IMPLEMENTATION OF STRATEGIES AND PROGRAMMES AIMED AT BOOSTING LOCAL ECONOMIC DEVELOPMENT AT SOBONAKHONA MAKHANYA TRADITIONAL AREA

By

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I, Alfred Makhosathini Dladla, do declare that this dissertation is representative of my own work in both conception and execution (except where acknowledgements indicate to the contrary)

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DEDICATION

To my daughter,
Asanda Kimberly Mchunu,
who gave me enough time to
complete this project

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ABSTRACT

The dissertation focuses on the implementation of strategies and programmes that are aimed at boosting local economic development at Sobonakhona Makhanya Traditional Area by the EThekwini Municipality. Sobonakhona Makhanya Traditional Area is one of the three main traditional/rural areas making up the Greater Umbumbulu Area, which is situated some 20 kilometres south-west of the Durban Central District. Each of these traditional/rural areas is ruled by its own Traditional Leader. The Sobonakhona Area is made up of areas that can be described as deep rural and peri-urban. For the purpose of this study a municipality and a local government are treated as the same entity.

The implementation of these strategies in the deep rural Sobonakhona Area has, however, so far proven to be more challenging than it was initially conceived. This can be partly attributed to the following factors, firstly; before 1994, all matters related to rural economic development initiatives in South Africa fell under the jurisdiction of either the provincial governments or national line ministries or homeland governments – not municipalities. Secondly, between 1994 and 2002, all strategies/programmes that were aimed at boosting economic development were, through the national government's previous SMME strategy, carried out at national level by the Department of Trade and Industry and its affiliated agencies. Thirdly, the 2000 demarcation of municipal boundaries saw a number of rural areas being incorporated under some municipalities that had jurisdiction over urban areas only, and this created an additional service delivery challenge for these municipalities. Whilst these municipalities were still baffled by how to accommodate/incorporate the rural areas under their programmes, the national government, in 2002, introduced a new SMME strategy (replacing the previous SMME strategy) that required municipalities to effect economic development at local government level. This also presented its own challenge as very few of these municipalities had experience and/or knowledge in the formulation and implementation of local economic development programmes/strategies.

This dissertation therefore seeks to uncover the challenges that the EThekwini Municipality faces as it attempts to implement its economic development strategies and programmes for its rural areas in particular, with Sobonakhona Area being the area of focus. The EThekwini Municipality is one of those municipalities that previously had no rural areas under its control. Chapter One of the dissertation introduces the topic of the study together with the relevant background to the study. Chapter Two discusses the research methodology used in an attempt to unravel the study's research problem. Chapter Three discusses literature review on implementation of strategies and programmes aimed at boosting economic development in rural areas. Chapter Four outlines both the KwaZulu-Natal Provincial Government and the EThekwini Municipality's strategies and programmes that are thought would promote economic development in the province and in the EThekwini region respectively. Results uncovered by this study are discussed in Chapter Five. Chapter Six concludes the study by presenting recommendations on how to improve implementation efforts.

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List of Abbreviations

ABMD: Area-Based Management and Development Programme
ANC: African National Congress
BBEE: Broad-Based Economic Empowerment
BRAIN: Business Referral and Information Network
BSU: Business Support Unit
CBD: Central Business District
CBO: Community-Based Organization
CSIR: Council for Scientific and Industrial Research
DAC: Department of Arts and Culture
DDC(s):   District Development Committee(s)
DEAT: Department of Environmental Affairs and Tourism
DED: Department of Economic Development
DTI: Department of Trade and Industry
DWAF: Department of Water and Forestry
EM: EThekwini Municipality
EMA: EThekwini Municipality Authority
EU: European Union
FRAIN: Franchise Referral and Information Network
IDP: Integrated Development Plan
IFP: Inkatha Freedom Party
INK: Inanda Ntuzuma KwaMashu
KZN: KwaZulu-Natal
LBSC(s):   Localized Business Support Unit(s)
LED: Local Economic Development
LTDF: Long-term Development Framework
MEC: Member of Executive Council
MERS: Micro-Economic Reform Strategy
MIG: Municipal Infrastructure Grant
NAMAC: National Manufacturing Council
NEPA: Ntsika Enterprise Promotion Agency
NGO: Non-Government Organization
NPO: Non-Profit Organization
NPI: National Productivity Institute
PGDS: Provincial Growth and Development Strategy
RFI: Retail Finance Intermediaries
RDF: Rural Development Framework
RDP: Reconstruction and Development Programme
SABS: South African Bureau of Standards
SADC: Southern African Development Community
SDB: South Durban Basin
SEDA: Small Enterprise Development Agency
SETA: Sector Education and Training Authority
SMME: Small Micro and Medium Enterprises
TIK: Trade and Investment KwaZulu-Natal

CHAPTER ONE. INTRODUCTION TO THE STUDY

1.1 INTRODUCTION

According to Ncholo (2000: 87), the former Director-General of the Department of Public Service and Administration, the demise of apartheid in 1994, which saw the African National Congress (ANC) government take over reins from the National Party-led government, marked a watershed in the history of South Africa (S.A.). He highlights that the country has since witnessed constant reforms - some of which were somewhat revolutionary in nature.

One area that has also experienced unprecedented reforms is the area of small, medium and micro-enterprises (SMMEs). In common with the experiences of many countries in the developing world, the post apartheid South Africa has been at the forefront of the development and implementation of a set of pro-SMME Acts or policies (Rogerson, 2004: 765). These pro-SMME Acts, as Rogerson explains, have been aimed at tackling the dual challenges of reintegration into the global economy as well as addressing the previous problems created by the country's pre-1994 closed economy. The first post-1994 SMME Act that sought to further the new government's SMME objectives was the National Small Business Act (Act 102 of 1996). According to Bloch and Daze (as cited by Rogerson, 2004: 769), before 1996 there was simply no existing public support infrastructure or policy for the SMMEs in the country. However, this Act of 1996 did not last very long as it failed to achieve its objectives.

The reintegration of South Africa into the global economy resulted in sustained domestic and international economic demands and pressures that caused this Act to be reviewed and subsequently replaced by the current Small Business Act (Act 23 of 2003) at the end of 2003. The difference between this new (current) Act and its predecessor is that the new Act mandates municipalities to lead economic or SMME development from local levels; whereas the old Act was nationally driven. It is envisaged that, due to their proximity to

the people, municipalities are better positioned to achieve economic or SMME development in their areas. The national government believes that municipalities can achieve this through formulation of tangible development-orientated strategies/programmes that seek to create conducive environments for entrepreneurs to establish businesses. This study focuses on the implementation of such strategies and programmes at Sobonakhona Makhanya Traditional Area by the relevant municipality. For the purpose of this study a municipality and a local government are treated as the same entity.

This chapter begins by introducing the background or contextual environment within which the study takes place; statement of the research problem; rationale for undertaking the study; the research objective; the research questions; limitations of the study and summaries of each chapter contained in the document

1.2 BACKGROUND TO THE STUDY

1.2.1 The National Business Strategy

The production of the White Paper (Republic of South Africa, 1995) on Strategy for the Development of Small Businesses in South Africa was a result of a realization by the central government for a need to redress the economic ills of the past through economic growth whilst at the same time globally positioning the country as a competitive economic player. The White Paper aimed to achieve the following main objectives: increase exports, instill an entrepreneurial culture, increase business knowledge and business skills among business people, prepare local businesses for competition, increase job opportunities and therefore reduce unemployment. The White Paper culminated in the enactment of the National Small Business Act (Act 102 of 1996).

To support the implementation of this Act, and the general establishment and development of SMMEs country-wide, the central government, through the Department

of Trade and Industry's (DTI) SMME Strategy established two main institutions, namely Ntsika and Khula Enterprise Finance Ltd. Ntsika was responsible for non-financial or business development services, whilst Khula functioned as a wholesale finance institution supporting a range of Retail Finance Intermediaries (RFIs) that would deal directly with the SMMEs and entrepreneurs themselves (Rogerson, 2004: 767). According to the DTI, Ntsika was also expected to forge closer working relations or form partnerships with other institutions such as Ntsika Enterprise Promotion Agency (NEPA), South African Bureau of Standards (SABS), Council for Scientific and Industrial Research (CSIR), National Productivity Institute (NPI), the National Manufacturing Council (NAMAC), Business Referral and Information Network (BRAIN), Franchise Referral and Information Network (FRAIN) and Trade and Investment KwaZulu-Natal (TIK-KZN) - in the provision of services such as referrals, training on various business skills, consultancy, incubation and mentorship (EThekwini Municipality's, SMME Development Strategy Document, 2004).

Ntsika in its quest to reach as many entrepreneurs as possible nation-wide established a number of independently operated intermediaries called Localized Business Support Centers (LBSCs). According to Ntsika's 2003 annual report and Dorfling (as cited by Rogerson, 2004: 767) by 2003 the number of Ntsika-credited LBSCs in S.A. had risen to 92 whilst Khula-accredited RFIs stood at 40 in year 2002. However, despite this steady rise in accredited service providers, the DTI conceded that these two main institutions failed to perform as expected. The DTI acknowledged its lack of success in supporting the full SMME spectrum, especially the poorer ones and those that are remotely located (EThekwini Municipality's, SMME Development Strategy Document, 2004).

Changes in the National Business Strategy

The failure of the government's first SMME strategy forced the government to reconsider its micro-economic policy; and this reconsideration resulted in the National Small Business Act (Act 102 of 1996) being replaced by the Small Business Act (Act 23 of

2003). This shift saw the ultimate dissolution of some national SMME-support institutions.

Ntsika and its affiliated LBSCs, specifically, were collapsed and incorporated under the national government's newly established Small Enterprise Development Agency (SEDA). Other Institutions instituted by the DTI that ended up being absorbed by SEDA include BRAIN, NEPA, Namac Trust, and the Community Public Private Partnership Programme (SEDA Support for Small Business, 2005). Wawa Damane, the Chief Executive Officer (CEO) of SEDA, speaking at the launch of SEDA in December 2004, emphasized that its efforts are aimed at its primary stakeholders, small enterprises in South Africa, and that the institution seeks to improve the viability and socio economic sustainability of this sector. She further added that the organization also seeks to integrate all governmental-funded small enterprise agencies across all tiers of government and to create a dynamic service delivery network for small enterprises throughout South Africa (SEDA Support for Small Business, 2005).

Damane elaborated on a number of issues regarding SEDA's future and involved the following statements (SEDA Support for Small Business, 2005: 3-4):

> *The SEDA Programme is expected to deliver business support services to backup the sector development and Local Economic Development work at local level across all provinces. This new business support programme is aimed at ensuring that entrepreneurs or aspirant business people, especially those from historically disadvantaged communities, including rural areas, have access to the types of services that will help them start businesses, sustain their businesses and increase their participation in the economy. SEDA branches will be the institution's main service delivery points with the following assistance being given to small enterprises: business planning, technical support, tender information and advice, cooperative enterprise development, import and export training, company audits and assessments, business coaching and mentoring, market access and business linkages. A limited range of these products and services will also be available*

country-wide at SEDA's sub-branches to be known as Enterprise Information Centres. SEDA intends having at least one office in all 278 municipalities in South Africa within three years of inception: with more than one office in larger municipal districts and metros.

During the same launch, Mandisi Mphahlwa, the former Minister of Trade and Industry, further explained that SEDA's mandate goes beyond just promotion of small enterprises. He revealed that it will include the support and promotion of co-operative enterprises; and will reach a broad variety of enterprises, particularly those located in rural areas - one of the grossly neglected areas by SEDA's many predecessors. He emphasized that SEDA is not meant to duplicate or take over municipalities role of initiating Local Economic Development interventions but to complement and support the municipalities.

The area of the study is Sobonakhona Makhanya Traditional Area. It is situated approximately 20 kilometres from the Central Business District (CBD) of the city of Durban, and it falls under the jurisdiction of the EThekwini Municipality. It is for this reason that the study focuses only on the implementation of the EThekwini Municipality's economic/SMME development strategies in this area. Sobonakhona Makhanya Traditional Area is one of the three main rural/traditional areas making up the Greater Umbumbulu Area. The other two areas are Vumengazi and Smahle. The Greater Umbumbulu Area is no different form other rural areas under the control of the EThekwini Municipality (E.M.). The EThekwini's entire rural areas are estimated by the EThekwini Municipality's Business Support Unit as occupying 1500 km.sq of the city's spatial footprint, located in hilly, rugged terrains, dispersed settlement patterns in traditional dwellings, and communal land holdings under the Ngonyama Trust. The EThekwini Municipality's Business Support Unit asserts that these topographic features pose a number of challenges when it comes to the delivery of development strategies in these areas compared to the urban and peri-urban areas (ABMD Annual Report, 2004/5).

All economic development or SMME-related matters within the municipality are dealt with by the municipality's Business Support Unit (BSU), and the following section will

discuss how the BSU has responded to the requirements of the national government's new Small Business Act (Act 23 of 2003).

1.2.2 The EThekwini Municipality's Business Support Unit

The BSU is a department within the EThekwini Municipality that deals with business or corporate-related issues for all businesses that are within the EThekwini region.

Informal Economic Policy

The EThekwini Municipality's Business Support Unit appreciates the economic contribution that is being made by the informal workers to the economy of Durban. The Business Support Unit estimates that in 1998 Black households in the EThekwini Metro Area spent more than R0.5billion in the informal sector outlets. It is this observation that prompted the Business Support Unit to develop a policy document called the Informal Economic Policy in order to regulate informal sectors. The Informal Economic Policy is being administered alongside the Formal Economic Policy, and the regulatory environment of the former is being worked out on an ongoing basis. The simultaneous administration of these two separate policies was done because both the formal and informal economies have vastly different needs, despite the Unit's assertion that the economy does not divide neatly into formal and informal sectors (EThekwini Municipality's Informal Economic Policy, 2004).

Inclusion of the Rural/Traditional Areas

The management of the informal sector has in the past only concentrated on people trading in public places, such as street vendors, and in municipal markets, but the Informal Economic Policy has stretched to include rural businesses, home–based and outdoor informal work.

The inclusion of the rural hinterland under the control of EThekwini Municipality by the Municipal Demarcation Board in 2000 means that all of the municipality's economic development initiatives now have to incorporate rural economic development as well. Rural economic development is a relatively new concept for many municipalities in the country, and therefore poses some unique challenges.

In order to comply with the requirements of the government's new economic development legislation or Acts (including the Small Business Act) - which mandate local governments to implement strategies/programmes that promote economic development in their areas, the EThekwini Municipality responded by instituting the Area-Based Management and Development Programme (ABMD). The ABMD was to undertake this additional task by giving direction to the whole municipality to this effect.

1.2.3 The Area-Based Management and Development Programme

The whole ABMD Programme was developed as a pilot programme in 2003 and was being implemented in five "learning" areas. It aimed to develop alternative approaches to the delivery of basic services, develop effective institutional arrangements and development processes, and expand the range of income generating opportunities for the people of the EThekwini district (ABMD Annual Report 2004/5). The ABMD Programme also sought to address ex-President Thabo Mbeki's priority programmes on redressing historical imbalances in infrastructure provision. The following five "learning" areas were selected for experimentation, namely: Cato Manor Area, South Durban Basin (SDB), Inanda Ntuzuma and KwaMashu (INK), Inner EThekwini Regeneration and Management Programme (Itrump) and finally the Rural and Traditional Areas. The focus of the latter is on addressing socio-economic challenges such as poverty and unemployment by bringing integrated development into areas that historically received very little support from the previous governments (ABMD Annual Report 2004/5). Figure 1.1 shows a map of all the localities that make-up the entire Rural ABMD "learning area". Most of the EThekwini region's rural/traditional localities are

concentrated in the north-west and south-west of the map, and the area under the study is part of the greater south-west rural/traditional area.

MAP 1.1

A brief description of the area under the study

The actual area of the study– the Sobonakhona Makhanya Traditioanl\Rual Area is part of the greater Umbumbulu Area. Sobonakhona Makhanya Traditional Area is, in turn, made up of the following sublocalities Mandlakazi, KwaNtamntengayo, Zwelibomvu, Nkomokazi, Inwabi, Nungwane and Madundube sublocalities. Figure 1.2 shows the proposed Umbumbulu Investment Node – situated right inside the Umbumbulu Town –at the heart of Sobonakhona Makhanya Traditional Area.

Umbumbulu Town and its immediate surroundings are well endowed with most of the essential basic infrastructure, services and facilities. According to the Traditional Leader (2007) for the Sobonakhona Makhanya Traditional Area, the Greater Umbumbulu Rural Area is one of the rural areas that fell under the jurisdiction of the now defunct KwaZulu Homeland Government, and, therefore, its town received substantial investments in basic infrastructure and services from the then homeland government and, lately, from the KZN provincial government. The town boasts of a number of facilities and provincial department offices such as the department of social development and welfare, education (i.e the circuit office), justice (i.e the magistrate court and agriculture. Facilities include the old Post Office, retail supermarkets, fuel station, the Tribal\Traditional Leadership's office, a recently built SEDA office, the EThekwini Municipality's customer services centre and a new taxi rank. Localities that are in the vicinity of the town centre, the main road and some access roads can easily access these resources via public transport (i.e taxis and buses). However, the same cannot be said for the outlying areas that are far from the town centre or main road or some access roads.

Other available institutions that have contributed to the social upliftment of the community within Sobonakhona Makhanya Traditional\Rural Area include well known institutions such as Charles Sabelo, Adams Mission and KwaMakhutha High Schools, and the former Umbumbulu Teacher Training College. A number of graduates from these institutions went on to become important figures within various government structures and private sector in South Africa and other African countries. This includes leaders such as S. Khama of Botswana and C. Njonjo of Kenya.

MAP 1.2

Aims of the ABMD Programme

The EThekwini Municipality defines its ABMD programme as essentially about driving developmental strategies in an interdisciplinary way, through innovations and building a developmentally based democracy. Each ABM Programme is independently managed by a small team of professionals/managers that report on political matters to the ABMD subcommittee and administratively to the Deputy City Manager for Enterprise Development. These management teams seek to occasionally draw expertise from line departments' staff to add value to the ABM work they are doing in their respective areas (ABMD Annual Report, 2004/5).

The impetus for the development of the ABMD programme was further facilitated by the signing of an agreement between the EThekwini Municipal Authority (EMA) and the European Union (EU)-whereby the latter agreed to help finance the programme for the 2003/4-2007/8 period. The EU contributed 35 million Euros to cap the EMA's capital budget of R2.5 billion for this period (ABMD, 2005/6: 3).The EU support focuses on three areas of cooperation, as outlined in the European Commission-South Africa Multi Annual Indicative Programme, namely: poverty reduction, private sector development and consolidation of democracy (ABMD Annual Business Plan, 2005/6: 3).

Out of the five ABM programmes mentioned above, the study will focus on the rural ABMD Programme.

The Rural ABMD Programme and its goals

The main aim of the Rural Area-Based Management and Development Programme was to facilitate and coordinate the development and management of rural areas that are fully integrated within the EThekwini Municipality (EThekwini Municipality's IDP, 2004/5).

The Rural ABMD's goals/objectives as stated by the EM, are three-fold, and also correspond to the other ABMD's goals, and are as follows.

1. To develop alternative approaches to the delivery of basic services that would ensure access to sustainable, affordable and appropriate basic services by rural communities.
2. To expand the range of economic generating opportunities thereby enhancing economic livelihoods of rural households
3. To develop effective institutional arrangements and development processes that would result in improved systems of governance in the rural areas.

For the purpose of the study, the investigation will focus on the second goal/objective. The Rural ABMD pilot programme was intended to run for five years; and it reached its terminal year in 2010 yet implementation of a number of LED strategies or programmes still remains to be realized. The following section looks at the possible causes of why the implementation of a number of strategies and programmes was not completed.

1.3 STATEMENT OF THE RESEARCH PROBLEM

Studies conducted in the last seven years or so by organizations such as the Public Service Commission, the Municipal Demarcation Board, and some individuals on the difficulties that usually face implementation of government strategies, programmes or policies in South Africa, whether it is at national, provincial and local government levels – reveal that a number of factors contribute to these difficulties. However, exploratory talks with the EThekwini Municipality's officials showed that the following factors are seen as of utmost importance for consideration if the municipality is to implement its own strategies successfully, and they are:

- resources available

- the nature of relationships among stakeholders as they can affect both coordination and cooperation
- policies
- communication
- information and support systems
- leadership
- organizational culture.

All of these factors are reflected in the study's research question – which is stated below.

To what extent have the following factors, namely, amount of resources; nature of relationships between stakeholders on cooperation and coordination; policies; communication; information and support systems; leadership and organizational culture been responsible for the EThekwini Municipality's struggle to implement their own strategies that are aimed at escalation of SMME activity at Sobonakhona Makhanya Traditional Area?

Thus, this is a study of the implementation of Local Economic Development (LED) strategies and programmes in the area.

According to Cameron (2003: 156), as of year 2000, the EThekwini Municipality was one of the leading metropolitan municipalities in South Africa. The financial resources it commanded were comparable to those of the seventh and the eight provinces in the country. Over and above this, as a metropolitan authority, it possesses executive powers that allow it to freely institute governance structures such as sub-councils, make by-laws, and formulate its own policies without any interference from the provincial government as long as it acts within the broader national frameworks. Therefore, given all of the fore-going, this supposedly puts the EThekwini Municipality in an even better position to implement its strategies with less effort, as unavailable resources can generally be hired or bought. However, implementation still proves to be a herculean task.

1.4 RATIONALE OF THE STUDY

Compared to other areas, implementation of strategies that seek to promote SMME activity in the EThekwini's rural areas seems to face some serious challenges. The pursuit of this study sought to help to identify and understand the challenges facing the EThekwini Municipality in its efforts to implement such strategies/programmes in Sobonakhona Makhanya Traditional Area. These challenges are documented so that the municipality can, in future, plan and proactively deal with those challenges that are likely to re-occur during implementation efforts in other rural areas in the region/district – thereby reducing costs and the time needed for implementation.

Knowing and understanding these challenges will also help in identifying the gaps between the challenges faced and the EThekwini Municipality's capability, so that solutions can be recommended/suggested.

1.5 THE RESEARCH OBJECTIVES

1.5.1 Research Objective

The purpose of this study was to identify those factors that have been instrumental in the EThekwini Municipality's struggle in implementing economic development strategies in the EThekwini Rural/Traditional Areas. Literature review and exploratory information search reveal that the impact of the following factors has to be addressed by the municipality if it is to implement its strategies with some degree of success: resources, organizational structure (i.e. centralization/decentralization), communication, policies and procedures, the effect of relationships on cooperation and coordination, leadership and culture. These factors are reflected in the research problem/question stated in section 1.3.

1.5.2 Sub-objectives

The impact of the following factors was assessed with respect to the overall research objective of the study.

- The impact of the amount of resources provided by the EThekwini Municipality in implementing strategies in Sobonakhona Makhanya Traditional Area.
- The impact of existing communication lines between stakeholders on community participation and engagement during strategy implementation plans/efforts.
- The impact of the nature of relationships among stakeholders on cooperation and coordination of activities during strategy implementation.
- The impact of the present organizational culture in aiding strategy implementation efforts.
- The impact of current leadership in guiding and leading strategy implementation
- The impact of the current policies and procedures on strategy execution efforts
- The impact of existing information and support systems in expediting strategy implementation efforts.

To facilitate the achievement of the overall objective and ultimately answer the overall research question, these sub-objectives were converted into research questions.

1.6 THE RESEARCH QUESTIONS

Question 1: How does the amount of resources provided by the EThekwini Municipality impact on implementation of strategies in Sobonakhona Makhanya Traditional Area?

Question 2: How do existing communication lines among stakeholders impact on community participation and engagement during strategy execution plans/efforts in the Area?

Question 3: How does the nature of relationships between stakeholders impact on

cooperation and coordination of activities during implementation efforts?

Question 4: How does the existing organizational culture support implementation of strategies in the Area?

Question 5: How do the current EThekwini Municipality's policies impact on implementation efforts in the Area?

Question 6: What impact does the current leadership have on strategy implementation efforts in the area in terms of guiding and leading these efforts?

Question 7: How do the municipality's existing information and support systems impact on strategy implementation efforts?

1.7 LIMITATIONS OF THE STUDY

This study focuses on Umbumbulu Sobonakhona Rural Area which is a very small area compared to the total area covered by the EThekwini's rural/traditional area. Therefore, the findings of the study might not be easily generalized to other rural areas making up the EThekwini's rural areas, given the type of research strategy employed – which is the subject of Chapter Four. It is also a discussion of what was found at the time the fieldwork was carried out. No account has been taken of more recent changes which might have occurred. This has not been possible due to the urgency with which the study had to be completed

Furthermore, the use of a non-probability sampling technique during the study further limits the generalizability of the study.

1.8 DEFINITIONS

Apartheid: "A political system in South Africa from 1948 to the early 1990s that separated the different people living there and gave particular privileges to those of European origin" (Encarta Concise English Dictionary, 2001:60).

Centralization: "Is the removal of political or administrative power from local or subordinate levels and concentrates it in a central authority" (Encarta Concise English Dictionary, 2001:231).

Decentralization: "A reorganization of something such as a political unit so that power is shifted from a central or upper location to another less central place" (Encarta Concise English Dictionary, 2001:372).

Induna: According to Doke, Malcolm, Sikakana and Vilakazi (2005: 541), Induna is a Zulu word that refers to a person appointed or elected by the community to be the Traditional Leader's aide or assistant.

Inkosi: According to Doke, Malcolm, Sikakana and Vilakazi (2005: 579), Inkosi is a Zulu word that refers to the Traditional Leader (also known as chief or king).

Muti: "A South African word that describes herbal medicine or tree or plant that produces such medicine" (Encarta Concise English Dictionary, 2001: 955)

Ingonyama Trust Board: The Board is the landowner-in-law of some 2,700,000 hectares of land spread throughout KwaZulu-Natal in the Republic of South Africa. The Board owns land in all District Municipal Areas within the KwaZulu-Natal Province, with 250 Traditional Councils having jurisdiction over this land (www.ingonyamatrust.org.za/home)

1.9 CHAPTER SUMMARY

The first chapter: introduces the research topic, namely Implementation of strategies aimed at escalation of SMME activity at Sobonakhona Makhanya Traditional Area. It also discusses the contextual background of the study; the research problem; rationale for

undertaking the study; the study's objectives and sub objectives; the research questions and the limitation of the study.

The second chapter: gives an overview of both the KwaZulu-Natal Government and the EThekwini Municipality's strategies/programmes that are aimed at increasing SMME activity in the KZN region as well as in the Umbumbulu Sobonakhona Rural Area.

The third chapter: presents the literature review on implementation of socio-economic development strategies/programmes in rural areas; and it draws heavily on African experiences. It also presents (very briefly) some of the strategy implementation models used when implementing strategies.

The fourth chapter: discusses the methodology used in the study. Key research design aspects such as the type of study and type of investigation, study setting and purpose of the study, sample design, data collection methods, scale design and data analysis and interpretation are covered by this chapter.

The fifth chapter: discusses the findings of the study, and the analysis and interpretation thereof.

The sixth chapter: presents conclusions and recommendations on how the implementation of strategies/programmes that are aimed at promoting SMME development in rural areas can be improved.

1.10 CONCLUSION

This chapter introduced the topic of the study together with the contextual framework within which the actual study takes place. One important aspect of this framework is the way in which the national government has, through legislation, delegated responsibility

of implementing strategies that promote economic growth to both the provincial and local governments.

The next chapter discusses the research methodology used in order to identify the factors that have been encountered by the EM during implementation of its own strategies that seek to promote escalation of SMME activity and boosting economic development at the Sobonakhona Makhanya Traditional Area.

CHAPTER TWO. RESEARCH METHODOLOGY

2.1 INTRODUCTION

The study was conducted using a two-pronged research design approach that made use of both documentary analysis and semi-structured interviews. It was supported by a review of the literature. The documentary analysis (which is one form of secondary data analysis) entailed studying of the EThekwini municipality's records, reports, documents, internal and external publications on the roll-out of the municipality's rural socio-economic development programmes with the EThekwini's rural areas. Records, reports, documents and publications that were studied are outlined in detail in section 2.4. Semi-structured interviews, on the other hand, included discussions with certain members of the targeted respondent groups. These interviews were held after the completion of a thorough study of all the documents that were received.

This two-pronged research approach was adopted after there was a need to change the original research strategy. The intended original research design was explanatory in nature in that it sought to answer why the EThekwini Municipality has struggled to implement its own rural economic development strategies/programmes that are intended to promote the escalation of SMME development at Sobonakhona Makhanya Area. Saunders, Lewis and Thornhill (2003: 97-98) define an explanatory study as one that seeks to establish causal relationships between variables (usually the independent and the dependent variables), and often involves the development of hypotheses. Cooper and Schindler (2003: 11) add that explanatory studies should be grounded in theory, and that theory is created to answer 'why' and/or 'how' types of questions. The theory behind the original research strategy for this study was grounded on strategy implementation theory. Before the change in the research strategy all the research questions presented in Chapter One were stated as hypotheses. It was envisaged before the change, that the study would be quantitative in nature. Explanatory studies are often quantitative in nature (Saunders, Lewis and Thornhill, 2003: 98). All those already developed hypotheses were to be tested

statistically. However, after the change in design that approach was abandoned. Reasons for changing the research design are given below.

2.2 CHANGES IN THE ORIGINAL RESEARCH STRATEGY

The need to change the research strategy came up after holding exploratory discussions with the EThekwini Municipality's ABMD Programme Manager, and this marked the beginning of the field study. The ABMD's Programme Office – it is commonly known as the 'sixth' ABMD within the ABMD circles - and this Programme Office is regarded as the nerve centre for other ABMDs as it coordinates all the activities of other ABMD and also serves as, at strategic level, the link between the entire ABMD Programme and rest of the EThekwini Municipality. During this exploratory talk with the manager of the ABMD Programme Office it became necessary to alter the research strategy as answers to some research questions were reported to already exist in a form of ABMD annual plans and annual reports. The Programme Manager (2006) revealed that these documents contained substantial amount of information that explains the problems, challenges, reasons, and concerns - that either have been or are currently responsible for difficulties in implementing some rural economic/SMME development programmes. Some of these documents were made available by the Programme Manager (2006).

After obtaining permission to proceed with research, a further meeting was arranged with the Area Manager of the newly formed Rural ABMD Office, in Cato Manor.

During this meeting with the Area Manager, it was brought to the researcher's attention that three months before there was an internal 'investigation cum research' that had just been concluded that sought to uncover further obstacles (over and above the documented information) to implementation. It was also disclosed that during this exercise, everybody within the office was interviewed on group-to-one basis, and in some cases interviews lasted for up to 2 hours with certain individual staff members. Results or information on that exercise were not made available due to what was described as 'sensitive and

confidential information". The Rural ABMD Area Manager advised against talking to or interviewing his colleagues as he felt the timing was not right, and offered to answer the questions himself. Further documents on rural development were obtained from this office. However, other meetings were later arranged with some role-players from certain divisions within the municipalities who work closely with the Rural ABMD.

It was after this meeting in Cato Manor where the research strategy changed from the intended explanatory approach towards descriptive research. Gay and Diehl (1992: 14) and Cooper and Schindler (2003: 10) define a descriptive study as one that determines and reports the way things are, by creating a profile of a group of problems, people or events. The thrust of the study now shifted towards relying on documented factors and what was said by the Rural ABMD Area Manager at that time, and information collected from interviews with stakeholders both inside and outside the municipality. Interviews with the latter were held with the aim of ensuring reliability or credibility of the information received, while at the same time trying to uncover other factors that were neither in the documents received nor obtained from the interview with the Rural ABMD Office management.

This chapter discusses the new research methodology that was followed after this change.

2.3 RESEARCH DESIGN

Research design constitutes the blueprint about the research methodology or strategy used to solve any research problem and it includes the planning of the actual study. It deals with such aspects as the location for the study, how to select a sample, collect data and how to analyze the data (Sekaran, 2000: 53 and Cooper and Schindler, 2003: 146). The research design for this study first explains the type of the study conducted, followed by description of the study's setting and purpose of the study, the sampling design and data collection method used, and concludes with how data was analyzed and interpreted.

2.3.1 Type of Study

Because of the existence of extensive infrastructure-related and other anomalies within the many rural areas that make up the EThekwini's rural hinterland, it was decided that the type of study or investigation that would be conducted for this research would be a case study approach. Cooper and Schindler (2003: 152) and Gay and Diehl (1992: 257) define a case study as a type of descriptive study that is concerned with an in depth contextual analysis of an individual, group, institution, events or conditions. According to Gay and Diehl (1992: 257) the primary purpose of the case study is to determine the factors, and relationships among the factors, that have resulted in the current behaviour or status of the subject of the study. They further point out that although case studies can suggest a hypothesis, testing can only be achieved with another study. They also assert that because case studies often lack generalizability, they therefore are often used only for a particular purpose. Finally, the advantage of the case study is that an entire organization or entity or event can be investigated in depth with meticulous attention to detail. All of the foregoing is in line with the objective of this study which is to unearth factors/reasons that impede implementation of SMME-related development strategies/programmes at Sobonakhona Area without necessarily generalizing results to other rural areas within the EThekwini Municipality. The study aims to unearth as many factors as possible that impede implementation in the area so that a complete picture can emerge. The disadvantage with case studies is that interviews or discussions or observations that have to be undertaken in order to gain a full understanding of a complex situation before reaching a conclusion can be intensive (Zikmund, 2003: 116).

2.3.2 Study Setting and Purpose of the Study

The appropriate documents containing the relevant data were collected from the respondents' offices and analyzed by the researcher. On the other hand interviews were conducted in a natural working environment of the respondents (i.e. a field study). In this study the researcher engaged in or interfered very minimally with the normal flow of work at the respondents' locations.

The purpose of the study was to provide answers to the research questions outlined in Chapter One, with the ultimate objective of answering the overall research question.

Time horizon: The study was conducted with data that was collected over a period of several months (July 2006 to November 2008). It is called a cross-sectional or one-shot study.

2.4 SAMPLING DESIGN

Another important step in planning the research design is to identify the target population and select the sample if a census is not feasible (Cooper and Schindler, 2003: 81-82). Cooper and Schindler (2003: 81-82) state that two conditions must exist for a census study to be appropriate; firstly, a census is feasible when the population is small, and secondly, when the elements are quite different from each other. The target population for the area under the study and the EThekwini's rural areas in general, is not that small; and this is further complicated by its varied nature. Given the following two facts, namely; that implementation of strategies/programmes is the province of people who are at strategic levels and that the implementation of rural socio-economic development initiatives is a new task for many municipalities – this compelled the author to choose a sample from people who are in strategic or decision-making positions such as managerial, leadership, professional, consultancy, or trustees positions. The following section discusses the target population of the study, and how the respondents were selected.

2.4.1 Target Population

According to the Rural ABMD Handbook (2006), stakeholder groups involved with implementation efforts within the greater EThekwini region are: councillors, traditional leaders, the newly-formed sub-council on rural socio-economic development, leaders of community-based organizations, private land owners, parastatals, Ingonyama Trust

Board, the council's various line departments, private institutions, and other government departments and the Rural ABMD Team.

The Rural ABMD Team alone is made up of officials from diverse professions or backgrounds. There are professionals from local economic development, operations, planning, project management, institutional development, security and crime prevention, and lastly, specialists from development planning and land use. In addition, 4 Area Co-coordinators are employed to support these experts, and also form a link between the communities they serve and the Rural ABMD.

Given this varied nature of the stakeholder groups responsible for implementation of rural economic/SMME development work in general, and the fact that not all of them will be directly involved or specifically assigned to the area under the study, choosing a respondent for interviewing purposes was, therefore, subject to the researcher's judgment.

2.4.2 Sampling Technique: Judgmental

The sampling technique used for the study is judgmental sampling. Cooper and Schindler (2003: 201) define judgmental sampling as a type of purposive sampling technique whereby only respondents who conform to some criteria are selected. The criteria used for selecting the sample for the area of the study is that: respondents must be directly involved in the planning and implementation of strategies/programmes that are aimed at promoting economic or SMME development at Sobonakhona Makhanya Traditional Area.

The following considerations were also taken into account when judgmental sampling was chosen. Firstly; only those people whose task is to lead or direct (i.e. strategic level people) implementation work in the area can provide objective information on what challenges they face on the field. Their expertise and experiences gained through their daily involvement/working in the area is unique compared to other people working in

other settings such as urban areas. Finally, projects that are geared towards rural economic development are still at infant stages (even country wide) and, therefore, very few people have sound knowledge or first hand experience in these areas except for those that are directly involved in such projects.

Other respondent selection techniques would not have provided the much needed objective information – had they been opted for.

2.5 DATA COLLECTION METHOD

Data collection methods are an integral part of research design, and the manner in which data is collected makes a big impact on the rigor and effectiveness of the research project (Zikmund, 2003: 65). Data can be collected in a variety of ways, in different settings, and from different sources. Data collection methods include, secondary sources, interviews (face-to-face, telephone and electronic interviews), questionnaires (personally administered, mailed questionnaires and electronically administered questionnaires) and observation of individuals or events -with or without videotaping (Sekaran, 2000). However, data for the study were collected through documentary analysis of EThekwini Municipality's records, reports, documents and other publications on implementation of rural socio-economic development programme (i.e. secondary data analysis) and through interviews held with the relevant stakeholders/ respondents.

Documentary analysis

Some of the records, reports, documents and publications analyzed include, among others, ABMD Annual Business Plans, ABMD Annual Reports, Rural ABMD Handbooks, Metro Ezasegagasini, the EM's Integrated Development Plans (IDPs), Business Support Unit's documents such as the Informal and Formal Economic Policy documents, and the EM's new SMME Strategy Document.

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The ABMD plans and reports are basically uncensored internal documents that are compiled for both the municipality's senior management and the European Union to use for monitoring and evaluation of the implementation of the entire ABMD programme; and are used as both auditing and strategic control tools. Each ABMD Programme Team is allocated a slot in each ABMD publication. All five ABMD Teams, plus the ABMD Programme Office, are encouraged to report freely (with certain guidelines) on what has been accomplished or achieved with respect to implementation of socio-economic development programmes within their areas. Also discussed in these ABMD publications are problems encountered by each team along the way as well as challenges anticipated with regard to initiation/identification, planning, packaging and implementation of socio-economic development programmes. The entire ABMD Programmes is regarded by the municipality as a "learning area", thereby implying that the municipality is willing to adapt and make adjustment to the carrying out of programmes in these areas as new information rolls in. Since the study corresponds to the rural ABMD programme, the study's data was therefore extracted from this area.

Semi-structured interviews

Data were also collected personally by the researcher through semi-structured interviews using a questionnaire that contained only open-ended questions. The questions in the questionnaire focused, where it was deemed appropriate, firstly on those factors that surfaced during documentary analysis but lacked substance and/or meaning; secondly, on other areas/factors that were thought to be necessary to understand in order to answer the overall research question. They relate very much to the literature review; and finally, on the area-specific factors that were perceived to be having a bearing on implementation efforts. Although questions were arranged in a sequence, situational factors such as the respondent's knowledge, position, nature or sensitivity of the questions and other factors dictated the interview protocol. In all instances respondents' responses were written down by the researcher.

The following reasons motivated the researcher to administer the interview personally. Firstly, the researcher wanted to ensure data reliability by interviewing only the intended respondents, to clarify items/questions in the questionnaire if necessary and to increase the response rate through persuasion as well as to expedite data collection as most respondents were within accessible range. It was also to establish rapport and explain the purpose of the study.

The following section describes the structure and contents of the questionnaire used during the interviews.

2.5.1 The Qualitative Questionnaire

The questionnaire was composed of 10 pre-formulated open ended questions. The objectives of the questions were to provide answers to the research questions with the ultimate goal of answering the overall research question. The order of questions was not important but sensitive questions were left for discussion right up to the last moment, and this was dependent on which group the interviewee belonged. Not all questions were posed to all respondents. However, the contents and objectives of the questions were upheld. The following section discusses the questions in the questionnaire in terms of the types of information sought by each question. See Appendix 3 for the questionnaire and questions contained therein.

2.5.2 Purpose of Items in the Questionnaire

(a) Question number 1 in the questionnaire seeks to understand the level of awareness by the locals and local business people or organizations about the EM's strategies that seek to boost economic or SMME development in the area, and also understand what is being done to increase awareness levels.

(b) Question 2 seeks to understand if there are any close-by business advisory centers or any interim arrangements for the provision of such centers in the area.

(c) Question 3 seeks to understand the level of citizen or community participation in devising strategies that will boost SMME creation in the area, and whether there are any established structures or platforms for doing it.

(d) Question 4 seeks to explore how cooperatives and other SMMEs are doing/performing or the formation thereof is progressing in the area.

(e) Question 5 seeks to understand what types of services are provided by the EM to the local SMMEs or Cooperatives.

(f) Question 6 is intended to explore how sector-based economic/SMME development is being handled in the area in terms of formation of partnerships with other relevant stakeholders such as private organizations, Non-Governmental Organizations (NGOs), and other governmental departments/organizations.

(g) Question 7 seeks to understand the relationship between the local stakeholders such as traditional leadership and councilors, and between NGOs and business people and what implications do those relationships that exist have for implementation efforts.

(h) Question 8 relates to land tenure and the availability of other basic infrastructure in the area.

(i) Question 9 is a general question that seeks to understand key factors that are perceived to be responsible for slow delivery of some programmes.

(j) Question 10 refers to the relevance of the EM's strategies/programmes for the area with respect to what the locals believe are viable SMME fields for the area.

2.6 DATA PREPARATION AND CONCLUSIONS

Preliminary data preparation began after the completion of a careful study of all the documents that were received from the EM on implementation of rural socio-economic development strategies within the EThekwini's rural areas. This preliminary preparation of information or data from these documents involved organizing this information or data into some categories. Information dealing with similar variables was collated and put in the same category. This was done in order to facilitate the analysis and interpretation at a later stage.

This careful examination of documents and categorization of information was then followed by interviews. These interviews were conducted in order to either solicit additional information or triangulate certain information. Information received from interviews was recorded at all instances so as to analyze it at the end of the day in terms of their agreement or disagreement with documentary analysis and the general literature review. Final data analysis was commenced at the same time as interviews were conducted

2.6.1 Editing Information /Data in Questionnaires

All questionnaires were checked for completeness on the spot and were double checked upon arrival at the researcher's work place the same day they were administered - a practice that is akin to sound research. Sekaran (2000: 303) advises that this habit helps researchers or fieldworkers to not only detect omissions or inaccuracies or ambiguities, but also help them to take corrective action immediately before memory decay. He adds that corrective action may include contacting respondents for any further information or clarification. This was indeed the case as numerous calls were made in cases where contradictory information was received.

2.6.2 Response Rate

Most of the information sought by the questionnaire was obtained from those respondents who participated in interviews. This was achieved with some ease as the researcher was always available to clarify questions in the questionnaires, and the questions were rephrased in case of perceived ambiguities. The rephrasing of any question was done within the context of the research objective that particular question sought to answer.

2.7 CONCLUSION

This chapter presented the research methodology/design employed in order to provide answers to the research question/problem. Answers to these questions were crucial in answering the overall research question. Most constituents of research design such as the type of study or investigation and the purpose thereof; study setting; sampling design; data collection methods and the drawing of conclusions were discussed in sufficient detail. The research design took into consideration and incorporated all of the necessary changes that had to be made as a result of change in what was the intended 'original' research strategy.

The next chapter is a literature review on implementation of government-led rural economic development strategies/programmes. It reviews both the general theory on strategy implementation and empirical evidence on implementation efforts in some of South Africa's traditional/rural areas.

CHAPTER THREE. LITERATURE REVIEW

3.1 INTRODUCTION

The preceding chapter gave an outline of research methodology used for the study. Chapter Three looks into the general literature that deals with challenges that face the S.A. provincial governments and municipalities when attempting to implement the national government's strategies, programmes or policies at both provincial and municipal levels. As already mentioned earlier, a local government and a municipality are treated as the same entity in this study.

The chapter begins by discussing both the historical attempts at implementation of such strategies, programmes or policies in the post-1994 era and the current structure of the South African municipal systems – as the national government's primary custodians entrusted with the development and implementation of such strategies/programmes/policies at local levels. It then discusses factors that are often cited as causes for difficulties during implementation efforts. Understanding the impact of these factors was instrumental in giving guidance to exploratory search, which in turn, helped the author formulate the research problem/question – which is stated at the end of this chapter. Since the implementation of local economic development strategies and programmes is a new concept for most municipalities in South Africa, occasional references to other African countries' experiences will, therefore, be made in certain sections of this document.

3.2 THE SOUTH AFRICAN HISTORICAL BACKGROUND ON RURAL SOCIO-ECONOMIC DEVELOPMENT

According to McIntosh (1996: 239), the pre-1994 South African history on implementation of rural economic or SMME development strategies is virtually non-existent – at least for the Black rural areas. He points out that during this period, services

in the Black rural areas were not provided by municipalities but by homeland, provincial and national line departments and parastatal agencies. Similarly, within the White commercial farming areas, services were provided by various central line ministries or departments of the provincial administration. He further highlights that properly constituted 'somewhat' autonomous municipalities existed only within White communities who were mostly located in towns and cities.

Senior officials within the homeland center usually made decisions regarding the provision of services or development programmes in the rural Black areas. Decision-making at the center, across different line ministries, was usually top-down and characterized by weak coordination between ministries –with rare exceptions. Field officers who interacted with the public were only accountable to their line departments – not the community they served (McIntosh, 1996: 241).

Traditional authorities/leaders were undermined and bypassed by officers of the line ministries and therefore excluded in decision-making on matters pertaining to service delivery and development. To this end the running of local administration in Black rural areas was that of fragmented, highly centralized, non-responsive and unrepresentative character, and took place along ethnic divides (McIntosh, 1996: 241). However, after the government reins changed hands in 1994, revolutionary changes/reforms were introduced.

3.2.1 The Post-1994 Era, the RDP and the GEAR Policy

The post-1994 reforms marked a watershed in the history of South Africa as they were accompanied by an unprecedented measure of decentralization of local government (Ncholo, 2000: 87 and Cameron, 2003: 155). This was the year the new ANC-led government took over the reins from the National Party Government and this new era heralded the introduction of rapid changes within the new government's legislative and administrative environment. The changes or reforms were aimed at replacing the rule-bound, command-and-control approach of the apartheid regime with one that sought to

reorient the public service to serve the public in a customer-focused way (Ncholo, 2000:88). The most notable reform introduced that sought to redress previous imbalances (besides the drafting of the new constitution), was the Reconstruction and Development Programme (RDP).

The RDP

In preparation to take over the government reins, the ANC had already drafted a vision document called RDP – which aimed to alter the face of the country. The RDP was the new government's document that outlined what it wanted to achieve in terms of both redressing the past problems and creating a developmental state (Munslow and FitzGerald, 1997: 41 and Ncholo, 2000: 88). "The broad aim of the RDP Document was to address the social and economic inequalities inherited from the apartheid state as means of building a sustainable democracy and a unified nation" (Ritchken, 1997: 207). The RDP was envisaged as the programme that would be people-driven, would deepen democracy, link reconstruction and development, provide peace, build the nation and provide security for all. It was conceived that all these will be achieved through meeting people's basic needs, developing human resources, building the economy, democratizing the state and the society after implementation (Munslow and FitzGerald, 1997: 41; Reddy, 1996: 52-53 and Wallis, 1996: 175-176). However, two years later the RDP enthusiasm had subsided, and the programme relegated to the bottom drawers of most ministries office cabinets, and that was the virtual end of what was thought of as a blueprint for socio-political and economic development in South Africa ((Munslow and FitzGerald, 1997). Different authors, practitioners, organizations have put forward various political, economic and administrative reasons or theories regarding the shelving of the RDP.

Some of the administrative deficiencies, and the many roles and faces of the RDP are discussed at some length by authors such as Munslow and FitzGerald (1997) and Wallis (1997). Common to all these roles and faces and what the RDP sought to achieve – was that the RDP sought to provide an integrated development programme in a manner that

was sustainable across various ministries and line departments within the state right down to local government levels.

The premature or unexpected withdrawal of the RDP saw the entire programme being replaced by the Growth, Employment and Redistribution (GEAR) policy document - a policy that aimed at addressing the RDP's shortcomings whilst at the same time moving the country forward in terms of socio-economic development by the end of its programming period. However, the GEAR policy's programming period of 1995 - 2000, much to the surprise of its architects' expectations, did not achieve much as expected (Streak, 2004: 271).

The GEAR Policy

The GEAR policy promised to reduce poverty and inequality via economic growth which was envisaged to be achieved through increased private sector investment. This much anticipated economic growth was fueled by the government's promises of budget deficit reduction; sound macroeconomic policy that included favorable or low interest rates; and the government's expectation of high investment confidence that would result in increased Foreign Direct Investment (FDI) (Streak, 2004: 286). However, at its terminal year, the policy had failed to deliver on its promises made on inception. Some of the GEAR policy critics such as Congress of South African Trade Unions (COSATU) and Weeks (as cited by Streak, 2004: 280-290) highlighted the following reasons as some of the causes for its failure: conservative macroeconomic policy that constrained the resources available to implement developmental programmes; fiscal and monetary policy that failed to attract investment – but instead only resulted in job losses; too much reliance on FDI for growth when prospects for attracting FDI were weak; and lastly the GEAR policy relied heavily on private sector led growth but with no equally matching government supply side measures such as the required skills base and other factors of production. Arguments by the government and pro-GEAR policy economists on why it failed are discussed briefly by Streak (2004: 277-279) in her work 'The GEAR Legacy'.

After the evaluation and review of the Gear policy, Thabo Mbeki, the President of South Africa, in his 'State of The Nation' address for 2001, on behalf of the government, acknowledged that if more rapid progress is to be made in realizing economic development, the country had to rely less on FDI but more on domestic investment (Streak, 2004: 282-283). Consequently, the 2002 State of the Nation addresses saw a shift of focus on microeconomic policy by the national government; and more government led initiatives were tabled. However, these initiatives were to be initiated and led by local governments according to the directives of the national government's new SMME strategy (i.e. Small Business Act, Act 23 of 2003).

The following section gives a brief background about the current structures of local governments in South Africa with a view of subsequently assessing their potential to undertake local economic development.

3.2.2 South African Municipalities at Glance

The first non-racial general election in 1994 was immediately followed by equally non-racial municipal elections in the 1995/6. Pre-interim negotiating forums at municipal levels consisting of historically advantaged as well as historically disadvantaged communities were created just before the elections in 1994. During the municipal elections, the new constitution was already being finalized. This new constitution elevated municipalities to powerful entities with constitutional powers and functions that cannot be impeded or compromised by neither the national nor the provincial government (Cameron, 2003: 155). Most of their powers and functions are elaborated upon in the White Paper (Republic of South Africa 1997) on Local Government of South Africa. One of their most important functions is to operate as "developmental local governments". The White Paper (Republic of South Africa 1997) on Local Government defines a developmental local government or municipality as one that is committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives. The Paper goes on to outline what characteristics a developmental government should have;

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describes developmental outcomes that have to be accomplished by a developmental government and also highlights the tools and approaches that can be employed by municipalities in order to become developmental entities. The Paper is also very much aware of the reality of the segregation of our cities, towns and rural areas, and the failure of the transitional municipal systems to reverse these long-standing patterns of inequality and unmet needs.

Characteristics of a developmental local government

The White Paper (Republic of South Africa 1997) on Local Government of South Africa outlines the following four interrelated characteristics as typical of a developmental local government:

- **Maximizing social development and economic growth:** by influencing local economies or taking active steps to ensure that the overall economic and social conditions of a locality is conducive to the creation of development opportunities. It is hoped that this can be achieved through affirmative procurement and revamp of policies and by-laws.
- **Integrating and coordinating:** the services of local service providers and leveraging resources and investment from both the public and private sectors to meet developmental targets. It is hoped that this can be achieved through integrated development planning.
- **Democratizing development, empowering and redistribution:** this deals with the ideals of the then Reconstruction and Development Programme (RDP) but at local government levels.
- **Leading and learning:** this calls for municipalities to lead development efforts by engaging the local communities and listening to them before undertaking major programmes/projects

Developmental outcomes of a local government

The White Paper (Republic of South Africa, 1997) on Local Government calls for a developmental local government (municipality) to accomplish the following three developmental outcomes:

- **Provision of household infrastructure and services:** provision of household infrastructure and services is seen as an essential starting point for social and economic development. Municipalities are, therefore, required to provide these. Those municipalities that do not provide any of these services, or provide few of these services must be prioritized for assistance from higher spheres of government.

- **Creation of livable, integrated cities towns and rural areas:** the aim is to heal the deep scars on the spatial structures of the South African cities, towns and rural areas, and the lives of millions of individuals and households created by the apartheid regime. It is hoped that this will enhance economic efficiency, facilitate the provision of affordable services, reduce the costs households incur through commuting, and enable social development.

  For rural areas, municipalities are required to first secure access to land for the rural poor in order to address the historical distortions in property ownership before any services can be provided.

- **Local economic development:** Local government can play an important role in promoting job creation and boosting the local economy. It is envisaged that this can be achieved through reviewing existing policies and procedures, and provision of special services. Policies and procedures that stifle the speedy delivery of developmental programmes must be repealed and replaced by ones that facilitate delivery of these developmental programmes.

Provision of special services demands that municipalities provide support services to small businesses and/or entrepreneurs through the creation of conducive environments for new venture creation; establishment of business centres to assist with: skills development; premises; information; networking; marketing and access to credit.

Tools and approaches for developmental local government

In order to achieve all the developmental outcomes, the White Paper calls for significant changes in the way local governments work. Three interrelated approaches have been recommended to local governments to make use of, and they are: the need to develop integrated development plans and budgets; performance management and; working together with local citizens and partners.

Integrated development plans and budgets: IDPs were briefly mentioned in Chapter One when discussing the Local Government Development Facilitation Act (Act 67 of 1998). They are contained in the White Paper just to indicate how legislation or Acts that govern local governments reinforce each other. The White Paper and the Development Facilitation Act also emphasize the importance of linking plans to finance/budgets and performance.

Performance management: is seen as a critical measure that ensures that resources are used efficiently. Municipalities are given freedom to set their own performance indicators. The White Paper encourages municipalities to involve local communities and other stakeholders when setting performance indicators.

Working together with local citizens and partners: the strength of the White Paper is its call for local government to work with local communities and other stakeholders. The Paper also demands that local governments invite citizens and other stakeholders as participants in most policy initiation and formulation processes, and the monitoring and

evaluation of decision-making and implementation. The Paper gives details of approaches that can be followed in order to ensure citizen participation. The Paper is also aware of the potential role that can be played by the traditional leadership. For those municipalities that incorporate rural areas, Section D of the White Paper gives a detailed framework on how they can or should engage Traditional Leaders in all their developmental activities.

Use of the LED concept in Africa and South Africa as a developmental tool for economic growth

According to Nel (as cited by Reddy and Wallis, 2011: 1) the use of LED concept in dealing with socio-economic development issues in the developing countries is a relatively new concept, especially in Africa. According to Reddy and Wallis (2011: 2) the LED concept is defined by a number of people differently (see those definitions in their work "Energising local economies: local economic development around the commonwealth). The United Nations Development Programme (UNDP) initially defined the LED concept as a locally driven process that seeks to identify, harness and utilize resources to stimulate the economy and more importantly create new job opportunities in a locality (Reddy and Wallis, 2011: 2). However, Rodriguez-Pose (as in Reddy and Wallis, 2001:14) noted that in Africa the LED strategies and Programmes developed are pro-poor and are geared towards achieving social developmental goals rather than economic growth, with South Africa being an exception. He noted that in South Africa, local governments use LED strategies and programmes that combine both pro-poor social developmental and pro-growth economic developmental approaches. This approach, too, has not been without challenges. These challenges are discussed in various sections of this chapter.

Although the South African national government does, from time to time, enact various pieces of legislation that govern the working of municipalities, the latter enjoys a degree of autonomy. South African municipalities are free to formulate their own policies

(within the national government's frameworks), and can establish their own legal teams to entrench their autonomy and defend themselves from any interference either by line ministries or provincial elites, and can challenge any meddling in court of law or constitutional court (Cameron, 2003: 156).

Currently, South African municipalities are classified into Categories A, B and C municipalities. The Category A, which is also known as metropolitan local governments, exists in major cities of South Africa. The metropolitan local governments are formed in areas that are regarded as powerhouses of the South African economy. These areas are described as areas with high population densities – with existence of multiple and overlapping externalities, where there are always needs to coordinate services over a larger area while simultaneously ensuring proximity between the rulers and the ruled. Currently, there are seven metropolitan municipalities in S.A. and they are Cape Town, Johannesburg, EThekwini, Ekurhuleni, Tshwane, Nelson Mandela and Nelspruit. However, all in all, there are currently 278 municipalities across South Africa (Cameron, 2005: 332).

The following describes the S.A municipalities in terms of their powers (Cameron, 2005: 156):

Category A: a municipality that has exclusive municipal executive and legislative authority in its area.

Category B: a municipality that shares municipal executive and legislative authority in an area with a Category C municipality within whose area it falls.

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

The changes brought about the 2000 demarcation of municipal borders in South Africa saw a number of municipalities being burdened with the task of planning and

implementing economic development strategies for those traditional/rural areas that now fall under their control.

However, the implementation of these strategies has demonstrated to be a mammoth task. This is not surprising as most strategy authors tend to agree that strategy implementation is somewhat difficult to achieve in practice. According to Miller and Dess (1996: 329), what makes strategy implementation difficult is that strategy implementation skills are not easily mastered. They further argue that even in the United States less than half of the strategies are ever implemented. However, some authors such as Pearce and Robinson (1999: 359-361) are of the opinion that through creation of clear short-term measurable objectives and action plans that are linked to long-term objectives, and the development of specific functional tactics does create a competitive advantage.

According to Miller (1998), because of the difficulties that were experienced by organizations in implementing strategies around the 1960s/70s, this galvanized some strategy practitioners, academics and scholars alike into developing or inventing strategy implementation models. The following section briefly looks at the first known strategy model that was invented as well as one of the latest models that exist today –without necessarily dwelling too much on the implementation theory behind these models.

3.3 STRATEGY IMPLEMENTATION MODELS

When discussing strategy implementation models, much strategy literature makes special reference to the McKinsey 7-S Model and the factors/variables contained therein, though to varying degrees of emphasis (Miller, 1998). In the 1970s, consultants at McKinsey and Company, after studying factors that made the world's best companies implement strategies with less effort, observed that these companies paid attention to the following seven organizational requirements, namely: strategy; structure; staff; skills; style; systems and shared values –hence the name McKinsey 7-S Model . The McKinsey 7-S Model was the first known or recognizable model around this period and formed the bases of

what became a framework for a number of strategy implementation models that exist today (Miller, 1998). Figure 3.1 (or model 1) depicts this model. In the absence of such models within the public sector, the government officials have over the years adopted some of these models as guides when it comes to strategy/programme implementation. It is for these reasons that one of the models was used as a guide to evaluate strategy/programme implementation in the study.
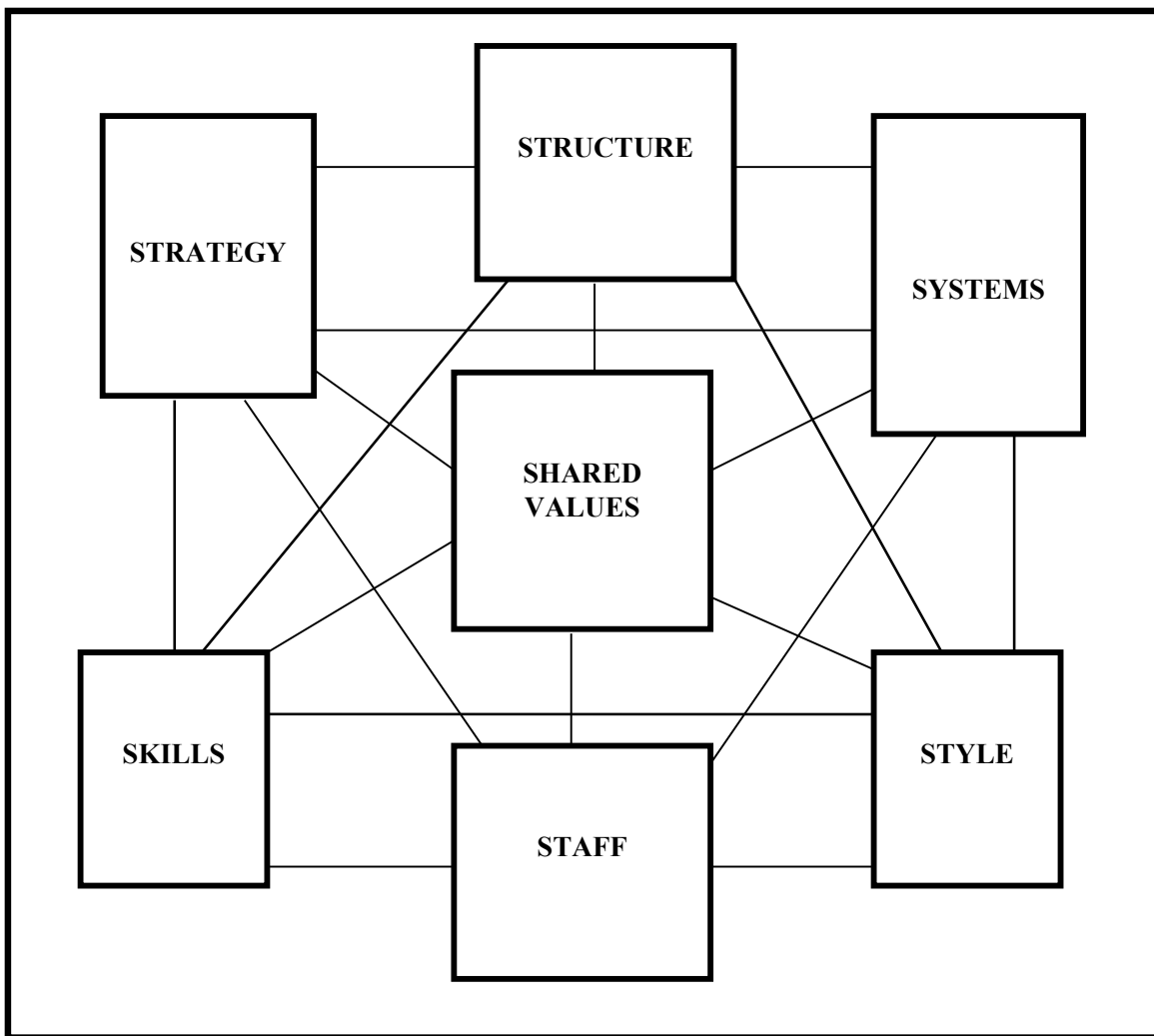
Figure 3.1. The McKinsey 7-S Model/Framework.
Source: Miller (1998: 318)

Strategy: A set of decisions and actions aimed at gaining a sustainable competitive advantage.

Structure: The organization chart and associated information that shows who reports to whom and how tasks are both divided up and integrated.

Systems: The flow of activities involved in the daily operations of a business, including its core processes.

Style: How managers collectively spend their time and attention and how they use symbolic behaviour. How management acts is more important than what management says.

Staff: How companies develop employees and shape basic values

Shared values: Commonly held beliefs, mindsets and assumptions that shape how an organization behaves – its corporate culture.

Skills: An organization's dominant capabilities and competencies.

The interconnectivity between the S's or variables in the Model/Framework reveals the daunting managerial tasks that strategy implementers have to deal with when implementing strategies and most of these variables have to be addressed simultaneously (Miller and Dess, 1996: 319).

Most of the models used today are just improvements or variations of the McKinsey 7-S Model. Figure 3.2 (or model 2) shows a strategy implementation model as depicted by Thompson and Strickland (1999: 271), duly showing improvements or additions to the McKinsey 7-S Model. This model is the most comprehensive when compared to its contemporary models, and can be thought of as one of the best (if not the only best). It contains eight variables. It explicitly shows and discusses in detail most of the pertinent issues that strategy implementers must address in order to realize successful implementation of strategies.

Building an organization with the
competencies, capabilities, and
resource strengths needed for
successful strategy execution

Exercising the strategic leadership needed to drive implementation forward →	**THE STRATEGY IMPLEMENTER'S ACTION AGENDA** ▪ What to do now vs. later ▪ What requires much time and personal attention ▪ What can be delegated to others	← Allocating ample resources to strategy-critical activities
Shaping the work environment and corporate culture to fit the strategy →		← Establish strategy-supportive policies
Tying rewards and incentives to the achievement of key strategic targets →		← Instituting best practices and pushing for continuous improvement

Installing information, communication,
and operating systems that enable
company personnel to better carry out their
strategic roles proficiently

Figure 3. 2. The Eight Big Managerial Component of Implementing Strategy. Source: Thompson and Strickland (1999: 271).

Whilst most studies show that well performing organizations tend to have good fit between their strategies and most of these organizational variables, other studies reveal that only some of these variables are important for successful implementation (Shrivastava, 1994: 137). Studies done by Bower (1970), Lorange (1986) and Shrivastava and Nachman (1989) (as cited by Shrivastava, 1994:137) revealed that paying close attention to the following variables is more important for successful implementation of strategies: resources, leadership, culture, measurement of strategic performance and strategy monitoring.

Model 2 (or figure 3.2), because of its superiority (Thompson and Strickland, 1999), it will be used to guide literature review so that none of the factors or variables are overlooked or omitted. As indicated in Chapter One, implementation of local economic development strategies by local governments in S.A. is a new concept. Therefore, literature is limited. Hence literature review on implementation challenges will include the other two spheres of government. However, an attempt is being made to stay with local government challenges as far as possible.

The literature review begins by looking at the first variable of Model 2, which is "Shaping the work environment" then moves clockwise to cover the rest of the variables. Variables falling outside or not covered by the model, but are important for implementing public strategies successfully, are discussed towards the end of the chapter.

3.4 SHAPING THE WORK ENVIRONMENT

"Shaping the work environment" refers to laying the groundwork with respect to establishing work teams in organized structures, and instilling an organizational culture that will improve strategy/programme implementation (Thomson and Strickland, 1999).

3.4.1 Organizational Structure and Organizational Design

Almost all organizations do have organizational structures – even owner-managed entities. (Johnson and Scholes, 1999: 464). Management literature is littered with different types of organizational structures – with suggestions on what type of structure to employ in a given situation. However, the challenge arises once senior management has to decide on organizational design. What makes organizational design more difficult to configure is because it involves making a choice between whether to centralize or decentralize decision-making (Johnson and Scholes, 1999: 465). A choice between centralization and decentralization is in turn influenced or shaped by a number of factors

such as the importance of innovation, complexities or changes in the environment, diversity of products/services that have to be offered, technological complexities, types of customer and local conditions (Pearce and Robinson, 1999: 380). The bigger the number of factors, the greater the need for decentralization. Given the myriad of factors that influence local economic development, it is therefore not surprising that many democracies in both the developed and the developing countries have often opted for decentralization as a tool to deliver implementation of strategies/programmes that are aimed at boosting local/regional economies (Smith, 1985).

3.4.1.1 Decentralization in Africa

Most African governments of the post-colonial era have often seen decentralization as the key to solving problems related to service delivery of socio-economic development programmes (Smith, 1985). But finding systematic evidence for positive decentralized outcomes in many African states is difficult (Crook, 2003: 78). This is because decentralization is a complex and often somewhat elusive phenomenon (Smoke, 2003:1). Recent experiences reveal that, in Africa, very few countries have meaningfully implemented decentralization and benefited from it. Amongst those few countries Mauritius, Botswana and Uganda feature prominently. In fact the latter is considered as one of the most advanced countries in Africa as far as decentralization is concerned (Onyach-Olaa, 2003: 112). Despite all the challenges and difficulties that come with decentralization, most African governments have unrelentlessly advocated decentralization of service delivery through establishment of some forms of local government structures as essential strategies of development policies in Africa (Onyach-Olaa, 2003: 1).

Recent studies by various authors such as Olowu (2003), Smoke (2003), Onyach-Olaa (2003), Ouedraogo (2003) and Crook (2003) have identified a number of factors occurring in the last two decades as responsible for the difficulties in implementing meaningful decentralization in Africa Smoke (2003:13-15) defines some of these challenges as related to, firstly, the need to define an intergovernmental system that

makes sense in the context of a particular country. Secondly, the need to create mechanisms for coordinating activities of the multiple stakeholders invariably involved in decentralization and to ensure that linkages among the key dimensions of decentralization are built. Finally, the need to develop an appropriate strategy for implementing decentralization. Olowu (2003: 44), on the other hand, expresses these challenges as having to do with political reasons whereby the centre is reluctant to share monopoly power inherited from the colonial period decades ago. Also, the resurfacing of the local elites whereby they seize development opportunities for self-actualization. Furthermore, there is the need to coordinate political, economic and institutional stakeholders to act for common goals. Onyach-Olaa (2003: 109-111) broadly outlines these challenges from the Ugandan experiences as relating to conflicting approaches such as: general needs versus poverty targeting, outputs versus outcomes, demand-driven versus capacity needs, national versus local development needs, sector-wide approach versus local government development plans, donor requirements versus local government requirements, line ministries roles versus local government roles, donors versus donors, piloting versus national coverage, use of local governments versus NGOs, civic societies and private sector.

All of these examples just highlight complexities that decentralization has to deal with, and this is by no means a comprehensive list as other authors' experiences have been deliberately omitted. Although there are some areas of common challenges, Ouedraogo (2003) noted, however, that different localities exhibit challenges that are either country or area-specific.

Just like most African states, the South African government has followed suit by decentralizing its machinery through the establishment of autonomous local governments.

3.4.2 Inappropriate Organizational Cultures: Focus on Government and Private Businesses

Government

Another area that is crucial to delivery of strategies is the 'organizational culture'. S.A. is still a new democratic country, yet there has been extensive publication discussing cultures of corruption and 'deliberate' mismanagement (fraud) in public administration, despite numerous attempts by the national government to promote a culture of good governance and customer care through programmes such as Batho Pele. For instance, during the 2006/7 financial year, the Public Service Commission of South Africa (as cited by Da Costa, 2008: 1) uncovered a massive surge in financial misconduct within the KwaZulu-Natal Provincial Government alone. The Commission found that there were 101cases of fraud and theft, and 123 cases of financial misconduct in the province – an increase of 146% compared to the previous period. As a consequence 125 provincial government employees were charged with financial misconduct – with the bulk of them coming from the education department. Other departments that were identified as 'at risk of fraud' due to absence of risk assessment measures in place are the Royal Household; Sport and Recreation; Public Works; Economic Development; and Arts, Culture and Tourism. The Commission also slated the office of The Premier for not playing a leadership role in the province regarding professional ethics as it is the one that is responsible for overall guidance and administration of the province. Da Costa (2008:1) also noted that during the time the Commission's report was compiled, no financial disclosures had been received from 55 senior managers in the KZN Premiers Office.

Although some provincial departments do have some kind of risk assessment and control measures in place, however, that has not prevented some senior officials from engaging in corrupt activities. Memela (2008: 7) reports the police commercial crimes unit is investigating a case of fraud and corruption of about R50 million involving some senior government officials from the KZN department of social development and some Black Economic Empowerment companies in the province. He reports that the forensic

investigation led by advocate Stix Mdlaldla show that these officials effected illegal operations of information technology equipment, catering and security companies. From the BBEE companies perspective it is alleged that eight fraudulent information and technology companies that were not registered with the Sector Education and Training Authority (SETA) as suppliers were awarded contracts to provide equipment to the department. But no tender documents or invoices were available to support there transactions. It is reported that several high – profile business leaders colluded with government officials to defraud the provincial department of social development.

These inappropriate cultures seemed to have filtered down to local government levels. See section 3.12 for a discussion on this.

Business

Studies conducted by a team of German Consultants on Technical Co-ordination (Deutsche Gesellschaft fur Technische Zusammenarebeit) in three district municipalities in KwaZulu-Natal and Mpumalanga Provinces show startling evidences on how White and Black businesses, and big and small businesses viewed or treated each other, and the effect of this. These studies were conducted in the ILembe, Emnambithi-Ladysmith and Mbombela District Municipalities. The aim of these studies was to investigate, facilitate planning and implementation of feasible LED strategies in these areas. The consultants were brought in to also operate as advisors and monitors of these processes.

The consultants identified the following findings as impediments to LED initiatives, and they are limited only to the tourism and agricultural sectors. The ILembe District Municipality (IDM) is a coastal district municipality in KwaZulu-Natal and incorporates major tourism attractions along its coast. On the other hand, the Mbombela District Municipality is situated in the lowveld within the Mpumalanga Province and incorporates a growing timber industry and Africa biggest pulp and paper mill, and is crossed by the Maputo Corridor, the major transport axis between Gauteng and the Maputo harbor (Ruecker and Fiedeldei, 2004)

Agricultural sector

According to consultants Ruecker and Fiedeldei (2004), the three district municipalities face the following challenges in the agricultural sector.

* Monopolised sugar-cane milling facilities and other agri-processing facilities emanating from historical racial divisions.
* Complete breakdown of communication between large commercial farmers (white owned farming) and the local governments.
* Reluctance of established large commercial farmers to transfer skills to emerging Black farmers in all three regions.
* Lack of opportunities to access markets by emerging farmers in all district municipalities in general.
* Established businesses still view emerging farmers as source of inferior products.
* Too much concentration on sugar-cane production in the IDM, which leads to negligence of other products with more value adding potential.

Tourism sector

* An ongoing segregation of Black and White businesses and complete disconnection between the booming tourism along the coast and the rural hinterland within the IDM.
* Little synergy between different stakeholders, both private-private and public –private.
* The core beach attractions and natural assets resource are not yet developed to potential in the IDM.
* The IDM is charecterised by a clear divide of the rich coastal and the poor hinterland areas
* In Mbombela, the main tourism attraction institution Hazyview is not active. The process is mainly driven by strong individuals who are quick to repel new entrants.
* In Mbombela, communication between tourism operators is still along racial lines and spontaneous.

* In Mbombela, private sector is mainly driving the LED process. The role of local government is still weak.

These various cultures of mistrust, corruption and separate development along racial lines and so on – are just examples of cultures that are destructive to implementation efforts.

3.5 LEADING THE IMPLEMENTATION PROCESS

"One make-or-break determinant of successful strategy implementation is how well management leads the process" (Thompson and Strickland, 1998: 271). In South Africa, leadership of the implementation of socio-economic development strategies/programmes at local government levels is in the custody of mayors (political leaders) and municipal managers (administrative leaders) – with provincial leadership either playing a support or oversight role. However, this required leadership role has been rarely observed within many governments departments in general. According to Mokgoro (2003: 142), lack of managerial capacity within the public administration in South Africa has always been cited as a major challenge that often slows down implementation of the government's post-1994 policies and programmes nationwide, and the problem is reported to be more critical at both provincial and local government levels. Mokgoro (2003) identified three areas that needed urgent capacity-building interventions from the government, and they were technical skills; institutional and qualified administrators.

In a study conducted by the South African Municipal Demarcation Board during the 2007/8 period on National Capacity Assessment of the country's Municipalities, it was discovered that a majority of municipalities were still performing less than 50% of the functions they are meant to carry out due to capacity shortcomings in both managerial and technical skills. The Board, however, noted that during this period, managerial capacity problems fell to 11% compared to 2006/7 period which was 25%; whilst on the financial fronts, budget allocated to municipalities also improved significantly. Clive Keegan, the Director of Local Government Research Centre (as cited by Pressly, 2008: 5)

attributed this slight improvement of managerial capacity in most regions to promotion of individuals from within, and movement of experienced individuals between municipalities. Keegan also noted that replacement of staff that have moved up the ladder or joined other organization or municipalities was done at a slow pace – thus negating any improvements made to circumvent managerial capacity problems.

Furthermore, a separate study conducted by the KZN's Department of Local Government and Traditional Leaders shows that out of the KZN's 61 municipalities, very few have succeeded in providing effective leadership when it came to service delivery or implementation of strategies/programmes. Mike Mabuyakhulu, the former Member of the Executive Council (MEC) for Local Government and Traditional affairs in KwaZulu-Natal, in conversation with mayors and senior municipal officials (i.e. municipal managers and heads of departments) at a local Government symposium held in Durban on July 2008 (as cited by Maphumulo, 2008: 2) broke some uninspiring news regarding governance, control and performance within many municipalities. He cited a number of dysfunctional audit committees and steering committees, and non-performance by officials within a number of municipalities; lamented how 25 Municipalities failed to adopt and implement revised bylaws; and a further 29 that were unable implement their Batho Pele programmes – which are aimed at improving service delivery; and that only 12 measured up to the Auditor General's benchmark of good governance.

With this lack of leadership in general, it is therefore not surprising that implementation of LED efforts suffered. According to Chistianson (2008: 1- 2), implementation of LED strategies requires one to pay attention to two aspects of government activity: the supply side and the demand side. Christianson refers to the supply side as various inputs provided (usually free of charge) by the government, its substructures such as municipalities and its agencies such as SEDA. He refers to these inputs as bulk infrastructure, provision of business and tendering advice, drawing up of plans and offering easier access to finance.

Over and above the challenges posed by the leadership shortcomings, implementation efforts are also hampered by lack of skills at operational level. The following section elaborates on this fact.

3.6 BUILDING A CAPABLE ORGANIZATION

Supply side

Another important variable from the model deals with capacity building as one of the important steps towards implementing strategies, and according to Thompson and Strickland (1999: 273),

Building a capable organization is about assembling a team of competent personnel, developing and strengthening core competencies and competitive abilities, and organizing business processes and value chain activities in a manner that is conducive to successful strategy execution. Capacity building is thus always a top strategy implementation priority. Selecting people for key positions such as managerial posts and specialist positions is about identifying people with the right skills, relevant backgrounds, extensive experiences, knowledge, values, beliefs, management styles and personalities. And this requires senior management to determine the kind of core management team they need in order to achieve proficient strategy execution. Until key slots are filled with able people, it is hard for strategy implementation to proceed at full speed.

Research shows that capacity building with many S.A. municipalities severely lags behind. In a study conducted by the South African Local Government Association (SALGA - a body representing all municipalities) from 2006 to 2007 (as cited by Mbanjwa, 2008: 1) revealed a number of capacity shortcoming within S.A. municipalities. The study revealed, as Mbanjwa (2008:1) explains, that:

- One in three municipal councilors cannot read or write, and more lacked basic

competencies to run local government finances. Some councilors are even embarrassed to admit that they do not understand English and therefore unable to follow council proceedings or training sessions.

- Almost all of the illiterate councilors do not understand local government issues, and also felt uncomfortable doing business in languages that are not their mother tongues – but keep quiet to save face.

- On average, only half of local government politicians have post-matric qualifications, while only two out of ten understand how tariffs are set or the cost implications of municipal services.

- More than two thirds of councillors –including those who serve on mayoral committees- do not understand their roles, responsibilities or local government legislation.

- Thirty two percent of councilors required Adult Basic Education and Training (ABET), otherwise without these skills they may not fully develop their abilities and optimally contribute to council activities.

- With regard to municipal officials, only two out of ten can read financial statements or understand how to manage revenue and budgets.

- Of those officials with some form of educational background, only half have some form of post-matric education. 30% have certificates, 16% national diplomas and undergraduate degrees, while a mere 4% have honours degrees or other postgraduate qualifications. The respectability of these figures was based on the fact that the councilors and officials who were totally illiterate were excluded during auditing of qualifications.

SALGA's head of skills development, Sifiso Mbatha (as also cited by Mbanjwa, 2008: 1), defended the appalling illiteracy rate among councilors and officials by saying that most of these people were in the political struggle and did not get opportunities to go to school, and that they are deployed by their political parties – the matter which the organization has no control of. Mbatha, however, stressed that R32 million has been set aside to train councilors and register some of them for ABET classes, and conceded that this illiteracy problem has been a major factor in poor service delivery.

Training of officials in requisite skills is likely to take some time to produce the needed results. This is because producing and retaining managerial capacity and other skilled labour in South Africa is, according to Wocke and Klein (2002: 441), exacerbated by the fact that the demand for management expertise and skilled labour is growing proportionally faster than what the country can produce, and that the demand for skilled labour in most countries is increasing while that of unskilled labour is decreasing, and that there has been an increase of emigration of academics and other professionals in recent times, and the new threat to labour due to HIV and AIDS epidemic.

This section revealed the challenges faced by many S.A. municipalities when they have to provide the supply side infrastructure\resources at operational level.

Demand side

On the demand side, Christianson (2008: 1-2) discusses not what the government is able or unable to supply or do, but challenges faced by (prospective) small and medium businesses when it comes to establishment and development of a business. He highlights the need to have the demand-side reforms effected as they are likely to ease these challenges. These reforms refer to the country's regulations for SMME establishment and development, and relate to compliance costs, efficiency costs and the hurdle to formalization.

Compliance costs

Christianson (2008: 1-2) argues that the direct costs of complying with the regulations can be measured and their impact on firms quantified. These costs include the time and money taken up by getting, understanding, filling-in and returning forms, obtaining licences, queuing, telephoning, and photocopying as well as hiring lawyers, accountants and auditors. He highlights that, to the uninitiated, such costs might seem trivial but in reality they can make or break a business as in many cases the enterprise is required to set up and maintain internal information systems that have nothing to do with the core

business. He also indicates that compliance costs weigh more on small enterprises which cannot afford to employ professionals to deal with these matters.

Christianson (2008: 1-2) also points out to the 2005 survey, *Counting the Cost of Red Tape for Business in SA,* conducted by the Johannesburg-based Small Business Project (SBP), which found that the total regulatory compliance cost to SA firms in 2004 was R79bn. These were not direct business costs like paying the SA Revenue Service or Workers, suppliers or utilities. They represented pure compliance (or red tape) costs. He further elaborates that every Rand that gets spent on regulatory compliance is a Rand not available for internal investment, new ventures and hiring more workers.

Efficiency costs

Efficiency costs are those costs incurred by the local economy because regulations have changed the outcomes that the market would otherwise create. A business owner may decide not to expand his or her operation in order to avoid regulations or even not to go ahead with investment in the first place (as firms grow so they pass a series of thresholds associated with more complex reporting in tax matters and, more recently, BBEE compliance). In either case the local the local economy is adversely affected because investments – and consequent employment and related small business opportunities fail to materialize (Christianson, 2008: 1-2)

Hurdle to formalization

Christianson (2008: 1-2) also argues that if compliance costs are a much bigger problem for small enterprises than for corporate businesses, one can imagine how large they loom for the smallest and most vulnerable businesses, those operating in the informal sector but hoping to acquire formal status in order to grow. Christianson also points out to the difficulties that most SMMEs face when trying to get tax clearances from the South African Revenue Services (and thus the public sector contracts) or (usually) bank loans, or often even utility services, until they have taken the big step of formalizing.

3.7 RESOURCE ALLOCATION

Another important variable that is crucial to successful strategy implementation is allocation of resources which include, products, services, physical resources (land, building, plant and equipment), financial resources, human resources, information/data and information systems, technology and intellectual or intangible resources such as patents and legal resources (Johnson and Scholes, 1999: 445-446). Shortage of resources such as skilled personnel and managerial capacity (discussed in section 3.6), basic infrastructure and land has been instrumental in delaying implementation of a number of economic development programmes/strategy in South Africa.

Land

John Barton, the co – chairman of the KZN Growth Coalition, speaking on the coalition's seminar held on 6 August 2008 in Durban (as cited by Dardagan, 2008: 1) told the delegates that economic development projects worth more that R10 billion to KwaZulu-Natal were on hold due to either land tenure problems or delays / backlogs in Environmental Impact Assessments (EIAs). He further pointed out that lack of infrastructure such as roads and water services and delays in obtaining planning permission also worsened the situation. Similarly Mark Taylor, the managing director of Elan group - the company responsible for land development for the Blythdale coastal project (as also cited by Dardagan, 2008) – speaking at the same seminar, voiced similar concerns. He also informed the delegates about the meeting his company held with the land commissioner, Siduduzile Sosibo, in February 2007, whereby the land related problems were discussed. Although the commissioner, as Taylor explained, did promise to sort out the matter quickly, but as at the date of the seminar no response had been received. Taylor further highlighted that the land related challenges have halted almost 80 000 job opportunities and that 75 potential investors have dropped out thus holding back many SMME development initiatives in the region.

One major development project that was delayed by EIA in the region is the construction of the R8 billion King Shaka International Airport and the Dube Trade Port. Naidoo (2008: 5) reports that the construction of this massive project was delayed by 70 days due to late environmental approval. Airport Company of South Africa (ACSA) and Ilembe consortium applied for and signed the construction agreement/contract and applied for the EIA in June 2007, but only received positive feedback at the end of August 2007.

3.8 POLICIES

Creation of strategy specific policies and procedures can not be overemphasized. Thompson and Strickland (1998: 313) argue:

> *When policies and procedures are not strategy supportive, they become a barrier to the kind of changes in attitude and behavior strategy implementers are trying to promote. Often, people opposed to certain elements of the strategy or certain implementation approaches will hide or vigorously defend long-standing policies and operating procedures in a an effort to stall implementation or divert the approach to implementation along a different route. Any time the organization alters its strategy, managers should review existing policies and operating procedures, revise or discard those that are out of sync, and formulate new ones.*

However, this is easier said than done as lack of managerial policy design and implementation exist even at national level in South Africa (Mokgoro, 2003). In a study conducted by Mokgoro in 2000 in the North-West Province on implementation of the national government's policies at provincial and local government levels by the relevant spheres of governments revealed a few impediments to policy implementation. Mokgoro, a former Director-General of the North-West Province and also former Director–General of the South African Management Development Institute (SAMDI), highlighted these shortcomings in policy implementation as resulting from, a huge inherited and slowly transforming bureaucracies; a bloated public service; an extensive culture of corruption;

serious capacity problems and low productivity; distorted expenditure patterns which tend to crowd out investment in development; contradictions, complexities and confusion arising out of regarding and treating provincial administrations in the same way as a single national government department.

Problems with policy implementation are not unique to South Africa, but also exist in most of the developing world, and are more pronounced in Africa (Olowu, 2003). For instance, Tanzania, after participating in the United Nations Earth Summit on Macroeconomic Reforms and Sustainable Development In Southern Africa, held in Rio De Janeiro, Brazil, in 1992 agreed to formulate and implement sustainable economic development policies immediately thereafter, yet policy implementation has been a disaster (Kulindwa, 2002: 400). Ouedraogo (2003) attributes the failure to design and implement relevant policies to the fact that even most decentralized regimes do not invite target groups to be part of policy-making. Devas and Grant (2003: 309) highlight that local policy makers find it easy to access the more visible community elites than to engage with the poor. They further point out that policy makers do not find it convenient to expend greater resources, time and effort to identify and work with the poor sections of the community who are mostly difficult to reach – such as the rural communities. In a study conducted by Crook and Sverrison in 2002 (as cited by Devas and Grant 2003:308)) in 12 democratized programmes in the African continent on a 'possible link between decentralization and the development of pro-poor policies' concluded that there is no general link between decentralized local government structures and the development of more pro-poor policies or poverty-alleviating outcomes.

3.9 INSTITUTING BEST PRACTICES

"If value chain activities are to be performed as effectively and efficiently as possible, each department and unit needs to benchmark how it performs specific tasks and activities against best-in industry or best-in-world performers" (Thompson and Strickland, 1998: 314). However, seemingly, this alone is not enough. Qualman (2000), Dorfling (2001) and Kesper (2002) (as cited by Rogerson, 2004: 766 -767) noted that South African policy-makers responsible for the formulation of the country's previous SMME strategy together with organizations responsible for implementation of those policies, in line with both developing and developed countries, largely followed international 'best-practices' with regards to policy objectives and design – but could not prevent failures. After their separate investigations, they concluded that unfavorable policy outcomes or failures were to be blamed purely on lack of domestic experience in managing and implementing policies.

3.10 STRATEGIC CONTROL AND INFORMATION SYSTEMS

Unavailability of some strategic control mechanisms such as risk assessment measures within a number of the KZN's provincial departments, and the breach of such measures by senior government officials where they exist were alluded to in section 3.4.2. Since these officials, who are mostly in control of the government resources, often collude with external suppliers or service organizations. It, therefore, takes time for MECs and the departmental 'watchdogs/ombudsmen' to detect any wrong-doing immediately. As a result, this forces most MECs and departmental ombudsmen to rely on 'tip-offs' or 'whistleblowers' either through toll-free telephone numbers or complaints; or alternatively rely on the Auditor-General's annual audits.

Again, according to Thompson and Strickland (1999: 319-322), organizational strategies can not be implemented well without a number of information and/or support systems. They point out that possession of state of the art support systems not only facilitates

better strategy execution, but they can also strengthen organizational capabilities. Information systems and support systems also serve as control measures.

3.11 REWARDS AND INCENTIVES

Another important factor that underpins competent strategy/programme execution is rewards/incentives. By generously rewarding individuals and groups for achieving their assigned performance targets, whilst denying rewards to those who do not, helps to keep people focused (Thompson and Strickland, 1999: 327). They further argue that performance targets must reflect outcomes/results and rewards/incentives must be worked out around performance targets and that rewards must be carefully worked out so as to include both monetary and non-monetary gains – as not all individuals will be motivated by the same rewards/incentives. In South Africa, however, rewards and incentives are one of those areas that are not often discussed in public except for emoluments of certain directors - which always appear on companies' annual report. Alternatively, sometimes during wage negotiations where unions often make comparisons between what their members earn and what company senior management earn.

3.12 OTHER IMPLEMENTATION FACTORS

These factors relate to those additional variables that are important in successfully implementing strategies in a government environment, but are not covered by virtually all the strategy implementation models studied. These factors or variables have a lot to do with citizen or community participation, joint decision-making and partnerships. Omission of these factors/variables by almost all of the strategy implementation models studied is indicative of the models' nature of being more suitable for application in business environments. All of the models examined were created/invented for business organizations not government environments.

3.12.1 Citizen or Community Participation

The South African national government, in its quest to facilitate communication and increase community participation in developmental issues at local government levels, has been steadily amending its legislation on local government administration. Currently, legislation on local government makes provision for formation of sub-councils and ward committees. Sub-councils are made up of ward councilors of adjoining wards along with proportional councilors representing political organizations. Ward committees, on the other hand, consist of the ward councilor plus a maximum of ten members of the local community. These committees are intended to be facilitators of interaction between the municipalities and the communities thus increasing community participation. However, establishment of ward committees has taken a bit longer to establish in some municipalities, whilst in some municipalities where they are already established, they are virtually dysfunctional.

Research carried out on the functioning of ward committees in those areas where they already exist show some interesting findings. In two separate studies conducted by Atkinson and Hollands (as also cited by Cameron, 2005: 335), it was found that councilors use some ward committees as a source of political patronage; some ward committee members felt excluded from decision-making in key economic and spatial issues and rural communities were virtually excluded, and that in some areas there was competition between long-standing community-structures and newly-formed ward committees.

In other studies conducted by Ekurhuleni and Tshwane Metropolitan councils in 2003 (as cited by Cameron, 2005: 335) results were even more discouraging. In Ekurhuleni, public participation was found to be low with only 1% of the respondents indicating that they were involved in any of the metropolitan's consultative forums, including participation in ward committees' debates. In Tshwane, ward committees complained that their inputs were not reflected in the councils IDP documents. Based on both studies, it was then concluded that this problem arose out of the tight deadlines required for finalization of

the IDPs, and that these tight deadlines did not allow councillors to properly consult their communities for their inputs for submission (Cameron, 2005: 335).

Exclusion of some communities from participation seems to be a universal problem in the African continent. In 2000, Narayan plus several others including Beall (2001) and Guit and Shah (2002) (as cited by Devas and Grant, 2003: 309) observed that in most countries the poor still remain without a voice in service delivery due to their marginalization. According to Devas and Grant (2003: 309-310), Guit and Shah attributed this unfortunate situation to the following factors: factors of social dynamics as relating to community differences in age, income, religion caste, culture, ethnicity, politics and gender. They concluded that the pervasive nature of these social dynamics or factors often lead to situations whereby elected representatives such as councilors end up making decisions on behalf of citizens with little or no input from those citizens. Similarly, Beall in 2001 (as cited by Devas and Grant, 2003: 309-310) also observed that some representatives and formal organizations, instead of promoting the interest of the poor often act to the contrary. She noticed that they tend to reinforce the patterns of inequality and social exclusion. As a consequence, this often leads to local leaders being accused of commandeering participation initiatives to further their own connections with local elites for political gains rather than promoting active engagement with the poor..

3.12.2 Joint Decision-making and Partnerships

According to Helmsing (2003: 75), in a government environment, the planning and implementation of strategies, especially the people centered strategies, is more outward looking than in business organizations. This is more so because the government must always invite other parties and engage them in decision-making processes. And this joint decision-making process often involves bringing in the relevant and important external stakeholders as equal partners. In actual fact the implementation of government-led economic development strategies involves managing and organizing both internally and externally. Joint decision-making is not the end of the process, Governments must also strive to form partnerships between local governments and community groups and

private-sector organizations. These partnerships must seek to utilize local control using humans, institutions, physical resources and the area resources – with the ultimate objective of forming new institutions (Helmsing, 2003: 75). However, this is difficult to achieve in rural areas.

Recent experiences in some of KZN's rural communities have shown that this is true. A classical example includes the debacle about the proposed construction of a R44 billion project by a Dubai – Based Company at Macambini, near Mandini on the KwaZulu-Natal's (KZN's) North Coast Area. This would be the biggest project ever undertaken within any KZN's rural community provided it does go ahead. Khuzwayo (2008: 2) highlights that the problem is not really about the community refusing the construction of the project in the area, but is about how the decision was arrived at. Khuzwayo states that, early in 2008 the KZN government, led by the former premier, Sbu Ndebele, signed a memorandum of understanding with a Dubai – based company Ruwaad Holdings for the construction of a fully integrated tourism project called AmaZulu World without fully or properly engaging the local community of the area. As a result, the community led by Inkosi Mathaba, the local traditional leader, came up with a R50million counter – project called Macambini Sport City. Macambini Sport City is sponsored by another Dubai – Based company called Bukhatir Group - a Ruwaad Holdings Staunch rival. Sbu Ndebele is an ANC member and a former leader of the KZN's ANC-led government whilst Inkosi Mathaba is a member of Inkatha Freedom Party (IFP) – a fierce opponent of the ANC. However, some of the questions that are being asked are: was decision – making affected by politics or government versus traditional leadership or simply lack of proper engagement with the local community.

Some countries have made significant strides in securing meaningful joint-decision making through the establishment of formal structures of participation. For instance, the local government system in Uganda is designed to provide participatory decision-making at all levels of governance for all citizen including the poor, and has been very successful.

Gender and minority interests are protected through the reserved seats for women, youth and disabled at all levels of the country's governance structures (Devas and Grant, 2003: 312).

3.13 FORMULATION OF THE RESEARCH QUESTION

It is clear that the delivery of government services or implementation of the government's strategies, programmes or policies can be affected by a number of factors. However, exploratory discussions with the management of EThekwini Municipality's Business Unit and the Rural ABMD reveal that only some of these factors are of a great challenge as far as implementation is concerned in the EThekwini Traditional/Rural Areas. And these factors relate to resources, poor coordination and cooperation due to unhealthy relationships among stakeholders, policies, communication, incompatible information systems, leadership and organizational culture. All of them are reflected in the study's research question – which is repeated below.

To what extent have the following factors, namely, amount of resources; nature of relationships between stakeholders on cooperation and coordination; policies; communication; information and support systems; leadership and organizational culture been responsible for EThekwini Municipalty's struggle to implement their own strategies that are aimed at escalation of SMME activity at Sobonakhona Makhanya Traditional Area?

3.14 CONCLUSION

Given the relative newness of the statutory requirements that local economic development now has to be initiated by municipalities, the literature available about municipalities' performances on implementation of local economic development projects is inadequate. Therefore, the bulk of literature review was sourced from statutory

agencies and/or other state-sanctioned sources involved in implementation of similar projects.

The national government agencies such as the Public Service Commission and the Municipal Demarcation Board have, in recent years, regularly been monitoring and evaluating the performances of the provincial government departments and the local governments/municipalities. These performances relate to the delivery of basic services and implementation of the national government's strategies, programmes or policies. Other institutions such as the media, academic institutions and private agencies have also taken a keen interest in undertaking their own independent assessments. Both these public agencies and private institutions have identified a number of factors that contribute to difficulties that are often encountered by the provincial and local government structures during implementation efforts. These factors were discussed throughout this chapter, and are summarized below.

Lack of adequate resources such as managerial and technical skills; land; basic services/infrastructure such roads; power; running water and business premises.

Slow transforming bureaucracies characterized by almost dysfunctional communication structures between the local governments and communities; failure to implement government policies at regional and local levels; extensive culture of corruption; low productivity; maladministration; inadequate control systems; fragmented or un-coordinated implementation efforts; and delays in EIAs.

Leadership and organizational cultures that emphasize stringent controls that do not allow for developmental administration/practices to function properly.

Lack of proper engagement between the various government structures themselves; and between most government structures and some structures such as the local traditional leadership and civil society groups – resulting in exclusion of some important stakeholders in decision-making processes.

The traditional leadership issue still remains a thorny issue in rural development. A number of developmental programmes have been stalled by either power struggles; disputes; lack of cooperation or sheer politics between local/provincial authorities and the traditional leadership in a number of the KZN province's rural areas. At national level, the situation is the same, and this does not help matters at local/provincial levels either.

The next chapter gives an overview of both the KwaZulu-Natal Provincial Government and the EThekwini Local Government strategies that are aimed at promoting SMME or economic activity in the province and in the EThekwini Municipality respectively.

CHAPTER FOUR.   OVERVIEW OF KZN PROVINCIAL GOVERNMENT AND ETHEKWINI MUNICIPALITY'S ECONOMIC DEVELOPMENT STRATEGIES

4.1 INTRODUCTION

This chapter outlines the KwaZulu-Natal (KZN) Provincial Government and the EThekwini Municipality's macro and micro economic development strategies that are aimed at boosting economic development or SMME activity in the province and at the EThekwini region, respectively. The KwaZulu-Natal Government's economic development strategies are contained in the KZN Government's Provincial Growth and Development Strategy (PGDS) document, whilst those of the EThekwini Municipality are contained mainly in the municipality's Integrated Development Plans (IDPs), ABMD Plans, the New SMME Strategy Plan and other supporting or subsidiary documents.

The Provincial Growth and Development Strategy (2006) document provides a strategic framework that seeks to align delivery of economic development programmes between provincial and local governments in a more coordinated manner. It is envisaged that successful implementation of economic development strategies in KZN lies heavily on, firstly, the integration of efforts and redistributive elements of both the provincial and the local government structures; secondly, on the creation of an appropriate and effective institutional frameworks; finally, on the acceptance of new approaches to both development and execution of critical programmes that will address economic growth and job creation. .

This chapter begins by briefly looking at the national government's economic development framework/policy, followed by short descriptions of the KZN provincial government's economic development programmes/strategies, then concludes with detailed discussions on EThekwini Municipality's economic development programmes for the EThekwini region - with special focus on economic development initiatives for Sobonakhona Makhanya Traditional Area.

4.2 BACKGROUND: THE NATIONAL GOVERNMENT

The formulation of economic development strategies/programmes in South Africa is largely informed by the national government's National Economic Policy. And in the traditional/rural areas in particular, the formulation of these strategies/programmes is further governed by the Rural Development Framework (RDF). Both the National Policy and the RDF are briefly presented hereunder.

4.2.1　The National Economic Policy

The national government, through the National Economic Policy, provides the broader framework within which the country's nine provinces (together with their local governments) should develop and implement economic development strategies in their respective regions. The policy does not only provide guidelines within which these strategies should be developed but also specifies certain issues that have to be dealt with, and sectors that should be prioritized. This policy is periodically reviewed and amended as the need arises. For example, in 2001, former President Thabo Mbeki announced some significant shifts in the economic policy when he introduced the 'Integrated Economic Action Plan' document (Rogerson, 2004). Rogerson further explains that this document calls for more action by provincial economic departments to accelerate economic growth, equity and employment. This plan was further refined in 2002, and the resultant Micro-Economic Reform Strategy (MERS) document was released immediately thereafter. Although the MERS document re-affirms the previous issues and sectors that need to be prioritized, certain issues and sectors have been given more priority over the others. Rogerson (2004) describes these issues and sectors as follows:

Priority sectors: these sectors are considered to have potential to either increase exports or contribute to job creation. They are: agriculture, tourism, cultural industries, information and communication technologies, mining and metals, clothing and textile, chemicals and biotechnology, and auto and transport sectors.

Input sectors: these sectors impact on all economic activities, and are important for the competitiveness of almost every industry. They fall under the direct or indirect control of the state, and they are: transport sector, telecommunications and energy sectors. The MERS document requires provincial and local authorities to ensure that all forms of enterprises have greater access to or benefit from these input sectors.

Equity and growth-related issues: these two issues deal with all aspects of Broad-Based Economic Empowerment (BBEE), women empowerment, small business development, employment and geographic spread of efforts dealing with equity and growth.

Other issues: These issues deal with access to all forms of capital required by all enterprises ranging from an aspirant individual entrepreneurs starting their own businesses to well established corporate businesses. Also included in these issues are access to technology and infrastructure; and to information and Research and Development.

Prioritization of these sectors and issues give a sense of direction in which provinces and local government should go about formulating economic development strategies.

4.2.2   The Rural Development Framework (RDF)

Rural development and the strengthening of structures that deliver basic and some essential development programmes to rural communities or traditional areas have been the primary focus of the new government since the late 1990's. However, these attempts have not been that successful due to the following short-comings of the 1995 Rural Development Framework: firstly, the lack of a proper framework for developing the rural economy; the ignoring of some issues that impact on local government's capabilities; and a lack of a well defined role for traditional leadership within the whole socio-economic development strategies/programmes. However, the current Rural Development Framework has since then incorporated these issues, and also places greater emphasis on employment of sustainable approaches towards rural socio-economic development in

general. Furthermore, adjacent municipalities, where possible, are encouraged to approach rural development in a more joint and integrated manner. Therefore, over and above dealing with issues highlighted in the national economic policy, municipalities must also incorporate RDF principles, and where appropriate establish rural governance structures as advocated by the RDF.

Despite the existence of such national frameworks, policies or legislation, implementation of rural economic development still remains a formidable challenge for many provincial and local governments.

The following section outlines the KZN province's macro economic development strategies and ways in which the provincial government seeks to work with local governments in delivering both regional and local economic development opportunities.

4.3 THE KZN PROVINCIAL GOVERNMENT'S ECONOMIC DEVELOPMENT STRATEGIES

The KwaZulu –Natal Government's economic development strategies, as summarized in the PGDS, fall under the ambit of the province's Department of Economic Development and Tourism headed by MEC Mr. Michael Mabuyakhulu. These strategies are also discussed in the KZN Provincial Government's 2005-2010 Economic Development Draft Strategy Plan. This is a revised plan and therefore supersedes previous draft plans. This plan focuses on those interventions the department believes will have an impact on economic growth; will lead to greater levels of empowerment and job creation; and will build a stronger partnership between the public and the private sectors around specific economic development strategies. This new plan aims to identify and implement interventions that address the needs of what the department calls a dual economy: One that is wealthy, regulated, first world and modern economy, and on the other hand, the poor, marginalized, unregulated informal economy which is characterized by high unemployment levels, and survivalist economic activity. It is the intention of the

department to narrow the gap between these two economies by supporting the mainstreaming of informal economy through labour- intensive activities by new small businesses. The department seeks to achieve this by committing itself to substantial investment in infrastructure across the province, driving and co-funding catalytic economic development projects/programmes (Provincial Growth and Development Strategy, 2006). The Provincial Growth and Development Strategy (2006) describes these provincial projects/programmes as follows:

4.3.1   Implementation of a Sector Development Programme

Taking its cue from former President Thabo Mbeki's 2002 MERS document, the province's Department of Economic Development (DED) in 2004 released an Industrial Development Strategy Plan for the development of certain sectors. These sectors include agriculture and agro-processing, tourism, clothing/textile, wood products, creative industries (art, crafts and films), and an information and communication technology sector. This programme looks at medium to large businesses, and aims to help these targeted sectors grow and become globally competitive.

4.3.2   Implementation of the Accelerated Trade and Gateway Programme

This programme aims to build on the province's position or competitive advantage of being a trade gateway to both the country as a whole and the SADC countries. In order to achieve this, the Department of Economic Development and Tourism facilitated the speedy construction of both the Dube Trade Port and King Shaka International Airport in La Mercy, north of Durban CBD; encourages the fast tracking of the concessioning of the Durban Container Terminal to the benefit of Durban and the province; and also intends to accelerate the implementation of the Richards Bay Industrial Development Zone in northern KZN.

4.3.3   KwaZulu-Natal Fund for Catalytic Projects

This fund aims to fund catalytic projects. Catalytic projects are defined as projects that, once completed, will have the potential to unlock a significant number of further economic developments. These catalytic projects also include, among others, the expansion of the Durban harbour and its container terminal, the construction of the Dube Tradeport, the Richard's Bay Industrial Zone and the King Shaka International Airport.

4.3.4   Finance for Accelerated BBEE Participation in the Economy

The province intended developing, with immediate effect, strategies for cooperation with statutory financial agencies such as the National Empowerment Fund, Umsobomvu Youth Fund, Industrial Development Corporation and other interested organizations on how to distribute the state's funds to both small businesses and aspirant entrepreneurs so as to increase BBEE participation at provincial and local levels.

4.3.5   Poverty alleviation and Accelerated Local Economic Development Programme

The programme was funded by the European Union and was expected to run for five years, with the terminal year being 2010/2011. The programme only focuses on rural economic/SMME development, and is being experimented with in the four 'learning' districts of uMgungundlovu, Umkhanyakude, Uthungulu and Ugu Municipalities. Because the programme emphasizes an integrated locally driven economic growth approach, and these municipalities lead the implementation whilst the provincial government provides the unavailable necessary support and resources.

4.3.6   Implementation of a New Business Support Programme

The rollout of the new Small Enterprise Development Agency (SEDA) was one of the department's priorities in year 2006 - with its first provincial office opened on 08ᵗʰ February 2006 by the agency's Chief Executive Officer Wawa Damane.

4.4   THE ETHEKWINI MUNICIPALITY'S ECONOMIC DEVELOPMENT STRATEGIES

The EThekwini Municipality is very much aware of the challenges it faces in terms of effecting sustainable socio-economic development within the EThekwini district - as required by the legislation, such as the Local Government Development Facilitation Act (Act 67 of 1998), the Local Government Municipal Structures Amendment Act (Act 20 of 2002), the RDF, the Local Government Public Finances   Amendment Act (Act 29 of 1999) and The Small Business Act (Act 23 of 2003.

These challenges are well documented in the municipality's Integrated Development Plan (IDP) Review of 2004/5. They fall into eight broad categories, namely: low economic growth and unemployment; poor access to basic household services; high levels of poverty; low levels of literacy and skills development; impact of HIV and AIDS; high levels of crime; unsustainable development practices; and ineffective, inefficient and inward looking local government.

In response to these challenges, the EM, in line with its 2020 vision, has taken a long – term approach toward addressing them and this is reflected in its Long Term Development Framework (LTDF). The LTDF is the EM's visionary document that seeks to tackle all of the aforementioned challenges in a twenty year period – using three IDP interventions for the entire period. Each IDP covers a five –year cycle until year 2020. The first IDP document covers the period 2003/4 to 2008/9, and includes all the current strategies, policies and programmes for this period. However, the first challenge which is

"the low economic growth and high unemployment" directly relates to the study of local economic development and therefore is dwelled upon. The EM intends tackling both low economic growth and high unemployment by focusing its energies on the following 5 areas, namely; growth and development of what it calls 'priority' sectors; the redevelopment of its SMME Development Strategy to encompass sustainable BBEE orientated economic development practices; revamping some of its policies and programmes; re-orientated the functioning of its Business Support Unit (BSU); and initiating and developing strategies for rural SMME development (EThekwini Municipality's IDP, 2004/5).

4.4.1   Priority Sectors

The EM's current IDP has, to date, identified three main sectors as having potential to address unsustainable economic growth, low job creation and equity. These sectors are manufacturing, tourism and primary sectors.

Manufacturing sectors

In line with the national and provincial governments' programme of prioritizing certain sectors for development, the EM has also identified a number of manufacturing sector/industries for development and/or expansion within the district. The municipality is currently in the process of drawing up strategic plans for the support of these sectors/industries so as to facilitate both their growth and job creation. These sectors are: chemical, textiles, clothing and furniture. The support to these sectors aims to achieve two goals. Firstly, these sectors are seen as strategic partners towards greater economic/SMME development- with special reference to BBEE. The EM envisages that, after consultation with the relevant sector role-players, the support offered to SMMEs should include assistance ranging from training on basic business skills, access to finance and mentorship. Secondly, for well- established businesses, support will be in the form of infrastructure provision and logistics, and facilitation of access to skilled labour force (EThekwini Municipality's IDP Review 2004/5:24).

Tourism Sector

The EM envisages that this sector must target foreign and domestic tourists and the conference audience. The municipality seeks to grow the tourism market by focusing on the following three areas (EThekwini Municipality's IDP Review 2004/5: 24):

a) Give support to the hospitality industry that will enable it to provide world-class accommodation and services.

b) "Provide must see attractions through flagship projects"

c) Expand product offerings beyond the coastal zones to other tourism sites such as Hillcrest, Inanda, Valley of Thousand Hills and Cato Manor.

Primary Sector

The development of this sector will predominantly occur in the rural/traditional areas. The municipality has identified two industries as having potential for stimulating job creation in these areas. These industries are Muthi and Organic Farming. Interventions for the development of the former include propagation, farming, packaging and processing, and marketing. Other support measures will be in a form of provision of access to land, skills development (business and vocational), mentorship and access to finance. On the other hand, organic farming will focus on the growing of fruits and vegetables. Over and above receiving all this support, organic farming will also benefit from assistance with the production of organic seeds, production and supply of organic compost, and access to land (EThekwini Municipality's IDP Review, 2004/5: 24).

4.4.2 The Redevelopment of the EThekwini Municipality's Previous SMME Strategy

In 2003 the BSU of the EThekwini Municipality reviewed its existing service offering to Small, Medium and Micro Enterprises (SMMEs). This was done in order to improve the previous SMME Strategy so that the municipality can provide greater and better levels of

service and support to SMMEs. The review was undertaken by Sigma International Inc. (a consultancy firm) on behalf of the BSU. The firm conducted extensive research that saw a number of individuals and departments within the city interviewed. Interviews were also extended to private sector organizations that were thought to be instrumental in shaping SMME development within the EThekwini region. This research culminated into the formulation of the municipality's current SMME Strategy. The current strategy document does not only identify challenges/problems facing SMME development within the district, but also recommends possible solutions to these challenges. The EM, after adopting the current SMME Strategy document, committed itself towards the implementation of most of the suggested solutions contained therein.

4.4.3   Revamping of Current Programmes and Policies

Affirmative Procurement Programme

This programme seeks to ensure that a greater share of the municipality's budget goes to priority groups. This will be done through sourcing business through tender processes from these groups. Targeted groups are small businesses, women, local and Black – owned businesses.

Administrative Programme

This programme seeks to ensure that red tape that hinders the speedy or ease of doing business is removed. This will be done through ensuring that some of the processes that are followed in order to expand or establish businesses are made simpler and faster.

The Informal Economic Policy

The Informal Economic Policy (introduced in Chapter One) regulates the informal economy and has been upgraded to include traditional/rural areas as well. Its long-term goal is to support the move of informal economy to formal businesses that are self –

sufficient and capable of sustaining themselves well into the future. For the informal traders, the EM provides a diverse mix of trading opportunities, trading sites and facilities to small businesses. The trading sites or facilities are made up of a number of built markets, stalls and street trading sites and are meant to help mainly disadvantaged and underrepresented groups to market and sell their products. In terms of provision of trading opportunities the Business Support Unit organizes 'Market Fairs' for upcoming traders to showcase their products every year in all five areas.

The EThekwini Municipality's Business Support Unit through the Formal Economic Policy and the Affirmative Procurement Policy largely regulates and supports small but registered small businesses.

All these strategic interventions are aimed at economic growth and development, and are discussed in detail in the municipality's IDP documents; the new SMME Development Strategy document; the ABMD Programme annual plans; and other relevant policy documents. The EM's Business Support Unit oversees all of the policies that regulate both the formal and informal development of SMMEs within the EThekwini Municipality.

4.4.4   Reorientation of the Business Support Unit's Role

Taking its cue from the municipality's new SMME strategy, the BSU has set itself to provide and promote an enabling business environment where businesses from both the formal and informal economies can co-exist and flourish together. In its endeavours to develop and promote economic/SMME growth, the Unit has set to achieve a number of strategic objectives, and these objectives cut across both the formal and the informal sectors. Some of these strategic objectives are summarized below.

a) Promote a safe and healthy environment for businesses.
b) Provide opportunities for entrepreneurs to showcase their products and services.
c) Provide relevant business resources and information.

d) Provide business to business networking and mentorship.

e) Facilitate the provision of infrastructure and premises for business.

f) Provide referrals to appropriate government resources and quality business development, service providers, including assistance/facilitation with business plans, access to finance, business skills and marketing.

g) Facilitate access to finance.

h) Facilitate relevant skills development and transfer.

i) Facilitate access to markets, especially within EM.

j) Facilitate land tenure.

k) Promote informal centers.

These strategies are meant to incorporate all small, medium and micro enterprises within the EThekwini district - including the traditional/rural areas. Programmes/strategies for speedy establishment of enterprises within traditional/rural areas are discussed in the next section.

4.4.5 Development of the EThekwini Municipality's Strategies and Programmes for Rural Economic Development

The Rural Area Based Management and Development (ABMD) Team oversees both the initiation and implementation of socio-economic development programmes/strategies for traditional/rural areas. However, formal planning for individual projects is done by the city's line departments. Table 1.1, which appears on page 74, outlines the traditional/rural programmes, strategies and outcomes that the Rural ABMD aspires to accomplish. The middle column of Table 1.1 gives description for each of the seven socio-economic development strategies. The first three strategies are aimed at achieving outcome 1, which is "Rural households enjoy greater access to a range of sustainable, affordable and appropriate services through re-orientation of delivery systems and the improved spatial location of services". The second two strategies seek to achieve outcome 2, which is concerned with the enhancement of economic livelihoods of rural households. Outcome 3 reveals the desired end-result that has to be accomplished by the last two strategies. The

last column of the Table gives detailed description on how the seven strategies will be accomplished. The study focuses on the programme "SMME Development and Support Programme" which is one of the programmes that aims to achieve outcome 2.

All of these strategies and/or programmes are meant to cover the entire rural/traditional areas that make-up the EThekwini's rural hinterland.

4.5 ETHEKWINI MUNICIPALITY'S CURRENT APPROACH TO RURAL ECONOMIC DEVELOPMENT

Realizing the need to integrate rural economic/SMME development programmes and strategies within EThekwini in a more sustainable manner, the EThekwini Municipality, through its IDP, identified a need to establish Rural Investment Nodes. The next lower levels of nodes - The Local Services Nodes - were identified by the municipality's own Rural Development Framework (RDF). These local Services Nodes are reflected on the RDF's consultation with the Rural ABMD, which is also responsible for establishing approaches, policies and strategies for the development and integration of the rural areas of the EThekwini Municipality (Rural ABMD Handbook, 2006: 2). The nodes are presented in the same format as they appear in the Rural ABMD Handbook of 2006.

Table 1.1. Rural Areas Programme Clusters.
Source: Rural ABMD Annual Business Plan 2005/6

Developmental Outcome	Strategy Description	Programme Detail
OUTCOME 1: Rural households enjoy greater access to a range of Sustainable and appropriate basic services through the re-orientation of delivery systems and the improved spatial location of these services	1. Strengthen and re-orientation delivery systems and training. 2. Facilitate access to safe and affordable infrastructure (service and social facilities) 3. Facilitate sustainable land use management through the support of existing land management and allocation systems, land reform and appropriate spatial planning	Research Programmes Training Programmes Rural Water and Sanitation programme Rural Energy Programme Multipurpose Facilities Programme Integrated Rural Community Health and HIV/AIDS Programme Rural Safety, Security and Justice Programme Spatial planning Programme Land Release and Reform Programme
OUTCOME 2 Economic livelihoods of rural households are enhanced	4. Facilitate access to income generating opportunities and social grants 5. Manage environmental resources to secure sustainable rural livelihoods	Municipal Agri-business Programme Food Security Programme SMME Development and Support Programme Tourism Development Programme Social Welfare Programme Road Improvement programme Public Transportation Programme Environmental Awareness Programme Environmental Resource Management Programme
OUTCOME 3 Systems of governance in rural areas are improved	6. Capacity building and integration of civil society and traditional leadership for active involvement in governance 7. Facilitate institutional co-ordination among key government departments, traditional leadership and CBO's	Traditional leadership Programme CBO Support Programme Communication Programme Municipal Services Partnership Programme Institutional Arrangements

Rural Investment Nodes: These nodes will be utilized for provision of rural ABMD level services and activities for each particular locality. The services include: support services in terms of business development in areas such as agriculture and agri-business, tourism and arts and crafts. Activities include environment issues, transport amenities and emerging opportunities for local economic development. The nodes will be located in Verulam Town Centre for the north region; KwaXimba for the west; Umgababa for the south and Umbumbulu Town for the south-west region (which includes the study area).

Local Services Nodes: These nodes will provide local level services for the surrounding communities in areas of social and economic activities and assistance with the formation of traditional structures. The selection of these locations is influenced by centrality and accessibility to the communities they are to serve and proximity to already existing activities and amenities. There are three sub-localities within Sobonakhona Makhanya Traditional Area, and each will have its own local service node. These sub-localities are Zwelibomvu, Inwabi and Adams.

4.5.1 Proposed Developments Around the Umbumbulu Node

There are four new precincts that have been earmarked for development for the Umbumbulu Investment Node. Table 1.2 shows these precincts together with facilities that will be built within each.

Table 1.2. Proposed developments for Umbumbulu Node.
Source: Rural ABMD handbook (2006).

The Town Entrance Precinct	The Civic Precinct	The Recreation Precinct	Other Facilities
1. LED Workshops Facilities 2. Adult Education Centre 3. New Post Office 4. Satellite Police Station 5. Arts and Culture Centre 6. Informal Traders' Shelters 7. A larger Facility and Small Retail Units 8. A taxi Rank 9. A Market	1. Multi – purpose Centre 2. A library 3. A clinic	1. A Hall 2. Swimming Pool	1. Outdoor Sports Field 2. Shelters for Pensioners

4.6 KEY STAKEHOLDERS IN THE IMPLEMENTATION OF STRATEGIES

The implementation of the 4 Rural Investment Nodes and the numerous Local Services Nodes was to be led and guided by the following key stakeholder groups (Rural ABMD Handbook, 2006: 3).

The Rural ABMD Team: is responsible for driving implementation of the various nodes with assistance from the council's line departments such as Traffic and Transportation,

Architectural Department, Survey Services and Real Estate which will act as implementing agents on behalf of the ABMD Team. In 2004/5 financial year only R4.5 million was allocated to start implementation with further funding available in the following five years for commencement with "kick start" facilities and infrastructure upgrade at the nodes.

Private Land Owners, Parastatals and the Ingonyama Trust Board: The EM will be consulting with these stakeholders with the view of resolving some outstanding land issues. The EM will at the same time attempt to forge joint partnerships with them with respect to implementation of some programmes. Ingonyama Trust Board is an independent para-statal body that was established to administrate communal land on behalf of the government for local communities' benefits (Area Manager for Rural ABMD, 2006).

Community: Project Steering committees will be established for each node. These committees will be led by local ward councillors and provide guidance and direction to technical project teams as well as consultation with local stakeholders and residential communities.

Private/Institutional investors: will be invited and encouraged to contribute towards investing in economic development of the areas.

Public Sector: Government departments are expected to ensure that government facilities and services are provided for in these areas.

4.7 CONCLUSION

This chapter looked at the economic development programmes/strategies pursued by the KZN Provincial Government and the EThekwini Municipality in their quest for economic growth and development. It first looked at the national government's economic

frameworks/ policy guidelines and priorities; followed by the review of KZN's government's economic development programmes/strategies; then concluded by outlining the EThekwini Municipality's strategies.

The next chapter presents findings that were arrived at using the research methodology discussed in chapter 2.

CHAPTER FIVE. FINDINGS

5.1 INTRODUCTION

This chapter discusses the findings that were arrived at after the analysis of factual information received from various sources within the EThekwini Municipality.

The findings elaborate on the challenges faced by the EThekwini Municipality as it attempted to implement its economic development strategies and programmes in the area under the study. Findings are presented in the same chronological order of the research questions as stated in Chapter One.

The chapter begins by briefly revisiting the EThekwini Municipality's Rural ABMD 5-Year Plan as essentially its tool for delivering the necessary economic/SMME development strategies/programmes within the EThekwini's rural areas. This plan was conceived at the same time as the rest of the ABMD programme as introduced in Chapter One.

5.2 FORMULATION OF THE RURAL ABMD 5-YEAR PLAN

The Rural ABMD's 5-year Plan was developed before the Rural ABMD Team was established/created. The first year of this 5-Year Plan saw the setting up of the Rural ABMD office together the appointment of seven staff members to kick start the whole rural socio-economic programme. The 5-Year Plan was developed by a team that was guided by the (then) already existing parameters provided for by the EThekwini Municipality's Long Term Development Framework (LTDF), Spatial Development Framework, and the Integrated Development Plan (IDP). The creation of these of parameters was largely informed by previous reports and research papers (ABMD Annual Business Plan, 2005/6: 37).

When the newly appointed Rural ABMD Team took office it had to revise the 5-Year Plan's constituent strategies in order to align them with the realities of the working areas

concerned. The previous list of 13 constituent strategies that were on the plan were reviewed and subsequently compressed to 7. Performance indicators were also revisited and the services of a hired consultant were extended in order to help rework the indicators to match the new approaches (ABMD Annual Business Plan, 2004/5: 33).

5.3 PRESENTATION OF FINDINGS

As already mentioned, the findings are grouped and discussed under the same topics and same order as the research questions. The sequence of the research questions (or topics) is as follows: resources; communication; cooperation and coordination; organizational culture; leadership; policies; and information and support systems. The findings simply represent summaries of information gathered from both documentary analysis and interviews conducted.

5.3.1 Research Question 1: Resources

The first research question deals with the amount of resources available or provided by the EThekwini Municipality for the implementation of rural SMME strategies/programmes, and reads as follows:

Q1: How does the amount of resources provided by the EThekwini Local Government impact on implementation of strategies in Sobonakhona Makhanya Traditional Area?

There are four types of resources that have been found to be crucial to the success of implementation of economic/SMME development strategies/programmes within the EThekwini's traditional/rural areas. They are human resources (in different fields); land; basic infrastructure such as power/electricity, roads, water and buildings; information or baseline data and finance.

Human resources

Some programmes or projects could not be implemented in time due to shortages of skills in certain areas or disciplines. The following account of events is a testimony to this fact.

(a) The Programmes Office could only recruit/employ a Programme Manager for Support, Communication and Partnerships in November 2005. That was 30 months after the inception of the whole ABMD Programme. The net result was a delay in delivering the mechanisms that foster effective communication and reporting across the whole ABMD Programme and between the Programme Office and its rural ABMD Office (ABMD Annual Business Plan, 2006/7: 85). This did not only affect communication, but also the creation of means for identification and establishment of stakeholder groups with whom to form partnerships during the implementation of some rural socio-economic development strategies. A task that ended up being temporarily performed by the Rural ABMD team to help solve some pressing challenges experienced in the field (ABMD Annual Business Plan, 2005/6: 39).

(b) The ABMD Programme identified the need to recruit or have a Geographic Information System (GIS) Analyst (i.e. Data Analyst) on board, but no candidate was brought in. From those that applied nobody was selected and it was hoped that the matter would be revisited in the second half of 2007 (ABMD Annual Business Plan, 2005/6: 39). The Rural ABMD Area Manager (2006) and his Rural ABMD Team believed the presence of a GIS Analyst was crucial for the establishing of a well managed baseline data for the rural areas as the present data have been haphazardly collected. It is believed that the database would also feature profiles of existing businesses within each locality. This information would provide a starting point when it comes to identifying and planning future business hubs or sponsoring viable/potential cooperatives.

(c) The absence of a Local Economic Development (LED) specialist for the rural areas for two years running was one of the major setbacks as far as driving rural

economic/SMME programmes is concerned. The LED specialist was only brought on board in August 2005 (ABMD Annual Business Plan, 2006/7: 44). The absence of the LED specialist did not only affect finalization of some programmes/projects, but his arrival also resulted in changes in the approach towards rural economic development. The much revered 'projectitis' approach was largely replaced by a greater need to prioritize and invest in nodal development. The LED specialist was very instrumental "in the development of the rural economic strategy in line with the city's economic strategy to help drive the economic activities in the construction, tourism, manufacturing and agricultural sectors. Implementation of some of the recommendations from the strategy has already begun. Consultation with potential investors in various sectors, which was to be an ongoing process, had also begun (ABMD Annual Business Plan, 2006/7: 44). The late arrival of the LED expert resulted in a delay in implementation of some local economic development programmes by at least two and a half years (Area Manager for Rural ABMD, 2006).

(d) The vastness of the EThekwini's rural areas outstretched the Rural ABMD human capital, and as a result there was a need for more human resources. During the first two years the rural ABMD team operated with only seven permanent staff members. However, in the third year more staff joined the team (ABMD Annual Business Plan, 2006/7:44). This number was further supplemented by personnel from various line departments. The late appointment of staff resulted in a delay in either planning or implementation of some programmes (Area Manager for Rural ABMD, 2006).

(e) Personnel from various line departments did not improve the situation either. The municipality's entire line departments lacked the necessary experience in undertaking rural development (ABMD Annual Report, 2004/5). The newness of the programme and 'extreme shortage' of the requisite knowledge in rural development within the city's line departments saw the first two years of the programme being utilized for capacity-building and creation of the ABMD's profile and awareness among communities and other stakeholders (ABMD Annual Business Plan, 2005/6: 42).

Basic infrastructure and land

Basic Infrastructure

Most of the EThekwini's traditional/rural areas suffer from the long-standing legacy of backlogs in the provision of services such as electricity, running water, roads, libraries/information centers and business premises. To respond to this situation the bulk of the Rural ABMD's 2003/4 and 2004/5 budget was assigned to projects that relate to addressing these shortcomings. Other alternative approaches have also been developed to provide services that are difficult to provide through the routine approaches. Those developed thus far include projects on how to deploy alternative energy sources, and projects on how to provide running water at low cost. These alternative approaches include the solar system for the out of reach communities, and rainwater-harvesting for high-fly areas. Initiation of these alternative approaches was influenced by the topography and the dispersed nature of the rural settlement - which makes it difficult to provide bulk supply (ABMD Annual Business Plan, 2006/7: 45).

The Umbumbulu Town is located right inside the deep rural section of Sobonakhona Makhanya Traditional Area, and the town itself is well endowed with most of the essential basic infrastructure, services and facilities. According to the Traditional Leader (2007) for the Sobonakhona Makhanya Traditional Leader Area, the Greater Umbumbulu Rural Area, is one of the rural areas that fell under the jurisdiction of the now defunct Zululand Homeland Government, and, therefore, its town received substantial investments in basic infrastructure and services by the then homeland government and, lately, by the KZN provincial government. The town boasts of a number of facilities and provincial departments such as the departments of social development and welfare, education (i.e. the circuit office), justice (i.e. the magistrate court) and agriculture. Facilities include the old Post Office, retail supermarkets, fuel station the Tribal/Traditional Leaderships Office, a recently-built SEDA office, the EThekwini Municipality's customer services centre and a new taxi rank. Localities that are in the vicinity of the town centre, the main road and some access roads can easily access these

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resources via public transport (i.e. taxis and buses). However, the same can not be said for the outlying areas that are far from the town centre or main road or some access roads.

Regarding the installation of and completion of all the proposed developments around the Umbumbulu Node (which is also inside the town), the Traditional Leader revealed that some of the proposed developments were halted due to some disagreements on certain issues between the municipality and the entire traditional leadership of the EThekwini region. Only those projects that were regarded as urgent and/or absolute necessities were allowed to go ahead. Regarding explanations about "some disagreements on certain issues" the Traditional Leader referred all questions to the Spokesperson for the Amakhosi Forum, an independent organization that handles and deals with all matters related to the concerns of the traditional leaders of the EThekwini region.

Land

The land tenure problem still is one of the major challenges facing economic/SMME development within some of the EThekwini region's traditional/rural areas. This is because some pockets of land are privately owned and most come with prices that are perceived to be above markets rates - which has prompted the municipality to conduct its own land valuations in preparation for acquisitions. The land tenure problems saw a number of projects being held up in the first two years of the rural ABMD Programme. To help ease the problem, the Rural ABMD Team made "land release programme" a lead project in year 2, and this land programme has continued to feature prominently in the Rural ABMD team's plans in the past three years, and it is beginning to bear fruit (ABMD Annual Business Plan, 2006/7: 45). Furthermore, the team has, in the absence of national guidelines or policy on acquisitions of communal land and compensation thereof, developed a compensation policy that it hopes will help provide a framework from which to operate when dealing with acquisition of such land. However, the policy was still in a draft form (ABMD Annual Business Plan, 2006/76: 45 and Rural ABMD Area Manager, 2006).

Land in Sobonakhona Makhanya Traditional Area is owned by two main stakeholder groups, namely: the Ingonyama Trust Board and private landowners, but there is no land that is reported to be owned by the area's traditional leader as it is the case in some of the EThekwini's traditional/rural areas. The Traditional Leader, an ardent sugar cane farmer, admits to tilling a small holding rented from the Ingonyama Trust Board. According to the area's Traditional Leader (2007), the Ingonyama Trust Board has generously released sizable pockets of land for the establishment of communal gardens and sugar cane farming in the area. The Proportional Representation Councillor (2007) representing the Inkatha Freedom Party (IFP) in the area and the Rural ABMD Area Manager (2006), confirmed that obtaining land for development purposes from the Ingonyama Trust Board is not a problem, the problem lies with private owners. The Proportional Representation Councillor highlights that private land owners in the area, who most of them are sugar cane farmers, have always wanted to be part of the municipality's SMME development initiatives but were not offered this opportunity from the beginning. The Councillor attributes this exclusion to the fact that the municipality is more prepared to engage and support cooperatives or people who form cooperatives than single individuals as this benefits more community members. Although this exclusion did delay the implementation of some SMME programmes/projects, however, the councilor is adamant that there will be more rapid progress in months to come as a number of local stakeholders (including sugar cane farmers and private land owners) have since been invited by the EM to be part of the latter's economic development efforts.

Likewise, the implementation of the muti farming and organic farming programmes in the area is also on hold due to reasons already alluded to in the preceding section. The area's Traditional Leader highlights that the existing communal garden projects in the area and the sugarcane farming programme were initiated by the communities themselves with the help of the office of the department of agriculture of the then KwaZulu Homeland long before the post-1994 government. However, he does point out to a few cooperatives that were sponsored by the municipality, and insists that those projects were initiated by communities who after consultation with him, then went to the municipality for assistance under the municipality's current cooperatives programme. He claims that

most of them were formed before the traditional leadership of the EThekwini region placed a moratorium on development issues due to the above-mentioned reasons.

The establishment and development of cooperatives within the region's rural areas face challenges from a number of angles. According to the Head of the EThekwini Municipality's Business Support Unit (2009), these challenges range from lack of resources such as information or business centres that can provide the necessary basic business advice and training on entrepreneurship or establishment of cooperatives. Hence people have to travel to the EThekwini SEDA (which is located inside the city centre) as the Umbumbulu SEDA is still awaiting appointments of officers. Currently, this SEDA office is manned by one administrator and is open only twice a week – Tuesdays and Thursdays. Secondly, people interested in establishing cooperatives have to get approval/permission from local traditional authorities. With the latter's disagreements with the municipality on development issues still unresolved, the development of cooperatives has also moved down the priority list. Thirdly, lack of mechanisms within the municipality to help monitor and support cooperatives sustain themselves after inception also contributes to their high failure rate in the EM region. Fourthly, the previous SMME database did not classify/categorize small operators as either rural or urban – but as emerging Black businesses/contractors irrespective of their base. They could only be classified from their physical addresses. However, it is hoped that the new Rural ABMD database will rectify this.

Information or baseline data

The absence of substantive information and lack of prior planning for rural socio-economic development by the municipality was instrumental in delaying both the planning and implementation of some programmes/projects in the early years of the Rural ABMD Programme. Rural socio-economic development frameworks had to be constructed from baseline data that were sourced from ad hoc ward profiles and transcripts from Community Needs Assessment processes, interviews and workshops held with municipal officials, provincial office and rural development and sector

specialists (ABMD Annual Report, 2004/5: 31). "Information or data are continuously being posted and that hopefully will help identify gaps which in turn will help facilitate planning in the future" (ABMD Annual Business Plan, 2006/7: 40).

Financial resources

The ABMD Programme is being funded by both the European Union and the EThekwini Municipality. "The European Union agreed to support the programme for five years between 2003/4 to 2007/8 with a 35 million Euros grants to supplement the EThekwini Municipality Authority's (EMA) indicative city capital budget of R2.5 billion over this period (ABMD Annual Business Plan, 2005/6: 3).

However, during the first two years of the programme, it experienced substantial capital under expenditure. This was attributed to, among other things, the city's line departments falling behind on the roll-out of their capital projects and unforeseen challenges faced by the newness of the entire ABMD Programme. Key bottleneck areas were identified as resulting mainly from, firstly; protracted completion of Environmental Impact Assessments (EIAs); secondly, problems related to land acquisitions and lastly; the city's lengthy procurement and recruitment procedures
(ABMD Annual Report, 2004/5: 1).

Over and above these funding sources, the Rural ABMD Programme have several potential or standby funding sources available to it. The national government through Municipal Infrastructure Grant (MIG) contributes to a number of municipalities to help them build or upgrade basic infrastructure in their areas. Other funding sources from the national government include funds provided by the following departments DEAT, DWAF and DAC (ABMD Annual Business Plan, 2005/6: 52).

5.3.2 Research Question 2: Communication, Community Engagement and Decision-Making

The second research question relates to communication and community involvement in decision making processes in the initiation and implementation of strategies and programmes meant for their benefits.

Q2: How do existing communication lines among stakeholders impact on community participation and engagement during strategy execution plans/efforts in the Area?

The Area Manager for Rural ABMD (2006) highlighted that communication between the Rural ABMD Team and some of the already established stakeholder groups such as the communities has improved significantly of late, but explained that between the latter and most of city's line departments is still relatively weak. He further pointed out that community involvement in decision-making in certain processes is still difficult to achieve. The Spokesperson for the Amakhosi Forum (2007) is of the view that communities are, most of the time, only consulted during the initiation stages but excluded during the other subsequent stages such as planning and implementation. The Spokesperson cites an example whereby it was agreed that a conference centre be built in KwaXimba Rural Area, but the final product (i.e. the constructed/complete conference facility itself) was not what the community wanted. As a result the facility stands as a white elephant as the community has refused to use it. The community groups were only engaged during the identification part of the whole process but excluded by the relevant line departments during the planning and installation stages of the facility.

Communication mechanisms between the communities and the city's line departments specifically have not been formally constituted as yet, and this has resulted in communication taking place only when there is a perceived need. This can be attributed to the late appointment of the Programme Manager for Support, Communication and Partnerships. However, this is currently being worked out.

According to the ABMD Annual Business Plan (2006/7: 46):

> *Stakeholders' forums are currently being initiated area-wide. The key activities this year is to ensure that meaningful participation by all stakeholders at different levels takes place, as identified in the proposed institutional organgram that was appraised and adopted by the council in 2004. Meaningful participation means ensuring that all stakeholders (CBOs, NGOs, Amakhosi, councillors, business people and members of the community) are part and parcel of development in their respective areas; and also that they have a platform to share their visions with the ABMD Team so that they can be integrated into the big picture.*

The reason for the delay in implementing these communication structures was due to the formation of the ward committees, which is a process that was initiated at national level. A new strategy has also been devised by the ABM teams to interact with line departments at operational level (ABMD Annual Business Plan, 2006/7: 46).

Lack of formal communication channels did not only adversely affect communication between municipal structures and communities, but was also partly responsible for the dwindling numbers during the ad hoc workshops organized by the EM officials. Empty promises by previous councillors further contributed to the decrease in numbers. As a consequence, all of this contributed to the exclusion of many community members in most decision-making processes (ABMD Annual Report, 2004/5). However, the Coordinator of the Rural Councillors Office (2007), is convinced that challenges related to community participation and involvement (within rural) in all aspects of decision-making will soon be resolved as soon as Ward Committees for all the rural areas have been completed. The Coordinator further highlights that some of the wards were actually too large for an individual councillor to run, and as result that affected communication and participation. Final elections of Ward Committee members were concluded during the first part of 2007 and the first batch of members was invited for induction workshops in June 2007, and induction workshops for the rest were to take place soon (Mchunu, 2007: 2). The Traditional Leader (2007) could not be drawn into any further discussions

about any municipal issues (such as working with councilors and/or ward committees) citing the same reasons he gave earlier on and that he spends most of his time involved with traditional issues and projects sponsored by the provincial government. It was at this time that his Senior Induna (2007) intervened and gave some explanations for the Inkosi's (i.e. the Traditional Leader) unwillingness to discuss municipal issues. See section 5.3.3 for these explanations.

5.3.3 Research Question 3: Cooperation and Coordination

The third research question deals with the impact of the nature of relationships among stakeholders on cooperation and coordination of activities during implementation, and is restated below.

Q3: How does the nature of relationships between stakeholders impact on cooperation and coordination of activities during implementation efforts?

The cooperation and coordination that the rural ABMD team hoped to receive from some stakeholders involved in the identification, planning and/or implementation of the rural socio-economic development strategies did not materialize as initially planned. The rural team was not only challenged by some line departments' questionable attitudes at operational levels but also by the traditional leadership and other role-player's demand for greater involvement in the development and implementation of rural economic/SMME development programmes. As a result, the rural ABMD team, during the early stages of the programme, expended a substantial amount of time and energy educating these two stakeholder groups about the role of the Rural Team in socio-economic development within the municipality, whilst at the same time trying to engage and establish good relationships with all stakeholder groups. Relationships with line departments have however been forged through engaging departmental heads and progress is being made with most line departments. With respect to the newly formed relationships with traditional leadership, the rural team has since then been invited to be part of the Amakhosi Forum (ABMD Annual Report, 2004/5: 35).

Again, the cooperation that the Rural ABMD Team expected to witness among some of its various stakeholders themselves in the value chain were further negated by the earlier adversarial relationship between Councillors and Traditional Leadership. This unhealthy relationship between these two structures often resulted in some situations whereby there was complete lack of consensus around project priorities. As a consequence this lack of consensus always resulted in difficulties in implementing some programmes/projects (ABMD Annual Business Plan, 2005/6: 39).

According to the Spokesperson for Amakhosi Forum (2006), tensions between Amakhosi (i.e. Traditional Leaders) and councillors were created during the early days of exploratory meetings between the EM Executive Council, councillors and Traditional Leaders to discuss the imminent implementation of rural socio-economic development programmes. The Spokesperson explained that during these early meetings a number of councilors openly opposed working with Amakhosi on any development related initiatives. The Spokesperson attributed the then councillors' behaviours and attitudes towards politics and some councilors despising traditional leaders' knowledge and/or understanding of development in general. However, it was hoped that the situation will get better as some Traditional Leaders had already been elected and inaugurated to serve in the newly formed rural council that would advise and oversee implementation of development strategies/programmes in the whole of EThekwini's rural areas. Furthermore, 18 Traditional Leaders were invited for training (ABMD Annual Business Plan, 2006/7: 46). The EM has also started the process of identifying and inviting other stakeholders for similar training (ABMD Annual Business Plan, 2006/7: 46).

Going back to the issue of lack of consensus around project priorities, the Spokesperson of Amakhosi Forum (2006) reveals some interesting issues. He highlights that when the municipality unveiled its rural strategies/projects, it seemed to have had its muti and organic farming programmes 'fixed' already – and not open for negotiation. The Spokesperson recalls a case of KwaXimba community (a rural area located west of the Durban's CBD) whereby Inkosi Ximba and his people wanted to engage in a massive project of 'white goat' breeding but were initially discouraged by the municipality.

Because of the cultural importance of white goats to the Nguni people (i.e. Zulus, Xhosas and Swazis) when it comes to performing a number of rituals and certain customs, coupled by the challenge to breed or acquire them cheaply, the community therefore wanted this project prioritized. After much deliberation and tensions between the community and the municipality, the latter eventually succumbed to this demand – and the project is already up and running.

The Spokesperson (2006) was concerned about what he called unscrupulous behaviour of some stakeholders within the EThekwini region's rural areas. He cites an example of one prominent local NPO operating in the Hillcrest area that is supposed to help the community develop their art and craft work businesses yet act to the contrary. He reveals that this NPO buys art and craft work from the local people cheaply and sells it under an assumed name to tourists visiting the area for ten times the amount paid to acquire it. And this has infuriarated those involved to such an extent that legal advice was sought. The Spokesperson openly blames the municipality for dragging its feet on solving some of the 'disagreements on outstanding issues' on rural governance. He could not give much detail on these 'outstanding issues' citing the sensitive stage at which the negotiations were at, and advised that he can discuss them once talks have been concluded. He went to emphasize the need of having legitimate 'non-political' development structures at local levels that represent all stakeholders - that can wield some powers over its stakeholder-members. The Spokesperson believes Ward Committees members are just political appointments that serve to further the councillors or the municipality's objectives and most of them do not represent civil society organizations operating in the area.

Regarding the impact of the relationship between the traditional leadership and the local municipal officials on cooperation and coordination at Sobonakhona area, the situation is somewhat complex, explained the Senior Induna and the Elected Councillor (2007). There are two types of councillors that exist in the Area. An elected councillor represents the dominant political party in the area – which is ANC. While the proportional councillor represents the second dominant party in the area – which is the IFP. The

Senior Induna and Elected Councillor (2007) explained that problems actually started when the Greater Umbumbulu Rural Area was incorporated under the EThekwini Municipality by the Municipal Demarcation Board in 2000. Before the demarcation, there were traditional boundaries that already existed, and the whole area shared among its three traditional leadership clans of the Makhanyas, the Celes and the Mkhizes – controlling the Sobonakhona, Vumengazi and Smahle areas, respectively. However, when the municipality divided the whole of the Greater Umbumbulu Area into wards, traditional boundaries were ignored, and this reportedly raised some concerns among the traditional leadership as they felt they should have been consulted. It is reported that one single ward can cut across all three traditional boundaries thereby forcing the ward councillor to work with three traditional leaders on all development-related matters of that particular ward. And there is more than one such ward. Sobonakhona Makhanya Traditional Area alone (i.e. excluding Smahle and Vumengazi) is now made up of 4 wards and three of them overlap to one or two of the adjacent traditional areas. The Senior Induna and the Elected Councillor (2007) concluded that, given the well-documented hostile relationships of the 80s among these three traditional areas - achieving cooperation and coordination will always be challenging as the national government itself has also not solved the issue of what role the traditional leadership should play in rural governance.

The Senior Induna and the Elected Councillor (2007) also raised their concerns regarding the co-existence of the Indunas and ward committee members, and believe that a lot of clarity is still needed on how these two structures have to work together. And these are similar concerns to those of how the traditional leadership is expected to work with councillors. They point out that it is, however, easier in those wards where indunas have been appointed as members of ward committees too.

5.3.4 Research Question 4: Organizational Culture

The fourth research question looks at the impact of the municipality's organizational culture on implementation of rural socio-economic strategies/programmes. The research question related to the municipality's organizational culture reads as follows.

Q4: How does the existing organizational culture support implementation of strategies in the Area?.

The EM is aware of the fact it inherited and continued to practise an organizational culture that emphasized controls through the creation of vertical organizational structures, and an organizational mentality that focused on discreet sectoral objectives – which eventually results in fragmented and piece-meal service delivery. The EThekwini Municipality further acknowledges that its current organizational culture has also resulted in staff operating within silos – characterized by turf-defending (EThekwini Municipality IDP Review, 2004/5:13). Hence the ABMD teams had to constantly engage in efforts to establish good relations between some line departments themselves as well as relations between these line departments and the ABMD teams - so as to achieve horizontal integration of service delivery. This is because most line departments, at first, did not seem to understand the concept of the whole ABMD Programme and the strategic intention thereof within the municipality; and as a result the Rural ABMD Team found itself being pulled in different directions (ABMD Annual Business Plan, 2004/5: 39).

5.3.5 Research Question 5: Policies

The fifth research question relates to the influence (or lack of it) of the municipality's policies on the implementation of the rural economic/SMME related programmes/strategies. The research question is restated below.

Q5: How do the current EThekwini Local Government's policies impact on implementation efforts in the Area?

The Rural ABMD is part and parcel of the EThekwini Municipality, and is therefore subjected to its policies. And this has had a negative impact in some areas within the Rural ABMD's programmes (Rural ABMD Area Manager, 2006). This is more discernible when it comes to recruitment and procurement. These are the two areas that are more affected than others, and this has prompted other Area Managers to call for implementation of interim policies that will cater for ABMDs when it comes to recruitment and procurement – but nothing has happened (ABMD Annual Business Plan, 2005/6 and Rural ABMD Area Manager, 2006). Another area that is affected by the municipality's inflexible and rigid policies is project packaging. This is because the requirements for project packaging (i.e. initiation, planning and implementation) have to go through multiple departments (ABMD Annual Business Plan, 2006/7: 45-46). The municipality is, however, very much aware of this shortcoming. The municipality describes its current policies as ineffective, inefficient, in-ward looking, which does not promote sustainable development practices (EThekwini Municipality IDP Review, 2004/5:12-13). In order to deal with the situation the municipality has responded by establishing a Policy Office within the office of the City Manager. "The Policy Office was set up to inject a new creative spirit of more bold and innovative thinking around corporate policies" (EThekwini Municipality IDP Review, 2004/5: 20).

5.3.6 Research Question 6: Leadership

The sixth research question refers to the EM's leadership, and reads as follows.

Q6: What impact does the current leadership have on strategy implementation efforts in the area in terms of guiding and leading these efforts?

Actions of some senior officials within the EM exhibit traits/behaviours that are contrary to what is expected in order to effortlessly achieve implementation of rural socio-

economic development strategies. The following excerpts are just a summary from the ABMD publications that justify this.

(a) The beginning of the fourth year of the programme witnessed the curbing of powers that used to be enjoyed by the ABMD Area Managers. The delegated authorities of the Area Managers and the Manager for the Programme Office were reduced in 2005/6. Their signing powers were cut down from R200 000 (to an undisclosed amount). Furthermore, the appointment of all consultants now has to be sanctioned by the head of Development Planning and Development (DPM). This was viewed by the Area Managers as impacting negatively on the programme as procurement of services, and processing of orders and invoices now have to go via the normal lengthy internal procedures (ABMD Annual Business Plan, 2006/7: 88).

(b) The ABMD teams came up with the initiative to create a database for socio-economic research but the idea was initially shelved by the head of DPM in favour of creating a broader database. After much deliberations and tensions, the head of DPM eventually succumbed to pressure and the reality of the need to create such a database - after some considerable delays in other areas of planning and implementation. However, this has been resolved and it is hoped that this database will be in place before the end of the second quarter of 2007 (ABMD Annual Business Plan, 2006/7: 88).

(c) Other examples of the EM's leadership's tardy approach towards rural development have already been alluded to, and include amongst others: tardiness in implementing policies that are pro-developmental, even if it means adopting interim policy measures; tardiness in proactively dealing with issues that inhibit smooth horizontal coordination of activities across various line departments; failure to devise means to ensure that the essential resources such as key personnel are secured well in advanced. Despite the Rural ABMD Team having done a sterling job in identifying, establishing and harmonizing relationships with various stakeholders, both internally and externally, the team feels that some of the challenges and/or or problems encountered need to be tackled at higher levels (ABMD Annual Business Plan, 2004/5).

(d) The political sub-committee to which the rural ABMD Programme team reports, and the EThekwini Municipality's Executive Council, have not yet fully resolved the issue of how to involve the traditional leadership within the council. This has remained a grey area and source of conflict in a number of areas within the region – thereby resulting in suspension of certain programmes. The municipality has, due to the fact that this traditional leadership issue is being discussed at national level (because of its complexity), been very cautious about dealing with it (ABMD Annual Business Plan, 2005/6: 39 and Area Manager for Rural ABMD, 2006).

5.3.7 Research Question 7: Information and Support Systems

The seventh research question relates to information and support systems and appears as follows.

Q7: How do the municipality's existing information and support systems impact on strategy implementation efforts?

The Municipality's line departments have their own information and support systems for their daily operations and most of these systems are not linked with the ABMD systems. However, the ABMD Programme is in the process of installing systems that are intended to interface with a number of line departments' systems. Although some office systems such as filing systems, finance and correspondence have already been set-up and are up and running, the project management system is still lagging behind. The ABMD Teams have been very vocal about the need to expedite the setting up of a project management system that will integrate project management's monthly reports with capital expenditure (i.e. budgets). Currently, the Capital Programmes Monitoring (CAPMON) system is being experimented with, and it is envisaged that this system will, with further amendments, solve this problem (ABMD Annual Business Plan, 2006/7: 40).

5.7 CONCLUSION

The findings drew heavily on documentary analysis and interviews. Although a number of factors contributed to the struggle to implement some strategies and programmes, however some factors contributed significantly. These factors are summarized in the next chapter under General Conclusions.

CHAPTER SIX. GENERAL CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

The preceding chapter presented findings to the study's research questions/problem. Although there were many factors that were identified as being responsible for delays or difficulties in implementing a number of the strategies, some of these factors could have been proactively dealt with well in advance. This chapter presents a summary of these factors as general conclusions, and also presents suggestions on how to improve general strategy and programme implementation within the EThekwini region's rural/traditional areas. The suggestions focus on the EThekwini Municipality itself, on how to best utilize cooperatives as a tool to boost LED and finally, on recommendations for future research.

The following factors or challenges contributed to the EM's struggle to implement strategies and programmes.

6.2 GENERAL CONCLUSIONS

Resources: out of all the resources discussed above, the human resource has been the most critical one. The absence of a Local Economic Development (LED) specialist for such an extended period was instrumental for the late finalization and implementation of the economic strategy - which is envisaged as the blueprint for the development of SMMEs in the rural areas. Lack of enough planning specialists within the city's line departments also resulted in the late completion of the Nodal Investment Plans. These plans were completed almost two years after the hired consulting LED specialist had made recommendations for such plans or approach. Recruitment of additional sector specialists and business advisors to work or serve the rural communities is still pending as it is dependent on both the completion of Nodal Investments and identification of people or organizations with whom to form partnerships. The incumbent responsible for the formation of such partnerships has just joined the ABMD Programme.

Communication, engagement and decision-making: when the entire rural socio-economic development programmes/projects were initiated more than four years ago, decisions were based on ad hoc research reports, interviews and needs assessments. There was no meaningful participation by citizens in the decision-making processes and this resulted in some projects not being implemented due to disagreements among some stakeholders about certain issues.

Lack of formal structures for communication and participation by all stakeholders in the decision-making affecting them also impacted negatively on implementation of some programmes in some areas. Again, the late appointment of the Programme Manager for Support, Communication and Partnerships also delayed attempts to institute formal structures for communication and partnerships in most areas.

Cooperation and coordination: the initial exclusion of some stakeholders such as the Traditional Leadership and private landowners from the decision-making process about the strategies/programmes related to socio-economic development in the area degenerated into some adversarial relationships among some stakeholders. This impacted negatively on both corporation and coordination during implementation; and at worst some of the projects were stopped completely. Lack of properly constituted structures or mechanisms or platforms to deal with implementation problems arising either within the EM itself or coming about as a result of some external stakeholders' dissatisfactions did not help matters either.

Organizational Culture: the EM acknowledges that its current organizational culture does not make it any easier for the EM itself to provide services in a more integrated manner as envisaged in the city's Integrated Development Plan (IDPs) and the ABMD Programme. The current organizational culture manifest itself on a number of the city's practices - such as policy choices, management styles, attitudes of some line departments' operational staff just to mention a few. As a result, the rural ABMD Team had to invest some considerable amount of time in 'culture-changing' educational sessions with the heads of a number of line departments.

Policies: the whole ABMD Programme is regarded as the developmental wing of the EM; with mandates of leading new development in more creative and innovative ways. However, this has not taken off as planned as the Programme is still governed by the EM's bureaucratic policies - which are actually not geared to serve development administration. Some ABMD Teams have been very vocal about the negative effects of the current policies on what the Programme seeks to achieve; and have even called for interim policies for the ABMD Programme. Although a Policy Office has been established within the City Managers Office, the creation and implementation of new developmental policies have not been fully realized as yet. This is despite the EM's leadership having both acknowledged the problems caused by the current policies, and vowed to change them.

Information and support systems: the lack of integrated information and support systems that link the city's systems with the ABMD systems hampered operational efficiency as far as monitoring and evaluating progress of programmes/projects was concerned. Some ABMDs are adamant that the installation of a project management system will ease this problem because they are of the opinion that it becomes very difficult to track progress of the myriad of projects (within the many programmes they run) effectively and efficiently.

Governance Issues: The municipality faces governance challenges both internally and externally. The internal challenge comes about as a result of the ABMD Programme being subordinated to the already existing management of the municipality's line departments for some resources. The ABMD relies heavily on a number of the city's line departments for some resources. And some of the city's line managers have battled to resist the expedient of flexing their muscles in some instances or whenever they deemed fit to do so. This challenge has resulted in the municipality hastening to reintegrate/streamline the ABMD Programme into the municipality's existing structures in order to avoid internal power struggles. This is done under the pretext that the ABMD was a 'learning project anyway'. What these interviews are saying may be valid as it

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may be a more sustainable road to take. The danger of the project approach is its isolation from normal processes and structures.

6.3 RECOMMENDATIONS TO IMPROVE IMPLEMENTATION

Recommendations on how to improve implementation are directed only at those areas that have impacted negatively in the planning and implementation of strategies that are aimed at increasing economic development activity in EM's rural areas.

It should be noted that the challenges facing the implementation of the EThekwini Municipality's economic development strategies/programmes in the area are impacted upon by factors that are mostly external to the area. As a result this tended to undermine the well-established legacy of the area as a 'pro-developmental agrarian community'. These factors include the municipality's own outdated practices; and the solidarity stance taken by the region's traditional leadership to deal with development issues as a collective. This stance saw some development programmes halted until most outstanding problems between the municipality and the traditional leadership are resolved; thereby denying individual areas the opportunity to pursue development activities without the consent of the AMakhosi Office. Hence, most of the recommendations outlined in this chapter focused on those external factors, and are presented next.

6.3.1 Human Resources Issues

Inadequate number of skilled personnel in certain fields impacted negatively on the delivery of some programmes/strategies. Therefore, any further delays in appointing key personnel such as specialists (e.g. planners and LED experts) will not only hold up the implementation process but also the planning of some programmes. This has already been observed with the late appointment of the LED specialist for the Rural ABMD office.

The municipality has not been shy in engaging the services of outside organizations or specialists, but the latter's services do not come cheap. To offset some of these costs in the near future, whilst at the same time increasing the necessary skills base, the municipality can employ graduates as interns – to be trained by these external organizations as part of their contractual obligations. Although the current idea of promoting from within is applaudable, its practice must be exercised with caution as it can only work in certain disciplines as others such as development planning and LED can be complex and/or dynamic, and take years of advanced studies and experience to master fully. Given the current organizational culture that exist within, and lack of experience and/or knowledge in rural socio-economic development, the municipality can find it very difficult to justify promoting from within when individuals do not possess the requisite formal training.

When it comes to organizational development or recruitment planning, the municipality must identify complex or dynamic fields with potential for skills shortage (i.e. skills audit) for special interventions. These interventions can include in-house training by external/independent experts; sponsorships for external study and, as mentioned; internships for graduates. Graduates must be in sufficient numbers - as some of them will leave voluntarily or be poached by other local governments. Employing graduates as interns does not have any unforeseen cost implications as their services can be terminated with ease at the end of contract. Furthermore, this practice can, in the long run, serve to moderate salary packages country-wide, provided there is eventual balance between skills demand and supply. This too can only happen if most municipalities sponsor training programmes.

It is often said that academic institutions produce graduates with the wrong course combinations and/or skills. This notion alone should be enough to galvanize local governments to engage local institutions in designing appropriate curriculum, qualifications, exit points/levels and so on. Employing or relying on expatriates is now increasingly becoming governed by tough laws that dictate what type of skills can be

imported. The easing of these laws could be helpful but a more sustainable approach would be to build South African capacity.

6.3.2. Leadership

The leadership of the EThekwini Municipality (both political and administrative leaders) must play an active support role to the ABM Teams when it comes to strategic level matters relating to socio-economic development strategies within the city. Outdated policies, strategic control mechanisms or any other forms of red tape that stifles economic development by the ABM Teams must be identified, reviewed and reformulated or changed altogether to suite the new modes of working. This can begin by appointing an ABMD Strategic Leader at executive level – who understands both LED and project management. This person can be responsible for advising, influencing, educating, lobbying the executive council to expedite the necessary policy changes through working with the policy officials within the city manager's office.

The Rural ABMD programme is regarded as one of the learning areas which make it appropriate for senior officials to use a bottom-up management approach. They (senior officials) must be prepared to implement what has been learnt; learning must not just be rhetoric. Senior officials must be sensitive and be proactive when dealing with those issues/areas that impede initiation, planning and implementation of programmes. Furthermore, they must constantly monitor those critical obstacles that impact negatively on planning and implementation of rural strategies/programmes by working out solutions early before problems get out of hand.

6.3.3 Policies

It is the practice of the EThekwini Municipality, that whenever there is a new policy that has to be formulated it has to be studied and ratified by their legal department to ensure that it does not violate or contradict existing policies. This practice should be discarded as developmental policies will always challenge the EThekwini's existing inflexible,

backward looking, rigid and bureaucratic policies. Therefore, there is a dire need to shift from the current policy-formulation approach to a new one that is forward-looking. Policy formulation is the province of senior management, and, therefore, any changes in policy can only be effected by the municipality's leadership. The establishment of the Policy Office within the City Managers Office with the concomitant employment of policy experts should be expedited. However, shortages in policy skills as mentioned in the early section of this chapter can slow down the process of overhauling the city's policies. This shortage points to the need for the municipality as a whole to take a step back and evaluate the possibility of investing in formal education in scholarships in those areas where such skill shortages exist. Overhauling city-wide policies is likely to take longer and as such there is a need for immediate arrangement of interim policies in those areas that are most adversely affected by current policies.

6.3.4 Ethics and Best Practices

Although there are strategic control mechanisms/systems, with accompanying performance indicators (against set standards) in place some senior officials within the EM still exercise some unethical behaviour. This caused some of them to exercise stringent control measures that often are contrary to the principles of best practices - and much to the dissatisfaction of most of the Area Managers within the ABMD Programme.

Once standards or benchmarks have been set, they must be adhered to, and any veering-off must be detected through performance outputs. Any violation or breach of standards/benchmarks would be easily identified by audit committees. It is these audit committees that should recommend corrective actions should there be a need (not single senior individuals acting in self-serving endeavour's) – if best-practices and ethics are to prevail.

6.3.5 The Need for Appropriate Research and Community Participation

Given the newness and lack of experience within the EM in undertaking rural socio-economic development programmes, the municipality will do well by delivering programmes that are preceded by in-depth qualitative research that embodies facts about local issues and conditions of that particular locality. Imposed general – purpose socio-economic development solutions are not an option as some areas have their own peculiarities and priorities. Relying on external rural consultants and development experts who do not have sound knowledge of the local issues and conditions might be of very little help as the needs or sequence of priorities can differ significantly from one locality to another. According to the World Bank's framework for effective implementation of LED strategies and programmes (as pointed out by Ruecker and Fiedeldei, 2004) locals must be mobilised and motivated to participate on economic development interventions that affect their lives. This participation requires that they become involved in the identification, planning and implementation of such interventions. Ruecker and Fideldei (2004: 21) further explain how this can be achieved. The highlight the following points as important:

- The mobilization of local LED stakeholders.
- The identification of feasible LED-initiatives.
- The improvement of communication and interaction between local stakeholders.
- The transfer of knowledge on LED process management to local stakeholders.
- The alignment of the perception and understanding of LED between different stakeholders.

Research must also inform the type of participation that the municipality has to engage in with all the stakeholders in that particular locality. Research should not be the end process but should be used as means to understanding the prevailing socio-economic conditions or dynamics, which in turn, help in devising appropriate participation strategies. It is only then that the municipality can be in a position to learn about which economic interventions should be employed. As has already been discussed, imposing 'blanket' strategies of muti farming and organic farming to all of the EThekwini

municipality's rural areas has already been challenged in certain areas in the region. Some areas have already shown or are keen in engaging in certain types of economic activity such as sugarcane farming and stock-breeding.

6.3.6 Training and Development of Stakeholders

After research has been completed, and all stakeholders invited for participation, important or interested stakeholders must be identified and invited to informal workshops to discuss how they can participate meaningfully in initiation, planning and implementation of programmes that benefit them. Mitchell (2006: 13) recommends simple snowballing research methodology that involves locals, as a powerful tool in identification and mobilization of potential or important stakeholders for implementation of LED strategies and programmes. The informal workshops must be followed by formal training and development of all those selected/elected stakeholders. Training and development must touch on issues such as knowing or understanding all the dimensions and implications of the strategy; re-orientating attitudes and behaviours to be in line with the requirements of the new strategy whilst discarding past convictions. Role players must include strategy implementers; beneficiaries; advisors; special committees; municipality's line departments; related and/or relevant provincial departments and civil society and community groups (Mitchell, 2004: 14).

Of utmost importance regarding training, is for both the municipality's political and senior administrative officials to have sound working knowledge and understanding of the local government legislation that deals with socio-economic development at local levels. This must be done on a regular basis with all the departments – but with varying degrees of emphasis. This is because different departments are likely to be affected differently by one piece of legislation.

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6.3.7 Using Cooperatives to Boost Interventions

The EThekwini Municipality has, in line with the national government's directives, long advocated Cooperatives as a potential tool to boost LED. However, available evidence suggests that the municipality has not achieved the desired results. The World Bank's Framework for Establishment and Development of Cooperatives (as cited by Hindson, 2001: 1-2) highlights the need for some preconditions to prevail for any cooperatives to succeed. Some of the conditions are: stakeholders must have good knowledge of cooperative success factors and must understand the advantages of using cooperatives to improve implementation of LED interventions. The municipality will do well by using this framework as a guide. Hindson (2001: 1-2) summarise these conditions

Preconditions for Cooperatives Success
- A group of people must have the desire to solve a common problem.
- The advantages of stakeholder membership must outweigh the cost of duties of membership.
- There must be at least one person with leadership abilities in a group.
- The cooperatives should produce tangible benefits for the members.
- The cooperative should have dynamic managers who can implement policies.
- There must be a management structure that reflects the capabilities of the members.

Cooperatives Success Factors

- Start from what people are doing.
- Assist groups of people organize themselves around an activity
- Assist groups of people access further support to develop their enterprises.
- Strengthen self-help, self-administration and self-responsibility capabilities

Advantages of Cooperatives

Some advantages of using cooperatives as a business structure include

- Economies of scale in purchasing.
- Reduction of transaction costs of producing information, goods and services.
- Reduction of risks.
- Being able to offer new or complementary services to many involved.

6.3.8 Setting-Up of Rural Governance Structures and Partnerships

There is a dire need to set up graded rural structures that are inclusive of all the stakeholders. Although democratically elected ward committees now exist in almost every ward or locality, they are perceived as representing their political parties' interests. Secondly, the formation ward committees make no provision for inclusion of other important stakeholders such as NGOs, civil society groups, the traditional leadership and others. Therefore, there is a need for ward committees to incorporate representatives from other stakeholders that might exist in those particular localities or wards. Traditional Leaders for each ward or locality must be an important member of decision-making process – without whom no decision can be taken. Any decision taken without him/her must be declared null and void. This can help avoid conflicts on issues revolving around development goals and socio-cultural goals of the local communities. Any disputes that may arise due to conflicts in these goals must be settled by the next tier/higher level structure – in cases of deadlocks.

The current "Sub-council" structures discussed in Chapter Four must be replaced by a structure that is similar to the one just discussed above. The new structure, likewise, must also be composed of all the representatives of stakeholders of the adjacent localities or wards. Similarly, it must also be mandatory for all councilors and traditional leaders of the adjacent localities or wards to serve in this higher level structure. This structure must have a good balance between elected officials and the traditional leadership, and between

youth and women organizations. Whilst this structure will be formed with the aim of dealing with developmental and socio-cultural issues of that particular district, it must at the same time be authorized to solve problems of its constituent localities or wards. This structure must be supervised by the next level structure that must be incorporated directly under the current EThekwini Municipal Executive Council. Traditional Leaders that have already been elected to serve in the current EThekwini Municipality's rural governance structure/set-up must be the highest centre of power for the traditional/rural areas at municipal level. This structure must also have a direct link with the provincial office of the MEC for Local Government and the Traditional Leadership to help solve problems that might arise at municipal executive level.

All of these three structures can be instrumental in identifying stakeholders that they intend forming partnerships with at all these levels. Their powers, roles and functions be clearly delineated for each level.

6.3.9 The Need for Improved Interdepartmental and Intergovernmental Coordination

There is a need to improve coordination of implementation activities both inside and outside the municipality. The municipality's current set-up of delivering services through functional/line departments has failed to deliver developmental programmes in a more coordinated manner. It is highly unlikely that things will improve under the present arrangement unless the system is overhauled.

The best way forward would be to group service delivery according to areas – not functional/line departments. Each area must be served by a team of specialists – in the same way as the ABMD Programme. Existing specialists must be re-deployed among the new teams in an equitable manner before arranging for any new recruits/additional staff. However, in order to harmonize delivery of development programmes for all areas, development plans must be ratified by a centralized development planning team that must oversee development planning for the entire EThekwini region. Each area team must do

integrated development planning for all localities that make up their area. That planning must include urban, per-urban and rural areas. Area teams will be in better positions to work with the sub-councils on all matters related to planning, implementation of programmes/projects, formation of stakeholders' forums, and advice on local stakeholders that qualify for the municipal tenders and promote the forging of partnerships among stakeholders through well-managed data bases.

This arrangement can improve both the coordination of the planning and the implementation of development programmes as everybody will be judged by what has been achieved by the team, and not by single units.

6.4 RECOMMENDATIONS FOR FUTURE RESEARCH

Ward committees are expected to play a major role in all areas as far as implementation of programmes/strategies that are geared towards socio-economic development is concerned. Research (as discussed in chapter 3) shows that ward committees have often found it difficult to get the communities' needs reflected on a number of the municipalities' integrated development plans (IDP), and this research was conducted in urban municipalities. In rural areas, the situation is likely to take a different shape given the coexistence of Indunas (i.e. traditional leadership structure) and ward councillors. Therefore, future research can look into the working relations between these two structures and their impact in terms of advancing implementation of socio-economic development programmes in rural areas. Other recommendations can look into how cooperatives have performed in the area and crops that can be suitable for agricultural development in the area.

6.5 CONCLUSION

During the pre-1994 era, municipalities in South Africa were created as hierarchies and bureaucracies representing the white people at local level with the sole purpose of providing services for a racial minority within well defined executive powers. However,

with the present S.A. government's vision of making the country a developmental state, municipalities have now been trusted with an added task of carrying out development administration. A task that few municipalities are capable of doing efficiently. Arguably, this additional task has challenged the existing status quos and/ or paradigms in many ways. These challenges were discussed in chapter 5, and have set the scene for a need for a fundamental change within the EThekwini Municipality. The speed with which socio-economic development should be carried out is being retarded by the current slow pace in effecting the necessary changes. The EThekwini Municipality is very much aware of the two opposing cultures that exist within the city: the one that believes in doing things the way they have been done before and the other that wants to see things done differently. Development administration requires the local governments (municipalities) to be learning organizations that are prepared to implement or experiment with what has been learnt, and this automatically translates to change. Although the municipality has been learning a lot through the various ABMD Teams about obstacles that inhibit speedy delivery (implementation) of some programmes, the necessary changes needed to remove such obstacles have hardly been coming. Instead, only adjustments, have been effected, and have occurred as needs arose. This selective adjustment does not allow for experimentation to take place with more freedom or certainty. The problem with effecting fundamental change within the city can be attributed to the fact that the people who have to bring about or manage change are the ones who will be affected by that change. And this encroaches into their comfort zones. Therefore the senior officials within the EThekwini municipality must look for other possible ways of bringing about the necessary change.

Fundamental change can be introduced and managed in a number of ways. It can be initiated, implemented and managed internally. Alternatively it can be led by outsiders such as consulting companies or left entirely on external change agents to carry out. The first approach/method has, unfortunately, not yet yielded the desired results- it is time for the municipality to consider other methods.

The preceding chapter discussed recommendations on how to improve implementation of strategies that are designed to promote the escalation of SMMEs in Sobonakhona Makhanya Traditional/Rural Area. Areas identified as needing urgent attention as far as implementation is concerned are human resources; leadership; policies; ethics and best practices; the need for research; training and development; setting up of rural governance structures; and interdepartmental and intergovernmental relations.

Also discussed in this chapter are recommendations on future research, and these recommendations relate to the EM's intended sector-based SMME development approach.

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APPENDIX 1: LETTER SEEKING PERMISSION TO DO RESEARCH

12 April 2006   Durban University of Technology
                                                 Faculty of Commerce
                                                 Department of Management
                                                 P O Box 1334
                                                 Durban
                                                 40000

The Programme Manager for the ABMD Programme Office
Area-Based Management Programme
EThekwini Municipality
10th Floor Mercury House
Smith Street
Durban
4000

Dear Miss Bedford

Re: Study of the Development of Small, Medium and Micro Enterprises (SMMEs) within the EThekwini Municipality's Rural Areas

I am currently studying the implementation of strategies that are aimed at the escalation of small, medium and micro enterprises within the EThekwini' Rural Areas. The study focuses only on the implementation of the existing strategies; and it forms part of a broader SMME study within the Durban University of Technology (where I am based).

Your knowledge/experiences and/or challenges that you face in the implementation of such strategies through your involvement with the Rural ABMD Programme especially, can provide invaluable input in helping the institution understands what has been accomplished.

To enable us to learn from your knowledge and experiences in these areas I would like to hold discussion with some of your managerial staff members (on individual basis) who work directly in these areas. With your permission, these discussions are expected to last between 20 to 30 minutes. An outline of topics that will be covered is attached, and these topics will not be followed strictly in the sequence shown.

I am aware of the need to treat the outcome of these discussions with utmost confidentiality. No individual or department will be identified or comment attributed without the express permission of the originator. One of the intended outputs is a report summarizing an account of events on what has been done, and will remain a property of the Institution.

I hope you are able to help us with granting of permission to hold these discussions. A follow-up call or visits will be done in due course regarding this matter. If you require any further information please do not hesitate to call me or Dr. Marie De Beer
 (i.e. Research Supervisor) at 031 308 6746 or 082 966 4889

Yours Sincerely

…………………………………………..

Alfred Makhosathini Dladla
E-Mail: Makhosathiniad@hotmail.com
Tel. 073 498 8717

AREAS TO BE COVERED

1. THE AREA BASED MANGEMENT

2. STRATEGIES FOR SMME DEVELOPMENT

3. LEADERSHIP/MANAGERIAL ISSUES

4. POLICIES AND PROCEDURES

5. STAKEHOLDER INVOLVEMNT

6. LOCAL GOVERNMENT LEGISLATION

7. CAPACITY AND OPERATING SYSTEMS

8. TRADITIONAL LEADERSHIP

9. INFRASTRUCTURE AND SERVICES

10. LAND ISSUES

APPENDIX 2: SAMPLE LETTER OF PARTICIPANT CONSENT

26th July 2006   Durban University of Technology
                                               Faculty of Commerce
                                               Department of Management
                                               P O Box 1334
                                               Durban, 4000

The Area Manager for Rural ABMD
The Rural ABMD Programme
EThekwini Municipality
Cato Manor, Durban

Dear Sir

<u>Re: Consent to participate in a research discussion</u>

I am currently undertaking a research project that studies the implementation of strategies aimed at promoting SMME activity within the EThekwini Municipality's Rural Areas by the EThekwini Local Government. The research project forms part of a broader SMME study within Durban University of Technology (where I am based).

Your permission is sought on two fronts. One is for you to participate in the discussion itself; and the second one is to grant the researcher a further opportunity to interview your colleagues as well. The interview will take approximately 25 - 30 minutes. Participation is voluntary and everybody is free to withdraw from the study at any time. The information obtained will only be used for research purposes, and individuals' identity and individual answers will be kept totally confidential. Should you wish to discuss this further please feel free to contact me or my supervisor (Dr. Marie de Beer @ 031 308 6746)

Your assistance will be much appreciated,
Yours faithfully,

A. M. Dladla (Cell: 073 498 8717

…………………………………………………………………………………………
Please complete the following as confirmation of your willingness to participate in this research:

I, …………………………………………….. have adequately discussed the study with the researcher, understand that I may withdraw from it at any time without giving reasons, and voluntarily agree to participate by being interviewed.

Signature………………………………………….Date…………………………...

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APPENDIX 3: QUESTIONNAIRE

1. The EM has strategies or programmes that are aimed at developing or increasing SMME activity in the area. These are explained in detail in the EM's publications such as the IDP, Rural Development strategy, ABMD document etc. Are you aware of any strategies/programmes planned or taking place in the area?

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2. The municipality, in conjunction with SEDA is in the process of rolling out business advisory centers in rural areas to help implement its strategies/ programmes as just mentioned above. How is that progressing for your area? Alternatively are there any close-by centers to visit for business advice or training?

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3. Implementation of any rural SMME activity requires participation of wider aspirant or would be business people, established businesses and other stakeholders such as civil society groups, community members, and so on. Do you see it happening in your area? Alternatively are there any structures or mechanisms for engaging all or most of these stakeholder groups?

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4. The municipality and the national government in general encourage what I would call 'would be business people' to form cooperatives rather than establishing SMME initiatives involving single individuals. How are people responding to this call? How are cooperatives doing in the area if there are any? Has there been enough support? If no, which areas do you think need improvement

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5. The municipality has, in its SMME strategy document identified a number of support
   areas for rural cooperatives, namely: mentorship; financial support; training in
   management skills, business skills, technical skills; etc. Is this really happening for the
   area? If not, what are the reasons given.

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6. The municipality is initiating sector-based development approach for both its rural
   areas and the informal business economy? How far has this initiative progressed? What
   are the reasons given for such tardy progress – if that is the case?

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7. Some of the municipality's SMME related programmes have been stalled by
   disagreement between councilors and traditional leadership in other areas. How things
   are for Sobonakhona Area, are there any political glitches that have noticed in the
   area?

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8. Land issue, lack of basic infrastructure such as roads, power, running water have been
cited as one of the main factors holding back implementation in other parts of the DMA's
rural areas. Any of these being a problem in the area?

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9. In as far as you know what you think has been the key factors in the slow delivery
   of the entire municipality's documented noble SMME related strategies/programmes?

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10. In your own opinion do you think the municipality's strategies/programmes for the
escalation of SMMEs in rural areas are enough? Or do they address all WHAT YOU
THINK NEEDS TO BE ATTENDED TO?

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