

**AN ASSESSMENT OF CHALLENGES IN THE IMPLEMENTATION OF LOCAL  
ECONOMIC DEVELOPMENT PROGRAMMES: THE CASE OF MOLEMOLE LOCAL  
MUNICIPALITY IN LIMPOPO PROVINCE (RSA)**

**By**

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## **DECLARATION**

I declare that the mini-dissertation hereby submitted to the University of Limpopo, for the degree of Master of Public Administration has not previously been submitted by me for a degree at this or any other university; that it is my work in design and execution, and that all material contained herein has been duly acknowledged.

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## **DEDICATION**

This study is dedicated to my family, all my relatives, friends and colleagues at work. It will be an error to exclude the following members of my study group: Selaelo Masekwameng, Lesetja Motlatla and Jacob Ramodipa.

## ABSTRACT

The study focuses on implementation challenges of Local Economic Development (LED) programmes within Molemole Local Municipality in Limpopo Province.

The specific focus areas of the study are Mogwadi and Matoks, where attention was given to Molemole Indigenous Food Processing Cooperative and Sekwena Arts and Craft Project. This study was undertaken as an attempt to investigate challenges pertaining to implementation of LED programmes within Molemole Local Municipality (MLM).

Data was collected through questionnaires, documentary analysis of published municipal documents such as Annual Performance Plans, Annual Reports, IDP and LED Strategy of MLM covering the period of 2009/2010 to 2013/2014. Site visits to selected LED projects sites were also undertaken. The overall findings in this study indicate that there is generally a poor understanding of the LED concept in MLM. These findings further point out that there are a number of challenges hindering effective implementation of LED programmes that include *inter alia* lack of local government collaboration with the private sector and community sectors, lack of appropriate structures for the full implementation and success of LED initiatives, inadequate funding for LED programmes and capacity constraints emanating from a constrained education and ultimately skills void.

In view of these findings, some of the recommendations include addressing skewed skills levels of LED staff across the municipality to achieve LED policy objectives, collaboration of Molemole Local Municipality with the private sector and community sectors in order for them to play a meaningful role in LED initiatives, a need for financial support to facilitate LED implementation within the municipality, and remedial action in respect of awareness, and publicity initiatives being stepped up to address the problem of general poor understanding of the LED concept in MLM.

## LIST OF ABBREVIATIONS

ABET	-	Adult Basic Education and Training
ANC	-	African National Congress
DPLG	-	Department of Provincial and Local Government
DTI	-	Department of Trade and Industry
EPWP	-	Expanded Public Works Programme
GEAR	-	Growth, Employment and Redistribution
IDP	-	Integrated Development Planning
LED	-	Local Economic Development
MIFPC	-	Molemole Indigenous Food Processing Cooperative
MLM	-	Molemole Local Municipality
NDP	-	National Development Plan
NSDP	-	National Spatial Development Perspective
PGDSs	-	Provincial Growth and Development Strategies
PPPs	-	Public-Private Partnerships
RDP	-	Reconstruction and Development Programme
RSA	-	Republic of South Africa
SMME	-	Small, Medium and Micro Enterprises

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## **CHAPTER ONE: GENERAL ORIENTATION TO THE STUDY**

### **1.1 INTRODUCTION**

Programmes and policies are designed to achieve certain objectives and South Africa's post-apartheid development policy articulates a strong community-focused and pro-poor emphasis. This is expressed in the White Paper on Reconstruction and Development of 1994 (RSA, 1994), White Paper on Local Government of 1998 (RSA, 1998) and *Local Government: Municipal Systems Act*, 32 of 2000 (RSA, 2000), over and above a range of documents issued by the former Department of Provincial and Local Government (currently Department of Cooperative Governance and Traditional Affairs), which specifically encourage municipalities to pursue pro-poor Local Economic Development (LED) (Nel & Rogerson, 2005). Local government is required to develop policies guided by these documents to advance LED, but challenges such as lack of capacity, leadership challenges and constraints in terms of resources are among the obstacles hindering successful implementation of LED policies, resulting in partial or unsustainable projects.

The above-mentioned documents have given local government the impetus to proactively take initiatives to facilitate economic development in their own areas. Further attempts have been made more recently to respond to perceived failures and to address the increasing unemployment and development needs of the poor, who seem not to be catered for by the market (Nel & Rogerson, 2005) in order to unlock challenges encountered with the implementation of these policies.

Informed by the local economic development within municipalities as highlighted above, this study seeks to investigate the effects of the implementation challenges of LED programmes in Molemole Local Municipality (MLM). In particular, the focus of the study considers programmes from conception to completion, where an assessment of the programme components, challenges and outcomes receives attention. The benefit of such research analytics is that it is useful in determining programme implementation/execution, refinement and expansion by identifying less effective interventions from successful ones and not only in the local context but even in wider settings. Credible and appropriate impact or process evaluation can greatly improve the effectiveness of a municipal development strategy. Thereafter, key concepts are clarified, and the method of data collection is described and interpreted. Lastly, a framework of the proposed dissertation is outlined in the form of a summary of the chapters.

## 1.2 BACKGROUND TO THE STUDY

Local Economic Development (LED) originally referred to deliberate intervention to promote economic development in a specific area through the creation of an enabling environment in which local people and institutions can make their own realistic and practical decisions, decisions which would strengthen the local economy, create more jobs (self-employment), and promote new enterprises bringing together key stakeholders from both public and private sectors, along with local community interest groups. The expectation was that LED managers facilitate the mobilisation of such local coalitions or partnerships for active involvement throughout the strategy development and implementation process, thereby harnessing the energies of local communities to improve the quality and prospects of life for all.

Before becoming popular in many developing countries in the 1990s, including South Africa, Local Economic Development had already been implemented for many years in various forms in industrialised countries. The evolution of LED policy in post-apartheid South Africa as early as 1995 coincided with constitutional determinations on the future form and shape of local government and on articulating a far more proactive role for municipalities to reverse the skewed economic development in favour of white-dominated areas under the apartheid regime. Therefore, the declaration of local government as a sphere (rather than a tier) of government reflects the importance that was attached to local government apparatus as a result (Patterson, 2008:3).

Section 152 (1) (b) of the *Constitution of the Republic of South Africa* of 1996 declared that a fundamental objective of local government was to promote social and economic development in localities (RSA, 1996).

Subsequently, the early stages of LED activities focused strongly on the marketing of locations to external investors, often linked with incentive systems such as tax breaks and/or reduced costs of public services (such as water and electricity) and infrastructure development. Further attention shifted to endogenous economic potentials, striving to support the competitiveness of existing firms, promoting entrepreneurship and business start-ups. This was often done *via* entrepreneurship development and training programmes, and business support and business linkage mechanisms, providing access to finance, skills development, rural development and

sectoral development approaches (Patterson, 2008:3). However, Tomlinson (2003) points out that several challenges emerged, especially perceptions that the mainstream economic policy has largely been ignored in the application of LED.

### **1.3 PROBLEM STATEMENT**

The government has since 1994 has developed a number of economic strategies and macro-economic policies with the aim of uplifting the living conditions of the poor. Initially it was the Reconstruction and Development Programme (RDP) (ANC, 1994), then Growth, Employment and Redistribution and Macroeconomic Strategy (GEAR) (RSA, 1996), and currently the National Development Plan (NDP) (RSA, 2013). The guiding principles of these policies are that they all proposed growth and development through reconstruction and redistribution and seek a leading and enabling role for government in guiding this endeavour. A number of strategies have been adopted but the key objectives of growth and development remained largely unquantified.

Municipalities are expected to play a fundamental role in promoting job creation and boosting the local economy (RSA,1998). LED strategies in South Africa form part of a relatively new approach to development. Despite government's investment and economic strategic initiatives as highlighted above, poverty remains rampant and access to essential services is still a challenge. Differences between the market-focused approach and poverty-relief approach are emphasised as cause for local level uncertainty and retarded development. Other documented challenges include confusion as to whether or not LED is the same as community development, limited funds, capacity and resources, and the crafting of an appropriate framework of integration of the micro level (at which LED operated) to the regional levels, possibly under the custody of a Capricorn District municipality. Municipalities are by and large expected to play a fundamental role in promoting job creation and boosting the local economy (Republic of South Africa, White Paper on Local Government, 1998).

Other schools of thought argue that unless such and other challenges are addressed, LED implementation can only lead to a limited developmental impact with others going a step further to suggest that only a few tangible results, such as job creation and poverty alleviation, have been achieved ( Nel, 2001:5) subsequent to LED implementation. Therefore, the question of interest for



this study is: How effective are the LED programmes implemented in MLM and what bearing do they have on poverty relief? The foregoing problem statement and research question seek to unpack available positive spin-offs pertaining to social upliftment, attributable to the municipal efforts and arrangements in promoting LED initiatives within MLM.

#### **1.4 RESEARCH QUESTIONS**

To guide and centre the study research, determine the methodology, guide inquiry, and analysis and reporting, it is necessary to draw attention to other uncertainties in the South African context as pointed out by critics, for example, whether the municipality is supposed to be the driver of the LED process, or a facilitator, or rather an active observer of a process that is driven by the local business sector (Meyer-Stamer, 2002:3). Though LED strategies in South Africa constitute a relatively new approach to development, according to the White Paper on Local Government (Republic of South Africa, 1998), municipalities are expected to play a fundamental role in promoting job creation and boosting the local economy, but as to how this is operationalised is not clear. Under the circumstances, the selected significant issues the research will seek to investigate can be formulated as follows:

- How effective are LED arrangements in MLM?
- What are the implementation challenges of LED programmes in MLM?
- What could be done to improve the effective implementation of LED programmes in MLM?

#### **1.5 RESEARCH OBJECTIVES**

The above research questions emanate from a need to determine what difference the LED implementation has made and will achieve the following set objectives:

- To investigate the effectiveness of LED arrangements in MLM
- To analyse challenges in implementation of LED programmes in MLM

- To make recommendations regarding improvements in implementation of LED programmes to help achieve economic growth and development.

## **1.6 CONCEPTUALISATION AND TERMINOLOGIES**

### **1.6.1 Local Economic Development**

Local Economic Development (LED) is defined as the process or strategy in which locally based individuals or organisations use resources to modify or expand local economic activity to the benefit of the majority in the local community (Nel & Humphrys, 1999:277). It is an outcome based local initiative driven by local stakeholders and involves identifying and using primarily local resources, ideas and skills to stimulate economic growth and development. LED is regarded as a process in which local government and/or community based groups manage their existing resources and enter into a relationship arrangements with the private sector, or with each other, to create jobs and stimulate economic activity in an economic area (Nel & Rogerson, 2005). The aim of LED is to create employment opportunities for the benefit of all residents, alleviate poverty, and redistribute resources and opportunities (Department of Provincial and Local Government (DPLG), 2003:1). LED actions can take place at a municipal level, requiring the setting of comprehensive and realistic goals and joint action between different spheres of government, the private and the community sectors and all local role-players.

### **1.6.2 Local government**

According to section 151 (1) of the *Constitution of the Republic of South Africa* (RSA, 1996), Local government is the sphere of government that consists of municipalities that must be established for the whole of the territory of the Republic. The municipality has the right to govern, on its own initiative, the local government affairs of its community, subject to national and provincial legislations as provided for in the Constitution. However, the White Paper on Local Government (1998) makes it clear that Local Government is not directly responsible for creating jobs. Rather, it is responsible for taking active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities and so while section 152(1) of the Constitution places a great responsibility on municipalities to facilitate LED, the schedule in the Constitution that lists the functions of municipalities does not include LED.

This is critical and must be noted in that it has contributed to a view that sees LED as an unfunded mandate for municipalities.

### **1.6.3 Programme**

A programme is defined as a framework for grouping existing projects or defining new projects, and for focusing all the activities required to achieve a set of major benefits (Pellegrinelli, 1997). According to Ferns (1991), a programme is a group of projects that are managed in a coordinated way to gain benefits that would not be possible were the projects to be managed independently.

In the context of this study, programme refers to a combining of projects to be undertaken in order to facilitate development of the rural areas and alleviate poverty.

Many South Africans reside in rural areas, most of which still suffer from past underdevelopment. Investments in these areas should be based on a new vision of sustainable rural economies and should focus on innovative employment generation programmes possibly that do not necessarily require large sums of capital.

### **1.6.4 Integrated Development Planning**

Integrated development planning (IDP) is a process through which municipalities prepare a strategic plan containing short, medium and long-term development objectives, strategies and programmes for the municipal area. The IDP is a principal instrument that guides and informs budgeting, management and decision making related to service delivery and development in a municipality (Department of Provincial and Local Government, 2005:8). IDP is primarily a plan concerned with directing and coordinating the activities of an elected authority (Harrison, 2001). IDPs were meant to become local expressions reflecting the synergised inputs of all three spheres of government. Coordinated structural planning within the context of the IDP process offers the potential to link local economies so that LED strategies of municipalities linked to the IDPs should over time become the basis of what the rest of government does together with municipalities.

### **1.6.5 Private Public Partnerships**

A Private Public Partnership (PPP) is a commercial transaction between an institution and a private party in terms of which the private party either performs an institutional function on behalf of the

institution for a specified or indefinite period or acquires the use of state property for its own commercial purposes for a specified or indefinite period. The private party receives a benefit for performing a function or utilising state property, either by way of:

- compensation from a revenue fund or
- charges or fees collected by the private party from users or customers of a combination of such compensation and such charges or fees (RSA, 2001).

Bovaird (2004) defines PPPs as working arrangements based on mutual commitment over and above implied in any contract between public sector organisations with any other organisation outside the public sector.

## **1.7 SEQUENTIAL ARRANGEMENT OF CHAPTERS IN THE DISSERTATION**

The chapters of the research report are structured in the following manner:

**Chapter 1** presents an overview of the study, the background to the study, problem statement, motivation for the study, aims and objectives, and the research questions.

**Chapter 2** presents a review of the relevant literature with the view to locating the study within the existing theoretical body of knowledge.

**Chapter 3** of the research report presents a detailed report of the research design and research methodology followed in the study. The choice of a research design and specific research methodologies are justified.

**Chapter 4** indicates procedures that were followed and how data was analysed. It will include own assessment of the generalisability of the study findings and limitations in generalising from the sample back to the larger population from which the sample was drawn.

**Chapter 5** of the report presents a summary of the investigation and interpretation. It contains a statement of what has been discovered about the subject matter and where future research might be directed. Recommendations should always be based on the conclusions and should be of a practical nature, so that they can be used optimally in practice.

## **1.8 CONCLUSION**

Globally, academics, development practitioners and stakeholders recognize the important role of local economic development in order to create jobs, alleviating poverty and overall improvement in the quality of life for local communities. In order to achieve dynamic local development, all aspects of local communities such as the economy, social, welfare, environmental and political issues need to be addressed in an integrated and holistic approach. A comprehensive strategy therefore need to be compiled for a specific region to achieve developmental success (Rogerson, 2009).

LED, in summary, is a process by which public, business and non-governmental sector work together as partners to collectively create better conditions for economic growth and employment generations (World Bank, 2003:5). LED is a collective effort and cannot be achieved when role players operate in silos.

Local municipalities are expected to deliver services and goods in an equitable way as provided in the Constitution. Unemployment remains the toughest challenge in our communities, especially in the rural setup. LED is aimed at being one of the important catalysts towards addressing this stumbling block stifling economic growth. Finding an effective way of implementing LED will not only be beneficial for MLM but the country at large since it would in turn impact positively on the national economy as a whole. Chapter 2 deals with the literature review.

## **CHAPTER 2: LITERATURE REVIEW – LOCAL ECONOMIC DEVELOPMENT**

### **2.1 INTRODUCTION**

Chapter one of the study introduces the reader to the study and provides background to the problem statement and the motivation of the significance of the area of study as well as the rationale behind undertaking the study. The literature review as presented in this second chapter is so conducted and presented with the aim of locating and anchoring the study domain within an existing theoretical body of knowledge. Before the literature on a LED is discussed, the literature review as a concept is explained in order to provide clarity to inform the approach undertaken in this study. Definitions of local economic development by several scholars are detailed below to inform a wider understanding of the LED concept.

Issues considered in the discussion include the concept of LED, key principles of LED, LED stakeholders and linkages to service delivery, strategies used in implementing LED, challenges associated with LED initiatives, Molemole Local Municipality s’ functional LED projects, among others. The understanding of the literature review is discussed below.

### **2.2 UNDERSTANDING A LITERATURE REVIEW**

A literature review can be defined as a critical evaluation of previous scholarly writings that are relevant to the research topic (Bless, Higson-Smith & Kagee, 2006:24). The primary aim of the literature review is to contribute to a clearer understanding of the nature and phenomenon of the problem of the study, beginning with the meaning and associated implications thereof, the purpose being to put the research context into perspective, locating the topic in a larger knowledge pool.

According to Mouton (2002:86), it is of utmost importance that every research project begin with a review of the existing literature in its particular field of study. A good literature review makes the researcher aware of what has already been written to avoid duplication of study and unnecessary repetition. Such a review helps the researcher to consolidate the theoretical foundation of the study. By compiling a review of research findings that have already been published on the particular topic, researchers may become aware of inconsistencies and gaps that may justify further research (Welman, Kruger & Mitchell, 2005:38).

Welman *et al.* (2005:41) argue that literature sources can be divided into three categories: primary, secondary and tertiary. Primary is the first occurrence of a piece of work such as planning documents and can also include unpublished manuscripts such as letters, memos or even committee meetings that may be analysed as data. Secondary literature sources are books and journals that constitute the subsequent publications of primary sources. They are publications that target wider audiences and are easier to locate than primary literature as they are covered more thoroughly by the tertiary literature review. Lastly, tertiary literature sources are designed either to help locate primary and secondary sources or to introduce a topic. They therefore include indexes and abstracts as well as encyclopedias and bibliographies.

### **2.3 THE CONCEPT OF LED AND MOLEMOLE MUNICIPALITY**

The definition of LED by different scholars is also provided to give effect to a comprehensive understanding of the concept. There are numerous definitions for LED, most of which underline two important aspects: first, LED is an ongoing process, and secondly, it is driven by local actors from different societal sectors, which implies collaboration, and even co-responsibility between the public and private sector for the economic development of a region or location (Patterson, 2008:3).

LED is defined as an outcome based local initiative driven by local stake holders. Sebola and Fourie (2007:34) define LED as the process that aims at redistributing resources and opening up opportunities to benefit local residents. It involves identifying and using primarily local resources, ideas and skills to stimulate economic growth and development. It must be pointed out that even though the aim of LED is to create employment opportunities for the benefit of all residents, alleviate poverty and redistribute resources and opportunities (DPLG, 2003:1), it is, however, not a single project or activity but rather a continuous and ongoing multi-dimensional and multi-sectoral approach to building up the economic capacity of a local area to improve its economic future and the quality of life for all. It is envisaged that through this process, the public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation. Therefore, LED recognises that people, business and governments at local levels are best able to restructure economic situations that will stimulate growth that is required to create jobs and thereby reduce poverty. There is dispute among scholars about fundamental implementation issues of whether the traditional types of local strategies and

approaches toward LED are successful, not only in generating “pro-poor development”, but in not marginalising the poor even further through uneven development (Bond, 2003).

Building equity in society is an essential aspect of development processes (Cape Town, 2014: Online). All in all, one can realise that LED has three major stakeholders, namely, local government/municipalities, community groups and the private sector, all of whom are key in stimulating local economic growth. It is important to note that LED is also about the redistribution of wealth, which was previously skewed as a result of the apartheid regime, by increasing income levels, broadening the tax and revenue base of a municipality, improving municipal services and facilities, for example, building new institutions for sustainable development thereby being a vehicle for development to areas in need.

Global changes in the political economy of development, along with techno-managerial changes of the new “geo-economy”, have fundamentally transformed the conditions for development initiatives such as LED (Helmsing, 2001).

Molemole Local Municipality is located in the North Eastern side of Polokwane (Limpopo Province) and is located in the Capricorn District Municipality, of Limpopo, South Africa. The seat of Molemole Local Municipality is Mogwadi. According to the Census 2011 results, the municipality covers an area of 3 347.33 square kilometres and has a population of 10 8321 (32.36 per square kilometre) and has 30 043 households at an average of 8.98 per square kilometre. A large percentage of the population in Molemole, 39.35%, is in the age group of 0-14 years. The next group is the age category 15-34 years, who make up 33.88% of the total population. The above-stated population figures project a high future population growth. The group 35-64 years shows a relatively low population at 20.75% of the total population. The lowest population number is in the age group of 65 years and above, who are estimated at 6.02%. Most households are headed by a female (54%), the reason being that most males are currently working in Gauteng and elsewhere (Statistics South Africa, 2015: Online).

The labour market status among the 15-64 year age group (based on Census 2011) indicates that there are 15 225 employed, 11 344 unemployed, 2 948 discouraged workers, 32 080 not economically active, and an overall official unemployment rate of 42.7% (which rises to 48.4% when looking at the expanded unemployment rate (Hirschowitz, 2013)).



The municipality is also faced with severe financial constraints in delivering essential services. About 76% of the population have access to water and infrastructure for water provision within at least 200 metres from their dwelling units. The lack of a reliable water source within Molemole makes it difficult to provide water on a sustainable basis. The municipality relies entirely on ground water for its water supply for primary and agricultural use. Only 20% of households have access to acceptable levels of sanitation or at least a VIP toilet on site. About 83% of households do not have access to refuse removal. The majority of Molemole Local Municipality population, about 75%, uses electricity as a form of energy. A fairly large part of Molemole Local Municipality has been subjected to land claims. About 833 square kilometres of land is under claim, constituting 25% of the municipal area. Land development and land use management is hindered by the different types of legislation used in different areas and town/settlements.

The municipality has a high potential in economic development especially agricultural development in Mogwadi (tomatoes and potatoes), game farming, forestry, mineral scanning, and tourism. The new developmental role for municipalities encompasses a much more strategic, innovative and multi-sectoral involvement in infrastructure, and economic and social development. When MLM's IDP was first adopted in 2002 less than 20% of the population had access to water, 5% had access to sanitation, no roads were re-graveled, only 30% were employed and there was one health centre. Today 65% of the population have access to water at above RDP level, 20% have access to sanitation, 35 kilometres of road has been re-graveled, 45% are employed, 70% have electricity and there are one hospital, six clinics and two mobile clinics (MLM IDP, 2011-2014). It is apparent that the application of LED in such a setting, would not go largely unnoticed and also, the success of LED implementation would be less confounded by other developmental initiatives, hence the setting is very suitable and thus the research can be justified.

## **2.4 KEY PRINCIPLES UNDERLYING IMPLEMENTATION OF LED**

According to the DPLG (2006), the following principles relating to the implementation of LED are identified:

- Poverty and unemployment are the main challenges facing South Africa.
- LED strategies must prioritise job creation and poverty alleviation.

- LED must target previously disadvantaged people, marginalised communities and geographical regions, black empowerment enterprises and SMMEs to allow them to participate fully in the economic life of the country.
- There is no single approach to LED. Each locality may develop an approach that is best suited to its local context.
- LED promotes local ownership, community involvement, local leadership and joint decision making.
- LED involves local, national and international partnerships between communities, businesses and government to solve problems, create joint business ventures and build up local areas.
- LED uses local resources and skills to maximise opportunities for development.
- LED involves the integration of diverse economic initiatives in a comprehensive approach to local development.

LED relies on flexible approaches to respond to changing circumstances at local, national and international levels (DPLG, 2003).

The above-mentioned principles need to be taken into consideration whenever LED initiatives are implemented to ensure compliance to primary objectives conceived in the idea of LED. Hence, it is prudent that the solicitation of inputs, resources, views and synergy of efforts from various stakeholders become imperative in determining the successful implementation of LED programmes and initiatives.

## **2.5 LED STAKEHOLDERS AND LINKAGES TO SERVICE DELIVERY FORUMS**

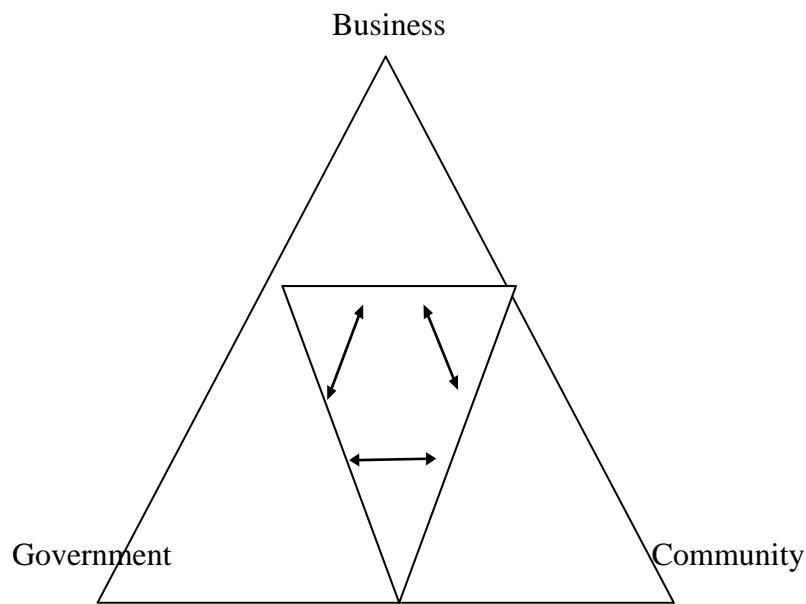
Section 153 (a) of the *Constitution of the Republic of South Africa* (RSA,1996) empowers municipalities and requires that they take responsibility for socio-economic development in their areas, thereby contributing to more sources of income and employment opportunities. This means that the South African local authorities must become catalysts of growth and development (De Beer & Swanepoel, 2000:97). It is further stated that the South African local authorities have to play a crucial role in the South African economy. The authorities must become the engine rooms for local economic development. De Beer and Swanepoel (2000:98) argue further that local government has to promote the growth of the local economy, increase job opportunities within its

jurisdictional area and utilise local resources wisely so as to improve the quality of life for all its inhabitants.

The toolkit on Local Economic Development states that the national government, in particular the former Department of Provincial and Local Government, which is now the Department of Cooperative Governance and Traditional Affairs, acknowledged the need for all actors at all levels of South African society to shape their environment and economic destiny (DPLG: Online).

The Toolkit further recommends that in adopting LED as a strategy, the South African government is encouraging people at all levels of society to participate in economic decision making, an interaction that will explore creativity and build entrepreneurship. Given the challenges that are faced by government in job creation and poverty eradication, LED builds a platform for bringing people together to work towards solutions. LED is therefore the result of joint planning by a municipality, its community and business sectors, that is, all economic forces in the local situation have to be brought on board to identify resources, understand needs and work out plans to find the best ways of making the local economy fully functional, investor friendly and competitively productive.

**Figure 2.1: Interaction between government, community and business**



Source: Toolkit on Local Economic Development

According to Malefane and Mashakoe (2008:477), the link that exists between IDP and LED is rather complex; however, the discussion of both municipal interventions as power-twins emerges as an interesting discourse for both municipal development practitioners and researchers. This connection is expressed in a number of South African legislations. Most notable are the *Constitution of the Republic of South Africa* (RSA, 1996), The White Paper on Local Government (RSA, 1998) and various LED guidelines published through Cooperative Governance and Traditional Affairs (COGTA). The mentioned documents articulate the IDP as a primary instrument that intends to promote social and economic development in municipal jurisdictions.

LED is an integral part of the broader strategic plan (IDP) in the municipality. Due to LED's cross-cutting nature of operation, it has a major influence on the role and orientation of all sector departments and therefore represents a significant part of the IDP. This statement means that although the IDP is incorporative of LED, they should be regarded as distinct from each other. Furthermore, an IDP which does not reflect or incorporate nor make meaningful reference to future economic activities would be incomplete and a recipe for the failure of development. According to the above discussion, it is of critical importance to incorporate LED objectives during the IDP process. The implementation of LED initiatives becomes easier because the relevant stakeholders would have been part of the preparation of the developmental plan.

An LED could be difficult if not impossible to implement where there is no or limited service delivery model in respect of government services. Transport infrastructure, electricity and water are crucial services that are required to enable LED initiatives to thrive. According to Tsheola and Mokgokong (2012:380), public service delivery is a vital tool for the creation, resuscitation and expansion of an enabling local development environment for LED. Theoretically, services are expected to create an enabling local development environment wherein economic development could be realised through, among other things, the generation of employment, income, business entrepreneurship and productive tradable market opportunities. The local environment is denoted 'enabling' because it creates the capacity in people, especially the poor, to make use of productive opportunities and to resist the attendant threats. Poor people's inability to access basic services thwarts their entrepreneurial potential and enforces the cycle of poverty and inequality. The lack of pure open-access public services distorts the local development environment against poor people's efforts.

Vosloo (in Seduma, 2011) states that LED should involve all governmental departments at all levels, all sectors and the general community. The expert role of each stakeholder should be tapped into in the planning, implementation, monitoring and evaluation of LED initiatives. Nel (2001) agrees and states that measuring the impact of LED initiatives on the community will help municipalities to determine which LED projects are effective, and which approaches work better and under what circumstances. This could assist in the prioritisation of LED projects for maximum benefit to the communities and the achievement of municipal objectives. May (in Seduma, 2011) agrees with the two authors that measuring the impact of LED projects will help in saving time by using scarce resources effectively. Furthermore, there is a need for interaction between community, government and the business or private sector as indicated on Figure 1 above. Partnerships of this nature are crucial and more need to be entered into for the successful implementation of LED initiatives in Molemole Local Municipality. Public private partnerships are provided for in the National Treasury's PPP Manual (National Treasury, 2004) and are regulated under Treasury Regulations section 16( RSA, 2002) . This provision could be redesigned to suit LED initiatives. The redesigning should involve relevant professionals, such as financial and legal advisors with technical expertise, to comply with stipulations of the King Report III for the purpose of governance.

## **2.6 LED IMPLEMENTATION STRATEGIES**

The DPLG (2006) states that it is important that LED processes work towards social and economic equality and so strategies have been identified in the national LED framework that should be implemented using the following approach:

**Strategy 1:** This strategy requires the LED unit to focus on a range of existing DPLG initiatives around the priority of improving local economies. Monitoring, and reporting on these actions from a point of view of building public and investor confidence is the responsibility of the municipal finance section and DPLG working closely with National Treasury.

**Strategy 2:** This strategy is driven through the IDP/Provincial Growth and Development Strategies (PGDS)/National Spatial Development Perspective (NSDP) alignment task team that is led by the Presidency and of which the DPLG and Department of Trade and Industry (DTI) are

part. The team should oversee the development of strategic district and metropolitan IDPs working together with the relevant provinces and municipalities.

**Strategy 3:** Strategy 3 is largely a part of the responsibilities of the DTI encompassing a number of sector-based enterprise support initiatives such as the Department of Agriculture's emerging farmer support programme that should be localised more effectively through this framework.

**Strategy 4:** This strategy requires the introduction of a sustainable developmental community investment programme. The LED unit should mobilise resources for an appropriate institutional structure to develop concepts and proposals to pilot and replicate sustainable developmental community investment programming.

In order for LED projects to be successful, the above strategies need to be taken into consideration. However, the above strategies need to be linked to local realities and thus it is important for local communities to take a leading role during the planning process. National and Provincial government should play a supporting role rather than taking the lead in the affairs of local communities (National Framework of Local Economic Development, 2006).

## **2.7 CHALLENGES ASSOCIATED WITH LED INITIATIVES**

Malefane (2009:157) explains that despite sanctions outlined in the *Local Government Municipal System Act*, 32 of 2000, local municipalities in South Africa continue to function without having their authority and progress regarding LED implementation assessed, which should entail the contribution of the organisational structure as a strategic factor in identifying strengths and weaknesses that could influence the achievement of organisational objectives, efficiency and effectiveness. Lack of internal monitoring and evaluation instruments is a challenge and it exacerbates problems related to LED implementation due to lack of records, and undocumented and unverified results. Malefane (2009:166) further argues that LED should be applied as a cross-cutting intervention intending to respond to social, economic, natural, physical, and many other needs in a municipal area.

It is clear from the observations by various authors that in most of the South African municipalities, the implementation of Local Economic Development programmes experiences

some challenges in the process of aligning the LED initiatives to the involvement of the affected communities in the planning processes. Phago (2005) further identifies the factors below as a hindrance to implementation of LED initiatives:

### **2.7.1 Incapacity**

Incapacity problems or shortage of skilled personnel are generic in all spheres of government in South Africa. Incapacity is a result of illiteracy, and there is a strong connection between unemployment and illiteracy. In most cases, where people are illiterate, unemployment tends to be high. Unemployment can be viewed as the most remarkable outcome of illiteracy. LED initiatives should be directed towards capacitating illiterate people and including them in the implementation of these projects. In other words, these initiatives should target people who ordinarily have little chance of participating in the formal economy. The massive backlog of services within municipalities, such as sanitation and water supply, warrant immediate government action, which necessitates an LED approach that will ensure participation of all stakeholders. Capacitated personnel within the municipalities may be the catalysts of improved service delivery through innovative means, which could create employment opportunities for local people (Phago, 2005:136). This view is also supported by Meyer (2014:15).

### **2.7.2 Poor/Weak administrative systems and corruption**

Municipalities frequently find themselves in some administrative quagmire instead of directing their energy onto the delivery of services in a sustainable fashion. It is thus of critical importance that the role of both provincial and national governments be strengthened in order to support municipalities on matters that are administrative by nature so as to allow the municipalities to focus their attention on executing their service delivery mandate. Furthermore, corrupt conduct in the municipality administration and management is widespread in South Africa. Corrupt activities are extremely harmful and stifle LED success (Phago, 2005:137). Rose-Ackerman (2004:4) is of the same view about corruption and poor administrative systems.

### **2.7.3 Infrastructure provision**

Lack of infrastructure services such as buildings, telecommunications and tarred roads in certain municipalities hamper municipal local economic development. Municipalities are therefore faced with the enormous task of ensuring that a conducive environment for LED activities is created by

provision of adequate infrastructure (Phago, 2005:137). Tsheola and Mokgokong (2012:380) concurs that transport infrastructure, electricity, water and other public services are required to enable LED initiatives to thrive.

## **2.8 MEASURES TO IMPROVE THE IMPACT OF LEDS ON THE LIVELIHOOD OF COMMUNITIES**

Kraukamp (2006:29) posits that for LED to have an impact on poverty, municipalities should develop robust and inclusive local economies with a high level of intergovernmental coordination between national government departments and all spheres of government. There is a need to invest in infrastructure and systems to address communication failures by those targeted as beneficiaries not being aware of the opportunities that exist (DPLG, 2000:24).

## **2.9 MOLEMOLE LOCAL MUNICIPALITY'S FUNCTIONAL LED PROJECTS**

Implementation of LED projects seems to be a challenge within rural municipalities where planned projects frequently fail to materialise. Successful implementation of any LED project should be applauded and below is an overview of two successful projects that still operate within MLM.

### **2.9.1 Molemole Indigenous Food Processing Cooperative**

The Molemole Indigenous Food Processing Cooperative (MIFPC) was established in Matoks and seeks to empower unemployed men, women and youths in entrepreneurial activity through imparting skills development and facilitating appropriate training. The conceptualisation of the project was motivated by the high abundance of indigenous prickly pears and marula wild fruit, which are then harvested on a commercial scale. It is perceived that the ethos of the project is in accordance with the policy of recognition and promotion of indigenous knowledge systems launched by the Department of Science and Technology in South Africa, wherein the use of people-centred pedagogy is emphasised so as to optimise on locally available skills and produce (Mashala, 2012).

The project's establishment is widely regarded as a barometer for local wealth creation and large scale poverty eradication strategy.



### **2.9.2 Sekwena Arts and Crafts Project**

Molemole Local Municipality, in conjunction with prominent community leaders, identified a need to have an arts and crafts centre to envisage cultural activities, be it music, African arts and design including visual arts, pottery, sewing and knitting, life skills, arts and crafts training and performing art: poetry, drama and comedy. In the 2012/2013 financial year, an amount of R800 000 was devoted to making the centre a reality. The Molemole Local Municipality, through the Local Economic Development and Planning Department, created the conducive environment and secured stakeholders such as the Provincial Department of Sports, Arts and Culture, the private sector and community, among others. It, however, remains the responsibility of the project members to do performances as that ultimately contributes towards job creation and poverty alleviation.

## **2.9 CONCLUSION**

Meyer (2014) postulates that policy does not automatically lead to implementation. Improved skills levels are required, staff and funding shortages need to be resolved, strong community involvement in the planning and implementation of LED projects is needed, and proper monitoring and evaluation is key for successful implementation of LED projects.

Local commitment, and adequate skills and capacity is paramount for LED success (Meyer, 2014). Implementation of economic development activities are hampered by the lack of available resources at the local level. The barriers to implementation of LED programmes can take many forms, and run the gamut from lack of financing to lack of local leadership. It can also be noted that institutions in both the national and international arena face similar challenges in the implementation of LED strategies.

The research design and methodologies applied in this study will be covered on the next chapter.

## **CHAPTER 3: RESEARCH DESIGN AND METHODOLOGY**

### **3.1 INTRODUCTION**

While the previous chapter discussed the literature review with the aim of locating the study domain within an existing theoretical body of knowledge, this chapter considers the research design and methodology applied in this study. The main objective of this chapter is to describe essential features of research design and methodology. Methodology is focused with the practical basis on the specific ways in which the knowledge is acquired as well as the accompanying assumptions thereof. The design of a study defines the study type, research question, data collection methods, as well as the analytical processes to be followed, as it all impacts on the data type or information that should be collected in order to answer the research questions. The chapter further aims to outline the research design and methods used for sample size determination, selection and the methodology for data collection techniques, as well as measures necessary to ensure both face and content validity and reliability of the study. In fact, Babbie and Mouton (2001:74-75,100) regard a research design as a blueprint or plan of how a researcher intends to conduct a study and focuses on the logic of research by presenting a structured framework of the trajectory of the research process in required order to solve the research problem.

A distinction is generally made between quantitative and the qualitative research methods. The quantitative element provides inflexible blueprints of how a study should progress, whereas the qualitative one provides flexible guides. According to Terre Blanche and Durrheim (1999:32-33), the former is more suitable for surveys and experimental studies, whereas the latter is more relevant in phenomenological, ethnographic and case studies, and involves an exhaustive understanding of participants' behaviour and the reasons that influence participants' conduct. Unlike a quantitative research paradigm, qualitative research hinges on reasons behind certain conduct and experiences of the participants. Qualitative researchers are normally depended on participation in the settings, direct observation, in-depth interviews and analysis of responses for data collection (Babooa, 2008:137).

According to Mason (2005) a wide line-up of dimensions of the social world is explored through qualitative research, including everyday life, and the understandings, experiences and thoughts of

social participants. A qualitative research approach also explores the ways of social processes, institutions, debates or relationships and the significance of meanings they generate.

### **3.2 RESEARCH DESIGN, POPULATION AND DATA COLLECTION**

This study proposes multiple methods of data collection, the rationale being the validity of the research findings is enhanced by minimising or where possible eliminating potential errors. Also validity and reliability are often achieved when research uses diverse data collection techniques. The fundamental objective of using multiple data collection methods is to augment the validity and reliability of the results (Munzhedzi, 2011:57).

Research methodology is a strategy of inquiry that moves from the underlying philosophical assumptions to research design and data collection, and influences the way in which the researcher collects data. Research methodology outlines the techniques, methods, tools and procedures used in conducting the research design (Mouton, 2002:36). Munzhedzi (2011:57) argues that using multiple research methods is not only possible and desirable, but the best way of improving the quality of research. A skilful researcher chooses the most appropriate research method carefully to solve a particular problem.

Schurink (2003:2) states that qualitative research is an accepted methodology in all social sciences and applied fields of practice because it helps researchers understand people and the social and cultural contexts within which they live. Based on this contention, a qualitative research methodology was used in this study, to understand human experience by comprehending the social, linguistic and historical features that give it shape within particular contexts. The approach of the research is that it was conducted within a natural environment with semi-structured questionnaires administered to the participants of LED projects in MLM, municipal officials and members of the public residing within MLM. This study is conducted within a qualitative domain to allow for:

- direct exploration of the natural social setting of the projects and its members in its present time
- a focus on getting the confidence of the respondents when making enquiries in an acceptable manner

- an examination of the actual implementation approaches of LED programmes in Molemole Local Municipality wherein the natural setting is viewed as the habitat of the respondents where the researcher explores
- the observation during site visits of sampled LED projects in the community
- data realised to be analysed in order to arrive at a particular conclusion (Creswell, 1998:14)

### **3.3 THE TARGETED STUDY AREA**

The targeted study area is two areas of the municipality, namely Mogwadi and Matoks. These areas were selected as they have LED projects that provide for the investigation undertaken in this study. In Mogwadi, two LED projects, Letswathemong Poultry Project and Sekwena Art and Craft Project: Mohodi ha Manthatha, are plausible. The former is still operational whereas the latter has collapsed. It is from these two projects that a sample of the unit of analysis and respondents were selected. Botlokwa Indigenous Food Processing is located in the Matoks area and is currently functional. The three projects were selected out of 11 LED projects that were planned from the 2009/10 to 2013/14 financial years (Molemole Annual report, 2009/10 to 2012/13 & IDP, 2013/14). By identifying the above, a focus is directed to community projects that are prominently LED initiatives.

De Vos (in De Vos *et al.*, 2005:194) defines a sample as comprising elements of the population considered for actual inclusion in the study. Samples are drawn because researchers want to understand the population from which they are drawn and to explain the facets of the population. The researcher used purposive sampling as according to De Vos (2005:328), in purposive sampling a particular case is chosen because it illustrates some feature or process that is of interest for a particular study. It is further indicated that in purposive sampling the researcher searches for information-rich key informants, groups, places or events to study. The samples were chosen because they were likely to be knowledgeable and informative about the phenomena that the researcher is investigating (McMillan & Schumacher, 1993:378). The targeted population is 25-30 individuals, being officials from Molemole Local Municipality, community members and project members who are likely to be knowledgeable about the LED projects of Molemole Local Municipality, Limpopo Province.

In this study, a qualitative research design was employed. This method could also be seen through the data collection method used. Data was obtained by means of semi-structured questionnaires, documentary analyses and projects site visits.

### **3.4 QUESTIONNAIRES**

A questionnaire consisting of 23 items as per the annexure is employed in this study. Purposive sampling will be adopted; according to De Vos (in De Vos *et al.*, 2005:328), in purposive sampling a particular case is chosen since it illustrates some feature or process that is of interest for a particular study. Researchers rely on their experiences, ingenuity or previous research findings to deliberately obtain units of analysis in such a manner that the sample they obtain may be regarded as representative of the relevant population (Welman *et al.*, 2005:69). However, it must be acknowledged that this approach quite often takes the freedom of generalisability, as parameter estimates are not reflective of a population/sample association and therefore cannot be quantified. However, accepting the uniqueness of community initiatives may imply that where the focus mimics a case study with no anticipation of extending results beyond the focus and community of the sought effect, purposive sampling does provide for credible inferences.

A questionnaire is a data collection tool in which written questions are presented which are to be answered by the respondents in written form. Babbie (2001) defines a questionnaire as a document containing questions and other types of items designed to solicit information appropriate for analysis. According to Babbie (2001) open-ended questions are questions to which the respondent is asked to provide his or her own answers, whereas closed-ended questions are survey questions in which the respondent is asked to select an answer from among a list provided by the researcher.

For the purpose of this study, a questionnaire (see Annexure 1) was distributed to respondents who included MLM officials, MLM community members and MLM LED project members.

The questionnaire also included in its content the aims of the study, and assurance of confidentiality of the answers and respondents in order to encourage participation. It also notes that respondents are in no way coerced into participating in the study and their involvement is purely voluntarily. A letter of permission (see Annexure 2) from the MLM to conduct a study at the municipality is also attached as ethical clearance and provides this study with the due authority.

The kind of questionnaire used in this study contains semi-structured (open-ended and closed) questions. The reason for using semi-structured questions is that it gives respondents freedom to express their views the way they understand the situation, and it differs with structured questions (quantitative) whereby answers have limitations. The researcher did not want to restrict the views of the respondents in relation to the implementation of LED programmes at MLM. The kind of questionnaire used in this study contains semi-structured (open-ended and closed) questions.

It is the researcher's responsibility to plan and execute the study in a way that would minimise any threat to the reliability of the results. Multiple use of data collection methods increases reliability of results. The methods of data collection used in this study include a questionnaire, documentary analysis and site visits. For the purpose of this study, data was obtained by means of semi-structured questionnaires and in cases where some respondents were illiterate, the researcher was responsible in guiding them through the answering of the questionnaire. The response rate of this study is 87.5% and therefore the results of this study can be relied on.

**Table 3.1: Purposive sampling**

<b>Category</b>	<b>Target population</b>	<b>Proportional sample</b>
Municipal officials ( LED unit)	2	(100%)
Community members	20	18 (75%)
Projects members	10	8 (90%)
<b>Total:</b>	32	28 (87.5%)

### **3.5 DOCUMENTARY ANALYSIS**

Documentary analysis involves the study of existing documents, either to understand their substantive content or to illuminate deeper meanings that may be revealed by their style and coverage (Strydom & Delport, 2011:376). As a way of ensuring multiple collections of data to produce reliable results, documentary analysis was applied. Documentary analysis was conducted based on desk-top consultation of published municipal documents such as the Annual Performance Plans, Annual Reports, IDP and LED Strategy for Molemole Local Municipality. Relevant municipal documents were also studied for more information pertaining to the municipal LED projects and programmes.

According to Morse (1994, cited in Greef, 2011:372), field notes are described as a written account of the things the researcher hears, sees, thinks and experiences in the course of collecting or reflecting on the data obtained during the study. In this study, field notes were used to record data in addition to the semi-structured questionnaire about the information heard, experienced or seen during the research, more especially during the project site visits by the researcher.

### **3.6 SITE VISITS**

According to Moen and McClure (1997), site visits as a research technique provide the researcher with an opportunity for onsite interaction with individuals involved with projects that are being investigated. The researcher conducted one-day site visits to selected LED project sites to solicit information about their implementation processes. The researcher had an opportunity to interact with project members and tour the LED sites.

### **3.7 RECORDING OF DATA**

According to Morse (1994, cited in Greef, 2011:372), field notes are described as a written account of the things the researcher hears, sees, thinks and experiences in the course of collecting or reflecting on the data obtained during the study. In this study, field notes were used to record data in addition to the semi-structured questionnaire about the information heard, experienced or seen during the research.

### **3.8 DATA ANALYSIS TECHNIQUES**

Data analysis involves two key steps: reducing the collected data to manageable proportions and identifying patterns and themes in the data and thus making inferences or conclusions in line with study objectives and hypotheses postulated. Theme identification is one of the most fundamental tasks in qualitative research. There are a number of techniques to identify themes, which include, *inter alia*, word analysis, intentional analysis of linguistic features, physical manipulation of texts and secondary data analysis (Welman *et al.*, 2005:212). In this study, analysis includes data collected through semi-structured questionnaires and published municipal documents such as the IDP and LED Strategy for Molemole Local Municipality. Additional data was further collected during the interactions with some of the role players in the course of project sites visits, informal conversations and examining projects activities.

### **3.9 LIMITATIONS OF THE RESEARCH**

One of the limitations of the research was that it looks at Mogwadi and Matoks areas and therefore the findings may not be applicable to other areas of local government in South Africa. Hence, LED implementation mechanisms and dynamics elsewhere may not necessarily be similar and will invariably differ from one community to another.

### **3.10 ETHICAL CONSIDERATIONS**

Ethical behaviour is as important in research as in any other field of human activity. Certain ethical considerations, concerned with such matters as plagiarism and honesty in reporting of results, arise in all research, but additional issues arise when research involves human subjects, in both biological and social sciences. The principles underlying ‘research ethics’ are universal and concern issues such as honesty and respect for the rights of individuals.

Ethical considerations came into play during stages of the research project, namely:

- The researcher provided all possible and adequate information regarding the purpose of the research, procedures, disadvantages and dangers to which participants might be exposed.



- The researcher preserved the privacy and confidentiality of the participants by maintaining their anonymity.
- All participants participated voluntarily and no compensation was paid to them.
- The researcher compiled the report as accurately as possible. The researcher avoided plagiarism and fabricated findings on the release of findings or publications (Babbie & Mouton, 2001:232).

### **3.11 CONCLUSION**

The study adopts a mixed methods approach in order to assess LED implementation at MLM from various dimensions. Mixed methods research design is defined as the class of research where the researcher combines research techniques, methods, approaches and language into a single study (Johnson and Onwuegbuzie, 2004).

The chapter discussed and provided information pertaining to the type of study or research design, study area and the population, sample selection methods and size, data collection methods and data analysis.

The next chapter will focus on the research findings including response rate, analyses and interpretation of collected data. The responses from the said project members, officials, and members of the public will be analysed, interpreted and presented accordingly. The research findings together with the interpretations are provided in the next chapter.

## **CHAPTER 4: DATA ANALYSIS AND RESEARCH FINDINGS**

### **4.1 INTRODUCTION**

Chapter 3 discussed the research design and methodology applied, including suitable data collection methods. The main aim of this chapter is to present the findings and also to analyse the research data that was gathered. The analysis is based on the data collected through various methods discussed in Chapter 3, namely a semi-structured questionnaire, documentary analysis and project site visits. Responses from several questions asked in the semi-structured questionnaire are discussed in detail. This chapter further seeks to provide key responses to questions related to the research problem as pointed out in Chapter 1, which intends to investigate how effective LED programmes implemented in MLM are and what impact they have on both economic growth and poverty relief.

### **4.2 FINDINGS FROM QUESTIONNAIRE AND ANALYSIS**

Overall, the respondents were asked twenty-three questions. The first five were about a need to understand their personal particulars. As indicated in Chapter 3, the focus has been on Municipality officials, LED project members and community members of Molemole Local Municipality. Data was collected by making use of a semi-structured questionnaire (Annexure 1), which respondents were allowed to complete by themselves. In other cases where some respondents were illiterate, the researcher was responsible for guiding them through the answering of the questionnaire. A total of 32 respondents was targeted and 28 of those responded. Responses to questions asked in the questionnaire are analysed below.

#### **4.2.1 Gender**

The aim of asking a question on gender was to determine whether more males or females responded about the LED projects and whether they were familiar with activities of the projects. Respondents were made up of 61% females and 39 % males.

#### **4.2.2 Age distribution of respondents**

According to Statistics South Africa (2015: Online), the population figures for MLM LED projects' high future population growth with the group 35-64 years show a relatively low population, around 20% of the total population. The distribution of the age groups sampled more or less confirms that and in fact, none of the 65 year olds and above were sampled and 80% of the population is between the age group of 26 and 35 .

#### **4.2.3 Educational status of respondents**

Inferences regarding educational status help explain exposure and vulnerability within the skills domain. It also sheds light on the ease within which key issues such as strategy or financial matters can be determined or assimilated. The conclusion is that the educational status is improving but still lacking at the higher degree or post-degree level. Furthermore, it is apparent that those who never attained matric are, in fact, in the majority at 54%, thus dashing any hope they might have of competing on the job market. Hence, this initiative is well aligned in that it targets people who ordinarily have very little chance of participating in the formal economy as highlighted earlier (see 2.7.1). Those with matric and above were at 46%.

#### **4.2.4 Employment status of participants**

The findings indicated that only half of the respondents are employed. The labour market status in the municipality presented in the literature review based on Census 2011 data shows an unemployment rate of between 42.7% and 48.4%. Therefore the sample dynamics reflect the configuration in the community, and therefore this reflects well in terms of the study's validity.

#### **4.2.5 Duration of stay within MLM**

The sample responses are expected to be truly reflective of the views of the residents of the municipality in that over half (54%) of those sampled have been resident for at least 10 years. This will also be vital to triangulate with the age group to ascertain if there has been any immigration into the municipality within the year in which the study was conducted.

#### **4.2.6 Affiliation to community structures**

The community structures identified are presented here for the reason that the implementation and application of LED is to some extent premised on functional community structures. It is therefore

necessary to identify existing as well as non-existent or, better still, structures deemed as lacking, for the full implementation and success of LED initiatives. It was evident from the findings that officials generally participate at ward committee, religious and political level. There was a clear need to ensure that there is an establishment of community structures in various villages across the Municipal area. These structures would be instrumental in development of initiatives to address community development challenges.

#### **4.2.7 Community structures missing but deemed necessary to establish**

According to the majority of respondents (78%), Public Private Partnerships (PPPs), LED Forums and NGO structures are currently deemed missing but necessary that they be established with a view to enhance the LED implementation processes.

#### **4.2.8 Sufficient understanding of LED concept**

Perhaps the question as to why there is a sentiment on the need for PPPs could be reflected in the responses to Question 8 which sought to determine whether or not LED implications are understood. The response shows that about 78% do not understand and if this is combined with almost 13% who feel they have only a rudimentary understanding of it, the figure of those without a concrete grip of the LED concept and implementation rises to almost nine in every ten. This indicates a huge proportion for a population meant to be the custodian of the project.

#### **4.2.9 Community structures involved in LED initiatives**

The majority of respondents (65%) mentioned ward committees as the structures that participate during IDP processes, which is a platform whereby LED initiatives are conceived. From this finding, it can be seen that there is a clear need for the establishment of community structures that will give impetus to conceptualisation of LED initiatives at MLM.

#### **4.2.10 The manner in which community structures are involved in LED initiatives**

The majority of respondents (87%) indicated that structures that participate in LED initiatives are ward committees. Their participation is not purely at LED structure level but in IDP processes that give rise to LED projects.

#### **4.2.11 Involvement of Private Public Partnerships in LED projects of MLM**

Respondents who are not aware of any PPPs involved in LED projects in Molemole are 93%. The 7% who knew of such arrangements were in fact municipal officials. There is one project called ‘Youth in Agriculture’, in which the commercial farmers partnered with the Municipality to offer mentorship to agricultural graduates in the area to impart skills, because, as was mentioned in the literature review, for LED projects to succeed, there is a need for interaction between community, government and the business or private sector. Partnerships of this nature are crucial and more need to be entered into for the successful implementation of LED policies in Molemole Local Municipality. What is significant, however, is that 90% of respondents are uninformed of this and it clearly points to a gap in information sharing, especially when either benchmarking projects or orientation through another LED project could surely enhance the intended outcomes. Clearly, communities are indeed yearning for and awaiting the coming on board of private sector visibility in LED initiatives.

#### **4.2.12 Participation of respondents in local planning forums within MLM**

Eighty-seven percent of the respondents pointed out that their participation is only in IDP and LED processes. The involvement of other community structures in LED was unknown to them. This brings back the argument that the establishment of community structures relevant to LED is crucial and more need to be established for the successful implementation of LED policies in MLM.

#### **4.1.13 Community structures participating in the IDP process of MLM**

Respondents’ views about this question are found to be aligned to those in 4.2.9 in that 65% feel that ward committees are the only structures that participate meaningfully in the IDP process of MLM. Again it reinforces the argument that the community needs mobilisation to form structures that will give impetus to LED initiatives.

#### **4.2.14 Understanding of linkage between IDP and LED**

It must, however, be noted that whereas implementation of IDP in the community seems not to be on track in so far as the respondents are concerned, there is a general awareness and knowledge of it, unlike with the LED. The findings attest that slightly above 60% of the respondents envisage linkages between LED planning and IDP processes, but with participation the percentage falls to

only 50%, as evident in the research findings. Adequate publicity and awareness of LED departments/units and agencies should not be the top priority in MLM, rather the realisation of sufficient participation should be.

#### **4.2.15 Challenges hindering implementation of LED programmes**

The study has identified a lack of PPPs (as implied by the respondents) as one of the major impediments towards a successful implementation of LED programmes. This is an indication that communities, while appreciating the strategy, think there is a need and more room for partnering with the private sector. It may therefore be worthwhile for a feasibility study that broadly follows the stages as set out in the National Treasury's PPP Manual in relation to public private partnerships regulated under Treasury Regulation 16 be explored as highlighted in Chapter 2 (see 2.5). However, this may need to be modified for LED interventions. Moreover, in order to conduct a feasibility study, it will be necessary for the municipal officials to contract relevant professional technical, financial and legal advisors as per the King Report III, which is applicable to all entities regardless of the manner and form of incorporation or establishment and whether in the public, private or non-profit sectors.

About 80% of the respondents do not have a clear understanding of the LED as a concept. Naturally then, even without collecting empirical evidence, it is difficult to see how through the very same misunderstood LED economic growth and social upliftment can be channeled to the community unless and until they are taught, understand and able to take full ownership of it. Unsurprisingly, there is a desire for PPP intervention, as they cannot desire government intervention because it is already in place, but unfortunately it may very well be concluded that the meant-to-be followers seem not to understand and as such are not involved. It is inescapable that as much as the initiative is noble, serious awareness and training in the rural communities where LED is to be carried out must be carried out first and that any such orientation should preferably be on existing or previously carried out LED projects.

It is clear that in addressing the question 'what are the implementation challenges of LED programmes in MLM as well as what are the approaches?' the responses are greatly confounded by the ability of the beneficiaries to comprehend not only the implementation thereof, but rather by understanding the concepts and intended purpose thereof. For that to happen, especially in

projects inclined on policy determinants, it is clear a threshold level of education is assumed. This study, amid some of the findings that 75% do not even attend local economic planning forums whereas over half do not have matric qualifications, recognises the difficulty and challenge faced unless, of course, such activities are brought to the level of those people, in their vernacular language and probably in the context of their local and social settings. However, these factors would require further probing in future studies. Unless the issue of the misunderstanding of the LED concept by the community is addressed, evaluations of the nature posed such as determination by such respondents as to whether an implementation approach of LED programmes is successful, as well as factors governing such in Molemole Local Municipality, may well be doubtful. The community cannot be used to measure successful/unsuccessful implementation of a concept they do not understand.

Generally, municipalities have to establish IDP Representative Forums, including representatives from business, labour, community and other organisations, and most municipalities also draw in representatives of the Ward Committees in the IDP Representative Forums, besides also engaging with Ward Committees separately. It would enable LED implementation if the implementation strategy is firmly ward-driven rather than voluntary-member driven. The results presented have shown beyond doubt that Ward Committees are more prone than any other formation, to associate with both LED and IDP participation. Strengthening Ward Committees' vibrancy in such a setting would naturally benefit not only IDP but LED as well. In fact, LED would also benefit immensely from the pool of expertise brought about by the IDP process and above all, the 'silo' approach, where one project of the same municipality is disconnected and unknown by stakeholders in a different project of the same municipality, would be addressed. The Municipality and other role players would have to compile a blueprint outlining how services will be rolled out to the community in line with Chapter 5 of the *Municipal Systems Act*, 32 of 2000 (RSA, 2000), which makes it mandatory for municipalities to develop an integrated development plan (IDP) to give effect to the objectives of local government as set out in section 152 of the Constitution.

Local municipalities are required to use 'integrated development planning' as a method to provide future development in their areas. The research established that the majority of respondents (64.3%) indicated a lack of awareness as the main hindrance to the IDP process whereas 14.3% thought that a lack of participation by community members and the business sector is an obstacle

to IDP. It is not always easy to identify the key stakeholders who should participate in IDP meetings. There is a view that the full force of gravity driving the IDP public participation processes leans entirely on regulatory compliance rather than getting valuable contributions. Therefore, in order to manage the IDP process effectively, municipalities ought to institutionalise implementation strategies and structures with respect to internal organisational arrangements meant to give effect to an inclusive participatory approach.

#### **4.2.16 Availability of policies and strategies to promote LED**

MLM has developed various strategies and policies to deal with challenges of socio-economic conditions in the municipality, which include a local economic development strategy and Integrated Development Plan. There are also plans in place to develop a Tourism Strategy and Outdoor Adventuring policies. A smaller percentage of respondents who appear to be municipal officials were aware of the LED policies of the Municipality whereas the majority (93%) of respondents were not aware of LED policies in MLM.

The challenges in the implementation of developed strategies and programmes were:

- lack of capital investment
- skills shortage
- access to the markets.

#### **4.2.17 Availability of enough land to accommodate further development in MLM**

Molemole Local Municipality covers an area of 3 347 square kilometres. The findings of the research are that 78.6 of respondents indicated that there is shortage of land for further development. The response was probably based on the fact that a fairly large part of Molemole Municipality has been subjected to land claims. About 833 square kilometres of land is under claim, constituting 25% of the municipal area land development, and Land Use Management is hindered by the different types of legislation used in different areas and town/settlements (<http://www.molemole.gov.za/index.php>)



#### **4.2.18 The kind of support LED role players receive from municipality/government**

For LED to succeed, government support is required. Most of the respondents indicated that they are not aware of any kind of support from government/municipality that role players receive in order to implement LED related projects. Only 10%, of whom most happen to be municipality officials, indicated that the municipality assists the LED role players with the development of public infrastructure, skills development and marketing linkages.

#### **4.2.19 Funders of MLM LED initiatives**

Funding for implementation of municipal strategies came largely from the municipal budget with a minimal amount coming from donors and grants. Sector Departments such as Limpopo Economic Development and Tourism (LEDET) also provide funding for some projects that relate to their core businesses. Non-profit organisations do sometimes also come on board. An example of such support is evident in the Sekwena Arts and Crafts project that Planning, Education, Agricultural Cooperatives and Environment (P.E.A.C.E) Foundation assist. P.E.A.C.E is a non-profit organisation with an objective to provide disadvantaged communities with the necessary tools and information to bring about their own development, and in so doing improve educational and economic opportunities in their communities. The Foundation assisted Sekwena Arts and Crafts project with equipment and furniture necessary for the proper operation of the project.

#### **4.2.20 Form of credit facilities local SMMEs have to support their business**

All respondents indicated that they are not aware of any financial interventions specifically designed to support small business in MLM. It was clear from the research findings that there is a need to establish some form of financial support to fund SMME initiatives that will ultimately become LED programmes.

#### **4.2.21 Availability of market place where entrepreneurs can sell their products**

According to the majority of respondents (92%), there is limited availability of reliable markets within MLM where entrepreneurs can sell their products. Pension or social grants pay points serve as a common market place for SMMEs. However, pension/social grants are paid only once a month, leaving the entrepreneurs with no opportunity to sell their products during the rest of the

month. Products such as arts and crafts cannot be sold at this particular market place because it is tourists who would normally be interested in buying such products.

#### **4.2.22 Major challenges with negative impact on implementation of LED initiatives at MLM and how they can be resolved**

The study has identified a lack of public private partnerships (as implied by the respondents) as one of the major challenges towards a successful implementation of LED programmes. This challenge can be resolved by the Municipality galvanising partnerships with the private sector. There should also be structures such as PPP forums established within the Municipality designed to drive this strategy in order for it to succeed.

As already indicated, the second major challenge is lack of clear understanding of LED as a concept as cited by 80% of the respondents. There should be serious awareness, training and orientation in the rural communities where LED is to be carried out and any such orientation should preferably be on existing or previously carried out LED projects.

The third major challenge is lack of funding and skills to run LED projects. Sixty point eight percent of the respondents indicated that these are the greatest major challenges hampering implementation of LED projects. Drumming up support for funding and workshops to educate people about skills necessary for LED implementation are some suggestions of how to resolve these challenges.

### **4.3 FINDINGS FROM DOCUMENTARY ANALYSIS**

Molemole Local Municipality includes LED projects in their Annual Performance Plans. Below is a summary of capital projects with LED links that were planned from the 2009/2010 to 2013/2014 financial years. The projects were extracted from MLM annual reports and adopted IDP budget 2011-2014 documents. Special attention was focused on projects that had potential to generate a large number of sustainable jobs.

#### 4.3.1 Financial year 2009/2010

**Table 4.1: Molemole Local Municipality Local Economic Development Department annual performance analysis for 2009/2010 financial year**

No	Implementing Agent	Project name	Location	Budget	Funding Source	Time frame	Remarks
1.	MLM	Botlokwa Food Processing Factory	MLM (Matoks)	R600 000	MLM revenue	2009/10	The factory is operational and employs ten individuals
2.	Molemole Local Municipality	Detergent Factory	Molemole Local Municipality (Factory site along N1)	2 500 000	MLM revenue	2009/10	Project deferred due to lack of funding. It has not been implemented to date.

Source: (Molemole Local Municipality, 2010: 94)

Two projects were planned for 2009/2010 financial year. However, only one project was successfully implemented. The Molemole Indigenous Food Processing Cooperative (MIFPC) project, which benefited ten local people who were unemployed (eight women and two men) and produces marula jelly, prickly pear jam, juice and peanut butter. The other intended project regarding construction of a detergent factory did not materialise. Its budgeted funds were rechanneled into other MLM programmes. When the researcher visited Molemole Local Municipality during data collection in November 2014, he was informed that this project has not been implemented.

### 4.3.2 Financial year 2010/2011

**Table 4.2: Molemole Local Municipality Local Economic Development Department annual performance analysis for 2010/2011 financial year**

No.	Implementing agent	Project name	Location	Budget	Funding source	Time frame	Remarks
1.	Molemole Local Municipality	Mohodi Arts and Culture	Molemole Municipality (Mohodi ha Manthatha)	R800 000	Own revenue	2010/11	The project is functional and 25 beneficiaries are employed
2.	Molemole Local Municipality	Letswatshemong Poultry project	Mogwadi	R100 000	Own revenue	2010/11	The project was completed and handed over but currently has collapsed.

Source: (Molemole Local Municipality, 2011)

During the 2010/2011 financial year, there were two projects that were planned to be implemented and both were successfully implemented. They were funded internally by Molemole Local Municipality. The beneficiaries are 25 individuals (residents of Mohodi, Ha-Manthata village) and all are skilled as a result of training initiated by the project. Among other things, they specialise in sculpting, paintings, bone crafting, pottery, bead work, and sewing, in addition to cultural activities.

Letswatshemong Poultry project was also implemented but did not survive as a result of squabbles among beneficiaries and was ultimately closed down after functioning for a short period of time.

### 4.3.3 Financial year 2011/2012

**Table 4.3: Molemole Local Municipality Local Economic Development Department annual performance analysis for 2011/2012 financial year**

No.	Implementing agent	Project name	Location	Budget	Funding source	Time frame	Remarks
1.	Molemole Local Municipality	Stone Crushing and Sand Mix Project	Molemole Municipality	R5 000 000	MLM	2011/12	The project was not implemented and no reason was provided on the annual report

Source: Molemole Local Municipality, 2011

The major LED project planned for the 2011/2012 financial year was the Stone Crushing and Sand Mix Project. The project was to be funded from Molemole Local Municipality budget. However, the project was never implemented.

### 4.3.4 Financial year 2013/2014

**Table 4.4: Molemole Local Municipality Local Economic Development Department annual performance analysis for 2013/2014 financial year**

No.	Implementing agent	Project name	Location	Budget	Funding source	Time frame	Remarks
1.	Lephalale Investments	Development of a shopping centre	Mogwadi	Investor funds	Investor funds	2013/14	Project deferred due to agreement not yet finalised with investor.
2.	Eskom	Develop solar treatment plant	Drooggeloop (Morebeng)	Investor funds	Investor funds	2013/14	Project deferred due to agreement not yet finalised with investor.
3.	Sekoko resources	Wayland iron ore mine project	Kalkfontein	Investor funds	Investor funds	2013/14	Project deferred. Agreement not yet finalised with investor.

4.	Anglo American	Kumba Iron ore mining Project	Zandrivierpoort	Investor funds	Investor funds	2014 June	Project deferred due to agreement not yet finalised with investor.
5.	Rheinland Projects	Establishing a fuel filling station and a truck in	Mogwadi	Investor funds	Investor funds	2013/14	Project deferred due to agreement not yet finalised with investor.
6.	Limorg Landbou Konsultasie cc	Establishment of organic fertiliser and compost treatment plant	Geluksfontein (Mogwadi)	Investor funds	Investor funds	2013/14	Project deferred due to agreement not yet finalised with investor.

Source : (Molemole Local Municipality, 2014)

According to the Molemole Local Municipality Adopted IDP 2013/2014, various projects were planned to be implemented with attached time frames. Six capital projects with links to LED were planned. Planned projects had potential to generate a large number of sustainable jobs. Funding was reported to be from external funders. However, the researcher was informed during data collection in November 2014 that none of the scheduled projects had been executed.

Implementation of LED projects planned during IDP engagements could be critical towards poverty eradication and development of informal and formal economic sectors. The commitment and coordination of IDP by all stakeholders, among others, provincial government departments and non-governmental institutions (NGOs) including the municipal council are critical. Plans in the IDP raise expectations of the communities, however, funding is a challenge and should be a critical focal point during conceptualisation of these plans. Before adopting these plans, the Municipality should have commissioned feasibility studies to determine their viability.

#### **4.4 FINDINGS FROM PROJECT SITE VISITS**

According to Moen and McClure (1997), site visits as a research technique provide the researcher with an opportunity for onsite interaction with individuals involved with projects that are being investigated. The researcher conducted one-day site visits to the only two functional projects of MLM. The interaction with the project beneficiaries and the actual observation of the sites uncovered the following facts regarding the projects:

#### **4.4.1 Molemole Indigenous Food Processing Cooperative (MIFPC)**

The MIFPC project team consists of eight women and two men and produces marula jelly, prickly pear jam, juice and peanut butter. The beneficiaries expected sustainable employment to be derived from this initiative but their expectations were not met since they do not receive consistent wages. Remuneration depends squarely on volume of sales and on some occasions the income generated is only enough for payment of the utility bills of the factory and leaves them with nothing to take home. A market place for their products is limited to pension pay points, which operate only during the first week of the month. Their equipment was sponsored by the Land Bank and Department of Social Development. Training, with the regard to usage of the equipment this was provided by Limpopo Business Support Agency (LIBSA), and MLM was responsible for logistical arrangements and communication of dates and venues. Their products are not SABS approved and this hinders accessibility to the markets as formal retailers cannot stock products that are without SABS approval, thus limiting them to informal market trading. The SMME is in dire need of assistance in getting SABS approval that will open entrance to formal markets.

#### **4.4.2 Sekwena Arts and Crafts Project**

The project has 25 beneficiaries (residents of Mohodi, Ha-Manthata village) who are all skilled, engaged and committed to the Sekwena Arts and Crafts Project. Among other things, they specialise in sculpting, painting, bone crafting, pottery, bead work, and sewing, in addition to cultural activities in the form of performing arts. The challenges that were observed during the site visit were lack of office equipment, lack of specialised equipment relevant to the project, and lack of capital. Lack of access to the formal market is also a hindrance to growth of this initiative.

#### **4.5 CONCLUSION**

In a nutshell, there is an outcry for diversity of opportunities in MLM. It would appear that a lot more needs to be done to stimulate economic activity and from the above, one can possibly infer the absence of the private sector in that both the employed and unemployed, including those with IDP participation, are yearning for economic opportunities and conditions in which they are self-reliant to be made available. It must always of course be borne in mind that LED is not a single project or activity but rather a continuous and ongoing community-based initiative and therefore

efforts should be directed to ensure that there is optimal recognition and support for LED linked initiatives.

Successful LED occur where government and business work together to improve the economy in a specific area. Business has not been really included in the IDP or LED implementation strategies. Poor partnerships have led to limited success of LED in MLM.

Chapter 5 deals with the conclusion and recommendations.



## **CHAPTER 5: CONCLUSION AND RECOMMENDATIONS**

### **5.1 INTRODUCTION**

The previous chapter discussed the findings and analysis of the data obtained through various methods including a semi-structured questionnaire, documentary analysis and project site visits. The purpose of this chapter of the study is to provide concluding remarks on the research problem raised (see section 1.3). Useful recommendations based on the data analysed in the previous chapter are provided in order to assist the effective implementation of LED as a critical contributor to government success in developing local economies. The chapters in this research study were outlined as follows:

### **5.2 CHAPTER SUMMARY**

**Chapter 1:** The chapter indicates the background of the study that forms the basis of the present research process and gave a detailed account of the statement of the problem and research problem that sought to determine how effective LED arrangements in MLM are. Aims and objectives of the study, the research questions, definition of concepts, the significance of the study and the research design were also given in this chapter.

**Chapter 2:** In this chapter a literature review was undertaken in order to consider the challenges of LED issues. This was necessary to ensure that a gap in knowledge regarding LED issues for this study is clearly articulated. The literature also reviewed challenges that are associated with failure of LED projects in other parts of the country and the world.

**Chapter 3:** The chapter dealt with the research methodology. In this regard an explicit analysis of the research design, the area under study, the population of the study, sample selection method and sample size, as well as data collection and data analysis methods were given. The study used a qualitative research approach as informed through the literature review. The study targeted the officials from the Molemole Local Municipality, members of MLM LED projects and community members as respondents for data collection. The study utilised purposive sampling for the officials in Molemole Local Municipality, LED project members and community members from Matoks

and Mogwadi (since they were likely to be knowledgeable about the Molemole Local Municipality LED projects).

**Chapter 4:** This chapter presented findings and analysis of the obtained data. The analysis is based on data collected through various methods applied, which include a semi-structured questionnaire, documentary analysis and project site visits. Chapter 4 is aimed at providing a possible solution to the problem statement in Chapter 1, which asks what have the effects been, if any, of LED programme implementation in Molemole Local Municipality.

**Chapter 5:** The chapter presents the conclusion drawn from the research based on the literature review and the findings of the research study. Recommendations are also made in this chapter.

### **5.3 ACHIEVING OBJECTIVES OF THE STUDY**

The study looked at three objectives (see Chapter 1, 1.5), namely, to investigate implementation effectiveness of LED programmes in MLM and their impact on both economic growth and poverty relief. The second objective was to analyse challenges in implementation of LED programmes in MLM, and thirdly to make recommendations regarding improvements in implementation of LED programmes to help achieve economic growth and development in MLM. Results presented have argued for more effective implementation of LED as a critical contributor to government success in developing local economies and integrating these into a robust and inclusive single national economy. The study has identified challenges impacting on LED implementation in MLM and these include a lack of public private partnership, lack of clear understanding of LED as a concept, and lack of funding and skills to run LED projects. In understanding the imperative of a synergistic approach towards implementation of LED, it is important to note that success in supporting economic development will depend on the extent to which the three spheres of government align their developmental strategies, coordinate their actions, and achieve integrated development outcomes in municipal areas. Some of the recommendations include addressing skewed skills levels of LED staff across the municipality, canvassing for financial support to facilitate LED implementation within the municipality, and remedial action in respect of awareness necessary and publicity initiatives stepped up to address the problem of general poor understanding of the LED concept in MLM.

## 5.4 CONCLUSION

The results presented have articulated the implementation of LED programmes in Molemole Local Municipality but with no clear plausible framework guiding the modalities of the actual implementation. It is apparent, that there is a disjuncture between the community/people and the MLM in so far as the LED implementation approach is concerned, (for example, subjectively from the point of view of the community). It is clear, that as much as LED is a noble government initiative, the programme is not insulated against the risk that most other similar initiatives face, which is failure due to a poor stakeholder interest and buy in. There is not enough ownership of LED projects ‘within the community and by the community’, for example, the appropriate scale of ‘local’ intervention is quite rudimentary and narrow. This could in part be a result of either scepticism regarding the benefits from economic development, and whose interests dominate when such initiatives are conceived or sheer ignorance in terms of the impetus of LED programmes. This results in social exclusion and to address that, it is imperative that efforts to renegotiate a set of institutional ‘synergy’ involving the three centres of government National, Provincial and Local government and the coordination of economic development planning and implementation across government and between government and non-governmental actors be improved.

Investments such as ‘education’ in these areas should be the impetus of sustainable rural economies and should focus on innovative employment generation strategies requiring minimal capital injections. In particular and more specifically, educational emphasis should be placed on adult basic education and training (ABET). Its aim is to improve literacy and numeracy as a basis for participating in locally determined economic opportunities and initiatives in line with government’s Framework for Stimulating Local Economies, which advocates for the need for sustainable community investment programmes. Local businesses could participate by way of ensuring sustainable community investment programmes focusing on organising communities for development and maximising circulation of public spending in local economies. Beyond government investment, local citizen involvement in economic development and innovation should be vigorously encouraged in all communities, both formal and traditional, so as to ensure a growing recognition that patterns of local economic development need to be socially inclusive if they are to be sustainable.

The following further conclusions can be drawn from the research findings:

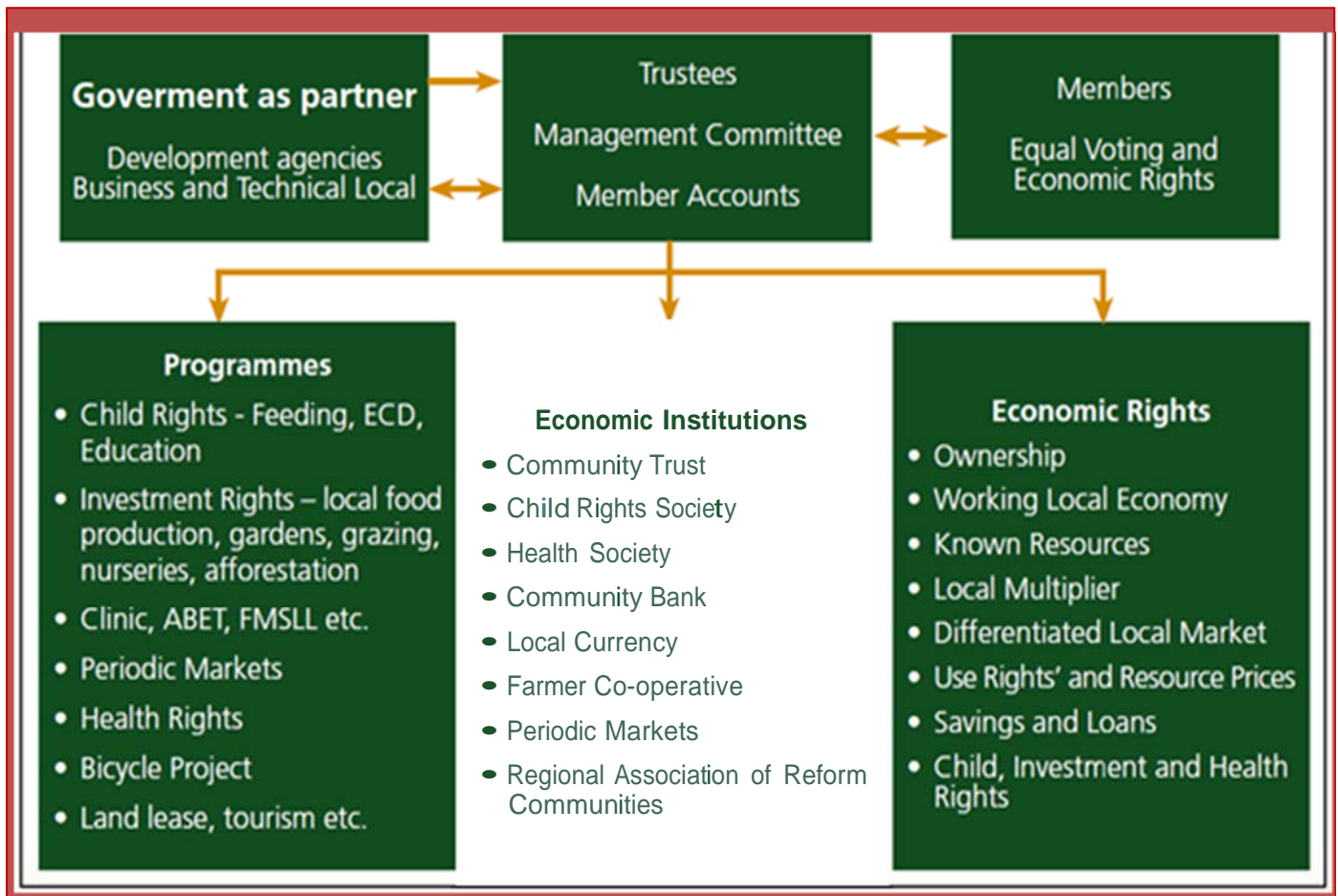
- There is a lack of Public Private Partnerships involvement in LED projects of MLM.
- There is insufficient understanding of LED concepts in MLM.
- More than 60% of respondents have some understanding of linkage between IDP and LED but only 50% in the LED planning and IDP process.
- Major challenges hindering LED implementation at MLM include a lack of awareness of LED, lack of participation by community members and business and a lack of skills within the municipality.
- There is a lack of funding to implement LED programmes.
- There is an outcry for market places to be made available where products of local entrepreneurs can be sold.

The research has uncovered challenges in LED support for rural local government, some policy, some financial, and the more apparent one, capacity constraints, emanating from a constrained education and ultimately skills void. To support local economies in realising their optimal potential and making local communities active participants in the economy, these must of necessity be addressed. In order to improve the implementation of LED programmes and achievement of economic growth, development, access to economic initiatives, support programmes and information as discussed earlier should be a top priority.

## **5.5 RECOMMENDATIONS**

The recommendations below are based on the findings, analysis and conclusion of the study. One approach to implement LED programmes could be the formation and linking of cooperatives to specific LED projects, such as the one proposed in the National Framework for Local Economic Development (DPLG, 2006) which was discussed in Chapter 3 and also shown below:

**Figure 5.1: Example of Community Cooperative**



Source: National Framework for Local Economic Development (2006)

The main advantage of the above illustrated approach would be not only being that each LED project has local custodians but the custodians would now focus specific and detailed attention on a particular area of the LED. The Molemole Local Municipality would also probably find it easier to secure a public private partnership through which a major investment can be implemented, given a dedicated and readily available pool of local players who will act as linkages to the municipality itself, thereby adding value to an increased MLM stakeholder engagement process.

The above strategy will complement the national LED framework in that this will require the LED unit to focus on a range of existing municipality initiatives around the priority of improving local economies in a process locally driven. The PPP would also be able to mobilise resources for an

appropriate institutional structure to develop concepts and proposals to pilot and replicate sustainable developmental community investment programming and ensure the effective participation of the private and community sectors. The above is best served by a single channel LED support instrument whose function it would be to coordinate all LED activities as well as determine the efficacy of each LED initiative and the projected impact on both economic growth and poverty relief, global and spatial dimensions, thus providing for a full evaluation of LED while taking the burden off municipalities and allow them to concentrate on service delivery-related matters. It is generally acknowledged that the current focus on the municipal sector stems primarily from the challenges municipalities face emanating from the discontent with municipal service delivery underperformance. Their own capability and viability to address impediments identified in this research can thus easily be called into question. This gives rise to the call for partnerships instead.

- Skewed skills levels of LED staff across the municipality should be addressed as a matter of urgency with a view to achieving LED policy objectives, a matter identified and addressed in the context of this study not from the point of MLM staff but rather the individual community members who would constitute the base of staff for LED projects.
- LED projects are multi-dimensional and multi-sectoral processes through which the skills, resources and ideas of local stakeholders are combined to stimulate the local economy. Municipal efforts to advance this message must be devised, including measuring this as a key performance outcome for senior managers.
- Molemole Local Municipality collaboration with the private sector and community sectors is both desirable and viable, and the private and community sectors can play a meaningful role in LED projects. This can be achieved by establishing a PPP forum in which the mentioned stakeholders can interact effectively.
- There is a need for financial support to facilitate LED implementation and the following should be considered:
  - ✓ Below market rate loans and revolving credit for small entrepreneurs need to be established.
  - ✓ Investment packages for prospective investors are essential considering the rural nature of MLM.

- ✓ Community banking and group loan schemes need to be established by MLM.
- There is a need for creating LED awareness within the MLM. The development of municipal information centres in the heart of communities will ensure the provision of a single, web-based information system that will allow for multiple stakeholder involvement in municipal service delivery. Information centres will also assist in the supply of LED information and advice for community members.
- LED actions can take place at a municipal-wide level and require the setting of comprehensive and realistic goals and joint action within the municipality and with the different spheres of government, the private and the community sectors and all local role-players.

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**ANNEXURE 1**  
**QUESTIONNAIRE**

<b>RESEARCH QUESTIONNAIRE: UNIVERSITY OF LIMPOPO</b>
<b>TOPIC: IMPLEMENTATION CHALLENGES OF LOCAL ECONOMIC DEVELOPMENT PROGRAMMES AT MOLEMOLE LOCAL MUNICIPALITY, LIMPOPO</b>

Dear Participant,

This questionnaire is aimed at investigating the challenges in the implementation of LED programmes at Molemole Local Municipality, Limpopo.

By responding to this questionnaire you are guaranteed that your identity will remain confidential. The questions are not aimed at identifying you as an individual and all information collected will be treated with the highest level of confidentiality. Whereas your participation is of utmost importance for the success of this study, it is important to understand that your involvement is absolutely voluntary.

Please answer the following questions honestly:

**SECTION A: BACKGROUND INFORMATION**

The questions in this section will be used to compare groups of respondents in respect of their answers.

1. What is your gender?

Male	1	
Female	2	
Other	3	

2. What is your age group?

25 and below	1	
26 to 35	2	
36 to 45	3	
46 to 55	4	
56 to 65	5	
65 and above	6	

3. What is your level of academic qualifications?

Below Grade 12	1	
Grade 12	2	
Certificate or Diploma	3	
Undergraduate Degree	4	
Post Graduate Degree	5	

4. Are you currently employed?

Employed	1	
Retired	2	
Unemployed	3	
Retrenched	4	
Resigned	5	

5. How long have you been staying in Molemole Municipality?

Less than 1 year	1	
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1 to 5 years	2	
5 to 10 years	3	
10 years or more	4	

**SECTION B: INFORMATION ON COMMUNITY STRUCTURES**

6. Which community structure do you belong to?

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

7. Which other community structure do you think must be established in Molemole Municipality and why?

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

**SECTION C: THE THEORY OF LOCAL ECONOMIC DEVELOPMENT**

8. Do you think you have a sufficient understanding of what local economic development implies? Explain your response.

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

9. Which community structures are involved in LED initiatives of Molemole?

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

10. If any, how are their involved?

.....  
.....  
11. Are there any Public Private Partnerships that are involved in the implementation of LED projects in Molemole?

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

**SECTION D: LED PLANNING**

12. Do you participate in local economic planning forums within your municipality? Explain your response.

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

13. What community structures participate in the IDP process of Molemole?

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

14. How is LED planning linked to the IDP process in the municipality?

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

15. What are the challenges that hinder IDP at Molemole?

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

16. Does Molemole Municipality have specific policies or strategies to promote LED?

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

17. Is there enough land to accommodate further development in the Municipality?

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

**SECTION E: LED SUPPORT**

18. What kind of LED support do role players receive from the government/municipality?

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

19. Who are the funders of Molemole LED initiatives?

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

20. What form of credit facilities does local SMME have to support their business?

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

21. Does Molemole Municipality have market places available where entrepreneurs can sell their products? Explain your response.

.....  
.....

22. What are the challenges that have the most negative impact on implementation of LED policies in Molemole Municipality and how can they be resolved?

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

23. Is there any other thing you would like to bring to my attention?

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

**THANK YOU FOR PARTICIPATING IN THIS STUDY**

## ANNEXURE 2

### REQUEST LETTER TO CONDUCT RESEARCH AT MOLEMOLE LOCAL MUNICIPALITY

P.O. Box 1734

Polokwane

0700

15 September 2014

The Honourable Mayor: Molemole Municipality

Mogwadi HEAD Office

303 Church Street

PRIVATE BAG X 44

MOGWADI

0715

Dear Madam,

#### **RE: REQUEST FOR PERMISSION TO CONDUCT A RESEARCH STUDY IN MOLEMOLE LOCAL MUNICIPALITY.**

I hereby make a request to conduct a research in the area under your jurisdiction (Molemole Local Municipality). The study is in partial fulfilment of the requirements for a Masters Degree in Public Administration, at the Turfloop School of Leadership, University of Limpopo.

The research topic is: IMPLEMENTATION CHALLENGES OF LOCAL ECONOMIC DEVELOPMENT PROGRAMMES AT MOLEMOLE LOCAL MUNICIPALITY IN LIMPOPO PROVINCE

The aim of this research is to investigate the implementation of LED policies in Molemole Local Municipality and the objectives of the study are:

- To investigate the effectiveness of LED initiatives in MLM and their effects on both economic growth and poverty relief
- To determine linkages of LED to other complimentary sectors projects for example, IDPs, EPWP and the private sector
- To analyse challenges in LED support for rural local government, which could possibly range from policy, financial to capacity gaps or constraints.
- To make recommendations regarding improvements in the implementation of LED to help achieve economic growth and development.

The study will use a sample size of thirty-two (32), which will consist of officials from Molemole Local Municipality LED unit (2), Community members (20) and project members (10).

Caution will be exercised to ensure that the research does not interfere with service delivery.

After the completion of my study, I will make a copy of the dissertation available to the Municipal Library for reference.

Your cooperation in this matter will be highly appreciated.

Yours faithfully

---

Mahlo S.M

Annexure 3: Premises of Sekwena Art and Craft Project at Mohodi Ha-Manthata



Annexure 4 : Art and craft manufacturing machine and some finished art products from Sekwena Art and Craft



Annexure 5: Premises of Molemole Indigenous Food Processing Cooperative





## Annexure 6: Data Collection Clearance from Molemole Local Municipality

Secure | <https://webmail.dot.gov.za/gw/webacc?action=Item.Read&User.context=d246176c7c8d6a1fb21897ddd7cc6344cd265b1&Item.drm=544DF971.NDOTHODO.ndothopo.100.1627A67.1.2E87.1@:>

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Mail

Properties

From: "Kodupo KG. Letsoalo" <LetsoaloKG@molemole.gov.za>

Monday - October 27, 2014 7:51 AM

To: MahloS@dot.gov.za

CC: makgape@molemole.gov.za

Subject: RE: LED Research Data Collection : 03-07 November 2014

Good morning

This mail serves to confirm your visit to the Municipality for research purposes as requested by yourself, Mr. Makgape Makgoka will be available on Monday 03<sup>rd</sup> November 2014 to assist you for the day and you will discuss further with him for other logistical arrangements that might arise on or before your visit to the Municipality.

Mr. Makgoka can be contacted on. 072 274 

Hoping you find the above in order

Kind regards

Mr. Government Letsoalo  
Manager – HRM  
Molemole Municipality