

Translating Policy into Practice: Challenges in the Implementation of Local Economic Development (LED) Projects in Greater Tzaneen Municipality in Limpopo Province

LE Malele*

Limpopo Provincial Department of Education, South Africa

T Moyo

University of Limpopo, South Africa

Abstract: Local Economic Development (LED) is an important strategy which the South African government introduced in order to achieve socio-economic development at the local level. It aims to boost economic activities that benefit local communities in a sustainable manner and also to enhance the competitiveness of the local economy. Cognisant of its development potential, the government has developed a National LED Policy Framework in order to guide municipalities. The study focuses on the Greater Tzaneen Municipality in Limpopo Province. Although it has implemented many LED projects in the context of Integrated Development Planning (IDP), the translation of the LED policy into practice has been limited. The study therefore aims to develop a more holistic understanding of the dynamics of local economic development initiatives and implementation challenges in the municipality. Its ultimate objective is to explore options to address those challenges so as to ensure that policy effectively achieves the intended results. The research adopts a qualitative research design. Its rationale was to gain more in-depth knowledge and insights on the dynamics and complexities of the translating LED policy into practice. Face to face interviews were used to collect data from a small sample of 10 participants composed of project participants and municipal officials. The paper presents findings that point to *limited* success in implementation of LED, with major challenges consisting of obstacles posed by outstanding land claims and also the lack of the necessary financial and human resource capacity required. *The paper's value addition lies in the presentation of the myriad of management challenges in the context of the municipality and the subsequent recommendations towards improving LED implementation.*

Keywords: Local economic development, Local government, Outstanding land claims, Sustainability

1. Introduction

South Africa is one of the few countries in Sub-Saharan Africa that has been officially embarking on LED projects for some time. Projects are a popular tool globally in efforts towards achieving development. Often they are implemented within the framework of a long-term developmental agenda in which they contribute towards specific goals. In South Africa, the project tool is widely used particularly in the context of local government. Generally, projects are supposed to be informed by broader policies at national and local level. Under the Constitution of the Republic of South Africa (1996) Chapter 7, the government has introduced local municipalities under district municipalities in each of the 9 provinces to ensure the implementation, management and sustainability of Local Economic Development (LED). The White Paper on Local Government (1998)

provides the context and the direction for the role of municipalities in economic development. Provincial governments are responsible for monitoring the implementation of policies by local government.

Even though local government is not directly responsible for creating jobs, however, it is responsible for ensuring that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities. Rogerson (2010:489) argues that the limited success of LED projects is partly attributed to the welfare focus adopted by some municipalities. This is contrary to LED policy. This misunderstanding has undermined the credibility and significance attached to LED. Municipalities are therefore faced with the mammoth task of ensuring effective implementation, management and sustainability of the LED projects that are geared towards job creation, poverty alleviation and skills development.

* The author is a Masters student at the Turfloop Graduate School of Leadership

The Greater Tzaneen Municipality (GTM) has been implementing a number of projects over the years. Although it has achieved some successes, it has faced many challenges. This paper therefore aims to assess the extent to which the municipality has managed to translate policy into practice in terms of how it has implemented and managed its LED initiatives. The specific objectives of the paper are to: i. critically examine the relationship between LED policy and implementation mechanics; ii. assess the challenges faced in the implementation of LED projects; iii. propose strategies towards improving LED implementation.

2. Methodological Approach

This paper is based on a research project in which a mixed methods research design was used to collect and analyse data based on a sample of 60 participants. These included ward councillors, ward committees, project leaders and community stakeholders. This paper, however, focuses on the qualitative aspects of the study where a sample of 10 was selected using purposive sampling. Results of the quantitative part of the study were reported elsewhere. Key municipal officials directly involved in LED and those who have more knowledge and information concerning LED implementation were identified by means of purposive sampling technique and key research questions. In terms of LED policy, how is LED supposed to be implemented? (Institutions, processes, resources). What are the mechanisms for implementing LED in the Greater Tzaneen Municipality? ii. What are the challenges faced by the municipality in implementing LED? iii. What strategies are necessary to improve implementation of LED?

3. Description of the Study Area

Greater Tzaneen Municipality is the largest municipality of four municipalities that fall within Mopani District municipality. The municipality visions itself as "the fastest growing economy in Limpopo where all households have access to sustainable basic services". Their mission statement is to stimulate economic growth through sustainable, integrated service delivery and partnerships. The municipality is the only one in Mopani District if not Limpopo Province which has a functional and sustainable economic development agency. The Greater Tzaneen Economic Development Agency (GTEDA) came into being in 2006 in order to manage the implementation of the Greater Tzaneen

Economic Development Strategy. The Independent Development Corporation (IDC) funded the establishment of the agency on a 60/40 basis with IDC funding 60% of the capital and the municipality contributing 40%. GTEDA is advancing and leveraging the development and job creation potential inherent within the municipality.

The Municipality has a strong economy with well-established agricultural, tourism and commercial activities as well as supporting infrastructure. Tzaneen contributes 20,3% to Mopani District's GDP, which is the second highest followed by Ba-Phalaborwa Municipality 47%. Of all the activities taking place in Mopani District, 43% of all agricultural activities and 38,3% of manufacturing takes place in Tzaneen (GTEDA, (GTM IDP 2018/2019:131)).

4. The Legislative and Policy Framework for LED in South Africa: An Overview

One of the achievements of the country includes a comprehensive legislative and policy framework to guide the design and implementation of LED. We cite a few but major policies. The White Paper on Local Government (1997) clearly states that local government is not responsible for creating jobs. Rather, its role is to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities. Section 25 of the Local Government Municipal Systems, Act 2000 (Act 32 of 2000), mandates all municipalities to adopt a single, inclusive strategic plan for the development of its area of responsibility. The National Framework for Local Economic Development (2006) provides a vision for creating "robust and inclusive local economies, exploiting local opportunities, real potential and competitive advantages, addressing local needs and contributing to national development objectives" (Department of Provincial and Local Government (DPLG), 2006:17). The framework has specific guidelines which emphasize a market-based approach to LED to ensure its sustainability. They also emphasize a participatory, multi-stakeholder approach for an inclusive and sustainable LED. What is evident in all these frameworks and policies is that in terms of policy, there is clarity as to what LED is, how it must be designed and implemented. At the level of the municipality, the GTEDA, in its Concept Document (2006), is responsible for LED. The interest of this study was to find out precisely how LED policy has been translated into practice in the case of the GTM.

5. Literature Review

The purpose of the review is to identify existing theoretical frameworks which link policy to implementation. It is also to summarise findings from other studies which may speak to similar issues. The objective behind the exercise is to identify any gaps and therefore locate the present study and how it can add value to existing knowledge.

5.1 Theoretical Framework

Meyer and Venter (2013:93) define LED as a participation in which local people from all sectors jointly work together to stimulate local commercial activity, resulting in a resilient and sustainable economy. Pretorius and Blaauw (2008:156-157) emphasise the importance of participation in LED by communities so that they become participants in their own development rather than be objects of development. Similar views on LED are given by Goga, Murphy and Swinburn (2006:27) and Sibisi (2009:5). They conceptualise LED as development of a territory, specifically aiming at stimulating the local economy to grow, compete and create jobs, by making better use of locally available resources. Clearly, there is consensus that LED is about growth of a local economy and that it should create jobs and yield other benefits for communities.

With respect to theoretical approaches which attempt to explain how policy is translated into practice, the literature has a variation of perspectives. There are those who argue that due to lack of clarity about what LED is, it is difficult to explain the policy-practice interface. For example, Jones *et al.* (2009:3) contend that 'our collective understanding of the dynamics of the knowledge-policy-practice interface in developing country contexts is still in a fledgling state'. This view is corroborated by Hofisi, Mbeba, Maredza and Choga (2013:593) who posit that the conceptualisation of LED is theoretically unclear and underdeveloped, so much so that this erodes the capacity of municipalities to successfully conceptualise and implement strategies for LED. Rowe (2009a:3), Maloka, Mashamaite and Ledwaba (2014:221) echo similar sentiments when they argue that 'while there is substantial theoretical base for the growth of local economies and highly palpable efforts in LED, the evidence base on the practice of LED is absent or minimal'. All the above views essentially suggest that it is actually difficult to map out the modalities of a policy-practice interface in the case of

LED primarily due Khandaker and Khan (2016:538) share similar views with Koma (2014:43) by arguing that policy implementation involves translating the goals, objectives and decisions of policy into action. DeGroff and Cargo (2009:47) state that policy implementation reflects a complex change process where government decisions are transformed into programs, procedures, regulations, or practices aimed at social betterment. They argue that policy implementation depends on a number of factors such as: i) networked governance, by which they mean a world in which there are multiple institutional actors whose cooperation is required to turn policy into reality (Agranoff and Mcquire, 2003:16). De Groff and Cargo (2009:47) explain that networks can vary in structure, size, and complexity and are referred to by various terms, including *partnerships*, *coalitions*, and *consortiums*; ii) power differentials where some actors have greater influence than others owing to differences in status, resources, formal authority, access to information, and expertise; iii) socio-political context: The authors explain that some political interests can block the implementation of particular policies; iv) Existence of partnerships, coalitions, and consortiums with key stakeholders; and v) new public management (issues about efficiency and effectiveness of implementation. Because it is comprehensive in scope, the authors adopted the approach by De Groff and Cargo in reviewing literature, in designing the data collection instrument and subsequently, in the analysis of results.

5.2 Review of Evidence and Existing Studies on LED Policy Translation and Implementation in South Africa

Evidence from the literature suggests that LED has largely been unsuccessful in South Africa. This would suggest that basically, the mechanisms for translating policy into practice have failed. We summarise here some of the studies that led us to such a conclusion. Seduma (2011:14) cites the ideological challenge when he cites authors who argue that LED policies in the South African context are 'at odds with the prevailing neo-liberal macro-economic strategy of the country, creating tension as to whether LED should be about pro-poor or pro-growth intervention or both'. This factor could have limited policy implementation. This view is supported by Whitfield and Steenkamp (2012:81) who point out that LED in some municipalities is viewed more as community-based initiatives that primarily seek to ensure survival, rather than

empowerment through access to wider markets. Other scholars such as Lawrence and Hadingham (2008:45) and Rogerson (2009:61), conclude that generally LED is "not taken seriously" by many local governments; that LED is generally relegated to a "backroom function" or treated as a minor issue on the agenda of municipalities. Seleballo (2008:39) and Malefane (2009:156) also reflect similar views when they argue that challenges and constraints faced by municipalities inhibit them from making any meaningful impact into the lives of the people they are meant to benefit.

Davidson and Mclaghlin (1991:1) cited in Moyo (2007:1) emphasize the issue of visionary leadership and management in the implementation of LED strategies. They argue that implementation of LED requires building of capacity at the local sphere, the creation of a critical mass of visionary leaders within municipalities who can serve as the driving force for comprehensive, pro-poor, community-driven and transformational local economic development. The DPLG (2003:65) emphasizes that the implementation and delivery of LED projects and programmes requires sound management. In many municipalities, LED is considered either a "dumping ground" for ineffective officials or only a stepping stone for competent local government personnel because of constrained career prospects (Rogerson, 2009:61). These attitudes appear to translate into lack of professionalism within LED departments. These challenges are compounded by the fact that LED is not equipped with competent staff and most staff attached to it do not have a single qualification in RLED. In some instances, ineffective officials are placed in the LED unit. Furthermore, many local municipalities do not see LED as important but rather as an unfunded mandate.

Due to challenges faced by municipalities in implementing LED, in recent years, a new approach has emerged, which is the establishment of Local Economic Development Agencies (LEDAs) (Bartlett, 2009a, IDC, 2009a, 2009b, 2009c) as cited by Rogerson (2009:57). Of the 30 in existence, at least 20 have been funded by the Industrial Development Corporation. At the level of the municipality, the Greater Tzaneen Economic Development Agency (GTEDA), an entity of GTM, in its Concept Document (2006), is responsible for LED. The agency was established following an agreement between the Industrial Development Corporation (IDC) and Greater Tzaneen Municipality (GTM) to advance and

leverage the development and job creation potential inherent within Greater Tzaneen Municipal area.

6. Findings and Discussions

GTEDA has been successful in a number of projects. For example, the establishment of a Greater Tzaneen Community Radio Station known as (GTFM) for Tzaneen, which started broadcasting in March 2011, demonstrates how local economic development can be achieved through partnerships. This community radio station project is the Greater Tzaneen Economic Development Agency (GTEDA)'s initiatives. The funding of R2m was secured from the Media Development Diversity Agency (MDDA,) and R50 000 from Limpopo Premier's Office for use to procure technical equipment, office space and staff. The radio station was established as a Section 21 Company in terms of Act 61 of 1973 that allows for a 'not-for-profit company' or 'association incorporated not for gain'. The GTFM adds value to LED because it is dedicated to economic and social issues, creating a platform for the local community, particularly the youth in Tzaneen, and to encourage them to take part in local political and socio-economic decisions (GTEDA, 2006).

One of the projects that has made an impact in job creation and social empowerment is the leather making project operated by Monye-Le-Shako Co-operative. GTEDA established a co-operative of 17 people who make leather goods by manufacturing products like jackets, shoes, sandals, handbags and belts at their factory in Nkowankowa Township in the outskirts of Tzaneen CBD. The co-operative has the potential to expand and create more jobs in the future.

GTEDA has made a positive contribution in promoting linkages between different sectors, such as promoting a close relationship between the farming, goods production and retail projects. There is also a link between the livestock improvement project that will produce animal skin, which in turn will be used in the leather-making factory, whose goods will be sold in the local shopping centres. This is the promotion of the green economy at its best where locally produced goods are processed, manufactured and sold at local markets.

GTEDA has successfully brought the Internet closer to the people by setting up Internet cafes in Lenyenye Township, 21 km outside Tzaneen. Within these

cafes are mobile libraries that are used extensively by school children. Other successful projects are i. the livestock improvement programme has increased the commercial value of cattle farmers and the improved business skills of livestock owners (goat farming, poultry, and piggery); ii. The Greater Tzaneen Tourism Development. The municipality and GTEDA have identified five anchor projects to further utilize tourism for economic growth and employment creation: The Ebenezer, Tzaneen and Magoebaskloof Dam as well as Dap Naude Dam and the Debengeni Waterfall. Feasibility studies are currently underway.

While acknowledging these many successes, the municipality, however, has experienced many challenges. One of the factors that have slowed down, retarded or halted some project implementations are land claims issues. An example is the Letaba River Mile which is a major tourism attraction aimed to develop a platform for local businesses, an office park and residential property in order to tackle the space limitations of the Tzaneen CBD.

One of the flagship projects of GTEDA is the Makgoba Tea Estate which is also known as Sapekoe Tea Estate. The Agency has embarked on the revitalization of the farm, which lies at the foot of Makgoebaskloof Mountains. Makgoeba Tea Estate was intended to focus on the extraction of organic tea leaves, which can be sold as ingredients for food and beverages (iced tea, soft drinks), cosmetics, pharmaceuticals and botanical drugs. The project had prospects for employment creation, however this goal has not been achieved, since the estate is overgrown and everything has been brought to a halt due to a claim on the land. Delayed restitution processes, hampered the projects implementation processes.

GTEDA has initiated the improvement of the subtropical fruit and nut cluster farms in the Greater Tzaneen Municipality. The cluster development includes the commercialization of different agricultural products (avocado, mango, banana, macadamia and litchi) as well as the establishment of an incubator programme aiming at enterprise development, training of emerging farmers, collaborative mentorships, dissemination, value chain analysis as well as the management of cooperatives. However, there is a lack of resources, access to finance, low levels of business and management skills and the poor quality and low volumes of the products often limit the job creation potential and growth rates of the sector.

Another LED focus area of the municipality, which was the development of new retail facilities in Tzaneen aimed at increasing the growth of the local trade and retail sector did not succeed. Inability to access the required skills, the willingness by the local authority to embrace a business approach to LED, and also the unwillingness of the municipality to allocate resources to some of the projects posed serious challenges. (SALGA position Paper on Local Economic Development, 2010).

A number of factors such as lack of qualified manpower which have remained the bane of effective project planning and implementation in the Greater Tzaneen Municipality, hampered government programmes and projects. There is no professionalism in LED because of its poor career prospects. Professional and trained planners to practitioners are virtually non-existent while administrative officers performing planning functions lack proper training and experience. Consequently, the municipality has not been able to attract or retain staff in the Unit. GTM Final IDP 2017/2018 also highlights other pertinent challenges which the municipality is facing in the context of LED.

The above challenges clearly show that although the GTM has had some successes in LED implementation, there are many challenges as outlined. These include the impact of the restitution processes which are not finalized, case of the Letaba River Tourism Project and the Makgoba Tea Estate agricultural project, challenges in terms of staffing and financial resources.

7. Conclusion

The study found that although to a large extent, the GTM has been successful in implementing a number of LED projects, it nonetheless faces a number of challenges. A major challenge is the impact of unresolved land restitution claims. We conclude that, in order for GTM to be effective in translating LED policy into practice, solutions to these challenges have to be found. A conclusion is drawn that the Greater Tzaneen Municipality is making some efforts to translate policy into practice through the implementation of the LED projects; however, a lot still needs to be done in order to arrive at 100% implementation. Furthermore the findings indicate that there is a positive impact on LED projects on poverty alleviation in the local areas.

8. Recommendations

To improve the capacity of GTM to translate LED policy into practice, we make a number of recommendations. Consensus must be reached between the GTEDA and the GTM on the methodological approach to LED and also with respect to funding some initiatives in order to avoid differences that could derail implementation of LED. It is also incumbent upon the National Government to speed up the resolution of outstanding land claims in the municipality. LED funding and resources should also be prioritized. We recommend to the parties to engage the communities more actively in order to ensure that the LED projects that are implemented by GTEDA benefit the wider community of local businesses and households. Infrastructure development to accommodate LED projects and employment creation should be the primary responsibility of the LED Unit within the Greater Tzaneen Local Municipality for effective LED projects policy implementation. Spatial development planning should be given a top priority.

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