thirdly, poverty is also distributed unevenly across the nine provinces. Table 3 shows that, the Eastern Cape and the Limpopo are the two provinces with the highest percentages of the population living in poverty, compared to Gauteng and the Western Cape's low levels of poverty. According to Aliber (2002:2-3), the concentration of poverty within the Limpopo, the Eastern Cape and the Free State shows that poor provinces are those encompassing the former homelands areas.

Table 3: Number of poor persons and the percentages of population in poverty per province

Province	Number of poor persons (million)	% of population in poverty
Eastern Cape	4.6	72%
Free State	1.8	68%
Gauteng	3.7	42%
KwaZulu-Natal	5.7	61%
Limpopo	4.1	77%
Mpumalanga	1.8	57%
North West	1.9	52%
Northern Cape	0.5	61%
Western Cape	1.4	32%
South Africa	25.7	57%

Source: (Schwabe, 2004:1-2)

2.6.4 Poverty in the Limpopo province and in the Thulamela Municipality

The Limpopo province has a strong rural basis. About 89 % of the provincial land surface is rural and underdeveloped. The province is rich in minerals, including copper, asbestos, coal, iron ore, platinum, chrome, diamonds, phosphates and gold. Between 1995 and 2001, the province recorded the highest average real-economic-growth rate in South Africa with an average growth rate of 3,8% (Van der Walt, 2002:12 and Arenstein, 2004:1).

The above-mentioned wealth and the impressive growth rate mean little to most of the province's 5.2 million residents. As mentioned in Table 3, the Limpopo remains one of the poorest provinces in the country. About 46% of the economically active population is unemployed (Arenstein, 2004:1). Illiteracy remains high, as does malnutrition, child mortality and deprivation of basic amenities such as water and electricity. Obviously, one of the province's priorities would be to implement

programmes to alleviate poverty and social development (Arenstein, 2004:1 and Van der Walt, 2002:12).

According to the Statistics South Africa census of 2001, the Thulamela municipality, which is predominantly rural, has a total of about 126 688 households and an estimated total population of about 584 563 people. About 69% of the households have an annual income of up to R19 000 per annum and almost two-thirds of the households in the municipal area live below the minimum living conditions. Other social indicators of poverty in the municipality are the enormous backlogs in the basic households' infrastructure and services. For example, only 9% of the households have access to water services provided in their dwelling units. The region is, however, endowed with rich soil and perennial rivers, so there is great potential for agro-industry (Leon, 2004:746-747).

2.7 Conclusion

This chapter reviewed the literature on poverty perspectives, poverty alleviation approaches, the extent, measures and the distribution of poverty in developing countries and in South Africa against the background of certain trends in developing countries. The chapter also reviewed the variables that influence the milieu and the linkages between development and the quality and inequality of poverty alleviation and elaborated on an approach towards understanding poverty and inequality. The chapter further elaborated on the extent and the attempts around the world to solve the problems of poverty by providing an overview of the trends, causes and key characteristics of poverty in the world, and by examining various policy approaches to poverty alleviation in developing countries since the 1960s, especially the LED approach to poverty alleviation.

In developing countries, a lot of effort has been directed towards poverty alleviation by governments and development agencies through different development approaches as a means of reaching the poor. Progress has been made, however,

poverty is still a problem that is growing both in scale and visibility and the majority of people still live in poverty.

Despite the shifts in development theory and practice, and the accompanying development debates, essentially there has been a consistency with the main issue and preoccupations over the last decades. The issue on how to deal with poverty and growth, the policy setting and the people's participation, how to achieve justice and equality albeit with different emphasis on the action and means with different political backdrops, is by and large still a preoccupation of governments in developmental countries. A high level of inequality could also reduce the impact of any improvement that might be achieved in employment creation and poverty reduction. Although there is a high level of inequality, municipalities need to ensure that, whatever approach is adopted by the municipal council, it should not perpetuate the levels of inequality as currently experienced. In this dissertation, the approach considered appropriate to enable municipalities to meet their obligations in terms of poverty alleviation and unemployment is LED.

The following chapter focuses on the legislative and policy milieu, context and dimensions of LED as an approach to alleviate poverty and unemployment in South Africa.

CHAPTER THREE

LOCAL ECONOMIC DEVELOPMENT: LEGISLATIVE AND POLICY MILIEU, CONTEXT, PROCESS AND DIMENSIONS

3.1 Introduction

In linking the international developmental debates to the South African context, especially LED, the concept has assumed major importance as a development policy and can only be regarded as a post-1990 phenomenon (Meyer-Stamer, 2003:1,2). According to Nel (2001:109), development policies and initiatives under apartheid were rigidly applied to ensure that the central government gained control over all aspects of the society, which led to the suppression of locally based development initiatives. This became an important part of the rationale for the implementation of LED (Simon, 2003:140-141).

Even though LED is still relatively new in the country, the concept enjoys much wide acceptance and credibility. Unlike in other countries such as North America where LED is an urban phenomenon, which is usually seen as a process of identifying and using local resources to promote micro enterprise and growing Small, Medium and Micro Enterprises (SMMEs), in South Africa the concept is broader than just the business and predominantly large-city conceptions. LED in South Africa is also occurring in rural areas which are also leading in the improvement of social and economic conditions of the poor (Freund and Lootvoet, 2004:3-4; Meyer-Stamer, 2003:10).

South Africa is a country characterised by contrast between areas of wealth and poverty. Whilst cities such as Johannesburg and Cape Town can rightly claim to be developing as "world cities" most small towns and rural communities have more in common with the third world than the first. A legacy of disempowerment, emigration of those with skills and poverty has limited cases of self-initiated LED

to a handful. Market forces cannot be relied on to address the economic realities and requirement in the majority of towns and rural areas. Instead, targeted assistance, facilitation of development and support for the welfare distribution role of centres to assist the destitute residents of their hinterlands might well have to become the reality. In the cases where LED has been initiated it is often quite inspirational and it has had a fundamental impact on the affected communities, for example, it has provided an excellent breeding ground for entrepreneurial and managerial talent to people of Johannesburg. Besides street trading, there are shopping centres (e.g Southgate Mall) established around Johannesburg which have provided many residents with employment.

In South Africa local authorities have followed the traditional boosterism approach which essentially focuses on attracting industries to invest through marketing the image of the city (Skinner, 1999:8). Recently, however, local economic development has taken a new focus which is reflected in national policies as well as the changes taking place at local government level. The new approach is a developmental one which promotes community based initiatives, joint ventures, the harnessing of local resources and focusing on marketing strategies (Vosloo, 1998:5)

Although applied cases of LED are still in their infancy in South Africa, LED policy positions, adopted by government, the private sector and community groups are well advanced. Quite clearly, planners in South Africa, are conscious of international developments and assist the emergence of local initiatives.

The objectives of LED are invariably closely linked to the changing environment, and, therefore, provide a fitting basis for discussion on the course of LED and related policy initiatives directed at the economic development of a local area, such as the Thulamela Municipality over the long term.

In chapter three, the meaning of the concept LED is investigated in more detail. Attention is paid to defining the concept of LED as well as providing the context and dimensions of LED. The legislative and policy milieu of LED is also discussed. In order to further clarify the context of LED, the LED strategies in South Africa, the roles of municipalities in the LED planning process, the key role players and finally, planning process of LED are identified and described.

3.2 Defining the concept of Local Economic Development (LED)

LED is about developing the economy of a particular locality through expanding employment opportunities, enhancing the total tax base, and mobilising resources to ensure economic growth and social development (Markman, 1995:7). In order to define LED, it is necessary to distinguish between ad hoc LED projects and LED as a discipline (Markman, 1995:10). Ad hoc LED projects do not have to be based on LED principles (that would have involved a holistic determination of how to address development in an optimum way in a specific area) but could still reach some of the same objectives of LED, by contributing to the economic development of a specific locality (Markman, 1995:8).

LED as a discipline could be described as a process where responsible parties formulate and implement LED strategies, plans and projects within a given framework, with the broad objectives to create employment opportunities and stimulate economic activity (Markman, 1995:8). The responsible parties involved in LED are usually represented in partnerships between local government, community-based groups and the private sector. The LED strategy is usually based on the understanding that these parties take on the responsibility to promote economic development in that area (Heymans, 1995:8).

According to Heymans (1995:5) successful LED depends on one or more of the following factors: local leaders, a sense of crisis which spurs on local stakeholders to do something about the plight of their city or town, commitment

to a vision of success ranging from very locally bred options to more sophisticated approaches related to the global and national economies, the effective mobilisation of key stakeholders in the local community to participate in the planning and possible implementation of a LED initiative and to contribute to the unlocking of local resources in support of the strategy.

Therefore the overall function of the LED sector is to:

- Investigate and apply existing LED strategies and policies;
- Link national policies to LED policies;
- Disseminate information on LED;
- Encourage local entrepreneurialism through advice, local purchasing and subsidised premises;
- Market the city to potential investors;
- Promote the role and place of the council within the local economy;
- Support and guide emerging businesses; and
- Provide guidance for a local business vision.

3.3 The context and dimensions of Local Economic Development (LED)

It is important to realise that LED is an ongoing process, rather than a single project or a series of steps to follow. LED encompasses all stakeholders in a local community, involved in a number of different initiatives aimed at addressing a variety of socio-economic needs in that community (Local Economic Development Policy (Draft) Paper 2001:54).

The Constitution of 1996 explicitly seeks intergovernmental co-operation between the three spheres of government in terms of the development of the economy. It requires all to cooperate with one another in mutual trust and good faith by fostering one another, co-ordinating actions and legislation, and avoiding legal proceedings against

one another. A common commitment to governance is a fundamental precondition for the alignment of the spheres of government (Cameron and Stone, 1995:26).

Governance is a word that not only refers to efficient and effective administration of local government, but in addition, stresses the government's commitment to a transparent and mutually empowering relationship with the civil community (Abrahams, 1997:69). Governance is the basis, therefore, for restoring not only the most co-operative relations between the spheres of government, but also between the municipalities and the citizenry (Cameron and Stone, 1995:28).

Local government is committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs, and improve the quality of their lives (McCarthy and Bernstein, 1998:30). Local government's developmental mandate encourages municipalities to address poverty, joblessness and redistribution in their local areas. Municipalities are also required to participate in various economic development programmes of both provincial and national government (Abrahams, 2003:69).

The Department of Provincial and Local Government has responsibility for good governance in both spheres. This entails several objectives ensuring that provinces and municipalities comply with the constitution, legislation and regulations, fostering co-operative governance with and between the spheres of government and assuring a strong developmental role for the civil community (Nel, 1997:5).

LED initiatives always take place in, the context of the regional, national and global economies. These larger changes impact on local economies in different ways (May, 2000:216). For example, a fluctuation in the global gold price may mean that a gold mine which is the main employer in a small town is closed down, resulting in high unemployment (May, 2000:216). LED initiatives need also to take the variables influencing the regional, national and global economic

context into account, and be designed in a way that it will assist local areas to respond to these contexts creatively (May, 2000:216).

There is no single approach to LED which will work in every local area. Each local area has a unique set of opportunities and problems and must develop a LED strategy that is specific to the local context. There are a variety of resources available from government which will help municipalities establish a pro-poor LED strategy. In addition, in other government programmes' resources should be leveraged where appropriate, to combine broader social and economic objectives with those specific to the local setting (LED Policy (Draft) Paper 2001:38).

Local authorities possess unique planning and regulatory capabilities and they also have universal responsibilities. The need to plan for LED is reflected in the Integrated Development Plan (IDP) requirements for local government in terms of the Municipal Systems Act, 2000 (Act No 32 of 2000). The regulatory framework for LED has many fragmented components at present, including land and zoning regulations, public-private partnerships, business enterprise support, by-laws, special purpose vehicles for development, asset disposal and a linkage strategy in terms of the Municipal Systems Act of 2000 (Local Economic Development Policy (Draft) Paper 2001:40).

According to the Municipal Systems Act of 2000 the planning undertaken by a municipality must be aligned with and complement the development plans and strategies of other affected municipalities and other organs of state, so as to give effect to the principle of co-operative government contained in section 41 of the Constitution of 1996. Municipalities must participate in national and provincial development programmes as required in section 153(b) of the Constitution.

The development of local economic policy by local authorities throughout South Africa needs to be understood with reference to both processes of economic and political restructuring (Rogerson, 1997:15). Local government necessarily has a

strong interest in the condition of the local economy. The often severe and localised impacts of economic restructuring have forced local government to consider policy responses, particularly given the withdrawal of national government from certain policy areas (Rogerson, 1997:16). According to Clarke (1997:2) these include the inability of the national government to respond in a way that directed growth to declining cities and regions and the shifting of various responsibilities from national to local government, for example, the shifting of programme responsibilities to local government, that forced localities to initiate LED initiatives in order to alleviate poverty in their municipalities.

Although the processes of political and economic restructuring have led to the development of a broad consensus, which supports the notion that some sort of local government economic policy is desirable, there is considerably less agreement concerning the goals and scope of such local government action (May, 2000:216). The nature of local government activity developed across the 1990s to encompass a wide range of initiatives including employment creation, economic re-conversion and technological upgrading, encouraging enterprise and entrepreneurship, the selling and marketing of the local authority area, as well as education and training, and cultural initiatives (Moser, 1995:12). Related to these initiatives there exist a range of political positions which extend from those wishing to promote radical change in the structure of ownership and control in the local economy, through to those wishing to facilitate local enterprise (McCarthy and Hindson, 1997:4).

In line with these political orientations a range of policy instruments available to local government can be identified which extend from facilitative measures, through to interventionist and directive measures (May, 2000:45).

Table 4. Local government policy instruments

Facilitative	Low tax policies Infrastructure development Assessing land and housing framework Political lobbying Education and training Promotion and publicity.
Interventionist	Advice and aid for research Science parks, technology transfer Municipal trading Local purchasing Credit guarantees and loans Equity investment Subsidies Contract compliance
Directive	Planning agreements

Source: (Syrett, 1995:148)

The ideological debates surrounding the objectives and nature of local authority economic policy are critical in understanding how such policy has developed (Makgetla, 1997:5). Furthermore, these debates significantly contribute to the wider ideological conflicts surrounding the ongoing restructuring of local-national government relations. In this way, local authority economic policy is embedded within broader ideological debates concerning how government power is deployed through specific configurations of local-national relations (May, 2000:262).

When considering the development of local authority economic initiatives the precise configuration of local-national government relations provide a series of factors which constrain local power (May, 2000:262). These factors include aspects of the external environment and have become one of the crucial drivers that has made the need for LED even more apparent (Clarke, 1997:260). Local government therefore has an urgent need for policy directives providing direction for economic development with consideration to the influence of external forces, while also responding to internal needs and expectations (May, 2000:58).

In the light of these circumstances (internal and external), LED was promoted as a possible local solution to local problems. It was accepted that a top down approach would simply not be sufficient and that a range of policy options, from macro-economic policy to developed policies that are region specific, had to be employed to address local economic problems (Vogel and Morgan, 1997:18). In this context LED is promoted as an initiative at grassroots level in order to complement national policy.

The argument for LED as a reactionary approach to the failure of national initiatives to address local problems as well as the fact that local authorities had to cope with increasing responsibilities plus changes in the economic environment, still does not clarify the aims and objectives of LED. However, LED's *raison d' etre* provides a basic framework for possibly grouping LED objectives into the need to attract investment from outside, and the need for a local area to be conducive to internal growth (Vosloo,1998:14).

To become or stay attractive for investment in the new open economy, local authorities need to strengthen their competitive position to the outside world and also to improve the physical environment as a necessary component for improving the climate for business development (Vosloo, 1998:11). These objectives of LED must, however, be seen in the context of changed economic

circumstances, and one needs to be aware of how these attraction factors that make a municipality attractive for investment, have changed over time.

Internal objectives would include factors like the promotion of indigenous economic growth, employment creation, the increased involvement of disadvantaged and minority groups in the local economy, and the improvement of the physical environment to enhance the quality of life for residents. The importance of the state of the physical environment falls within both groups of external and internal objectives, and it is clear that these objectives are interrelated. The undeniable primary theme in development literature concerning LED, however, remains the objective of improved employment levels and career options for local residents (Vosloo, 1998:12).

It is important to keep in mind that LED was called into place in reaction to changing circumstances, and that the objectives of LED will keep on changing as does the environment.

3.4 An overview of the legislative and policy milieu of Local Economic Development (LED)

From a legislative and policy perspective, LED in South Africa finds accord with the legislation, policies, and frameworks dealing with socio-economic development and poverty alleviation since 1994. These acts, policies and frameworks have made provision for government to foster the growth of local economies to address local needs and to formulate strategies to address job creation and community development (Mokate, 1999:186 and Mogale, 2002:203). This milieu is discussed in the following sub-sections.

3.4.1 The Constitution of the Republic of South Africa of 1996

As the supreme law of the country, the Constitution recalls most prominently the developmental and pro-poor responsibilities that the government, especially local government has in South Africa. Provision has been made in Section 152 of the Constitution for local government to promote social and economic development. If necessary, the government must also provide for subsidies as a catalyst for job-creation programmes controlled by communities and/or workers and target appropriate job creation and development programmes in the most neglected and impoverished areas of our country. However, all such projects should sustain themselves (Sitai, 2001:56).

The Constitution goes further and established the "socio-economic rights" of every citizen that the government must observe. These "socio-economic rights", among others, which are enshrined in Chapter 2 of the Constitution are:

- A right to an environment that is not harmful to one's health or well-being;
- A right to have access to adequate housing;
- A right to adequate health care services;
- A right to sufficient food and water;
- A right to social security, including, if people are unable to support themselves and their dependents, appropriate social assistance;
- A right to a basic education;
- A right to a basic income and access to a minimal level of economic resources;
- A right to participate in the productive and reproductive work of society;
- A right to non-discrimination on the basis of gender, race, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, believe, culture, language and birth in the distribution of income, productive output and economic resources;
- A right to non-exploitation in all work, in the labour market, in the household and in the informal economy; and

- A right to just share of the production of the economy (Chapter 2 of the Constitution and Sitai, 2001:56).

3.4.2 The Urban Foundation Document

This document reflects the business leanings of the Urban Foundation and addresses three major foci, namely, major issues relating to LED, LED policies and ways in which to catalyse or kick-start the process in South Africa (Nel, 1995:5). The paper is largely based on Western experience and most of the strategies proposed are strategies adopted from that of Western countries. The document deals at length with new global realities and the changed role of local authorities internationally (Moloi, 1995:30).

A call is made to South African local authorities to abandon their traditional managerialism stance and to move to a focus on entrepreneurialism. The private sector orientation of the document comes through clearly on this point (Moloi, 1995:38).

3.4.3 The South African National Civics Organisation (SANCO) Document

In contrast with the business- orientated focus of the Urban Foundation paper, the SANCO Document reflects the community-based and populist leanings of that organisation. According to the document, the civic movement in South Africa, following the demise of apartheid, identified the need to bring together all key stakeholders in order to develop a common vision which can filter development information to grass-roots level. SANCO envisages the mobilisation of communities around the issue of LED. Key aspects of the proposed LED strategy include the need to support public works programmes, local procurement policies, support for SMMEs, public- private partnerships and the need to develop appropriate regulatory and planning frameworks (Nel, 1995:6).

Local authorities are seen as playing a key role in LED and are encouraged to take a more pro-active stance in the area of economic development. A call is therefore made to establish economic development units within local authorities. Such units would need to provide for close interaction between grass-roots and authority structures. Modifying municipal procurement policies to support local entrepreneurs and "buy-local" campaigns are seen as important aspects of LED (Moloi, 1995:5).

3.4.4 The draft Urban Development Strategy

This document clearly sets out the government's view that South Africa's future is an urban one and that correcting urban inequalities and improving the function and output of urban economies is crucial for the eradication of poverty and the achievement of a more equitable society. Within this context, LED is seen as playing a defined role with "assertive LED strategies (being required) to retain, expand and attract economic activity" (White Paper on the National Strategy for the Development and Promotion of Small Business in South Africa, 1995:11).

The document defines the role of the state as merely that of helping to create conditions for economic development. It calls on local authorities, in collaboration with the private and public sectors to develop appropriate strategies. Key LED features on which the government focuses are, the promotion of SMMEs, employment opportunities and capital works, partly through public works endeavours and support for housing and infrastructural development (Nel, 2001:6)

3.4.5 The draft Rural Development Strategy (RDS)

The aforementioned importance attached to urban areas, the drafting of an appropriate rural development strategy also received considerable prominence in government thinking. Within the overall context of rural development, LED is

seen as the primary mechanism to create employment opportunities. The onus for applying LED is seen as lying with local government, business and communities which are called on to take innovative steps to secure growth and development (Nel, 1997:16). As with the urban strategy, the government does not clearly specify what its role is and the degree to which it is prepared to contribute to the process of development. In terms of development options, four foci are identified, namely the:

- Promotion of rural markets;
- Promotion of small, medium and micro-enterprise in rural areas;
- Support for agricultural programmes, and
- Promotion of tourism and ecotourism (White Paper on the National Strategy for the Development and Promotion of Small Businesses in South Africa, 1995:18).

The government introduced the RDS discussion document in 1995 as a framework for implementing LED programmes in rural areas. The RDS puts rural people at the heart of development by stressing out the need for the poor in rural areas to have an access and use of productive resources, services, education and training to empower them in pursuit of improving their standards of living (RDS, 1995:50). Strategic themes of the RDS include:

- Building rural local government;
- Promoting economic development;
- Building rural infrastructure; and
- Improving services, and building social and environmental sustainability (Kock, 1996:11).

In 1997, a Rural Development Framework (RDF) was established in order to facilitate the practical implementation of the above-mentioned RDS. However, the

implementation of the framework broke little new ground in the search for a LED programme (Husy, 2001:76).

3.4.6 The Reconstruction and Development Programme (RDP) White Paper of 1994 and the Growth, Employment and Redistribution (GEAR) strategy of 1996

The starting point for an analysis of policy frameworks for LED and poverty alleviation was the publication of the RDP White Paper in 1994. The RDP recalls most prominently the developmental and pro-poor responsibilities that all spheres of government have in South Africa. The RDP was published as a policy framework for integrated and coherent socio-economic progress, which underpinned most of the government policies during the first years in office. The central theme of the RDP was to reduce poverty through redressing the inequalities and injustices of apartheid (RDP White Paper, 1994:84). Priorities highlighted by the RDP as a national programme of action for the government included:

- Access to basic social services such as water, jobs, land, education and health care;
- Creating opportunities for all South Africans to develop to their full potential;
- Boosting households income through job creation; and
- Establishing a social security system and other safety nets to protect the poor, the disabled, the elderly and other vulnerable groups (Aliber, 2002:13).

Unfortunately, the RDP was abandoned because of difficulties in meeting its demand due to, among other things, a lack of mechanisms for inter-departmental coordination, little attempt to set priorities for the implementation of each programme component and a lack of capacity at local government level to implement what had been outlined by the RDP (Chikulo, 2003:3 and Van der Westhuizen, 1999:26).

Before the closure of the RDP Office, certain service delivery programmes were put in place. For example, free lunch to primary school children, the provision of potable

water to some 700,000 people and Doctors from Cuba who were deployed at the South African government's request in rural areas where medical facilities were either non-existent or beyond the reach of the poor. While a specific "Office" for the RDP no longer exists, a number of government ministries and offices are charged with supporting RDP programmes and goals (Flonnet, Internet:2003).

The abandonment of the RDP led to the closure of the RDP Office, which culminated in the introduction of an overall strategy, called the GEAR (Aliber, 2002:15). The emphasis of the GEAR was on the expansion of the private sector and the achievement of high rates of economic growth. The GEAR strategy called for a major transformation in both the private and public sectors including, among other things, a stable environment to encourage private investment, a competitive platform for expansion of the tradable goods sector and improved labour market flexibility (Van der Westhuizen, 1999:26-27 and Aliber, 2002:15).

Some of the socio-economic policies initiated in the RDP were subsequently incorporated into the GEAR. These included:

- The importance of continuing with the system of social grants for addressing poverty;
- The importance of improving access to basic social services; and
- A consideration of merit system in introducing a minimum wage (Aliber, 2002:15).

Like the RDP, the GEAR imposed several limitations on poverty alleviation. By the year 2001, after a five year-period of its implementation, its macro-economic projections could not materialise. The most unfortunate of the economic evolution was the continued shedding of formal-sector employment and even more since then. The 1.3 million jobs the GEAR promised to create between 1996 and 2001 together with the projection of a total economic growth of 21.2 per cent failed to materialize (Socwatch, Internet:2003 and Aliber, 2002:16).

Despite an outcry for a major change in South Africa' economic policies from the Congress of South African Trade Unions (COSATU), the business sector and other organizations such as the UNDP, the government will for the decade ahead continue with the task of implementing the existing policies and programmes already in place. According to President Thabo Mbeki in his speech at the opening of Parliament on 6 February 2004 (SABC, Internet:2004), “ We already have the policies and programmes that will enable us to translate all the strategic objectives we have just spoken of into a material factor in achieving the goals of the expansion of the frontiers of human fulfilment, and the continuous extension of the frontiers of the freedom, of which Nelson Mandela spoke a decade ago”.

3.4.7 The Integrated Sustainable Rural Development Strategy (ISRDS) of 2000

In order to accelerate LED in the rural areas, the government formulated the ISRDS in 2000 as an official strategy for rural development in South Africa. The ISRDS was launched in 2001 with a time frame of 2001-2010. It is aimed at improving the quality of life of rural citizens through alleviating poverty and providing sustainable livelihoods (Lewis, 2001:3). The ISRDS outlines the following key policy issues:

- Extension of social safety nets to rural people;
- Building rural infrastructure;
- Access to resources by rural people;
- Increase in local economic growth; and
- Building capacity and strengthening rural institutions (Lewis, 2001:3).

Under the ISRDS, the government is currently implementing numerous programmes targeted at poverty eradication.

3.4.8 The Northern Province Sustainable Rural Development Framework (NPSRDF) of 2001

In the case of the Limpopo Province, the Office of the Premier formulated the NPSRDF in 2001 to provide a provincial context for the effective implementation of rural development and poverty alleviation (Lewis, 2001:5). The NPSRDF's main objectives are:

- To increase investment in physical infrastructure and delivery of social services in rural areas;
- To enhance rural economic development and improve income generating opportunities;
- To consolidate democratic governance and redistribution processes in rural areas;
- To ensure gender equity, in particular, women and youth empowerment;
- To facilitate partnership between government, civil society and donor institutions in rural development efforts; and
- To build local government capacity to implement development programmes (Lewis, 2001:6, 12).

3.4.9 Policy frameworks for economic development at the local government sphere

LED also features prominently in other government development policies at local government sphere. The Local Government Transition Act of 1993 and its 1996 Amendment, The Municipal Systems Act of 2000 and the White Paper on Local Government of 1998 are the major post-apartheid local government enactments which require municipalities to work with local communities to find sustainable ways to address their social, economic and material needs (Abrahams, 2003:189).

Municipalities are obliged by these policies to encourage community empowerment initiatives, human resource development, redistribution of resources, targeting of poverty, promotion of local creativity and innovativeness and the mobilisation of local resources. Although local government is often identified as the major actor in LED, the inclusion and participation of other actors, particularly the private sector and the local community, is key to the sustainability and success of LED initiatives (Abrahams, 2003:189-190).

3.5 Local Economic Development (LED) strategies in South Africa

According to LED proponents in South Africa, there are different forms of LED which are currently in existence in South Africa. They are discussed hereunder.

3.5.1 Local government initiatives in alleviating poverty

Local government initiatives are initiated by the municipalities to support emerging enterprises to promote the overall competitiveness of the municipality, foster the development of a series of industrial clusters and to develop human resources. It is, however, important to note that, so far, it is only the largest metropolitan areas which have committed funds to the establishment of dedicated LED units and the pursuit of defined LED policies. In the small cities and towns, very few have established functioning LED units or are engaged in implementing LED projects (Nel, 2001:1013). Given the limited capacity and a lack of management capacity in these municipalities, Meyer-Stamer (2003:5) is of the opinion that, it is unlikely that this type of LED strategy will make much of a difference.

3.5.2 Section 21 Development Corporations

There are also Section 21 Development Corporations which operate to promote local development within a selected spatial area by promoting small entrepreneurs in particular, especially in cases where the local authority is either too weak or under-

resourced to initiate LED or where the nature of a particular development project justifies the establishment of a corporation to oversee its operation (Nel, 2001:1016). For example, the limited capacity of the local government in towns such as Stutterheim and Welkom led to the formalisation of a partnership with such organisations which have focused on business support and skills training. In Port Shepstone for instance, the local authority established a Section 21 company to oversee a major property development in that town whilst in the medium-sized towns of Midrand and Harrismith, this development route has been regarded as more ideal to pursue than the establishment of unique LED units within local government (Nel, 2001:116).

3.5.3 Community-based initiatives

Community-based initiatives are often developed as a result of NGO facilitation and support. In many cases, either church or other socially responsible organisations active in destitute communities are key change agents in local areas and small towns and are the main proponents of LED-type activities. Some of the more well-known cases of LED at this level include a rural village in the former Ciskei Homeland, in Hertzog, whereby a well-intentioned NGO has stood in the gap and provided the necessary expertise and contacts with donor organisations to assist with localised LED (Nel, 2001:15).

3.5.4 Top-down Local Economic Development (LED) initiatives

Although LED should, in principle, be locally driven and led, there are numerous examples around the world where limited 'top-down' support, direction and advice can unlock local-level potential and initiative (Nel, 2001:101). In South Africa, the most current and prominent approach through which LED is channeled to the rural poor is through the implementation of programmes targeted at social and economic development and poverty alleviation by the national and provincial government. Prominent among others are LED income generating projects which range from

poultry farming, brick making, bakery, knitting and others. Their aims include, among others, the development of human resources through capacity building and socio-economic benefits to those who are involved and to the society at large (Burger, 2002:507).

LED projects at national level form part of the Poverty Relief Programme (PRP) which is funded through a special allocation from the Poverty Relief Fund (PRF) (Burger, 2002:507). The PRF was initiated in 1997 as an urgent response to the deep levels of poverty in the country. The PRF initially took over the remaining of the RDP Fund, but later was capitalised by the national government with additional funds (Idasa, Internet (b):2003 and Aliber, 2002:17).

The way the PRF works is that, national departments are invited to apply for funding by sending proposals for their departmental projects. These proposals have to comply with the following set of criteria:

- Relieve poverty in the poorest areas of provinces, particularly in rural areas;
 - Assist in human development and in building capacity;
 - Provide for infrastructure in poor areas;
 - Provide jobs and in doing so involve communities;
 - Produce food and provide access to markets for distribution;
 - Seek to make projects sustainable in the long run; and
 - Have an impact on households in which single women are breadwinners
- (Idasa, Internet (b):2003).

According to Burger (2002:511), steady progress is being made with the PRF. Over the past five to 10 years, it is estimated that the PRF Programme has supported more than 3 500 poverty-relief income-generation projects at a cost of R560 million and that over a three-year period, 60 000 people would have earned wages generated through poverty-relief projects (Burger, 2002:511).

These projects are mostly located in the provinces with high poverty rates such as the Eastern Cape, Kwazulu-Natal and the Limpopo and are typically concentrating on empowering vulnerable groups, especially unemployed rural women to improve their livelihoods by providing them with rural infrastructure, employment opportunities and training. However, since the inception of the PRF, millions of rands have been reported unspent due to, among other things, overlapping and duplication of work, moving outside of departmental core areas of expertise and a lack of co-ordination within departments (Idasa, Internet (b):2003).

In the case of the Limpopo Province, the province is involved in a variety of programmes that are dealing with poverty alleviation (Burger, 2002:517). There are programmes such as the Community Production Centre under the Office of the Premier, the Poverty Alleviation under the Department of Health and Welfare, the Community Gardens under the Department of Agriculture and Environment, the Producer Co-operatives under the Department of Finance, Economic Affairs and Tourism and the Community based Public Works Programme under the Department of Public Works. Individual departments are responsible for the implementation and coordination of their programmes (Burger, 2002:517).

Under the Limpopo Department of Health and Welfare, there are 33 poverty alleviation projects which are located in the Thulamela Municipality in the Vhembe District. These projects which are the focus of this study are discussed in the following chapter. They range from bakery projects, sewing projects, fencing projects, fresh juice processing, and poultry farming (Limpopo Province, Department of Health and Welfare, Lists of Projects, 2002).

In the light of the previous chapters, it is apparent that LED has become an important element of developmental policies in South Africa. However, many of the LED initiatives in South Africa are in their incipient phases and, in many cases, little is known about their tangible results.

3.6 The roles of municipalities in the Local Economic Development (LED) planning process

Municipalities can promote LED in their areas in a number of different ways. The table below provides some examples of the different or combination of roles that municipalities can play in LED.

Table 5. Roles that municipalities can play to promote LED

MUNICIPAL ROLE	EXPLANATION OF MUNICIPAL ROLE
Co-ordinator	In this role the municipality acts as a co-ordination body. An important tool for co-ordination is the IDP which draws together the developmental objectives, priorities, strategies and programmes of a municipality. The IDP can be used to ensure that LED initiatives are co-ordinated with other municipal programmes, and appropriately linked with national and provincial initiatives.
Facilitator	In this role the municipality improves the investment environment in the area. For example, the municipality may streamline the development process, or improves planning procedures and zoning regulations.
Stimulator	In this role the municipality stimulates business creation or expansion. For example, the municipality may provide premises at low rent to SMMEs, or compile brochures on local investment opportunities, or promote a particular tourism theme or activity in a key venue.
Entrepreneur Developer	In this role the municipality takes on the full responsibility of operating a business enterprise. A municipality can also enter into a joint venture partnership with the private sector or an NGO.

Source: (Department of Provincial and Local Government, 2000:2)

Municipalities assume different roles at different times. They play a more direct role in some LED initiatives than in others. However, nearly every effort to develop a local economy will require some input, participation and support from the citizens as well as the local government.

3.7 Key role players in Local Economic Development (LED)

In LED, where preference is shown for the "bottom up" approach to reach the goals of economic development and employment creation, in favour of the "top down" approach, a fundamental shift took place in the role players involved (Blakely, 1989:69). The development of a local area has shifted from being the policy enclave reserved for the national government, to become the concern of all governmental levels, all sectors and the community itself, and related activities are no longer limited to the public sector (Vosloo, 1998:9).

It has become apparent that different players in different localities have decided to take on a pro-active role for the development of an area and to accept responsibility for LED (May, 2000:216). This has led to different role players becoming involved in LED in different places. Every party has however, a different contribution to make and in combination, this could prove to be a very successful undertaking. A local area can greatly benefit from the combination of government's access to resources and power with the private sector's management ability and flexibility (Syrett, 1995:322).

Involved parties play different roles in terms of who they are, why they choose to be involved in the development of a local area, and what they have available to contribute to the process of LED initiatives. LED also implies that new roles usually emerge among institutions such as the government, the private sector and communities, often involving organised partnerships. Pugh (1995:266) makes specific reference to the changing role of government from the traditional role to a role where government is required to steer policies and actions towards

developmental growth, institutional reform and integration into the international economy.

All in all, LED remains primarily a local initiative and the choice is in the hands of the community to take charge of its economic and employment creating future. It is important therefore to note that LED does not advocate the concentration of power in either the private sector or the government, it aims rather to improve the performance of the institutions involved (be it governmental agencies, firms, NGOs or communities) (Vosloo, 1998:10).

Measuring the impact of LED projects allows municipal councils to assess which LED projects and instruments are working well, and which ones are failing. By measuring the impact of LED projects and instruments, municipalities can learn which approaches work in their particular circumstances, and which do not. This assessment will help municipalities to choose projects and instruments which best realise their objectives (Nel, 1997:6). It will assist municipalities to target their resources effectively, and avoid wasting time and resources on projects which do not effectively realise the development objectives of the municipality (May, 2000:218).

3.8 The Local Economic Development (LED) planning process

Measuring the impact of LED projects and instruments cannot be done effectively at the end of a project. Effective measurement is a process which begins at the beginning of a project, that is, during the planning stage until at the end of the project (LED Policy (Draft) Paper 2001: 28).

3.8.1 Integrated Development Plan (IDP)

Planning for LED is an important part of municipal planning. Every municipal council needs a planning process in terms of its IDP to assist the municipality in formulating objectives for the development of the municipal area, setting priorities, and deciding how to structure the municipal budget and administration in order to realise the council's developmental objectives (LED Policy (Draft) Paper 2001:68). The following aspects form the basis of a municipality's IDP:

- **Long-term vision**

The municipal council must outline its vision for the long-term development of the municipal area in its IDP. Special emphasis must be placed on the municipality's most critical development needs.

The central vision is that over time, as some LED activities prove more worthwhile than others, a coherent set of strategies will emerge (LED Policy (Draft) Paper 2001:28). Specific objectives to this end include establishing a framework to understand what kinds of interventions are being made, considering how these affect various stakeholders in a municipality with specific attention to those who are most vulnerable, and developing monitoring evaluation processes that provide relatively universal means of determining a LED strategy's success. Rectifying the incoherence between the varied kinds of LED strategies and ensuring that the main objectives are met, is one of the main objectives of the LED Policy paper (LED Policy (Draft) paper 2001:28).

- **Assessment of existing level of development**

Each municipality must carry out an assessment of the existing level of development in its local area. This assessment must include the identification of

any communities which do not have access to adequate basic services. As mentioned before the Constitution in Section 153(a) states that municipalities have a developmental duty to prioritise to meet the needs of the disadvantaged communities.

- **Development and priorities**

Each municipal council should set out its development priorities in the IDP. These priorities should be consistent with the municipal council's long-term development vision (May, 2000:218). The need for social and economic advancement of the disadvantaged section of the community must be considered when formulating development priorities (May, 2000:219). For example, if the municipal area includes townships or suburbs where residents do not have access to proper sanitation, then the provision of these services should be seen as a priority.

- **Development of human capital**

The Employment and Skills Development Services Programme administered by the Department of Labour falls under this category. Similar in many respects to the SMME support programmes, skill development initiatives are aimed at providing unemployed people with skills and competencies that are likely to secure them employment (Nel, 1997:6). The rationale underpinning these programmes is that human capital formation is a critical ingredient for sustainable economic growth (May, 2000:220).

According to the Skills Development of 1998 (Act 97 of 1998), the Department of Labour has to establish Sectoral Education Training Authorities (SETAs) which will play a significant role in the implementation of the new skill strategy. A local government Sectoral Education Training Authority is given specific mention in clause 14 of Schedule 1 of this Act. Among other functions SETAs are expected

to contribute to initiatives that stimulate LED. The continuing work of development and training initiatives to stimulate economic clusters, and to encourage supply chains will also be relevant to the consideration of SETA plans (Local Economic Development Policy (Draft) Paper (2001:20).

3.9 Conclusion

This chapter dealt with the substance of LED and it started off with general background information, before providing a definition of the concept, the context, and the dimensions of LED. LED is then discussed in terms of an overview of the legislative and evolving policy milieu as well as the context and dimensions of it. The LED process in local government was further clarified in terms of LED strategies in South Africa, the roles of municipalities in the LED planning process as well as the key role players involved in executing the LED objectives, programmes, projects and plans.

Although applied cases of LED are still in their infancy in South Africa, it is apparent from the overview of evolving policy positions adopted towards LED in this chapter that South African planners acknowledge international experience in the field of development. The fact that LED policy is developing effectively in anticipation of the reality, indicates the commitment that exists to the development of new, relevant approaches which can, simultaneously address the twin challenges of economic growth and community empowerment.

During the course of 1994 and 1995, significant progress in the development and drafting of LED policies and strategies was made. In 1994, the private sector supported "think tanks", and the Urban Foundation, released a policy document. In 1995, SANCO, a national organisation representing hundreds of community structures within townships and rural areas released its own document. In late 1995, as part of the process of refining the national development strategy, the RDP and, giving it a more applied focus, the government, simultaneously

released its Urban and Rural Development strategies. In both documents LED is accorded significant attention.

This chapter also showed that it is important to be clear on the objectives of LED projects, and to measure whether the desired outcomes are achieved. The chapter suggested that accurate measurement requires accurate information, which can be sourced in a number of ways, for example, information about population.

If there are no clear objectives for an LED project, it will be difficult to determine how successful the project will be. By setting clear objectives before the project is implemented, it is possible to measure the project against objective criteria. This process will provide valuable feedback to municipalities, and inform their future planning for LED. In other words, objective information about how well LED projects are performing will help municipalities to assess which strategies and projects are most successful and most appropriate to their particular contexts.

At present the government's views on LED are contained in two documents, namely its urban development strategy and its rural development strategy. An examination of these documents revealed a strong commitment to the adoption of LED, however, few concrete strategies on how to achieve and implement LED are outlined, neither is a commitment made on the part of government to either fund or initiate such a process at this juncture. In a very real sense the government documents endorse the concept, but are weak on practical details of the implementation process.

While South Africa remains a country with high levels of poverty and under development, the government is addressing these challenges through development policy frameworks and programmes. LED projects, among other programmes, are being implemented to improve the lives of the poor, especially the rural poor. The

chapter that follows analyses the socio economic impact of the LED poverty alleviation projects in the rural areas of the Thulamela Municipality in the Limpopo Province.



CHAPTER FOUR

RESEARCH FINDINGS

4.1 Introduction

This study draws on a variety of sources for the purpose of obtaining information and relevant data. Besides the observational method, use was also made of structured questionnaires, interviews and a literature study. The questionnaire and interviews was used to generate primary data, while secondary data was obtained from the literature study. An examination of the methodology employed in this dissertation is contained in chapter one of this study. The purpose of this chapter is to present and discuss the empirical research findings including ethnographic research through the use of a case study of the Thulamela Municipality. A comprehensive literature study, as well as questionnaires and interviews are thus the three main research methods employed in this study.

The approach used in this dissertation was designed to incorporate the elements that have already been identified by scholars in the field as being the critical components that must be considered for an impartial assessment of measuring poverty through a set of indicators. Therefore, the choice of method for this study was based on the following requirements:

- The method must be as objective as possible so that the appearance of factors in a satisfying or dissatisfying situation will not be dependent on an evaluation decision by the researcher.
- The format used must prevent biasing elements from influencing the subjects' responses. In other words, consideration must be given to the structure of the questions in order to avoid the possible defensive behaviour of the respondents.

- In order to minimise the effect of varying environments, it is essential that the study must be conducted in one organisation at one location.

In view of these requirements, it was decided to conduct the study using the structured questionnaire technique (see appendix one and appendix two).

The questionnaire – which constitutes the major instrument for the collection of primary (quantitative) data – was used to elicit information on respondents' socio-demographic characteristics, objective perceptions of the benefits of the work situation in terms of the expenditures and income of the project and the determinants of their standard of living after the involvement in the project. The questionnaire is preferred here because it is a faster and cheaper means of eliciting comparable and quantifiable information from a large population within a short period.

The document analysis of secondary (qualitative) data complements the primary data generated by the questionnaires. Document analysis helped to verify the respondents' claims on the subject matter of this study. However, it is important to note that these research instruments are not mutually exclusive; rather, they serve to complement each other.

The findings are presented in two main parts. Part 1 is the description of the interviewed projects and Part 2 is the description of the interviewed projects' participants.

4.2 Part 1: The description of the interviewed projects

4.2.1 Summary of the interviewed projects

The table below details the name and nature of the project, the village where the project is situated, the year the idea of a project was conceptualized, persons involved in the conceptualisation and the projects' implementation.

Table 6: Background information of the interviewed projects

Nature and name of project	Village where project is situated	Year idea was conceptualised	Person/s who conceptualised the idea	Reasons for the idea of a project	Year idea was implemented
Makhuvha Women's Bakery	Ha-Makhuvha	1996	Community and Women's Forums	Unemployment and poverty	1997
Phaphama Brick Making	Manini	2000	Women and the Headman of the village	Unemployment and poverty	2001
Takuwa Youth Project	Shayandima	1999	The treasury of the project	Unemployment	1999
Makonde Sewing and Knitting	Makonde	1998	Women in the village	Unemployment	2001

Table 6 above shows that interviewed projects which were conceptualized between 1996 and 1998 and implemented between 1997 and 2001 encompasses areas such as bakery, beak-making, sewing and pest control. All the interviewed projects seemed to be women's effort that has little or no male participation. From the table above it is also clear that the fight against unemployment and poverty were the main reasons for the establishment of all the projects.

4.2.2 Project funding and other support

Table 7: Received start up funds and other support

Project name	Amount of funds acquired	Type of funding	Purpose for which funds were used	Other resources acquired
Makhuvha Women's Bakery	R83 000	Grant	Extension of a 2-roomed property that was already built Water tank	Machines for baking From Eskom
Phaphama Brick Making	R75 000	Grant	Fencing Office and a store room for cement Bore hole Toilets Furniture Machines for making bricks	Small brick making machine from their own pockets
Takuwa Youth Project	R150 000	Grant	Extension of property Fencing Furniture for storage of pesticides Machines for cleaning carpets, sofas and mattress	None
Makonde Sewing and Knitting	R90 000	Grant	Building of property Sewing machines Raw materials	None

All the interviewed projects received start up funds from the Department of Health and Welfare as a once off non-refundable grant. However, support from other organisations such as Eskom was also acquired by the Makhuvha Women's Bakery. The Phaphama Brick Making employees also individually raised funds in order to buy a small brick-making machine during the establishment of the project. The purpose for which the grants were used for in the different projects ranged from building of the

property to raw materials. The majority of the participants were, however, of the opinion that the once off grant had not helped much.

The project leaders have indicated that the Department of Health and Welfare monitors these projects once a month by looking at their monthly report to see how they are performing.

4.2.3 Start-up and current number of employees in projects

Table 8: Start up and current number of employees per project

Project name	Employees when the project started	Current employees
Makhuvha Women's Bakery	12 full-time	11 part-time
Phaphama Brick Making	15 full-time	6 full-time
Takuwa Youth Project	12 full-time	10 part-time
Makonde Sewing and Knitting	10 full-time	7 part-time

Table 8 above shows that the number of employees in each case has dropped since the establishment of these projects. Whereas employees in all projects started as full time, they have now converted into part time with the exception of Phaphama Brick Making. While employees of Phaphama Brick Making were reduced by more than half, they continue to work on a full time basis.

4.2.4 Products/services of the project, primary requirements and their accessibility

Table 9: Projects products/services, primary requirements and their accessibility

Project name	Products/services	Primary requirements	Accessibility of the primary requirements
Makhuvha Women's Bakery	Bread Scones Fat cookies Cakes and buns	Flour Sugar and salt Prefix Cooking oil	Easily accessible
Phaphama Brick Making	Bricks	Water Sand Cement	Easily accessible
Takuwa Youth Project	Pest spray Carpets, sofas and mattress cleaning	Water Pesticides Shampoo	Least accessible
Makonde Sewing and Knitting	Clothes	Cloths Wool Harane	Easily accessible

The primary requirements for the products/services of these projects ranged from water, flour, sand, pesticides to cloths. Most of these primary products were indicated to be easily accessible for the daily running of the projects. Product requirements for the Takuwa Youth Project, which were shampoos and pesticides were, however, the least accessible, about 150 km distance from the project base, which is in Polokwane. This means that, compared to other projects, the Takuwa Youth Project spends extensively on transporting the primary requirements for the day-to-day running of business.

4.2.5 Projects' sustainability

In order to determine the sustainability of these projects, an analysis was made which was based on the monthly expenditure on salaries, electricity, raw materials and telephone bills among other things versus the monthly projects' income and the availability of the products market. Table 10 below summarised the important statistics for each project.

Table 10: Project income and expenditure analysis

Project name	Monthly income	Monthly expenditure		Market	Marketing methods
		Expense unit	Amount		
Makhuvha Women's Bakery	R30 000	Expense unit	Amount	Community Spaza shops Near by Vhufuli hospital (tender for 92 loaves everyday)	Word of mouth
		Raw/production materials	R22000		
		Salaries	R4 400		
		Water	Borehole		
		Electricity	R2 000		
		Telephone/fax	R70		
		Marketing	None		
		Other Transport	R400		
		Estimated TOTAL	R22 000		
Phaphama Brick Making	Differs	Expense unit	Amount	Community Neighboring villages	Word of mouth
		Raw/production materials	R7 400		
		Salaries	R 2 000		
		Water	Bore hole		
		Electricity	R20 pumping water		
		Telephone/fax	None		
		Marketing	None		
		Other	R550		
		Estimated TOTAL	R10 000		
Takuwa Youth Project	R5 000 not often	Expense unit	Amount	Community Businesses Police station Every where when needed	Word of mouth Business cards Pamphlets
		Raw/production materials	R10000(6 months use)		
		Salaries	R3 400		
		Water	R50		
		Electricity	Not used		
		Telephone/fax	R30		
		Marketing	R100 (6 months use)		
		Other	R1000 (public)		
		Estimated TOTAL	R5 000		

Project name	Monthly income	Monthly expenditure		Market	Marketing methods
Makonde Sewing and Knitting	Differs	Expense unit	Amount	Community Pensioners pay-points	Word of mouth
		Raw/production materials	R1000		
		Salaries	R2 100		
		Water	R12		
		Electricity	R600		
		Telephone/fax	None		
		Marketing	None		
		Other (transport)	R200		
		Estimated TOTAL	R3 900		

This table does not positively reflect on the sustainability of the interviewed projects. With the exception of the Makhuvha Women's Bakery wherein monthly income could be estimated to be around R30 000, monthly income for the others were not realized on a regular basis. The Takuwa Youth Project, for example, had a monthly income of R5 000 which only covered the expenses and left nothing for savings. The project leaders for the Phaphama and the Makonde Projects could not confirm their monthly income, however, such incomes differ.

One of the concerns besides monthly income irregularities was a limited market. As products and services were largely sold in the immediate communities, they were often sold at or even below the profit margins to keep the business going. Their marketing method was usually word of mouth since products were sold in the local market. A limited market according to Singwane (2001:21) is one of the main contributing factor towards the failure of these type of projects. As the market is rather limited, the chances of these projects to expand and become macro projects are very slim.

4.2.6 Capacity building and other support the project would like to receive

With the exception of Phaphama Brick Making, all the other projects received training from different institutions. The Makhuvha Women's Bakery received training from the

Mvelaphanda Training and the Ndivho Training projects. The Takuwa Youth Project on the other hand received training from the Umsombobvu Youth Fund and the Makonde Sewing and Knitting received its training from the Karuwa Community Skills Development Programme.

The participants perceived training as helpful in running their businesses and in acquiring the skills they needed to access other jobs and opportunities. Despite the once off training the participants received, they however felt that they were not well trained especially on how to market their products. The participants also perceived the once off grant as being inadequate due to the fact that there were still other support that their businesses could benefit from in order to expand their businesses. These include delivery vans, telephones and some jersey knitting machines for Makonde of which the project did not have. If some of these requirements were not met, the participants felt that the survival of their projects could not be guaranteed.

4.3 Part 2: The description of the interviewed participants and their benefits

4.3.1. Project participants' biographical information

Table 11 and 12 below summarised the biographical information of the respondents, which included such variables as age, gender, and highest educational level.

Table 11: Project participants' age and gender

Project Name	Females					Males	Total
	>25 yrs	26-34 yrs	35-44 yrs	45-54 yrs	55 yrs+	26-34 yrs	
Makhuvha Women's Bakery	-	-	1	-	3	-	4
Makonde Sewing and Knitting	-	-	1	3		-	4
Phaphama Brick Making	-	1	2	1		-	4
Takuwa Youth Project	1	1	1	-		1	4
Total	1	2	5	4	3	1	16

As Shaw (2001:8) pointed out that rural women take a great role in improving the life and economies of the rural communities, the majority of respondents (99%) who are involved these projects are women of the ages between 35 and 54 years old. A single participant was, however, found within the Takuwa Youth Project.

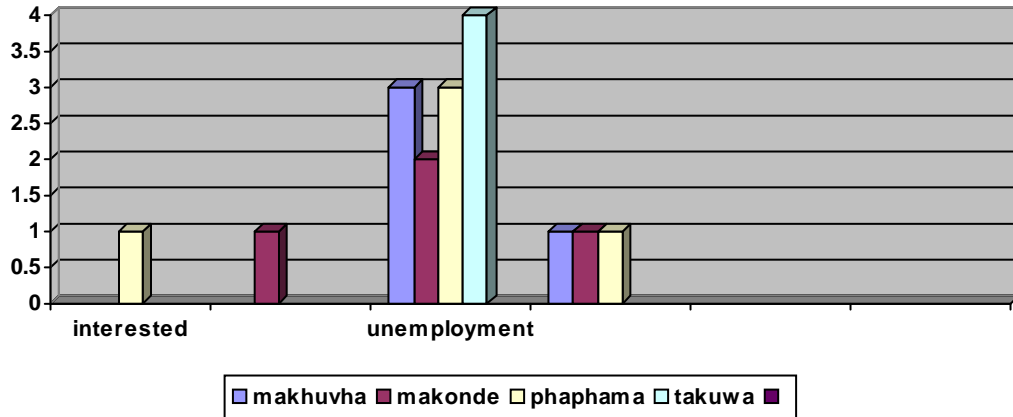
Table 12: Respondents' highest educational level

Project Name	BA Degree	National Diploma	Matric	Standard 8 & 9	Standard 6 & 7	Standard 1 to 5	Illiterate	Total
Makhuvha Women's Bakery	-	-	1	-	-	1	2	4
Makonde Sewing and Knitting	-	-	-	-	-	4	-	4
Phaphama Brick Making	-	-	-	1	2	1	-	4
Takuwa Youth Project	1	1	1	1	-	-	-	4
Total	1	1	2	2	2	6	2	16

Table 12 above shows that, 37.5% of the respondents i.e. six participants had attended primary schooling. Only two respondents which represents 12.5% from the Takuwa Youth Project had tertiary educational qualifications. While another 12.5% had matric qualifications, 25% which represents four participants had secondary school education. Another 12.5% of the respondents were illiterate.

4.3.2. Decision to join the project

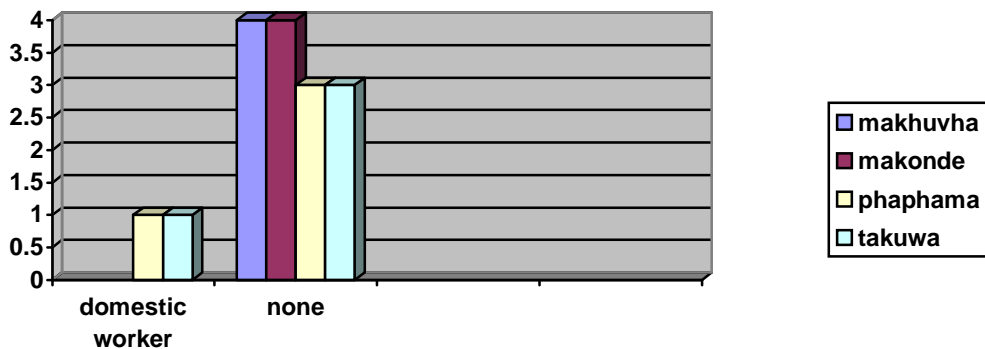
Figure 1: Count of decision to join the project



From the figure above it is clear that the majority of the respondents decided to join the projects due to unemployment.

4.3.3 Respondents' project expertise

Figure 2: Count of previous employment



On assessing the expertise in running the project and matters related to managing finances, questions related to previous employment were asked to all the respondents. The findings revealed that the majority of the respondents did not have

working experience. Of all the respondents, only two of them, one each from the Takuwa and the Phaphama projects had worked previously, though as domestic workers. All of the respondents from the other two projects did not have any work experience.

Presently, the respondents have multiple responsibilities within their projects. They individually hold official positions that ranged from chairpersonship, production employees, secretaries and treasures.

4.3.4 Individually derived benefits from participation in the projects

According to individual responses income was perceived as an important benefit from these projects. The table below reflected on the perceived gains according to their importance.

Table 13: Perceived gains in order of priority

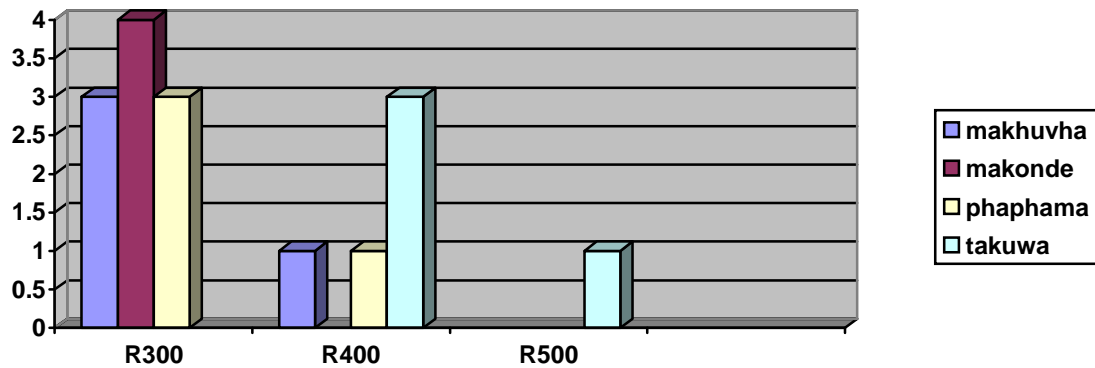
Project Name	Priority 1	Priority 2					Priority 3
	Income	Sewing Skills	Baking skills	Brick making	Knitting skills	Pest control	Marketing skills
Makhuvha Women's Bakery	4		3				
Makonde Sewing and Knitting	2	2			3		1
Phaphama Brick Making	4			3			
Takuwa Youth Project	4					4	
Total	14	2	3	3	3	4	1

With the exception of two individuals, the majority of the respondents perceived income to be the most important benefit. This perception was not surprising, noting that ten of these respondents are solely responsible for their household's income (see table 12 below). While three respondents of the Makhuvha Bakery perceived baking

skills as their second benefit, all the respondents of the Takuwa Youth Project felt that they acquired much better skills on how to control pests than before they were involved in the project.

4.3.5 Previous and current income of participants

Figure 3: Count of current income



For two of the respondents who had worked previously as domestics, one respondent had a monthly income of R350 and the other one an income of R400 a month. Figure 3 above on current earnings shows that at the time of the interview ten respondents were earning R300, five were earning R400 and one was earning R500 a month.

4.3.6 Number of employed household members and total households income

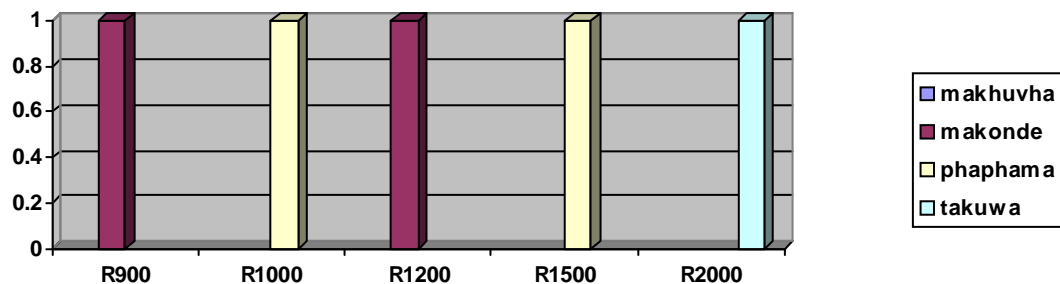
Table 14: Employed household members and source of additional income

Number of employed household members					
Project name	Child Maintenance grant	Only myself	Myself and my husband	Myself and old age pensioner	Total
Makhuvha Women's Bakery		4			4
Makonde Sewing and Knitting		2	2		4
Phaphama Brick Making	1	1	1	1	4
Takuwa Youth Project		3	1		4
Total	1	10	4	1	16

Table 14 above shows that ten households were solely depended on the projects' income. Two households received an additional income from a child maintenance and old pension grants. About four respondents supplemented their project's income with those of their employed husbands.

Figure 4 below summarises the total household income of the participants.

Figure 4: Total household income



Given the fact that each interviewed respondent was responsible for the livelihoods of four dependents on average, the majority of the households (79%) from this study

lived below the poverty line. According to Schwabe (2004:3), a household of four persons, for example, has an estimated poverty income of R1290 per month. The above figure shows that only 3 households, which represent 21% of the respondents, had a total of R1200 and above a month. Collectively, the interviewed respondents were responsible for the livelihoods of 69 people who depended on their project earnings. Individually, each project benefited the following additional people: Makhuvha - 5, Makonde - 23, Phaphama – 16 and Takuwa – 15.

4.3.7 Respondents’ main expenditure

Table 15: Respondents’ main expenditure

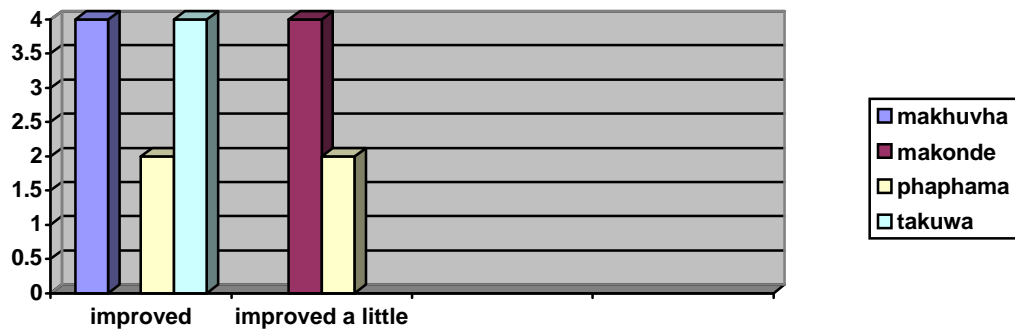
Project name	Food	Electricity	School fees	Transport	Healthcare	Clothes
Makhuvha Women’s Bakery	4	-	3	-	1	1
Makonde Sewing and Knitting	3	1	1	-	-	-
Phaphama Brick Making	3	-	2	-	1	-
Takuwa Youth Project	3	-	4	1	1	1

The three main household expenditures for the participants included foodstuffs, educational related fees for their dependents and health care. Other minor expenditures include, electricity, transport and clothes. Not a single household was, however, found to use their income for paying water or accommodation.

4.3.8 Overall standard of living

The overall perception about the improvement of the standard of living by the project members reflected varying perceptions per individual project.

Figure 5: Perceived overall standard of living



The figure above indicates that none of the respondents perceived their living of standard to have remained the same, and at the same time none of them perceived their living standard to have improved greatly. Ten respondents, that is, four from Makhuvha, four from Takuwa and two from Phaphama thought that their living standards were improved. All respondents from the Makonde project thought that their living standards had improved only a little. The overall living standard of the individual participants might be influenced by the total income that was accrued to the household.

4.3.9. Problems experienced by the projects and the participants

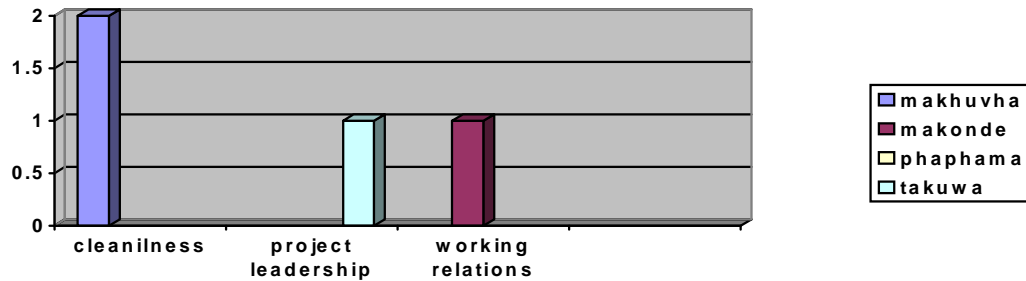
Major problems identified by the project leaders ranged from breaking of machines, stealing of equipment at night and to a lack of a marketing strategy. For the respondents, this is a set back to their businesses and a threat towards the sustainability of their projects. The project leaders also felt that the once off grant from the Department and once off support from other organisations was not enough to keep their projects going in the long run.

Besides problems being experienced by the projects themselves, the participants also had their own personal problems. Besides some training that they received, the participants felt that that they were not well trained on how to run and market their products. Other personal problems viewed by the participants are long working hours,

not being permanently employed, not being paid often, and being women, not having time to do household chores anymore.

4.3.10 Other lessons learned

Figure 6: Count of other lessons learned



Apart from the foreseen objectives of income generation and job creation, the participants thought that their involvement in these projects to a certain extent has helped in many ways. Managing and running these projects has also given these rural women leadership and working relation skills. For the Makhuvha project, one more important lesson they have learned was cleanliness. The projects have instilled them with feelings of independence, thus encouraging them to be more self-reliant.

4.4. Conclusion

The discussion in this chapter has revealed that the LED poverty alleviation projects are usually initiated with an intention to combat unemployment and poverty and, above all, to procure earnings for the participants. Even though the majority of the participants still live below the poverty line, these projects to a certain extent had improved the livelihoods of the participants by providing them with rural infrastructure, employment and skills. While addressing the problem of poverty, other valuable factors are also achieved. Rural communities also have their fair share of benefits. The products of these projects are sold to the local communities at reasonable prices. This also strengthens the local economic development of these rural villages as a

whole. It is also through these projects that rural communities participate in the developmental process in their localities.



CHAPTER FIVE

SYNTHESIS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This study focused on the promotion of community participation in Local Economic Development (LED) projects to alleviate poverty, and was carried out among a selected group of participants in the Thulamela Municipality in the Limpopo province. In this last chapter of the dissertation a synthesis of the study and the study objectives will be provided, based on the role of the community participants in certain LED poverty alleviation projects in the Thulamela Municipality. This is followed by the recommendations in terms of the findings that emerged from the research results as analysed in the previous chapters.

5.2 Synthesis



The central problem of this study was to determine whether community participation in LED initiatives, and in particular, LED projects were successful in addressing poverty in the country. LED projects are being implemented around the country. In the case of the Limpopo province, the province was identified as a province that needs support to pursue an LED approach due to its high levels of poverty. The livelihoods of the majority of the people in the Limpopo province have not yet improved due to poor access to basic services such as clean water, food and health care. The worst affected are rural women, children and people with disabilities.

It was also an aim of the study to investigate whether community participation promoted better service delivery in the government's poverty alleviation programmes. Certain LED projects in the Thulamela Municipality in the Limpopo province was used as a case study in order to determine the benefits of the community's participation in terms of assessing the impact that community participation had on these LED

projects in order to address the issue of poverty and unemployment. Specific issues addressed in this study included the socio-economic development benefits derived by the projects' participants in the Thulamela Municipality towards poverty alleviation and the projects' sustainability.

This introductory chapter provided a background and rationale for the study in order to put the problem statement in the proper context. The study departed from the following hypothesis (see section 1.5) which formed the core of the problem statement (see section 1.3):

The participation of the community improved the quality of service delivery towards alleviating poverty in the Thulamela Municipality.

In conclusion, it can be stated that the hypothesis which was formulated for this study, was proven to be correct in practice. To facilitate research and to investigate the problem and aims of this study, the focus was subdivided into four research objectives, as identified in Chapter one (see section 1.4). The research objectives of the dissertation were:

- Firstly to explore the concept of poverty as understood globally and to investigate the perspectives and poverty alleviation approaches in developing countries and in South Africa against the background of certain developing countries' trends, especially LED;
- Secondly, to determine the meaning of the concept LED within the South African context and to investigate the historical legislative milieu of LED, the key role players and strategies and to investigate how this relates to implementation strategies;

- Thirdly, in light of the above two investigations, to evaluate the key factors that influence LED implementation projects in the Thulamela Municipality; and
- Lastly, to make recommendations for improving LED implementation in order to address the issue of poverty in the Thulamela Municipality more effectively.

5.2.1 Objective one

To explore the concept of poverty as understood globally and to investigate the perspectives and poverty alleviation approaches in developing countries and in South Africa against the background of certain developing countries' trends, especially LED.

Chapter two reviewed the literature on poverty perspectives, poverty alleviation approaches, the extent, measures and the distribution of poverty in developing countries and in South Africa against the background of certain trends in developing countries. The chapter also reviewed the variables that influence the milieu and the linkages between development and the quality and inequality of poverty alleviation and elaborated on an approach towards understanding poverty and inequality. The chapter further interpreted the extent and the attempts around the world to solve the problems of poverty by providing an overview of trends, causes and key characteristics of poverty in the world, and by examining various policy approaches to poverty alleviation in developing countries since the 1960s, especially the LED approach to poverty alleviation.

In developing countries, a lot of effort has been directed towards poverty alleviation by governments and development agencies through different development approaches as a means of reaching the poor. Progress has been made, however,

poverty is still a problem that is growing both in scale and visibility and the majority of people still live in poverty.

Despite the shifts in development theory and practice, and the accompanying development debates, essentially there has been a consistency with the main issue and preoccupations over the last decades. The issue on how to deal with poverty and growth, the policy setting and the people's participation, how to achieve justice and equality albeit with different emphasis on the action and means with different political backdrops, is by and large still a preoccupation of governments in developmental countries. A high level of inequality could also reduce the impact of any improvement that might be achieved in employment creation and poverty reduction. Although there is a high level of inequality, municipalities need to ensure that, whatever approach is adopted by the municipal council, it should not perpetuate the levels of inequality as currently experienced. In this dissertation, the approach considered appropriate to enable municipalities to meet their obligations in terms of poverty alleviation and unemployment is LED.

5.2.2 Objective two

To determine the meaning of the concept LED within the South African context and to investigate the historical legislative milieu of LED, the key role players and strategies and to investigate how this relates to implementation strategies.

Chapter three dealt with the substance of LED and it started off with general background information, before providing a definition of the concept, the context and the dimensions of LED. LED is then discussed in terms of an overview of the legislative and evolving policy milieu as well as the context and dimensions of it. The LED process in local government was further clarified in terms of LED strategies in South Africa, the roles of municipalities in the LED planning process as well as the key role players involved in executing LED objectives, programmes, projects, and plans.

Although applied cases of LED are still in their infancy in South Africa, it is apparent from the overview of evolving policy positions adopted towards LED in this chapter that South African planners acknowledge international experience in the field of development. The fact that LED policy is developing effectively in anticipation of the reality, indicates the commitment that exists to the development of new, relevant approaches which can, simultaneously address the twin challenges of economic growth and community empowerment.

During the course of 1994 and 1995, significant progress in the development and drafting of LED policies and strategies was made. In 1994, the private sector supported "think tanks", and the Urban Foundation, released a policy document. In 1995, SANCO, a national organisation representing hundreds of community structures within townships and rural areas released its own document. In late 1995, as part of the process of refining the national development strategy, the RDP and, giving it a more applied focus, the government, simultaneously released its Urban and Rural Development strategies. In both documents LED is accorded significant attention.

This chapter also showed that it is important to be clear on the objectives of LED projects, and to measure whether the desired outcomes are achieved. The chapter suggested that accurate measurement requires accurate information, which can be sourced in a number of ways, for example, information about population (which is obtainable from Statistics South Africa).

If there are no clear objectives for an LED project, it will be difficult to determine how successful the project will be. By setting clear objectives before the project is implemented, it is possible to measure the project against objective criteria. This process will provide valuable feedback to municipalities, and inform their future planning for LED. In other words, objective information about how well LED projects are performing will help municipalities to assess which strategies

and projects are most successful and most appropriate to their particular contexts.

At present the government's views on LED are contained in two documents, namely its urban development strategy and its rural development strategy. An examination of these documents revealed a strong commitment to the adoption of LED, however, few concrete strategies on how to achieve and implement LED are outlined, neither is a commitment made on the part of government to either fund or initiate such a process at this juncture. In a very real sense the government documents endorse the concept, but are weak on practical details of the implementation process.

5.2.3 Objective three

In light of the above two investigations, to evaluate the key factors that influence LED implementation projects in the Thulamela Municipality.

While South Africa remains a country with high levels of poverty and under development, the government is addressing these challenges through development policy frameworks and programmes. LED projects, among other programmes, are being implemented to improve the lives of the poor, especially the rural poor. Chapter four analysed the socio economic impact of the LED poverty alleviation projects in the rural areas of the Thulamela Municipality in the Limpopo Province and focused on the presentation and discussion of the empirical research findings. These findings revealed that the LED poverty alleviation projects are usually initiated with an intention to combat unemployment and poverty and, above all, to procure earnings for the participants. Even though the majority of the participants still live below the poverty line, these projects to certain extent had improved the livelihoods of the participants by providing them with rural infrastructure, employment and skills. While addressing the problem of poverty, other valuable factors are also achieved. Rural communities also have their fair share of benefits. The products of these projects are

sold to the local communities at reasonable prices. This also strengthens the local economic development of these rural villages as a whole. It is also through these projects that rural communities participate in the developmental process in their localities.

5.2.4 Objective four

To make conclusions and recommendations for improving LED implementation in order to address the issue of poverty in the Thulamela Municipality more effectively.

In developing countries, a lot of effort has been directed towards poverty alleviation by both government and development agencies through different approaches as a means of reaching the poor. Prominent among these were the modernisation, SAPs and the development of local economy. While progress has been made in all the regions of the world, the majority of people in developing countries still live in poverty.

In the case of South Africa, there is high prevalence of poverty and under development among the majority of the people, mainly the rural population. However, the government is addressing these challenges through development policy frameworks and programmes.

LED projects among other programmes are being implemented to improve the lives of the poor, especially the rural poor. The empirical findings of this study has revealed that, though not implemented in an effective manner, LED projects are combating poverty and unemployment to the marginalised, i.e. women. For the participants, LED projects do not only procure them earnings (though not often), they also derive other benefits such as skills development through training. Their involvement also offers them an opportunity to participate in the development process in their communities. The projects themselves are also providing these marginalised areas infrastructural support for the improvement of basic living conditions.

The main conclusion that can be drawn from this study is that LED projects are imperative, especially in the rural areas where poverty is acute. If effectively implemented, they can reach the poor and make a sustainable impact on their lives.

5.3 Recommendations

The recommendations made in this section are linked to the information obtained from the attempt to fulfil the objectives of the study. The analyses was done in the previous chapters, particularly Chapter four, where the role of the community in the LED projects was interpreted. The results of the empirical findings led to certain recommendations to help to attain successful implementation of community participation in LED projects in the Thulamela Municipality. These are:

- The unavailability of a market for the projects' products and services was one of the main concerns raised by the participants. A thorough analysis of the needs of the community should be made at the outset of these projects in order to determine the demand of such products and services.
- Another major concern for the participants was the once-off financial and capacity building support by the government and the private sector. In the light of this concern, it is clear that the government should create and maintain a positive climate of financial support and skills development for the participants. This could also play a role towards the sustainability of the projects.
- From the literature review it is clear that LED should lead to much more than merely economic improvement; this insight reinforces the socio-economic role of LED development intervention strategies. What is evident in terms of LED in developing countries is that the approach has to establish a strategy which deliberately focuses on pro-poor LED implementation. It is often the way that the process is executed that brings the social focus of LED in perspective. Led should be in integral part in the planning activities of municipalities across

departments and not be an afterthought and the process should reflect community participation, economic growth as well as human development priorities,



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APPENDIX 1

The promotion of community participation in Local Economic Development (LED) projects to alleviate poverty in the Thulamela Municipality

QUESTIONNAIRE I: Project Manager/Supervisor

1. Name and nature of the project.....

2. Village where the project is situated.....

3. When (Month/Year) was the idea of the project conceptualised?.....

4. Who conceptualised the original idea of the project and why.....

5. Date (Month/Year) the project was implemented.....

6. Did you acquire any funding to start up your project?

Yes	
No	

7. If "Yes", where was funding acquired?.....

8. Type of funding that you received

Loan	
Grant	
Other, specify.....	

9. Amount of funding received? R.....

10. For what purposes was the funds utilised?.....

11. Other resources acquired at the start of project and the institution from which they were acquired?

Resource type	Institution

12. Number of employees at the start of project.

Employee type	Number
Full time employees	
Part time employees	

13. Number of current employees

Employee type	Number
Full time employees	
Part time employees	

14. Who monitors the project and how?.....

15. What are the products/services of the project?.....

16. Market where products/services are sold?.....

17. How are the products marketed (marketing methods).....

18. How much do you spend monthly in...

Expense unit	Amount
Raw/production materials	R
Salaries	R
Water	R
Electricity	R
Telephone/fax	R
Marketing	R
Other	R
Estimated TOTAL	R

19. What are the primary resource requirements for the day-to-day running of the project?

20. How accessible are your resource requirements in terms of the following rating?

Resource type	Accessibility			
	Easily accessible	Accessible	Least accessible	Hardly accessible
	Easily accessible	Accessible	Least accessible	Hardly accessible
	Easily accessible	Accessible	Least accessible	Hardly accessible
	Easily accessible	Accessible	Least accessible	Hardly accessible
	Easily accessible	Accessible	Least accessible	Hardly accessible

21. Estimated monthly income from the project

Net-income	R
Gross	R

22. Did you receive training on how to run the project?

yes	
no	

23. If "Yes", who provided training?.....

24. If "No", do you think you would run your project better with some training.....

.....

25. What are the other types of support that you would like to receive?.....
.....
.....

26. What are the lessons that you have learned through your involvement in this project?

.....
.....
.....
.....
.....
.....

Thank you for your participation in this research



APPENDIX 2

The promotion of community participation in Local Economic Development (LED) projects to alleviate poverty in the Thulamela Municipality

QUESTIONNAIRE II: All Project Employees

1. What is your general impression of the project?

Very good	
Good	
Neither good nor poor	
Bad	
Very bad	

2. How did you get involved in this project?.....

3. Why did you decide to get involved in this project?.....

4. How do you benefit from your involvement in this project?.....

5. How does your standard of living before and after your involvement in the project compare?

Very improved	
Improved	
Neither improved nor worsen	
Worsen	
Very worsened	

6. What are your three main expenditures from the income you receive in this project?
 (do not read options)

Food	
Accommodation	
Education	
Transportation	
Health care	
Other, specify.....	

7. What problems are you experiencing out of your involvement in this project?

.....

.....

.....

.....

8. What do you think should be done to eliminate these identified problems?

.....

.....

.....

.....

9. What lessons have you learned from your participation in this project?

.....

.....

.....

.....

Respondents' biographical information

Age	Gender	Highest qualifications	Previous employment	Previous income	Current income	Dependents	Role in project	Number of people employed in your household


Thank you for participating in this
research