

**The Importance of Strategic Conceptualisation  
for Sustainability of  
Local Economic Development (LED)  
Projects**

**By**

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## **EXECUTIVE SUMMARY/ABSTRACT**

### **The Importance of Strategic Conceptualisation for the Sustainability of Local Economic Development (LED) Projects**

Poverty is perceived to be a serious threat to democracy and the building of a better life for all. Poverty, the high levels of unemployment and the devastating impact of HIV/AIDS may tear the very fabric of society apart. The government allocated large amounts of money, specifically for poverty alleviation. Included, is local economic development aimed at improving the economic lot of South Africans since 1994. Hence it is appalling that the living standard of the populace is still low. This programme is not supposed to be about pumping money into poor communities but rather aimed at the development of South African communities.

It is evident from the literature review that policies and practices, both domestic and international, stress the common problems of government, integration, delivery, target group, monitoring and evaluation as critically significant in development initiatives. Other writers cite the importance of planning together with the community from the onset, when development initiatives are conceptualised. The people should determine their needs and priorities, and the main agents to implement initiatives that address those needs and priorities. Social facilitation is deemed to be one of the critical success factors, given the fact that the poorest of the poor are disadvantaged by many factors such as lack of education, poor access to information, lack of infrastructure, inaccessibility to technology and low levels of institutional capacity in community organizations.

The research endeavoured to establish and elucidate factors leading to the failure of local economic development projects to address the objectives of local economic development and poverty alleviation. The following problems were identified:

- A tension between the participative community based approach to development projects and the treasury regulation requirements;
- The growing need of the national government departments to spend budgets, demonstrate results and avoid roll-overs in contrast to the readiness of other stakeholders such as target (beneficiaries) groups, provincial officials and municipality officials to implement their project plans;
- The economic development and anti-poverty programmes compelled to observe equity requirements often affect delivery;
- The lack of integration between planning and implementation, impacts negatively on many economic development and antipoverty projects;
- Stakeholder capacity;
- Project selection and design;
- Project plans fail to concretise efficiency and impact indicators; and
- Lack of effective monitoring and evaluation.

Finally, it is recommended that strategic project conceptualisation will address most of these problems and improve the impact and sustainability of LED projects.

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God for all I am.

Without the support of these people, and those I could not mention, this would not have been a reality.

Thank you all.

## DECLARATION

I declare that the Dissertation hereby submitted to the University of the North for the degree of MASTER OF DEVELOPMENT has not previously been submitted by me for a degree at this or any other university, that is my own work in design and in execution, and that all material contained therein has been duly acknowledged..



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Lehlagare Mothapo

30 October 2003

## **DEDICATION**

This research is dedicated to:

First of all, my mother (Mmalewele) and my late father (Moreme); secondly, to those who are committed to improving the quality of life of their fellow citizens; and lastly to all those who have died as a result of poverty.

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## ABBREVIATIONS

ASEAN	ASEAN countries include People's Republic of China; Republic of Korea; Japan;
AU	African Union
CBO	Community Based Organisation
DDG	Deputy Directors General
Didb	Development information data base
DPLG	Department of Provincial and Local Government
EASG	East Asia Study Group
FDI	Foreign Direct Investment
GEAR	Growth Employment And Reconstruction
IAN	Initiative for Asean Integration
IDCF	IAI Development Cooperation Forum
IDEA	Integrated Development of East Asia
IDP	Integrated Development Planning
ISRDS	Integrated Sustainable Rural Development Strategy
LED	Local Economic Development
NEPAD	New Partnership For Africa Development
NGO	Non Government Organisations
ODA	Organised Development Assistance
RDP	Reconstruction and Development Programme
SDI	Spatial Development Initiative
SMME	Small Micro Medium Enterprises
TICAD	Third Tokyo International Conference
URS	Urban Renewal Strategy
WSSD	World Summit on Sustainable Development

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background

There have been many economic development and poverty alleviation programmes and projects within the Capricorn District as well as the other five districts within Limpopo Province. Poverty, or lack of resources to satisfy needs, triggers action intended to make available those needed resources. Members in a society establish programmes, and also work together to meet their needs. Every government has the responsibility to develop policies which will improve the lives of its citizens, through short and long term sustainable means, such as social income grants, food security programmes, capital projects, local economic development projects, public works programmes, consolidated infrastructure projects, etc. In Limpopo Province, Local Economic Development is part of the programmes designed to address poverty and further sustainable economic growth. However, the impact of the projects in terms of growth, employment, and poverty alleviation appears to be insignificant. Many of these projects did not address the problems faced by the poorest of the poor. The provincial unemployment rate of 51% (Projected Gross Geographic Product and Employment on a district level for the Northern Province Report, 2002:14) is increasing while the real economic growth rate of 3.9% is below the desired rate of 12% to achieve Economic Vision 2020. This vision is for Limpopo Province to become a major contributor to national wealth creation by then, (Northern Province: An Economic Development Policy, 1999: 1). Many implemented projects fail to address the poverty problem, and are also not sustainable. The only projects that are sustainable are usually started, or have long been started, by informed sections (i.e., the elite) of the population, not the intended beneficiaries. Hence these projects usually do not address the objective of improving the standard of living of beneficiaries.

The provincial government initiated studies and strategies for economic development and set targets for development, but still, economic growth, is failing to reduce the rate of unemployment of approximately 51% provincially and 46,9%

in Capricorn district (Northern Province 2002. Projected Gross Geographic Product and Employment on a district level for the Northern Province Report Department of Finance, Economic Affairs and Tourism :14). Many rural villages still have a problem of water and sanitation, which directly affects local economic development, especially in rural development. Production activities and investments usually are attracted to places where there are basic services. Without water and sanitation it becomes difficult to have sustainable development. In some cases where attempts were made to provide water, reservoirs are dry or water pipes are either leaking or broken. Although, the government has provided a budget for water provision, the ultimate question is, whether people get water or basic services. Many beneficiaries, particularly the rural poor, still do not have the resources intended for them by the government. There is still a gap between intended deliverables and tangible outcomes of the development programmes.

In the Growth, Employment And Redistribution (GEAR) strategy document, the macro-economic vision of South Africa is outlined as follows:

As South Africa moves towards the next century, we seek a competitive fast-growing economy which creates sufficient jobs for all work-seekers, a re-distribution of income and opportunities in favour of the poor; a society in which sound health, education and other services are available to all; an environment in which homes are secure and places of work are productive.

(South Africa 1996: Growth, Employment And Redistribution: A macro-economic Strategy: 3-2)

Evidence for further policy and strategy modification is seen with the current formulation of Black Economic Development Strategy and Sector Transformation Charters like that of the Mining Charter and the Financial Sector Charter.

Government also recognizes that job creation and improved living standards require a substantially increased commitment by the business sector to industrial investment and productivity-enhancing training. An enhancement of the level and effectiveness of training across all employment sectors is central to growth. Training underpins productivity improvement by enhancing human capability across all labour market segments and product lines to exploit technological flexibility and add value on

competitive terms. Improved management training, modernisation of work practices, appropriate job grading, and better utilisation of working time are also key aspects of enhanced efficiency.

It is therefore important to apply these approaches of enhancing productivity to address the problem of economic growth, poverty alleviation and sustainability.

## **1.2 Problem statement**

Current Local Economic Development projects seem to be ineffectively conceptualised, and are thus not sustainable in addressing the intended outcomes.

## **1.3 Significance of the study**

Growth and economic development strategies in the new dispensation since 1994 highlighted the importance of demand driven development programmes to ensure economic growth, employment and sustainability. The self-sustainable projects should have growth and employment creation potential. It is therefore important for projects to address the inequalities of the past as outlined in the Reconstruction and Development Programme (RDP), and the macro-economic policy of “Growth Employment and Redistribution”(GEAR) with its sub-programmes. These programmes that incorporate LED and CBPWP, to name but a few, involve large amounts of government expenditure. It is therefore important that the impact of such programmes should be assessed in terms of their intended objectives. It is also important to identify and analyse the success stories and failures so as to improve service delivery. The main objectives of RDP should always be borne in mind when assessing the programmes and their projects to ensure reconstruction and development.

The study will contribute towards increased economic development impact and sustainability of LED projects by emphasising the importance of appropriate project conceptualisation prior to implementation. Formulating project impact and efficiency indicators during the conceptualisation and design stages, shall enhance monitoring and evaluation of LED initiatives.

## **1.4 Research objectives**

The objective of the study is to assess the implications of project conceptualisation and design on the impact and sustainability of selected LED projects in Limpopo Province

## **1.5 Research questions**

Research questions will include the content of the LED project planning process and issues that are required to conduct project impact analysis. The extent to which communities were involved in the project selection process will also be considered. Other issues to be focussed on will be the identified projects and stakeholder participation. By so doing questions like what kind of projects were identified for implementation? How much was the involvement of stakeholders? The success rate of implemented projects; shall be addressed.

## **1.6 Hypothesis of the study**

Poor conceptualisation of LED projects compromises the achievement of sustainable development impact and poverty alleviation.

## **1.7 Scope and delineation of the study**

The study shall be restricted to Local Economic Projects implemented in the Capricorn district municipality of Limpopo Province, South Africa, during the period 2000-2002. The Capricorn district was chosen because of its urban and rural dynamics, making it broadly representative of the whole province.

## **1.8 Definition of concepts**

**Poverty** means the lack, on the part of the communities and individuals, to meet their basic needs such as food, education, and primary healthcare, mainly due to the lack of assets to generate income.

**Local Economic Development** means development by local people utilizing local ideas and local resources by taking advantage of broader economic

opportunities to earn income. This therefore contributes towards poverty alleviation and employment creation.

**Poverty alleviation** shall be used to mean improving the standard of living of the poor.

**Target group** is the population group that will benefit directly from LED programme in terms of employment and poverty alleviation.

## **1.9 Conclusion**

This chapter dealt with the background relevant to this study, problem statement, significance of the study, research objectives and questions, hypothesis, scope and delineation and definition of concepts used.

In chapter two the study shall deal with the literature review. Relevant literature on the development, project planning and implementation process shall be reviewed. Chapter three shall deal with the research methodology, chapter four shall focus on the presentation and discussion of results respectively and chapter five contains the recommendations and the conclusion of the study.



## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Purpose

The purpose of this chapter is to review relevant literature on the impact of local economic development and poverty alleviation projects. A critical analysis of the policy and strategic framework concerning local economic development and poverty alleviation shall also be conducted. This shall include both national and international perspectives relating to the LED and development approach towards socio-economic development initiatives for communities.

#### 2.2 Development overview

##### 2.2.1 Crisis in planning: Problems of implementation and plan failures

Albert Waterston in his study of the early development planning experience in 55 countries concluded that:

An examination of post war planning history reveals that there have been many more failures than successes in the implementation of development plans. By far the great majority of countries have failed to realise even modest income and output targets in their plans except for short periods or while the budget is still available. What is even more disturbing, the situation seems to be worsening instead of improving as countries continue to plan.

(Todaro, 1994:108-126)

And,

What went wrong? Why has the early euphoria about planning gradually been transformed into disillusionment and dejection? We can identify two sets of interrelated sets of answers, one dealing with the gap between the theoretical economic benefits and the practical results of development planning and the other associated with the more fundamental defects in project planning process, especially as it relates to administrative

capacities, political will and plan implementation  
(Todaro, 1994: 76-80)

Todaro goes further to conclude that the gap between the theoretical economic benefits of planning and its practical results in most third world countries has been quite large. The gap between public rhetoric and economic reality has been even greater. While supposedly concerned with eliminating poverty, reducing inequality and lowering unemployment, many less developed countries' planning policies have in fact unwittingly contributed to the perpetuation of poverty, inequality and unemployment. Some of the major explanations for this have to do with failures of conceptualising the planning process itself. Todaro cited some of the following problems as contributors to the failure:

1. Deficiencies in plans and their implementation;
2. Insufficient and unreliable data;
3. Unanticipated economic disturbances;
4. Institutional weaknesses; and
5. Lack of political will.

(Todaro, 1994: 165-166)

This proves how plans and reality need to be carefully considered before adopting and implementing plans so that success of projects can be maximized.

Paul (1983:57) indicated that "developing countries often import programme designs from abroad, without reference to the environment in which they are to be implemented". This assertion is correctly related to most of the projects designed by individuals without having knowledge of the area where the project will be implemented, i.e., developing a blueprint of projects in different environments.

Paul (1983:57-58) further asserts that programme performance suffers when ignoring that the objectives of government and the environment of the programme have an influence in the project strategy formulation.

"Both income generation and the use of power entail complex strategic interventions. Programme managers must examine closely the twin aspects of

willingness and ability of beneficiaries, and choose the most appropriate mix of interventions” (Paul, 1983: 62).

In preparing new development programmes, strategic management should be adopted when the programme idea is conceived. At times it may be too late to think about strategy when a programme is already under way. It is usually best to acquire insight about the environment early in the conceptual stages of projects. The emphasis should be on initiating pilot projects at the outset and building experiences learned from them into the programme for further replication. We must always be mindful of the impact of the programme environment on the learnt lessons (Paul, 1983: 69).

In theory, there should be no conflict between strategic and operational management. Operational management should be used to implement strategy and monitor everyday activities of development programmes. In practice, however, many senior administrators and managers are totally absorbed in the day to day problems of operations. They claim that they have little time for strategic management. In reality their problem is that they spend too much time on operational problems. They usually argue that middle managers and officials at lower levels are neither competent nor motivated to make the right decisions (Paul, 1983: 80).

Consultancy is sometimes vital and should be engaged through the critical phase of implementation. It may assist in resolving issues and providing training support with regard to technical and project management facilitation of strategy. Programme managers should view training consultancy, internal review and audit exercises as useful steps that lead to action. Strategic management is the interrelated set of top management interventions within which operational decisions and actions are taken to accomplish goals of development programmes. To create this framework, programme managers must pay special attention to four main influences (environment, strategy, structure, and processes) on a programme’s performance. Many observers have argued that the widening gap between project and programme plans and their performance is largely due to management failures. A programme needs a well-defined output or service. To make it effective, the

elements that make up the service and linkages must be determined by analyzing the problems in the environment (Paul, 1983: 120).

The above discussion accentuates the importance of conceptual plans and strategies in the success of programmes and projects. The importance of project strategies being derived from the four main influences (environment, strategy, structure, and processes) on a programme's performance was also stressed.

Barrat, Brand & Collier (1996:51-66) state that planning and development strategy will always remain the responsibility of senior political office bearers. In order for development to be successful, politicians should concern themselves with their overall support base. Politicians must work in such a way that their support base receives attention with regard to development. National planning and development are among the crucial concerns of the nation and its leaders. Operational plans are left to implementing staff, which in most cases lack interpretational and technical skills to implement the policy. The operation staff should first understand the strategic and policy imperative before they can effectively implement their operational strategies and plans.

Development plans should be feasible in order to succeed and are normally determined by government. Development goals should be in line with urgent political priorities. The availability of resources such as strong administrative personnel is necessary for achieving development goals. A sense of timing is important politically and administratively.

Development goals should be of the nation concerned, not from other donor nations, i.e., they must not be copied. It is important that development goals be congenial to a particular country as well as comfortable to its political leaders. Consequently politicians should determine such goals in consultation with the people or constituencies (Barrat et. al., 1996: 77).

### 2.2.2 Characteristics of underdevelopment:

Todaro (1994:27) mentions the following to be characteristics of under development:

1. Low levels of technology;
2. High illiteracy rates;
3. Low savings ratios;
4. High birth rates;
5. Inefficient public administration; and
6. Political instability.

### 2.2.3 Challenges ahead of development:

Barrat et. al., (1994:27-28) cited the following as challenges facing the development process:

1. The government structure should be reformed and be made more adaptive to new conditions;
2. The population dilemma in choosing development tools should be resolved;
3. Solutions must be found for unemployment;
4. Solutions must be found for urbanisation problems;
5. Solutions must be found for agriculture, nutrition, industry, research and development, education; and
6. The role of private sector in development should be visible.

Based on the history of biased development, South Africa, as a new democracy needs more social, economic and administrative transformation to have successful development. Hence the Reconstruction and Development Programme, Poverty Alleviation Programmes and Transformation Charters were being put in place in trying to transform.

### 2.2.4 Roles of stakeholders in development

The success of development or rather any activity depends on division of duties for various role players. It is also important that all those who are affected by development should make an input in the conceptualization of the selected

development projects. Todaro (1994:29) mentioned the following as to why roles in development should be defined:

1. It is imperative that communities should play a prominent role in their own development. Change in attitudes and approach, being accountable and responsible towards uplifting one's life is indispensable to development;
2. Development should be reasonably orderly and consistent to ensure that decisions, which are made by government and by groups and individuals, are not distorted by violence and uncertainty;
3. Development is linked to a philosophy and an ultimate set of values and therefore the purposes to which it is linked have to be articulated; and
4. Leaders and innovators who articulate the objectives and strategies of development should mobilise people in collective action. The government, however has specific functions to render, namely:
  - Set the goals and criteria of public policy;
  - Initiate and supervise the execution of programmes contributing to nation building and socio-economic development goals;
  - Stimulate individual and group initiative and activity in the society; and
  - Prioritise competing claims on the political system according to developmental criteria fixed by the government.

Schumpeter (1996:34-38) indicated that economic development is not a phenomenon to be explained only economically, but that it exists within a dynamic global environment. For example, economic growth is dependent on social change involving attitude, habits and values conducive to saving, inter-personal relations, achievement etc. The number of the educated and trained people as a proportion of the labour force also impact directly on economic growth.

Myint (1971: 25-26 ) draws attention to the current opinion that education was one of the residual factors for qualitative improvement, which accounted for economic growth. Socio-economic development again depended on adequate resources for investment in human capital. Economic development in technical terms refers to

the growth of output per capita that results in improved quality of life and ecological sustainability

Myint (1996:38-44) further asserts that one of the key elements for economic development is industrialisation for which the requirements are the provision of infrastructure, investment capital, financial institutions and government services such as public order and legal framework. Action in agriculture is considered to be the crucial and initiating factor to set the whole development process going.

### **2.3 Policy and strategic framework of local economic development in South Africa**

In his “Overview of the 2003 Budget” the Minister of Finance, Trevor Manuel, reiterated the following key elements in the government development strategy:

1. Progressive broadening of the income security net and revitalized health services;
2. A national skills development strategy focused on productivity investment and learning opportunities for the unemployed;
3. Redistribution and restitution of land, coupled with investment in rural development and agricultural support services;
4. Public administration reform, founded on respect for citizens’ rights, courteous and efficient service delivery, modernisation of systems and honest, accountable governance;
5. Investment in infrastructure, technology advancement and industrial expansion, in partnership with the private sector;
6. Strengthening the fight against crime and combat corruption;
7. Widening access to financial services, integration of small business into the formal economy and further easing of the tax burden on low and middle-income households;
8. A sustainable, broad-based and transparent approach to black economic empowerment; and
9. Deepening the democracy, promoting peace and security and expanding investment and trade as principles of international cooperation and the New Partnership for Africa’s Development (NEPAD). (South Africa, 2003: 3)

It should be remembered that in order to attain national development objectives, local development and a better life for communities is key. Competent bureaucrats are key to effective implementation of policies at local level. Regional and global cooperation shall be effective only if local and national economic participation is effective. This shows the good intentions of government to development, which is easier said than realized because of many technical hitches.

The new democratically elected South African national government developed RDP and GEAR to try and stimulate growth and development as well as economic development and redistribution of income, job creation and alleviation of poverty. The national government came with a local economic development initiative championed by the Department of Constitutional Development (now the Department of Provincial and Local Government) to support economic development at municipality level. A Local Economic Development Fund was established to finance the implementation of LED projects. The LED initiative had very good intentions, which if implemented correctly could provide good and lasting results.

### 2.3.1 White Paper on local government

The White Paper on Local Government (1998) states that local governments should become developmental in its execution of duties. Developmental local government must play a central role in representing communities, protecting human rights and meeting basic needs. It must focus its efforts and resources on improving the quality of life of communities, especially those members and groups that are most often marginalised, such as disabled women and the poor people.

The powers and functions of local government include social and economic development of communities. Municipalities /local government collect large sums of money in rates which they can inject into the development of local communities. It is however different with rural local government which do not collect rates for services rendered. Rural local governments depend on funds from the government for development, especially infrastructure development. Rural local governments do not have an asset base or a source of revenue. The rural population pays only for



those services supplied directly to them by service providers like Telkom and Eskom.

For local, social and economic developments to take place municipalities need to have a vision. Local governments need to form partnerships to maximise job creation and investment. But in the case of rural settlements the district municipalities have to provide backup, due to local municipalities' lack of capacity.

The Rural Development Framework (Thriving Rural Areas) compiled by the Rural Development Task Team and the Department of Land Affairs in 1997, states that building local economic development and rural livelihoods requires close consideration of job creation opportunities in several sectors; obstacles for development; poor rural-urban linkages, migration remittances and unemployment; and restrictions on women.

### 2.3.2 Local Economic Development guidelines

Municipalities have a Constitutional mandate to promote local economic development (LED). Section 153 of the Constitution states that “A municipality must structure and manage its administration, 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” (South Africa, 1996: 82).

The South African government has prioritised rural development and urban renewal as key strategies to counter the legacy of uneven development in South Africa. The aim of the LED programme within government is to support all municipalities in South Africa in implementing these strategies, and make them attractive places to live in, invest in and visit. This is to be achieved by addressing the needs of poor and marginalized people and communities.

The Department of Provincial and Local Government allocated R42m for the Local Economic Development Programme to selected municipalities in all nine provinces in 1999. The programme which is still underway has evolved since then. Local Economic Development is based on the following principles and strategies:

### 2.3.3 The key principles underlying Local Economic Development

1. Poverty and unemployment are the main challenges facing South Africa. LED strategies must prioritise job creation and poverty alleviation;
2. LED must target previously disadvantaged people, marginalized communities and geographical regions, black empowerment enterprises and SMMEs to allow them to participate in the mainstream economy;
3. There is no single approach to LED. Each locality may develop an approach that is best suited to its local context;
4. LED promotes local ownership, community involvement, local leadership and joint decision making;
5. LED involves local, national and international partnerships between communities, business and government to solve problems, create joint business ventures and buildup local areas;
6. LED uses local resources and skills and maximizes opportunities for development;
7. LED involves the integration of diverse economic initiatives in a comprehensive approach to local development; and
8. LED relies on flexible approaches to respond to changing circumstances at local, national and international level.

(South Africa, 2001: 1)

### 2.3.4 The key strategies for Local Economic Development

The following are among the common strategies used to guide local economic development projects:

1. Facilitating community economic development;
2. Linking profitable growth to re-distributive development and financing;
3. Linking living wages, human capital development and productivity;
4. Developing and maintaining infrastructure and services;
5. Preventing a drain of resources from the local economy; and
6. Retaining and expanding existing businesses.

(South Africa Department of Provincial and Local Government 2001: 2)

It is quite clear that the government has in plan good ideas, systems and processes aimed at enhancing the success of the implementation of its programmes. The critical issues for the success of the implementation of these projects depend on the human element, i.e., as to whether guidelines are followed and contingency plans are available for unforeseen deviations. When evaluating and monitoring the planning and implementation of LED projects it is usually recommended that the following indicators be considered:

1. Input indicators;
2. Output indicators;
3. Efficiency indicators;
4. Outcome or impact indicators; and
5. Effectiveness indicators.

(South Africa, 2001: 60)

With the LED projects the following set of questions are usually asked to check whether the initiative is appropriate. This is called “initiative verification”.

1. Does the initiative create jobs?
2. Does the initiative have spin-off effects on other firms?
3. Is the LED initiative the most efficient way of achieving the desired results?

The following questions may be asked to determine whether the outcomes of LED projects are appropriate to the local context.

1. Has the project resulted in an increased number of jobs?
2. Are outcomes addressing the key social and economic problems in the locality?
3. Do the outcomes deal with the constraints of the sluggish economy?
4. Are there different outcomes for different parts of the local economy?
5. Do local disadvantaged poor groups benefit from the project?

(South Africa, 2001: 63)

The following questions may be asked to assess the long-term social and developmental impact of the LED project:

1. Do the outcomes of the project contribute to the development of the society as a whole?
2. Do the outcomes reduce inequality in opportunity or income?
3. Is there increased participation by marginalized groups or targeted groups within the community as a result of the project?
4. Have choices for local residents increased?
5. Are there any negative societal consequences, such as crime and pollution?

It is important to spend enough time on planning rather than to hurry for implementation and only to be frustrated and realise that critical success factors were left out of original plans.

(South Africa, 2001: 26)

Local economic development approaches require to consider both urban and rural areas, when conceptualizing projects for implementation.

(South Africa 1997: 9-14) in 'Thriving Rural Areas', compiled by the rural development task team (RDP) and the Department of Land Affairs (May 1997, 2<sup>nd</sup> reprint) describe requirements for rural development as:

1. Institutional development: helping rural people set their priorities in their own communities, through effective and democratic bodies, by providing the local capacity and access to funds for them to plan and implement local economic development;
2. Investment in basic infrastructure and social services: the provision of physical infrastructure (housing, water and power supply; transport) and social services (schools; clinics);
3. Improving income and employment opportunities and by broadening access to natural resources (arable land; grazing land; irrigation water; woodland and forests);

4. Restoration of basic economic rights to marginalized rural areas by establishing periodic markets as the organizing spatial and temporal framework for development;
5. Resource conservation: investing efforts in the sustainable use of natural resources; and
6. Justice, equity and security: dealing with the injustices of the past and ensuring the safety and security of the rural people especially that of the women, the youth and the disabled.

It is believed that the aspiration of national development policies could be addressed in rural areas by employing the following approach:

1. Diversified job creation through local economic development;
2. Redistributing government expenditure to formerly deprived areas;
3. An expansionary infrastructure programme to address service deficiencies and backlogs while delivering infrastructure and essential services cost effectively;
4. Social development in many fields, particularly education and health services, and through providing access to resources to improve household and national productivity; and
5. Integrating marginal rural areas where the majority of citizens have been cut off from the national economy.

(South Africa, 1997: 9)

Transitional Local Councils, presently known as municipalities, have been established to effectively co-ordinate sector initiatives on the ground such as the following:

1. Building local democracy and development;
2. Building local economic development and rural livelihoods;
3. Building local infrastructure;
4. Building social sustainability; and
5. Building local capacity plan to implement.

(South Africa, 1997:9)

It is important to have policies and ideas that guide development. Deciding about projects and mechanisms of bringing those ideas to fruition require understanding and co-operation of all involved and affected. This section dealt with policy and the strategic framework of LED. Principles and strategies and requirements as outlined in the rural development framework were also referred to above.

## **2.4 Local experiences about poverty alleviation and economic development projects**

### **2.4.1 Rural development programmes in South Africa**

Everatt and Zulu (2000: 2) cite the following critical points impacting on local economic development and poverty alleviation projects:

1. Tension between a participative and community-based approach to development and treasury requirements of spending;
2. The growing need on the government departments to spend, show results and avoid roll-overs; and
3. Challenges facing rural development and anti-poverty programmes from gender quotas to institutional arrangements.

It is indeed true that if there are unresolved tensions between those interested in development, and hard and fast rules not allowing flexibility, then poverty alleviation and local economic development programmes will be like pumping money into communities without any outcomes.

To illustrate the point above the following phases as identified by Everatt and Zulu shall be scrutinised:

“The 1994-2000 period was marked by differing implementation strategies and policy shifts, and for the purposes of this essay we have segmented the period into three broad phases” (Everatt and Zulu, 2001: 2-12).

Phase one (1994-1996):

1. The first phase of delivery;
2. Definition of the overall programme direction;
3. Poor demographic data;
4. Adoption of labour intensive and community based approaches;
5. Various institutional arrangements in operation;
6. Capacity challenges; and
7. Lack of clarity about the role of the RDP office.

The way Everatt and Zulu outlined their findings and categorised them in timelines shows the critical nature of the way towards perfection, that development is at the same time a learning process. The mistake we make in projects is that we do not approach their planning and implementation as a process full of surprises taking place in a world of uncertainties and exogenous factors outside the control of the planner. It is then crucial to collectively go through the planning and implementation guided by learning from those who have prior knowledge about best practices on similar projects.

Phase two (1996-1997/8):

1. Learning the lessons of the first phase via evaluations;
2. Policy amendment and refinement;
3. Adoption of delivery via the cluster approach;
4. Greater devolution of power (some to provincial government, some to local government);
5. Better data and improved targeting;
6. Emphasis on economically viable assets;
7. Various models of institutional arrangements introduced; and
8. Greater outsourcing of implementation.

Phase three (1998-2000+):

1. Emphasis on delivery within existing frameworks and models;
2. Unresolved tensions between treasury regulations and community-based development;

3. High staff turnover (especially at senior level);
4. Visibly less excitement and innovation within many departments;
5. Danger of stagnation and repetition; and
6. Growing talk to fast turn-around non-participative delivery i.e., delivery without beneficiary participation.

Phase four:

1. There is the possibility of a more positive fourth phase marked by the recently adopted Integrated Sustainable Rural Development Strategy (ISRDS) and Urban Renewal Strategy (URS).

The failure to integrate planning or delivery impacted on many development and antipoverty programmes, which became increasingly complex in an attempt to provide multi-faceted service. Objectives commonly covered a wide range of issues, from the provision of high quality assets, through empowerment and community participation with an emphasis on woman and youth, to training local people and building the capacity of local government officials. Programme teams included national, provincial and cluster or project managers; contractors; social facilitators; technical consultants and others (EVERRAT and ZULU, 2000: 13).

The failure to integrate delivery across government and parastatals was and is a major problem facing government. The ISRDS is based on an explicit acknowledgement of this failure (EVERRAT and ZULU, 2000: 13).

The programmes that some departments initiated seeking to eradicate poverty were complex and had multiple objectives, partly in response to the failure of integration. The very failure to integrate the planning, implementation monitoring and evaluation of these projects is regarded as a critical success factor in LED and antipoverty projects.

After 1999 there was an accelerated effort by government departments to spend money, meet targets and avoid rollovers. The treasury became increasingly powerful. The performance of departments is measured against indicators that focus on spending against budgets, overlooking how that will affect outputs and



outcomes. The milestones of departments differ from one another and if departments do not plan together there will always be problems towards achieving expected outcomes. Delivery is assessed on assets constructed, but not against more qualitative process issues that are critical for the sustainability of those assets. Government officials are evaluated against their own performance contracts, and have a similar need to spend and show results against indicators in those contracts. This clearly indicates that performance is based on how best officials can spend their budget allocation without an audit of outputs and outcomes (Everrat and Zulu, 2000: 15).

Lack of skill is still a critical problem in many departments with officials wanting to learn and grow while others do nothing about their ignorance. Officials do not create the time to assess research findings and evaluate recommendations, experiments, and contemplate the best way forward towards making their projects successful.

The need to spend budgets and show results is found everywhere, compounded by the efforts to avoid rolling over funds. The question to be asked is, should delivery be measured by spending the allocated budget or by the real outcomes of the projects towards employment creation and poverty eradication? As soon as departments realise the problems caused by spending to avoid rollovers, or not spending at all, and rather focus on the intended deliverables, then the success of these projects will improve.

Departments involved in development are implementing large, complex programmes, many of which are premised on a participative and community-based approach. Community-based development should work at a pace that reflects the nature and dynamics of communities and the complexity of the project. Despite considerable rhetoric about the need for integration, it remains elusive. Government departments continue to work in “silos”, rarely sharing information with each other, even more rarely undertaking joint planning and often unaware of what is happening in other sectors. This occurs despite the acknowledgement that poverty is multi-faceted and cannot be packaged into sectors. Government departments

have also largely failed to integrate their work with that of parastatals, a critical area requiring urgent government attention (Everrat and Zulu, 2000: 17).

On the whole, individual government departments plan anti-poverty and rural development programmes, with their own implementing agents, management teams and consultants. They are implemented in the field by a host of social and technical consultants, contractors, cluster managers and others. But there is no cross-programme communication between these different management and implementation teams, and little between government officials.

Government departments have found themselves implementing projects in deep rural areas, within few kilometers of each other with duplicate teams and duplicate costs. In other instances, buildings are but left unconnected to power supply, because Eskom was not included in the planning or execution of the programme.

Integrated Sustainable Rural Development Strategy (ISRDS) noted that projects are often characterized by weak participation, poor database and planning coordination, weak institutional and regulatory mechanisms, slow delivery and weak sustainability. More than a few of the projects are judged to be white elephants.

Although the phrase, the poorest of the poor, is rarely defined, it must include individuals and groups who are likely to suffer from varying degrees of alienation and anomie (lack of the usual social and ethical standards). The poorest of the poor are most difficult to reach and organize in already poor communities. They need more facilitation and capacity building than others. Reaching and benefiting them can only occur where sufficient time and resources have been set aside for process matters. The emphasis on speedy delivery, and the time frames attached to Poverty Relief Fund grants made by the treasury make this virtually difficult (Everrat and Zulu, 2000:18).

High-speed development can work under specific conditions, or with realistic objectives, but it can also backfire through rushed planning and/or implementation. It can work where funds augment existing initiatives that have sufficient capacity to absorb and use those funds. This allow the programme to focus on delivery rather

than on process matters. Community participation in planning and design is limited, and assets are provided to groups that have already organized themselves, often around economic activities, and who may not necessarily represent 'the poorest of the poor'. 'Fast-tracking' obliges implementers to focus on asset construction and delivery; and limits or disregards the time needed for process matters.

Sustainable community-based development targeting 'the poorest of the poor' cannot be fast-tracked. It may achieve some success in specific circumstances, such as when there are local initiatives with the capacity to grow rapidly, but this is at the expense of a key objective, namely identifying and incorporating 'the poorest of the poor' (EVERRAT and ZULU, 2000:18).

Community-based development is slow, uneven, difficult and almost never in sync with financial calendars or delivery targets. But it is also a prerequisite for sustainability in the operation and maintenance phases. The private sector can deliver assets at scale and speed, but with severely restricted community participation. This may help meet delivery targets, but local and international experience shows that it is not a sustainable approach to development. It will shift communities from being partners to being recipients, with a concomitant drop in local ownership, and a negative impact on operation and maintenance (EVERRAT and ZULU, 2000:19).

Many programmes continue to provide a quality service, but integration remains elusive. An integrated approach shall obviously improve the quality of the deliverables. As part of rural development and urban renewal and ISRDS and Urban Renewal Strategy (URS) were established to facilitate development (EVERRAT and ZULU, 2000: 19).

The ISRDS is premised on a frank appraisal of many of the weaknesses found in development initiatives. The failure to provide appropriate, integrated services to the poorest of the poor and compromising a mechanism for addressing the failures is acknowledged.

The ISRDS will inevitably run into problems once it is implemented, and can be criticized from a number of angles. But it shows that government has been reflecting critically and honestly on its own performance. The ISRDS represents a creative and ambitious attempt to address weaknesses, deepen the impact of government delivery and bolster local capacity and participation. It strongly suggests that the government has not yet reached a plateau (a period of little or no change following a period of activity or progress) on the learning curve that began in 1994. The question remains to say the government is aware of the problems of successfully implementing the local economic and antipoverty plans but the technocrats and beneficiaries still fail to get the expected outcomes (EVERRAT and ZULU, 2000:20).

The ISRDS seeks to provide an integrated response to poverty using existing programmes, but dramatically shift emphasis from central planning and supply- to a local and demand-orientation process. At the core of future development delivery is the Integrated Development Plan (IDP). Municipalities and other local government structures have to facilitate processes in their area, ensuring broad participation, and develop lists of local needs and prioritise them. They then approach relevant departments to match need with the ability to provide. The ultimate goal is to provide an integrated set of services to match the various needs identified by communities themselves.

The ISRDS is both ambitious and fragile. It rests heavily on the ability of local government structures to undertake a genuinely participative process in identifying and prioritising needs, and on them having the capacity to manage and monitor implementation, operation and maintenance (EVERRAT and ZULU, 2000:20).

The questions whether the ISRDS is effective or not still remains. It is however fair enough to predict that if the ISRDS is 'fast-tracked', it will fail. Capacity needs at local level are enormous and cannot be provided overnight. If the ISRDS is allowed to unfold slowly, so that lessons can be learned and amendments made where needed, it has a better chance of success (EVERRAT and ZULU, 2000: 20).

Everrat and Zulu (2000: 20) assert that improving performance help to meet challenges facing development, such as empowerment, sustainability, maintenance and the impact of HIV/AIDS.

### *Empowerment*

Empowerment is a common objective of rural development and antipoverty programmes, though rarely defined in any detail; it has as many meanings as people discussing it. Currently, providing relevant, quality training is taken to be part of empowerment. So is the provision for opportunities for local people to make management level decisions about projects (such as selecting the project type and location, participation in discussions about wage levels and worker recruitment, etc.). Taken together, these can give new skills and new confidence both important for the post project context (Everrat and Zulu, 2000: 14).

### *Sustainability*

In the context of community-based programmes, sustainability includes, amongst others, the physical integrity of an asset; appropriate utilisation of an asset by the entire target group; and avoiding the monopolisation of an asset by the elite. It may also include support after the construction phase; an area many government departments have shied away from, in attempting to limit recurrent costs. It also includes maintenance of the assets (Everrat and Zulu, 2000: 15).

An enormous body of research shows that following a community-based approach significantly enhances sustainability. Communities that have helped plan, design and construct an asset are more likely to use it and look well after it. Conventional wisdom, in institutions such as the World Bank, has it that, user fees should be charged for such assets, to avoid government facing recurrent costs. In reality, however, such charges often create barriers for the very poor. The government of South Africa provides a quota of services free of charge in order to accommodate the poorest of the poor (Everrat and Zulu, 2000: 15).

### *Maintenance*

One of the major planning weaknesses in government's development and anti-poverty programmes is maintenance. In the early phases of implementation, the

issue is frequently forgotten. At other times it is obscured by confusion over the ownership of completed assets. It is also less attractive than project delivery, and frequently occupies a position at the bottom of meeting agendas.

Maintenance can be strategically used to enhance local economic activity. This is most easily achieved if project committees are formally constituted and tender for maintenance contracts. Assuming they have the skills and capacity to undertake the work, the recurrent costs of maintenance become part of ongoing empowerment. Unfortunately, this does not usually take place.

With the formally transformed local government, it is vital that maintenance responsibilities are made explicit and clear, and budgets allocated accordingly. If that is done it should take care of future assets. But it is also believed that government should commission a national audit of all assets provided to date, in order to assess their functionality and develop a strategy for short term repair and longer term maintenance (Everrat and Zulu, 2000: 15).

#### *Impact of HIV/AIDS*

HIV/AIDS poses a direct threat to the sustainability of socio-economic development projects. In South Africa, this epidemic is already restructuring the demography of both urban and rural areas. There are thousands of AIDS orphans, and child-headed households will become increasingly common. The fact remains that few (if any) departments have plans in place to address the inherent impact the epidemic will have on virtually every aspect of their development programmes (Everrat and Zulu, 2000: 17).

Government is committed to outlawing child labour, but can anti-poverty programmes targeting 'the poorest of the poor' refuse employment to children heading poor households? And if they do, how else can these children be provided with income generating opportunities? Are there programmes offering assets that can benefit this emerging, highly vulnerable group? Should people with HIV/AIDS comprise a new target group for employment? It is nonetheless vital that all departments involved in development consciously and urgently address the multiple

issues raised by HIV/AIDS in making policy decisions (Everrat and Zulu, 2000: 18).

Policy decisions on issues such as targeting gender, youth, disability, monitoring and evaluation have to be considered.

Many of South Africa's rural development programmes have been innovative, creative and well managed, and are highly regarded. Some are strong while others are weak. The positive aspects have been sufficiently highlighted but focus has been on problem areas, precisely so that the ISRDS and the URS can be based on an accurate understanding of current problems and provide solutions to problems, rather than repeating them (Everrat and Zulu, 2000: 15-16).

#### 2.4.2 Common problems encountered in implementing projects

There are common problems facing rural development programmes in relation to government, integration, delivery, target group, monitoring and evaluation (Everrat and Zulu, 2000: 20-21).

##### *Government*

1. A failure to address the tension between community-based development and the insistence on money being spent within a given financial period.
2. Ongoing turf battles within and between departments.
3. Ongoing tensions regarding the appropriate roles of provincial and local government in rural development.

##### *Integration*

1. Patchy cross-departmental collaboration.
2. Virtually no integration at the point of delivery.
3. No integration of government and parastatals.

##### *Delivery*

1. An ongoing reliance on "easy" building projects such as community halls and classrooms, and restricted delivery of economically viable assets.

2. Widespread failures to design, fund and implement a maintenance strategy for assets that have been delivered.
3. Multiple funding of successful rural CBOs by government departments, leading to overloads.

#### *Target group*

1. Failure to provide training to large numbers of people (thus losing spin-offs for job creation via skills learned, local level maintenance, etc).
2. Failure to recruit significant number of youth.
3. Failure to ensure that women get equal opportunities on projects.
4. Failure to recruit a number of people with disabilities.
5. Failure to ensure that these three categories of workers are represented in local decision making structures.
6. Ongoing dominance of programmes (as workers, in communities/cluster committees, in accessing training, etc.) by men in the 25-45 years and older age cohorts.
7. Weak monitoring allowing targets to be missed.

#### *Monitoring and evaluation*

1. Weak monitoring systems, and/or a failure to treat problems identified by monitoring systems.
2. Absence of a monitoring culture and ethos within government
3. Emphasis on all inclusive evaluations.
4. Evaluation commissioned and read by single departments, which focus only on “their” programmes.

#### 2.4.3 Critical success factors of development projects

Everrat and Zulu, (2000: 21-24) assert that integrated planning, time frames, community-based development, financial flows, facilitation, asset choice, targeting, operation and maintenance, monitoring and evaluation are critical for the success of development projects as discussed below.



### *Integrated planning and implementation*

Sustainable rural development is multifaceted, potentially involving multiple government departments as well as NGOs and private sector players. If integration and coordination are to occur, they must be specified in planning and financial documents at the project design stage.

### *Time frames*

Community-based development works at a speed somewhere between what implementers want and the rhythms of the community itself. Imposing timeframes on spending forces the pace, unbalances the program and can easily lead to failure.

### *Community-based development*

Community based development is the most effective method of providing sustainable rural development. Local people need to become partners from the outset, participating in asset choice, planning, asset location decisions, and worker selection and implementation management. Local CBOs make powerful partners. Delivery is also enhanced where traditional leaders become programme partners.

### *Financial flows*

Government is extremely slow when it comes to paying contractors. Where emerging contractors are concerned, delayed payments can be fatal. Workers on projects must be paid the correct amounts and on time. Financial flows must be speeded up.

### *Facilitation*

A key South African innovation has been social facilitation, i.e., to provide an interface between the communities on the one hand and the contractors, technical consultants, project and programme managers on the other. The social facilitator's role has repeatedly been shown to be critical to success, but standardisation and skills training are needed to provide a quality service in all parts of the country.

### *Asset choice*

Rural development programmes must develop a clear strategic approach to the types of asset they provide, and not deviate from their strategy other than in exceptional

instances. The emphasis on directly productive assets, delivered in clusters, is complex and requires considerable facilitation, but should be maintained.

### *Targeting*

A central database that can generate targeting reports for all departments would improve efficiency and represent significant cost saving. It would also allow monitoring of the specific location of the projects. Target groups such as quotas and HIV/AIDS should be consciously considered during inception.

### *Operation and maintenance*

Providing assets to impoverished rural communities is the first step. What matters is who in the communities can use the asset, and who will maintain and repair the asset. Operation and maintenance planning and costing must be given greater prominence.

Maintenance funds can be used to deepen the impact of projects, where community structures can tender for maintenance contracts. This should be encouraged in all development programmes, and negotiated with departments and municipalities.

### *Monitoring and evaluation*

Monitoring systems must be simple, accurate, and rigorously analysed so that management decisions are based on sound information. Evaluators should be appointed when the project begins, so that they can provide ongoing inputs as the programme unfolds, rather than being restricted to all inclusive evaluation at the end of the project.

Institutional arrangements should be designed in such a way that roles and responsibilities are clarified from the onset, and the lines of accountability are drawn.

#### 2.4.4. LED programme performance in South Africa

The Department of Provincial and Local Government evaluated the performance of the LED Fund at a provincial level using the objectives of the fund as a basis for

evaluation. The report identified four key areas wherein municipal initiatives may assist poor communities, namely:

1. Appropriate regulatory framework;
2. Improving access to employment creation (SMME development);
3. Enhancing security and protection from disasters and risks; and
4. Expand local policy co-ordination and integration.

Areas of concern emanating from the international case studies on LED programmes are:

1. Capacity building within the local governments;
2. Legal constraints; and
3. Financial weaknesses.

(South Africa, 2000:26-30)

The Department of Social Development in their assessment report of 2002, *Pushing back the Frontiers of Poverty-Progress and Challenges* outlined the problems caused by poverty and the fact that poverty is a serious threat to democracy and a threat to building a better life for all. Poverty, with high levels of unemployment and the devastating impact of HIV/AIDS, threatens to tear apart the very fabric of the society. The report also emphasises that an integrated approach to poverty alleviation is no more a choice but rather a necessity. The report further recognizes the fact that in the long run their projects should be socio-economically sustainable. This is shown by the inclusion of programmes such as micro-finance, training and access to markets, continued support to projects (Sunday Times, 15 December 2002:4)

Bhorat and Oosthuizen, in SARB Report (2002: 3) on the impact of inflation on the poor, stated that:

...discrepancies in the living standards are a cause for concern for the general stability of South Africa, since excessive economic disparities between the richest few and a lot of the poorest of the poor, may thwart economic growth and threaten macro-economic stability.

Conventional wisdom asserts that the success of any society should ultimately be measured in terms of vulnerable groups and those at the bottom end of the social hierarchy. General upward income mobility is most needed in poorest communities. It is therefore imperative to look at the income mobility of economic factors, such as gain and loss of employment and income, when deciding upon which projects to initiate within our communities. It is clear that employment and income directly affect poverty and inequality within society, because increased employment and generally higher incomes help to lower the levels of poverty and inequality (Bhorat and Oosthuizen, 2002: 3).

The Department of Provincial and Local Government commissioned studies, which investigated the following barriers of success in LED Projects:

1. An inadequate and regulatory framework;
2. Lack of public sector institutional capacity, particularly with the skills required for the new role of government;
3. Lack of entrepreneurial skills;
4. Access to finance; and
5. Inadequate information.

The studies assert that to successfully overcome these barriers requires a wide variety of activities in a single programme. These will include, working with the poor beneficiaries to design, implement, sustain initiatives, support the emerging business sector and create an environment in which the role of government evolves to be supportive of LED (Northern Province, 2002: 5).

## **2.5 International perspective**

The international perspective of development shall highlight approaches and lessons learned that might be replicated locally. The East Asia experiences were preferred because of similarities on poverty with South Africa before they started to initiate

development projects. The transformation of the Organisation of African Union into African Union and the selection of NEPAD programme has parallels with East Asia experiences (East Asia 2002).

The Joint Ministerial Statement of the Initiative for Development in East Asia, as presented at the World Sustainable Development Summit in 2002 Johannesburg, South Africa, outlined the East Asia development process as follows:

#### 2.5.1 Preamble

Foreign and development ministers from ASEAN countries, People's Republic of China, Japan and Republic of Korea, met in Tokyo on August 12, 2002 on the Initiative for the Development in East Asia. The meeting was a part of the joint efforts made by ASEAN+3 countries to achieve further development in the light of new challenges facing the region.

The ministers had a frank exchange of views based upon their countries' development experience and knowledge of how development co-operation should be co-ordinated with national and regional development efforts, and how regional co-operation should be oriented toward sustainable economic development. They also discussed ways to deepen international co-operation by demonstrating the value of the East Asian development achievements in realizing both economic growth and poverty reduction (East Asia, 2002: 4).

This, in itself, shows the need for national and regional co-operation towards development. The experiences discussed at regional and national levels are obviously informed by local needs and priorities. LED and antipoverty experiences can well be solved at such high levels so as to enable policy makers to develop policies in favour of local development initiatives.

African Union and its NEPAD programme are good examples of regional co-operation in Africa. The Johannesburg World Summit On Sustainable Development 2002 discussed, amongst other issues of sustainable development, the

problems facing the poorest of the poor and the tensions between the countries of the North and the South.

## 2.5.2 Key factors in the success of the East Asian development

### 1. Features of the East Asian Development Experience

The Ministers noted the major features of the development of East Asian countries in attaining remarkable economic progress. The Ministers also welcomed the good momentum of economic growth and recovery in ASEAN countries, China, Japan and the Republic of Korea.

Development as a national agenda is supported by a stable:

- i. Domestic environment;
- ii. Effective political leadership;
- iii. Sound macro-economic policies;
- iv. Regional peace; and
- v. Economic development.

This has been consistently advocated as a development agenda. The diversified development strategies and paths in the region also contributed to the common prosperity. Strong capacities in the public sector and a keen sense of ownership have enabled the steady implementation of development policies. Industrial promotion, in particular, has created employment opportunities, uplifted living standards and led to the accumulation of domestic capital. (East Asia, 2002: 6).

### 2. Key prerequisites to sustainable growth

The Ministers recognized three major prerequisites, among others, to sustainable economic growth:

- i. Building economic infrastructure to provide the basis for private economic activities and attract foreign direct investment;
- ii. Human resources development and enhancement of institutional capacities in both public and private sectors; and
- iii. Linkage through trade and investment, which is important in creating economic opportunities and promoting domestic industries.

Even though the above stated prerequisites to sustainable growth are critical, they will apply in countries at a certain level of development with already established economic assets and an organised stages of development. Dealing with the poorest of the poor, like in Africa, provision of needs without economic merits is necessary to allow social, economic and technical development to reach semi-independent levels (East Asia, 2002: 7).

### 2.5.3 Procedure for consideration of poverty reduction, equitable income distribution and social development:

The Ministers assert that the distortions and disparities accompanying economic growth were also addressed. Several measures have been taken, including poverty reduction measures in pursuit of more equitable income distribution and social development. In this regard, the number of people living in absolute poverty has been dramatically reduced over the last ten years in East Asia; where one third of the world's impoverished was once concentrated.

The poorest of the poor, as target group for economic development, is often neglected when considering the success of implemented projects. Departments are usually interested in creating assets, irrespective of whether those assets address the intended objectives of anti-poverty, income distribution and employment creation for the target groups (East Asia, 2002: 8).

### 2.5.4 Roles, features and development cooperation in East Asia

The Ministers recognized that despite the enormous diversity in the region in terms of conditions and need for development, development cooperation has served to support economic growth in East Asia:

1. An appropriate combination and sequencing of various Organised Development Assistance (ODA) schemes such as loans, grants and technical co-operation has been pursued in a partnership with and support of the ownership of the recipient countries. Such ODA has been channelled into the development of infrastructure and human resources, contributing to poverty reduction consistent with the Millennium Development Goals.

2. Dissemination of development experience through South-South Co-operation. Certain countries that have been successful in their own development processes have made use of their resources to contribute to the development of others. Such South-South Co-operation has enabled the sharing of development experiences with less developed countries.

Creating a favourable macro-economic environment for development requires an integrated approach, which is regarded as a prerequisite to successful project implementation. Achieving financial stability, promoting technology transfer and facilitating market access and Foreign Direct Investment (FDI) have been also important parts of development cooperation in East Asia (East Asia, 2002: 9).

#### 2.5.5 Current development challenges facing East Asia

The East Asian ministerial statement highlighted the formation of a robust economic and social foundation and response to globalisation, good governance and promotion of regional peace and stability and the pursuit of stable harmonious human centered development, as some of the current challenges they encounter. (East Asia, 2002:10)

#### 2.5.6 Formation of a robust economic and social foundation and the response to globalisation

Noting the vast development needs remaining in East Asia, and in the face of accelerated economic globalisation, the rapid technological revolution and the present global economic climate, the Ministers examined the role that development cooperation should play in responding to such needs. They recognized the value of building a resilient foundation for ensuring sustainable growth. This can be done through the development of human capacities, economic and social infrastructure and institutions. The benefits of globalization can be increased through trade and investment, including market access for developing countries.

The negative impacts of globalisation, such as an excessive widening of disparity among and within countries and the instant contagion of economic disruptions, need



to be addressed, and ODA has a role to play in that process. Increased attention needs to be paid to low income regions and those which are vulnerable, particularly to address the problems of poverty and income disparities. Following the responsible actions taken by other countries to achieve regional financial stability during the financial crisis, responsiveness to crises should also be improved, including the reform of financial systems and the promotion of corporate governance (East Asia, 2002: 10-13).

### *Good Governance*

While respecting diversity and values in the region, the Ministers emphasized that the realization and enhancement of good governance is a major challenge to the medium to long-term and sound economic development of East Asia. At the same time, national efforts must be supported and complemented through the practice of good governance at the regional and international level.

The above paragraph is consistent with the African Union (AU) programme of New Partnership for Africa's Development (NEPAD)

### *Promotion of regional peace and stability*

Since the terrorist attack in the United States on September 11 2001, there has been a renewed recognition that the issue of development, including poverty reduction, is closely linked with ensuring domestic and regional security. The Ministers committed themselves to continuous co-operation in promoting and fostering regional peace and stability.

### *Pursuit of stable, harmonious and human-centered development*

Taking into account numerous contemporary challenges, the Ministers agreed on the importance of carrying out development in harmony with the diversity and identities of individual societies in East Asia, putting emphasis on sustainable development, and achieving human-centered development in which everyone enjoys the fruits of development and progress.

The objectives of African Union and its NEPAD programme indicate the commitment of the African continent to sustainable socio-economic development.

These objectives can only be attained if adherence and commitment start at the community development project level.

#### 2.5.7 Regional co-operation and the role of Organised Development Agency (ODA)

The ministers noted the importance of regional co-operation and the role of Organised Development Agency (ODA).

##### *Regional cooperation for peace and prosperity*

East Asia has witnessed the enhancement of co-operation and dialogue in political, economic and other fields, as exemplified by the realization of ASEAN 10, ASEAN+3, and the ASEAN Regional Forum, all with ASEAN as a driving force. The Ministers agreed that such multi-tiered regional co-operation and interdependence would help the region deal with the challenges of globalisation and pursue regional peace and prosperity. Such co-operation would also underpin the attractiveness of East Asia as an investment destination and market.

It is important for East Asia to promote regional co-operation in responding collectively to issues of regional concern. Encouraging co-operation from outside the region is also important to maintain various forms of transparent and multi-tiered co-operation within East Asia. In this regard, the Ministers reiterated the importance of and their support for regional and sub-regional co-operation such as Greater Mekong Sub-regional co-operation, the Chiang Mai Initiative, and other growth areas, and the realization of the Initiative for Asian Integration (IAI). Under the IAI various partnerships could be forged, especially with the ASEAN+3 countries, at the IAI Development Co-operation Forum (IDCF) in Jakarta on August 15-16 August 2002. Thereafter, resources can be expected to be mobilized for priority projects in bridging the development gap within Asia. In addition, the Ministers welcomed that the East Asia Study Group (EASG) planned to submit its report containing various development project proposals at the ASEAN+3 Summit in Cambodia.

(East Asia, 2002:14-15)

This in itself shows the extent of consultation and cooperation in planning activities of development with the people.

The Ministers acknowledge the significance of maintaining adequate ODA as a tool for strengthening regional cooperation and agreed to examine how to make more effective use of ODA, in coordination with other development resources. This includes mobilizing domestic and other external resources and of promoting economic partnership. While acknowledging the special importance of ODA for less developed countries such as Southeast Asia, the Ministers confirmed the significance of promoting South-South cooperation, supplemented by tripartite cooperation. They also recognised the importance of establishing national and intra-regional infrastructure and regional networks to facilitate stable and sustainable growth, and of promoting capacity building for advancement of regional integration.

It is important to then interrogate a strategic approach to development and therefore become supportive and committed to it, like ASEAN did with Organised Development Assistance.

## **2.6 Conclusion**

It is demonstrated above that approaching local economic development should be a well thought of process. The process should be clear and understood by all stakeholders to ensure sustainability. It was demonstrated through the phases in the Everatt and Zulu report that development is not about fixed strategies to be followed but its approach differs with time.

Paul put more emphasis on the environment in which development take place. He said that cognizance should be given for the uniqueness of projects and differences in environment.

Various reports dealt with strategies and principles of local economic development that should be understood at conception of projects

The ministerial statement selected the following crucial issues, that have to be addressed to ensure successful development.

## Reaffirmation of the East Asian Development Experience and Strengthening of Regional Cooperation

The Ministers confirmed that they would address poverty by pursuing an equitable, market-and growth-oriented East Asian development approach, which is harmonious with regional diversities and closely linked to trade and investment and pursues regional peace, stability and prosperity. The Ministers were also of the view that development should be enhanced through further efforts of developed countries such as ODA, FDI and market access, and that developing countries should make efforts to mobilize domestic resources to create an enabling environment to promote trade and investment. In addition, the Ministers emphasized regional cooperation as an important component of development cooperation. In this regard, the Ministers stressed that the encouragement of FDI to Southeast Asia, in particular the less developed countries in the region, is of great significance for economic development and prosperity of the region.

### *Sharing of the East Asian Development Approach and Experiences with other Regions*

The Ministers acknowledged that the East Asian development approach and experiences could also be useful for other regions. Based on such a recognition, they agreed to further co-operate in sharing East Asia's successful experience of development with other regions..

The Ministers agreed to submit this statement to the upcoming ASEAN+3 Summit in Cambodia and expressed their expectation that the analysis of the East Asian development experience would be further advanced in the intellectual community and thereby international discussion on development would be further deepened.

(East Asia, 2002:30)

### *IDEA Projects*

With the view to embodying the spirit of IDEA, the Ministers instructed senior officials to explore possible projects using mechanisms in East Asia for development cooperation

### Guidelines for Identifying Future Cooperation Programmes:

The programmes identified should be of the nature that :

1. They meet region-wide common development needs based on partnership;
2. They contribute to strengthening the basis for economic growth and social development, economic and social infrastructure development; information communication technology, science and technology human resource development strengthening institutional and legal frameworks; and
3. They provide consistency and synergy with existing regional development initiatives such as the IAI, Hanoi Action Plan, ASIAN+3 process, etc.

(East Asia 2002:31)

From the above discussions one would realise that projects planned and implemented for job creation and poverty alleviation require careful analysis of intended indicators like input, output, efficiency, outcome and effectiveness indicators. It is also important to realise and recognise the effort by the SA government regarding public administration reform, skills development as well as black economic empowerment. This shows that the government realises the need of building capacity to accelerate the development of South Africa

The literature review above indicated the fact that in all development projects there should be thorough planning and consultation before implementation of any initiative. This was demonstrated under the development overview, policy and strategic framework of LED in South Africa, local experiences as demonstrated by Zulu and Evertat, and the development in East Asia. All this demonstrated the need for strategic project conceptualisation before implementation.

## **CHAPTER THREE**

### **RESEARCH DESIGN**

#### **3.1. Research method**

Research for this study has generally inclined towards the qualitative approach although some quantitative analysis is included. Both approaches were selected because the study required investigation and comparison of the generally accepted stages for conceptualising and implementing most sustainable projects (steps such as stakeholder participation and buying in, project facilitation, integrated planning, skills and human resource development, just to mention a few). Assessment of given facts had to be made to reach certain conclusions. Development objectives of the sponsors of these projects had to be studied and understood as to whether they are of socio-economic relevance to the beneficiaries they are intended for.

#### **3.2 Quantitative research**

Surveys were conducted on a sample of projects planned and implemented within particular communities. Communities were first analysed in terms of demographics, economic profile, rural or urban settlements and availability of socio-economic infrastructure. This approach was followed to ensure that the intended development objectives of the project sponsors were achieved and were in line with growth and development objectives of the government. The number of beneficiaries and their financial benefits were verified. Capital layout, turnover and profits had to be calculated to ensure profitability and sustainability of these projects. Multiplier effects of the project benefits had to be analysed to estimate their impact.

#### **3.3 Qualitative research**

In the qualitative research method, evaluation of projects and reports were made based on the intended objectives of the development project. All facts available were assessed. The evaluation reports of implemented projects' conceptualisation, including their implementation and maintenance stages were analysed. Treasury

requirements contained in Public Finance Management Act 1 of 1999 were established, as well as their impact on development projects.

### **3.4 Data collection methods**

Four data collection methods were employed; namely, focus groups, interviews, observation, and questionnaires. In addition progress reports and departmental reports were analysed. With the use of focus groups, it was possible for participants to reach consensus, as they engaged each other in discussion. Individual perceptions, of participants were revealed through interviews. Three questionnaires were designed to conduct surveys. Questionnaires were for , government officials (see addendum one), beneficiaries involved in project implementation i.e., target groups (see addendum two) and project evaluation reports (see addendum three). Both open and close-ended questions were included. Information from strategic evaluation and annual reports augmented results from questionnaires and interviews. Various groups were observed, especially during meetings and evaluations. This helped to understand the dynamics, processes and behaviours of people. A lot of research through the Internet and available material helped to guide the process and establish development best practice indicators.

Sources of information used were policy documents, white papers, acts, books, paper reviews, reports, government officials, projects beneficiaries community leaders and case studies from other projects. Perspectives from participants were essential to reflect upon participatory development.

Capricorn municipality was chosen as the case study area for this research project because of its balanced combination of rural and urban settlement patterns in Limpopo Province.

### **2.5. Sampling**

The sampling method used was to select particular respondents, because the intention of the study was to get information that is most relevant to improve the life of both the affected target groups and the broader communities.

Three target groups were selected, namely: government or implementing department officials, project beneficiaries and project implementers. It was, necessary to select samples from all three groups according to the settlement patterns where the projects are located, and where possible, the sector in which the project belonged were also considered (stratified sampling method).

Development policy is biased towards women, youth, the disabled, and the previously disadvantaged (South Africa, 1996, 26). Five respondents were randomly selected from these four groups (20 project beneficiaries). Another set of 20 respondents, was randomly selected from the government officials dealing with LED and poverty alleviation projects. The third questionnaire was completed by the steering committees of each project.

The total number of questionnaires issued to the respondents was 44, and the response rate is illustrated in the table below.

**Table 3.1. Response rate**

<b>Respondents</b>	<b>Issued</b>	<b>Returned</b>	<b>%</b>
<b>Beneficiaries</b>	20	18	90
<b>Officials</b>	20	15	75
<b>Project steering committee</b>	4	4	100
<b>TOTAL</b>	<b>44</b>	<b>37</b>	<b>84</b>

## **2.6. Method of analysis**

Data obtained from questionnaires were analysed using frequency tables. Responses were grouped according to an opinion chosen by the respondents and the total frequencies for each opinion were expressed as a percentage of the total numbers of respondents with the same opinion. The actual responses were compared to the literature reviewed.

The respondents who chose the 'yes' or the 'no' option were compared and evaluated in terms of the reasons they gave for choosing a particular option. To



facilitate the analysis, most of the close-ended questions were followed by open-ended questions for respondents to motivate. Reasons given in expatiating or motivation were also used for analysis.

The data from answers of open-ended questions were analysed through a process of content analysis. The process involved the formation of categories of themes. Data were grouped according to the various answers given by the respondents, i.e., those who gave a similar response were grouped together and expressed in terms of a percentage of all the respondents. The process entailed reading through each response and making a list of all themes that emerged. It was then determined which themes belonged together in each category. Each category was given a descriptive label. In the process, the following categories were identified:

1. Stakeholder participation;
2. Integrated planning;
3. Government policy;
4. Availability of required resources;
5. Marketing plans;
6. Priority identification;
7. Project selection;
8. Information dissemination;
9. Level of education;
10. Technical skills and prior learning;
11. Target group involvement;
12. Income creation;
13. Project management;
14. Employment creation;
15. Availability of finances;
16. Production optimality; and
17. Training.

In the case where the same question was asked for all the three categories of respondents, similar/contrasting responses obtained from different categories of respondents were highlighted.

The research design shall help in the presentation and discussion of the results. This identification of the tools and methods in this research shall help to highlight how the conceptualisation of projects affects the intended outcome of programmes i.e. improving the quality of life by pushing back the frontiers of poverty.

## CHAPTER FOUR

### PRESENTATION OF RESULTS

This chapter contains results from the questionnaires and the interview schedules, as well as the information from reports and policy documents. It deals with LED in the province and in particular, that of the Capricorn District. Furthermore, information about respondents and their responses is presented. The perception of civil society regarding government regulations for LED projects is also presented. The factors affecting strategic conceptualization, implementation, capacity building, institutional framework and the local context of the projects, are also dealt with. In addition, opinion was formulated given all available data of these projects.

Considering data given during the research, it is evident that people depending on these projects, i.e., beneficiaries, still live without any income generated from these projects, thus remaining, in poverty. The physical infrastructure assets in most projects are visible but they lack the ability to create employment and alleviate poverty.

One project never operated and the consultant who promised to help implement and deliver, instead left the beneficiaries stranded with a building without any equipment.

If the project, per chance provided any income, this was during the construction phase wherein wages were paid out of the LED Fund, not from profits generated by the project.

The study offers a range of perspectives on the role played by government departments, non-government organisations (NGOs), community based organisations (CBOs), private sector (service providers) and other interested parties.

#### 4.1. Local Economic Development projects in Limpopo Province

Municipalities in each district submitted business plans as a basis for the allocation of LED funds from national government.

**Table 4.1: District LEDF allocations (1999-2002)**

<b>District</b>	<b>Amount</b>
Bohlabela	R5 448 774
Capricorn	R4 794 000
Mopani	R4 310 091
Sekhukhune	R6 633 417
Vhembe	R6 497 800
Waterberg	R7 165 846
<b>Total Province</b>	<b>R34 849 928</b>

*Source: Limpopo Provincial Local Economic Development Progress Report 2002*

The allocation was based on the ability of the municipality's capacity to prepare (through consultants) and submit business plans to the Department of Provincial and Local Government. The department advertised in the media inviting municipalities to apply for the conditional grants on LED.

Many municipalities could not prepare business plans. This was an opportunity for consultants to develop business plans out of their own ideas and sell such to mayors who yearned for delivery. It is interesting to note that even the mayors either did not understand or just had little understanding of the contents of the business plans. They relied solely on the consultants for compiling plans, accessing funds and utilization of those funds. This is the information gathered during the interviews of some of the affected and interested stakeholders.

The communities or intended beneficiaries did not have any say in planning systems and processes towards these job creation and poverty alleviation projects. In most instances, the council knew nothing about the projects. Only the council

chairperson/mayor knew, thus causing conflict within the council. Even though the councilor and the consultant might have prepared the business plan in good faith for the community, the critical element of consultation, which led to implementation problems and ultimately, project failure, was ignored.

Beneficiaries were only invited to join the project teams even if they did not have knowledge of and training on the intended activities of the project. If there were any training plans in the business plan of the consultant and the council, the decisions on who to train and who to conduct training was decided upon by the consultants. If there was any need for infrastructure, the consultant designed the plans and appointed the contractors to do construction work. The local content of the project was again ignored.

It was established that many consultants who developed the business plans that were submitted to the Department of Provincial Government and Local Government did not even live in the province. Some of the consultants were approached by the national department of Provincial and Local government to prepare business plans for certain Councils. One consultant from Kwa-Zulu Natal, prepared the same business plan which was replicated in all the nine provinces. The said business plan was the same in terms of the kind of project, number of beneficiaries, grant amount requested, cash flow statement, work breakdown structure and even had the same name in all the provinces. This was clear evidence that the environment factor was not considered at all. The consultants were often tempted to implement untested project ideas and make quick money. The proposed projects did not indicate the participation of the community or the municipality.

Many projects are agriculture-related. The concept of hydroponics farming was emphasized in some of the projects with the intention of cultivating cash crops. Instead of constructing hydroponics infrastructure, shade nets were constructed to protect the crops only from direct sunlight and frost during winter.

Most of these agriculture related projects were implemented in areas where there was no water for irrigation. Business plans were compiled on the basis of the availability of equipment that was obsolete.

The government department officials who assessed the projects for initial project funding did not have any technical know how about the sectors from which the projects were selected. Projects were assessed and approved without motivating information from technical staff. For example, one agriculture project needing water supply did not have the water rights from the Department of Water Affairs to draw irrigation water from the nearby river.

Soil testing was not done for the compatibility of the cultivation of the crops recommended in the business plans. De-bushing costs of the piece of land intended for the project, were not taken into consideration. Such unforeseen costs were covered by money intended for production and running costs.

#### 4.2. Projects in Capricorn District

There were many projects identified within the province as a whole, but because of limited funds only few were funded. In the Capricorn District Municipality only four projects were funded as indicated in table 4.2 below:

**Table 4.2: Projects in Capricorn District**

<b>Project Name</b>	<b>Economic Sector</b>	<b>Municipality</b>	<b>Amount of grant</b>
Maraba/Mashashane producer cooperative	Manufacturing	Aganang	R1 200 000
Polokwane Entrepreneurial center	Trade and service	Polokwane	R1 500 000
Sebayeng Hydroponics	Agriculture	Polokwane	R1 100 000
Dendron broiler	Agriculture	Molemole	R 994 000
<b>Total (4 Projects)</b>	<b>( 3 sectors)</b>	<b>(3 municipalities)</b>	<b>R4 494 000</b>

*Source: Limpopo Provincial Local Economic Development Progress Report 2002*

### **Maraba/Mashashane Producers' Co-operative**

The Maraba/Mashashane project started in 2000. The project was awarded an initial amount of R1 200 000 at the beginning of 2000. The process of awarding the grant was so hasty because the Department of Constitutional Development wanted to get the programme started, otherwise the grant was either going to be given to other municipalities or forfeited. The officials who selected the projects to be awarded the grants did not have business plan interpretation skills or even the technical know-how of projects. All stakeholders were at the mercy of the consultant who came while they desperately needed action to help alleviate poverty or create jobs. It is difficult to believe that a consultant promised to create 98 jobs at an income of R2000.00 per month per beneficiary/employee, and still nobody realized how unrealistic the business plan was.

More than R800 000 was used for the construction of a building infrastructure that was planned and directed by a consultant who came with the business plan without consulting the municipality. All of the business plan idea was a one-man initiative, i.e., the consultant imposed on the municipality and the community.

The equipment requirements of the business plan were not yet delivered during the time of the study, this shows that planning was not well done. The fund was used for many things that had nothing to do with direct poverty alleviation and employment creation. During the time of the study the beneficiaries lost interest and looked for alternative employment, if any. Such actions cause people not to take the government seriously.

The consultant in question was paid the full amount of his professional fee as early as March 2000, long before the building could be completed. It was interesting to learn that the project account was an ordinary savings account in the name of Council chairperson instead of a cheque account, in the name of the municipality. Withdrawals were made at random without any council resolution. The consultant made the beneficiaries and one councilor to rent a shop in Polokwane and purchased a one-ton truck even before any productive activity could commence.

The project was, supposed to produce vaseline, detergent, candles, sweets and also to provide secretarial and marketing training at Thaba-Nchu institution in the Free State.

The beneficiaries knew and understood nothing about the project. The conceptualization of the project was done by the consultant without involvement of other stakeholders. All were at the mercy of the consultant.

### **Sebayeng hydroponics**

Sebayeng hydroponics project started in 2001 at Sebayeng village, next to Sebayeng township. This project was an initiative of a consultant, without the initial involvement of the municipality and the intended target group. There was no community participation during the conceptualisation of the project. The consultant sold the idea to the council and the council approved it because it wanted to be seen as providing job creation and poverty alleviation projects for the community

The consultant promised the provincial officials, council officials and the community to construct shade nets for hydroponics vegetable cash crop production. The consultant, to the surprise of all, constructed the shade nets without any hydroponics resemblance as stated in the project plan. After construction the Council paid the consultant the full amount of professional services without the first production of the crops; or required equipment.

The area where the project is located does not have enough running water. High temperatures also make climate control equipment necessary. Except for the ward councilor and municipal LED official, no stakeholder understood what the project plan was about. No one bothered about understanding the technical details of the project until it failed to produce according to plan.

### **The Polokwane Entrepreneurial Center**

The Polokwane Entrepreneurial Center project was started in 2001 with an initial grant of R1 500 000. It is intended to rehabilitate the dilapidated Polokwane



Complex that was built during the apartheid era as an effort to keep blacks out of the inner city. The municipality accepted a development plan by a group of consultants to convert the complex into an entrepreneurial center. The center is intended to house established and emerging entrepreneurs as well as an incubator to train entrepreneurs who require training to become competent future entrepreneurs. The complex was, used by as informal vendors and tradesmen. These intended beneficiaries were not consulted on how the center could be rehabilitated to accommodate their needs. They were consulted with final plans to be implemented. The informal businesses and vendors operating there, fear that the municipality might victimize them by requiring high rentals for operating there after rehabilitation. They also fear that they might then end up having no place to conduct their business. The importance of consultation emerges again.

### **The Dendron Poultry project**

The Dendron Poultry project started in 2001/02. This project is intended to grow one-day broilers for the live chicken market. Again, the project was an idea of a consultant who never discussed it with the intended beneficiaries. The stakeholders welcomed the project, based on the project plan with untested cash flow projections and the potential to create employment.

There was no feasibility study carried out in terms of the correct environment for the chicks, the availability of local feed, the market, the supplier of chicks, the turnover ratios, and the break even analysis. No contingency plans were suggested in case local consumers do not buy the chickens. Again, this indicate that the community and council were not consulted to consider the viability of the project but only the consultant had the idea which nobody knew as to whether it would be feasible or not.

### 4.3 Basic information of respondents

**Table 4.3: Sex**

Sex	Government officials		Target group		Project steering comm. report	
	Number	%	Number	%	Number	%
Male	12	66.7	6	40	n/a	
Female	6	33.3	9	60	n/a	
<b>Total</b>	<b>18</b>	<b>100</b>	<b>15</b>	<b>100</b>	<b>4 reports</b>	<b>100</b>

The table above indicates that the sample was gender sensitive. The government officials are predominantly males 66.7%, whereas females dominate the target group at 60%. This might indicate an imbalance on reaching conclusions of project conceptualisation and selection that has impact on the projects' success. The table indicates that the project steering committee required project reports irrespective of gender.

**Table 4.4: Age group**

Age group	Government officials		Target group		Project steering comm. Report (n/a)	
	Number	%	Number	%	Number	%
-19 yrs						
19-24 yrs			2	13.3		
25-29 yrs			7	46.7		
30-34 yrs	1	5.6	3	20.0		
35-39 yrs	12	66.7	1	6.7		
40-44 yrs	3	16.7	2	13.3		
45-49 yrs	2	11.0				
50-59 yrs						
60 yrs +						

The age group indicates that government officials involved in conceptualisation of projects are mature (30yrs-49yrs). They have experience on how the government operates and they would provide reliable responses. The target group is mostly

young and middle aged adults (19yrs-44yrs). This also is proof that they are economically active and under who normal circumstances yearn for a better life. The analysis of the age group indicates the importance of how economically active population groups might affect the sustainability of a project. The table indicates that the project steering committee required project reports irrespective of age.

#### 4.4 Response of government officials

**Table 4.5: Community participation**

Item	Identifi- cation of priorities		Identificaion of beneficia- ries		Project selection		Project implement Action		Project Monitoring and evaluation		Implement Action facilitation	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
<b>Yes</b>	1	5.6	0	0	0	0	10	55.6	2	11.1	0	0
<b>No</b>	17	94.4	16	88.9	18	100	5	27.8	12	66.6	16	88.9
<b>Un- Certain</b>	0	0	2	11.1	0	0	3	16.6	6	33.3	2	11.1
<b>Total</b>	<b>18</b>	<b>100</b>	<b>18</b>	<b>100</b>	<b>18</b>	<b>100</b>	<b>18</b>	<b>100</b>	<b>18</b>	<b>100</b>	<b>18</b>	<b>100</b>

On the identification of priorities, government officials indicate that 94,4% of them did not participate in the identification of priorities; 88,9% do not know how beneficiaries were identified; 100% do not know how the project initiatives were selected; 66,6% is not involved in project monitoring and evaluation; and 88,9% say there was no project conceptualisation and implementation facilitation. The table indicates that 55,6% is aware of some involvement in implementation whereas 27,8% says most implementation is done by consultants

Government officials feel that there is no coordination of policy formulation and implementation. There is insufficient time to monitor project implementation effectively. They assert that there is also lack of technical knowledge of project business plans and processes. This lack of knowledge leads them to depend on the inputs of consultants for the compilation of technical and implementation plans, which sometimes are not feasible. They assert that they need to be given more time

between policy formulation, business plan adoption and implementation in order to ensure that officials understand clearly what they are expected to do.

#### 4.5. Response from target group (beneficiaries involved in the project implementation)

**Table 4.6: Beneficiary participation and benefits**

	Involvement in priority identification		Involvement in project selection		Breadwinner		Any income	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
<b>Yes</b>	0	0	0	0	12	66.7	6	40.0
<b>No</b>	15	100	15	100	3	33.3	9	60.0
<b>Total</b>	<b>15</b>	<b>100</b>	<b>15</b>	<b>100</b>	<b>15</b>	<b>100</b>	<b>15</b>	<b>100</b>

It is also shown in table 4.4 that the target group involvement in identifying priorities was nil, project selection was nil. This indicates that important stakeholders were not involved in project conceptualisation.

#### 4.6 Complex relationship between civil society and government

From interviews, observations and informal discussions, one could conclude that there seem to be little commitment on the part of most stakeholders, namely, government officials, target group, ordinary members of the community and the business sector as well as people involved with development activities who were interviewed, to ensure that the economic merits of the development projects are sustained.

The government has to follow tedious bureaucratic procedures before issues can be addressed. This is unlike the way the private sector, organised civil society organisations and non-government organisations approach implementation of their initiatives. Private sector adheres to economic merits of cost effectiveness, efficiency, quality and other success indicators. Within the government, there are treasury regulations, for example, to protect the interest of the state, which at times are not compatible with project facilitation.

#### **4.7 Challenges facing the implementation and management of rural development and antipoverty programmes**

Through interviews and interactions with various members of the communities and institutions, it was clear that project implementation was affected in one form or the other, by the following critical issues:

1. Lack of asset base within our communities, especially in rural communities, e.g., socio-economic infrastructure and low levels of capital endowments to invest and take advantage of development opportunities;
2. Lack of human resource development, with special reference to technical skills;
3. Lack of appropriate technology to suit local needs;
4. Lack of integration of activities at government departmental level, which result in duplications;
5. Difficulty of applying participative development planning;
6. Lack of time for developing project ideas and approaches, based on an understanding of common problems and anticipated targets long before funds are allocated, and
7. Tension between implementation of participative community-based projects and treasury regulations.

The above stated challenges existed in all the studied projects. In addition project locations were not easily accessible; the funds had to be used for building project infrastructure. Projects selected required skills most project beneficiaries did not possess. Sophisticated equipment from outside the community or very far from the community, was intended for usage in the project. It was evident that the project concepts were new for most project beneficiaries, which they had to familiarise themselves with before implementation. That delayed the project implementation. Government departments did not fully cooperate, even if there was a forum trying to forge integration. Government departments were still implementing projects in isolation. It should be reiterated that poverty alleviation and or local economic development projects are not to be implemented like sector-based projects but rather collectively.

#### **4.8 Indicators for measuring success**

The following requirements were chosen for the assessment of the impact of these selected local economic development projects, and the following findings were made when project business plans were analysed:

##### *Input indicators*

- i. Funds were provided for in the form of grants from the LED Fund (LEDF) even though it was insufficient to achieve critical mass.
- ii. Human resource was provided for in the form of national department officials and their consultants, provincial officials, municipality officials with their consultants, and beneficiaries; and
- iii. Project plans were provided for even though they were usually understood by the author (consultant who developed the plan) alone without any prior consultation with other stakeholders.

##### *Output indicators*

The project plans did not indicate outputs in volumes and value to show how that will impact on poverty and employment creation. It would have been better if sales and marketing plans were drawn in to project the sales volumes and values.

##### *Efficiency indicators*

Project plans did not indicate the efficiency and capability of initiatives in terms of meeting outputs from available resources to realize intended outcomes.

##### *Outcome/impact indicators*

The outcomes of these projects are poverty alleviation and income generation through employment creation. Even though the projected number of jobs was indicated in the project plans, this seemed either not to be happening or an over ambitious plan that could not be achieved with the amount of budget and intended activities.

### *Effectiveness indicators*

The effectiveness of the initiative could not be demonstrated; given the resources and technology available for the initiative.

However complicated and tedious the establishment of the above might seem, it is believed that strategic conceptualisation and consensus about project plans, shall increase the project sustainability and impact.

## **4.9 Capacity building**

In many business/project plans there was no indication of capacity building plans or empowerment plans, on the part of beneficiaries and implementing department officials, bearing in mind the poverty status intended beneficiaries. The educational level of those involved in some of the projects was not indicated. Institutions, which were going to provide training, were not mentioned and if mentioned, they were found to be outside the province. Facilitators of some of the training to be carried out, were not clearly identified. In some instances, even housewives or friends of consultants without accreditation from the Department of Education or Labour were brought in to train and were paid in advance.

## **4.10 Institutional framework**

There is a provincial LED Forum Task team consisting of what is regarded to be key departments of:

1. Local Government and Housing;
2. Finance and Economic Development;
3. Agriculture;
4. Public Works;
5. Health and Welfare;
6. Northern Province Local Government Association; and
7. District Councils, and

other, relevant institutions.

The task team was established for the main purpose of coordinating administrative work of the national Department of Provincial and Local Government. The Department of Finance and Economic Development is driving and chairing the forum; the Department of Local Government and Housing is providing the secretarial services, while other departments and institutions provide technical advice services. District Councils deal with administrative matters involving municipalities under their jurisdiction

The services provided by the forum include, among others; assessment of business plans for qualification of the grant; conduct project site visits and do implementation, monitoring and evaluation. There were no evaluation tools at first; and progress was only measured by observation. During the course of time the monitoring and evaluation tool was developed to try and establish the performance of each project.

Municipalities were requested to submit monthly reports as another form of monitoring their progress. Because such reports were used to access other branches of the grant, consultants helped to submit those reports directly to the national DPLG office, which controlled the funds without discussing the report with the provincial task team. The national DPLG office would then process additional finances into the account of the municipality. Usually, the report differed with what was actually taking place on the ground. This created problems at the project level.

#### **4.11 Local context**

It has already been indicated above that consultants who prepared project/business plans for municipalities did not reside within the municipality area or even within the province itself. This in itself tells us that the ideas to develop local people were imported. There was no local participation in designing the projects.

Consultants sub-contracted quite a lot of service providers to an extent that the ratio of the money intended to address poverty or job creation, was usually 70% to service providers who in most cases did not reside in the locality.



Materials used to construct infrastructure were not bought from local suppliers; but were bought from outside the municipality area. Training was provided by institutions outside the municipality area, instead of local trainers.

Beneficiaries selected for the project lived within the jurisdiction of the municipality, even though, in some instances the leading councilor would recommend people residing in his ward. There was no manner of assessing the extent of poverty for each of the intended beneficiaries

It is shown in the results that policies were put in place but the institutional framework to deal with proper planning and implementation emerged to create clear systems and procedures towards the success of the project. Community participation in relation to identification of priorities and beneficiaries, project selection, implementation, monitoring, evaluation and facilitation were not followed fully. The next chapter shall dwell much on the discussion of the study results in relation to literature reviewed.

## CHAPTER FIVE

### CONCLUSION AND RECOMMENDATION

#### 5.1. Projects conceptualisation

The study found that most projects did not adhere to the development principle of social facilitation as a critical success factor and hence the failure of these projects to impact on job creation and poverty alleviation.

From the way most of the Local Economic Development projects were initiated, it was clear that these projects were ideas of a single person, copied from elsewhere and intended for a locality or environment not always suitable for its implementation.

Municipalities, communities and beneficiaries, were not informed about the project/business plan contents. At times, the consultant did not understand how the projects would be implemented. Other implementing agents, who were not party to the preparation of the project plan/business plan, were employed to help implement the projects.

The implementing departments usually did not have the technical know-how regarding the selected projects. This created problems with implementation, monitoring and evaluation.

Where important stakeholders, such as the community and the implementing technocrats are not involved in the conceptualisation of the project there is usually confusion as to how to implement and allocate the required resources. It becomes difficult to address targeted outcomes of the project without a clearly understood plan of action by all those implementing it.

The study found that LED projects were not adequately conceptualised and that project proposals were not communicated to stakeholders either.

## **5.2 Community participation**

The success of every development project depends on the understanding and the buy-in of those affected. David Everatt and Sifiso Zulu, in their report on *Analysing Rural Development Programmes in South Africa 1994-2000*, said:

Community based development is the most effective method of providing sustainable rural development. Local people need to become partners from the outset, participating in asset choice, asset planning, asset location decisions, beneficiary/worker selection and implementation management. Local Community Based Organisations make powerful partners. Delivery is also enhanced where traditional leaders become partners. (Everatt and Zulu, 2000)

It was obvious from the project analysis that the community, and in most cases even municipal officials were never involved. Local government officials were only involved when problems emerged

Lack of community participation leads to duplication of activities. Community participation is critical to strengthening the social basis for economic growth and development.

## **5.3 Institutional framework**

The following institutions were involved in the implementation of the projects:

- National Department of Provincial and Local Government (consultants);
- Provincial Local Economic Development Forum;
- Local Municipalities;
- District Municipalities/Councils;
- Consultants who drew the business plans including the implementing consultants; and
- Beneficiaries.

Department of Provincial and Local Government ensured that the administrative requirements of the LED and Treasury regulations are adhered to. The Provincial LED Forum dealt with administrative matters of the National Department in as far

as both the recommendations of projects and information dissemination to municipalities are concerned. Provincial LED forum also helped with the monitoring and evaluation of the implementation of the projects.

Local municipalities are the custodian of the projects and deal with administrative issues, on behalf of the beneficiaries. They ensure that the implementation of the projects is according to the LED Fund requirements. District municipalities help local municipalities with capacity and financial management.

Consultants compile the business plan and advise where necessary. They help in preparing reports to the sponsoring department. Beneficiaries appoint a steering committee that address issues affecting them.

These various institutions should be operating in an integrated manner.

Unfortunately decisions were usually taken by the National Department of Provincial and Local Government without inputs from critical stakeholders. These stakeholders eventually become less committed to the success of the project.

The critical success factors for development programmes that were identified by Evertat and Zulu (2000) were confirmed by the results of these investigations. The factors are repeated below:

1. The absence of a mechanism for integrated planning, targeting, monitoring and information sharing;
2. The absence of functional monitoring systems and central database providing accurate information to government and the public;
3. Inadequate maintenance of completed assets;
4. The lack of time for developing new ideas and approaches based on an understanding of common problems and common successes;
5. The absence of integrated evaluations, i.e., across programmes/disciplines/departments;
6. The absence of a “monitoring culture” where managers analyse monitoring results in order to learn lessons and change direction where required;
7. Declining interest in research findings; and

8. Unresolved tension between community-based delivery and Treasury regulations.

## **5.4 Policy expectations**

### 5.6.1 Key principles underlying Local Economic Development

1. Poverty and unemployment

The projects were implemented and they were able to create a small number of jobs. Employment was usually for construction work and therefore temporary. Poor project conceptualisation led to unsustainable projects that were unable to create jobs for the longer term.

2. Target groups

The list of beneficiaries presented with the project business plans indicated that women, youth and the disabled were included as project beneficiaries.

3. Local context

All projects are located in the communities they were intended for. The beneficiaries are drawn from the local communities. However the input materials are, in most cases, not from local suppliers mainly because of lack of capacity to handle the required supplies.

4. Linkages with other institutions

The implementing department worked in isolation and failed to involve appropriate functional departments during the implementation. The Agriculture Department for example, was not involved in the implementation of agriculture related projects.

## 5. Resources

Project resources were not always available within the project locality. This created problems of project stoppages and failure to achieve intended objectives

## 6. Integration of diverse economic initiatives

Departments seem to be competing in implementing projects without talking to each other. This ends up in failed ideas being repeated or similar projects being implemented in one community without yielding the intended objectives.

### **5.5 Monitoring and evaluation**

The Department of Provincial and Local Government designed a monitoring tool and a reporting format for municipalities as an evaluation tool. The Provincial LED Forum also had their evaluation tool.

The indicators are used to measure the results of LED projects on a number of different levels. To enable accurate measurement, it is important to make a distinction between indicators. Indicators, which measure the inputs, outputs, outcomes and impacts of an LED project, are all useful in evaluating the success of LED projects. Inclusion of these indicators in the strategic conceptualisation of LED and poverty alleviation projects shall improve the success and sustainability of these projects.

The inputs-outputs-outcomes-impact framework recommended in the department of provincial and local government local economic development resource book for municipal councillors and officials if included in the conceptual phase could be of great help during evaluation. There was no indication of the deliberate mention of these indicators as a monitoring and evaluation tool. The Provincial Forum conducts project site-visits as a monitoring and audit exercise.

The way these projects were conceived is good evidence that they will find it difficult to achieve the objectives of poverty alleviation and economic development in the form of job creation.

## **5.6 Recommendations**

To improve the sustainability of local economic development and poverty alleviation projects, it is recommended that a rigorous strategic conceptualisation process be adopted before projects are approved and implemented.

The project conceptualisation process should incorporate the following steps:

1. Environmental scanning
  - 1.1. Ascertain the needs of the community/beneficiaries
  - 1.2. Consider the resources and conditions within the local environment
  - 1.3. Identify LED opportunities that meet the needs of beneficiaries and that are feasible in terms of local resources and conditions
  - 1.4. Conduct viability study to demonstrate the sustainability of the identified project opportunities and prepare a proposal
  
2. Project implementation strategy formulation
  - 2.1. Mobilise stakeholder commitment to the identified local opportunities.
  - 2.2. Maximise the utilisation of local resources
  - 2.3. Leverage additional resources from outside the local area
  - 2.4. Clarify and integrate the roles of the various implementation agents
  - 2.5. Establish impact and efficiency indicators as part of compulsory monitoring and evaluation process.
  
3. Institutional arrangement
  - 3.1. Establish a team of LED process specialists at all levels of government

- 3.2. Establish sector specialists who have to be accessible to process specialists depending on the opportunities from different local environments
- 3.3. This team together with community representatives should conduct the feasibility study and formulate the implementation strategy.
- 3.4. The head of the team of process specialists should be responsible for frequent monitoring and evaluation of project impact, both effectiveness and efficiency.

This investigation found that the sustainability of LED projects was compromised by poor project conceptualisation. The hypothesis is therefore accepted. The sustainability of LED interventions can be improved by strategic project conceptualisation as recommended



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## Addendum 1

### QUESTIONNAIRE FOR GOVERNMENT OFFICIALS

(Thank you for your time and cooperation)

1. Name of municipality: \_\_\_\_\_
2. Name of community: \_\_\_\_\_
3. Name of project: \_\_\_\_\_
4. Project description: \_\_\_\_\_
5. Economic sector: \_\_\_\_\_
6. Community participation (Tick in an appropriate box for your response)

a. Identification of priorities

Was the community involved in the identification of their needs and priorities?

Yes	
No	
Uncertain	

b. Project initiative selection

Was the community involved in the project initiative selection?

Yes	
No	
Uncertain	

c. Project implementation

Was the community/ beneficiaries part of the project implementation?

Yes	
No	
Uncertain	

d. Selection of direct projects beneficiaries

Was the community involved in the selection of direct project beneficiaries

Yes	
No	
Uncertain	

e. Monitoring and evaluation

Is the community involved in monitoring and evaluation of the project?

Yes	
No	
Uncertain	

f. Project facilitation

Does the project have a facilitator for implementation?

Yes	
No	
Uncertain	

7. Integrated planning

a. Involvement of stakeholders

b.

Were the following stakeholders involved in the project at any stage?

	Yes	No
Government departments		
Non Government Organisations		
Community Based Organisations		
Parastatals		
Civil Society		
Traditional Authorities		
Organised Business		

8. Government Policy

Was the project plan guided by policy documents such as the following?

	Yes	No
Provincial Growth and Development Strategy		
White Paper on Local Government (Developmental local government)		
Rural development framework		
Poverty Alleviation Guidelines		
Local Economic Development Principles and Objectives		

If No, which policy documents guided your planning

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

#### 9. Project Feasibility

Is there any evidence for the project feasibility?

Yes	No
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#### 10. Resources

Are the following appropriate basic resources available?

- a. Human
- b. Material
- c. Asset base
- d. Financial

If the answer above is no were there plans to make available appropriate resources?

#### 11. Marketing and Sales Plans

Was there any basic market research done to indicate project output demand?

#### 12. Delivery indicator Analysis

Was there any mention of the following indicators?

- a. Input indicators
- b. Output indicators
- c. Efficiency indicators
- d. Outcome and impact indicators
- e. Effectiveness indicators

**Addendum 2**

**QUESTIONNAIRE FOR THE TARGET GROUP**

(Ke leboga nakò ya gago. Thank you for your cooperation. Ya khensa. Ndo lebhoha. Dankie)

1. Sex

Male	
Female	

2. Age

19-24 yrs	
25-29 yrs	
30-34 yrs	
35-39 yrs	
40-44 yrs	
45-49 yrs	
50-54 yrs	
55-59 yrs	
60 yrs +	

3. Community

4. Municipality

5. District Municipality

6. Project Name

7. Were you involved in setting your priorities?

Yes	
No	

8. Were you involved in deciding about this project initiative

Yes	
No	

9. How did you know about the project or who told you about the project?

Friends	
Council	
NGO	
Government Department	

10. Education

-Gr.7 (primary)	
Gr. 8- Gr.9 (Junior Secondary)	
Technical College Qualification	
Gr. 10- Gr. 12 (senior secondary)	
Post-matric Cetificate/Diploma	
University Degree	

11. Project related skill

What skills do you possess that is related to the project?  
(refer to the attached list for a list of possible skills)

12. How many people are working at the project?

13. Are you employed on permanent or temporary basis?

Yes	
No	

14. How many of the people employed are women, youth, disabled?

Women	
Youth	
Disabled	



15. How much do you earn per day, week two weeks or month?

Wages R' per	Day	Week	Two weeks	Month
-50				
51-100				
101-150				
151-200				
201-250				
251-300				
301-350				
351-400				
401-450				
451-500				
501-550				
551-600				
601+				

16. Do you have any dependants? If yes how many?

Yes		
No		

17. Give your general feeling about the project.

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**Addendum 3**

**LOCAL ECONOMIC DEVELOPMENT FUND PROGRAMME**

**PROJECT PROGRESS REPORT**

Municipality : \_\_\_\_\_  
Project Name : \_\_\_\_\_  
Month : \_\_\_\_\_

Progress of project


**Project management**

Who is the project manager?


Who is responsible for submitting reports?


What are the delays? (i.e. in project implementation)


What actions have been taken to address the delay?


What are the institutional arrangements in place? (e.g. committees etc.)


**Employment Creation**

Type of Employment	Number of People				Number of permanent jobs
	Women	Youth (below 25)	Disabled	Other(.....)	
Skilled					
Semi-skilled					
Unskilled					
Total					

**Project Finances**

	Allocation	Expenditure	Remaining Budget
Initial Funding			
Additional Funding ( <i>If any</i> )			
Co-funding ( <i>If any</i> ) Funder. ....			
Total			

Is the project performing within the allocated budget and in terms of the approved business plan?(if not , why?)


What are the internal control measures in place? E.g. who signs cheques, etc?


**Production**

Month	Total Quantity Produced	Total Sold Out	Total Remaining Produce	Income Received	Expenditure and Purpose	Total Balance

## Marketing

Who is responsible for marketing?


What are the markets that have already been established?


What other departments, institutions, NGOs, etc. are involved in the project and their contributions?


Is the project located within the municipal Integrated Development Plan? (If not why?)


## Training

Type of Training	Number of people			
	Women	Youth (below 25)	Disabled	Other(.....)
Literacy & Numeracy				
Leadership				
Business				
Advocacy & Task related				
Other (specify)				
Total				