AN EVALUATION OF LOCAL ECONOMIC DEVELOPMENT PROJECTS IN THE MUTALE MUNICIPALITY IN THE LIMPOPO PROVINCE WITH REFERENCE TO THE CASE OF MTT AND RCP STONE CRUSHING PROJECTS

by

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ABSTRACT

This research study evaluates Local Economic Development (LED) as a poverty alleviation strategy within the context of MTT (Matomboni-Tshidongololwe- Tshithuthuni) and RCP (Rambuda Community Project) stone crushing projects in Mutale municipality of the Limpopo Province of South Africa. The study employs both quantitative and qualitative research perspectives as methodological framework for evaluating these two projects.

The main premise of this research is that financial support, well trained human capital and planning are critical factors for the sustainability of LED projects. As such capacity building, community participation and overall bottom-up management strategy are cornerstones in the development and sustainability of community projects that aim at alleviating poverty.

The research seeks answers to six core questions: 1) what is the socio-economic profile of project participants in the two study sites?; (2) what is the nature and the levels of participation by stone crushing projects beneficiaries?; (3) what were the planning objectives and targets before the commencement of stone crushing projects implementation?; (4) how are the resources of stone crushing projects organised?; (5) what are the impacts of stone crushing projects on employments, skills development and poverty alleviation?; and 6) are these projects financially sustainable and what should be done to ensure sustainability.

The main research findings are: 1) that the two LED projects are community initiated, supported by government and women dependent; 2) the participants have no previous exposure to project management and hence, human and financial resources as well as raw materials are not effectively organised; 3) the projects' contribution to changing the quality of the life of participants or alleviating poverty is not evident; 4) participation and leadership roles of beneficiaries are fluid and not clearly demarcated; 5) the projects are consultant-driven and therefore, job creation potential has been exaggerated

on business plans; 6) these LED projects are fraught with financial, safety and management challenges; and finally 7) these two LED projects are survivalist in nature, their financial stability and sustainability is questionable and hence in order to ensure their sustainability, project ownership should be privatised.

The recommendations emanating from the study findings are 1) the LED projects should be seen as core business activities and the most effective means of improving the quality of life; 2) municipalities should allocate adequate resources to LED projects and facilitate investment in order to maximize their opportunities for growth; 3) LED projects should foster enterprise commitment by outside sponsors and effective participation for them to make the projects economically viable and sustainable; and 4) further research on the subject should give consideration to mechanisms of strengthening local municipality LED strategies, how to increase the capacity of municipalities to deliver effective LED services; exploring the role of local dependence of various stakeholders with a view to explaining local polices in local economic development.

DECLARATION

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

_____F.R Nemanashi (Mr)___ _19/03/2010__

Initials & Surname (Title) **Date**

[redacted]

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LIST OF ACRONYMS AND ABBREVIATIONS

ACLEDA – Association of Cambodian Local Economic Development Agencies.

IFEZA – Incheon Free Economic Zone Authority

VNCI – Vietnam Competitive Initiative

MTT – Matomboni, Tshidongolwe and Tshithuthuni Project

RCP – Rambuda Community Project

CHAPTER 1

Introduction

1.1. Background to the Research Problem

South Africa is currently grappling with many socio-economic challenges, which may be attributed to the legacy of apartheid. Such challenges range from unemployment, poverty and poor service delivery, particularly in rural areas. The post-apartheid government's strategy to address these challenges has, amongst other things, included intervention to address disparity through the Reconstruction and Development Programme (RDP) and other key poverty alleviation strategies, with varying outcomes (Binns & Nel, 2000). In most cases, empowerment initiatives were directed to local governments to play a more active developmental role.

Recently, the application of the Local Economic Development (LED) strategy at municipal levels in South Africa has been aimed at reducing joblessness and poverty amongst many unskilled people, with the aid of governmental and non-governmental organisations which funded LED projects as job creation programmes. LED is about local people working together to achieve sustainable economic growth that brings economic benefits and quality of life improvements for all in the community. In this study a "community" is defined as a village, town or a ward within a local municipality. According to the Department of Local Government, in most municipalities in South Africa the implementation of LED is often hindered by a shortage of suitably trained and skilled personnel (RSA, Department of Provincial and Local Government 1998).

The role of LED as a government policy was to create sustainable employment and development of skills for many unemployed South Africans. In Mutale Municipality, two LED projects created for this purpose are the Matomboni -

Tshithuthuni– Tshidongololwe (MTT) and Rambuda Community Project (RCP). These LED projects will be referred to as MTT and RCP throughout this research report. These are two stone-crushing projects that were established primarily to deal with high demands for concrete to be used in the building of RDP and other houses, toilets, and water reticulation projects in the development of the nearby Tshilamba Township and beyond. The availability of raw materials (stones) and labour made stone-crushing a feasible business venture in the communities in which they are situated. As a way to support LED projects, the Mutale municipality has assisted MTT and RCP stone-crushing projects by purchasing crushers and building capacity through the training of personnel responsible for the day-to-day running of the projects.

In the light of this preceding background, the research study is thus primarily concerned with an evaluation of the sustainability of Local Economic Development (LED) projects initiated by Mutale Municipality in the Vhembe District in the Limpopo province. In particular, the study focuses on the operation of RCP and MTT projects. These projects will be evaluated in the context of the role of LED, as a government policy, to create sustainable employment and development of skills for many unemployed South Africans.

1.2. Statement of the Research Problem

In South Africa LED projects are seen as critical in the creation of jobs and alleviation of poverty by improving the standard of living of poor people and enhancing the country's economic performance (Binns & Nel, 1999, 2000). This poverty alleviation mandate has been transferred to local municipalities through the development of the LED co-ordinators.

As a response to such a mandate, the Mutale municipality has facilitated the establishment of many local economic development projects such as stone crushing in order to empower local communities and develop local economies. This development initiative may have taken its impetus from a national mandate but it also happened because the municipality predicted the market and job creation potential of the stone crushing projects. In addition, the area

has the necessary raw materials to make stone crushing projects economically viable and to create more sustainable jobs for many unemployed people.

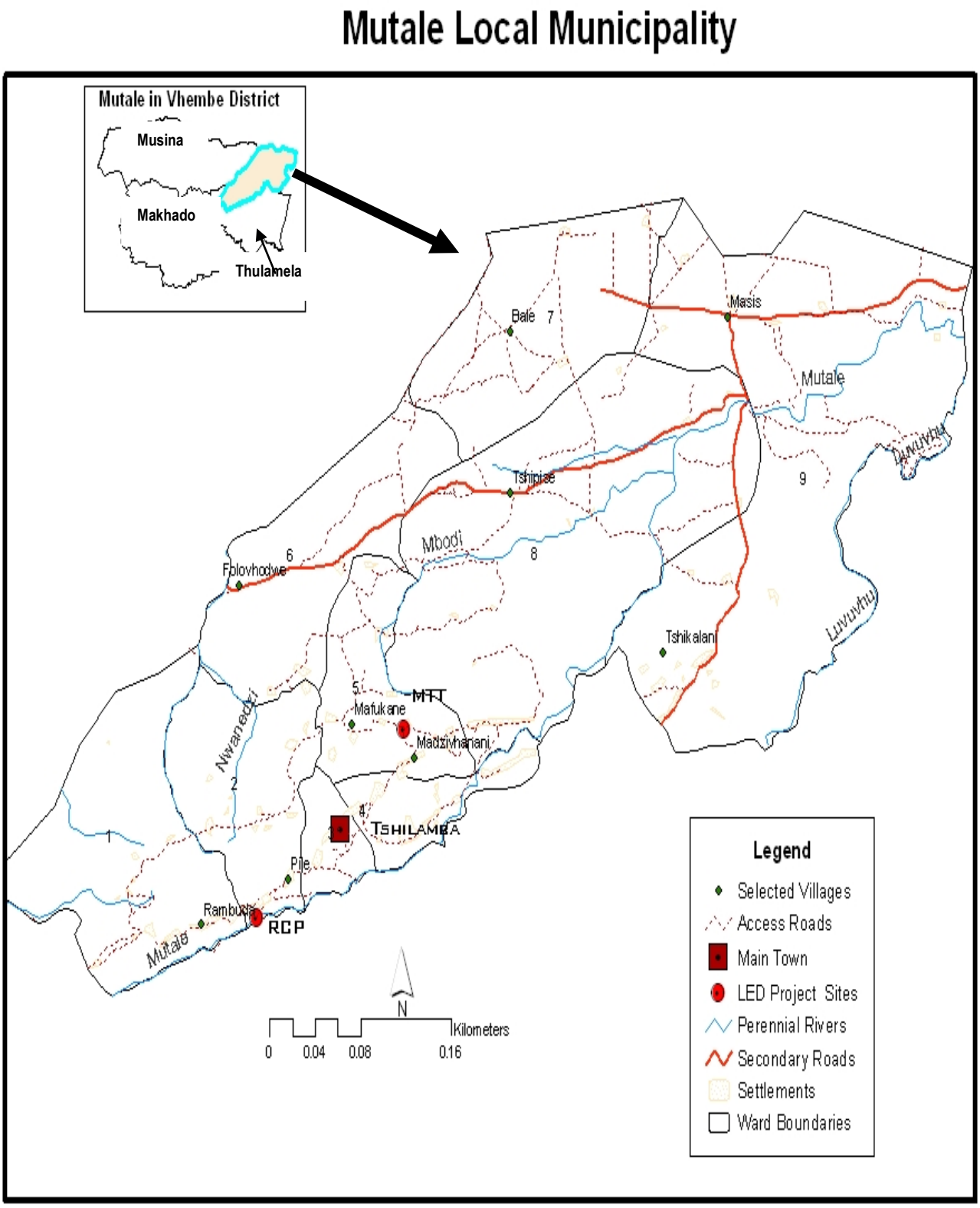
Notwithstanding these anticipated benefits, there has been no significant evaluation of LED projects in the Mutale municipality in order to monitor their successes or failures. In particular, there has been no appraisal of the actual jobs created, of the nature of management structures and of the quality of concrete produced by these projects as bench-marked against customer preferences within and beyond the projects threshold. The sustainability and impact on poverty alleviation of these LED projects still need to be evaluated. Of great significance is that most of the existing local businesses have local dependence, which does not lead to formations of business coalitions to promote local economic development. Profits accrued are usually repatriated to other developed regions for the advantage of investors. It is in the light of these challenges that this study aims to evaluate the sustainability of LED projects at Rambuda and Thengwe communities.

1.3 Description of the Study Area and Justification of its Choice

This research study evaluates LED stone crushing projects of the Rambuda and Thengwe Communities within the jurisdiction of Mutale local municipality which is found in the Vhembe District of Limpopo Province (see Figure 1.1). Mutale municipality, one of the four local municipalities comprising the Vhembe District, is situated in the far north-eastern part of the Limpopo Province. According to the Mutale IDP Report of 2004-2007, the population of the municipality is estimated at 78 922 (Mutale Municipality, 2004).

The municipality borders with Musina municipality and Zimbabwe on the north; Mozambique on the east; the Makhado municipality on the west and the Thulamela municipality on the south. According to the Mutale IDP (2004-2007), the municipality serves small towns and poverty stricken rural communities which are also characterised by high unemployment rate (Mutale municipality, 2004).

Figure 1.1: Orientation Map of the Study Area



Mutale municipality in the Limpopo Province provides an ideal context for projects whose main aim is to alleviate poverty. Development projects in the municipality benefited from the government's programme of what has been called *"Project Consolidate"*. Under this programme municipalities, mainly rural-based, received extra-ordinary financial support to provide services and other development projects that are within their Integrated Development Plan (IDP). High levels of unemployment in this largely rural municipality are further exacerbated by livelihoods that are agriculturally-orientated (Mutale Municipality, 2004). The nature of such livelihoods, and high unemployment rates in the Mutale municipality provided an important rationale for the choice of this study area.

1.4 Research Aim and Objectives

1.4.1 Aim

The overall aim of this study is to conduct a comparative evaluation of the sustainability of two LED stone crushing projects in Mutale Municipality, Limpopo Province of South Africa.

1.4.2 Specific Objectives

In terms of operationalizing the research issues, statements which form the specific objectives of the study are to:

- examine the socio-economic profile of project participants in the two study sites;
- assess the nature and the level of participation in stone crushing projects by various stakeholders;
- establish what aspects of planning were done before the implementation of the projects;
- examine how the resources of stone crushing projects are organised;
- evaluate the projects' impact on beneficiaries of the two sites; and
- assess whether the two projects are financially sustainable or not.

These issues are translated into research questions as stated in section 1.5 below.

1.5 Research Questions

The study envisaged answering questions that evaluate the sustainability of LED projects. These questions are:-

- What is the socio-economic profile of the project participants in the two study sites?
- What is the nature and the levels of participation by the beneficiaries of stone crushing projects?
- What were the planning objectives and targets before stone crushing projects implementation?
- How are the resources of stone crushing projects organised?
- What are the impacts of stone crushing projects on employment, skills development and poverty alleviation?; and
- Are these two case study projects financially sustainable or not?

1.6 Significance of this Research

It is envisaged that this study will enable local municipal managers to assess their own LED projects and help them to manage their own LED projects better. The results of the study will *inter alia* inform project managers of the strategies to deal with project management and sustainability pitfalls. The study should also provide a comprehensive case study of LED which may provide lessons that can assist the Mutale Municipality towards the planning, management and implementation of local economic development projects as a way of creating small businesses which will eventually alleviate poverty and improve the local economy and people's standard of living.

1.7 Dissertation Outline

This study comprises of six chapters. This *first chapter* provides the background of the study and a statement of the study problem. *Chapter 2* deals with a review of the related literature on local economic development as a strategy to alleviate poverty within the South African policy framework. A case study of two LED stone crushing projects is provided in *Chapter 3.* Chapter 4 provides the overall research design which outlines research methodology and methods of data collection and analysis. Data presentation, analysis and interpretation are done in *Chapter 5*. A summary of conclusions, recommendations and issues for further research forms part of *Chapter 6.*

CHAPTER 2

Literature Review

2.1 Introduction

The aim of this chapter is to provide an overview of literature on local economic development at various scales of analysis, with an aim of promoting an understanding of the basic philosophy of LED as well as its strengths and weaknesses in both developed and developing countries. The chapter is premised on the assumption that there are contextual factors in various countries which demand different LED strategies to meet their specific needs. Hence, case studies from international, African and South African experiences might provide lessons for the successful implementation of LED at the study area.

2.2. The Concept of Local Economic Development (LED)

According to Demaziere & Wilson (1996) local economic development (LED) emerged as a search for locally driven growth alternatives that were responsive to the reality of the world's economic crisis. In the light of this, Boddy (2000), conceptualized LED as a development whose purpose is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. Davis & Rylance (2005) also define LED as a process which offers local government, the private sector, NGOs and the local community the opportunity to work together to improve the local economy. The functions of local government for LED should include *inter alia*, the consideration of LED as core business enterprise, adequate allocation of resources to LED and mechanisms to use LED as strategy to reduce joblessness and poverty among poor people in South Africa. In this case, local economic development will have to take centre stage in all local municipalities.

When quoting former President Thabo Mbeki in his address to the nation at the opening of the 2000 session of parliament, Erasmus *et al* (2003) spoke of the need to integrate LED initiatives to the broader strategic planning process for an area in order to maximise their impact. In this context, special emphasis should be given to LED interventions that improve quality of life, delivery of basic services and infrastructure, and those that develop skills and create job opportunities for the local community.

Literature on the successful implementation of LED programs and projects focus on the importance of partnership among the community, the government, NGOs and the private sectors (Boddy, 2000). These stakeholders work collectively to create better conditions for economic growth and employment generation (Schoombee, 1999). The community, as one of these stakeholders needs to decide what LED programs and projects it will adopt to achieve its vision, goals and objectives. In the context of partnership, there is a potential to build a stronger skills development component. Erasmus *et al* (2003) emphasises that people involved in these LED projects should be equipped with the competencies to find jobs, to establish their own businesses or continue to support their communities in special ways after development projects have been set up. Thus, as stated by Botha (2003), in the designing of community-based LED programs, such as the building of houses, roads and upgrading of schools, skills development should be an integral component. The development of human resources is just as important as making improvements to the physical resources and the common denominator is sustainability (*ibid.).*

Tomlinson (2003) indicates that LED aims to enhance competitiveness and thus encourage inclusive sustainable growth. Hence, LED is a holistic discipline. A successful LED strategy has to articulate with almost all local authority strategies to enable a competitive local business environment (Smith, 2001). Such an articulation ensures that investors will not be confronted by conflicting interest within the local authority. According to the RSA, Department of Provincial and Local Government (2000) successful sustainable cities and local authorities have the capacity to balance the competing needs of all local development strategies. It is important that professionals in local government

balance the economic development needs of an area with its environmental and social needs. Local government plans should influence, and be influenced by, the local economic development agenda. The national government has a key role to play in stimulating an environment within which local communities can promote local economic development. In addition to looking at the relationships that LED has with other local plans, there is a need to look beyond the local area to other national and regional plans, rules and regulations that will impact upon the local economic agenda. These will include national and/or provincial laws and policies (RSA, Department of Provincial and Local Government, 2000).

Within the context of the private sector, the contribution of small businesses in local economic development should not be ignored. Adato & Haddad (2002) argue that most LED growth is generated by small and medium-sized businesses that are already established in the community. Hence, local businesses should be encouraged. This involves providing advice, support and resources to enable existing local businesses to grow. Such strategies that encourage local businesses are sometimes called business retention and expansion strategies (Tomlinson, 2003). The range of initiatives to support these businesses is vast but differential. Some initiatives can be expensive while others are not (Adato & Haddad, 2002). The latter includes visits and surveys of existing businesses. These visits can provide lessons for new entrepreneurs in terms of sourcing inputs, training and identifying other partnership prospects and challenges inherent in the business. An important role these visits can have is to identify factors that might forestall LED challenges in the area (Tomlinson, 2003).

2.3. The Promotion of Local Economic Development

Another strategy to promote local businesses is to ensure the best use of local authority resources and promotion of LED through the following three initiatives:

2.3.1 Public procurement policies and buy local campaigns

These are local, business friendly policies where the local government, public sector organisations and big local businesses make their contracts more accessible to local companies and LED projects (Tomlinson, 2003). This can be done within fair-practice laws. Other initiatives to encourage local business growth could include adjusting the size of contracts so that smaller companies and LED projects may bid; encouraging and accepting bids from groups of local companies; holding procurement events for local businesses and publishing local business competency directories (*ibid.).* In addition, facilitating more interaction between LED projects and local supplier development programs will provide another impetus for local business growth.

2.3.2 Provision of sites and premises to LED projects

Since local authorities and the state are often the owners of industrial and commercial land and buildings, they can use these to encourage business investment and expansion (Tomlinson, 2003). A good understanding of the local property market should enable a local authority to plan for growth. Funding such infrastructure investments is a challenge; however, rents and sales should provide a market return for the authority.

2.3.3 Exporting Assistance by Local Municipalities

According to Nel (2001), exporting expertise to other countries is a good way for businesses to share experiences and marketing efforts. The partnership between the public and the private sector can enhance this synergy, which is often undertaken in the private sector and 'enabled' by the public sector. LED projects could be assisted in establishing *inter alia*, legal operations and gaining access to the exporting market. This can unleash significant local sources of capital and fiscal revenues that otherwise remain unreachable by LED projects (*ibid*.).

2.4 LED as a Poverty Alleviation Strategy

Literature on local economic development has viewed LED as an approach which has capacity to bring economic development and to alleviate poverty (Binns & Nel, 1999, 2000; Rogerson, 1999b; William, 2000; Nel and Binns, 2001; Davis & Rylance, 2005). LED in the 1970s was developed as a reaction against what was perceived as the failure of regional and rural development programmes to address the plight of poor people. Such a failure was attributed to the fact that most regional programmes which regarded economic growth as the guiding criterion were not always matched by parallel economic development. In addition, top-down approaches of the 1960s were rejected following the poor experience of development efforts in most Third World countries (William, 2006). During that period it was quickly realised that the massive foreign aid poured into regional programmes was not bearing significant returns. In its place the bottom–up approach that emphasised the role of community participation in the development became fashionable (*ibid.).*

There is widespread recognition that the creation of employment is a central issue in the alleviation of poverty in developing countries. The need has been especially apparent in African countries as more and more youth complete primary and secondary education and have heightened expectations for their futures, but insufficient opportunities. Such countries need to create many jobs to solve the unemployment problem (William, 2006). For this and other reasons, as outlined by Smallbone *et al* (2002), donor agencies and social development organisations have begun, as a matter of priority, to focus their energies on ‘income generating projects’ or ‘small scale enterprises, targeting the rural women’.

Qualmann (2000) contends that income generating projects serve to keep rural people and women poor instead of alleviating their poverty, because such projects often do not generate substantial income at all. In fact, they sometimes divert the energies of the participants away from the productive work in which they were previously engaged. He demonstrates this assertion by stating that if a woman would get involved in a sewing co-operative, believing that it was

going to produce cash income and in the process neglected her gardens, she might find herself with no cash income and with less food than she had previously.

Furthermore, in a number of income generating projects the cost of production often exceeds income, costing participants, mostly women in cash as well as in diverted time and energy. It is critical, therefore, that the development of income generating projects begin with the work that people are presently doing and build on that rather than divert their energies in other directions, especially if there are risks in the alternative. Hence, it is critical that the projects actually produce income rather than drain already scarce resources (Qualmann, 2000).

Whittaker *et al* (2004) argue that the best approach to the selection of income generation projects which can assure appropriate selection and guarantee market benefits is regional economic planning. This strategy could help to identify needed products, to guarantee a market for the goods produced within the district, and to eliminate excessive product duplication that would threaten the viability of co-operatives within the district.

Another option that NGOs have tended not to consider seriously is an analysis of the needs of a broader segment of the nation. It is possible that NGOs, through a special research exercise, could analyse the products that are presently imported but could be produced locally, and then could identify, from among those, the products which could be produced economically in areas that have appropriate resources. For example, as Qualmann (2000) points out, a co-operative in Zimbabwe announced plans to build a pencil factory, which sounded silly, even though pencils are imported. However, this factory will make Zimbabwe self-sufficient in pencils. The factory is planned for the eastern region of the country where there is a good supply of wood.

The kind of planning and economic development, cited in the preceding paragraph, provides expertise to the community, in the form of economic development options that might not be considered without the knowledge of an outside source (Smallbone *et al.* 2002). The presentation of such options has

the potential to bring to communities enterprises that could generate funds from outside the local community rather than simply circulating the funds that currently exist in the community. These enterprises would also contribute to the national needs and to the national goal of increasing self-sufficiency and decreasing external dependency. Smallbone *et al* (2002) assert that it is possible to analyse and consider products that could earn foreign exchange. At local level this may be low priority, since it is critical to give priority to meeting the needs of the community. Yet at some level one of those needs is for foreign exchange, and consideration can be given to what production would serve that need, especially as international region economic arrangements are developed.

According to Smallbone *et al* (2002) the strategy of income generating projects has many opportunities, such as those to:

- build community cohesion and competencies and self-confidence;
- increase the productivity of developing countries;
- increase income and reduce poverty in rural areas;
- stem the tide of urban migration;
- increase self-reliance;
- accumulate investment capital within developing nations; and
- move people into the economic mainstream.

These opportunities are fraught with many constraints. One of these is the failure of many donors to give support for systematic planning of income generating projects. Another is the lack of knowledge and skills among community development organisations in the planning, organisation, financial management and operation of co-operatives.

With regard to the role of local economic development in alleviating poverty, Tomlinson (2003) outlined different body of literature that falls under local economic development. The first class of studies deals with the entrepreneurship of local agents who wish to achieve meaningful and sustained economic and social betterment of their local area. By the early

1980s, a growing body of literature indicated a concern for the need to balance economic growth against social enhancement. It was soon realised that economic growth did not always usher in radical changes in human development. For local economic development projects to curb poverty there is a need to develop programmes that are sensitive to local conditions and for the participation of local people in all the stages of the development project. The assumption was that by instilling a sense of community ownership towards the project it would stand a chance of not only succeeding but also of being self-sustaining.

LED approaches for poverty alleviation have been applied in Britain, East Asia and Pacific and Latin America. In these regions the growth of local economic development initiatives has been facilitated following the reduction in state intervention in economic activities since the early 1980s (Tomlinson, 2003).

2.5 Local Economic Development (LED): Case Studies

This section reviews case studies on LED from international to South African experiences. Overall, literature review suggests that the LED experiences in developed countries have a focus and specific target groups that are different from that of the developing regions of the world.

2.5.1 International Experiences

2.5.1.1 British Experience

With reference to past records and initiatives, British experience in respect to local economic development shows a wide gap in the way the approach has been implemented in developing countries. Rogerson (1998) identifies three approaches that are relevant in Britain. These include the prestige school, progressive-entrepreneurial stages and high-technology-led innovation policies. He further illustrates that the British experience is associated with the tackling of urban decline through investment-led development in the form of large scale property which include the convention centres, sport complexes,

market places and the hosting of international sporting events. These were referred to by Rogerson (2004) as prestige projects that are not relevant to the developing countries since they primarily target the harnessing and creation of economic growth by attracting private investment, generating additional spin-offs, changing outside perceptions of business decision-makers and increasing local economic activity.

Yet in these examples from Britain, as Rogerson (2004) put it, are large regional cities with considerable markets. In the case of small towns, such projects benefited the regional economy. Local authorities, in the absence of legal powers to ensure that jobs generated by public sector investment are targeted at local residents, are unable to compel incoming firms to hire local labour. The LED experience in Britain has been operating in a progressive-entrepreneurial stage which seeks to redirect the benefit of growth away from the dominant sections of capital in order to balance economic growth by rehabilitating inner city areas. This evidence in the British model shows that the emphasis of LED has been on high-tech led innovation in order to boost economic revival rather than poverty alleviation which characterises LED projects in developing countries (Rogerson, 2004). Hence, developing countries cannot indiscriminately apply British experience on their LED cases.

2.5.1.2 East Asia and Pacific Experience

Contrary to the British experience, East Asia and Pacific countries such as Cambodia, Korea, Singapore and Vietnam have used institutional frameworks to implement local economic development initiatives (Stiglitz, 1996). Such LED initiatives were designed to meet specific needs of the specific groups of people within the community. In Cambodia, an Association of Cambodian Local Economic Development Agencies (ACLEDA), which is an independent NGO, promotes economic activities of the poor sector of the community by raising their standard of living. The main beneficiaries are disadvantaged groups such women as head of households, refugees and the disabled. The association provides such groups with knowledge and resources to improve their lives.

LED initiatives are also promoted in war-affected regions through the promotion of the informal sector (Stiglitz, 1996).

An examination of the situation in Korea reveals that the Incheon Free Economic Zone Authority (IFEZA) provides various types of administrative services to promote private and public sector businesses (Chang, 1993). The authority targets foreign enterprises and workers. The Singapore Economic Development Board plans and executes strategies to sustain local businesses and investment to upgrade value-added manufacturing and internationally traded services. The LED strategy in Vietnam aims to increase the country's economic position, ensures that cities are liveable, and promotes the banking systems and the overall management of the urban areas (Van Empel, 2007). This is accomplished through the 2020 plan called the City Development Options for Haiphong. The Vietnam Competitiveness Initiative (VNCI) is devised as an economic growth project to improve the competitiveness of small and medium sized enterprise (*ibid.).* The VNCI provides assistance for policy reform needed by emerging businesses and improves access to credit.

2.5.1.3 The Latin American Experience

The promotion of local economic development in Peru, Nicaragua, El Salvador and Guatemala – four Latin American countries – is through encouraging local business growth, investment in both hard and soft infrastructure and the promotion of inward investment (Urbina, 2007). For example, in the City of Cali, Peru, LED strategy that is developed is meant to promote economic development of the city. The LED strategy is integrative in the sense it does not only attempts to alleviate poverty but also considers the provision of public services and the administration of funds to raise the population's standard of living (Urbina, 2007). Lessons likely to be learnt from this experience may include the need to develop a coherent LED strategy that is meant to promote economic development of local municipalities in its broadest sense. This will furthermore promote shared values that include the common interest and citizen participation in development.

2.5.2 The African Experience

An example of successful local economic development programmes as explained by Rogerson (2004) exists in several countries in Africa. In this regard mention may be made of Mauritius, Namibia and Mozambique. Rogerson (2004) further indicates that almost without exception, all these countries display cases of rapid economic development set into motion by pro-investment state policies and a protestation of the manufacturing sector. Of these however, the most radical transformation is the case of Mauritius (*ibid.*).

According to Van Dijk & Rabellotti (1997) export-processing zone programmes in Mauritius were initiated through an act of government in 1970. Investment incentive packages including duty-free imports for industrial export, tax, credit facilities, repatriations of capital and dividends have been put in place in order to address problems of unemployment and initiate economic development. Van Van Dijk & Rabellotti (1997) further indicate that the official position is that the export processing zone programme has been a remarkable success, especially if seen in terms of employment growth, industrial output, and contribution to export earnings and a radical transformation of the country from a sugar-exporting dependency.

The idea advanced by Van Dijk & Rabellotti (1997) in the preceding paragraph was supported by Rogerson (2004) who postulates that in Mauritius, there were already on going programmes aimed at attracting massive foreign investments through export processing zones. For example, the government had pursued aggressive privatisation of state corporations. It had designed investment incentives that vary, depending on the province. Rogerson (2004) further illustrates that such has been the country's economic recovery that it was beginning to attract foreign investment at a rate not seen before in the country's history.

The export-processing zone programme was launched in Mauritius in 1966 and today represents a significant manufacturing sector with more than sixty operational enterprises. The success of the Mauritius programme, as Rogerson

(2004) further illustrates is closely linked to the careful design of special incentives for manufacturing enterprises, export incentives and a liberal taxation system. However, in cases where such incentives were stopped, industrial flight was an inevitable consequence. In such cases the local people were often excluded in the management and their participation as entrepreneurs was restricted but they were usually included as labourers for those foreign investors.

In Namibia there are already on-going LED programmes aimed at attracting massive foreign investments through export processing zones. These zones were launched in 1966 and upgraded in 2002; and represented a significant manufacturing sector with more than sixty operational enterprises (Armstrong & Taylor, 2000). The success of Namibian programmes is closely linked to the careful design of special incentives for manufacturing enterprises, export incentives and a liberal taxation system (*ibid.).* In Mozambique the government is pursuing aggressive privatisation of state corporations with designed investment incentives that vary depending on the province. Industrial Free Zones are being set up in Maputo, Beira and Nacala. Such has been the country's economic recovery that it began to attract foreign investment at a rate not seen before in the country's history (Armstrong & Taylor, 2000).

2.5.3 LED Projects in South Africa

South Africa is unique when it comes to local economic development. Whereas in other countries LED tends to be a voluntary activity of local government, often born out of necessity or desperation, in South Africa it is a mandatory activity (Tomlinson, 2003). The current leadership has obliged local governments to seek innovative strategies to address problems of unemployment, poverty and local economic base (*ibid.).* In addition, the South African Constitution establishes a developmental role of local government which includes the responsibility for local economic development (RSA, Department of Justice and Constitutional Development, 1996; Rautenbach & Malherbe, 1999).

In recent years, the main vehicle for the developmental task of local government has been the Integrated Development Plan (IDP) process. This is a five-year plan which looks mainly at infrastructure development and LED activities at municipality level. The latter seeks to encourage growth and to diversify the local economic base for the benefit of the community. The preparation of IDP includes comprehensive participatory exercises with local communities, and it appears that local business communities are not very prominent in these exercises. According to Nel (2001), LED in IDP more often than not relates to infrastructure and buildings, not to other typical LED interventions like business networking or business development service programmes.

The conceptual discussion around LED in South Africa circulates around the issues of poverty alleviation, upliftment of previously disadvantaged persons (black empowerment) and infrastructure development. LED tends to be conceptualised as part of a social policy and an affirmative action agenda. Local economic development is often identified with small projects with an extremely limited impact which address marginalised groups. This is most probably one of the main reasons why after so many years of experience, results are rather limited (Nel, 2001).

In terms of funding, LED in South Africa receives financial resources from a variety of foreign donors including the European Union (EU) and many others. It is accepted internationally that LED should look at three types of businesses which are existing business, new start-up businesses or informal businesses joining the main stream economy and investors in business ventures, from outside the region. However, in South Africa LED primarily targets new start-up businesses, mostly within the guise of emerging entrepreneurs as well as black economic empowerment (BEE). This reflects the fact that the vast majority of the population was seriously restricted in its business options before 1994, and that massive support for emerging entrepreneurs is crucial in economies where most sectors are run by monopolies or oligopolies (Nel, 2001).

Meyer-Stemmer (2003) contends that LED activities tend to ignore existing black businesses which have the capacity to improve the environment for existing businesses in terms of strong job creation effects, over and above the promotion of new BEE entrepreneurship. The latter is often not conducted competently and does not often lead to sustainable businesses. LED should not be merely about large business promotion but it should also be about SME support and micro enterprise promotion (Berry *et al.,* 2000; Rogerson, 2004). The overreaching goal of LED is to create jobs and income, and therefore it is crucial to involve employment promotion measures and organisations in a given LED effort. Employment creation (and to some extent poverty alleviation) however, is also a distinct activity with its own delivery structure, and it is usually addressed as part of social policy. This, in turn, leads to something which often causes major confusion in LED. Sometimes these activities get mixed up, and as a result neither economic nor social objectives are achieved (Meyer- Stammer, 2003).

Meyer-Stammer (2003) furthermore argue that the poverty alleviation angle of LED is rather restrictive. For example, the majority of LED projects are not intended to create sustainable businesses or improve the environment of existing businesses, but rather they address the intermediate problem of marginalised persons who have little or no income and opportunities. These projects according to Meyer-Stammer (2003) often go wrong. Evidence of a number of failed poultry, brick making, bakery, and vegetable garden projects is everywhere in rural areas. The failure of these projects is primarily due to the basic design and support problems. Many funders demand that such projects are driven by a group of people, not by an individual, and they make no profit at all. This leads to unclear governance structure within the project, which makes project accountability difficult. For example, in most LED projects, nobody is really in charge, and as soon as anything goes wrong everybody blames everybody else. Hence, there is often no incentive to put in hard work since LED projects are perceived as not profitable at all (Meyer- Stammer, 2003).

The solution to this dilemma is not to stop projects which benefit the poor, but rather expanding and managing them in a professional way. Poor people with

little or no education need and deserve the support of the society. But it is wrong to call activities which are supposed to benefit them, LED projects, or even worse, businesses if there are not profit-oriented. These projects are an outcome of social policy. They do not primarily have an economic rationale. They do not aim at stimulating businesses and economic growth. They rather help those people who would continue to be poor and marginalised even if there was economic growth. These projects are poverty alleviation projects that are supposed to stimulate self-help, and they should be named accordingly. In South Africa's situation it is probably justified that the ANC–led government is currently focussing on these projects as LED projects despite their lack of an economic motive. However, the government will have to move rapidly to real economic development initiatives to really make these projects economically sustainable (Meyer-Stammer, 2003).

In terms of the overall policy context the ideals of the principles associated with local economic development may be hard to put into practice. It has to be remembered that development funding is in short supply at the local level. The assumption that local communities know their needs and are willing to diligently pursue a common interest project from inception to completion is slippery. The state and external agencies still have a major role to play, at least of a facilitative manner. For example, who lists the common internal and external prerequisites for successful local development initiatives emphasising the possibility of options depending on the conditions of particular locality. True, there are cases involving towns that have done it alone and made it, but this often marks the point of departure especially with reference to skills and local resources (Meyer-Stammer, 2003).

According to RSA, Department of Provincial and Local Government (2005) the belief that only local people can determine and define their needs and possible solutions naturally fits in the wider development framework. It is commendable that recently a Land Development Objectives process was completed in the eastern Free State aimed at raising awareness among communities in respect of local economic development participation. Initiating economic development at the local level does not simply require the mobilisation of local communities.

It may call for a certain level of social engineering to generate the intensity of active development participation necessary for successful local economic development initiatives. With few exceptions, the extent to which the majority of local people know their real needs is not clear. The growth process is currently reliant on few agents with a vision and the bulk of population following along as passive participants. To presuppose that local leadership and initiatives are available waiting to be mobilised into consensus and dynamic commitment for development has its pitfalls to (RSA, Department of Provincial and Local Government 2005). This situation needs to be fostered within the policy framework of South Africa.

2.5.4 South African Policy Context for LED

Section 153 of the South African Constitution (1996) states that:
"a municipality must structure and manage its administration, budgeting and planning processes to give priority to basic needs of the community, and to promote the social and economic development of the community."

The White Paper on Local Government (1998) reinforces this mandate, by introducing the concept of developmental in local government. This concept is defined as local government whose commitment is to work with local people to find sustainable ways to meet their social, economic and material needs, and improve the quality of their lives (RSA, Department of Provincial and Local Government, 1998). Furthermore, the White Paper on Local Government (1998) supports this mandate by emphasising that the local government should exercise their powers and functions in ways that promote the social development of communities by meeting their basic needs and fostering the sustainable growth of local communities (*ibid.).*

The responsibility for ensuring that local government has the resources and capacity to carry out its mandate lies with the Department of Provincial and Local Government, whose core functions, according to its Strategic Plan 2005-2010 are to facilitate and promote coordination among national departments, provincial governments and local governments, and to provide support to

Provincial and Local Governments in fulfilling their constitutional mandates (RSA, 1996). Whilst the Constitution of South Africa places a great responsibility on municipalities to facilitate LED, the schedule in the Constitution that lists the function of municipalities does not include LED at all. Many people therefore view LED as an un-funded mandate for municipalities and therefore funding for municipalities to play this role remains an open policy question (*ibid.).*

However, as Williams (2006) stipulates, it is envisaged that municipalities play a connector role in respect of LED whereby they draw on resources locked in a range of different government support instruments into their localities. For example it is indicated that municipalities can draw on the support of the Sector Education and Training Authorities (SETA) to address skills development in their areas. In addition, municipalities can also draw the support of the new Small Enterprise Development Agency and the Department of Trade and Industry to assist with the retention and growth of enterprises in their area. Besides government support programmes there are a range of non-governmental support initiatives that municipalities can tap into for resources (*ibid.).*

The idea as also illustrated by Kruger (2001) is not for municipalities to necessarily run programmes themselves but to focus on establishing forums to build partnerships and to network with a range of stakeholders. Whilst the question of formally recognising and funding the LED function of municipalities should be pursued this should not be used as an excuse for municipalities to remain passive in promoting LED. Municipalities should also combine local and district resources and focus on district-wide initiatives especially with regard to developing and implementing a district-wide LED strategy (*ibid.).* Procurement policies can be structured to address the use of local labour with all infrastructure developments reflecting positively on the development of the local economy. Therefore, LED should not be viewed merely as a programme but it should be realised that everything the municipality does impacts on the local economy (RSA, Department of Provincial and Local Government 2005).

The other side of the coin is that government departments and other supporters should equally be more proactive in working with municipalities to promote LED. They should ensure that their support initiatives are relent for local stakeholders and their programmes are drawn up and presented in such a way to be comprehensible and effective in the local context *(ibid.).*

According to RSA, Department of Provincial and Local Government (2005) the Provincial Growth and Development Strategy (PGDS) is the key instrument for planning and implanting the social and economic development agenda for the province. In some provinces concerted efforts are being made to develop the PGDS into a planning tool. In developing their PGDS the provinces should constantly refer to all the national policies, resources and opportunities as outlined above, within the general framework. Furthermore, the PGDS needs to be drawn up with constant reference to the national policy framework and also prepared by the District and Local Municipalities and Metros. Where the economic component of these is weak and/or superficial, the province must play its part in seeing that this is strengthened *(ibid.).*

As again stated in the RSA, Department of Provincial and Local Government (2005) through their development agencies and bodies, the provinces must play a role in seeking to facilitate loan finance for small producers, either directly or through agreements with the finance institutions. Furthermore, new legislation is currently in preparation to enable the formation of the local savings and credit banks (including village banks), which should provide greater opportunities than those which exist now. Many services offered by government are now of a permanent nature and every effort should be made to ensure that they are carried out efficiently from all points of view, including financially, by legally constituted local companies, co-operatives or Non-Governmental Organisations (NGOs) who have gained the contract in question by correct procurement processes. The South African government documents continue to indicate that even in poor communities, where there is little external investments, the public sector can directly contribute to the creation of local entrepreneurship and proper permanent jobs, thus retaining the financial

sources coming from government in the local economy through LED projects (RSA, Department of Provincial and Local Government 2005).

The Policy Guidelines for Implementing LED in South Africa emphasize that local municipalities should institute a qualified and empowered office to promote and co-ordinate dynamic practices for developing and stimulating the local economy (RSA, Department of Provincial and Local Government 2005). This should always be seen as a major delivery area, which municipalities must provide for communities and citizens. Furthermore, local government departments in the provinces should support municipalities to address LED as a key governance capability. The role of economic affairs departments in the provinces together with provincial development agencies is to support municipalities with amongst others, technical economic development resources, funding, investor and business information.

The results of this approach as shown in RSA, Department of Provincial and Local Government (2005) must be translated into action as well as analysis. The multiplicity of opportunities offered by national government departments and parastatal bodies, need to be communicated, networked and distributed throughout the local municipality in an effective way. In case where clusters have been identified, the province, operating in close liaison with District Municipalities must work to ensure that all technical and material support mechanisms are available to encourage and ensure the success of LED (*ibid.).*

2.6 The Sustainability of LED Projects

Project sustainability refers to the capacity of the project to can sustain its lifecycle for an indefinite period without loss and can withstand financial hardships (Boddy, 2002). It is therefore, the ability of the project to keep in existence. This section describes measures of project sustainability, stages in the development of a sustainable project and factors that are key, to the success of LED projects.

2. 6.1 Measures of Project Sustainability

According to Boddy (2002) each project is involved in a unique situation where project managers attempt to achieve project objectives by influencing other people in a particular setting, at a particular time. Project managers can use these objectives to diagnose which aspect of the project may need special attention. Interest groups use different criteria to assess the effectiveness of a project. As Boddy (2002) points out, small projects are often rated sustainable because they are within budgetary limits, and have the potential to achieve an acceptable level of performance. These characteristics are internal and short-term measures of project efficiency which are often used because of their ease to measure. However, people often ignore the possibility that a project may run on its terms, but fail to meet customer expectations, or the longer-term needs of the business (Boddy, 2002).

Another criterion to measure project sustainability is to measure how change within the project environment is managed. According to Boddy (2002) managing change successfully requires one to manage the people who will create the change, i.e. the project stakeholders. The latter includes everyone who makes a contribution to the success of the project. Hence, managing a project environment presents some specific changes in leading, motivating and directing the people involved. These people are directly affected by change since most of them would be expected to do unfamiliar work in an unfamiliar setting, probably with new colleagues. Furthermore, the rules and guidelines under which work is done are likely to be new to many of the participants. In addition to the people related issues, there are laws with which the project manager must comply, notably the health and safety-at-work regulations. For a project to be sustainable within this context, project managers must have an approach or a set of processes, which will address two of the following key questions:

- How are you going to direct people's work and measure their contribution?
- How are you going to ensure that the quality of their work is acceptable?

The answer to the first question is found in a process which may be called assignment – what must be done to manage people who are to be assigned to work in the project environment for a new manager or team leader (Boddy, 2002). The answer to the second question is in the application of some quality process termed *engagement standard*, which governs the way in which the team members plan and carry out their work and communicate the results. In addition a team assembled for a business project is likely to include creative and intelligent professionals who are valued more for their technical skills than for their ability to conform. To gain the maximum benefit from the deployment of their skills one must exercise patience exceedingly well (Boddy, 2002).

2.6.2 Development of Sustainable LED Projects

When a business or LED project starts, as indicated by Boddy (2002) it starts from an idea of a person. All businesses and LED projects have one common objective, i.e. they should be economically viable and sustainable. Boddy (2002) suggests that the generation of an idea should satisfy common needs of individuals and groups of organisations that have same needs. After an individual or a group has established their idea they should establish whether the idea is viable or not; this is done through a viability study. A viability study is an in-depth investigation of the potential of the idea to be converted into business enterprises. The focus of a viability study is largely on the market and the profit potential of the small business or LED project idea. The conclusions drawn from the viability study are summarised in a business plan. Such a plan is used to make a particular project known to other people and to obtain financing so as to implement the project idea (Boddy, 2002). When developing a sustainable LED project or small business enterprise, four broad stages that are based on the entrepreneurial process are identified (*ibid*.). These are *the generation of ideas from skills, expertise and aptitudes; the generation of ideas from shared needs; agreeing on goals as a way of making LED projects sustainable; and establishing a clear distinction between local economic development and community development.*

2.6.2.1 The generation of ideas from skills, expertise and aptitudes

Taking your skills, expertise and aptitude into account one can generate business ideas. A creative attitude is needed to generate small business ideas. Although some people are born with the gift for being creative, it is possible for anyone to develop and improve creative abilities. It is important to understand that creativity is just as much an attitude as a way of thinking. It is thus possible to think of new ideas by attuning yourself to creativity (Boddy, 2002).

A good idea always comes out of the blue – as an inspiration. There are techniques used to generate ideas and these are divided into broad approaches such as from skills, expertise and aptitude, from common needs, from an existing problem and from everyday problems. Before any LED project is started the participants should know which project should be started. For whom and who are the possible consumers of our product or services (Boddy, 2002).

2.6.2.2 The generation of ideas from shared needs

Boddy (2002) contends that thinking about the unfulfilled needs of individuals or organisations can derive small business ideas. First, however, you have to identify a need that exists among various people for the same product or service. It is not worth the trouble to start a small enterprise that will only satisfy the needs of one person. One can start by thinking of a few groups of individuals or organisations that have more or less the same needs. These interest groups and their needs as outlined by Boddy (2002) should be written down.

2.6.2.3 Agreeing on goals as a way of making LED projects sustainable

Influencing the range of people connected with the project to agree on a common set of goals is easier said than done. Many people find it difficult to set goals for an activity. It requires an ability to look into the future, and to identify a plausible future state at which to aim. Setting targets runs the risk of

not meeting them, and suffering as a result. Many instinctively want to get on with the work, rather than spend time on the rather abstract activity of setting objectives (Boddy, 2002).

The task of setting goals is much more challenging in major organizational projects, where differences will arise over both ends and means. Stakeholders will interpret the environment differently, and favour one end rather than another. They will interpret cause and effect differently and prefer one means to another. People will have different personal anxieties or ambitions about a proposal. The more novel the project as outlined by Boddy (2002), the more external links, the more controversial the idea, the harder it is to secure agreement on goals. The scope for misunderstandings and communication failures add to the challenge. Managers also need to sustain agreements as circumstances and preferences shift (Boddy, 2002).

2.6.2.4 Establishing a clear distinction between local economic development and community development

Smallbone *et al* (2002) describe community development as a kind of development whose aim is to solve social problems such as health, housing, education and neighbourhood related problems. This involves the principles of solidarity and support for the weak and marginalized people within a community. For this and other reasons, donor agencies and social development organisations have begun to focus their energies on ‘income generating projects’ or ‘small scale enterprises that focus on rural women and youth.

Meyer-Stammer (2003) indicates that Local Economic Development (LED) is about creating functioning markets, which encourage competitive businesses. Introducing a clear market and business focus in local economic development is becoming more important in South Africa. Black empowerment and the promotion of emerging entrepreneurs were conceptualized from this perspective. For instance, townships are full of business opportunities, but also full of market failures. Addressing market failures is the appropriate way to stimulate business opportunities, not subsidizing potential entrepreneurs or

entertaining them with shallow training courses. As suggested by Meyer-Stammer (2003) you do not solve a problem by throwing money at it. All these four stages are essential when developing a sustainable LED project.

2.6.3 Key Sustainability Factors

In addition to the four stages cited above, the development of a sustainable project would require, as stated by Meyer-Stammer (2003) trust, training, communication and empowerment as sustainability factors that are key to the success of LED. These factors are hereunder, further elaborated.

2.6.3.1 Trust

In terms of trust***,*** management must be able to trust staff, their technical know-how and their ability to implement the technology in question.

2.6.3.2 *Training*

Training is a critical component for projects sustainability. Hence, staff should be given time for focused training despite hectic daily schedules. In addition, management should provide funds for them to be able to attend conferences or other continuing education opportunities outside the project or enterprise.

2.6.3.3 *Communication*

The “technology” department of the project must keep the affected staff in constant communication. Top-down decision-making process is counter-productive. Hence, a bottom up process should provide a framework for ongoing planning, strategizing and communicating desired goals to make project implementation work smoothly and effectively.

2.6.3.4 Empowerment

Project staff needs to be empowered to execute project implementation. According to Meyer-Stammer (2003) if the above-mentioned three goals are met, then empowerment would have taken place. As a result, empowered staff will feel interested in the project and will be determined to make it a success. In

addition, even if you are resource-poor in terms of equipment or funds, projects can still be successful if you have staff members that believe in the project. These four sustainability factors together with the four stages for the development and measurements of a sustainable project are critical yardsticks for a sustainable and economically viable LED project.

2. 7 Conclusion

As part of millennium goals, South Africa has to attain its objectives; that by 2014 poverty and unemployment can be halved and that the country must have a single integrated economy, which is amongst the leading economies in the world, by 2030. According to Meyer-Stamer (2003) these goals can be realised through the vision of robust and inclusive local economies where people are seen and involved as one of the most important resources for economic development.

A review of South African policy documents pertaining to LED indicates that the government regards LED projects as one of the social programmes for poverty alleviation with no potential to create sustainable income and employment opportunities. Hence, a paradigm shift from the poverty alleviation objective to a realisation of LED as a business initiative is necessary. Further requirements should include the harnessing of local leadership and assets as well as the networking of local economy into intergovernmental partnership.

This partnership should take advantage of national and international resources, opportunities and programmes geared towards local economic development. In this case, LED would become an important instrument for helping the people to realise their business potential and contribute towards the overall development of the local economy. However, sustainability factors and stages for developing a sustainable LED project need to be considered. This chapter has reviewed key issues from the literature that provides a critical context for the case study LED projects that are described in the next chapter.

CHAPTER 3

Description of the Case Study Projects

3.1 Historical Background of MTT and RCP LED Projects

MTT and RCP are two stone crushing projects which are respectively found within the jurisdiction of Thengwe and Rambuda tribal authorities. MTT is an acronym for a stone crushing project that serves Matomboni, Tshithuthuni and Tshidongolwe areas. RCP stands for Rambuda Community Project and its immediate beneficiaries are those villages within the Rambuda jurisdiction. The RCP stone crushing project is situated at Tshibvumo village, specifically at the confluence of *Tshala* and *Mutale* Rivers. The MTT project is located at Tshithuthuni, Tshidongololwe and Matomboni (whose English meaning is, appropriately, place of stones) areas opposite to *Brackenridge* (Mutavhatsindi) Nature Reserve. *The* two project sites are situated in the Mutale municipality, Vhembe District of the Limpopo Province (see Figure 1.1). Historically, these concrete production plants were within the jurisdiction of the former Venda homeland and provided crushed stones to construction projects of the then Venda government during the 1980s.

Community members in the nearby villages and beyond were employed by the two plants, though with meagre remuneration. Due to the temporary nature of the plants[1] in the 1980s many people were later retrenched at the closure of the projects in 1988. Consequently, stone crushing machinery was moved elsewhere and many people lost their jobs and joined the number of unemployed people in the study area villages. After the 1994 South African elections, the democratic government could not revive those projects until they were taken over by the communities in April 2000. The participants in these two projects started their operation by using both the stones and hammers to produce concrete. This method was obviously slow and could not make the two

[1] Also known "Drought Relief Projects (DRPs)

projects economically viable. The communities approached the provincial government for support and the stone crushing projects were then adopted by the local government under the guise of Local Economic Development (LED) projects. Eventually, these two LED projects communities got assistance from the Limpopo premier's office to purchase the stone crushing machines. As of during the time of data collection, 19 people were working at the Rambuda Community Project compared to 14 who were at the Matomboni–Tshithuthuni–Tshidongololwe project.

3.2. Crushed stone or concrete and its functions

3.2.1 Concrete and its functions

Crushed stone or concrete is material made out of the crushed rocks or stones of different sizes. In early days the Romans used cone crushers or any related machines developed to crush high or medium hardness materials such as iron ore, copper ore, limestone, quarts, granite, and sand stones (Robertson, 2006). The Romans used stone crushing at least 500 years before the birth of Christ (Robertson, 2006). Although concrete technology has advanced a little since those remote days, similar techniques and concrete are still used today in modern building projects. For example, concrete is used today for setting the foundation for buildings, nuclear power stations, sky-scrapers, garages and floors of buildings, road making and railway sleepers and setting for the poles of washing lines (Robertson, 2006).

3.2.2 Stone Crushing Machinery

According to Robertson (2006) numerous types of crushers exist in the market today. These include *inter alia* Hydraulic Cone, Hummer, Jaw and Belt Conveyer crushers. All these crushers come in different shapes and have different specifications suited for the job in question. Specific focus here is on the Hydraulic Cone Crusher because this machinery is used by both LED stone crushing projects under study. The Hydraulic Cone Crusher has been developed to crush high or medium harness materials of iron ore, copper,

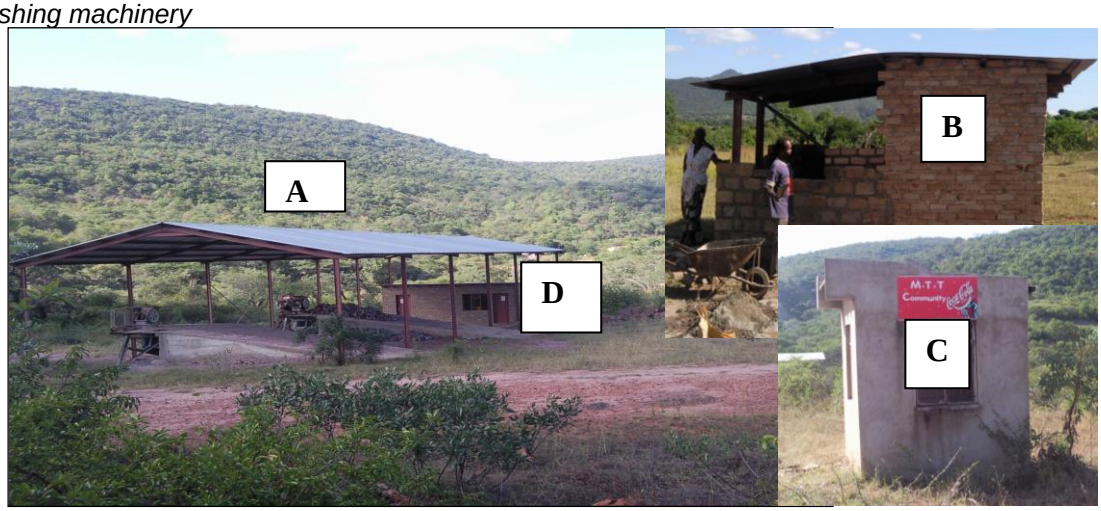
quartz, granite and sand stones. Cone crusher crushes materials by the working surface between the movable cone and fixed cone.

Figure 3.1: *Component features of Hydraulic Cone Crushers used in the MTT and RCP Projects*

3.3 The Physical Infrastructure and Raw Materials

Similarities exist in physical infrastructure and the availability of raw materials in both LED projects under study. In terms of the physical infrastructure, both project sites have an open plan, high-roofed shed supported by steel beams (A); guard rooms/change rooms and a store-room (D).

Figure 3.2(a): *The guard rooms (B & C) and the open – plan shed (A) that shelters stone crushing machinery*



The open-plan shed vents off dust from cone crushers to provide acceptable in-shed air quality. The corrugated ironed gable roof provides shelter for the two stone crushing machines that are situated on the high gradient concrete slab. High fencing that exists, wards animals and intruders off the premises. Hence, unauthorized entry is not allowed. Overall, MTT has two stone crushing machines and RCP has a total of four cone crushers.

Figure 3.2 (b): *Stones as raw materials for making concrete at RCP project site*

The primary raw materials for the processing of concrete in these projects are stones that are mostly collected from nearby rivers and their surrounding valley. Stones are collected in tractors that are hired for the purpose. This task is labour intensive and requires a lot of safety considerations.

3.4 The Management Structures of LED Projects

The primary objective for establishing a team of management structure as per the business plans of the two LED projects was for establishing an appropriate team environment to improve overall project performance. The MTT project is community initiated but managed and led by a board of trustees. Its

management structure is presented in Table 3.1 (a) and Figure 3.3(a) below. The management structure encourages team coherence and accountability. As such team members become more efficient and effective in performing their assigned activities. The function of the Executive Board is to manage and oversee the overall functioning of the project, through making policy decisions and monitoring the project. Furthermore, the Board also markets and promotes the project and links it with other stakeholders. Finally, the administrative and supervisory functions are executed by support service officers.

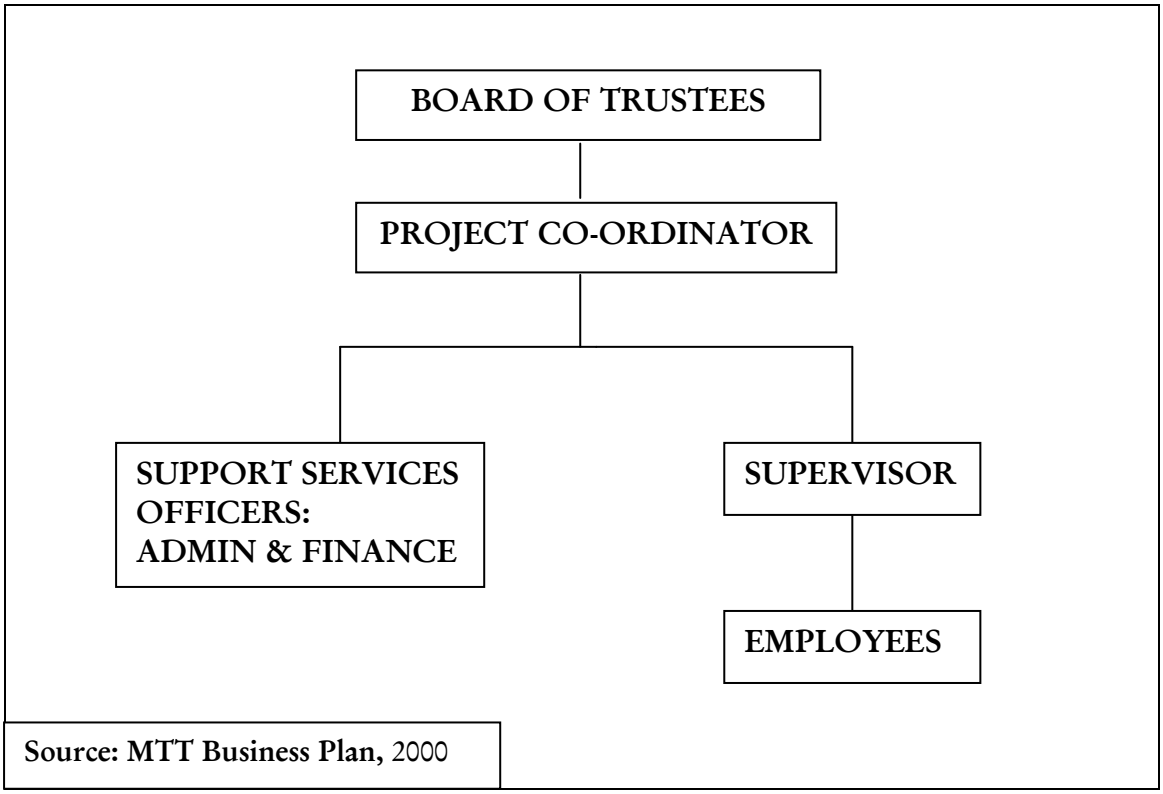
Table 3.1 (a): *Project aims / objectives, stakeholders and Management Structure: MTT Community Project*

PROJECT AIMS AND OBJECTIVES	STAKEHOLDERS	MANAGEMENT STRUCTURE
• Employment Creation; • Hunger and Starvation Alleviation; and • Make concrete accessible to broader community.	• Tshithuthuni & Tshidongololwe Communities; • Mutale Municipality; and • Contractors.	**EXECUTIVE BOARD** • Board of Trustees; • Project Co-ordinators; • Administrative Officers; • Supervisors; and • Employees

Source: MTT Business Plan, 2000

The MTT management structure though, does take into account the size of this project and the available expertise within the community. It is an overly ambitious management structure whose hierarchy resembles that of a big project enterprise. The structure is therefore imposed by the consultants on the community. As part of capacity building initiatives, the MTT project was assisted by the African Renaissance Development Consultant whose main function was to draw up the project's business plan, which details project's conception, aims and objectives, stakeholders and the proposed initial budget. The role of consultants was restricted to the planning phase of the project. Notwithstanding the contribution of the consultants, their project design strategy was not mediated by local contextual factors such as culture, attitude and skills.

Figure 3.3 (a): *Project Management Structure of MTT Stone Crushing Project*



Source: MTT Business Plan, 2000

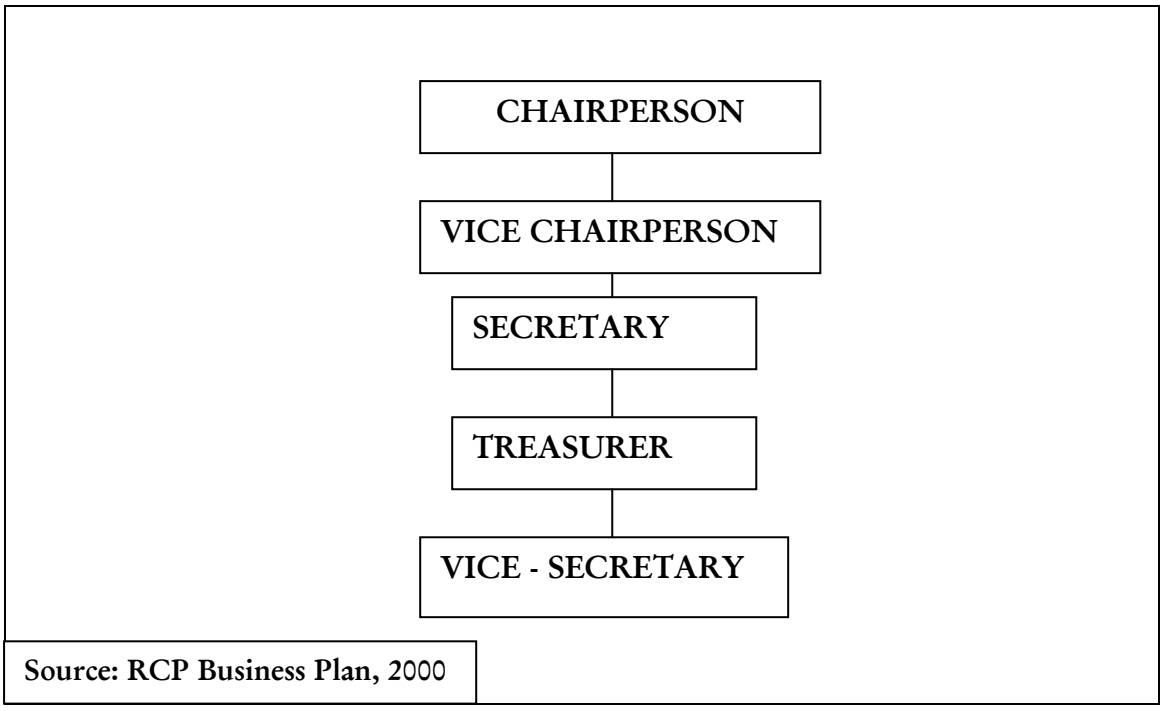
In contrast, the management structure of the RCP has adopted a rather more modest management portfolio whose structural hierarchy ranges from the Chairperson to the Treasurer [see Table 3.1 (b)]. The role of the executive committee is to control and advise other stakeholders on issues affecting the project. In particular, the chairperson carries and implements the vision and the mission of the project. The administrative and financial matters are dealt with by the secretary and treasurer respectively. The RCP project had acquired the consulting services of Development Focus of South Africa in terms of the development of business plan and facilitations of start-up training programmes as well as the drawing of the project constitution.

Table 3.1 (b): *Project aims/objectives, stakeholders and Management Structure: Rambuda Community Project (RCP)*

PROJECT AIMS AND OBJECTIVES	STAKEHOLDERS	MANAGEMENT STRUCTURE
• Employment creation for project members; • Supply concrete to community; • Job creation to broader community; • Poverty Elimination; • Crime prevention; • Improve Standard of Living; • Supply Concrete to constructors.	• Rambuda Communities • Project Committee • Project Employees • Customers • Mutale Municipality • Consultant: Development Focus of South Africa • National Department of Provincial and Local Government • Contractors	**EXECUTIVE COMMITTEE** • Chairperson • Vice-Chairperson • Secretary • Vice-Secretary • Treasurer

Source: RCP Business Plan, 2000

Figure 3.3 (b): *Project Management Structure of RCP Stone Crushing Project*



Source: RCP Business Plan, 2000

A stakeholder analysis [Tables 3.1(a) & (b)] generally reveals community and municipal structures, National Department of Provincial and Local Government, contractors, consultants and customers as the main stakeholders for both the MTT and RCP LED projects

3.5 LED Projects' Aims and Objectives

The common objectives of the two LED projects as indicated in Tables 3.1 (a & b) were the creation of employment to project members and overall poverty alleviation for the community, through supplying the wider community with concrete for their building needs. As for RCP, crime prevention has been stated in the business plan as one of the objectives; the logic behind this being that job creation will successfully curb crime. This is a simplistic and debatable argument which does not take into account evidence on site which points to the contrary.

The alleviation of hunger and starvation is mentioned within MTT project aims and objectives as the corollary for poverty alleviation. This perception stifles the prospects for business growth with broader economic impacts and viability. As shown in the MTT and RCP Business Plans, the cost plan estimates include the operational, building and infrastructure, equipment and training costs. The specific amounts budgeted for (see Appendix C) indicates these as capital intensive LED projects. The expectations in terms of overall production, income and profit are therefore higher.

3.6 Conclusion

This chapter described the context of the two community-based LED stone crushing projects within the jurisdiction of the Rambuda and the Thengwe tribal authorities in the Mutale local municipality. These projects were initiated by the communities in close consultation with the municipality as a strategy for poverty alleviation through job creation. It is the purpose of this study to evaluate the socio-economic impacts of these local economic development projects on the project participants and the wider communities within and beyond the two project sites. The following chapter deals with the research design wherein the overall research methodology, population identification, and the methodological aspects of access to project sites, data collection and analysis are described.

CHAPTER 4

Research Design and Methodology

4.1 Introduction

The purpose of this chapter is to describe the overall research design, methodology and specific methods that were used to achieve the objectives of this study as stated in the first chapter. The chapter further describes specific methodological aspects such as the unit of analysis, population identification, means of access to project sites and methods for data collection and analysis.

4.2 Research Design Approach

The design of a piece of research refers to the practical way in which the research was conducted according to a systematic attempt to generate evidence to answer the research question. Hence, the general strategy or design for solving the research problem for this study is the case study approach. This approach provides the overall structure for the procedures followed, data collected and analysis that was conducted. According to Leedy and Ormrod (2005), in a case study a particular individual, program or event is studied in depth for a defined period of time. In this research, two case study projects were investigated, because their exceptional qualities can promote understanding or inform practice for similar situations in the Mutale municipality and beyond. In addition, no formal evaluation of the two case study projects was done since they were established in 2000. A triangulation of both qualitative and quantitative research designs were adopted in the methods of data collection, analysis and interpretation.

4.3 Research Methodology

Research methodology refers to more than a simple set of research methods; rather it refers to the rationale and the philosophical assumptions that underlie a particular study (Leedy & Ormrod, 2004). This study is therefore, informed by both quantitative and qualitative approaches.

According to de Vos (2002) the philosophical assumption of quantitative approach is usually based on positivism, which takes scientific explanation to be homothetic. Its main aim is to objectively measure the social world. Quantitative data collection method often employs measuring and verification instruments in order to objectify phenomena under study. Whether these techniques are truly objective, has always been the agenda for debates involving the differentiation between qualitative and qualitative research perspectives. According to McBurney (2001) it is essential that certain concepts and principles that are fundamental to measurement be understood before considering the specific measuring instruments. Such measuring instruments involve the assignment of numbers, in terms of fixed rules, to individuals (or objects) to reflect differences between them in some or other characteristics or attributes.

Qualitative approach on the other hand, stems from an anti-positivistic approach that is idiographic and thus holistic in nature. Its main aim is to understand the social life and the meaning that people attach to their everyday lives (Babbie & Mouton, 2001). Qualitative research is defined as a naturalistic inquiry that uses non-interference data collection strategies of events and processes on how participants interpret them (*ibid.).* In this study qualitative research is also suitable since it provides the researcher with extensive understanding of experiences and problems underlying the two LED projects in question.

In this study, both quantitative and qualitative methodology was be used in different contexts. The quantitative approach will assist in arriving at the particular conclusion based on quantitative data collected through the survey

questionnaire and the associated interpretation techniques. The contextual understanding of LED projects and the concepts based on the management of the projects will be enriched through the triangulation of quantitative with the qualitative approaches.

4.3.1 Units of Analyses

The unit of analysis is the major entity that is being analyzed in the study. It is the 'what' or 'whom' that is being studied. In this study the units of analyses are the two stone crushing projects and their participants, two ward councillors and one LED co-ordinator. A total of 19 participants at RCP and 14 at MTT were interviewed. The researcher elicited information from these participants about their level of participation in the projects and how they derived benefits from the two projects. Ward councillors and LED co-ordinator provided information pertaining to participation, planning, organising, monitoring and evaluation of LED projects.

4.3.2 Population Identification

According to Leedy and Ormrod (2001; 2004), population is defined as the entire set of objects or people about whom the researcher wants to determine some characteristics. Population identification, however, is described as a process of gathering of information from objects, events or people with some characteristics which a researcher finds relevant and interesting (White, 2005). The population of this study therefore, included all Mutale stone crushing LED projects, their beneficiaries; project executive members, ward councillors and an LED project municipal coordinator. The adopted case study approach as described by White (2005) has to do with the fact that a limited number of units of analysis such as an individual, a group or an institution are studied intensively. This is likely to improve quality of data by focusing on a smaller group. In this case, no sampling was done since the entire population as identified above, was studied.

4.4 The Means of Access to LED Project Sites

This research study was conducted in Rambuda and Thengwe tribal authorities where two stone crushing projects, *namely,* MTT and RCP were chosen. Fieldwork was conducted for a period of nine months. Access to these two sites was gained via the Civic organizations, the local municipality and the local headmen of the two project sites. Research assistants from these two study sites facilitated access and consequently permission was granted to administer a questionnaire survey (see Appendix A) and individual interviews directed to LED co-ordinators and councillors within Mutale Local Municipality. A case study approach was used to evaluate the sustainability of the two LED projects in the study area.

4.5 Research Methods

To answer the research questions identified in chapter one, this study employs research methods which promote the use of a variety of quantitative and qualitative methodologies with an emphasis on active involvement of research participants.

4.5.1 Methods of Data Collection

A variety of research methods which reflect qualitative and quantitative research perspectives were used to elicit primary and secondary data. Figure 4.0 provides an integration of research questions, research activity and data collection methods. Four data collection methods used in this research and details of which will be provided below are:

- Questionnaire Interview;
- Individual Interviews;
- Observations; and
- Business Plans and Financial Statements.

4.5.1.1 Questionnaire Interview

De Vos (2002) defines a questionnaire as a set of questions on a form which is completed by the respondent in respect of the research project. Its basic objective is to obtain facts and opinions about a phenomenon from people who are informed on the particular issue *(ibid.).* In this study a questionnaire interview was administered by two research assistants to the respondents and the executive committee members of the two stone crushing projects. The duration ranged from thirty minutes to an hour per respondent. Issues covered in the questionnaire included demographic and socio-economic, business motives, source of business capital, levels of participation, planning as well as monitoring and evaluation of LED projects *(*see *Appendix A).*

4.5.1.2 Individual Interviews

Face to face open-ended interviews were conducted with two councillors and one LED coordinator, addressing LED management and policy issues *(*see *Appendix B).* The researcher's acquaintances with the councillors and coordinator enhanced the establishment of good rapport and gained their co-operation, which eased the burden of interviewing them.

4.5.1.3 Observations

Observations can be used either in quantitative or qualitative research. In this study, qualitative observations that were conducted were characterised as intentionally unstructured and free flowing. Events that were observed included issues about safety, concrete production processes and general interactions between supervisors and other workers as well as workers' interactions amongst themselves.

Figure *4.0:* *Summary of research questions, tasks, variables and data collection methods*

RESEARCH QUESTIONS	RESEARCH TASKS	VARIABLES	DATA COLLECTION METHODS
1. What is the socio-economic profile of project participants in the two study sites?	• Identify key socio-economic characteristics of project beneficiaries/participants.	• Socio-economic variables such as *household position*, *gender, age, income & expenditure, marital status, experience and education*	• Questionnaire Survey to respondents involved in stone crushing projects; • Individual Interviews with executive committee members.
2. What is the nature and the levels of participation by the beneficiaries of the Stone Crushing Projects?	• Determine the extent to which participants are involved in the management of the two projects.	▪ Participation levels in planning and project management.	• Questionnaire Survey • Interviews with key informants (e.g. executive committee members; project beneficiaries)
3. What were the planning objectives and targets before the Stone crushing projects implementation?	• Evaluate planning objectives and targets before project implementation. • Assess extent to which these have been achieved.	• Monitoring of planning objectives. • Targets identified.	• Project Business Plans; • Questionnaire Survey; • Interviews.
4. How are the resources of Stone crushing projects organised?	• Identify resource management strategies • Evaluate how they are organized.	• Strategies for organising resources.	• Interviews with key informants & project beneficiaries; • Observation.
5. What are the impacts of Stone crushing projects on employment, skills and poverty alleviation?	• Assess project impacts on beneficiaries.	• Capacity building. • Levels of Skills development & competencies. • Job Creation • Poverty alleviation	• Questionnaire Survey; • Interviews; • Observation.
6. Are these projects financially sustainable & what should be done to ensure sustainability?	• Assess whether projects are sustainable; • Assess their impacts on clients	• Turn-over levels; • Financial stability • Sales and marketing	• Project Financial Statements • Observations • Evaluation Reports • Customer satisfaction surveys

4.5.1.4 Business Plans and Financial Statements

Business Plans for the two case study projects solicited information about project backgrounds, objectives, stakeholders, management structure and the project budget [see Tables 3.1(a) &(b); Appendix C]. Financial statements were needed to assess the financial viability of the two case study projects. However, regular financial statements were not readily available. Instead, business plan targets and actual concrete production and customer satisfaction interviews were used to measure projects financial stability.

4.5.2 Methods of Data Analysis

According to Leedy & Ormrod (2002) and Sarantakos (2000), data analysis involves the process of categorising, ordering, manipulating and summarising of data to obtain answers to research questions. The purpose of data analysis is to reduce data to an intelligible and interpretable form so that the relations of the research problem can be studied, tested and conclusion drawn (Sarantakos, 2000). The idea is corroborated by White (2005) who describes data analysis as when a researcher is able to understand and interpret all the gathered information obtained from the respondents and files so that they can be analysed and interpreted as answers to a research problem at hand.

The collected data sets are then broken down and organised together in a procedural way to make them understandable and have meaning to the reader (*ibid.).* In this study, the researcher used the statistical package called *SPSS* (Statistical Package for Social Sciences) and graphs to organise and analyse quantitative data. For qualitative data, a *data analysis spiral* method as described by Creswell (1998) was used to interpret data. Using this approach, one goes through the data several times through organisation, perusal, classification and synthesis. In this method, the computer and the *NVIvo 7* software perform such tasks as creating a computer database (organization), word processing of preliminary interpretations (perusal), grouping the data into categories (classification) and finally constructing diagrams, tables and data hierarchies (synthesis).

4.6 Conclusion

This chapter has dealt with issues pertaining to the overall research methodology adopted in this study, the study context, population identification, sampling procedures, the means of access to project sites and methods for data collection and analysis. In other words the chapter has dealt with issues of how data sets are collected and analysed as well as detailing how this was carried out in this study. The next chapter deals with the interpretation and analysis of collected data.

CHAPTER 5

Data Analysis and Interpretation

5.1 Introduction

The focus in this chapter broadly revolves around four major themes as guided by the aim, objectives and key research questions. Firstly, the chapter explores the socio-economic profile of the participants at MTT and RCP stone crushing LED projects. Secondly, an evaluation of these projects is done in terms of determining planning objectives, resource management strategy and the extent to which participants are involved. The chapter further examines LED projects in terms of their overall impacts on beneficiaries. Finally, the financial stability and the sustainability of the two LED projects are examined.

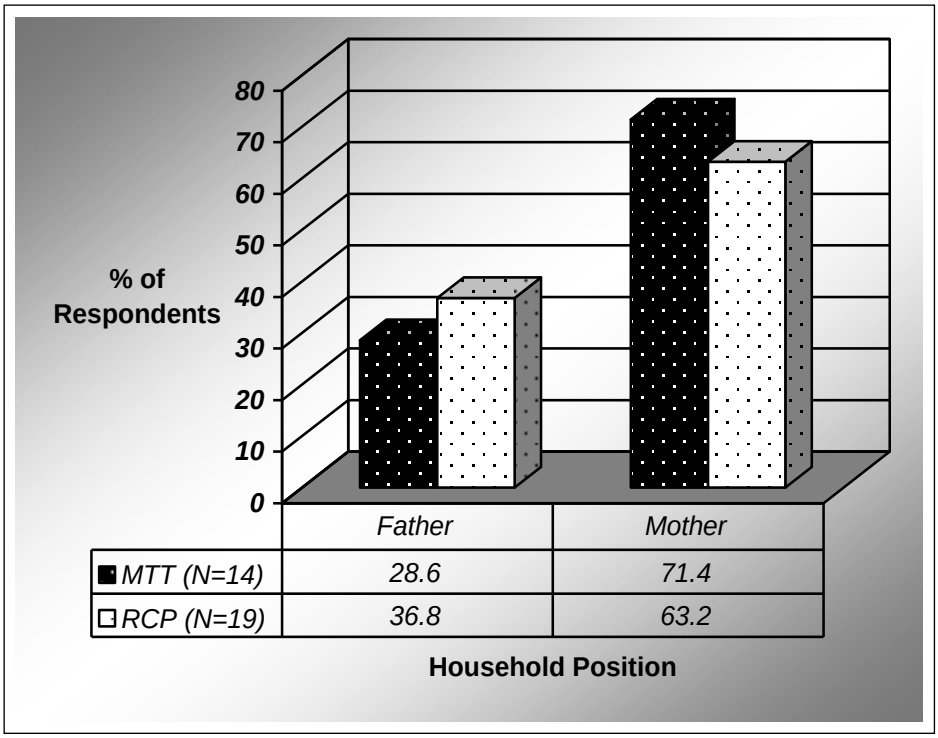
5.2 The socio-economic characteristics of project beneficiaries

The socio-economic profiles of the beneficiaries of LED projects at the study sites were analysed as a proxy that represents their positive or negative impacts on the growth of the projects. These impacts represent the resources or constraints inherent in them and imposed on the overall success or failure of the projects. As a basis for understanding the overall management dynamics of the two projects, socio-economic factors such as household position, gender, education, income, marital status and age are comparatively analysed.

5.2.1 Household Position

The position of adult respondents in the household is a determinant of their involvement in the provision of household needs and influence over their earnings. In this study, the position that most of the participants in the MTT and RCP LED projects occupy within their households, is that of being a “mother” (see Figure 5.1).

Figure 5.1: *Respondents Household position in the MTT and RCP LED Projects*



Almost 72% of the respondents in the MTT project are “mothers” as compared to 29% whose position is that of a “father”. Similar trends are evident in the RCP project where over 60% of project participants are “mothers” as compared to almost 37% of their counterparts. Mothers are custodial parents in those households with children and hence, they often do most unpaid work in the home and waged work in the society. Based on this wider view, the general principle would be that a mother’s work is not restricted to home and neither is it restricted to so-called ‘soft labour’. Stone crushing activity is in fact, hard labour. This principle challenges the perspectives and makes it invalid, that mothers’ work is in the home and is not as hard as that of the fathers.

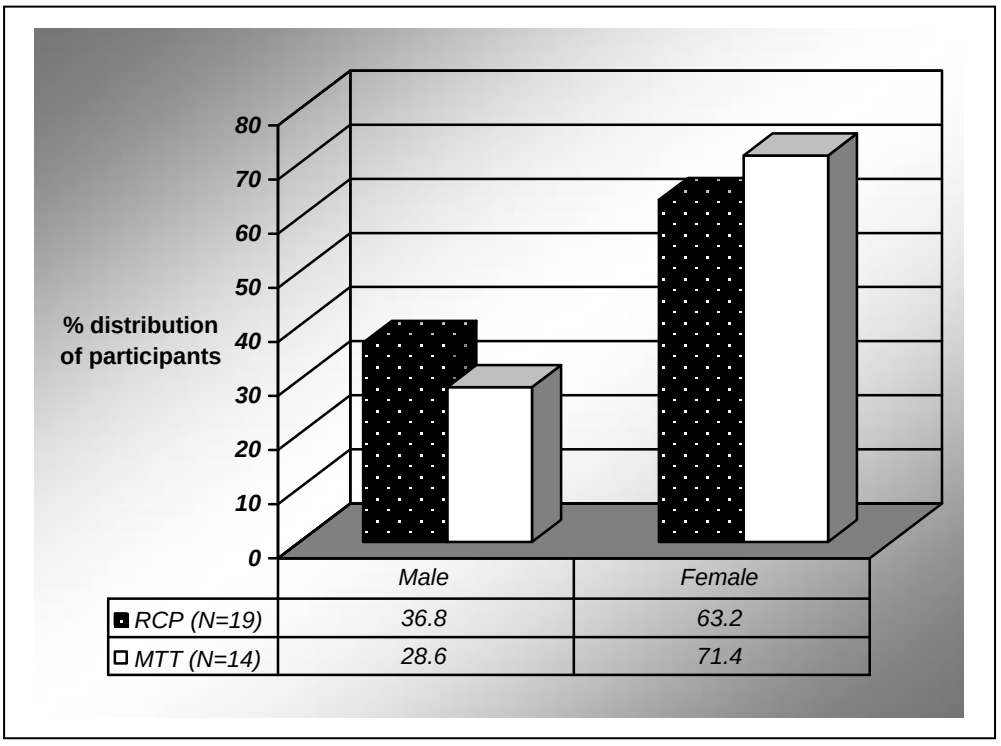
Within a patriarchal society fathers are the providers of their families. The crucial issue to examine then pertains to what drives mothers to do this hard job. Individual interviews attribute this to a number of reasons which include fathers’ inability to support their family due to unemployment; fathers that are working away in urban areas who usually come back during holidays without money or fathers who do not send remittances to their families. These reasons

are best exemplified by the following statement from one of the individual interviews: “My husband who works in Johannesburg does not come back regularly nor send us money. When he decides to come back, especially during Xmas or Good Friday, he comes with no money to support us or money for his return trip. I have to borrow money for his return fare on his behalf.” *(Individual Interview, 20 October 2008).*

5.2.2 Gender Division of Project Participants

With regard to RCP and MTT Stone crushing Projects, there were more women than men who were involved in the project (see Fig. 5.2). The variation between the two sexes is very wide. This could either be a result of the fact that men have migrated to major urban centres in search for work or their participation in LED projects is very minimal. In general the proportion of female participants in RCP and MTT samples is respectively 26% and 43% higher than their male counterparts.

Figure 5.2: *Gender division of project participants at Rambuda and MTT Projects*

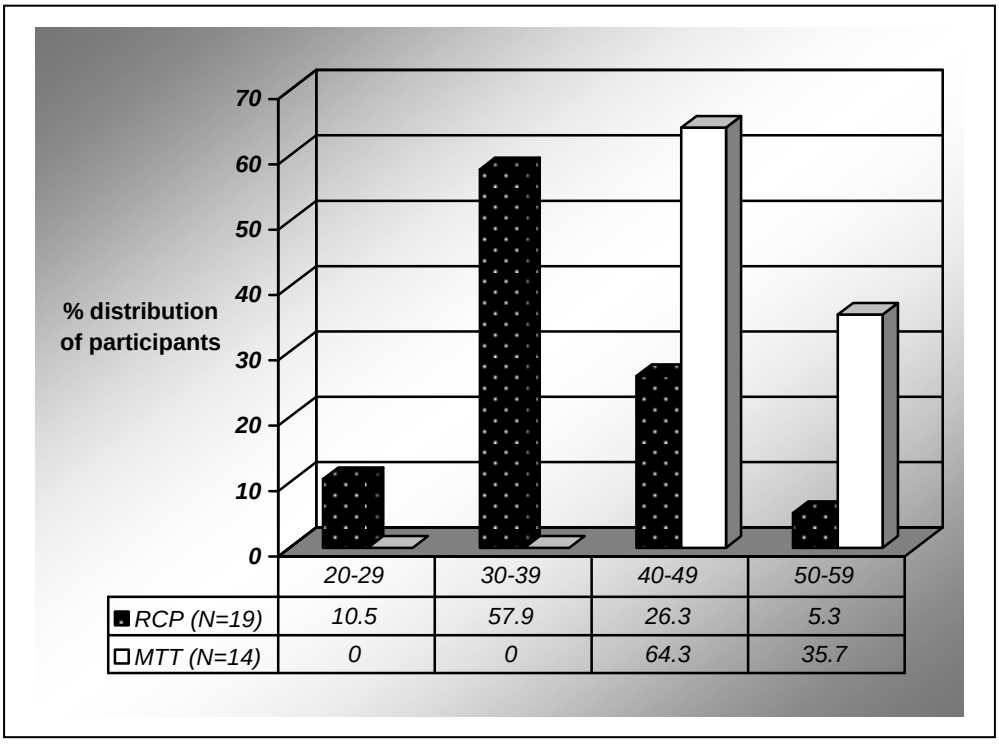


The difference could imply a relative imbalance in sexes in terms of their levels of involvement in community projects. Notwithstanding this assertion, the variation could be attributed to differences in sample sizes as indicated in Figure 5.2 above.

5.2.3 Age Profile of Project Participants

Age is one of the most important factors influencing the social, economic and political lives of the population. In this study, results of age analysis of participants at the project sites are represented in Figure 5.3. It is evident that the majority of participants (58%) at RCP project are in the age group 30-39 compared to none in the same age category at MTT.

Figure 5.3: *Age profile of project participants at RCP and MTT Projects*



	20-29	30-39	40-49	50-59
RCP (N=19)	10.5	57.9	26.3	5.3
MTT (N=14)	0	0	64.3	35.7

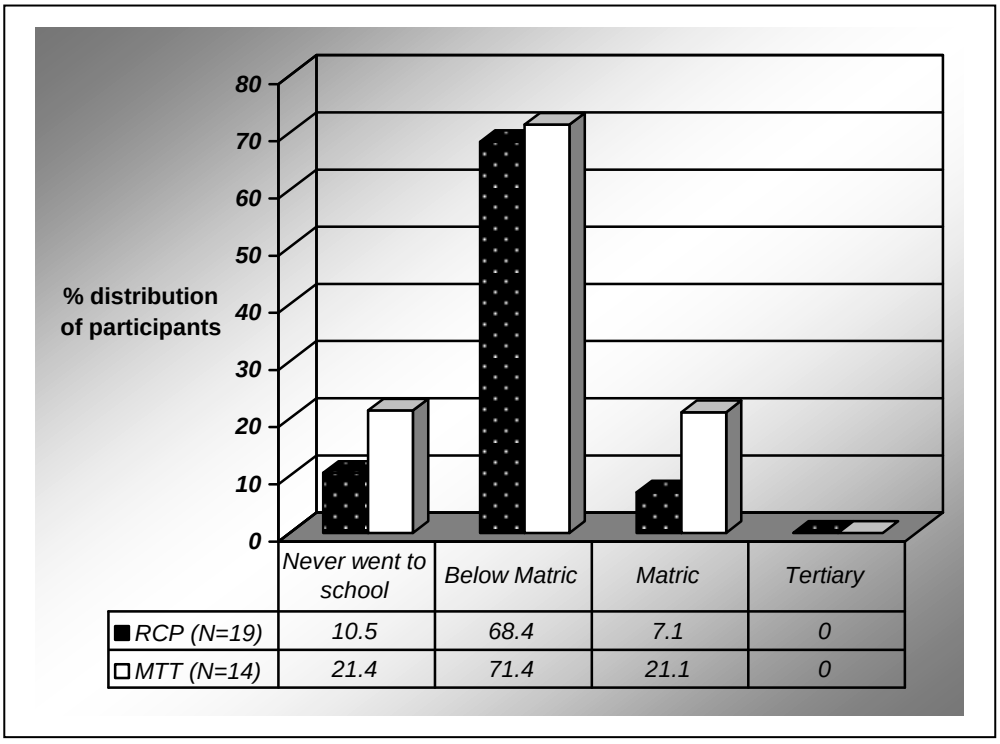
In relative terms, age groups that were well represented at RCP are 30-39 and 40-49 while at MTT, it was the age groups 40-49 (64%) and 50-59 that are well-represented. Due to the demanding nature of the stone crushing work, the

latter finding was not expected. Analysis based on Figure 5.3, shows that 11% of participants at RCP project were within the 20-29 age groups. These young adults represent the economically active participants of LED projects. This relative youthfulness of the sample (20-29 age group) is an important indicator of the inability of the other formal sectors to provide quality and secure employment for this economically active group.

5.2.4 Educational Background of Project Beneficiaries

The level of education that participants have attained directly reflects the contribution, in terms of technical and business skills, that they can bring to the management of LED projects. At the same time, educational level may help project beneficiaries to understand business dynamics and logistics that are necessary to make projects viable. This variable also influences the type of project run, and the way in which it is run.

Figure 5.4: *Educational profile of participants at RCP and MTT Projects*



Analysis of the educational level attained as shown in Figure 5.4 indicates that about 68% of the participants of RCP and 71% of MTT projects had not

reached Matriculation level compared to only 7% and 21% that passed matriculation. None of the participants in both sites had any tertiary qualifications and a significant proportion had never gone to school. Generally speaking, the participants at MTT Stone Crushing Project have relatively larger proportion of those that never went to school, those below matriculation and those that have attained matriculation levels. Nevertheless, projects participants were trained in bookkeeping and financial management by consultants paid for by the provincial government. Participants were also trained in the use and basic maintenance of the stone crushing machinery, but none of them were trained to repair the machinery.

5.2.5 Marital Status by Gender and Age of Respondents

Over 70% of the participants at MTT were married compared to none that are single [see Table 5.1(a)]. There was a significant difference among the married, the divorced (7.1%) and the widowed (21.4%). This emphasises the unemployment burden of the married as compared to the divorced and widowed. Of those married, about 43% were women and 29% men. This might mean that married women are more involved in the stone crushing projects than married men. At RCP about 85% of the respondents were married compared to about 5% that are single [see Table 5.2(b)]. The gap between the married and the divorced (5.3%) as well at the widowed (5.3) is high.

Table 5.1(a): *Marital Status by Gender and Age of Respondents: MTT (N=14)*

Marital Status		**Age Group**				
		20-29	**30-39**	**40-49**	**50-59**	**Total**
		f (%)	**f (%)**	**f (%)**	**f (%)**	**f (%)**
Married	Male	-	-	4 (28.6)	-	4 (28.6)
	Female	-	-	4 (28.6)	2 (14.3)	6 (43)
Divorced	Male	-	-	-	-	-
	Female	-	-	-	1 (7.1)	1 (7.1)
Widowed	Male	-	-	-	-	-
	Female	-	-	1 (7.1)	2 (14.3)	2 (14.3)
Single	Male	-	-	-	-	-
	Female	-	-	-	-	-
Total		0	0	9 (64.3)	5 (37.7)	13 (100)

Table 5.1 (b): *Marital status by Gender and Age of Respondents: RCP (N=19)*

Marital Status		**Age Group**				
		20-29	**30-39**	**40-49**	**50-59**	**Total**
		f (%)	**f (%)**	**f (%)**	**f (%)**	**f (%)**
Married	Male	1 (5.3)	2 (10.5)	3 (15.8)	1 (5.3)	7 (36.8)
	Female	1 (5.3)	7 (36.8)	1 (5.3)	-	9 (47.4)
Divorced	Male	-	-	-	-	-
	Female	-	1 (5.3)	-	-	1 (5.3)
Widowed	Male	-	-	1 (5.3)	-	1 (5.3)
	Female	-	1 (5.3)	-	-	1 (5.3)
Single	Male	-	-	-	-	-
	Female	-	1 (5.3)	-	-	1 (5.3)
Total		0	0	9 (64.3)	5 (37.7)	13 (100)

Furthermore, Tables 5.2(a) and (b) indicate that the majority of the married in the two projects are in 40 - 49 age category. A large proportion of participants in this age level might reflect the maximum level of involvement of the middle-aged group that is unemployed and energetic. There were not many divorced and widowed people in the sample. Hence, very little could be said about such categories.

5.2.6 Previous Exposure to any Project-related work

At MTT project the overwhelming majority of participants (93%) have never worked in any project before as compared to only 7% who have previous exposure.

Similarly, 61% of respondents at RCP LED project, compared to 39%, have not received any previous exposure to project-related work. Project exposure offers participants experience and expertise that is required for any productive work. Hence, most participants in both projects do not have the necessary exposure for project management. Those who have exposure to project - related work, received such management experience from brick-laying,

community bakery and chicken farming projects - most of which never developed as sustainable businesses.

5.2.7 Project Income and Expenditures

Project income and expenditure are good indicators for determining the health, the financial stability and the sustainability of any business enterprise. The patterns of these two variables should be evident in the project's financial statement. However, the financial statement for any year was not readily available. In the light of this, data sets on income and expenditure patterns were obtained through interviews with the project management and the local councillors. Therefore, conclusions drawn based on such data will be quite speculative.

Information from local councillors indicates that the two projects, though self-initiated by the communities, received financial support from the Premier's office of the Limpopo Province. In the case of The RCP project, an amount of over R90 000 was received, which was then used to build an open-plan shed and to buy four stone crushing machines. The MTT project on the other hand, received an amount of R450 000 which was used to buy two machines, build a shed, a guard room, storeroom and a change room. Project management was instructed as part of the conditions, not to use this money for the payment of salaries and / or wages. The amount of money given to these projects differ by a very wide margin – a difference of about R360 000. The difference could be attributed to the quality of business plans submitted for funding and the power associated with lobbying structures.

Similarly, income and expenditure patterns associated with project and participants are also difficult to explain due to data reliability factor. When management of MTT was asked how much the project makes per month, an estimated amount of R10 000 was stated compared to over R12 000 estimated for the RCP project. Normally, these amounts (after subtraction of operation costs) are shared as dividends at the end of every month. Notwithstanding these contributions, the seasonal and irregular nature of participants' wages

makes it difficult to elicit accurate estimates of their regular monthly income. Earnings from participants cannot be standardised as income per week or per month, but they become available to project participants as soon as significant sales of concrete are made. It is evident that the earning levels of project participants differ widely, dependent on the amount of concrete sold. Evidence from individual interviews support incomes ranged from R900 or less as dividends after significant sales were made. These dividends could be shared after four or five months depending on the magnitude of sales. Participants in both projects indicate that the peak sales periods for concrete are usually in winter where the building constructions for houses and roads are higher.

5.3 Project Participation

This section examines the nature and level of participation in the two LED case study projects. In terms of gender division, more women than men were involved in the project in both RCP and MTT projects. About 63% of women as compared to 36.8% men were participants at RCP project. Similarly, over 70% of women compared with almost 30% men were engaged in the MTT project. Hence, the two projects were dominated by women who often provide hard manual labour which involves the in-loading and off-loading of stones as raw materials. Men often help in the in-loading of stones into stone crushers for the production of concrete. Day to management of these projects is often conducted by managers who are men with rudimentary management skills. Both men and women assist in the processing of concrete orders and ensure that they are delivered. Delivery trucks are often driven by men. Notwithstanding this observation, closer investigation into gender participation patterns, indicate a very minimal differentiation in terms of labour division and the job portfolios that they occupy. Due to the fluidity of participation and roles in these LED projects, women representation in committees and participation in leadership roles could not be clearly demarcated.

However, indicators of good and poor participation were recorded for both the RCP and MTT projects [see Tables 5.2(a) and (b)]. As evident from Table 5.2 (a), absenteeism is regarded as the main indicator of poor participation at RCP.

Over 60% of respondents at RCP compared to only 21% at MTT considered absenteeism as the factor which contributes towards poor performance.

In contrast, MTT 50% of participants consider as major problems, other factors such as lack of regular wage, transport problems and the problem of machinery breakdown which may take months to repair because expensive spares are not readily available and in most cases have to be ordered overseas. Late coming and conflict within team members are considered major problems. This could be attributed to the fact that participants are usually local and groups that have been formed might be relatively homogeneous. This does preclude the fact that conflicts are inherent in any team or group situations.

Table 5.2 (a): *Indicators of Poor Participation at RCP (N=19) and MTT (N=14)*

Project Name	**RCP**		**MTT**	
Indicator	**Frequency**	**%**	**Frequency**	**%**
Absenteeism	12	63.2	3	21.4
Late coming	0	0	2	14.3
Conflict within the team	0	0	1	7.1
Other (specify)….	1	5.3	7	50
No response	6	31.6	1	7.1
Total	19	100	14	100

The participants of the two projects differ widely regarding their perceptions of indicators of good participation [see Table 5.2 (b)]. For example, an overwhelming proportion of respondents (almost 90%) at RCP have stated expected production as the main indicator of good participation. Achieving set goals and strategy to accelerate them, is identified by MTT beneficiaries as the indicator of good participation. Other indicators of good participation provided by respondents at RCP and MTT included the privilege of attending meetings and training as indicators of good participation.

Table 5.2 (b): *Indicators of Good Participation at RCP and MTT*

Project Name	**RCP**		**MTT**	
Indicator	**Frequency**	**%**	**Frequency**	**%**
Report to work on time	0	0	3	21.4
Expected production	17	89.5	3	21.4
Achieving Goals	0	0	4	28.6
Other (specify)….	2	10.5	1	7.1
No response	0	0	3	21.4
Total	19	100	14	100

Table 5.3: *Respondents' Rating of Participation Level at RCP and MTT*

Project Name	**RCP**		**MTT**	
Rating Scale	**Frequency**	**%**	**Frequency**	**%**
Poor	8	42.1	3	21.4
Fair	11	57.9	10	71.4
Good	0	0	1	7.1
Total	19	100	14	100

Overall, the respondents' rating of their level of participation ranges from fair to poor in both projects as shown in Table 5.2 (a). Individual interviews with the LED coordinator and councillors indicate government involvement in these LED projects as irregular as quarterly and monthly to monitor progress. During these meetings auditing of financial resources is done openly and progress reports sought. Good monitoring and evaluation techniques help to quantify outcomes, justify expenditures, determine enhancements and adjustments, and develop good practices.

5.4 Planning Objectives, Management and Target implementation

Planning has been a crucial component of communities' decisions on what LED projects to adopt. This was governed by the goals and objectives of the two projects under study [Figure 3.1 (a) and (b)]. In this case, the planning process was not prescriptive and was adapted to meet the needs of the Rambuda and Thengwe communities. After consultation with the municipality the two communities adopted RCP and MTT stone crushing, respectively, as LED projects that they intended to establish. With the help of a consultant,

strategic planning was done and priority issues were addressed and limited resources were targeted on the procurement of stone crushers and the erecting of physical infrastructure and a fence. Consultants were not directly involved in the management of the two case study projects, but were only involved in the writing of the business plans during the initial planning phase of the project. However, the production, employment and training targets were not clearly stated in the business plans. For example, the business plan provides no information about the number of people to be employed during the short-term to medium- term life cycle of the projects. Hence, the business plans of the two case study projects were unrealistic and inadequate as tools of project management.

Information from the questionnaire indicates that working groups and steering committees were established to ensure that a formal structure was in place to support the development and implementation of the two LED projects. Specifically, the MTT project started with 40 to 60 people while between 10 and 20 people started with the RCP stone crushing project. The start-up capital for both projects (see section 5.2.7) was deposited into the projects' bank accounts. At MTT the project co-ordinator and the two support services officers (Admin & Finance) are signatories while at RCP signatories are the chairperson, secretary and treasurer. In addition, the project management structure [see Figure 3.3 (a)], especially that of the MTT project did not match the nature, size and the expected turnover of the business.

Table 5.4: *Project Monitoring Process at RCP and MTT*

Project Name	**RCP**	**MTT**
Project Monitoring		
Who is responsible?	Executive Committee	LED Co-ordinator
How is the project monitored?	Observation	Observation
How often	Once a month	Once a month

Ongoing monitoring in both projects is provided through the formal structures identified. For example, the MTT and the RCP projects are observed once per month by the municipal LED co-ordinator and the executive committee respectively (Table 5.4). During these visits an evaluation of specific project

outcomes is done to ensure that the LED vision, goals and objectives are achieved.

5.5 The Organisation of Resources in the RCP and MTT Projects

In these projects raw materials, human and financial resources need to be effectively organised for the viability of these projects. Raw materials at RCP are collected by project participants from *Mutale* and *Tshala* rivers while at MTT such materials are fetched from nearby mountains.

Interviews with key informants and observation provide evidence that planning in the two case study projects was done in a haphazard way. For example, the deployment of human and financial resources was not effectively done. This is respectively attributed to lack of adequate management capacity and financial constraints. Staffing was not organized according to expertise or skills but by social affiliation as a default measure of hiring staff. Over and above, financial and human resources are poorly organised and managed despite high budgetary allocations for the two projects. Poor resource management impacts negatively on the overall turnover and concrete production.

5. 6 LED Project Impacts on Beneficiaries

5. 6.1 Job Creation and Poverty Alleviation

The overwhelming majority (93%) at MTT and about 84% at RCP have clearly articulated *'job creation'* as the motive for starting the LED community projects. This observation has been supported by the data from interviews and the business plans of the two projects. The corollary is that once participants are employed, their ability to alleviate poverty is enhanced. To a certain extent participants (19 at RCP and 14 at MTT) have also stated that they have benefited from projects, but the degree to which those benefits have had an overall impact in changing the quality of life or alleviating poverty is not something that has been easily measured.

Local economic development (LED) projects illustrate the thin line that exists between LED and poverty alleviation in the two projects evaluated. Both stone crushing projects in the Mutale municipalities are LED projects with a very survivalist character.

5.6.2 Capacity Building /Skills Development

The two projects were aimed at empowering the LED participants in business management skills so that they can run a sustainable project. To achieve their objectives both sets of participants in the two LED projects were trained by appointed consultants for two months on business management courses which included Project Management, Book-keeping, Entrepreneurship, Dispute Resolution and Basic Business Management Skills. Of significance was the training on machine operation – its basic maintenance and use. In a nutshell, participants were initially trained on financial management and operational skills necessary for building of capacity and personal development. Although most of these participants are still working in the two projects, they do not however, approach their work with commitment and business attitude for high production and output. Record keeping is seen by many as necessary for the day to day running of the two LED projects.

Therefore, the business output and organisational capacity at the two sites do not match the capacity building efforts that were invested in project beneficiaries. In other words, the application of the management and financial skills as measured by the implementation of planning targets set for them by consultants is not evident in their day-to-day running of the projects. Lack of audited financial statements often point to poor financial management due to lack of capacity and skills.

5. 7 Project Challenges

5. 7.1 Project Budget and Allocation

Despite, the substantial amount of start-up capital allocated to the two projects when they were established, project participants interviewed have cited lack of operating capital as the single largest barrier to establishing a viable concrete making business. Notwithstanding this finding, the stone crushing business, because of its relative ease of entrance, needs fewer capital resources than other businesses, but the operation in terms of maintaining the machinery and repair tends to be high. The cost of maintenance and repair are often borne by the respective LED projects, despite variations in sponsorship allocation from the Premier's office in Limpopo Province. In addition, improved institutional mechanisms to increase the access to, and the availability of credit, would appear to be more important, especially if the viability of business and the possibility of expansion are taken into account. Other constraints include lack of available parts and technical skills to repair stone crushing heavy machinery. For example, it may take a very lengthy process to order machinery parts oversees or from the remote areas in Gauteng. Allocation for these specific activities was not made in the business plan. In this way lack of operation capital becomes an impediment to the growth and success of the projects. Privatization of the two LED projects seems to be the alternative avenue that is open to remedy poor management and lack of operation capital to turn these projects to viable businesses.

5. 7.2 Safety Considerations

Stone crushing is a risky business that demands safety precautionary measures which include *inter alia* protective gear for the head, hands and feet. Head protective gear includes helmet, eye goggles and dust mask. Leather-coated gloves and steel-toe boots are handy for the hands and feet respectively.

The results of the two projects evaluated regarding safety indicate that participants are engaged in their daily activities without any form of protective gear. Participants indicated that the gear was provided during the beginning of the project but they were subjected to wear and tear as the years went by. The inability to buy or maintain protective gear is attributed to lack of operating budget and the overall poor management. In addition, there is no fire extinguisher and first aid kit is unavailable in both project sites. This implies that the fire codes and medical emergency regulations are not adhered to.

5. 7.3 Management Skills Requirements

According to Kruger (2001) management is defined as simply the act of getting people together to accomplish desired goals. For this to be effective, planning, organizing, leading and resourcing skills are required. Individual interviews with project management and observation indicate that both projects fall short of these management skills. These challenges are likely to impair the development of these projects now and in future.

5. 8 Projects' financial stability and sustainability

The start-up capital for MTT and RCP projects were estimated at R450 000 and R90 000 respectively. These two LED projects are community-based, but were consultant designed and to a certain extent established for the communities that were not ready to manage such capital. Lack of financial statements (despite training in book-keeping and financial management) which accounts for income, expenditure and tax related issues, provides obvious evidence that these projects are not likely to be economically viable and sustainable based on the dwindling actual production of concrete and the inability to meet business plan targets. Economic viability is also assessed based on the estimated project income, costs and overall turnover. As stated in the preceding sections, evidence from individual interviews support the fact that project beneficiaries receive R900 as dividends after significant sales were made. Based on the estimated dividend of R900 which is divided between 14 and 19 participants in both MTT and RCP respectively, the estimated project income excluding project costs might range between R12 600 (at MTT) and

R17 100 (at RCP) after the sales of four or five months. The RCP LED project seems more profitable than the MTT. If project costs are included, then the project dividends might be negatively affected and hence no profit or significant turnover might be expected.

Stone crushing projects are labour intensive. However, the seasonal and irregular nature of participants' wages often drain participants' motivation, creativity and willingness to provide the only resource their have, i.e. their labour. In addition, the fact that wages are not standardised as income per week or per month, makes it difficult or at best makes it impossible for workers to plan for future contingencies and cannot be offered credit of any sort. This will eventually affect concrete production and overall project income and hence, its financial stability and sustainability.

5.9 Conclusion

This chapter has evaluated two LED projects in the Mutale municipality, the MTT and RCP projects. The evaluation was based on the participants' socio-economic profile, the level and nature of participation, project objectives and target implementation, resource management and the impacts of these LED projects on employment, generation, skills development and poverty alleviation.

The study found out that the two LED projects are community initiated, supported by government and are women-dependent. The project participants have no previous exposure to project management despite on site training that was conducted by consultants employed by the Premier's office in Limpopo province. Hence, human and financial resources as well as raw materials are not effectively organised.

The projects' contribution to changing the quality of the life of participants or alleviating poverty is not evident and participation and leadership roles of beneficiaries are fluid and not clearly demarcated. These two LED projects were driven by consultants who were contracted on behalf of the projects by

the provincial government and therefore, job creation potential has been exaggerated on business plans and stated targets not achieved.

Finally, these LED projects were found to be fraught with financial, safety and management challenges. In the light of the financial and operational challenges stated in this chapter, the financial stability and sustainability of these projects is questionable due to lack of auditable financial statements, inability to meet business plan targets and the dwindling actual production of concrete. At best these two LED projects are survivalist in nature. At the risk of being a prophet of doom, these stone crushing projects are at the verge of closure, unless ownership is privatised. Privatisation is a critical factor regarding the sustainability of these LED stone crushing projects. Project development would be faster and cost effective. The overall quality of work would improve and productivity increased. Hence, turning these projects into viable businesses. However, there is always a threat to working staff, as the private parties try to extract work from minimum resources. In this regard, downsizing becomes the common problem.

CHAPTER 6

Conclusions and Recommendations

This chapter provides a summary of the main research findings and makes conclusions. Suggested policy options emerging from the study are recommended in this chapter. In the light of high levels of unemployment and poverty in rural areas, special attention in this research was paid to the role of LED projects in poverty alleviation. This role was placed in the context of the municipal initiatives for the formulation of poverty alleviation strategy for the development of rural poor South Africans.

6.1 Conclusions on Key Research Questions

The MTT and RCP LED projects are women dependent and within the context of a patriarchal society this raises questions pertaining to 1) women's ability to juggle between home and work responsibilities; and 2) their ability to negotiate their verbal work permit from their husbands. This finding supports the general principle that women's work is not restricted to home.

The skills and resources that each stakeholder brings to the LED strategy process provide a critical foundation for success. Education and previous exposure to project management might represent the resources and constraints inherent in participants that may impact on the overall success or failure of the projects. The educational profile of the majority of participants in the MTT and RCP was below Matric level (Grade 12), which basically means their inability to meaningfully interpret assembly and repair manuals that might have accompanied the stone crushing machinery, let alone the application of some basic business training principles offered to them. Lack of participants' previous exposure to project management represents a liability and imposes a serious constraint on the economic viability of the stone crushing projects. In both projects training, human and financial resources and raw materials are not

effectively organised. Planning is often haphazard and plans created initially are not maintained.

In terms of participation, the roles participants play is fluid and could not be clearly demarcated. The Mutale municipality, as the immediate stakeholder, usually provides ad hoc support and in addition, occasional moral support is received from the community, but there is no financial commitment from an investor. Participants volunteer their time for no calculated gains besides the promise of profit at some point. This often causes tension and allegations of financial mismanagement when some members lose out.

There is a very thin line between the promise of job creation and the realization of such an outcome. When these two projects were established as evident in their plans, the job creation potential was exaggerated. These two projects were consultant driven and could not consider the nature of jobs and the extent to which they are sustainable. In addition, poverty alleviation was the main objective of the projects. However, findings of this study indicate that the two stone crushing projects in the Mutale municipalities are LED projects with a very survivalist character.

In terms of capacity building, much in the form of imparting management skills has been done in all the two LED projects during their inception. However, the business output and organisational capacity at the two sites do not match the capacity building efforts that were invested in project beneficiaries. In other words, the application of the management and financial skills is not evident in their day-to-day running of the project.

Lack of operational costs, safety considerations and lack of management skills make it difficult for these stone crushing projects to be economically viable and sustainable. The irregular monitoring processes offered by the Mutale municipality and the Executive Boards often means that the state of the projects and their associated changes which might have occurred over time, could not be observed until late.

In the light of these conclusions, one could state that unless something is done to privatise ownership of RCP and MTT stone crushing projects, they are unlikely to realize the job creation and poverty alleviation objectives as initially intended. These projects should be elevated into business enterprises rather than just social community programmes that are not even accountable to the tax governing institutions.

6.2 Recommendations

Based on the research findings as presented in the previous chapter, this research recommends the following:-

- LED projects are not considered by local municipalities as core business enterprises but as a social relief program and hence, there is need to see them as core business activities and the most effective means of improving the quality of life of the majority of poor people in these rural communities. At this rate this objective might take time to realize.

- Municipalities should allocate adequate financial, human and technical resources to LED projects and facilitate investment in order to not only promote these projects but to maximize their opportunities for growth as well. This, in turn, will create jobs and opportunities, and thereby reduce poverty in the long term.

- In designing business plans for community-based projects, consultants should involve the project participants in their needs identification exercise and then conceptualize those needs and ideas in a framework that constitutes a Business Plan. Consultants should then finally present the Business Plan to project participants in order to solicit more comments and feedback to the project.

- LED projects should foster partnership and enterprise commitment by private sponsors and effective participation for them to be economically viable and sustainable.

6.3 Further Research Issues

Future research should consider the following:

- Mechanisms of strengthening the planning and crafting of local municipality LED strategies to ensure greater ownership through participation by all stakeholders in the LED planning process.

- Developing more coherent LED strategies that take cognizance of spatial planning and Integrated Development Plans of local municipalities.

- Developing practical and implementable action plans with resource needs identified.

- Increased capacity of municipalities to deliver effective LED services.

- Improving the capacity of the Limpopo Department of Local Government & Housing and District Municipalities to provide effective guidance and support to facilitate LED service and infrastructure development in municipalities.

- Strengthening the ability to manage and deliver on the LED strategy, including the increased use of performance indicators to measure effectiveness in LED strategy development and delivery in chosen organisations.

- Creating greater understanding and awareness of LED in the province, including the role that should be played by different stakeholders.

- Lastly, the role of local dependence of various stakeholders needs to be explored with a view to explaining local polices in local economic development.

These future research considerations are likely to build capacity at the local, district and provincial levels through playing a pivotal role in co-ordinating and leading the implementation of LED projects.

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APPENDIX A

ID #:

QUESTIONNAIRE SURVEY: MTT & RCP PROJRECTS

Research questionnaire directed to MTT & RCP Stone Crushing Project members and executive committee members. Confidentiality and Anonymity are assured to participants.

Kindly provide the following information about yourself by ticking or writing on the space provided.

1. Name of the project…….

2. How old is the project (in years)? Tick the correct answer.

1	2	3	4	5	6	7	8	9	10	11	12	13 +

3. Please indicate your highest level of education. Tick applicable answer

Never	1
Below Matric	2
Matric	3
First Degree	4
Second Degree	5
Others (Specify	6

5. Indicate your Gender

Male	1
Female	2

6. Indicate your Age Group

Under 20	1
20-29	2
30-39	3
40-49	4
50-59	5
60 and above	6

7. Indicate you marital status?

Single	1
Married	2
Divorced	3
Widowed	4

8. What is your position in your household?

Father	
Mother	
Child	

9. What motivated you to start the stone crushing project?

Availability of stones	1
Job creation	2
Other specify	3

10. Who is financially supporting your stone crushing project?

Government	1
NGOs	2
Ourselves	3

11. Have you worked in any other project before?

Yes	1
No	2

12. How many people started with your project?

10-20	1
20-40	2
40-60	3
60-80	4
80-100	5

13. How many people are now participating in your project?

10-20	1
20-40	2
40-60	3
60-80	4
80-100	5

14. What are the indicators of poor participation in your project?

Late arrival at work	1
Absenteeism	2
Conflict within the team	3
Other (specify…….)	4

15. What are the indicators of good participation?

Reporting to work in time	1
Expected production	2
Good spirit / accelerating goal	3
Other, specify	4

16. Where do you rate your level of participation?

Poor	1
Fair	2
Good	3

17. How did you organise yourself before starting these project?

Government initiative	1
One member mobilised us	2
Other, specify…….	3

18. Who was involved in the planning stage?

Community members	1
Ward councillor	2
Traditional leader	3

LED co-ordinator	4
Others, specify	5

19. Who is responsible for monitoring the project?

Chairperson	1
Executive committee	2
LED co-ordinator	3
Others, specify	4

20. How does the responsible person monitor the project?

Submission of a written report	1
Observation	2
Daily output	3
Others, specify	4

21. How often does the responsible person monitor the project?

None	1
Everyday	2
Once per week	3
Once per months	4
Other, specify …….	5

22. What are the challenges you think s/he encounters during monitoring?

Negative attitude to monitoring as a process	1
Sabotage	2
Angry critique	3
Challenger	4

23. How many members are there in the executive committee?

3	1
4	2
5	3

6	4
7	5

24. What is their portfolio?

1	2
	LED co-ordinator
Chairperson	Chairperson
Vice chairperson	Vice chairperson
Secretary	Secretary
Vice secretary	Vice secretary
Treasurer	Treasurer
Two additional members	Two additional members

25. What are the roles of executive committee members? Rank them according to their importance in this project?

1= 5, 2 = 4, 3 = 3, 4 = 2, 5 = 1

Oversee the operation of the project	1
Marketing	2
Conflict management	3
Manage risk	4
Job allocation	5

26. How often do they meet?

None	1
Everyday	2
Once per week	3
Once per month	4
If there is a problem	5

27. What are the impacts of this project to the project members?

Economic / money	
Social /	
Spiritual / psychological	

Other, specify	

28. What type of training did you engage yourself in since becoming part of this project?

Bookkeeping and financial management	1
Project management	2
Marketing	3
Machine operation	4
Customer care	5

29. How would you rate the success of your LED project?

(Mark **ONLY** one)

Poor compared to others	0-30%	1
Fair compared to others	31-50%	2
Average compared to others	51-60%	3
Good compared to others	61-70%	4
Excellent compared to others	71-100%	5

Thank You for Your Cooperation

APPENDIX B

INTERVIEW SCHEDULE: LED CO-ORDINATOR: MUTALE MUNICIPALITY AND COUNCILLORS OF MTT & RCP PROJECTS

Key Interview Questions Directed to Mutale Municipality LED Coordinator and Councillors

---

1. How long have you been in this position?

……

……...

2. How did you know about the stone crushing project?

……

……

3. When did you know about the stone crushing project?

……

……

4. How are you involved in the stone crushing project?

……

……

5. How often do you engage yourself with the operation of the project?

……

……

6. What are the main challenges you encounter when you are working with the project members?

……..

……..

Thank You for Your Co-operation.

APPENDIX C

Cost Plan Estimates For MTT and RCP LED Projects

MTT PROJECT

ITEM	QTY	AMOUNT
1. **Operational Costs**		
1.1 Rent (Electricity)		20 000.00
1.2 Transport		10 000.00
1.3 Stationery		2000.00
1.4 Other Costs (bank charges)		2000.00
1.5 Cleaning Equipment		4000.00
Sub-Total		**38 000.00**
2. Building and Infrastructure		
2.1 Factory Building	$60m^2$	80 000.00
2.2 Admin and Ablution Block	$60m^2$	120 000.00
2.3 Water and Ablution		25 000.00
Sub-Total		**225 000.00**
3. Equipment		
3.1 Rock Crusher Machines	4	225 876.75
3.2 Wheelbarrows, Shovels etc.	20	1000.00
3.3 Protective devices		10 000.00
3.4 Sign Board (Printed both sides)	1	10 000.00
Sub -Total		**240 876.75**
4. Training costs		
4.1 Training @ R500 per person per day	16	40 000.00
4.2 Training Material and Aid (modules and stationery)		2 000.00
4.3 Catering @ R35 per person for 5 days		2 800.00
4.4 After-Care Service for 3 months, 6 trips @R1600 per day		9 600.00
4.5 Travelling @ 1.2km for 11 days		660.00
Sub -Total		**55 060.00**
Budgeted Grand Total		**553 840.00**
Amount Granted		**450 000.00**

RCP PROJECT

ITEM	QTY	AMOUNT
1. **Operational Costs**		
1.1 Rent (Electricity)		20 000.00
1.2 Transport		10 000.00
1.3 Stationery		2000.00
1.4 Other Costs		2000.00
1.5 Cleaning Equipment & material		4000.00
Sub-Total		**38 000.00**
2. Building and Infrastructure		
2.1 Factory Building	$60m^2$	60 000.00
2.2 Admin and Ablution Block	$60m^2$	70 000.00
2.3 Water and Ablution		20 000.00
2.4 Telecommunications		6000.00
Sub-Total		**156 000.00**
3. Equipment		
3.1 Rock Crusher Machine	1	400 000.00
3.2 Wheelbarrows, Shovels etc.	20	3000.00
3.3 Protective devices		10 000.00
3.4 Sign Board	1	2 000.00
Sub -Total		**415 000.00**
4. Consultation		
4.1 Business Plan (detailed)	32 hours @ R200	4 800.00
4.2 Project start-up and support (Training and facilitation)	300 @ R200	60 000.00
Sub -Total		**64 800.00**
Grand Total		**673 800.00**
Amount Granted		**90 000.00**