

**THE SUSTAINABILITY OF LOCAL ECONOMIC
DEVELOPMENT PROJECTS IN THULAMELA MUNICIPALITY
IN THE VHEMBE DISTRICT OF THE LIMPOPO PROVINCE**

MASTER OF DEVELOPMENT

MG NGHONYAMA

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TITLE PAGE

**THE SUSTAINABILITY OF LOCAL ECONOMIC DEVELOPMENT
PROJECTS IN THULAMELA MUNICIPALITY IN THE VHEMBE
DISTRICT OF THE LIMPOPO PROVINCE**

by

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MINI-DISSERTATION

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Supervisor: Dr. O. Mtapuri

2011

DECLARATION

I declare that the **SUSTAINABILITY OF LOCAL ECONOMIC DEVELOPMENT PROJECTS IN THULAMELA MUNICIPALITY IN THE VHEMBE DISTRICT OF LIMPOPO PROVINCE** (mini-dissertation) hereby submitted to the University of Limpopo, for the degree of **Master of Development** (degree & field of research) has not previously been submitted by me for a degree at this or any other university; that it is my work in design and in execution, and that all material contained herein has been duly acknowledged.

Mr/Ms _____ **Date** _____
Student Number: _____

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- To Mr. Bvuma, thank you for editing this study.

DEDICATION

This work is dedicated to the following people:

- To my late parents, Mr. Phineas ‘Rio’ and Mrs. Evelyn Nghonyama, this one is for you. In my heart you will eternally live.
- My son Vuthlarhi ‘Rio’ Nghonyama. I hope this will be an inspiration to you.
- My beautiful wife “Sue” for being the best.

ABSTRACT

Local Economic Development has been a focal point for the African National Congress-led government since the mid-nineties. It has been one of the ways to redress the injustices of the apartheid regime and to make it possible for the historically disadvantaged individuals to be incorporated into the formal economy and to engage in poverty alleviation programmes which focus on them. The government has already spent millions of rands in funding Local Economic Development projects whose primary goal is poverty alleviation.

The purpose of this study was to determine the sustainability of Local Economy Development projects in Thulamela Municipality with the main aim being to determine those factors that enhance the sustainability of a project *vis-a-vis* those factors that hinder the sustainability of a project. The study took place in Thulamela Municipality of Vhembe District in Limpopo Province, South Africa. A qualitative study was conducted with thirteen (14) participants that included 6 LED projects managers (Brick-Laying Project A has 2 Managers), 6 Community Development Practitioners, a local LED Manager and an LED Officer from the Department of Agriculture. Data was collected with the use of semi-structured interviews and questionnaires.

The findings of the study largely confirm what other researchers have already discovered, such as: the role played by the educational level of the beneficiaries of these projects on the success of their projects. The managers of the two best performing projects have post-matric qualifications while the managers of the least performing projects have only grade 12. The two top performing projects also keep proper accounting records and both use the services of an independent auditor to conduct their audits, while the least performing projects (Brick-Laying Project A, Poultry Project C and Poultry Project B) use ad-hoc accounting records and do not carry out financial audits. The majority of the members of these projects, as in most rural areas, are women. However, interestingly, the best performing projects have male managers. One noteworthy finding is that all but one project (Cooperative Project E) had a large number of members leaving the project since their establishment, with Cooperative Project D and Brick-laying Project A being the worst affected. The researcher sees this as an indication that most beneficiaries do not have the patience to persevere. They see LED projects as

'get-rich quick' schemes where they expect to earn a lot of money. When they realize that they will not be earning as much as they had hoped for most beneficiaries become de-motivated and leave. The researcher therefore suggests that further in-depth research be conducted on the factors that lead to LED projects losing members as opposed to employing more people. A research study could also be conducted to determine the role of keeping proper accounting records in the sustainability of LED projects. Furthermore, the fact that the least performing projects were those that are headed by women, further research needs to be conducted to determine whether gender plays a role in the success of projects.

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ACRONYMS/ABBREVIATIONS

ANC	: African National Congress
ASGISA	: Accelerated Shared Growth Initiative of South Africa
DBSA	: Development Bank of Southern Africa
CDP	: Community Development Practitioner
DPLG	: Department of Provincial and Local Government
EPWP	: Expanded Public Works Programme
IDP	: Integrated Development Plan
ISRDS	: The Integrated Sustainable Rural Development Strategy
M&E	: Monitoring and Evaluation
NEAF	: National Environmental Advisory Forum
NGOs	: Non Governmental Organizations
RDP	: The Reconstruction and Development Programme
NPSRDF	: The Northern Province Sustainable Rural Development Framework
SMMEs	: Small Micro and Medium Enterprises
RSA	: Republic of South Africa

CHAPTER 1

1.1. Introduction

The study focuses on the sustainability of government financed Local Economic Development projects and was carried out among a selected projects in the Thulamela Municipality of Vhembe District in the Limpopo province. The introductory chapter outlines the background as well as the problem statement relating to the study. The chapter further introduces the objectives of the study as well as the significance of conducting a study of this nature. Concepts and terms repeatedly used in the study are clearly defined to avoid misunderstanding by the reader. The chapter concludes by outlining all the chapters contained in the mini-thesis.

1.2. Background

Local Economic Development has become post-apartheid South African government's critical tool for fighting poverty and the high unemployment rate by integrating the historically disadvantaged people into the formal economy. The democratically-elected government has committed itself to improving the living conditions of the people of this country, more especially the historically disadvantaged people who were marginalized and denied opportunities by the apartheid regime. In line with this commitment, the African National Congress (ANC)-led government has put in place legislative frameworks aimed at aiding people to create better lives for themselves. More than a decade after the country attained its democracy it is perhaps the most appropriate time to evaluate whether the government has made any significant gains in its goal of bettering the lives of all its citizens. Parker (2004) argues that the crucial question since the advent of democracy in South Africa is 'to what extent has the newly found political and civil freedoms, which is guaranteed for all South Africans, translated into a more economically-viable life?'

Nel (2005) argues that in order to promote economic development it is increasingly being recognized that microeconomic measures at the local level are needed as well as macroeconomic measures at the national level. The former are often collectively referred

to as Local Economic Development (LED) and in the south prioritizing the needs of the poor must feature prominently in the design of LED interventions.

LED is understood as a territorial concept and part of local development or regional management, aiming at stimulating of the local economy to grow, compete and create more jobs, in particular by making better use of locally available resources. The LED is about local activities which make markets work well and aims at creating places and opportunities to match supply and demand as well as promote new business opportunities. LED also aims at creating favourable locational factors such as qualities, which make a place a good one to do business. This includes obvious elements such as improving the infrastructure, having access to business development services and training workers. However, it includes less obvious elements such as the business-mindedness and efficiency of local administration (Fiedeldei, 2004).

Increasingly, most developing countries' local governments are focusing their attention in approving their citizens' economic standings through local economic development projects. This is supported by Altintas, Aydin and Karacan (2007) who point out that local governments are becoming increasingly involved in local economic development programme that seek to increase local jobs or the local tax base by measures such as assisting individual businesses.

South Africa is one of the countries in Africa where there has been explicit attention paid to LED policy and practice. This is supported by Fiedeldei (2004) who indicates that in South Africa, LED has become the focus of attention to overcome the multiple obstacles to development such as a low entrepreneurial culture, inappropriate or weak support mechanisms, lack of access to financial and business development services, spatial marginalization, local inertia and despondency and numerous other barriers and market failures that lead to high unemployment, low income and thus widespread poverty.

The success of a community today depends upon its ability to adapt to the dynamic local, national and international market economy. Strategically planned LED is increasingly used by communities to strengthen the local economic capacity of an area, improve the investment climate, and increase the productivity and competitiveness of local businesses, entrepreneurs and workers. The ability of communities to improve the

quality of life, create new economic opportunities and fight poverty depends upon them being able to understand the processes of LED, and act strategically in the changing and increasingly competitive market economy (Swinburn, Goga & Murphy, 2006).

1.3. Statement of the problem

Despite government's continuous financial support, research findings show that some, if not most, initiated projects struggle to sustain themselves after the financial support from the government has stopped. Isaacs (2006) indicated that although policies are in place, LED strategies have produced very few success stories for various reasons, such as a lack of capacity within municipalities as well as resource constraints. It is also alleged that LED is incorrectly interpreted and implemented.

Parnell (2002) states that while policies are in place, the problem of the practical implementation of these policies and lack of efficiency and effectiveness on the part of the officials remain. Local authorities are hampered by inefficiency and ineffectiveness in their quest to fulfill their obligations.

The reasons why not all LED projects succeed have been highlighted by authors like Nel (2001) who indicates that there are fundamental problems with many projects. These include grant-dependence, critical staff and resource shortages, and difficulties in designing projects in terms of their being fundamentally economically sound.

Buso as cited in Parker (2004) remarks that 'for the failure of municipal commonages to achieve their objectives of stimulating LED also relates to the lack of business skills and misuse of funds'. She further points out that a common problem amongst developmental projects in general is a lack of training of beneficiaries especially in the area of sustainability of projects. As a result of this myriad of problems, very few jobs have been created and poverty persists.

It is within this particular framework that this researcher seeks to position this study, namely; to determine the factors that contribute to the sustainability of LED projects and those that act as hindrances in Thulamela municipality.

1.4. Aim of the research

- The main aim of the study is to examine the sustainability of Local Economic Development projects in their pursuit to improve the livelihoods of the poor people in Thulamela municipality.

1.5. Objectives of the research

The following specific objectives were set for this study:

- Based on the review of existing projects, to examine key opportunities that LED projects in Thulamela Municipality present to their beneficiaries.
- To determine the effectiveness of the Local Economic Development Strategy of the local municipality in the sustainability of local LED projects;
- To document factors that impede the sustainability of Local Economic Development projects in Thulamela Municipality;
- To establish whether the LED projects in Thulamela municipality are able to sustain themselves after the government's support has stopped;
- To identify contributory factors into the sustenance of LED projects as well as those that contribute to the collapse of LED projects in Thulamela municipality;
- To make recommendations aimed at supporting policy formulation and implementation of LED projects.

1.6. Key questions for the study

Based on the issues specified in the preceding objectives, the researcher sought to find answers to the following questions:

1. How successful are local governments in implementing successful and self-sustaining LED projects?
2. How do projects fares or circumstances change after the initial grant funding has stopped?
3. Do projects and programmes have the potential to become sustainable in the longer term?

4. What needs to be done in future to support, fund and facilitate LED?
5. What are the effective indicators and mechanisms to measure the sustainability of an LED project?
6. What initiatives are the most effective, with regards to employment creation, economic transformation and cost-effectiveness?

1.7. Operational definitions of major concepts

1.7.1. Local Economic Development

According to Zaaijer and Sara in Nel (2001), Local Economic Development is essentially a process in which local governments and/or community based groups manage their existing resources and enter into partnerships with the private sector, or with each-other, to create new jobs and stimulate economic activity in an economic area.

1.7.2. Local Economic Development Sustainability

The term 'sustainability' came into use with the emergence of the term 'sustainable development' in 1987 when the World Commission on Environment and Development published their report, "Our Common Future". The commission's definition of sustainability is: "Sustainability is defined as a concept which deals with mankind's impact, through development, on the environment (Bruntlant, 1987).

Sustainability refers to the increased participation of local communities in development projects and initiatives to ensure their success at a local level (Integrated Sustainable Rural Development Strategy, 2000).

1.8. Significance of the study

This research study is significant for several reasons. First and foremost, the study will shed some light on the underlying reasons why some LED projects in the Thulamela municipality are successful while some struggle to continue operating after the government ceases to fund them. Secondly, the identification of factors that impede the sustainability of LED projects could assist in identifying policy interventions and/or

institutional innovations to enhance the ability of these projects to become part of the agents that create sustainable jobs for the local people. Thirdly, projects that are meant for poor communities to create sustainable livelihoods for themselves are being implemented by the municipality and the findings of this study will help determine their success rate. Fourthly, the study findings will further assist the LED division of Thulamela and those of other municipalities to identify factors that are likely to impede on the sustainability of LED projects. Fifthly, the study will empirically examine the role of project managers' leadership style in the success or failure of the LED projects. Lastly, the study findings will highlight the role of group dynamics in the success or failure of LED projects.

1.9. Organization of the thesis

This mini-dissertation is divided into five chapters and they are outlined as follows:

Chapter One

Chapter one provides an outline of a general introduction of the study. It encompasses the background and the significance of the study, the objectives of the study, the statement of the problem, research questions, and definition of operational concepts as well as ethical considerations.

Chapter Two: Literature review

This chapter presents a detailed review of literature in Local Economic Development by reflecting on the following topics; the history on the emergence of Local Economic Development, international experiences on Local Economic Development, current Local Economic Development in South Africa, Local Economic Development in Vhembe district and Thulamela local municipality, local economic development strategy of the Thulamela municipality and issues that either enhance or impede the successful implementation of LED projects in South Africa in general and the Thulamela municipality in particular.

Chapter three: Description of the LED case study projects

This chapter gives a brief description of the case studies under study. This includes their historical background, the rationale behind their establishment, their locations and the nature of their operations.

Chapter four: Research methodology

This chapter covers the nature of the study, research design, population and location of the study, sampling procedure, data collection and instrument, ethical consideration and limitations of the study.

Chapter five: Interpretation of research findings

In this chapter the researcher interprets the findings. The findings are presented in narrative and tabular forms.

Chapter six : Conclusion and recommendations

This chapter presents the conclusion and recommendations of the study, implications of the study and summary.

1.10. Conclusion

This aim of this chapter was to introduce the thesis. Apart from the outline of the background to the study and objectives of Local Economic Development projects, the chapter has also described the context in which this study was conducted. The chapter also provided a brief background on the concept of local economic development and its emergence in South Africa. The chapter further highlights the significance of a study on the sustainability of LED projects.

Chapter 2: Literature review

2.1. Introduction

This chapter aims at reviewing the available literature on Local Economic Development as reflected in international experience and current local practice in South Africa. The issues to be covered by the chapter include looking at the emergence of Local Economic Development in the world, the emergence of Local Economic Development in South Africa, an overview of various policies and white papers addressing LED in South Africa. The chapter further looks at the challenges as well as opportunities faced by LED projects beneficiaries in South Africa. The chapter again tries to highlight issues that both enhance or impede the sustainability of LED projects post the government's funding phase. While recognizing that a range of factors mediates any success or failure of a LED strategy, including geography and social and political issues of people involved, an exploration of global common trends could prove helpful in understanding local practice.

2.2. The emergence of Local Economic Development

LED is certainly not a new "approach" and it has its origins in the 1950's when it was realized that the so-called "trickle-down effects" proved to be less effective in practice, as large scale developments and investment, or growth in the mainstream economy, do not necessarily create benefits for the local poor and marginalized communities. Since then, LED has gone through a process of change which started with direct interventions such as large scale grants, subsidized loans aimed at manufacturers, and tax breaks. These measures did not have the desired return and emphasis was changed to measures such as inward investment and targeting specific sectors. Experience with LED strategies all over the world caused a continuous change in the paradigm and it is rather doubtful if there will ever be a "sure fire" approach as any economic system is highly dynamic (Kayamadi, 2008).

Nel (2001) indicates that Local Economic Development strategies have their origins in the high-income countries of the North. They emerged more than forty years ago as a response to the social and economic problems that resulted from the persistence of locality-specific development problems. Robert (2003) argues that the disappointing

results of traditional top-down, supply-side sectoral development strategies previously used in combating the rise in unemployment and regional inequality forced these countries to search for alternative development strategies that would offer opportunities for growth to all areas.

In the South, LED has been gradually emerging as a development strategy for similar reasons. The persistence of problems of slow economic growth and poverty, combined with the changes in the national and international economic environment, and the effective inability of many central states to intervene at the local level have provided a strong impulse towards more locally based initiatives. In many developing countries, the situation was aggravated by factors such as debt crises, imposed structural adjustment and massive currency devaluation, and other natural and political shocks (Nel 2001).

Local economic development is concerned with the creation of an environment which will engage stakeholders in implementing strategies and programmes. This perspective has to be aligned with the country's macro-economic strategy which focuses on re-entering the global market, providing a climate which is amenable to international investments, enhancing the role of the private sector, and reducing the role of the state (Development Bank of Southern Africa (DBSA), 2000).

2.3. Local Economic Development: South African context

South Africa is considered as one of the few countries in Sub-Saharan African region that has been officially embarking on LED projects for over a decade. A focus on so-called LED strategies was introduced shortly after the end of Apartheid. Although most of these projects can be considered to be community development or so called pro-poor LED projects, the larger metropolitan areas in South Africa, such as Johannesburg and Durban, have initiated LED interventions similar to those in Western Europe, North America, or parts of Latin America and Asia (Nel and Rogerson 2005a). According to Rogerson (2002) the official conception of LED in South Africa accommodates elements of what in the international literature were referred to as market-led and market-critical approaches towards LED.

According to Nel and Humphrys as cited in Nel (2001), the concept of LED is attracting considerable attention in government and policy circles. Even though the concept is still relatively new in South Africa, it enjoys much wider acceptance and credibility and it is currently being initiated in variations which range from typical, Northern-style 'urban entrepreneurial' approaches pursued by the major cities through to a host of community and NGO initiatives which share much in common with strategies pursued throughout the developing world, Nel (2001).

In adopting LED as a strategy, the South African government is encouraging people at all levels of society to participate in economic decision making which explores creativity and builds entrepreneurship at all levels of society. Given the challenges that the country faces in job creation and poverty eradication, LED builds a platform for bringing 'all hands on deck' in working towards solutions. It is an acknowledgement that creativity, innovation and involvement of all groups are needed and can contribute to solutions. Another important reason for adopting LED as a policy is the push to democratize at all levels. LED can be described as a decentralization mechanism which allows local and regional governments and their communities (business, labor and society) to shape their environments, improve competitiveness in their local economies and ensure that infrastructure and services work well for industry and society. In South Africa, LED tends to have a more distinctive pro-poor orientation and the degree of national state endorsement of local-level action is particularly noteworthy (Rogerson, 2003; Nel, 2001).

In South Africa, the LED policy focused on joint ventures between government, the private sector and local communities. The element of survival and self-reliance on indigenous technical knowledge, production systems and livelihoods are key characteristics of the strategy (Nel, 1999). Nel (1999) argues that the single most important purpose for LED in many poor (rural) communities is to make a living in order to survive, rather than to participate in the global economy. LED also features prominently in the country's Urban and Rural Development Strategies. Some of the key principles underlying the LED strategy in South Africa include the following:

- Job creation and poverty alleviation;
- Targeting previously disadvantaged people, marginalized communities in rural areas;

- Community involvement and local leadership; and
- Use of local resources and skills

While the South African government is trying to ensure successful implementations of Local Economic Development, there are still problems facing the country such as some confusion on what LED actually is as well as limited capacity. This is supported by Meyer-Stamer (undated) who argues that LED in South Africa tends to be confused and highly selective. Adding to this is the limited capacity and experience that the local governments tend to have in terms of promoting economic development. This current situation means that it is unlikely that LED, as it is currently being practiced, will make much of a difference.

2.4. An Overview of the legislative setting and Policy Context of Local Economic Development

The post-apartheid South African government has put in place several acts, policies and framework which are meant to address the issues of socio-economic development as well as poverty reduction. Mogale (2002) indicates that these acts, policies and frameworks have made provision for government to foster the growth of local economies to address local needs and formulate strategies to address job creation and community development. Some of these frameworks and policies are discussed in the following sub-sections

2.4.1. The Reconstruction and Development Programme (RDP) White Paper of 1994

The document was the first policy document developed in post-apartheid South Africa. It was launched by the African National Congress (ANC) as its main policy document before the elections in April 1994 and was formalized as the new government's White Paper on Reconstruction in September 1994. The document was designed to provide a broad framework for South Africa's new development vision, priorities and operational procedures aimed at both laying a basis for subsequent laws and actions to address the extreme social and spatial inequalities engendered by years of apartheid, and to promote overall development (ANC,1994).

The Reconstruction and Development Programme, was designed to tackle inequality and poverty through the need for 'an integrated and sustainable programme', which was motivated by the recognition that,

'...The legacy of apartheid cannot be overcome with piecemeal and uncoordinated policies. The RDP brings together strategies to harness all our resources in a coherent and purposeful effort that can be sustained into the future. These strategies will be implemented at national, provincial and local levels by government, parastatals and organizations within civil society working within the framework of the RDP' (ANC, 1994).

2.4.2. The Constitution of the Republic of South Africa (Act 108 of 1996)

Section 152 of the constitution outlines the objectives of the local government. These objectives are:

- To provide democratic and accountable government for local communities;
- To ensure the provision of services to communities in a sustainable manner;
- To promote social and economic development;
- To promote a safe and healthy environment as well as to encourage the involvement of communities and community organizations in matters of local government the Constitution places great responsibility on municipalities to facilitate LED. However, the schedule in the Constitution that identifies the functions of municipalities does not include LED. Therefore, it can be interpreted that LED is an un-funded mandate for municipalities (DPLG, 2006). Given the Constitutional imperatives of municipalities facilitating LED, and the contrast of the schedule which includes the function of municipalities which does not mention LED, it can be argued that municipalities have a facilitating role in providing an enabling environment for investment through the provision of infrastructure and quality services, rather than programmes for job creation.

2.4.3. White Paper on Local Government

The White Paper on Local Government (1998) introduced the concept 'developmental local government' which is defined as "local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs, and improve the quality of their lives". The policy document makes it quite clear that local government is not responsible for creating jobs. Instead, it will be responsible for ensuring that overall economic and social conditions of the locality are conducive to the creation of employment opportunities. Therefore, local government is charged with creating an enabling environment. Although credence is given to other stakeholders such as the private sector, Non Government Organizations (NGOs) and others, local government is at the centre of the LED development planning debates in contemporary South Africa (Rogerson, 2006; Nel, 2001). The statutory principles for developmental local government are contained in the legislation of the Municipal Systems Act of 2000. A key component of the Act is the issue of Integrated Development Planning of which LED is regarded as a core aspect. The Integrated Development Plan (IDP) is conceptualized as a tool to assist municipalities to achieve their development mandates (DPLG, 2000).

2.4.4. The Integrated Sustainable Rural Development Strategy (ISRDS) of 2000

The Integrated Sustainable Rural Development Strategy of 2000 aims to transform rural South Africa into an economically viable sector which can make a significant contribution to the Growth Domestic Product of the country. It attempts to coordinate existing initiatives and programmes towards the end of achieving greater impacts over the short term. The strategy further states that any strategy for development should be based on the socio-economic realities in provinces and the country as a whole. The framework also recognizes the link between economic, social and physical factors. Any attempt to implement LED strategies should therefore consider the socio-economic realities of the area and its wider context. This will help to comprehend the impact of these realities on economic growth.

2.4.5. The LED Guidelines to Institutional Arrangements (2000)

Patterson (2008) indicates that the LED Guidelines to Institutional Arrangements (2000) and the Draft LED Policy emphasize a more community-orientated approach to LED, stressing that LED should be pro-poor orientated and target previously disadvantaged people and marginalized towns and regions. Ideally, municipalities should support local initiatives, which encourage local job creation while still responding to changes in the national and global economy. In 1999, the DPLG launched the LED Fund (LEDF) as part of government's overall poverty alleviation strategy. The Fund provided support to municipalities of up to R1.5 million for projects that would lead to poverty alleviation and job creation within their localities. Municipalities would apply to the DPLG for funding of projects such as the provision of business facilities, promotion of agri-industry, tourism initiatives, and human resource development programmes.

Unfortunately the Fund ultimately failed to deliver long-term sustainable LED and resulted in a number of small, unsustainable projects scattered around the country for a number of reasons. At the time that the Fund was administered, there was a general lack of understanding of what LED was and the capacity to implement it, particularly at local government level. Furthermore, the Fund itself set out a number of conditions to access funds, which were not conducive to sustainable economic development and provided very little support in terms of strategic guidance, interaction, monitoring and evaluation of the projects. The offer of financial assistance to municipalities was an incentive to apply for the limited available funding, yet resulted in poorly thought out business plans and in most cases projects were funded without any prior feasibility assessment. Beneficiaries were often not consulted in the process, which resulted in a lack of ownership of the projects. Instead of creating long-term sustainable LED, the approach often resulted in poorly managed projects, dependent on funds to secure a future (Atkinson and Ingle, 2003).

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

The Office of the Premier of Limpopo Provincial Government formulated the framework in 2001. According to Lewis (2001) the aim of this framework is to provide a provincial context for the effective implementation of rural development and poverty alleviation. The NPSRDF's main objectives include:

- Increasing investment in physical infrastructure and delivery of social services in rural areas;
- Consolidating democratic governance and redistribution processes in rural areas;
- Enhancing rural economic development and improve income generating opportunities;
- Facilitating partnership between government, civil society and donor institutions in rural developments;
- Ensuring gender equity, especially women and youth development; and
- Building local government capacity to implement development programmes (Lewis, 2001).

2.4.7. Accelerated Shared Growth Initiative of South Africa (ASGISA)

Accelerated Shared Growth Initiative- South Africa (ASGISA), introduced in 2004, a national shared growth initiative, seeks, as its core objective, to halve poverty and unemployment by 2014 (RSA, 2006). It is clear that ASGISA is focusing its attention on women and youth, particularly on women with an emphasis on human resource training; access to finance; fast tracking women out of the second economy; ensuring participation in agriculture and creative industries; improving access to basic services; and increasing their participation in expanded public works programmes.

The vision that forms the core of Department of Provincial and Local Government's (DPLG) Policy Guidelines for Implementing Local Economic Development in South Africa is of 'creating robust and inclusive local economies that exploit local opportunities,

address local needs and contribute to national development objectives such as economic growth and poverty eradication' (DPLG, 2005).

2.5. Roles of government in LED

2.5.1. The role of national government

The national government is the major stakeholder in the implementation of LED in the country. Therefore it must play a pivotal role to ensure that the country's LED strategies and programme are successfully implemented for the benefit of the masses. According to the Department of Provincial and Local Government (DPLG) (2003), the national government's roles and responsibilities in relation to LED must be to:

- Co-ordinate and align support to municipalities for LED through the IDP process;
- Provide support to municipalities to implement their developmental mandate;
- Provide the overall legislative and regulatory framework for LED;
- Maintain strong inter-governmental relationships and institutions;
- Provide the necessary resources to municipalities for the implementation of LED;
- Disseminate information to provincial and local government about LED;
- Increase administrative efficiency (such as access to land and finances), and
- Monitor the outcomes and impact of municipal-led LED activities.

During its 2004 election campaign, African National Congress (ANC) led government had on its election manifesto the following objectives:

- Reduce unemployment by half through new jobs, skills development, assistance to small businesses, opportunities for self-employment and sustainable community livelihoods;
- Reduce poverty by half through economic development, comprehensive social security, land reform and improved household and community assets;
- Provide the skills required by the economy, build capacity and provide resources across society to encourage self-employment with an education system that is geared for productive work, good citizenship and a caring society;

2.5.2. The role of the Provincial government

The constitutional duties of Provincial government with regard to local government imply the following duties in relation to LED:

- Align LED initiatives with national and local priorities
 - Strengthen and support the capacity of local government
 - Make available financial and technical resources to implement and sustain LED
 - Share information regularly (provincial economic trends, land use, investment, new developments) with municipalities, and
 - Monitor and evaluate the impact of LED initiatives provincially, DPLG (2003)

The Provincial government of Limpopo is playing a proactive role in supporting Local Economic Development programmes and projects in the province, with millions of rand having already been committed for the establishments of LED projects geared at poverty alleviation in the province. The LED Partnership (2007) states that the province has already established the Limpopo Local Economic Development Programme in partnership with the European Union (EU) and the Limpopo Department of Local Government and Housing (DLGH). The main objective of the programme is to “reduce poverty through pro-poor economic growth”. The EU has made available an amount of 34 million Euros to support a wide range of projects in rural areas of Limpopo. The Programme integrates a number of initiatives that support five core areas, namely;

- supporting Sustainable Community Economic Development;
- strengthening Local Competitiveness of SMMEs;
- enhancing the LED environment;,
- strengthening LED capacity; and
- and Management, Monitoring and Co-ordination.

The provincial government has already invested millions of rand into these projects. For example, some R56,8 million has already been invested in 51 projects in Limpopo province. In addition, Limpopo municipalities have been awarded grants of R15,4 million from the Limpopo Local Economic Development (LED) Programme. The amount is meant to support projects that aim to open investment opportunities in local economies

and meet the Limpopo LED Programme's fundamental aim to reduce poverty through pro-poor economic growth (The LED Partnership, 2007).

Another milestone to have been achieved by Limpopo provincial government in fostering LED is the establishment of an R8.6 million Limpopo LED Centre, funded by the Limpopo LED Programme. The institution is part of the Turfloop Graduate School of Leadership at the University of Limpopo and is based at its Edupark campus in Polokwane. The aim of the Centre is to become self-funding within three years by offering a wide range of services to the public and private sector throughout Southern Africa. The Centre also undertakes and disseminates research on pro-poor local economic growth with the aim of capacitating and guiding organizations involved in facilitating LED and improving development of policy, strategy and delivery of services. The Centre aims at developing and delivering capacity building and advisory services for different markets (The LED Partnership, 2007).

2.5.3. District municipalities

District municipalities can play an important role by taking advantage of economies of scale within a broader geographical region. The Districts can also provide significant co-ordination and support role to local municipalities. DPLG (2003) outlines several responsibilities that local Districts must carry out, some of which are the following:

- Plan and co-ordinate LED strategies in line with IDPs framework;
- Establish an LED structure, representing the districts and local municipalities, to foster co-operation and co-ordinate LED policies, strategies and projects within the district;
- Promote joint marketing, purchasing and production activities;
- Promote networking of firms within the District (for example, tourism routes);
- Ensures that local municipalities have relevant information to assist them in putting relevant LED policies in place;
- Identify resource availability (grants at provincial level, land, infrastructure, etc.)
- Maintain a strong relationship with the province, and
- Provide the necessary training to municipalities, DPLG (2003)

2.5.4. Role of local municipalities

Local municipalities are constitutionally bound to promote LED. Section 153 of the constitution states that “a municipality must structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community” (Constitution of RSA, 1994). According to the Municipal System Act No:32 of 2000, municipalities are mandated to perform as coordinators, facilitators, and promoters of the local economic development projects or programme, with the aim of achieving speediest, smoothest sustainable economy that will eventually create jobs and alleviate poverty in disadvantaged communities. The Act accentuates the “Integrated Developmental Plan” (IDP) as a municipal developmental tool, of which LED is placed as one of its elements has an ever-increasing responsibility to facilitate and stimulate local economic development in an effort to address increasing levels of unemployment and poverty in South Africa. However, Local Economic Development (LED) initiatives taken by local municipalities have had little tangible impact on the economies of these municipalities. This because of various challenges resulting mainly from, amongst others, confusion between local economic development and poverty alleviation or community development (Meyer-Stamer, 2003).

Pieterse (2000) indicates that municipalities are strategically placed to undertake local long-term planning in the area of poverty alleviation as it relates to relationships with Non-Governmental Organizations as well the Community-Based Organizations. Opportunities have also been created by government-initiated programmes meant for job creation. According to the DPLG (2003), local municipality roles and responsibilities in LED include;

- Ensuring that social and economic development is prioritized within the municipal Integrated Development Plans (IDPs)
- Establishing an LED Forum within the community to mobilize the efforts and resources of local stakeholders around a common vision
- Identifying and marketing new economic opportunities

- Creating an enabling environment for local businesses through efficient and effective service and infrastructure delivery
- Motivate and support individuals, community groups and local authorities to initiate and sustain economic initiatives

2.6. Opportunities for LED in South Africa

South Africa has a lot of opportunities for Local Economic Development which, if used properly, can result in many benefits for the masses of the country. Its smooth transition from apartheid era into democratic dispensation means that foreign investors have confidence in investing in the country. South Africa's acceptance into the international arena as a key player in the global economy, strategically encouraging investments into the country, promoting the role of the private sector and reducing the role of the central state, are all significant strategies to ensure macro-economic stability, and facilitate LED initiatives (Triegaard, undated).

A programme such as the Expanded Public Works Programme (EPWP) was created with the purpose of job creation, infrastructure development and service delivery, training development (DBSA, 2006). Since the inception of the programme, 300 000 jobs have been created, mostly for women and in the rural area (RSA, 2006).

2.7. LED challenges in South Africa

Local Economic Development in South Africa is currently faced with challenges which are threatening to hamper its successful implementation. Trah (undated) has identified two LED challenges facing South Africa. The first one is the lack of conceptual clarity. Like in many countries, South Africa continues to struggle with the concept LED. There has not been a consensus on what LED is and what it is not. Trah (undated) further states that LED is often a new buzz word which people use in place of community development, poverty reduction, regional planning or local development in general. This Trah (undated) argues, leaves the actors at local and district municipality levels confused and unable to develop and implement an efficient and effective LED strategy. The second challenge is that of actors, roles and institutional support arrangements. Trah (undated) argues that there is currently a lack of understanding or agreement on who the

actors of LED should be and what their specific roles could be. The country's constitution mandates local government to be responsible for LED. Since there is no clear distinction between strategic and implementing roles, this is often interpreted as placing the sole responsibility on local government and ignoring other important actors such as business and civil society organizations.

Patterson (2008) argues that even though South Africa has numerous policies relating to LED, and is indeed one of the few countries in the world that even has LED policies, there are still some issues that need to be addressed before effective LED results will be seen. One of these issues is that currently the private sector mistrusts government, and government (particularly at local level), is cautious of engaging in development with the private sector, which ultimately hinders development.

2.8. Factors enhancing the sustainability of LED projects

2.8.1. Beneficiary participation

Beneficiary participation in planning, preparation and implementation of any project is very crucial for the sustainability of that project. The Integrated Sustainable Rural Development Strategy (ISRDS) indicates that beneficiary participation in the selection, execution, supervision, and financing of project investments ensures that investments respond to true, perceived needs, and generate cost savings and increased accountability at the local level. Participation in priority setting and design of projects enhances organization, either of the community, group, or even the household, heightens awareness of available programmes and services, facilitates participation and increases cost-effectiveness.

According to Ngobese & Cock, (1995), participation is essential at all stages of any project in order to ensure optimal benefit to those individuals most in need. Bremmer & Visser (1995) argues that participation encourages co-operation, negotiating skills, learning to debate, finding purpose, but most of all, and decision-making. Community members or participants become active change-agents, engaging in collective, self-reflective inquiry. Self-belief is created in participants to bring about change within their own lives (Todhunter, 2001), thus addressing the core of social vulnerability. The community is furthermore directly involved in the design, generation, implementation, interpretation and dissemination of data and information with regard to project operations

(Gardner, 2004). Income-generating projects with a people-centred approach provide communities with the opportunity to generate an additional income, and gain self-respect and dignity (Mavalela, Schenck & O'neil, 2002.). According to Möller, Senekal & Kruger (2002) a people-centred approach ensures that individuals become active participants, thus providing themselves with opportunities and not simply receiving benefits. Community participation takes place when the individuals of the community become actively involved in the development process. Participatory techniques acknowledge individuals to be knowledgeable of their own circumstances and immediate environment, and to be able to address their challenges (Khanlou & Peter, 2005).

2.8.2. Planning

Planning reduces insecurity, increases the effectiveness of the project, defines objectives in an unambiguous manner and provides opportunities for monitoring and evaluation (Kerzner, 1979). Planning includes vital steps, namely a SWOT analysis (strength, weaknesses, opportunities and threats), task breakdown structure, defining the work schedule and also financial planning (Miles, 2004; Strydom, 2005). Planning has to be flexible to accommodate learning experiences and difficulties encountered. These difficulties include the level of skills and available resources of rural communities. Planning as a result includes setting time frames for various projects or tasks in a participative manner (Babbie & Mouton, 2001).

Community members are therefore consulted and assisted in a continuous facilitation effort during the planning process. Planning which takes into consideration social vulnerability community indicators, makes room for social participation, where many stakeholders and role-players are consulted. Planning makes room for emotional and community support for all role-players, with common action as a goal.

2.8.3. Monitoring and evaluation

Supervision, both during and after subproject implementation, is an indispensable determinant of success and sustainability. It has to be reinforced at all levels and involve local entities closest to the communities, particularly municipal councils and NGOs. A user-friendly monitoring and evaluation system facilitates the subproject evaluation

process, provides feedback and necessary information to improve targeting and efficiency, and is an essential tool of management and planning. Project design should pay careful attention to baseline studies as the springboard for well designed M&E and for ex- post financial and economic evaluation of productive sub-projects (The Integrated Sustainable Rural Development Strategy (ISRDS, 2000).

According to Tango International (2009) effective monitoring and evaluation supports sustainability in multiple ways. First and foremost, it identifies the strengths and weaknesses in project implementation, which makes possible needed adjustments in response to changes in the operating environment. Second, it can highlight potential linkages among individual project components that enhance the overall impact of programme interventions. Finally, it can establish reliable indicators of project sustainability. M&E assists in clarifying the objectives, expected outcomes, activities and indicators for success of projects (Uphoff, Esman, & Krishna, 1998).

The importance of continuous monitoring and evaluation is further supported by Molefane (2005) who argues that M&E enables the municipality to remedy problems before they become unsustainable, increase effectiveness of people involved in projects, enhance project design, and can also improve working practices. Monitoring and evaluation is one of the important criteria, which can be utilized in order to make programme sustainable.

2.8.4. Access to markets

The sustainability of any income-generating business depends largely on the availability as well as the accessibility of markets in which the business can trade its products and/or services. The successful stimulation of local economic growth and development is potentially directly affected by the level of exports by communities, or the obverse, the level of import substitution that can be achieved. Both these elements have a bearing on the level of local purchasing power with the former through the generation of a stream of earnings from outside of the community and the latter through the retention of the community's own purchasing power by achieving increased levels of self-sufficiency. The advent of globalisation and greater international connectivity has ushered in a totally new

competitive milieu in which local communities, no matter how small or geographically “isolated”, compete on a wider canvas than ever before (Ackron, undated).

Ackron (undated) argues that by targeting sectors in which local communities, within their shared economic developmental vision, have credible economic comparative advantage and by providing the necessary sectoral support, local communities through the medium of their local governments, can assist in making their own businesses sustainably more competitive. The development of value chains or matrices between communities, involving the clustering of intermediate production processes toward the final export product has proven internationally to be highly effective in achieving sustained regional and local economic development.

According to Ackron (undated), LED initiatives need to be alive to the possibilities for achieving this and the potential for linking local communities into more comprehensive production chains that are capable of sustaining local economic development. In the Limpopo province, the support for LED projects to access wider markets is more evident in Vhembe District Municipality where the municipality, with the support from the Limpopo Local Economic Development (LED) Programme is planning to establish a Fresh Produce Market (FPM). The aim of the Fresh Produce Market is not only to establish a formal outlet for emergent farmers, but also to sell produce to national markets and thus creating an even wider market and encouraging them to expand, raise quality standards, and create more jobs. This provides a wide range of services, including sourcing and sales of local produce, grading, packaging, wrapping, semi processing, distribution, and creating linkages with the Johannesburg Fresh Produce Market and other national markets which are committed to creating opportunities for emerging farmers by sourcing more produce from them (The LED Partnership, 2007).

2.9. Factors threatening the sustainability of LED projects

LED Project sustainability is a major challenge in many developing countries. Large numbers of projects implemented at huge costs often tend to experience difficulties with sustainability. Several recently conducted studies have indicated that while the trend with the implementation is showing significant improvement, the trend with post-implementation sustainability is rather disappointing. This means that while huge

expenditures are being incurred in implementing projects, poor sustainability is depriving them from the returns expected of these investments.

According to the Public Service Commission (2007) income-generating projects have numerous pitfalls. Also, although these pitfalls are similar to those of any other enterprise, they are exacerbated by dysfunctional or unsustainable business models. To the extent the income generating projects sometimes have a political motivation, they may be too large relative to what they can sustain, and might possibly be at the root of the financial problems. Arguably the main issue, however, is that of project design.

The central conundrum is that projects with a flat structure are prone to collapse unless there is sufficient group solidarity, in which case they may well excel, but this usually implies that they are small in size; projects with a hierarchical structure may be able to accommodate larger groups and be well-managed, but then most of the beneficiaries as such are effectively employees rather than owner-entrepreneurs, and such projects are vulnerable to being treated as politically-motivated job creation projects. Even apart from project design, these projects are apt to struggle when they are weaned from external financial support. By their nature, income-generating projects seek to be enterprises, but because of the way they are often set up tends to attract beneficiaries who are either not themselves entrepreneurial, or are structured in such a way as to hamper their ability to operate entrepreneurially (Public Service Commission, 2007).

2.9.1. Lack of markets

Another major issue threatening the sustainability of projects according to the Public Service Commission (2007), is the challenge of finding markets, in particular breaking out beyond small marketing outlets in nearby communities. One of the key weaknesses of small enterprises in general is in not identifying good market opportunities in the first place, but rather returning to the same familiar menu of enterprises, that is poultry and vegetables. As the market is rather limited, the chances of these projects to expand and become macro projects are very slim (Singwane, 2001).

In her study, Netshakuma (2006) found that one of the concerns for the LED projects in Thulamela municipality is a limited market. As products and services are largely sold in the immediate communities, the projects are often sold at or even below the profit

margins to keep the business going. This is further supported by the Kayamadi (2008) who states that most LED projects sell their products locally to small shops and the informal sector with only few getting more lucrative contracts with larger shops. A limited market is seen as one of the main contributing factors towards the failure of projects. As the market is rather limited, the chances of these projects expanding and becoming macro-projects are very slim (Singwane, 2001).

Local producers of agricultural products in Thulamela municipality also face a major constraint in that local demand is limited, sometimes resulting in an over-supply of some of the commodities during the peak production periods. In addition, it is difficult to penetrate the external markets due to long distances and the implied transport costs which marginalize profit margins. There have also been a number of incidents where unscrupulous transport and market agents have either not delivered the products on time, or have not been honest in selling the produce (Thulamela LED Strategy, 2008).

2.9.2. Assessing the business sense of projects

One of the major problems hindering the sustainability of Local Economic Development projects is that most of these projects have limited business sense. In their study Marais, Botes and Masothoane (2002) found that this could be attributed to a number of reasons. Firstly, officials at the local level do not have the capacity to plan projects from an entrepreneurial perspective. This has resulted in far too many end-beneficiaries being linked to projects. As a result, these projects have not been financially viable. Secondly, most of these projects do not usually have proper business plans. Although project plans are available, they are focused mainly on the project process in order to ensure that the funds were spent in a coherent manner.

Considerations such as potential financial scenarios, breakeven points, aspects of risk management and marketing plans were typically absent from these plans. One explanation for these trends may be that very few of the plans were developed by business experts. In many cases, the business plans for projects did not link those projects effectively to the real needs of the community. In addition, the viability of many project applications has been questioned. Business planning was found to be inadequate

and the reasons why government released funds under such conditions have been called into question (Marais et al, 2002).

2.9.3. Nature of the projects

Another major contributory factor to the unsustainability of LED projects is the nature of projects being implemented. Meyer-Stamer (2003) considers projects like vegetable producers and the bakeries as quick fixes. As policy-makers are under pressure to present visible results quickly, they run these kind of projects instead of addressing the underlying problems, such as inadequate supply of skills formation opportunities or barriers to entry for strictly business oriented start-ups.

The problem with such projects is that they often are more destructive than creative. They do not necessarily create viable businesses; in fact, it is not rare that the issue of sustainability is not even considered. But they usually create unfair competition for commercial producers of vegetables and bakery products, and in the worst case they ruin those producers which is something local politicians perhaps do not care too much about, but which is clearly detrimental to the overall objective of LED, namely to stimulate economic dynamism (Meyer-Stamer, 2003). Ironically, this leads us back to the issue of strategic planning: if there is too much strategizing and planning, and too little visible results of LED efforts, politicians tend to promote not-too-sensible projects (Meyer-Stamer, 2003)

2.9.4. Lack of capacity building

Key capacity constraints exist in that many projects are consultant-driven and hence are dependent in nature. Business planning is often not properly understood and is inadequate; LED committees and officials lack requisite management skills; and project planning is often poor (Marais et al, 2002). According to the Thulamela LED Strategy (2008), most co-operatives fail to sustain themselves mainly because they do not stick to the approved business plans. As a result, some decisions taken are ad-hoc rather than in-line with the agreed to longer-term vision as contained in the business

plan. Lack of or an inadequate managerial skill from most project managers usually creates problems in the operation of the project.

According to Buso (2003) a common problem amongst developmental projects in general is a lack of training of beneficiaries especially in the area of sustainability of projects. This is supported by Marais et al (2008) who indicate that the fact that very few of these projects have had skilled individuals to manage them results in the management of many such projects being 'chaotic'. In most cases the LED projects are managed by officials with little if any time to manage the projects, and who would seldom appear to have economics training. In her study Human (2007) found that people are left to run projects without the necessary business knowledge and, especially, financial management skills to ensure project sustainability. This results in poor financial management, with most of the funds provided by the municipality being spent on salaries rather than on improving the "business" by acquiring stock or improving infrastructure.

Marais et al (2008) report that in some cases, concerns regarding project irregularity were noted and clear evidence of antagonism between municipalities and residents or project beneficiaries was found. In its study the National Environmental Advisory Forum (NEAF) (2008) found that most projects fail because not enough training is given to the beneficiaries of these projects. Training is only given once at the start of the project and no extended training or mentoring is provided. Projects are failing because skills development has not been sufficient and people need long term skills development and then projects will work.

Local governments are also considered to be the main contributors in most LED projects' inability to sustain themselves after the financial support from the government has ceased. The LED report on the Evaluation of LED in the Free State reports that severe capacity and financial constraints and the apparent failure by local governments to really understand what LED is, do not only ensure that development does not occur, but also that communities are being marginalised and business investment is deterred. It is apparent that weak municipalities can be a real barrier to development, scaring away investment and often failing to maintain even basic levels of services. Failure to play an effective leadership role, to interact with all key local role-players, and frequent allegations of corruption and local political disputes, are serious impediments to

development. Quite clearly, many local governments lack the capacity and ability to embark on 'developmental local government' (Free State Province, 2004).

2.9.5. Political interference

Another big problem affecting the sustainability of LED projects is that of political interference by local politicians. According to Dewar (1998) too much political control and interference exist in LED programmes and projects. Politicians want to look good and use the allocation of LED funding for their own electioneering purposes, by channeling money to areas where they can get the greatest political support – and not to the areas with the greatest need. This is supported by Human (2007) who found that political intervention in the allocation and implementation of LED projects compromises the sustainability of the projects. This is usually as the result of the unofficial “allocation” of projects to councillors, who then decide where projects should be located and who should benefit. Also, during election years, projects, which were not initially accorded priority, are implemented, with a view to improving election outcomes. Projects which are more visible and which ensure an immediate income, regardless of sustainability, are highly useful just before elections.

In the study of the Mbotyi rural community, the NEAF (2008) found that the local Chief and the ANC Councilor had a great influence on who should be employed in LED projects. They tell you who to employ and unsuitable people end up being appointed. According to Cunningham & Meyer-Stamer (2005), Local governance for LED is frequently not of the network variety, involving various actors, but rather dominated by government, in particular elected officials in executive positions who leverage LED to further their political ambitions and careers. LED is not driven by a problem-solving orientation but rather follows a political logic of power accumulation. The problem for LED initiatives is not only, as some authors would point out, a lack of social capital. The problem lies deeper, rooted in a political structure that is oriented towards specific interests and does not care much about the common good.

2.10. Conclusion

This chapter has introduced the concept of local economic development and how it has emerged in both wealthy and poor countries. The chapter also explored South Africa's legislative setting and Policy Context of Local Economic Development in order to gain an in-depth understanding of the government's commitment to Local Economic Development. Furthermore the chapter also focused on factors that enhance the sustainability of the LED projects as well as those that hinder their sustainability both nationally and in Thulamela municipality.

CHAPTER 3

3. Description of LED projects

3.1. Introduction

The objective of this chapter was to provide a brief overview of the characteristics of the sampled projects, which were the focus of this mini-dissertation.

3.2. Description of LED projects

3.2.1. Cooperative Project E

Cooperative Project E was established in 2003 by 11 unemployed men and women but was cooperated in 2004 and is situated in Mahonisi village near Malamulele Township. The project started generating money in 2006 after the beneficiaries were each given eighteen layer chicks by the Department of Agriculture as part of its poverty alleviation programme came together and pooled their layers, labour and funds turn to turn their poverty alleviation project into an agribusiness, (Shibambo, 2008).

The number of members has since increased and now the Cooperative boasts 16 members. Cooperative Project E produces eggs. It produces up to 140 dozen eggs per day, supplying eggs to Makhoma Butcheries and Oasis Lodge in Giyani. In March 2008, the project received a batch of 6720 layers and 1500 bags of feeds from the Limpopo Provincial MEC of Agriculture, Mrs. Dikeledi Magadzi.

The project prides itself as the only egg production cooperative in Vhembe. As part of its marketing drive, the project markets its eggs at all pension pay points in Malamulele area. However, despite their achievements, they also have challenges. These include continuous feed prices increases, being unable to satisfy the customers' demands, projected business stoppage during layer's expiry period due to non-support from funding institutions, inadequate space and also operating in one house and the hot climate that they operate under. Their future plans are to develop a bigger structure that will carry more layers and supply large consumer bases such as supermarkets at Kruger National Park and local hospitals, Mokoka (2008).

3.2.2. Poultry Project C

Poultry Project C project was established in 2000 by 11 unemployed members, 10 women and 1 man. However, it started to fully operate in 2006 after financial assistance from the government. The project was conceived after the local chief invited unemployed community members to be part of a poverty alleviation project. Those who enlisted their names were then offered a piece of land by the chief and advised to establish a fund for themselves.

Members decided to make monthly contributions of R20 that would go towards the opening of a bank account. They used their first contributions to open an account. Thereafter the monthly contributions were deposited into that account. Their leader at the time was an ANC member. He found out in one of the ANC meetings that there was a plan by the local government to financially support existing poverty-alleviation projects. The project then decided to enlist its name with the hope that their project will be amongst the successful projects. Poultry Project C was one of the chosen projects and the government built them six chicken houses, an office, opening stock and bought fencing materials for the project. The project is currently fully operational and supply hawkers and local communities with broilers

3.2.3. Brick-Laying Project A

Brick-Laying Project A was conceived in 1995 after representatives from the local government invited unemployed members of the community to take part in a poverty alleviation project. The representatives indicated that the government wanted to fund poverty-alleviation projects and wanted community members, particularly the poor and unemployed to get involved. About 60 people enlisted their names and they all decided on a bricklaying project. The chief then provided them with a piece of land from where the project could operate. After clearing the land the government provided the project with its first brick-making machine. They started making bricks which they then sold to the community. At first beneficiaries only received food parcels from the government since the project was not making enough money for them to draw salaries. A few years later the government donated a building structure which the project is using as a store room and an office as well as toilets. Most of the project members have left over the

years after realizing that the project was not making enough money. Presently the project has 7 members. The project is currently struggling to attract customers and the members attribute this to poor marketing and lack of transport.

3.2.4. Poultry Project B

Poultry Project B project was established in February 2002 by 22 unemployed youth of Khakhan'wa village. The establishment of this project was a result of the members' need to create jobs for themselves due to limited job opportunities in their area. The group chose a poultry project after realizing that community members and those from surrounding areas had to travel long distances to buy live chickens. The local chief provided the group with a 4-hectare piece of land on the outskirts of the village. After clearing the land, the group received a grant of R10, 000 from the government which they used to build their first shack with a capacity of 100 chicks.

After the construction of the chicken house, some of the members were sent for training at Madzivhandila Agriculture College. After the training the government gave the project another grant, this time R15, 000. The money was used to buy feeding troughs, day-old chicks and feeds. For the next few years the project operated from one shack, rearing 100 chicks at a time. Most projects members got discouraged and left after realizing that the project was not making as much money as they had envisaged. Fifteen of the founding members have since left the project and it is currently being run by seven remaining members. After realizing the remaining members' eagerness to succeed, the government donated an additional R950, 000 to the project. This money was used to build five additional houses, day old chicks, automated feeders and drinkers, a store room and an office. The government also erected a borehole for the project. The project is currently operating fully and supplies live broilers to hawkers, local community members and those from surrounding villages.

3.2.5. Cooperative Project D

Thohoyandou Agricultural Primary Cooperative is situated at the Shayandima industrial area just outside Thohoyandou. This peanut butter producing cooperative was established and registered as a Cooperative in 1999 by a group of 65 men and women

who were previously disadvantaged. The members contributed a certain amount of money to become members of the Cooperative. However some of the original members dropped out along the way and it currently has 16 people, 13 of whom are members of the Cooperative and the other 3 have been employed as additional workers. The Cooperative produces about 2 340 units of 1kg peanut butter bottles every month. Its major customers include the Spar supermarkets in Thohoyandou and Sibasa, Steps supermarkets, Prime Supermarket, Sun Set, Super Save and Laduma Supermarket in Polokwane.

3.3. Conclusion

The aim of this section is to give brief descriptions of the Local Economic Development projects under study. It also outlines the nature of the projects, when they were established, how they were established and the motivation behind their establishment.

CHAPTER 4

RESEARCH DESIGN AND METHODOLOGY

4.1. Introduction

This chapter outlines the research design and methodology with a special emphasis on the following: Nature of the study, Research design, Population and Location, Sampling procedure, data collection and instrument, Ethical consideration and Data analysis.

4.2. Types of research design

The research was conducted within the qualitative paradigm. In this study, the researcher employed the qualitative research approach. Qualitative research is an inquiry process of understanding which is based on distinct methodological traditions of inquiry that explore social problems. Qualitative studies are usually conducted in a natural setting where detailed information is gathered directly from the participants (Henning et al 2004). Flick (1998) maintains that a qualitative method involves observing, analysing situations, studying actions, and activities as they occur. This can help the researcher build a complex and holistic picture of the topic under investigation. Qualitative research has the potential of obtaining adequate information about the community's actions, perceptions, attitudes, constraints and experiences. It is also regarded as suitable for exploratory research and it allows adequate flexibility in terms of questioning and discussion (Neuman, 1997).

The qualitative research approach was chosen in view of the explorative nature of the study. It aims at describing participants' views on the sustainability of LED projects in Thulamela municipality. In this study the researcher used a qualitative method to gain an in-depth knowledge about the participants' perceptions and views on the sustainability of LED projects in the Thulamela municipality. This method enabled the researcher to interpret the participants' facial expressions and body gestures while conducting structured interviews with them. One of the major distinguishing characteristics of qualitative research, according to Babbie and Mouton (2001), is the fact that the researcher attempts to understand people in terms of their own definition of their world. It

was therefore appropriate for this researcher to use this method in order to clearly understand the participants' definition and views on the sustainability of projects.

4.3. Study area

The Thulamela Local municipality is the second largest local municipality within the Vhembe District. It is also the most populated within the Vhembe District. The municipality is predominantly comprised of Traditional Authorities, with the exception of the Thohoyandou area. The Local municipality also borders the Kruger National Park and through it the local municipality indirectly borders Mozambique. The municipality's formal employment is highly concentrated in the Personal and Government service Sector.

The Wholesale Retail and Trade Sector contribute proportionally more to employment in the Thulamela Local Municipality than in the Vhembe District as a whole (Vhembe District Local Economic Development, 2007). The Thulamela municipal area is approximately 2 966, 41197 km (2 966 km) in extent (13,86% of the total area of the Vhembe District Municipal Area), with an estimated population of 537 454 people (48, 95% of the total population of the Vhembe District Municipal Area). The Thulamela municipal area comprises of 38 Wards (Thulamela Municipality IDP review 2008/2009).

4.4. Description of the population

Bless and Hinson-Smith (1995) state that the entire group of people who are the object of research and about whom the researcher wants to determine some characteristics is called the population. In this study the population was the key role players in Economic Development projects in Thulamela municipality. This included managers of LED projects, Community Development Workers, and the manager of the LED section of the Thulamela municipality.

4.5. Sampling procedure

4.5.1. Types of methods used

According to Holloway (1997) sampling is the process of selecting the sample from a population in order to obtain information regarding a phenomena in a way that represents the population of interest. Sampling is the technique by which a sample is drawn from the population. Sampling is a practical way of collecting data when the population is infinite or extremely large, thus making a study of all its elements impossible (Bless et al, 2006). The participants involved in the study were drawn from three different groups namely; manufacturing and agriculture focused LED projects found in Thulamela municipality, Community Development Practitioners working in the municipality as well as the local LED manager and LED Officer for agriculture.

The researcher used both purposive and simple random sampling methods. According to Singleton in De Vos et al (2005), purposive sampling is a sample which is based entirely on the judgment of the researcher. The researcher judges it to be composed of elements that contain the characteristic, representative or typical attributes of the population. Purposive sampling supplies the researchers with the participants that will best help the researchers gain insight into the problem and the research question (Creswell 2003). In this study the desirable participants were the LED Project managers, Community Development Practitioners (CDPs), an LED Officer and a local LED manager. The researcher made use of his own judgment to select a sample of participants that he believed were information rich and was going to provide the relevant data needed to complete this study. This is supported by Patton (1990) as cited in McMillan and Schumacher (2006) who maintains that the logic and power behind purposeful selection of informants is that the sample should be information rich.

The researcher further made use of the simple random sampling method. This method was used to choose a sample of CDPs from a population of 20 working in the municipality. According Bless et al (2006) simple random sampling is a sampling procedure which provides equal opportunity of selection for elements in the population. The researcher first designed a sampling frame which was made up of a complete list of CDPs in the Municipality. This list was obtained from the local District office. Sampling

frame is defined as the list of all units from which the sample is to be drawn (Bless et al, 2006).

After obtaining a complete list of the CDPs from the local office, the researcher wrote down their names into pieces of papers and put them in a bowl. The researcher then randomly picked out pieces of papers until a required number was met. All those whose names were drawn were automatically included in the study. According to Bless et al (2006) the lottery technique is the most common method of simple random sampling.

4.5.2. Sample size

The researcher wanted to select a sample that was going to be representative of the population, from which he aimed to draw conclusions. Because the study was a mini-dissertation, the sample size was 6 project managers drawn from the population of 12 poultry and manufacturing LED projects in Thulamela municipality. In addition, 6 Community Development Practitioners (CDPs), drawn from the population of 20 Community Development Practitioners working for the municipality as well as the local LED manager and LED officer were included in the sample. The total number of people in the sample was 14.

4.6. Unit analysis

The unit of analysis is defined as a person or an object from whom the social researcher collects data (Bless et al, 2006). For the purpose of this study, the units of analysis were the following; managers in the manufacturing and poultry farming focused LED projects, LED manager for Thulamela Municipality and the LED officer from the Department of Agriculture. Two main reasons motivated the selection of the above-mentioned units. Firstly, LED projects in Thulamela Municipality are mainly manufacturing and agriculture focused projects and it was only natural for the researcher to select projects within these categories. Secondly, the researcher believed that the units were in a better position to offer in-depth information had information that could help address questions raised.

4.7. Data collection

According to Moss (1988) data collection is a detailed description of the data gathering procedures for the planned investigation. Data is the basic material with which the researchers work. Data comes from observation, and can take the form of numbers or language. To draw valid conclusions from a research study, it is essential for the researcher to have sound data to analyze and interpret (Durrheim, 1999). According to Hoberg (1999) qualitative data are collected by interacting with the research participants in natural setting. The researcher used multiple methods to collect data because of the belief that that was going to strengthen the study. This is supported by McMillan and Schumacher (2006) who indicated that the use of different data collection tools tend to strengthen the study because the researcher is afforded an opportunity to collect as much data as he / she can.

In collecting data, the researcher first contacted the participants to request permission to include them in the study. For the involvement of the CDPs the researcher approached Vhembe District municipality under which Thulamela municipality falls to request permission. The District municipality requested a letter from the University confirming my registration before they could consider his request. A letter was submitted to the District Manager as requested and permission was granted. Telephonic calls were made to all the participants to request their consent for their participation and to make appointment for the interviews at convenient times.

Additional data collection methods were non-participant observation of organization/community conditions and processes and reviews of documents related to the communities, organizations, and projects included in the study. Archival data included both electronic (i.e., Internet-based) and hard-copy issues of newspapers in addition to minutes and reports of meetings, letters, and similar documents.

4.8. Research instrument

The researcher used semi-structured interviews and questionnaires as his research instruments. Holloway (1997) states that the semi-structured interviews have more specific research agenda and is more focused. This type of interviewing technique allows

respondents to describe the situation in their own words and at their own time. In using semi-structured interviews, the researcher is able to follow up particular interesting avenues that emerge in the interview and the participant is able to give a fuller picture (De Vos et al, 2005). The interviews were conducted with the aid of an interview guide in the form of open-ended questions.

The interview guide served as a map for the path that would be followed by the researcher when dealing with specific issues considered to be core to the study. The researcher employed semi-structured interviews to gather data from the LED Project managers. The researcher also made use of open-ended questionnaires to collect data from the CDPs, the LED Manager and the LED officer. The *New Dictionary of Social work* in De Vos et al (2005) defines a questionnaire as a “set of questions on a form which is completed by the respondent in respect of a research project”. The basic objective of a questionnaire is to obtain facts and opinions about a phenomenon from people who are informed on the particular issue (De Vos et al, 2005). The questionnaires were used with these participants solely because the researcher could not pin down these participants for an interview because of the nature of their jobs and their busy schedules.

In addition, the researcher had to spend time visiting LED project sites and observed how they were operating and then wrote down everything that appeared to be critical indicators of the project’s sustainability prospects.

4.9. Recording interview data

There are methods that researchers normally use to capture information from interviews with participants. According to Greenfield (2002) there are three possible options that the researcher can utilize to gather data during interviews. These are note-taking, tape-recording or a combination of the two. For the purpose of this study, the researcher made use of a tape recorder. The researcher found this method to be appropriate as it was able to capture everything said by participants while he concentrated on the interview. Tape-recording allows the interviewer to concentrate on the topic and the dynamics of the interview (Kvale, 2007). The researcher requested permission from participants to have the interview tape-recorded prior to the commencement of the interviews and explained why it was important for the interview to be captured on tape.

The researcher however indicated to participants that they should make the researcher aware if they felt uncomfortable having their answers taped. However, all of them said they were comfortable with the procedure.

4.10. Sources of data

The researcher used both the primary and secondary sources to collect the data for this study. Primary sources included, Community Development Practitioners working within the Thulamela Municipality, LED Project Managers, LED Manager in the Municipality and the LED Officer in the Agriculture Department of the Municipality. In addition, the researcher also utilized documents as a secondary source of information and analyzed them. McMillan & Schumacher (2001) define document analysis as a non-interactive strategy for obtaining qualitative data, with little or no reciprocity between the researcher and the participant. Merriam (1998) indicates that documents are a ready-made source of data easily accessible to the imaginative and resourceful investigator. They are usually produced for reasons other than the research and are therefore not subject to the same limitations as specific data collection instruments.

The documents used for this study included; European Union report(s) on LED projects in Limpopo province, findings from related studies conducted previously, Integrated Development Plan, National Framework for Local Economic Development, and the Limpopo Economic Development partnership progress. The advantage of using documents as data collection tools is that their presence does not infringe upon or alter the setting in ways that the presence of the investigator often does (Merriam, 1998).

4.11. Indicators used to measure sustainability

The researcher used the following indicators to determine the sustainability of the projects studied;

- The number of years in which the project has been in existence
- The production capacity of the project
- The consistency with the beneficiaries earn their salaries
- The number of people involved in the project
- The state of the project's infrastructure

4.12. Data analysis

Data collected in a research study through various data collection methods have to be analyzed for the purpose of generating conclusions and recommendations. According to Terre Blanche and Kelly, in Durrheim (1999), data analysis involves reading through your data repeatedly, and engaging in activities of breaking the data down and building it up again in a novel way (elaborating and interpreting).

The analysis of qualitative data is usually seen as arduous. The reason why it is found to be difficult is that it is not fundamentally a mechanical or technical exercise. It is a dynamic, intuitive and creative process of inductive reasoning, thinking and theorizing. Most qualitative researchers analyze their own data. Unlike some quantitative research, qualitative research usually lacks a division of labour between data collectors and analysts. Throughout the analysis, researchers attempt to gain a deeper understanding of what they have studied and to continually refine their interpretations. Researchers draw on their firsthand experience with settings, informants or documents to interpret their data (Taylor and Bogdan, 1998). The object of analysing qualitative data is to determine the categories, relationships and assumptions that inform the respondents' view of the world in general and of the topic in particular (McCracken, 1988).

Thematic Content Analysis was used to analyze data collected in this study. This involved listening to the interview tapes; transcribing the interviews; translating project managers' interviews – which were in the community languages (Xitsonga & Tshivenda) into English; reading the transcripts a number of times; summarizing the transcripts and composing matrices and choosing categories; coding statements; linking themes; selecting quotations; and ultimately, generating theory grounded in the data and writing it up in a coherent fashion.

The analysis of interview transcripts and field notes was based on an inductive approach geared to identifying patterns in the data by means of thematic codes. "Inductive analysis means that the patterns, themes, and categories of analysis come from the data; they emerge out of the data rather than being imposed on them prior to data collection and analysis" (Patton, 1980).

In sum, data were reduced and analyzed by means of thematic codes and concepts in a three-level process. Themes gradually emerged as a result of the combined process of becoming intimate with the data, making logical associations with the interview questions, and considering what was learned during the initial review of the literature. At successive stages, themes moved from a low level of abstraction to become major, overarching themes rooted in the concrete evidence provided by the data. These emerging themes together with a substantive-formal theory of “development-focused collaboration” became the major findings of this study.

4.12.1. Conclusion drawing and verification

During conclusion drawing the researcher interprets and draws meaning from the displayed data. The researcher compares, takes note of patterns and themes, uses semantic units and clusters the data displayed. The researcher then records the final results.

4.13. Ethical Considerations

Apart from instrumentation and procedural concerns, collecting data from people raises ethical concerns. These include taking care to avoid harming people, having regard for their privacy, respecting them as individuals and not subjecting them to unnecessary research (Mellville and Wayne, 2001). De Vos (1998) suggests that since human beings are the objects of study in the social sciences, this brings its own unique ethical problems to the fore which should never be in the pure, clinical laboratory settings of natural sciences.

Prior to involving the participants in the study the researcher first obtained their consent. Informed consent entailed informing the participants about the overall purpose of the investigations and the main features of the design, as well as the possible risks of and benefits from participating in the research project. It further involves obtaining the voluntary participation of participants and informing them about their right to withdraw from the study anytime (Kvale, 2007). Participants were informed in advance of their right to participate or refuse to do so. They were given time to make such a decision. The

researcher also gave the participants an assurance that the data will be kept confidential and anonymous.

4.14. Conclusion

Research design that was used in this study was both explanatory and explorative. People's feelings and experiences on sustainability of LED projects had to be explored and explained in detail. To achieve this information, data had to be collected from the respondents. Through the use of semi-structured interviews and questionnaires, the researcher was able to get data that helped him achieve the aims and objectives of this research. Only people who were considered knowledgeable in LED projects were selected for this study. Because of the nature of the topic, purposive and simple random sampling techniques were used for the selection of the respondents. Data was analyzed using thematic content analysis. The fourteen respondents who participated in this study are members of the agriculture and manufacturing-focused LED projects, found in Thulamela municipality as well as government employees involved in Local Economic Development, such as Community Development Practitioners, LED officer and an LED Manager.

CHAPTER 5

5. RESULTS PRESENTATIONS AND ANALYSIS

5.1. Introduction

This chapter focuses on the presentation and discussion of the research findings. The data provided by the respondents in this study was used by the researcher to make inferences about the whole study. The data was first categorized into themes. Thereafter discussions based on the transcriptions and literature reviews were presented. This was done to bolster the authenticity of the study. Similar responses from different respondents were grouped under one theme. The Discussion in this chapter is also backed by the views of authors used in this study in the literature review.

5.2. Results presentations

5.2.1. Reasons for the establishment of projects

The study reveals that all the projects had a common reason for establishing their projects. Unemployment and poor socio-economic situations were found to be the most common reasons for the establishment of these projects. Unemployed community members from where these projects are located came together to start projects aimed at creating jobs for themselves. This resulted in the establishment of Cooperative Project E Poultry at Mahonisi village, Poultry Project B at Khakhan'wa village, Cooperative Project D based at the industrial site in Shayandima, Poultry Project C and Brick Project A, both based in Budeli village. Only members of Poultry Project B contributed a certain amount of money towards the establishment of the projects while the additional funding was provided by different government organs. These include the Department of Health and Social Development, Department of Agriculture, Vhembe District Municipality and Thulamela Municipality.

5.2.2. Summarized information of the interviewed projects

According to the following data in Table 1, the motive behind starting all the projects is job creation and poverty alleviation. Three of the projects took off in the year of conception except Poultry Project C project which was conceived in 2000 and only started operating in 2006.

Table 1: Brief project profile

Name & nature of the project	Area where project is located	Year project idea was conceptualized	Persons who conceptualized the idea	Reason for the idea of a project	Year the project started operating
Poultry Project B project	Khakhan'wa village	2002	Local government	Job creation and poverty alleviation	2002
Poultry Project C	Budeli village	2000	Local government	Job creation and poverty alleviation	2006
Brick-making Project A	Budeli village	1995	Local government	Job creation and poverty alleviation	1995
Cooperative Project D	Shayandima	1999	Project members	Job creation and poverty alleviation	1999
Cooperative Project E	Mahonisi village	2003	Project members	Job creation and poverty alleviation	2004

5.2.3. Number of members per project

Table 2: Project membership patterns

Name of the project	Original No. of members	Current No. of members
Poultry Project B	22	07
Poultry Project C	11	10
Brick-making Project A	65	07
Cooperative Project D	65	16
Cooperative Project E	11	16

The preceding table shows that all but one project have had massive drop outs of who members that started with the projects. Brick-making Project A and Cooperative Project D suffered major drop out rates. Only Cooperative Project E has managed to increase the number of members from 11 to 16. The drop in the number of employees on four of the five sampled projects means they are currently failing to create more jobs for the locals and help in poverty reduction. This is in contrast with the government's LED programmes' objective of creating more employment opportunities for the poor which will eventually results in poverty reduction for the beneficiaries.

5.2.4. Academic qualifications of respondents

Table 3: Academic qualifications of respondents

Title	Grade 12	Diploma	Junior degree	Postgraduate degree
Cooperative Project E Project Manager		x		
Brick-making Project A project 1 st manager	x			
Brick-making Project A 2 nd manager	x			
Poultry Project C project manager	x			
Poultry Project B project manager	x			
Cooperative Project D project manager		x		
CDP 1		x		
CDP 2		x		
CDP 3				

CDP 4				X
CDP 5	x	x		
CDP 6				
LED Manager				X
LED Agriculture Officer			X	

Table 3 reveals that only two of the five project Managers involved in the study have post-matric qualifications. The other three only have a matric certificate. The research findings show that the projects being run by Managers with post-matric qualifications are performing well, compared to the ones being managed by Managers with only a matric certificate. This could be an indication that a Manager’s level of education plays a critical role in the success of a project.

5.2.5. Presentations of major themes

The following is a presentation of the major themes that emerged from the study.

5.2.5.1. Leadership and governance

There is some evidence that all the project participants interviewed have formal structures within the projects that were created for leadership and governance purposes. All the projects have a Manager who has been democratically elected by the project members to manage the day to day running of the project. However, of the five managers, managers of Brick Making Project A, Poultry Project B and Poultry Project C have no defined job descriptions and they do the same job as the other members as illustrated in the following excerpt:

I do the same things as others, like mixing sand and baking bricks. But I am also tasked with the responsibilities of purchasing stock for the project and taking the money to the bank

(Project member, Brick-Making Project A)

This means that their roles as managers are very limited. Some of them do not seem to have a clear picture of what their role as managers should be. This means that these projects do not necessarily have an individual identified to oversee the business side of the project. This is despite having people who are working as managers.

5.2.5.2. Financial management

In Brick-making Project A, the study shows that the project members do not have proper methods in place to record its financial transactions. While monies made from sales are recorded in a receipt book, the project does not have a person assigned to sell the bricks and each of the seven members is allowed to carry out that duty. The project also has a fully responsible for banking the project's finances. This individual is the one who signs out the cheques of the projects, asks for quotations from suppliers, and orders stock for the project. However, in Cooperative Project D Cooperative Project E and Poultry Project B projects, there appears to be proper methods in place for the management and recording of transactions. In Cooperative Project D and Cooperative Project E Poultry, the project's financial transactions are recorded in an analysis book and all supporting documents are kept safe. The projects also have Financial Managers whose responsibilities include preparing monthly income statements. A project member had this to say:

We have appointed a Financial Manager who is the chief custodian of all the funds of the project. She keeps and maintains proper procedures to safeguard the funds.

(Member of Cooperative Project D)

At the end of each financial year the projects invite an independent auditor to conduct an audit. In addition, Cooperative Project E has three signatories whose signatures must appear on each cheque issued by the project. Poultry Project B project has elected a Treasurer whose responsibility is to handle all the finances of the project. However three members of the elected committee are required to append their signatures to validate cheques from the project's finances. All the project participants indicated that they have cheque accounts with different banks for their projects.

5.2.5.3. Marketing strategies

The research study has revealed that that some projects have proper and well thought out marketing strategies in place while others only rely on the word of mouth to market their products. Of the five projects interviewed, Cooperative Project E is the only project with multiple marketing methods in place. In addition to the word of mouth, the project

also had its products profiled on Mughana Lonene Fm's talk show, *Tiko a xi etleli*, SABC2's Agri-TV and Nature discussion. The project also had its project profiled in Temo news, which is the E-newsletter of the Limpopo Department of Agriculture. Cooperative Project D conducts face to face presentations with potential buyers where they also introduce their products.

Poultry Project B and Poultry Project C mostly use telephone as a marketing tool wherein a few days before the broilers are sold they call their regular customers to inform them about the imminent sale. In addition to this method, Poultry Project C uses the local radio to advertise especially when they have too much stock. Poultry Project B used to have an advertizing board erected next to the main road entering the village. However that board has since been stolen by thieves. Budeli Brick-laying is the only project without a clearly defined marketing tool.

5.2.5.4. Projects' main customers

The results also showed that Poultry Project B and Poultry Project C consider community members, hawkers and street vendors as their main customers. Cooperative Project D's list of main customers include government institutions (hospitals and Correctional Services Department), Supermarkets like Spar Sibasa and Wholesalers. Cooperative Project E's list of customers include Pick 'n Pay Thohoyandou and members of the public and a tender of 1000 eggs a day in Pretoria. Brick-laying project A is the only that does not seem to have regular customers as shown in the following quote:

We do not have specified people that we can point and say these are our main customers. We just come here everyday hoping that someone will come and buy bricks from us.

(Project member, Brick-Laying Project A)

This researcher believes that developing a well-defined customer base is very critical in determining the sustainability of an LED project. Looking at the sampled projects, the findings have showed that projects with a well-defined customer base, such as Cooperative Project E and Cooperative Project D are performing better and have a better chance of sustaining themselves, compared to projects like Budeli Bricks which does not have main targeted customers.

5.2.5.5. Decision-making process

The study reveals that all but one project have formal processes in place that they apply whenever a major decision regarding the project must be made. The Poultry Project C and Poultry Project B have committees which have been democratically elected. These are responsible for making major decisions in consultation with other members. Cooperative Project E applies one of the principles that governed cooperative in making its decision. The project has elected a board. This board is responsible for making all decisions concerning the project. After making a decision, the board will take its decision to all the members for deliberations and collective consensus. The following excerpt encapsulates those sentiments:

Ja, like I have said, cooperatives are governed by principles. There is one principle there and it is very much important and that is democratic member participation. So in cooperative we have to select a few people to form a board. So all activities of the organization must be run by the elected board and the members are sent by the masses or all members so they have to come back with something to us, what we proposed and things like that. A resolution is very much important, because for a final decision, we have to discuss, agree and then write something down so that we can put our signatures.

(Project member, Cooperative Project E)

Cooperative Project D's major decisions are made after thorough deliberation by all members of the cooperative. In Brick-making Project A, the youngest members of the project make suggestions and then all members will sit down and deliberate on the suggestions brought forward and come up with a decision.

5.2.5.6. Capacity building

The study revealed that all the project participants interviewed received some kind of training from different institutions. Members of Poultry Project B and Poultry Project C projects received training on broiler production at Madzivhandila Agricultural College while Poultry Project B received additional training on basic bookkeeping. The only training the Budeli Brick-laying project members received was on how to operate the brick-making machines. Cooperative Project E and Cooperative Project D members seem to be the ones who have received the most of all.

Cooperative Project E members received several training from the Departments of Agriculture and Land Affairs. This includes training in Bookkeeping, Financial Management, Marketing and Egg Production. In addition, the manager attended training on cooperative management and farm executive management offered at the University of Limpopo and the Department of Agriculture respectively. Members of Cooperative Project D received training on basic Business Management, Bookkeeping, Financial and Marketing Management.

Even though members of these projects have received some training with some receiving more training than others they all still believe that the knowledge they currently have is inadequate. They believe that they still needed to be capacitated more, especially on aspects such as marketing and financial management. Project members believe that capacity building for beneficiaries is of paramount importance for the sustenance of a project. They argue that capacitated members know exactly what to do to ensure the smooth running of the project and its sustainability. The following words by a member bear testimony to this:

Capacity building is very important in a project as it plays a major role in the sustenance of a project. A person who has been capacitated knows exactly what to do to ensure that the project runs smoothly and is sustainable.

(Project member, Brick-Making Project A)

5.2.5.7. Beneficiaries' views on the role of the local government

The study reveals that project members have mixed views on the role that the government plays in Local Economic Development projects. Cooperative Project D believes that the government is playing a proactive role in assisting LED projects. They cited the existence of various government agencies such as Seda and Libsa which assist project members with training. Poultry Project B manager also believes that the government, particularly the Department of Agriculture, is playing an active role in ensuring that the project is running smoothly and to find out how they can assist the project to improve. However, members of other projects believe that the government is doing very little, especially when it comes to ensuring that beneficiaries are equipped with skills that will help them run their projects effectively. Members of these projects

believe that government should organize regular training workshops and refresher courses for project beneficiaries so that they are equipped with the necessary skills needed for them to run their projects as business ventures as seen in the following excerpt:

("Its not enough, its not enough at all, we are still lagging far behind as far as training is concerned. We still need continuous trainings so that what we need to know to run the project is embedded in our heads so that we all know why we are here because some of us still seem unaware that we are here to make profit and as a result they do not know how to make a customer happy.

(Project member, Poultry Project B)

The project members interviewed also indicated that in addition to offering financial support and training, the government should always be available to offer advice to beneficiaries on how they can further enhance their projects. The support could be in the form of technical support, expert advice and training courses. The members also indicated that the government should also consider helping their projects to market their products. Furthermore project members indicated that government officials should from time to time conduct site visits to monitor and evaluate the running of these projects.

5.2.5.8. The role of the community in the sustainability of projects

The project members believe that local community members play a major role in the sustainability of their projects, since a large percentage of their customers come from these communities. Participants from four of the projects believe that the community plays a vital role in the survival of their projects. A project member had this to say;

Yes, because without their support we can't survive.

(Project member, Cooperative Project D)

Only Brick-making Project A reported that their community is not being supportive of their project and that people would rather go and buy their bricks in other areas than go and buy from Project A. They attribute this mainly to community members' distorted belief that the project members are making a lot of money from the project and that buying bricks from the project will make its members even richer. The project participants also indicated that in addition to buying their products, local community members should

approach them to give advice and constructive criticism that could further build their projects. The need for community members' assistance in running the project could be seen from the following excerpt:

Our community should stop staying away from the project and those who have ideas on how we can grow this project should come and give us advices

(Project member, Brick-Laying Project A)

5.2.5.9. Projects' views on factors that enhance the sustainability of projects

The study has managed to outline several key factors that project members believe play a pivotal role in the sustainability of projects. Most of the participants stated that continuous monitoring and evaluation of these projects' operations by government could play a major role in prolonging the sustainability of these projects. This is corroborated by a project member who said:

Continuous monitoring will assist a great deal because government officials will be able to tell us what is suppose to be done

(Project Member, Poultry Project B)

The government is spending millions of rands in projects like this one and the least they can do is to monitor them to see how that money is being utilized").

(Project member, Brink-Making Project A)

Other participants believe that capacitating beneficiaries with skills that help them successfully run their projects.

The government must equip the projects with trainings that will help beneficiaries understand that they are the ones who make sure that the business is sustainable not the government officials".

(Project member, Poultry Project C)

Four of the project participants interviewed mentioned that perseverance and transparency also contribute to the sustenance of LED projects

The thing is we told ourselves that we are here to work and that no matter what problems we encounter along the way we will persevere because this is our job"

(Project member, Poultry Project B)

5.2.5.9.1. Indicators of a successful project

Most of the respondents who participated in this study believe that the main indicator of a successful LED project is its ability to bring enough income for members to buy raw materials with and still have some cash left for members' salaries. However, the study findings have revealed that members in three of the five projects, sometimes members go for as many as three months without earning a salary because their projects struggle even to break even. The challenge faced by beneficiaries in some projects is illustrated in the following excerpt

Sometimes we go for months without drawing a salary because there is not enough money and some of us are forced to look for temporary jobs to ensure that there is food on the table and that our children go to school

(Project member, Brick-Making Project A)

Views like these gave the researcher the impression that most project members' primary concern is to earn a basic salary to support their families. Also, while they seem to have grand plans for their projects, expanding their projects into macro-enterprises is not going to happen in the foreseeable future. Only two of the projects, Cooperative Project D and Cooperative Project E talked of expanding their project. Both projects have allocated a budget for their 2010/2011 financial year for that purpose. These two projects also happen to be the two projects that are performing well, compared to the others and they are also able to pay their members' salaries every month.

5.2.5.10. Participants' views on factors that threaten the sustainability of projects

The study revealed several factors that participants believe are major threats to the sustainability of LED projects. One of the major factors is that projects do not usually implement their business plans correctly. While all the project members interviewed have business plans, only two are constantly reviewing them and making the necessary adjustments where necessary. The other three have never consulted their business plans since they were compiled

To be honest with you we have never consulted that business plan and we just make decisions as we go along. For example the business plan states that business hours are from 8:00 in the morning to 16:30 but project members do not follow that.

(Project member, Brick-Making Project A)

Most of the government officials interviewed also believe that most projects do not operate in line with their business plan

Very few follow the business plans. This is mainly because the business plans are not properly compiled and beneficiaries in most cases do not participate in their compilation. So they don't understand the business plans and their importance

(LED Manager)

No, I think they just draw their business plans to access the funds from the government, they do not work in line with them because if it was, that all if not most of the projects would be sustainable and successful today.

(Community Development Practitioner)

The study also revealed the following factors as the most prevalent threats on the sustainability of LED projects:

- Illiteracy amongst beneficiaries;
- Mismanagement of funds;
- Lack of access to markets;
- Lack of skills;
- Lack of raw materials;
- High price of feeds;
- Poor following of the business plan;
- Conflicts amongst members; and
- Division and conflicts between beneficiaries and community leaders.

5.2.6. Discussion of results

5.2.6.1. Educational levels of project Managers

The study findings show that of the five Project Managers, only two have post-matric qualifications. The study further revealed that projects being managed by people with higher education qualifications are showing more signs of being sustainable compared to those with only a Grade 12 certificate. Low levels of education limits the entrepreneurial

ability or at least the ability of the entrepreneurs to plan and manage an enterprise (no matter how small). Those with higher levels of education are more likely to establish an opportunity enterprise, whereas those with lower formal education levels are more likely to start a necessity or survivalistic enterprise.

The significance is that opportunity enterprises are more feasible and have the capacity to create jobs, whereas necessity enterprises merely serve to create sufficient income to survive and therefore are survivalist in nature. Although formal education does not guarantee any success in the business world, it is easier for an educated person to learn basic business skills (such as through a course). Also, the ability to read, write and communicate properly improves the odds and ability of the entrepreneur to be successful (LED Strategy, 2008). This could explain the reason why projects being managed by managers with post-matric qualifications are performing well compared to those being managed by managers with only a grade 12 certificate.

5.2.6.2. Capacity building

The study has revealed that projects beneficiaries are currently confronted with a lack of training on issues that are of paramount importance to the effective running of LED projects and their sustainability. Although some projects reported that their members had received some training, this was mostly vocational training. They reported that it is their lack of understanding of business related matters that is worrisome. The researcher believes that this could be the main reason why most of the interviewed participants are struggling to operate at a market competitive level. This is because vocational training predominantly aims at training people in certain skills, which is a pre-requisite for the production phase of a project. However, to run an SMME in a financially viable way demands higher level business skills. Apparently, vocational training provided does not provide these core business competencies (Marais, et al, 2002).

A lack of capacity on aspects such as marketing, customer service, project management and business management means that beneficiaries do not have the ability to adequately run the projects as business ventures. This does not help to make the project market competitive. The findings of this study reveal that for beneficiaries to run their projects effectively, they need to be equipped with basic skills on aspects such as

business management, marketing, and customer service. NEAF (2008) found that most projects fail because insufficient training is provided to the beneficiaries of these projects. Training is only given once at the start of the project. No extended training or mentoring is provided. Projects fail because skills development has not been sufficient and people need long-term skills development, then projects will be productive.

According to Buso (2003) a common problem amongst developmental projects in general is a lack of training of beneficiaries especially in the area of sustainability of projects. This is supported by Marais et al (2008) who indicate that the fact that very few of these projects have had skilled individuals to manage them results in the management of many such projects being 'chaotic'. In most cases LED projects are managed by officials with very little if any time to manage the projects, and who would seldom appear to have economics training. An interesting finding with regard to capacity building emanating from the study is that it is of paramount importance for beneficiaries to be equipped with skills on aspects such as marketing and basic finance to enhance the sustainability prospects of their projects.

5.2.6.3. Financial systems

Inadequate financial systems have a potential to impact negatively on the sustainability of LED projects. The study revealed that most projects do not have sound financial systems in place that will ensure that all the monies made from the sale of products are accounted for. Of the five projects only two have appointed financial managers and also have independent auditors. Those without a financial manager have identified an individual within the group to manage the finances. The challenge however, is that the identified members do not have financial management skills and use ad-hoc methods in making financial decisions.

This makes the funds generated susceptible to fraud and financial mismanagement. Lack of financial management and bookkeeping is detrimental to the sustainability of projects because beneficiaries usually do not know what they are supposed to do. Beneficiaries' limited knowledge and skills in business management could be the reason why most of these projects are performing poorly. These findings are consistent with Human's findings. In her study she found that beneficiaries are left to run the projects

without the necessary business knowledge and, especially, financial management skills to ensure project sustainability. This results in poor financial management, with most of the funds provided by the municipality being spent on salaries rather than on improving the “business” by acquiring stock or improving infrastructure (Human, 2007).

5.2.6.4. The role of community members

The study also revealed that beneficiaries consider the community support of their projects as the main determinant of the sustainability of the projects. Most of the interviewed managers believe that their projects are less likely to survive without community members buying their products.

However, of the interviewed projects, Brick-making Project A project was the only one that is receiving minimal support from their community. This results in their project often going for an entire week without selling any brick. The researcher attributes Brick-laying project’s situation to their non-existent marketing skills. This results in surrounding villages being unaware of the existence of their project. This is supported by Kganyago (2008) who found that the reason why some projects’ members felt that they do not have enough community support was due to their poor marketing strategies. Poor marketing strategies mean that only community members of the area where the project is located are aware of its existence and it will struggle to break into market beyond its immediate surroundings.

Perhaps one of the most interesting findings relating to the role of community members is that all the project members interviewed indicated that knowledgeable community members should not stay away from them. Rather, they should go and offer advice on how to expand and make their projects more profitable. This could also be an indication that project beneficiaries lack the skills and knowledge necessary for them to manage their projects independently and therefore rely on external agents for assistance.

5.2.6.5. Availability of markets

The sustainability of LED projects is also largely determined by the availability of a broader market in which to sell their products and looking at the projects under study, access to market is a major deterrent to their sustainability. The findings reveal that projects that only rely on the local market to sell their products are performing poorly and constantly experience cash flow problems compared to those with access to markets outside their immediate surroundings.

Of the five project groups interviewed, only two are exporting their products beyond the borders of Thulamela to places like Polokwane and Pretoria. The findings revealed that limited market results in cash flow problems for projects which in turn threaten the very existence of these projects. One of the concerns for the LED projects in Thulamela municipality is a limited market. Secondly most LED projects sell their products locally to small shops and the informal sector, with only few getting more lucrative contracts with larger shops (Thulamela LED Strategy, 2008 & Netshakuma, 2006). A limited market is seen as one of the main contributory factors towards the failure of projects. As the market is rather limited, the chances of these projects expanding and becoming macro projects are very slim (Singwane, 2001).

The researcher believes that one of the factors that hinder LED projects from accessing broader markets is poor marketing. Developing effective marketing tools is crucial in determining whether a project will be sustainable or not. Proper marketing tools expose customers to the products being offered by projects. The findings have revealed that the use of multiple marketing tools has the potential to increase the market base enhance the sustainability of the project.

Projects that use multiple marketing methods such as radio, TV, and innovative methods like product display and presentation are able to reach a wider market and are currently exporting their products to other regions and provinces. This in turn enhances their sustainability. An example of a project that utilizes multiple marketing tools is Cooperative Project E. Despite the fact that this project is located on the outskirts of town in an area that lacks the necessary infrastructure such as roads, telecommunication network, there are signs of small-scale project sustainability. Members seem to have a

strong marketing vision. Through its strong marketing methods, Cooperative Project E has managed to secure a contract with a local supermarket. The cooperative has also managed to secure a tender contract to supply 1000 eggs a day in Pretoria and also plans to establish a service point in Polokwane and Witbank.

The study findings further revealed that the three poorly performing projects have no well-defined marketing strategies in place which they use to expand their market base. Of the three, two rely mostly on their regular customers (those who always buy from them) to buy their products while the other one relies mostly on ad-hoc methods to market its products. A lack of a well defined marketing strategy could be the reason why these projects are not performing in a competitive manner. This could be ascribed largely to the fact that not enough was done to model the LED projects according to sound market research and detailed marketing plans (Marais et al, 2002). Most of the marketing was done in an informal and ad-hoc way and was not properly integrated with the core business of the LED projects.

Another interesting finding revealed by the study with regard to market access and marketing is that the local government officials interviewed have indicated that the government has strategies in place meant to assist the projects to access markets. The LED Manager stated that his unit links projects with markets during planning and assists projects in negotiating with potential customers. The CDPs indicated that they help by training beneficiaries on how to market their products. However, despite all these strategies, the study revealed that most projects are using ad-hoc marketing methods and are struggling to access markets for their products. The researcher's opinion about this issue is that either the local government's current strategies are failing to make an impact or the projects are failing to implement them properly.

5.2.6.6. Monitoring and evaluation

Another issue that was found during the interviews is that some project members believe that monitoring and evaluation of projects is critical for the sustainability of projects. Participants pointed out the need for continuous monitoring of LED projects by the funding government departments. They argue that monitoring and evaluation will ensure the sustainability of these projects in several ways. Firstly the monitoring of projects will

provide government officials responsible for projects with first hand information on how projects operate and help address challenges that beneficiaries might be facing. Secondly, participants believe that monitoring will ensure that project funds are spent wisely. This will in turn minimize the issue of financial mismanagement.

According to Tango International (2009) effective monitoring and evaluation supports sustainability in multiple ways. First and foremost, it identifies strengths and weaknesses in project implementation, which makes possible needed adjustments in response to changes in the operating environment. Second, it can highlight potential linkages among individual project components that enhance the overall impact of programme interventions.

Finally, it can establish reliable indicators of project sustainability. M&E assists in clarifying the objectives, expected outcomes, activities and indicators for the success of projects (Uphoff, Esman, Krishna, 1998). The importance of continuous monitoring and evaluation is further supported by Molefane (2005) who argues that M&E enables municipality to remedy problems before they become unsustainable, increase effectiveness of people involved in projects, enhance project design, and can also improve working practices. Monitoring and evaluation is therefore one of the important criteria, which can be utilized in order to make programs sustainable.

Of the five projects studied, three indicated that government officials often visit the project sites to monitor their progress. Brick-making Project A and Poultry Project C indicated that government officials seldom come to monitor their projects. The projects happen to be the least performing amongst all projects. However, despite the comments from the two projects, the study found that the government is very proactive when it comes to monitoring LED projects in the Municipality. The local LED Unit always compares projects' business plans with realities and makes corrective measures where there are disparities. CDPs from the Department of Health and Social Development have a monitoring tool which they use to monitor projects funded by the department on a monthly basis. Projects are required to submit monthly income and expenditure reports.

5.2.6.7. The role of government

Project sustainability can only be attained when LED projects continue to fully operate and be profitable way after the government's financial support has ceased. Respondents indicated that after-support from government and other relevant stakeholders is critical to ensure that projects continue to operate. The study findings further revealed that in order to ensure the sustainability of LED projects, government should offer after-support services to equip beneficiaries with non-monetary benefits that will help them operate independently. These services could include constant monitoring by government officials to guide and advice beneficiaries on how to tackle business-related issues such as marketing, bookkeeping and managing their finances.

Project managers had one concern; they believed that government invests millions of rand in their projects and then leave them to survive on their own. The researcher believes that post government involvement is a major determinant of whether the project will succeed or not. It is important for the government and other funding agencies to note that in most instances, beneficiaries of poverty alleviation and job creation programmes are uneducated people with no business management experience.

By their nature, income generating projects seek to be enterprises, but because of the way they are often set up, they tend to attract beneficiaries who are either not themselves entrepreneurial, or are structured in such a way as to hamper their ability to operate entrepreneurially (Public Service Commission, 2007). It is therefore important for the government to become actively involved during the first few months of the project's life to show beneficiaries the ropes of running the project as a business and not as a welfare venture.

The study findings have also revealed that all but one of the projects never conducted a feasibility study or market research prior to the implementation of the projects to determine whether the project will be profitable or not. Cooperative Project E is the only project which conducted a feasibility study prior to the implementation of the project. Its findings showed that their project is likely to succeed as there was only one similar business operating in Thulamela. It would therefore seem that many of the projects were

initiated largely as a convenience and that neither the government nor projects beneficiaries had done any feasibility before implementation.

This resulted in most of these projects being implemented without their viability and their sustainability potential being tested and confirmed. This shows poor project selection, poor training and guidance, and the failure to do proper market research. The most sustainable projects are those which have responded to real market niches such as tourism, or are led by groups which have the right skills and focus (Free State Province, 2004).

5.2.6.8. Management and Administration of projects

In terms of the management and administration of LED projects, the study findings reveal that all the projects have formal structures in place that are responsible for the running of the projects. Of the five projects, two projects are governed by a democratically-elected board of governors while the other three have democratically elected committees. Even though these formal structures oversee the running of the projects, all members actively participate in making decisions that affect the running of the project.

The existence of the formal structures in these projects is an indication that they are organized entities which can only enhance their sustainability. However it has been found that projects that have been registered as cooperatives are performing well, compared to those registered as Non-Profit Organizations. The researcher attributes this to the fact that cooperatives are governed by principles found in the Cooperative Act. Looking at Brick-making Project A, there appears to be inefficiency in the management of the project. Given the fact that it has been operating for a few years, even the before funding from the Department, one would expect the project to be more organized in terms of management processes.

However, there seems to be a lack of leadership among members, with no formal structure that oversees the daily running of the project. The central conundrum is that

projects with a flat structure are prone to collapse unless there is sufficient group solidarity, in which case they may well excel. However, this usually implies that they are small in size; projects with a hierarchical structure may be able to accommodate larger groups and be well-managed, but then most of the beneficiaries as such are effectively employees rather than owner-entrepreneurs. As a result, such projects are vulnerable to being treated as politically-motivated job creation projects (Public Service Commission, 2007).

5.2.6.9. Impact of projects

Project effectiveness could be considered as its ability to achieve the desired and planned goals. Generally, efficient projects are more likely to yield effective results (Nowele, 2007). Looking at the sampled projects, the findings have revealed that they have made little impact on the lives of the target beneficiaries. This conclusion is based on the fact that despite some of these projects being in existence for more than 10 years, beneficiaries continue to earn paltry salaries.

The salary scale for the interviewed projects is R350 to R700, with some project members going for months without drawing a salary because the project did not make enough money for them to get paid. This means that project members often struggle to afford basic necessities like food and transport for their children, an opposite of what these projects are meant to achieve. This has forced members of Brick-making Project A to do part-time jobs like laundry washing and gardening to supplement their wages. Even though the standard of living in rural areas, where most of projects are based is still relatively low, the amount of money generated may not adequately support beneficiaries' households.

Firstly, the education of their children needs more money; secondly the cost of food is too high, since they is no available access to the bigger hypermarkets in the vicinity, and they are forced to travel to local towns and townships to buy essentials. This is an exercise that weakens their already weakened finances (Kganyago, 2008). All but one project have members leaving the projects and migrating to Gauteng and other places to seek better paying jobs. Consistent to these findings are Kganyago's (2008) findings who found that most project members leave the projects and migrate to urban areas

such as Gauteng Province and Polokwane city to look for jobs as the projects did not generate enough income to give them a decent living. Just like with the findings of this study, Kganyago (2008) found that the members of the projects were not guaranteed a monthly fixed income accruing from their projects as that depended on their monthly returns.

5.2.6.10. Implementation of projects' business plan

The study also revealed another problem that threatens the sustainability of LED projects. This is the beneficiaries' inability to correctly implement their business plans. Most of the project participants interviewed admitted failure to implement what their business plans say and to using ad-hoc methods to run their projects. The researcher also noted that these projects are performing poorly, compared to those that are implementing and continuously reviewing their business plans. An example of such a project is Brick-making Project A where, respondents indicated that they rarely consult their business plan. They mentioned that they always use ad hoc methods to run their project. Most projects fail to sustain themselves mainly because they do not stick to the approved business plans. As a result some decisions taken are ad-hoc rather than in-line with the agreed to longer-term vision as contained in the business plan Thulamela LED Strategy (2008).

Kwaw (2004) found that community workers became frustrated by project members because, though their level of capacity had been improved, they did not keep sound business records, did not operate on sound business practices, budgeted improperly and operated outside business plans designed for their projects. One explanation for these trends may be that very few of the plans were developed by business experts. In many cases, the business plans for projects did not link those projects effectively to the real needs of the community. In addition, the viability of many project applications has been questioned.

Business planning was found to be inadequate and the reasons why government released funds under such conditions have been called into question (Marais et al, 2002).

5.2.6.11. Transport challenges

The availability of transport is crucial to the sustainability of Local Economic Development projects, particularly those that are in agriculture and manufacturing fields. This is because they are often required to transport their products to the customers. However, the study has revealed that of the five project groups interviewed only Cooperative Project D has full delivery service and has fleet of trucks that are used for that purpose. Cooperative Project E has one mini-truck which they use to deliver eggs to their customers. However, it only delivers large orders within a certain radius.

The other three projects currently do not have transport services and beneficiaries have admitted that this has a negative impact on their profit margin as they are sometimes forced to turn away customers coming to them expecting to have the products delivered to them. Of the three projects, Brick-making Project A is the most affected and the manager indicated that the project sometimes go for an entire week without selling any brick because most of buyers do not have transport and expect the project to transport the bricks for them. This current state means the project loses customers to its competitors who can provide transportations for their customers.

5.2.6.12. Expansion plans

One of the main indicators of a project's sustainability is the availability of expansion plans and the current state of its physical infrastructures. The researcher noted that all projects interviewed boast modern physical infrastructure. However it is interesting to note that all these structures were built by the government as part of the initial grant and none of the projects have since built any additional structures. Of the five projects, the study revealed that only Cooperative Project E and Poultry Project B have clear expansions plan. During the interviews Cooperative Project E had already put a budget aside to build another chicken house with a bigger capacity including an automatic egg collector. Poultry Project B manager indicated that their project's expansion plan includes planting a variety of vegetables to be sold to surrounding communities as well as building their own hatching facilities. The researcher believes that the availability of expansion

plans is a major indicator that some projects beneficiaries consider their projects not as welfare ventures that help them put food on the table but as entrepreneurial ventures with potential to grow and become macro enterprises.

5.3. Conclusion

This chapter has managed to bring afore factors that either hinder or enhance the sustainability of Local Economic Development projects. The empirical findings collaborated by secondary literature from various authors and researchers revealed that there factors which if left unattended could threaten the sustainability of projects. There are also those which, if encouraged, could greatly enhance project sustainability.

Firstly, the study has revealed that capacity building on aspects such as marketing, business management, bookkeeping and financial management are very crucial in determining project sustainability. The findings showed that the least performing projects lacked financial management and marketing skills. This affected their market base and cash flow. The study also revealed that projects with proper marketing strategies and financial management tools are more successful than those which are using ad hoc methods.

Cooperative Project E and Cooperative Project D both have multiple marketing strategies and have financial managers in their employ to take care of the finances. In addition, these projects have independent auditors who carry out annual financial audits of projects' finances which ensure proper financial management processes. The findings of this study as well as those of similar studies have further revealed projects beneficiaries' acknowledgement of the role of capacity building in sustaining their projects. Beneficiaries also indicated a dire need to be capacitated not only on vocational aspects, but also on business aspects.

The study also revealed that one of the biggest threats to the sustainability of projects is beneficiaries' inability to implement their business plans. Of the five projects, only Cooperative Project E and Cooperative Project D have business plan reviewing

mechanisms in place to ensure that their projects always operate in line with the business plan.

The two also happen to be the best performing projects of the five. Brick-making Project A is the least performing project. Its managers were not even aware if the project had a business plan. The project beneficiaries' use of ad-hoc methods in running the project could be the reason why the project is performing so dismally. One thing that most projects have in common, that also seems to enhance their smooth running is that they have proper management structures. These structures have appropriate control and influence on the running of the project. These projects also involve their members in making decisions that affect the running of the project. This could only promote unity amongst members, increase productivity and enhance the project's sustainability.

CHAPTER 6

CONCLUSION AND RECOMMENDATIONS

6.1. Introduction

The aim of the study, as stated in Chapter One, was to examine the sustainability of Local Economic Development projects in Thulamela municipality. Its objective was to determine the effectiveness of the implementation of municipality's Local Economic Development Strategy in the sustainability of local LED projects. The other objectives were to establish whether the LED projects in Thulamela municipality are able to sustain themselves after the government's support. Lastly, the study sought to identify contributory factors into the sustenance of LED projects as well as those factors that contribute to the collapse of LED projects in the Thulamela municipality.

6.2. Conclusion

This research study was set out to determine the sustainability of Local Economic Development Projects in Thulamela Municipality, focusing specifically on poultry and manufacturing projects. Furthermore, the research focused on the history and background of the LED projects in the Thulamela area. Factors affecting the sustainability of LED projects are discussed in both Chapters 2 and 5. The relevance and significance of discussing the factors affecting sustainability help to broaden the insight and understanding of factors affecting the sustainability of LED projects.

The research findings, drawn from the questionnaire, verbal interaction and observation by the researcher show that both the capabilities of project members themselves and external factor positively the success rate of LED projects. The study has covered broad aspects related to the main factors that either negatively or positively affect the sustainability of these projects. Chapter 1 of this study provided an introduction and problem statement underlying this research. The study has showed that internal factors have high influence on the success of LED projects in the Thulamela area. A project requires appropriate managerial leadership skills, marketing skills, human resource skills and financial management skills to ensure that there is high production and smooth

operation. Evidently, two projects, namely, Cooperative Project E and Cooperative Project D have sound marketing and financial strategies in place, leading to their high productivity.

6.3. Recommendations

The government has been an active player towards the establishment of Local Economic Development Projects with various government departments and local governments investing millions into these projects. However, the reviewed literature as well as the empirical evidence from the study revealed that more often than not these projects encounter major challenges that threaten their sustainability.

Based on these findings, the researcher wishes to make several recommendations that he believes all relevant stakeholders (i.e. the government, project beneficiaries, NGO and private sector) could use to enhance the sustainability of its projects. Guided by the reviewed literature and the findings of this study, the researcher wish to make the following recommendations;

Firstly, for the sustainability of LED projects to be guaranteed, the location of projects should be determined strategically and not politically, and all projects should be linked to measurable targets and outcomes. Secondly, it is recommended that feasibility and market research studies be conducted prior the implementation of any LED project to determine its viability as well as its sustainability potential. Conducting these studies will ensure that the success rate of a project is determined before it is implemented. In addition, municipalities, together with the Department of Labour and government agencies, like Libsa, Seda and Limdev, must ensure that the project managers receive sufficient training in business management, marketing and project management.

The training should involve assessment tasks, such as tests, in order to determine the proper person(s) to be treasurer/ financial officer, or part of the financial committee of the project. This is meant to empower all project members to acquire at least basic knowledge of how finances of their project should be handled. It could as well prevent projects from being run by cliques to the detriment of other members. This will also ensure targeted daily production, proper financial management and management

leadership skills that determine acceptable standards of budgeting, costing, and related issues (Netshakhuma, 2006). Thirdly, the researcher recommends that municipalities and funding departments should in future consider directly involving project beneficiaries in the design of business plans, rather than use consultants to do it. Involving beneficiaries from the planning phase and valuing their inputs will help them to have an insight on the project and to derive a sense of ownership of the project.

Fourthly, municipalities should ensure that projects are run according to business principles by encouraging beneficiaries to operate their projects in line with their business plans. This could be done by having Community Development Practitioners/Workers participate in the review of the projects' business plans after a certain period of time. Furthermore, the impact of all LED initiatives must be monitored, to ensure that programmes / projects actually contribute to job creation and economic growth. The monitoring could be done through regular site visits and monthly progress reports (Human, 2007 and Netshakhuma, 2006).

Considering that most LED beneficiaries have limited business acumen, it will be advisable for municipalities to actively participate in the sourcing of markets for the products. Municipalities could also assist by linking together projects doing the same thing (i.e. poultry projects) to learn from each other's experiences and promote partnership where projects can come together and buy feeds in bulk, which would be cheaper. Lastly, municipalities, particularly their LED units, could make their services more accessible to beneficiaries by holding seminars and workshops where they could explain their services and offer advices to beneficiaries in languages that they can understand.

6.4. Concluding Statement

Local Economic Development projects were introduced with the main aim of creating employment and alleviating poverty amongst the beneficiaries. This is achieved by generating income for the projects in a sustainable manner. However, the study has revealed some interesting facts that municipalities and funding departments perhaps need to consider to ensure that these projects reach their full potential. The study

showed that projects which operate in line with their business plans perform much better than to those using trial and error methods to run their projects. This study also showed that projects with multiple marketing strategies and proper business management practices are better performing than those using ad hoc methods. Other studies are therefore needed to explore the relationship between marketing methods and business management practices in the sustainability of projects.

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8. Addendum

8.1. Interview guide for LED beneficiaries

INTRODUCTION

Dear Sir/Madam,

My name is Matimba George Nghonyama, a Master of Development Student at the University of Limpopo's Turfloop Graduate School of Leadership. As part of the programme, I am required to conduct a mini-thesis on an approved topic. My study topic is on the sustainability of LED projects in Thulamela municipality. I should therefore be thankful if you would take a few minutes of your time to answer the following questions. The questions are intended to probe issues related to the sustainability of the Local Economic Development projects in existence in Thulamela municipality. These questions are open ended and allow you to speak about your personal experiences and views

1 ORGANOGRAM AND EDUCATION/EXPERIENCES

The questions in this category are meant to assist the researcher obtain information on respondents' academic qualifications and working experience in relation to local economic development projects.

1.1. Please tell me a little about yourself

1.2. What are your highest academic qualifications?

1.3. Work experience

1.3.1. What was your job before you joined the project?

1.3.2. What is your current position?

1.3.3. For how long have you held this position?

1.3.4. What does your job entail?

1.3.5. Please provide a brief explanation of how you got involved with the project.

2. Background of the project

This category is on the background and the questions are meant to help the researcher obtain information on how projects came about and what they are all about.

2.1. When was your project established?

2.2. Please give a brief background of how your project came about.

2.3. What was the main reason behind the establishment of a project of this nature?

2.4. What is your project all about?

2.5. Did you conduct a market research to determine the feasibility of your project before its commencement?

2.6. Where did the project obtain its start-up capital?

2.7. How much was the project's start-up capital?

2.8. How many people were involved in the project during its initial stage?

2.9. How many people are currently working in the project?

3.3. What is the responsibility of each of these people?

3.4. Has any of the project members ever received formal training on what they are doing within the project?

3.5. How do members of the project normally make major decisions affecting the project?

4. Project's operational plan

The questions in this category are meant to help the researcher obtain information on the operational plan of the project

- 4.1. What are the normal day-to-day operations of the project?
- 4.2. Does your project have a business plan?
- 4.3. How do you ensure that the project's operations are always in line with the business plan?
- 4.4. How is your project's current profit margin as compared to a year ago?

5. Financial management

The questions in this category will help the researcher obtain information on how the project manages its finances

- 5.1. How does the project manage its finances?
- 5.2. Does the project have a bank account?
- 5.3. How does the project ensure that all the monies for the project are accounted for?
- 5.4. How often do project beneficiaries receive their salaries/wages
- 5.5. Please explain the process of deciding on the salary scales of beneficiaries?
- 5.6. How often does your project do its banking?

6. MARKETING STRATEGIES

The questions in this category are meant to help the researcher obtain information on how the project market its products/services

- 6.1. Who are your projects' main customers/clients?
- 6.2. How does the project market its products/services?
- 6.3. What do you consider to be challenges facing your project in marketing its products?

6.4. How does your project handle complaints from the clients/customers?

6.5. How do you ensure that your products get to your customers?

7. PROFITABILITY OF THE PROJECT

7.1. Would you consider your project to be a profitable venture? Please elaborate

7.2. How much money does your project normally bank per month?

7.3. What would you consider to be the challenges getting in the way of your project making as much profit as you would like?

8. PROJECT'S FUTURE PLANS

7.4. What are your project's future plans?

7.5. Does your project have a strategic plan to help it plan for the future?

7.6. What are your project's expansion plans?

8. RESPONDENTS' VIEWS ON THE SUSTAINABILITY

The questions in this category are meant to help the researcher obtain information on respondents' views on challenges and successes of operating an LED project.

8.1. What are the challenges that you normally encounter in running your project?

8.2. In your view, what factors contribute to the sustenance of your project?

8.3. What do you think are the major challenges threatening the sustainability of your project?

8.4. What kind of assistance does your project receive from the local LED office?

8.5. What are your views on the municipality's role, in particular the LED section in supporting projects like yours to be successful?

8.6. Do you think the local community has a role to play in the success of your project? Please elaborate.

- 8.7. Do you think there is a need for capacity building to be offered to beneficiaries to ensure sustainability? Please elaborate.
- 8.8. What would you say are the indicators of sustainability in your projects?
- 8.9. Do you think the government is doing enough to train project beneficiaries in business management and other training necessary for the project to succeed? Please elaborate.

9. Way forward

The questions in this category are meant to get participants' views and opinions on what needs to be done to ensure that LED projects in Thulamela and other areas are sustainable after the government support has stopped.

- 9.1. What do you think needs to be done to ensure that LED projects like yours continue to operate after government's financial support has ended?
- 9.2. What do you think the government must do in addition to offering financial support to enhance the sustainability of LED projects?
- 9.3. What do you think your project needs to do to increase its market share and remain profitable?
- 9.4. Do you think the local community is doing enough to support your project?
- 9.5. If you have any other information you feel might be relevant please feel free to provide it in the space below

8.2. Government officials' questionnaire guide

INTRODUCTION

Dear Sir/Madam,

Dear Sir/Madam,

My name is Matimba George Nghonyama, a Master of Development Student at the University of Limpopo's Turfloop Graduate School of Leadership. As part of the programme, I am required to conduct a mini-thesis on an approved topic. My study topic is on the sustainability of LED projects in Thulamela municipality. I should therefore be thankful if you would take a few minutes of your time to answer the following questions. The questions are intended to probe issues related to the sustainability of the Local Economic Development projects in existence in Thulamela municipality. These questions are open ended and allow you to speak about your personal experiences and views

2 ORGANOGRAM AND EDUCATION/EXPERIENCES

The questions in this category are meant to assist the researcher obtain information on respondents' academic qualifications and working experience in relation to local economic development projects in Thulamela municipality.

1. Academic qualifications

1.1. What is your highest qualification?

Tick the appropriate answer

Diploma junior degree Postgraduate degree other

2. Work experience

- 2.1. What is your current position?
- 2.2. For how long have you been occupying this position?
- 2.3. Please provide brief description of what your job entails in relation to Local Economic development projects in the municipality
- 2.4. How would you describe the relevance of your position in the enhancement of LED projects within the municipality?

3. ROLE OF THE UNIT/ DEPARTMENT/ SECTION

The questions in this category are meant to assist the researcher obtain data on the role of the Thulamela municipality’s LED unit in enhancing LED projects within the municipality.

3.1. Please provide a brief description of the role that your Unit plays in LED projects within the municipality

3.2. Does your unit have an LED strategy?

Yes No

3.2.1. If your answer to question 2.2 is yes, please explain briefly how the strategy corresponds to national LED policy (cies).

3.3. What role does your Unit play in the establishment of LED projects within the municipality?

3.4. How does your unit coordinate LED programme and projects?

3.5. What role does your Unit plays in helping LED projects access financial capital?

3.6. How does the Unit monitor and evaluate LED programme and projects?

- 3.7. What role does your Unit play in helping the LED projects access markets?
- 3.8. What kind of support programme does the Unit have in place to help the LED project beneficiaries?
- 3.9. Has there been any training given to communities/organizations by your Unit in advancing LED?
- 3.10. In what way/s does you section assist LED projects to ensure their sustainability?
- 3.11. How does your Unit ensure that project beneficiaries are aware of your Unit and its services?

4. LED PROJECTS' OPERATIONAL STRATEGIES, MARKETING STRATEGIES, FINANCIAL MANAGEMENT AND THEIR SUSTAINABILITY

This category is meant to evoke your views and feelings on how LED projects in the municipality operate their businesses and how this affects their sustainability. The questions will assist the researcher obtain your views on reasons why some projects flourish while others struggle to sustain themselves

- 4.1. What are your general views on LED projects in the municipality?
- 4.2. What do you consider to be indicators of a successful LED projects?
- 4.3. What opportunities do you think LED projects in the municipality have that can enhance their sustainability?
- 4.4. What do you think are the common challenges threatening the sustainability of LED projects in the Municipality?
- 4.5. Do you think projects are doing enough to market their products/services to the public? Please elaborate

- 4.6. What are your views on how most LED projects manage their finances?
- 4.7. Based on your experience, do you think LED projects operate in line with their business plans? Please elaborate.
- 4.8. Do you think there is a need for LED project leaders to attend business management trainings? Please elaborate.
- 4.9. What role do Community Development Workers/Practitioners play in ensuring sustainability of projects within the municipality?
- 4.10. What role do you think other relevant stakeholders like Non-Governmental Organizations and local communities should play to ensure the sustainability of LED projects within the municipality?

5. WAY FORWARD

- 5.1. What else do you think stakeholders can do to ensure that LED projects remain sustainable long after government support has stopped?
- 5.2. What do you think should be done to further strengthen the link between the unit and LED projects in the municipality?
- 5.3. What do you think needs to be done to minimize/eliminate challenges threatening the sustainability of LED projects within the municipality?
- 5.4. How do you think LED projects could further use the opportunities available to enhance their sustainability?
- 5.5. What recommendations would you offer to the beneficiaries of LED projects that could assist in the successful implementations of their projects?

THANK YOU!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!