

# **SOCIO-ECONOMIC DEVELOPMENT ACTIVATION OF SMALL TOWNS IN THE NORTHERN CAPE**

by

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## **DECLARATION**

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Omar-Shariff Cupido

## ABSTRACT

When South Africa's first fully democratically elected government came to power in 1994, the new government was faced with inequality at a Gini coefficient of 0,59 and an unemployment rate of 24,7%. This was a direct result of more than 300 years of oppression, under colonial and apartheid rule. Hence, the government put addressing the triple challenge of poverty, inequality and unemployment high on its agenda, making this a priority, and included it in its first manifesto, promising the people of South Africa that poverty and deprivation would be reduced.

The African National Congress-led government introduced several programmes to fulfil this mandate, focusing on reconstruction, fundamental transformation, and economic growth. The current programme, the National Development Plan, is specifically targeted at addressing poverty, inequality and unemployment. However, after more than two decades of democracy, the triple challenge remains, with the Gini coefficient worsening to 0,63 and the unemployment rate at 29,1% in the third quarter of 2019. This presents a worrying trend and poses a serious challenge to policy researchers, developers and implementers.

The resources available to address poverty are diminishing. Hence, many commentators argue that the government must focus its investment where it has the most impact. To this end the focus is now on localities with a high population density and growth potential. This implies that rural areas, and especially small rural towns, are allocated development resources based on a generalized categorization which favours towns with a larger population and economic growth potential.

In this dissertation, various theoretical concepts and models were analysed. In addition to the interpretation of the relevant literature and qualitative research conducted through focus group discussions and in-depth interviews, a people-centric capability investment (PCCI) approach was developed. The main elements of this PCCI approach are fourfold. The first is profiling small rural towns, consistent with a people development capability methodology. The second is categorizing small towns based on the Social Investment Capability Principle, the Human Development Capability Principle and the Economic Development Capability Principle. The third is aligning these categories to related intervention vehicles. The fourth is implementing

the intervention vehicle through a people-centric implementation method appropriate to the categorization of the small rural town concerned.

In conclusion, the dissertation proposes a people-centric capability investment approach in the allocation of resources and implementation of programmes in small rural towns based on their capability and growth potential. It is suggested that on the one hand, premised on this approach, small towns with a larger population and growth potential be considered for economic investment. On the other hand, towns with very small populations and little or no growth potential should be considered for social investment, basic standard of living investment and market intelligence to allow for migration to towns that are economically active and with development activation potential. Even more importantly, the dissertation highlights the need to ensure that socio-economic development in small rural towns is driven by a progressive policy shift to target under-development and poor resource allocation, and to promote people-centred interventions underpinned by sustainability.

## OPSOMMING

Toe Suid-Afrika se eerste volkome demokraties-verkose regering in 1994 aan bewind kom, het 'n Gini-koëffisiënt van 0,59 en werkloosheidsyfer van 24,7% hulle in die gesig gestaar. Dit was 'n direkte resultaat van meer as 300 jaar se onderdrukking, onder kolonialisme en apartheid. Daarom het die nuwe regering dit hoog op sy agenda geplaas om armoede, ongelikheid en werkloosheid aan te spreek, en het dit 'n prioriteit gemaak. Dit is ingesluit in die regering se eerste manifeste, en die regering het die mense van Suid-Afrika belooft om armoede en ontbering te verminder.

Die regering wat deur die African National Congress (ANC) gelei is, het verskeie programme bekendgestel om hierdie mandaat te vervul, en het gefokus op rekonstruksie, fundamentele transformasie, en ekonomiese groei. Die huidige program, naamlik die Nasionale Ontwikkelingsplan, teiken veral armoede, ongelikheid en werkloosheid. Desnieteenstaande is die drieledige uitdaging na twee dekades van demokrasie steeds daar: die Gini-koëffisiënt het versleg na 0,63 en 'n werkloosheidsyfer van 29,1% in die derde kwartaal van 2019. Dit bly 'n kommerwekkende neiging en stel 'n sterk uitdaging vir beleidsnavorsers, ontwikkelingsagente en -implementeerders.

Die hulpbronne wat beskikbaar is om armoede aan te spreek kwyn. Gevolglik meen baie kommentators dat owerheidsbelegging moet fokus op waar dit die grootste impak sal hê. Daarom word die klem nou geplaas op geografiese areas met hoë bevolkingsdigtheid en groeipotensiaal. Dit impliseer dat ontwikkelingshulpbronne aan landelike gebiede, en veral klein plattelandse dorpe, toegeken word op grond van 'n algemene kategorisering, wat dorpe met 'n groter bevolking en meer ekonomiese groeipotensiaal bevoordeel.

Hierdie proefskrif ontleed verskeie teoretiese begrippe en modelle. Buiten die interpretasie van die toepaslike literatuur en kwalitatiewe navorsing deur middel van fokusgroeponderhoude en in-diepte onderhoude, stel dit 'n menssentriese vermoënsbeleggingsbenadering (people-centric capability investment, PCCI) voor. Daar is vier hoofelemente in hierdie PCCI benadering. Die eerste berus op profielontwikkeling vir klein dorpe, op die basis van 'n menslike ontwikkelingsvermoë-

metodologie. Die tweede is die kategorisering van klein dorpe, gebaseer op die Maatskaplike Beleggings-vermoëbeginsel, die Menslike Ontwikkelingsvermoëbeginsel, en die Ekonomiese Ontwikkelingsvermoëbeginsel. Die derde is die belyning van hierdie kategorieë met verwante ingrypingsopsies. Die vierde is die implementering van ingrypingsopsies deur middel van 'n menssentriese implementeringsmetode wat toepaslik is vir die kategorisering van die betrokke klein plattelandse dorp.

Die proefskrif stel dus 'n menssentriese vermoënsbeleggingsbenadering voor vir die toewysing van hulpbronne en die implementering van programme in klein plattelandse dorpe, op grond van hulle vermoë en groeipotensiaal. Daar word voorgestel dat onder hierdie veronderstelling, enersyds, klein dorpe met 'n relatief groter bevolking en groeipotensiaal in aanmerking moet kom vir ekonomiese beleggings. Andersyds moet dorpe met 'n baie klein bevolking en min of geen groeipotensiaal in aanmerking kom vir sosiale beleggings, beleggings in die opheffing van basiese lewenstandaarde, en mark-intelligensie deelname wat voorsiening maak vir migrasie na dorpe wat ekonomies aktief is en ontwikkelingsaktiveringspotensiaal toon. Inderdaad beklemtoon die verhandeling dan ook die noodsaaklikheid daarvan om te verseker dat sosio-ekonomiese ontwikkeling in klein plattelandse dorpe gedryf word deur 'n progressiewe beleidsverskuiwing wat klem lê op die ommekeer van onderontwikkeling en oneffektiewe hulpbrontoewysing, en deur menssentriese ingrypings te bevorder, onderskraag deur volhoubaarheid.

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## DEDICATION

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## ACRONYMS AND ABBREVIATIONS

ANC	African National Congress
AsgiSA	The Accelerated and Shared Growth Initiative for South Africa
BRICS	Brazil, Russia, India, China, South Africa
CDW	Community development workers
CFO	Chief Financial Officer
CLGF	Commonwealth Local Government Forum
CRDP	Comprehensive Rural Development Plan
CoGTA	Department of Cooperative Governance and Traditional Affairs
CSR	Corporate social responsibility
DA	Democratic Alliance
DCS	Development Capability Scale
DoRA	Divisional of Revenue Act
DPLG	Department of Provincial and Local Government
EDD	Economic Development Department
EFF	Economic Freedom Fighters
ELM	Emthanjeni Local Municipality
EPRI	Economic Policy Research Institute
EPWP	Expanded Public Works Program
ETU	Education and Training Unit for Democracy and Development
GDP	Gross Domestic Product
GEAR	Growth, Employment and Redistribution
GNP	Gross National Product
IDP	Integrated Development Plan

IMF	International Monetary Fund
LED	Local Economic Development
LRAD	Land Redistribution for Agriculture Development
MDG	Millennium Development Goals
<i>MFMA</i>	<i>Municipal Finance Management Act, 56 of 2003</i>
MinMEC	Minister and the Members of the Executive Councils
MPI	Multidimensional Poverty Index
MSDP	Municipal Spatial Development Plan
<i>NDP</i>	<i>National Development Plan 2030</i>
NEC	National Executive Committee
NGO	Non-governmental organization
NPO	Non-profit organization
NSDP	National Spatial Development Perspective
OECD	Organization for Economic Co-operation and Development
<i>PFMA</i>	<i>Public Finance Management Act, 1 of 1999</i>
PPP	Purchasing power parity
PRAP	Participatory Rapid Appraisal and Planning
PSC	Public Services Commission
RDP	Reconstruction and Development Programme
RRA	Rapid Rural Appraisal
RSA	Republic of South Africa
SAHO	South African History Online
SALGA	South African Local Government Association
SASSA	South African Social Security Agency
SDBIP	Service delivery and budget implementation plan

SDF	Spatial Development Framework
SHE-Principle	Social Investment Capability Principle, the Human Development Capability Principle and the Economic Development Capability Principle
SLAG	Settlement/Land Acquisition Grant
StatsSA	Statistics South Africa
Structures Act	<i>Municipal Structures Act, 117 of 1998</i>
Systems Act	<i>Municipal Systems Act, 32 of 2000</i>
UCLG	United Cities and Local Governments
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
US or USA	United States or United States of America

# CHAPTER 1: INTRODUCTION AND BACKGROUND

## 1.1 Introduction

In 1994, we rejoiced at the dawning of a new South Africa, and the country's diverse population had high expectations regarding a democratic developmental state. The stark reality is that today, after more than two decades of freedom, this beautiful country is still living with the triple scourge of poverty, inequality and unemployment. This position was acknowledged in 2017 by the then newly elected president, Cyril Ramaphosa, leader of South Africa's ruling party, the African National Congress (ANC), in his closing address to the 54<sup>th</sup> National Conference of the ANC – he promised that “[a]s we leave this Conference, we are resolved to pursue with greater determination a radical path of socio-economic transformation, premised on growth, job creation and equitable distribution of income, wealth and assets” (Ramaphosa, 2017:4). As discussed below, these challenges prevail despite various interventions.

In the same address, Ramaphosa warned that radical socio-economic transformation as a tool against the triple scourge will amount to little without community involvement. He indicated that therefore the ANC “will reach out to community organizations and other organs of civil society, understanding that they are critical for the exercise of people's power and are valuable partners for development” (Ramaphosa, 2017:3). Consequently, this dissertation focuses on the levers to ignite development both from a process and a public investment point of view. It also concentrates on the importance of community involvement and is therefore closely aligned with the following sentiments aptly expressed by Burkey (1993:i):

Go to the people  
Live with them  
Learn from them  
Work with them  
Start with what they have  
Build on what they know  
And in the end  
When the work is done  
The people will rejoice:  
'We have done it ourselves.'

Through the ages, governments have struggled to address persistent poverty, and the South African government is no exception. In attempting to come to grips with poverty, the South African government has introduced several interventions and programmes. However, in the more than ten years during which I have been involved in implementing such programmes, I have witnessed the fact that, despite such endeavours, poverty persists in small towns. Hence, this study seeks to address a practical and very urgent socio-economic developmental problem.

This dissertation depicts the process and methodology of a study to engage with this problem, setting out a case study design, and providing a theoretical review, an analysis of the intervention vehicles, a review of the policy and legislative frameworks, and fieldwork. Ultimately, the dissertation proposes a framework that can assist policy-makers responsible for development investment to alleviate the persistence of poverty, reduce unemployment and address inequality in a sustainable manner. This dissertation seeks to achieve this aim by means of an alternate management approach based on a multidimensional framework focused on pro-poor, community-centric capability programme implementation, and considers investment feasibility in small towns in working towards socio-economic development activation.

Governments have a significant role to play in combatting and eradicating poverty. For this reason, the dissertation focuses on the public sector, and in particular on related areas of the public sector, such as policy, governance, finance and pro-public leadership. Moreover, as Ramaphosa mentioned, the key to the success and the sustainability of a pro-poor programme is the involvement of the community (Ramaphosa, 2017). Therefore, the study advocates understanding the science of community development in the context of successful, sustainable implementation of pro-poor development programmes by the public sector.

To explain the importance of the study, the background to this study is detailed below, exploring the history of development activation interventions, both national and international, considering comments made by organizations such as the United Nations (UN) and the World Bank on the effectiveness of these interventions.

## 1.2 Context – the persistence of poverty: a worldwide phenomenon

The World Bank (2015b) admits in *The Poverty Focus of Country Programs: Lessons from World Bank Experience* that despite more than half a century of efforts by both the World Bank and others, the stubborn reality of rural poverty persists.

Attempts to address poverty started as far back as the presidency of Franklin Roosevelt, who became the United States (US) President in 1933, at the height of the Great Depression, and it has remained a goal of most industrial nations since the 1940s. In 1941, Roosevelt expressed his vision for poverty alleviation not only for the US, but for all nations (Roosevelt, 1941). This dream was echoed by the United Nations (UN) in the Charter of the United Nations (UN, 1945). It is thus clear that there have been many interventions to address poverty, and yet, the challenge persists. The Roosevelt administration tried to address it through its New Deal programme, with limited success, and the World Bank has acknowledged that its efforts have not been very successful; even the early attempts of the UN were not able to make a significant impact.

In 2001, the UN had to adopt a new strategy, thus reinforcing the fact that poverty is persistent – in line with its Charter, the UN adopted the United Nations Millennium Declaration, which was supported by the then 189 member states (UN, 2001). The 2001 summit culminated in the Millennium Development Goals, which contain eight goals to be used as a benchmark for almost all poverty and development policy (*Daily Maverick*, 2013). The first of these goals is to “eradicate extreme poverty and hunger” (UN, 2001:56).

## 1.3 Rationale for the study

In 1994, the ANC inherited a country of vast inequality and huge disparities between the rich and the poor, a legacy of apartheid, which was premised on racially segregated “development” (see Figure 1.1). Nevertheless, according to the World Bank (2014:3), “South Africa has made considerable strides toward improving the wellbeing of its citizens since its transition to democracy in the mid-1990s, but progress is slowing”. The World Bank further noted that the South African transformation agenda remains incomplete, as a result of limited progress in addressing poverty, inequality and unemployment. This has placed further pressure on the social contract and has grown into a public discourse (World Bank, 2014).

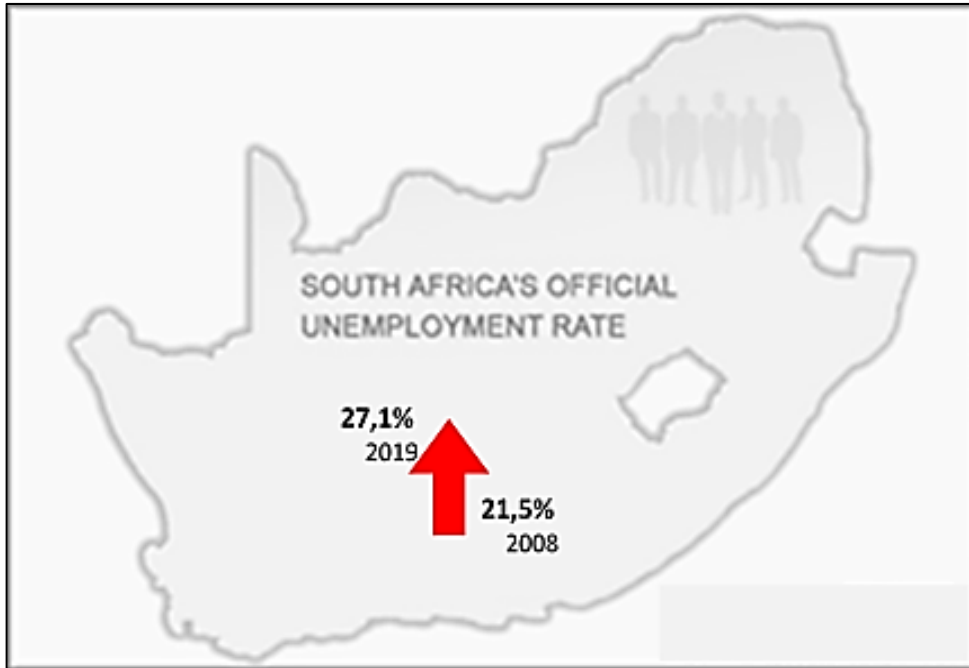


**Figure 1.1: Apartheid sign**

(Source: SAHO, 2017:1)

Statistics South Africa (StatsSA) stated in the same year that poverty remains a key challenge and points out that poverty is a key development challenge throughout the developing world, especially in social, economic and political terms (StatsSA, 2014). The statistician-general, Pali Lehohla, confirmed that South Africa's unemployment level remained stubbornly high (News24, 2015).

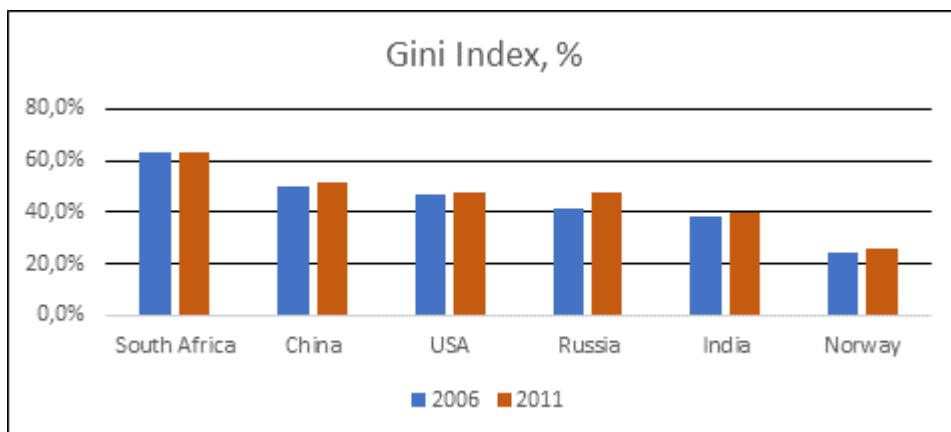
The peaceful transition of the Republic of South Africa (RSA) from an apartheid state to a democratic all-inclusive country was hailed as one of the most impressive feats of the 20<sup>th</sup> century, and it brought about a new prioritizing of socio-economic development with a social contract underpinned by one of the most dynamic constitutions in the world. This resulted in the introduction of several developmental social programmes to address the persistence of poverty. South Africa is currently investing 3,8% of its Gross Domestic Product (GDP) to address the problem, supporting around 16 million of its citizens (RSA, 2019). The problem is exacerbated by the equally persistent levels of unemployment – as Figure 1.2 shows, unemployment has increased from 21,5% in 2008 to a current rate of 27,1% (Trading Economics, 2019).



**Figure 1.2: Unemployment rate**

(Source: Trading Economics, 2019:1)

Euromonitor International (2012) provides empirical proof of the persistence of poverty through the inequality of income distribution in South Africa in its *Special report: income inequality rising across the globe*. Inequality is measured using the Gini coefficient, according to which South Africa is one of the countries with the highest levels of unequal income distribution, at 63,6% in 2017, as can be seen in comparison to other countries in Graph 1.1.

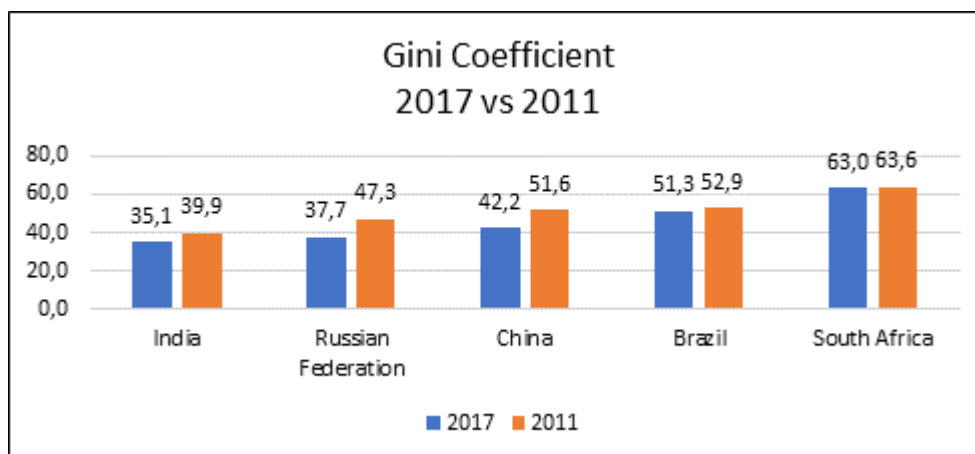


**Graph 1.1: Gini Index: 2006 - 2011**

(Source: Euromonitor International, 2012)



South Africa clearly does not compare well even with other developing countries. Graph 1.2 reveals that countries such as Brazil and China have shown consistent improvement regarding inequality. Brazil has managed to reduce its inequality levels since the early 1990s, when the Gini coefficient for Brazil was as high as 63,3%, to its current levels of 53%.



**Graph 1.2: Gini coefficient for BRICS countries 2011 and 2017**

(Source: UNDP, 2019)

This improvement is the result of several interventions implemented after the introduction of Brazil's 1988 constitution, as well as the new constitutions in the early 1990s, and included reforms in health care, education, the labour markets and social security (Paiva, 2016). Paiva posits that with the inception of the new constitution, Brazil has placed greater emphasis on schemes that specifically address small-scale farmers, disabled people, older people, social assistance and improvements in the minimum wage (Paiva, 2016).

The contributions of these interventions or vehicles towards the reduction of inequality in Brazil is discussed by Sabry (2016), who maintains that the following three policies were key in this success: the Bolsa Familia or Family Scholarship assistance, Education Reforms and Minimum Wage. According to Sabry, the Bolsa Familia programme's secret lies in the execution and objectives of the programme, which at heart seeks to ensure that all children attend schools and are healthy. It also provides assistance to pregnant women and supports nutritional care. Since its launch in 2003, "studies show that it has significantly reduced extreme poverty and hunger, increased school attendance and decreased dropout rates" (Sabry, 2016:2).

Furthermore, Sabry (2016) points out that Brazil has worked on expanding its education system and has increased its spending on education by 67% from the 1980s to the 2000s. The net effect is a workforce that is more skilled, has attained higher levels of education, and as a result can earn higher wages, which has a positive impact on the inequality measure. A gradual increase in the minimum wage has made this intervention even more successful in reducing inequality than the Bolsa Familia programme on its own.

Therefore, it should be noted that economic intervention alone is not enough to address inequality and poverty. One of the lessons learned from Brazil is that, to address the related questions of poverty, inequality and unemployment, governments need to focus on a multi-disciplinary array of intervention vehicles. Furthermore, in Brazil, the interventions were not limited to the big cities, but affected all communities, both urban and rural.

In the case of South Africa, poverty indices are broken down into rural and urban statistics by StatsSA. The indices show that poverty in rural towns is almost twice as high as in urban ones: in 2014, StatsSA reported that the rate of poverty in rural towns was at 68,8%, while in urban areas it was at 30,9%. More than 58,8% of poor people live in rural areas (StatsSA, 2014).

It is crucial to understand the context of the dissertation in the broader spectrum of socio-economic development. This dissertation was undertaken in the context of two prominent contemporary challenges facing small towns in South Africa today: the persistence of poverty and the need to address it through effective allocation of economic development resources. The research study further argues and demonstrates that solutions to the key issue can be found not only in an economic context, but also in a social context.

Therefore, the study focuses on data collection in small towns to form an empirical basis for the development of an alternate investment framework that includes the categorization of towns in the process to assist policy-makers in achieving a more effective, sustainable development investment distribution of the current 3,8% of the GDP allocated.

## **1.4 Feasibility and scope**

The study was further motivated by the fact that it complies with the feasibility criteria proposed by Bundy, Du Boulay, Howe and Plotkin (1989). In their book *The Researcher's Bible*, they identified several criteria for a feasible research study. These are the presence of enthusiasm in the candidate, the possibility of solving a PhD-worthy problem, the likelihood that the project can be completed in three years, and the availability of an identifiable supervisor. In addition, it was useful to note that this topic of study was deemed sufficiently important by various specialists and seasoned commentators in the field to develop theories, approaches, measurements and frameworks focusing on the focal areas identified in this research study, enabling me to build on these and take the topic further.

The focal areas of the study are poverty, the socio-economic environment, the science of politics, community development, anti-poverty government interventions, local and sustainable economic development, measurement and the categorizing of small towns. Works reviewed include prior studies by Van der Merwe (1983), Cernea (1985), Cloete (1995), Sen (1999), Bourdieu (2005), Dobbin (2005), Nel and Rogerson (2005), Prahalad (2005), Rogerson (2005), Smelser and Swedberg (2005), Robinson (2006) and Polak (2009), who developed theories and approaches that are closely related to and relevant to the research topic.

The role of the government in sustainable eradication of poverty cannot be overemphasized. For this reason, the literature review also focuses on the public sector's role and responsibility. Therefore, institutions' documents and work by various commentators on the various areas of the public sector are reviewed below. These public sector areas include policy analysis, pro-public leadership and governance (including public finance and economic governance, as well as political local governance).

## **1.5 Research problem and objectives**

In South Africa, different spheres of government and civil society have implemented several programmes to reduce poverty, inequality and unemployment, especially since the new democratically elected government came into power in 1994. Various scholars have, however shown that the plight of many communities has still not been addressed and that poverty and wealth disparity remain.

This harsh reality is acknowledged by the 2011 National Development Plan (NDP), which notes in its problem statement that, although we have succeeded in many areas of transformation, such as institutional reforms, a transformed public sector and improved basic services, we continue to be faced with the fact that “poverty is still pervasive, and we have made insufficient progress in reducing inequality” (National Planning Commission, 2011:1). The fact that inequality has a far-reaching impact and effects is stressed by Packet (2011, quoted in National Planning Commission, 2011:412), who warns that “inequality hardens society into a class system, imprisoning people in the circumstances of their birth. Inequality corrodes trust among fellow citizens, making it seem as if the game is rigged”.

Various interventions have been introduced, but poverty in the Northern Cape, for example, persists at levels above 26% (StatsSA, 2012). Vast investments have been made available to uplift and change the lives of communities, especially those living in small rural towns. However, the plight of rural communities has not really been addressed and there is an ever-increasing disparity between the have and the have-nots (Woolard and Leibbrandt, 1999; Aliber, 2002), as illustrated “after more than two decades of the new South Africa”, in the Gini-coefficient and income share (Euromonitor International, 2012:1).

Therefore, the goal of the research can be categorized into academic and strategic goals. The academic goal of the study refers to exploring the socio-economy and under-development of towns to determine what economic and social elements of a town should inform the categorization of the town, thus allowing for more effective and sustainable allocation of resources or support programmes. The strategic goal of the study refers to assisting the spheres of government (local, provincial and national government) in improving their allocation of resources approach and pro-people community projects and assisting them by informing policy development.

### **1.5.1 Research question**

The research question that this dissertation seeks to answer, in view of the problem highlighted in the opening of Section 1.5, can be formulated as follows: *How can socio-economic development investment address persistent poverty in small towns?*

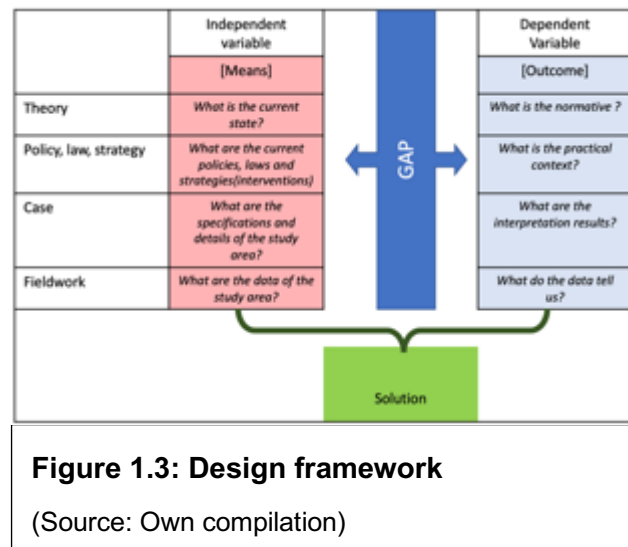
### 1.5.2 Research objectives

The objectives of the study are the following:

- to conceptualize the theme of the study;
- to contextualize the policy and legislative framework;
- to analyse the various development intervention vehicles;
- to describe the outcomes of the in-depth interviews and focus group discussions;
- to determine the gap in current development approaches; and
- to develop a people-centric development capability investment framework towards meaningful development investment.

### 1.5.3 Research structure

The research is structured into two elements and four categories as reflected in Figure 1.3. The elements refer to dependent variables and independent variables. The categories are firstly, theory, secondly, policy, law and strategy, thirdly, a case study, and fourthly, fieldwork. The design framework shows the path the study followed and defines the current



situation (the status quo) in relation to the preferred or expected situation (the normative situation), by analysing the four categories listed above, identifying the gap and presenting a solution. Figure 1.3 conceptualizes the design framework.

### 1.6 Ethics statement

The data are based on communities and therefore might contain sensitive and confidential information. This information was analysed by the researcher who confirms that all information was treated confidentially and that the identity and interest of those involved will be protected. The research was conducted in a professional and ethical manner. The methodology proposed and the approach to ethical compliance followed during the data collection and interviews with the focus groups were both approved by the University of Stellenbosch's ethics committee.

## 1.7 Outline of the study

The research design set out in Section 1.5.3 provides a framework for the dissertation and depicts the elements and categories that form the focal areas of the dissertation. This section provides a roadmap for the dissertation in achieving the objectives discussed in the previous sections. The outline is aligned to the design framework, in that the dissertation starts with a review of the independent variables, with a specific focus on the theory, policy, regulation, strategy, typology of the study area and fieldwork data.

Once the independent variables were understood, the research concentrated on the normative aspect by explaining the practical outcome of the theory, policy, law, strategy and current state, both from an official/government point of view, as well as a community point of view. This was accomplished through focus groups and in-depth interviews, a case study and data from reliable sources, including StatsSA, the World Bank, and government publications. Furthermore, the data that were collected were then analysed to establish the gap between the current means and the desirable outcomes. Thus, after reviewing the current means, understanding the desirable outcomes and identifying the gap, the dissertation concludes with an alternate approach to address the gap identified.

The dissertation is structured as follows:

Chapter 1: Introduction and background
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This chapter introduces the dissertation through a summary of what the reader can expect under each of the headings. Furthermore, the chapter presents a background to the study and a rationale for to the specific study area, by introducing the phenomenon via a broad summary of local and international literature on the subject. After considering the feasibility of the research, the chapter sets out the research question, which forms the basis for the objectives of the dissertation. In pursuing these objectives, the dissertation is guided by a framework which is presented in this first chapter. The chapter concludes with an outline of the study.

## Chapter 2: Theoretical conceptualization: A literature review on the means and outcomes of development

Chapter 2 sets the scene regarding the study area and guides the agenda of the dissertation by establishing what has previously been written on the subject. The chapter reviews the relevant literature to confirm the need for this study. Numerous resources are consulted to establish the current status regarding the many aspects of the field of study. These areas are discussed in separate sections dealing with development, poverty, inequality and unemployment. In addition, the chapter covers relative development aspects such as sustainable development, rural empowerment, political application and public value. The chapter is aligned with the design framework, and this theoretical review seeks to conceptualize the key focus area of the dissertation.

## Chapter 3: Development transformation and policy contextualization

The next category under the independent variables, as shown in the design framework, is gaining an understanding of the policies relating to development transformation. The purpose of this chapter is therefore to evaluate relevant policies against the backdrop of creating an enabling environment for development transformation. To this end, the chapter focuses on key elements of the transformation agenda, such as socio-economic transformation, rural empowerment, planning, land use management, pro-public leadership, public value and intervention vehicles.

## Chapter 4: Development activation measures

Following on from the previous chapter, Chapter 4 focuses on development activation through the various stakeholders, and the relevant measures. These stakeholders include civil society and corporate society. The chapter also reviews the impact of land reform as a development activation measure. It starts analysing the intervention implementation approaches employed to illuminate whether there are any deficiencies in the historical and contemporary approaches. Finally, the chapter analyses the methodology used in categorizing towns.

## Chapter 5: Research design and methodology

In this chapter, the approach to developing the research is detailed. It is discussed under various headings, including the design of the research, data gathering, data analysis technique, and delimitation of the research.

## Chapter 6: Emthanjeni Local Municipality: A case study

Given that the implementation of the development agenda is spearheaded by local government, this chapter focuses on local government, and more specifically on the Emthanjeni Local Municipality. In addition, to provide a context for the exploration of this local municipality, the chapter depicts the greater demographics of the locality of the study area by reviewing the provincial typology. In addition, the chapter details the three towns of the municipality. Moreover, to enhance understanding of the measures that could promote socio-economic development, the chapter reviews the planning aspects of the municipality, which include planning for sustainable investment, as well as land use management.

## Chapter 7: Typological analysis through a situational review

This chapter analyses and interprets the results from the case study and fieldwork, which includes both focus groups discussions and in-depth interviews with relevant stakeholders, as defined in the research design. This chapter concludes the first element of the dissertation design framework, which is the dependent variable section, by presenting the data obtained through the field study. This is presented in terms of three towns. Moreover, an analysis of these results is included, ending with a summary and deductions.

## Chapter 8: Management approach towards development activation

This chapter consolidates the results of the theoretical review, as presented in Chapters 2 and 3, while comparing the activation measures from Chapter 4, as contemplated by international and governmental institutions, with the outcomes desired by the communities, as identified by the focus groups.

This comparative process seeks to identify the gap both in the literature and in contemporary implementation approaches, with the view to formulating an alternate management approach framework. This alternate management approach could be



used by all spheres of government to determine a people-centric development activation investment framework to assist in addressing the persistence of poverty and deprivation in small towns.

## Chapter 9: Conclusions

Finally, the dissertation revisits the key findings emanating from the research study and summarizes the suggested people-centric development activation investment framework. The chapter concludes by addressing the key objectives of the research, making recommendations and offering suggestions for future research.

### **1.8 Conclusion**

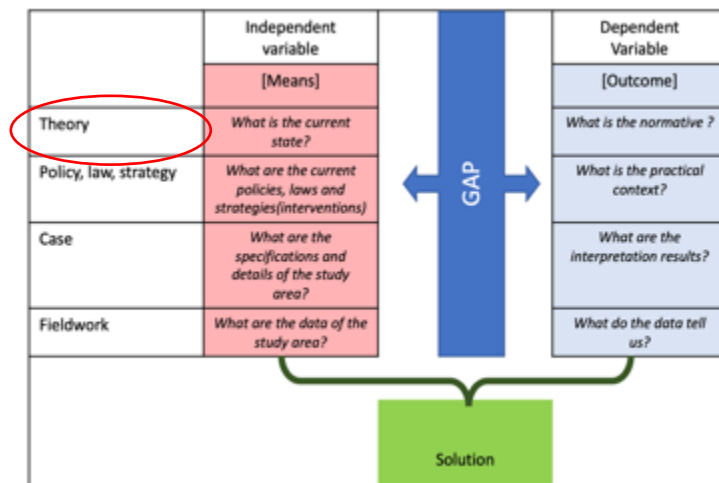
This chapter has contextualized the study area by providing background on and defining the research problem. It has demonstrated the rationale and motivation for the research. According to feasibility criteria, this research problem is a feasible problem to research. In further outlining the study, the chapter has delimited the research by formulating a research question and the objectives of the study.

In addition, the chapter has outlined the research design used, which is premised on four categories and two elements, with the objective to ascertain the gap between the means and current state versus the normative and desired outcome. In conclusion, the chapter has provided a chapter outline for each of the chapters contained in this dissertation. The next chapter starts unpacking the current status quo through a theoretical assessment of the available literature.

## CHAPTER 2: THEORETICAL CONCEPTUALIZATION: A LITERATURE REVIEW ON THE MEANS AND OUTCOMES OF DEVELOPMENT

### 2.1 Introduction

Chapter 2 sets the scene regarding the study area and guides the dissertation by establishing what has already been written on the topic of socio-economic development activation. Due to its importance, the chapter represents the first category in the study design and methodological approach – theory as depicted in the dissertation structure, which is repeated here for the reader’s convenience (see Figure 2.1).



**Figure 2.1: Design framework (dissertation structure)**

(Source: Own compilation)

In this chapter, the study reviews the prior literature on this and related topics to confirm that there is a need for such a study and establish the importance of this study. Hence, various resources were consulted to establish the current status of specific aspects of the field of study. In addressing the study’s research question of how best socio-economic development investment can address persistent poverty in small towns,

the dissertation identifies and conceptualizes the underlying theme of sustainable socio-economic development activation as one of its objectives. To this end, Chapter 2 refers to those means and outputs that can provide further context to inform the elements that contribute to the categorization of towns.

The key objective of this chapter is to conceptualize the study area through understanding of the key elements, such as poverty and development. As indicated in Chapter 1, poverty remains high in South Africa, and in Chapter 2, this issue is explored by focusing on the concept, definitions and the various related measurements of poverty. Rural poverty in South Africa, as already mentioned, is

double that of urban poverty. Therefore, in this chapter, this situation is analysed in the context of rural empowerment.

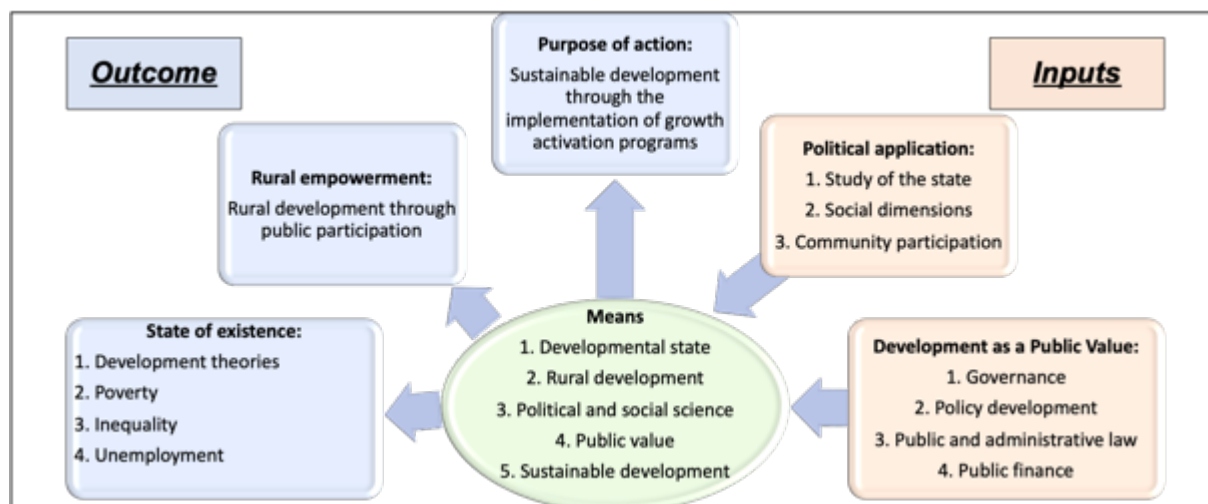
This study area does not fall completely into either the social or the political sciences arena, but straddles both, so it stands to reason that these sciences will have a far-reaching impact on the outcome of the study. The chapter thus highlights the importance of these sciences and their bearing on the central question of the study. The chapter also emphasizes the importance of good governance, recognizing that when one enters the sphere of government, one enters an arena of public value as depicted in Section 3.6. This chapter therefore explains the significance of understanding the different types of governance and compares governance with management.

In addition, as I stated in Section 1.5, the dissertation seeks to address the key question of how socio-economic development investment can address persistent poverty in small towns. Consequently, it should be noted that socio-economic investment decisions with this purpose are usually translated into policies, which are in turn governed by laws. Thus, the chapter focuses on understanding the processes of policy development and both public and administration law to ensure that when the question is addressed, the processes in policy development are also understood.

Once policies are approved, these policies are further translated into programmes, such as the Bolsa Familia programme in Brazil. The implementation of programmes requires the existence of financial channels to facilitate the transfer of resources, which are governed by public finance regulation. Thus, the chapter not only depicts government's role in the economy, but also provides an overview of the specific regulations that facilitate the flow of resources.

Any developing frameworks developed in order to address the central question of the dissertation should (predictably) consider sustainability – it is argued that for a good developmental foundation, governance for sustainability is equally important. The chapter thus endeavours to demonstrate this in Section 2.11 (Development as the purpose of action).

The chapter structure is summarized in Figure 2.2, which encapsulates what has been said in the introduction in Section 2.1, identifying the various components of study and the relationships between the means and the outcomes.



**Figure 2.2: Literature review framework**

(Source: Own compilation)

## 2.2 Development as a state of existence

This section discusses the concept of development and provides some historical background on the term, as well as an overview of the most notable changes in the understanding and meaning of the term. To this end, Section 2.2.1 reviews the arguments of seminal authors such as Truman, Sen and Hunt, and organizations such as the UN and the World Bank. The section concludes with a conceptual review of the three core elements on which the dissertation is based, namely poverty, inequality and unemployment.

### 2.2.1 Defining development

The concept of development has been defined by many authors and organizations, and a central theme is usually the aspiration for a better life. The concept can be traced back to the origins of development economics. Sen (1999) points out that development economics only became a subject in its own right after World War II, because in the post-war period, economists were faced with enormous reconstruction and development challenges, which in turn led to rapid expansion in the field of development.

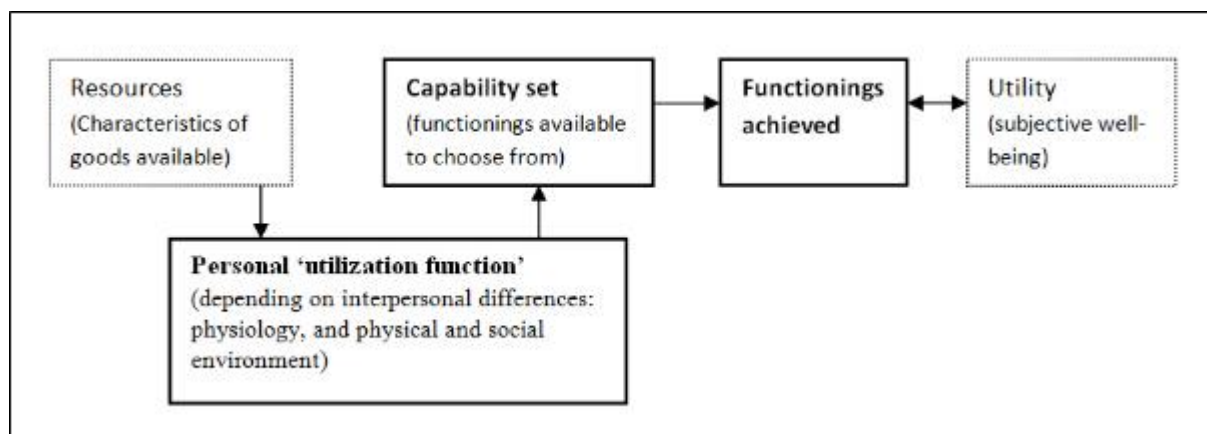
This understanding of the origins of development is similar to that outlined by Hunt (1989), who argues that the concept of development was born out of the Great Depression of the 1930s and was then enlarged by the impact of the World War II on the international economy. She argues that the challenges brought about by those

two events confronted economists with a traditional neo-classical training with empirical conditions “which brought into question the continued espousal of the theory of comparative advantage and the doctrine of *laissez-faire*” (Hunt, 1989:44).

Arguably, one of the pioneers of development was then United States President Harry S. Truman, who acknowledged that economics alone does not define development, and argued that economics has to be complemented by political and psychological studies of modernization (Truman, 1949a). Truman developed his “Point Four” programme, which, at heart, seeks to improve living conditions (USA, 1949). He acknowledges the world problem in his Point Four programme, which admits that “in most areas of the world, living conditions of the inhabitants fall far short of potentialities and in many places, they are at the barest subsistence level” (USA, 1949:1).

Munmum (2016) claims that economists were not the only driving forces in the changing pattern of development over the years; a further significant criterion was the inception of international development cooperation. Other forces include the establishment of the UN systems, the Cold War and the Decolonization project.

Defining development is a challenging task, because development means many things to many people. Furthermore, the concept has clearly changed significantly over the ages, especially after World War II. Thinking around the subject has also been altered by authors such as Sen’s (1979) Capability Approach, as cited in the *Stanford Encyclopaedia of Philosophy* (2016) as a theoretical framework focusing on two core normative claims. These are that the freedom to achieve well-being is of primary moral importance, and that this is to be understood within the realm of the capabilities of individual people and collectives. The Capability Approach is depicted in Figure 2.3, which demonstrates its core relationships.



**Figure 2.3: Core relationships: Capability Approach**

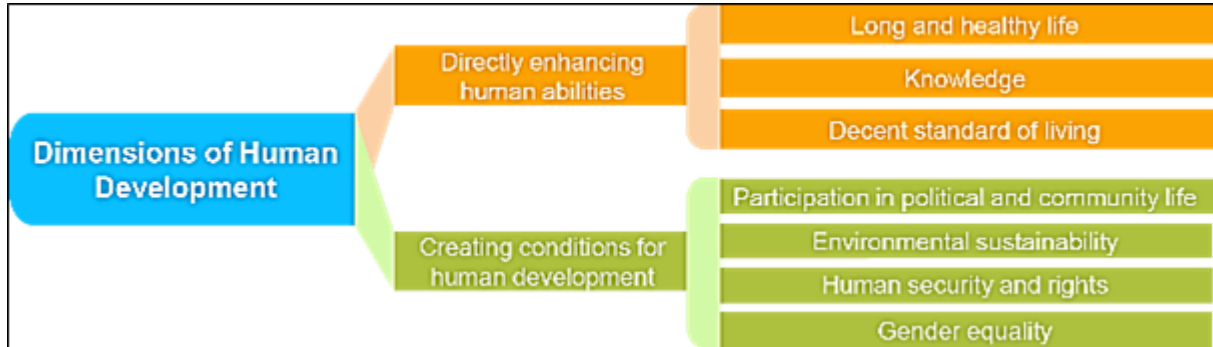
(Source: Wells, n.d: n.p.)

In 1999, we see a further enhancement from Sen, who notes “that freedoms constitute not only the means but the ends in development” (quoted in Barder, 2012:1). Barder (2012) explains this view of Sen as follows: development should be judged by the impact it makes on people, and not only by a change in income. Moreover, more generally, it should be measured in terms of people’s choices, capabilities and freedoms. Furthermore, he argues that we should be worried with the distribution of these enhancements, and not the average for a society (Barder, 2012).

Seers (1969) argues that development is a normative concept that is often used as a synonym for improvement. He maintains that if one really wants to define development, one should discard the “web of fantasy we have woven around it” (Seers, 1969:4). He adds that only once these fantasies have been discarded will people be able to develop true targets and measurements. The starting point to this is to accept what positivists refer to as “value judgement” (Seers, 1969:4).

The UNDP (2015) advocates that measuring development go beyond GDP; it should focus on employment and redistribution of wealth with growth. This thinking led to the development of the Human Development Programme (HDP). According the UNDP’s Human Development Programme, we should not focus on growing the economic wealth of *places*, but rather on expanding the quality of human life. This understanding of human development was concretized in the *Human Development Report 2016*, which states that “human development is about enlarging freedoms so that all human beings can pursue choices that they value” (UNDP, 2016:1).

The fundamentals of the Human Development Approach are categorized in steps: the first aim is to have an impact on the current situation of humans, and the second is to create the conditions for human development to prosper. Figure 2.4 depicts this approach (UNDP, 2015:2).

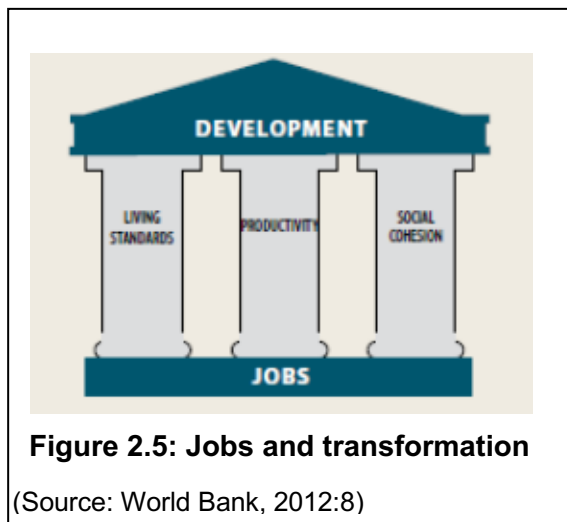


**Figure 2.4: Human Development Approach**

(Source: UNDP, 2015:2)

The UNDP (2015) thus claims that achieving universal human development is possible, but it does acknowledge that there are various barriers to achieving this goal. These barriers are

- exclusion and intolerance;
- bargaining power that is weak;
- institutional capturing by elite; and
- self-identities that are too narrow.



The World Bank (2012:8) argues that “development happens through jobs”, as through jobs we can enhance living standards, increase productivity and foster social cohesion (see Figure 2.5). Jobs are the most crucial element in determining living standards, especially in poorer countries (World Bank, 2012:8), because families’ poverty levels are determined by whether a family member has a job or not.

The World Bank is focused on job creation and economic growth, whereas the International Monetary Fund (IMF) concentrates its efforts on promoting international financial stability and monetary cooperation. In line with its mandate, the IMF plays an integral role in promoting development because it “facilitates international trade, promotes employment and sustainable economic growth, and helps to reduce global poverty” (IMF, 2017:1).

### 2.2.2 Development goals

Using its experience regarding macro-economics and global membership, the IMF supports countries in achieving their development goals. These goals were developed by the member countries to the UN and are known as the Millennium Development Goals (MDGs). The MDGs include eight goals, as presented in the Figure 2.6, which were born from the Millennium Summit in September 2000, where 191 UN member states gathered to adopt the UN Millennium Declaration.



**Figure 2.6: Millennium Development Goals**

(Source: UN, 2016:1)

This declaration was time bound, with a deadline of 2015. The eight Millennium Development Goals were divided into 18 targets and 48 technical indicators. The main objective of these goals was to halve poverty and improve living standards of the world’s poorest by 2015.

Together with the World Bank, the IMF was tasked with assessing the progress made towards the MDGs. This was done through the Global Monitoring Report. The



2015/16 *Global Monitoring Report* indicates that there has been some progress: there have been great advances in furthering global development and several countries have managed to moderate the number of those living in extreme poverty (those living on less than \$1,90 a day), but it was estimated that in 2015 in excess of 700 million people still remained trapped in extreme poverty – see Table 2.1 (World Bank, 2018c).

**Table 2.1: Poverty rate**

Region	Headcount ratio (%)		No. poor (millions)	
	2013	2015	2013	2015
East Asia and Pacific	3.6	2.3	73.1	47.2
Europe and Central Asia	1.6	1.5	7.7	7.1
Latin America and the Caribbean	4.6	4.1	28.0	25.9
Middle East and North Africa	2.6	5.0	9.5	18.6
South Asia	16.2	12.4	274.5	216.4
Sub-Saharan Africa	42.5	41.1	405.1	413.3
World Total	11.2	10.0	804.2	735.9

(Source: World Bank, 2018c:3)

The report acknowledges the impact of the MDGs and hopes that what has been learned from experience will assist in achieving the objectives of the Sustainable Development Goals (SDGs), which were developed in 2015 with the key objective of guiding the global development agenda to 2030. These goals are broader than the MDGs, and focus on five key elements: people, the planet, peace, prosperity, and partnership (IMF, 2017).

### **2.2.3 Development theories**

Prior to analysing the various development theories, it is important to contextualize development versus growth. This is required to advise those in charge of governance on their policy decisions. This is more relevant to developing countries, where the questions on the impact of growth or development can be either a help or a hindrance. Furthermore, some of the contemporary issues faced by countries can be attributed to growth (such as urban growth, technological growth, or economic growth) rather than development, for example, pollution. It can therefore be inferred that prioritizing economic growth and making it the sole priority could have undesirable consequences (Bucknall, 2013).

This view is held by several authors, including Thirlwall (2008:39), who argues that “economic growth is not the same as economic development” and states that while the economic growth rate of a country is a precise measure of a country’s growth in production in goods and services, it does not give any measure of the country’s composition or wealth distribution. He admits that for income per capita to increase, economic growth is required, but notes that because economic development is a multi-dimensional concept, growth alone is not a sufficient condition. Regarding poverty and inequality, he supports this thinking by demonstrating that while poor countries have shown growth, the real numbers in poverty terms has increased.

Sen (1988) also mentions that in the early days of economics, development economics could barely be separated from the rest of economics. He believes that the link between growth and development is both important and confusing and illustrates the difference by looking at the Gross National Product (GNP) and living conditions. In Table 2.2, he compares the GNP per head to life expectancy at birth. He concludes from the 1984 data that while \$2,340 was the GNP per head in South Africa, life expectancy at birth was only 54 years, versus China at 69 (68% better than that of South Africa).

**Table 2.2: GNP and life expectancy**

<b>GNP and life expectancy</b>		
	<b>GNP per head, 1984 (U.S. Dollars)</b>	<b>Life expectancy at birth, 1984 (years)</b>
China	310	69
Sri Lanka	360	70
Brazil	1,720	64
Mexico	2,040	66
South Africa	2,340	54

(Source: World Bank, 1986)

In addition, Sen (1988) considers four sources of contrast in making a distinction between growth and development. Firstly, he notes that using GNP per head as a measure, the question of distribution is not addressed. Secondly, there is the aspect of externality and non-marketability, which refers to the fact that GNP is only concerned with those items that have a price tag to them. He also argues that even when non-marketable goods are included, only those that have a market are included. Thirdly, there is the bias of the market, where commodities are valued

according to the markets. Fourthly, Sen looks at the “well-being enjoyed by that person at that period of time” (Sen, 1988:14).

These differences become more apparent when one looks at the various development theories that developed over time. Peet and Hart (2015) distinguish between “conventional” theories and modernization theories. They argue that conventional theories, such as bits of Keynesianism and growth theory, as well as frameworks such as the classical and neo-classical frameworks, consider the capitalist structure best for economics, and regard poverty as an “unfortunate consequence of growth that is basically good for most people” (Peet and Hart, 2015:23). They note that while these theories see development as a form of economic growth, the modernization theories emphasize development over growth. These various development theories are explored further in Section 2.2.3.

There are thus various development theories and approaches. Their main distinguishing characteristic is their emphasis, which is either development or growth. These theories mostly came to prominence after World War II (Potter, 2008). One of the reasons for their prominence during this period, according to Willis (2011:29), is the fact that there was an “increasing international discussion about how development is to take place”.

One of the approaches used in development in the period after World War II, is based on Fundamental Human Needs (FHN) and was used by Chilean economist Max-Neef (2007). Like Bucknall and Sen, Max-Neef was critical of the way in which development theories were based on economic growth. He expressed the view that the implementation of these theories did not only lead to no or trivial improvement in alleviating poverty but increased it (Max-Neef, 2007).



**Figure 2.7: Max-Neef's fundamental needs model**

(Source: Medium, 2017:7)

Max-Neef argues that development should be based on the needs of the people, but he sees the Fundamental Human Needs approach as different from Maslow's original hierarchy of needs. The hierarchy of needs focuses on humans' physiological, safety, belonging, esteem and self-actualization needs; the Fundamental Human Needs are "more comprehensive and are more inclusive than the generally accepted list of the basic needs" (Schenck, Nel and Louw, 2010:10), see Figure 2.7.

Max-Neef argues that these needs are not hierarchical, stating in his book *Human Scale Development: Conception, Application and Further Reflections* that "no need is more important per se than any other and there is no fixed order of precedence in the actualization of needs" (Max-Neef, 1991:49). In his objective of formulating a humans' needs theory for development, he maintains that the elements of human needs are fixed, limited and classifiable. These needs, he continues, are the same for all humans, irrespective of culture or geography. He reasons that the only change is the way in which they are satisfied. He identifies four types of "satisfiers": being, having, doing and interacting. These satisfiers are unpacked in Table 2.3 by the Environmental Justice Organization, Liabilities and Trade (EJOLT, n.d.).

**Table 2.3: Max-Neef's four types of satisfiers**

<b>Fundamental Human Needs</b>	<b>Being (qualities)</b>	<b>Having (things)</b>	<b>Doing (actions)</b>	<b>Interacting (settings)</b>
<b>subsistence</b>	physical and mental health	food, shelter work	feed, clothe, rest, work	living environment, social setting
<b>protection</b>	care, adaptability autonomy	social security, health systems, work	co-operate, plan, take care of, help	social environment, dwelling
<b>affection</b>	respect, sense of humour, generosity, sensuality	friendships, family, relationships with nature	share, take care of, make love, express emotions	privacy, intimate spaces of togetherness
<b>understanding</b>	critical capacity, curiosity, intuition	literature, teachers, policies educational	analyse, study, meditate investigate,	schools, families universities, communities,
<b>participation</b>	receptiveness, dedication, sense of humour	responsibilities, duties, work, rights	cooperate, dissent, express opinions	associations, parties, POW*, neighbourhoods
<b>leisure</b>	imagination, tranquillity spontaneity	games, parties, peace of mind	day-dream, remember, relax, have fun	landscapes, intimate spaces, places to be alone
<b>creation</b>	imagination, boldness, inventiveness, curiosity	abilities, skills, work, techniques	invent, build, design, work, compose, interpret	spaces for expression, workshops, audiences
<b>identity</b>	sense of belonging, self-esteem, consistency	language, religions, work, customs, values, norms	get to know oneself, grow, commit oneself	places one belongs to, everyday settings
<b>freedom</b>	autonomy, passion, self-esteem, open-mindedness	equal rights	dissent, choose, run risks, develop awareness	anywhere

\*POW - Place of worship

(Source: EJOLT, n.d.:3)

### **2.2.4 Development challenges**

In Section 2.2.3, the elements of development theory were reviewed, concluding with Max-Neef's important insight that even though needs may not change, the ways in which people satisfy them can differ between cultures and geographies. Therefore, to understand the challenges of development, it is important to understand what the satisfiers or expectations regarding development are. The African Union (2015) has endeavoured to answer this question in its report *AGENDA 2063 – The Africa We Want*. The seven main aspirations for Africa are the following:

- a flourishing continent which is based on the principles of sustainable development and inclusive growth;
- in terms of the principles of the vision of Africa's Renaissance and Pan Africanism, a politically united and integrated Africa;
- an Africa which is characterized by respect for human rights, justice, good governance, rule of law and democracy;
- a continent which is secure and peaceful;
- an Africa which recognises a common heritage, ethics, a strong cultural identity and values;

- a continent which recognises the potential of its women and youth and aspired to people-driven development; and
- an Africa which is regarded as a partner in development and is acknowledged as a united, strong, and influential global player.

It is to be expected that, as with the implementation of the Millennium Goals, there will be several challenges in pursuing this road. This concern is shared by Oguz (2017), a research advisor. He maintains that there are critical issues that Africa's people need to work on in a proactive way if they want to achieve inclusive growth, social and economic development. These challenges are depicted in Table 2.4.

**Table 2.4: Significant development challenges**

Agricultural development (food security)	Labour regulation
Violence and crime	Law and justice system
Initiatives such as climate change and environmental sustainability	Natural resource management
Equal opportunity for all	Conflict resolution based on peace allowing for the abolishment of forced movement and armed conflicts
Regulation efficiency regarding trade (goods and services)	Poverty reduction
Governance and regulation: financial market	An integration agenda based on practicality and efficiency
Foreign direct investment (FDI) generation and management	Development within the private sector focussing on micro, small and medium enterprises
Gender equality	Public-private partnerships
Good public-sector governance	Rural development
HIV/AIDS, communicable/non-communicable disease management and health services;	Social security and assistance
Education of a high standard including digital literature	Terrorism threat
Infrastructure development	Urban development (smart cities)
Job creation	

(Source: Adapted from Oguz, 2017)

Peet and Hart (2015:16) further describe the challenges of development from a "truth" perspective. They maintain that "theorists always pursue truth. But 'truth' varies, depending on the truth teller's proclivities." They also argue that scientific interest is not divorced from the desire for social legitimation. As a result, the

theorists developing these development theories may not be separated from their own empathy for others, or the need to be of service to the dominant social order, but should beware of a desire for self-justification.

Clearly there are many challenges in achieving development, and these are not only external, but can resonate with those who develop the theories of development. However, as advocated by Truman (1949) as well as contemporary economists, development is required to achieve the goal of addressing poverty and reducing inequality. To understand these concepts better, the definitions of these concepts are synthesised below through a review of the related prior literature. This conceptualization allows for the alignment of the status quo with the normative expectations, which will lead to the development of a new development approach, based on an informed understanding.

### **2.3 Development theory: Poverty conceptualized**

From the below quotations by two leaders of state, extending over a period of 12 years, we can see that the challenge of poverty is very much alive.

Endemic and widespread poverty continues to disfigure the face of our country. It will always be impossible for us to say that we have fully restored the dignity of all our people as long as this situation persists. For this reason, the struggle to eradicate poverty has been and will continue to be a cornerstone of the national effort to build the new South Africa (Mbeki, 2006).

Poverty levels rose in 2015, unemployment has gone up and inequality has persisted.... This means that as we pursue higher levels of economic growth and investment, we need to take additional measures to reduce poverty and meet the needs of the unemployed. (Ramaphosa, 2017)

Cimadamore, Koehler and Pogge (2016) note that poverty has been central to the development debate for several centuries and lament that even though we have mobilized resources and even though the theme of the eradication of poverty has been more prominent since the 1950s, the scourge of poverty is still with us.

To address the problem successfully, we need to understand the term poverty. In understanding the term there are three main elements that need exploring. According to Richmond (2007), three terms relating to the understanding of poverty are

- the concept;
- definition; and
- measurement.

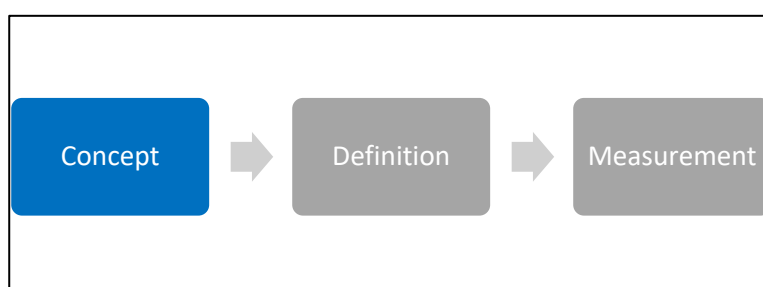
He argues that commentators about poverty often use the concept of poverty interchangeably with the definition of poverty, but that the concept of poverty refers to the framework from which the definitions of poverty are developed. He maintains that measurements operationalize the definition. Based on these elements, the following Poverty Agenda Framework (PAF) guides us through the understanding of the term poverty.



**Figure 2.8: Poverty Agenda Framework: elements of poverty**

(Source: Own compilation)

Using the “poverty agenda model” depicted in Figure 2.8 as a roadmap, it is possible to untangle the face of poverty as a scourge of humanity. Section 2.3, first, conceptualizes the term, and several constructs are reviewed to assist in ultimately defining the term. Then, in Section 2.3.1, the term is defined by reviewing the different approaches used and the definitions that arose from the conceptualization. Finally, to aid in understanding poverty, Sections 2.3.2 to 2.3.6 focus on measures that can be used to establish the extent of poverty.



**Figure 2.9: Poverty Agenda Framework – CONCEPT**

(Source: Own compilation)

In order to conceptualize poverty, it is important to appreciate the various dimensions of poverty. These dimensions provide a greater understanding of the incidence and nature of poverty.

According to Aliber (2002), these dimensions can be depicted as illustrated in Table 2.5.



**Table 2.5: Dimensions of poverty**

	Dimension	Description
1	Unemployment	Unremunerated forms, unemployment and underemployment are closely linked to the prevalence of poverty.
2	Rural poverty	Rural poverty is more common than urban poverty.
3	Apartheid geography	Apartheid geography has still a major impact on the occurrence of poverty.
4	Female-headed households	Male-headed households are less poor than female-headed households.
5	Children	“A disproportionate number of poor people are children living in poor households. The most seriously affected children are those in rural areas whose mothers have relatively little education. Also, the infant mortality rate is eight to ten times higher for black people than for white people.” (Aliber, 2002:5)
6	Chronically poor	Chronically poor is the term used to describe many of the poor (for whom this is a permanent, not a temporary, state).

(Source: Adapted from Aliber, 2002:5)

According to Max-Neef (1991), there are several fundamental human needs that have to be satisfied to give them meaning. Those living in poverty have to transcend their current positions to reach a state where they have adequate access to social services, have adequate shelter, health care, education and representation, have a job, and the freedom not to fear the future.

To conceptualize this place of freedom, Compassion International (2017) developed the Wheel of Poverty to explain the need of the poor to achieve a place of freedom or “enough”. Compassion International (2017) suggests that the wheel, as demonstrated in Figure 2.10, is a representation of the poverty problem around the world.

According to Compassion International (2017), the hub of the wheel represents absolute poverty; the spokes are the unique needs of those in poverty and the rim represents enough (the place of freedom).



**Figure 2.10: Poverty Wheel**

(Source: Adapted from Compassion International, 2017)

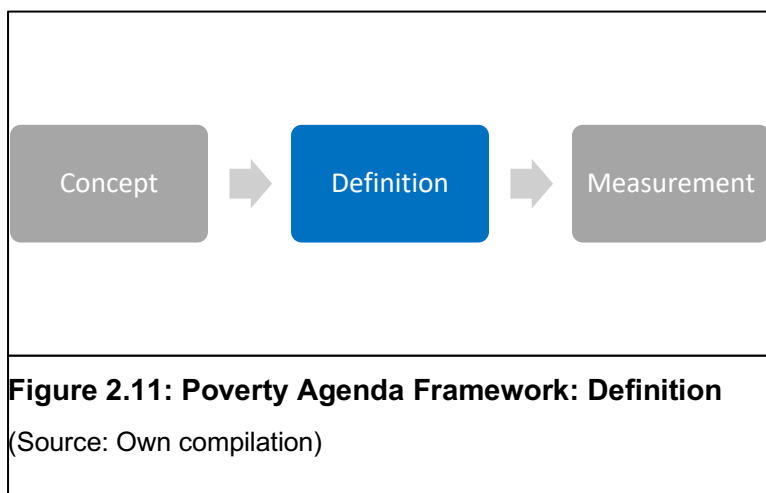
Compassion International (2017:4) explains the spokes of the poverty wheel as follows (cited verbatim):

- The Social Spoke:  
Social poverty – people with few rights, no voice, no rights and undervalued [limited opportunities]. *The Educational Spoke:*  
Challenge of access to education due to affordability, limited options as a result of inadequate education, lack of education opportunities also results in challenges in finding employment.
- The Spiritual Spoke:  
Limit or no exposure to religious (gospel) engagements “having no access to the gospel or never hearing about Jesus.”
- The Health Spoke:  
Ignorance regarding basic health such as the importance of brushing teeth and [access to] clean water.
- The Environmental Spoke:  
Physical surroundings – a person’s well-being is affected by housing, water supply, [access to] land and [the prevailing] climate. “The circumstances of poverty put children at particular environmental risk.”
- The Economic Spoke:  
People require sufficient income to procure what they cannot grow or make. “Jobs that provide adequate income for unskilled labourers – especially in urban areas – are few. Almost half the world – over 3 billion people – live on less than \$2.50 a day.”

Furthermore, they argue that the needs can be divided into social needs, education needs, spiritual needs, health needs, environmental needs and economic needs, as discussed below (Compassion International, 2017).

### 2.3.1 Poverty defined

Now that we have conceptualized poverty and have, in terms of the framework, developed an understanding of poverty, we can define this phenomenon.



The need for a universal understanding of the term to move forward in the fight against this scourge was already raised by Townsend (1993), who argues that, for us to understand poverty, it is critical that we move away from our cultural and

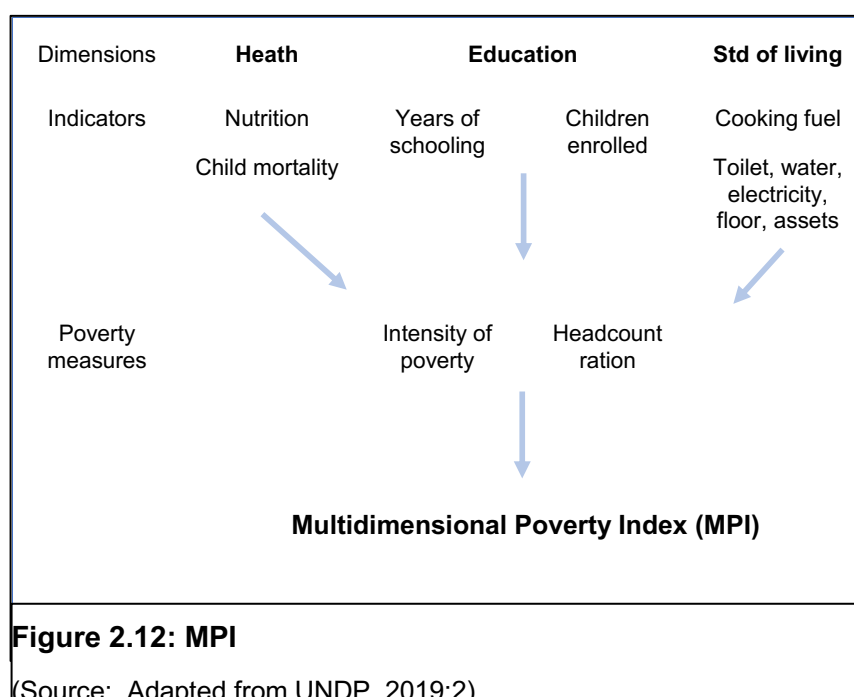
religious ideologies to find consensus. “If poverty is to be fully understood so that it can be defeated or reduced, myopic and piecemeal preoccupation with particular cultural and regional meanings of the word, arising from misconceived theory and ideology, has to be relinquished” (Townsend, 1993:3).

Defining such a multidimensional problem is not easy – as Lister (2004) points out, there is no single definition of poverty which, in terms of the framework (Concept – Definition – Measure), is required to explain a term, in this case, policy. Lister (2004) stresses the importance of defining poverty for political and policy purposes and academics. Without consensus on the term, it is challenging to find agreement on appropriate interventions in line with policy guidelines. While there is no single definition, Lister suggests that it is commonly accepted by most researchers that a definition “must be understood, at least in part, in relation to particular social, cultural and historical context” (Lister, 2004:12).

The Studies in Poverty and Inequality Institute (2007) indicate that there are two main approaches to defining poverty: a direct or an indirect approach. The direct approach relies on indicators of poverty, which can be combined to form an index. Like Ringen

(1988), they associate the indirect approach with monetary value – the “income required to avoid poverty” (Studies in Poverty and Inequality Institute, 2007:28).

The fact that poverty is a multidimensional problem is also acknowledged by the UN, which is aware that traditional metrics and definitions of poverty were based mainly on money metric measures. In 2010, the United Nations Development Programme (UNDP) therefore created the Multidimensional Poverty Index (MPI). This index is meant to complement the more traditional monetary indexes by including other dimensions, “overlapping deprivation suffered by individuals at the same time” (UNDP, 2019:1). The index is based on 1,3 billion people across 101 developing countries, and it shows the number of people who are multi-dimensionally poor. The index is structured into three main categories (see Figure 2.12).



The UNDP (2016) notes that, although multi-dimensional poverty is on the decline, it remains high for the 65 countries on which they sourced empirical data (as summarized in Tables 2.6 and 2.7), including BRICS and Southern African Development Community (SADC) countries. To give context to Tables 2.6 and 2.7, the elements of poverty are defined as follows:

- *MPI:*  
Multi-dimensionally poor altered by the extent of their deprivation,
- *Multi-dimensional poverty headcount:*  
Proportion of the people with a deprivation score of at least 33%.

- *Intensity of deprivation of multi-dimensional poverty:*  
People in multi-dimensional poverty's average deprivation score.
- *Population near multi-dimensional poverty:*  
People with a deprivation score of 20–33%.
- *Population in severe multi-dimensional poverty:*  
People with a deprivation score of 50% or more.
- *Contribution of deprivation to overall poverty:*  
The proportion of MPI Percentage of the MPI accredited to deprivations.
- *Population living below national poverty line:*  
The country determines the poverty line and this element refers to that percentage of the population living under this line.
- *Population living below purchasing power parity of \$1.90 a day:*  
This element refers to the number of people living below the international poverty line of \$1.90 (in purchasing power parity terms) a day.

**Table 2.6: MPI in developing countries: MPI Index**

Country	MPI		Population in multidimensional poverty			Population near multi-dimensional poverty	Population in severe multi-dimensional poverty
	Year and survey	Index	Headcount		Intensity of deprivation		
	2005-2015	Value	(%)	(thousands)	(%)	(%)	(%)
Brazil	2014N	0.010	2.4	4 994	40.0	6.7	0.3
China	2012N	0.023	5.2	70 807	43.3	22.7	1.0
Congo	2011/2012D	0.192	43.0	1 844	44.7	26.2	12.2
India	2005/2006D	0.282	55.3	642 391	51.1	18.2	27.8
Lesotho	2009D	0.227	49.5	984	45.9	20.4	18.2
Malawi	2013/2014M	0.273	56.1	9 369	48.6	27.2	24.3
Mozambique	2011D	0.390	70.2	17 552	55.6	14.8	44.1
Namibia	2013D	0.205	44.9	1 054	45.5	19.3	13.4
South Africa	2012N	0.041	10.3	5 446	39.6	17.1	1.3
Swaziland	2010M	0.113	25.9	309	43.5	20.5	7.4
Tanzania (United Republic of)	2010D	0.335	66.4	30 290	50.4	21.5	32.1
Former Yugoslav Rep. of Macedonia	2011M	0.007	1.7	35	38.4	2.4	0.1
Turkmenistan	2006M	0.011	3.0	144	37.0	6.5	0.1
Uzbekistan	2006M	0.013	3.5	931	36.6	6.2	0.1
Zambia	2013/2014D	0.264	54.4	8 554	48.6	23.1	22.5
Zimbabwe	2014M	0.128	28.9	4 409	44.1	29.3	7.8

(Source: UNDP, 2016:219)

**Table 2.7: MPI in developing countries: Deprivation contribution and living below the poverty line**

Country	Contribution of deprivation in dimension to overall poverty			Population living below income poverty line (%)	
	(%)			National poverty line	PPP \$1.90 a day
	Education	Health	Living standards	2005–2014	2005-2014
Brazil	24.9	45.1	30.1	7.4	3.7
China	30.0	36.6	33.4	..	1.9
Congo	10.6	32.8	56.6	46.5	37.0
India	22.7	32.5	44.8	21.9	21.2
Kazakhstan	4.3	83.9	11.8	2.7	0.0
Kyrgyzstan	13.0	73.5	13.5	32.1	1.3
Lesotho	14.8	33.8	51.4	57.1	59.7
Malawi	19.3	27.2	53.5	50.7	70.9
Mozambique	30.4	22.3	47.3	54.7	68.7
Namibia	11.0	39.2	49.8	28.7	22.6
South Africa	8.4	61.4	30.2	53.8	16.6
Swaziland	13.7	41.0	45.3	63.0	42.0
Tanzania (United Republic of)	16.9	28.2	54.9	28.2	46.6
Uzbekistan	3.7	83.4	12.8	14.1	..
Zambia	17.9	29.8	52.3	60.5	64.4
Zimbabwe	10.8	34.5	54.8	72.3	21.4

(Source: UNDP, 2016:219)

Analysis of the data reveals that South Africa's MPI compares favourably with that of most Southern African Development Community countries, but that it lags behind some of the BRICS countries, such as Brazil and China. In 2016, South Africa had an index of 0,041, while Brazil and China had indexes of 0,010 and 0,023 respectively.

The definition of poverty has evolved over the years, as we moved into an age where it has become accepted that development is measured mainly in monetary terms. According to Harindra (2016), the World Bank defines poverty firstly as pronounced deprivation in wellbeing and argues that poverty has many dimensions. These dimensions include low income, and not having the ability to procure the basic goods and services required for survival with dignity. The definition also includes dimensions such as lack of voice, insufficient capacity to better one's life, education, health, clean water, sanitation and physical security. These dimensions of the definition are closely linked to the concepts highlighted in the conceptual phase of developing a poverty agenda framework. The multi-dimensional index is relevant to a study focusing on addressing poverty through more effective allocation of resources

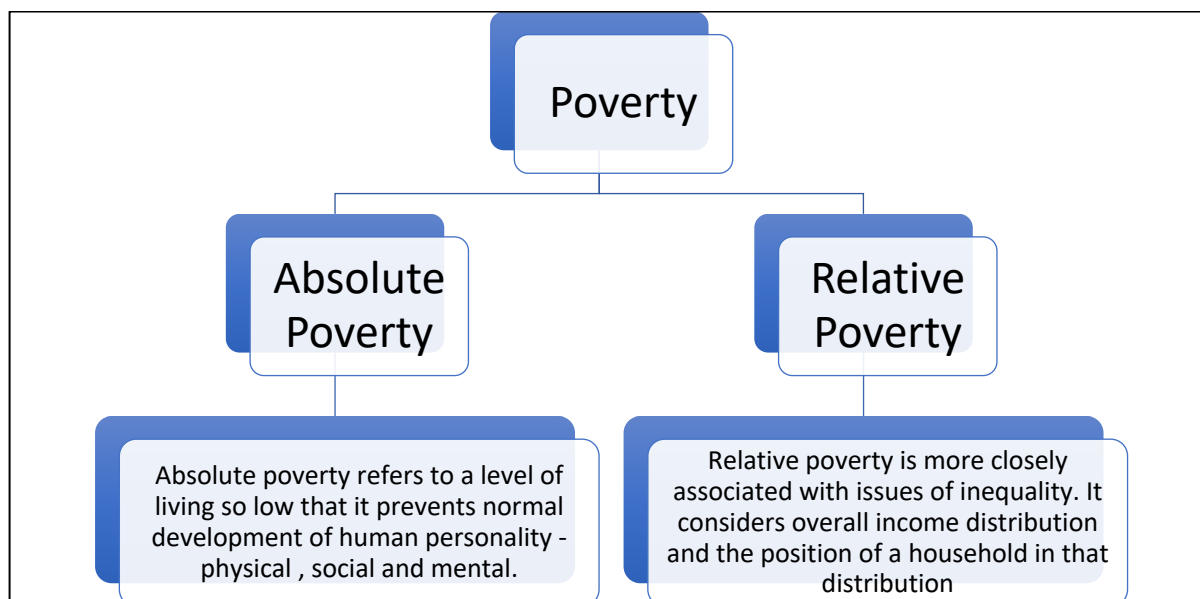
because it reveals the combined effect of various indicators to form an index. An appreciation of this aspect of the literature is demonstrated in Chapter 8: Management Approach Towards Development Activation.

A further approach in defining poverty is either to look at poverty through a broad lens, or to take a narrow view on this phenomenon. Lister (2004) identifies three components of narrow approach:

- restriction to the material core;
- the nature of the material core; and
- an embrace of the relational/symbolic aspects related with poverty.

The “narrow” definition of poverty focuses primarily on people’s command of resources to enable consumption and participation (Nolan, Nolan and Whelan, 1996). According to Nolan *et al.* (1996), poverty is the inability to participate in the economy and this inability is linked to a scarcity of resources. They posit that to define a condition (such as poverty) properly, one has to distinguish its unique attributes from those that are found in other conditions too. They maintain that if one takes too broad a view on poverty, one will lose the core, which they define as the ability to participate. This definition is broader than the subsistence needs definition of absolute poverty, which is one of the two core types of poverty, as defined by many commentators.

Based on various studies and commentators, the term “poverty” can be broadly defined as either being absolute poverty or relative poverty. Chaudhary (2017) illustrates these classifications (see Figure 2.13). He describes absolute poverty as a condition of living that is too low to support basic human development, such as physical, social and mental development. He defines relative poverty as being more closely linked to inequality, where he refers to comparisons of income distribution.



**Figure 2.13: Types of poverty**

(Source: Adapted from Chaudhary, 2017:9)

The development of the term “absolute poverty” is widely attributed to early social reformers such as Charles Booth (born 1840, died 1916) and Benjamin Seebohm Rowntree (born 1841, died 1954). The term is based on Rowntree’s publication in 1901 (reporting on his study of 1899) in which he introduces and develops the theory that “primary poverty”, as it was originally termed, is the inability of households to generate enough income to maintain or acquire the minimum essentials for their basic needs (World Bank, 2000).

The World Bank (2000) has also adopted this definition in its development context. It gives a detailed explanation of Rowntree’s first study, explaining that in 1899, at the turn of the century, Rowntree determined that 10% of the people in the city of York lived in poverty, using the “primary poverty” definition. In its *Development Report 2000/2001: attacking poverty*, the World Bank (2000) argues that, using this definition, at the turn of the 20<sup>th</sup> century there were 1,2 billion people living in poverty. They point out that, even though these statistics were gathered a century apart, the definition of absolute poverty has stood the test of time (World Bank, 2000).

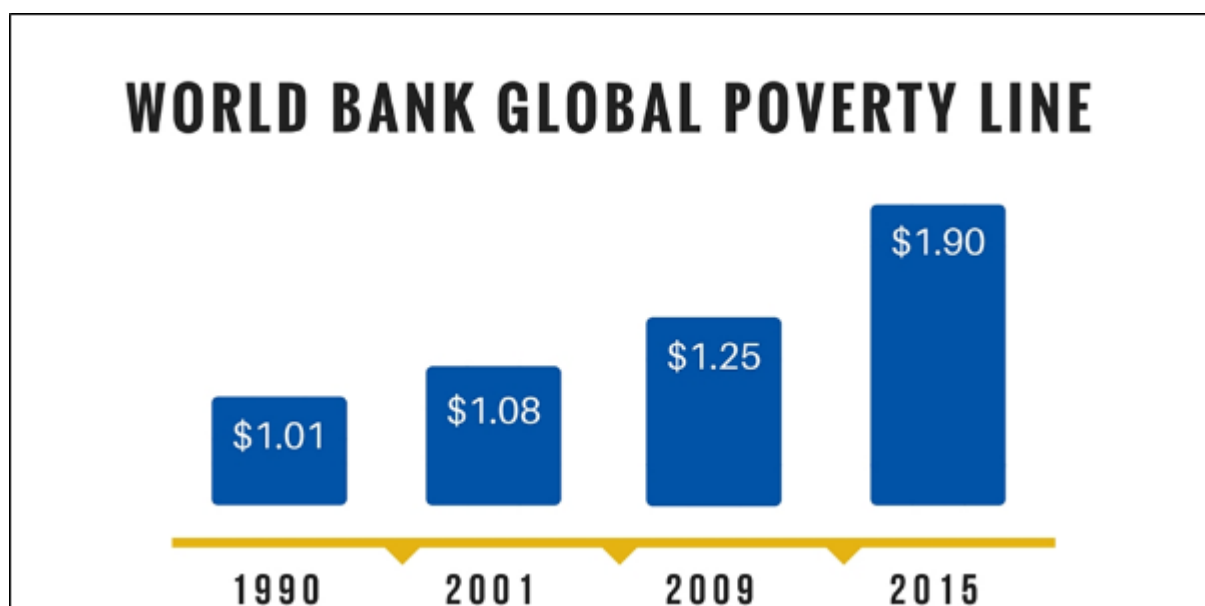
Gifford (2009) undertook a further study in Gabon, Africa. He concurs that those who live in extreme poverty constantly have to struggle for their daily survival. He agrees that the notion of basic needs remains applicable and argues that people in extreme poverty rarely have enough means to support basic needs such as food, shelter,



healthcare and schooling. In his research, he came across a ten-year-old boy in Gabon, who told him:

When I leave for school in the mornings, I don't have any breakfast. At noon there is no lunch. In the evening I get a little supper, and that is not enough. So, when I see another child eating, I watch him, and if he does not give me something, I think I'm going to die of hunger. (Gifford, 2009:11)

In trying to define absolute poverty more clearly, the World Bank developed the poverty line. This poverty line has been adjusted for inflation, and in 2015, the poverty line was set as US \$1,90. This is the amount of money a person requires per day to have the means to satisfy basic needs (World Bank, 2015c). Graph 2.1 depicts the poverty line since 1990.



**Graph 2.1: Poverty line**

(Source: Kenny and Sandefur, 2015:2)

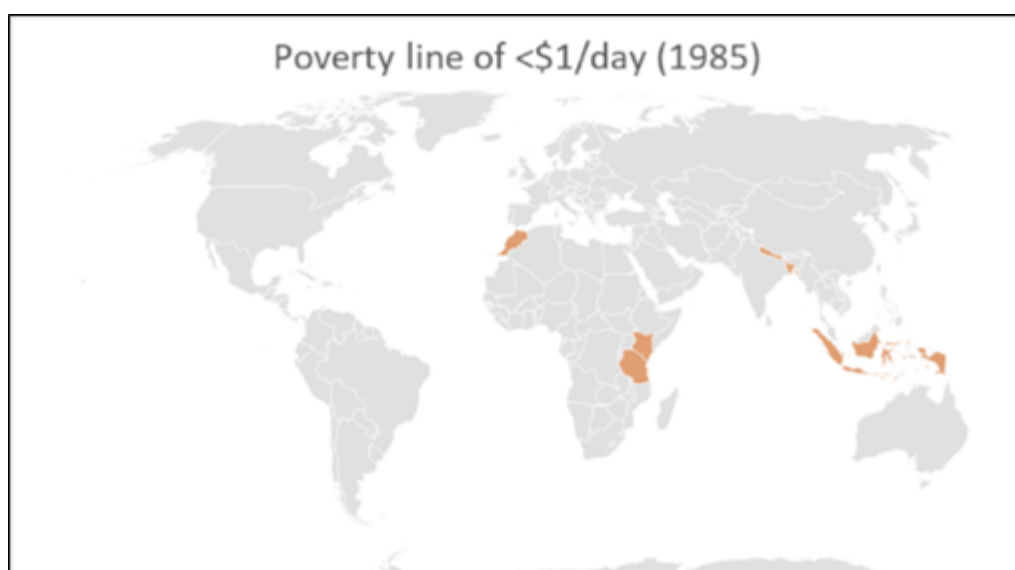
Historically the construct of the poverty line came into use when the World Bank wanted to measure poverty across the world. The poverty line is defined as “the line below which a person’s minimum nutritional, clothing, and shelter needs cannot be met in that country” (World Bank, 2015b:2). Table 2.8 summarizes the history of the development of the poverty line which started in 1979 and used India’s national poverty line to establish a global poverty index.

Ferreira, Chen, Dabalén, Dikhanov, Hamadeh, Jolliffe, Narayan, Prydz, Revenga, Sangraula, Serajuddin and Yoshida (2015:5) state the following:

One of the first estimates of internationally comparable poverty measures was conducted by Ahluwalia, Carter and Chenery (1979) who used India's national poverty line (46th percentile of the per capita income distribution) to estimate the world's poverty incidence, using the 1975 PPPs from the ICP (International Comparison Program).

They also maintain that where this poverty line is well constructed, it not only refers to a country's biological needs, but also its context and values.

It is obvious that merely applying such "poverty lines" arbitrarily will provide a skewed view of the situation, especially seeing that rich countries would have higher poverty lines than poorer countries. To mitigate this risk, in 1990, the World Bank focused on the poorest countries to determine a poverty line. The origins of the "dollar-a-day" poverty line can be traced to a study by Ravallion, Datt and Van de Walle (1991). They reviewed the poverty lines of the 33 countries which were determined to be the poorest, and found that countries such as Bangladesh, Indonesia, Kenya, Morocco, Nepal and Tanzania (see map in Figure 2.14) all fell within the \$1 global poverty line (Ravallion *et al.*, 1991).



**Figure 2.14: Poverty line  $< \$1$**

(Source: Ravallion *et al.*, 1991:354)

Furthermore, the World Bank used the purchase power parity (PPP) to determine an equivalent price for goods and services across all countries. The result of this, as depicted in Graph 2.1, is that the first poverty line was calculated at \$1 per day. To keep up with the changing environment, including inflation, this amount has periodically been adjusted, and the latest poverty line was determined in 2015 at

\$1,90 (World Bank, 2015c). Table 2.8 summarizes the history of the poverty line development since the very first attempts by Ahluwalia *et al.* (cited in World Bank, 2015b) in 1979, to the latest World Bank adjustment in 2015.

**Table 2.8: The history of the poverty line**

	1979 "India Line"	1990 "Dollar-a-day"	2001 1.08/day	2008 1.25/day	2015 1.90/day
<b>Source</b>	Ahluwalia <i>et al.</i> (1979)	1990 WDR, Ravallion <i>et al.</i> (1991)	Chen and Ravallion (2001)	Ravallion, Chen and Sangrula (2009)	
<b>ICP data</b>	1975 PPPs, Kravis <i>et al.</i> (1978)	1985 PPPs	1993 PPPs	2005 PPPs	2011 PPPs
<b>Poverty lines used</b>	1 (India)	8 countries	10 countries	15 countries	15 (same lines as 2008)
<b>Method</b>	India's poverty line (46 <sup>th</sup> percentile)	"Inspection" (rounded)	Median	Mean	Mean (rounded)
<b>Poverty line (ICP base year US \$)</b>	\$0.56	\$1.01 (\$1.00)	\$1.08	\$1.25	\$1.88 (\$1.90)
<b>Poverty line (Constant 1985 US \$)</b>	\$1.12	\$1.01	\$0.80	\$0.69	\$0.91
<b>Countries used in reference group</b>	India	Bangladesh Indonesia Kenya Morocco Nepal Pakistan Philippines Tanzania	Bangladesh China India Indonesia Nepal Pakistan Tanzania Thailand Tunisia Zambia	Chad Ethiopia Gambia Ghana Guinea-Bissau Malawi Mali Mozambique Nepal Niger Rwanda Sierra Leone Tajikistan Tanzania Uganda	Same as 2008

(Source: Adapted from Ferreira *et al.*, 2015:46)

A critique of the absolute poverty definition is that it considers only those that are basically starving, and as a result does not include others who may still be living in poverty. According to Alcock (1993), using the absolute definition narrowly enables us to identify only those who are on the doorstep of starvation. In his opinion, the

variables Rowntree (1901) used in his early study to determine the poverty line are insufficient, and as a result many more people should logically be defined as poor.

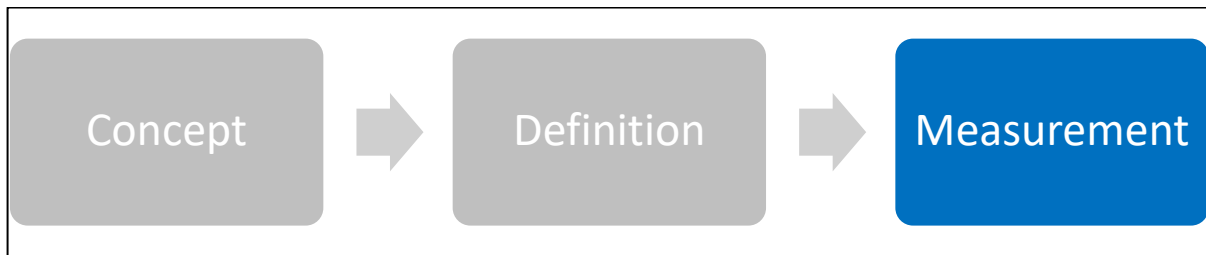
The Studies in Poverty and Inequality Institute (2007) has concluded that a definition of poverty can only be relative, because what is defined as a basic need for one person may not be the same for another. This leads us to the question of what relative poverty actually is.

As can be seen from the definition given by Chaudhary (2017), in Figure 2.13, descriptors of relative poverty are mainly concerned with a comparison of households in a community. The Study of Poverty and Inequality Institute holds a similar view, arguing that relative poverty, “rather than refer to a supposedly objective standard, it links poverty to a particular point in the distribution curve of a particular variable such as income. People are judged to be poor if they are poor in comparison to those around them” (Study in Poverty and Inequality Institute, n.d.:22).

In defining poverty in relative terms, it should be noted that categorizing only the bottom 20% of society as poor does not make sense if everyone in the society is struggling to get enough food (Studies in Poverty and Inequality Institute, 2007). Any definition of poverty must therefore consider a core of absolute poverty (Studies in Poverty and Inequality Institute, 2007). This assumption is in line with the capabilities approach developed by Sen (1983), who demonstrates that poverty needs to be defined in both relative and absolute terms. According to his approach, poverty is absolute in the sphere of “capabilities”, where capabilities refer to basic needs (nutrition, education, participation). In addition, he explains that in any society people require capabilities such as nutrition, shelter and ability to be mobile to move from A to B and these should be defined in absolute terms, whereas the commodities to obtain these capabilities can be seen as relative to the given society.

### **2.3.2 Poverty measured**

The final element in the Poverty Agenda Framework is the measurement of poverty. The first two elements of a poverty agenda framework (the concept and definition of poverty) have already been looked at. Some approaches to measuring poverty, such as the poverty line developed by Ahluwalia *et al.* in 1979 (cited in World Bank, 2015b), have also already been touched on, and further ways to measure poverty are explored in this section.



**Figure 2.15: Poverty Agenda Framework – Measurement**

(Source: Own compilation)

In Sections 2.3 and 2.3.1, the term “Poverty” was conceptualized and defined, based on the work of various researchers and commentators on the topic. In terms of the poverty agenda framework, the next step in understanding this phenomenon is the measurement of poverty (see Figure 2.15).

As the prior discussion has shown, determining who is poor in a community is a challenging task, because, as Unite for Sight (2017) points out, poor people do not necessarily have documentation to show their income and expenses. The importance of measuring poverty is two-fold (Unite for Sight, 2017): the poverty line can be used to determine grants and, in low- and middle-income countries, the information can be used to generate policy, targets, and monitor and evaluate progress.

According to the World Bank (2015a), there are at least four good reasons why we should measure policy:

- To keep the poor on the agenda to ensure that the poor do not become statistically invisible, and their plight remains on every country’s political and economic agenda;
- To target interventions, domestically and worldwide by
- identifying the poor to start giving them assistance;
- allocating development resources;
- identifying employment targets;
- understanding the education profile of the poor;
- appreciative the association between poverty and gender;
- aligning with the world-wide importance given to world initiatives focusing measuring interventions given the limited resources of institutions such as the World Bank; and
- identifying the reason people are poor to find workable solutions and trade-offs.
- To monitor and evaluate projects and policy interventions geared to the poor to

- predict the results of effects of poverty alleviation policies and programmes;
- evaluate such policies and programmes; and
- understand the politics of related government policies.
- To evaluate the effectiveness of institutions whose goal is to help the poor and to evaluate institutions, including government, regarding the impact they are having on combating poverty.

In addition to understanding the benefits of measuring policy, the following questions were noted by Ravallion *et al.* (1991:345) as some of the difficult questions faced in measuring poverty:

- Which poverty line should be used?
- How does one recognise the different purchasing power between countries and adjust for this?
- Using the accessible grouped data on the distribution of income or consumption, how should one incorporate poverty measures?
- “How should one extrapolate poverty measures to countries for which distributional data are unavailable, or are highly imperfect?” (Ravallion *et al.*, 1991:345).

Sen (1976:219) argues that when one is measuring poverty, there are “two distinct problems to face”. The first is identifying the poor among the total population, on which there has been significant research. The second is constructing a poverty index, to which very little consideration has been given. He acknowledges the contributions of authors such as Rowntree, Weisbrod, Townsend and Atkinson to finding ways to address the first distinct problem. Sen (1976) concluded that the two most commonly used poverty ratios to measure poverty were the head-count ratio and the poverty gap ratio, which are briefly discussed below.

#### 2.3.2.1 Headcount Index

The World Bank (2005) in its *Poverty Manual* maintains that the Headcount Index is still the most widely used poverty measure. It “measures the proportion of the population that is counted as poor” (World Bank, 2005:70). They note that a formula (see Equation 2.1) is used, “where  $N_p$  is the number of poor and  $N$  is the total population (or sample)” (World Bank 2005:70).

**Equation 2.1: Headcount Index**

$$P_o = \frac{N_p}{N}$$

They provide the following example to explain the formula: If 60 people are poor in a survey that samples 300 people, then  $P_o = 60/300 = 0.2 = 20\%$ .

In addition, the World Bank has expanded on this formula and reconstructed it as set out in Equation 2.2 (World Bank, 2005:70).

**Equation 2.2: Headcount Index (2)**

$$P_o = \frac{1}{N} \sum_{(i=1)}^N I(y_i < z)$$

This allows for  $I$  to be an indicator function and takes on a value of 1 if the bracketed expression is true, and 0 otherwise. In the formula,  $y_i$  represents expenditure, while  $z$  represents the poverty line. Therefore, a household will be counted as poor if  $y_i$  is less than  $z$ .

The World Bank has identified two reasons why this measure is so widely used: it is simple to construct and is easy to understand. Vecchi (2017), who defines the headcount ratio as the percentage of the population that is classified as poor, agrees that this measure is easy to understand. However, in his assessment of the ratio, Vecchi (2017) also points out the challenges of the ratio as being insensitive to the degree of poverty and the distribution of income among the poor.

Even in the 1970s, Sen (1976) warned that the ratio is a crude index – given the crude index  $H$  (the headcount ratio) will either stay unchanged or will go down if the poorest of the poor transfer income to those better off than themselves. This, he argues, is “surely a perverse response” (Sen, 1976:219). Sen (1976) also identified several characteristics (axioms) that a poverty measure has to comply with, and the Headcount Index violates two of these axioms: The Monotonicity Axiom and the Transfer Axiom. These axioms and others are set out in Table 2.9.

**Table 2.9: Sen's axioms**

<b>Axiom</b>	<b>Description</b>
<b>Monotonicity Axiom</b>	The poverty index will increase with a decrease in a poor person's income while keeping other income the same.
<b>Transfer Axiom</b>	"An increase in the poverty index should occur if the poorer of the two individuals involved in an upward transfer of income is poor and if the set of the poor people does not change."
<b>Focus Axiom</b>	"The poverty index should be independent of the non-poor population"
<b>Impartiality Axiom</b>	"The poverty index may be defined over ordered income profiles without loss of generality."
<b>Strong Upward Transfer Axiom</b>	Where there are two people in an upward transfer of income and the poorer of the two is poor, it will have a negative impact on the poverty index.
<b>Continuity Axiom</b>	"The poverty index must vary continuously with incomes."
<b>Replication Invariance Axiom</b>	The poverty index stays constant if it is computed "based on an income distribution that is generated by the k-fold replication of an original income distribution."

(Source: Adapted from Xu and Osberg, 2002:5-6)

### 2.3.2.2 Poverty Gap Index

The second most commonly used poverty measure is the poverty gap ratio. This is defined by Xu and Osberg (2002:6) as the ratio that measures the "average shortfall from the poverty line relative to the poverty line". They explain that where the shortfall is larger, the average poverty gap will increase. This definition is similar to that of the World Bank (2015a:69), which denotes the poverty gap ratio as "the extent to which individuals fall below the poverty line (the poverty gaps) as a proportion of the poverty line". The formula (see Equation 2.3) defines the poverty gap ( $G_i$ ) as the poverty line ( $z$ ) less actual income ( $y_i$ ) for poor individuals. The gap is considered to be zero for everyone else.

#### Equation 2.3: Poverty Gap Index

$$P_1 = \frac{1}{N} \sum_{(i=1)}^N \frac{G_i}{Z}$$

(Source: World Bank, 2015a)



Xu and Osberg (2002:6) argue that, as in the case of the headcount ratio, the poverty gap ratio also has its challenges. They mention that the poverty gap ratio is not affected by the portion or percentage of the population that are poor. In addition, they note that it “violates the transfer axiom, because it is insensitive to the distribution of income among the poor” (Xu and Osberg, 2002:6).

### 2.3.2.3 Squared Poverty Gap Index

Although it is generally agreed that the Headcount Index is easy to use and understand, and that the Poverty Gap Index reflects the depth of poverty, commentators such as Sen (1976), Ravallion *et al.* (1991) and Vecchi (2007) concur that these indexes are impervious to the distribution of income amongst the poor. Consequently, these indexes will not, individually, assist in determining inequality among the poor.

For this reason, the Squared Poverty Gap (Poverty Severity) Index is used. This measure places a higher weighting on the poorest of the poor (Vecchi, 2007). This definition is echoed by the World Bank (2005:73), which emphasizes that some researchers use the Squared Poverty Gap Index (see Equation 2.4) to take the amount of inequality among the poor into account.

#### Equation 2.4: Squared Poverty Gap Index

$$P_1 = \frac{1}{N} \sum_{(i=1)}^N \left(\frac{G_i}{Z}\right)^2$$

The Squared Poverty Gap Index “is simply a weighted sum of poverty gaps (as a proportion of the poverty line), where the weights are the proportionate poverty gaps themselves” (World Bank, 2005:73). The index is formulated by giving a poverty gap of, for example, 10% of the poverty line a weight of 10%, while one which is 50% of the poverty line is given a weight of 50%. What makes this index different to the Poverty Gap Index is that in the Poverty Gap Index these percentages are weighted equally. Thus, as indicated by the formula, by squaring the Poverty Gap Index, more emphasis is placed on the observations that fall well below the poverty line.

### 2.3.2.4 Indexes in summary

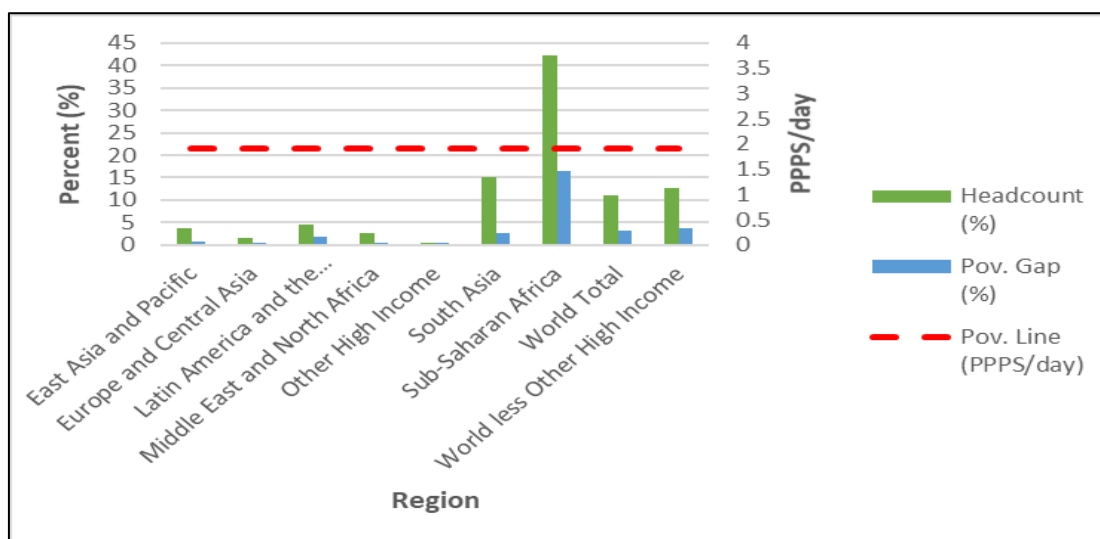
In summary, by using Equation 2.4, the World Bank (2018b) was able to calculate regional aggregates, using the 2011 PPP and the \$1,90 per day poverty line. Table 2.10 represents the results of these indexes per region.

**Table 2.10: Regression aggregation**

Region	Pov. Line (PPPS/day)	Headcount (%)	Pov.gap (%)	Squared pov.gap	Num of poor (mil.)	Population (mil.)	Survey Coverage
East Asia and Pacific	1.90	3.64	0.69	0.23	73.17	2007.50	97.70
Europe and Central Asia	1.90	1.59	0.42	0.18	7.67	482.34	90.66
Latin America and the Caribbean	1.90	4.54	1.75	1.06	27.80	612.87	91.62
Middle East and North America	1.90	2.66	0.53	0.17	9.55	358.35	77.65
Other high income	1.90	0.61	0.45	0.38	6.38	1046.38	76.05
South Asia	1.90	15.14	2.79	0.79	257.32	1699.31	98.11
Sub-Saharan Africa	1.90	42.29	16.51	8.70	400.79	947.63	69.06
World Total	1.90	10.94	3.31	1.57	782.68	7154.37	88.83
World less other high	1.90	12.71	3.80	1.78	776.29	6107.99	91.02

(Source: World Bank, 2018b:1)

Table 2.10 further highlights the plight of the people in Sub-Saharan Africa. With the highest Headcount Index of 42,29%, poverty is almost three times higher than in the next poorest region, South Asia, with a Headcount Index of 15,14%. This is not surprising, because Sub-Saharan Africa represents 51,1% of the world's poor people, but 13,2% of the world's population. Graph 2.2 reveals the magnitude of the challenge faced by Sub-Saharan Africa, illustrating three indexes: The Headcount, Poverty Gap and Poverty Line Indexes.



**Graph 2.2: Headcount and Poverty Gap Indexes**

(Source: World Bank, 2018b)

Table 2.11, showing the Sub-Saharan Africa Regression Aggregation, represents the detail of the region's aggregation and shows that the five poorest countries in the region, based on share percentage of the population who are poor (using the Headcount Index of 2013) are Burundi (72,3%), the Central African Republic (79,3%), the Democratic Republic of Congo (75,9%) and Madagascar (77,8%).

Furthermore, the regression aggregation table depicts the proportion of people in a community that fall below the poverty line, as represented by the poverty gap percentage. Once again it is clear that Sub-Saharan Africa faces the greatest challenge, with a poverty gap of 16,5%, and is by far the region with the highest index ratio.

In addition, the next index in the table, the Squared Poverty Gap Index, is used by several researchers to determine inequality. Again, considering the results in the regression aggregation table, inequality is by far the highest for the Sub-Saharan African region, at an index of 8,70.

**Table 2.11: 2013 Sub-Saharan African regression aggregation**

	Headcount %	Pov. Gap %	Squared pov. gap	Gini Index	MLD Index
<b>Burundi</b>	72,3	30,6	16,1	n/a	n/a
<b>Central African Republic</b>	79,3	45,6	30,8	56,2	57,1
<b>Democratic Republic of Congo</b>	75,9	38,1	23,1	42,1	30,3
<b>Madagascar</b>	77,8	39,1	23,5	42,6	30,9

(Source: World Bank, 2018b:1)

## 2.4 Development theory: Inequality

Tracking the history of inequality, Greig, Hulme and Turner (2007) have concluded that the per capita income gap between rich and poor countries has progressively increased. They point out that since the end of World War II, there has been a renewed emphasis on development to address the inequality gap. This was the era when both academics and politicians were confident that this objective could and would be achieved. They note that "never before had such a constellation of forces for overcoming global inequality come into alignment" (Greig *et al.*, 2007:1).

However, after considering the work of various commentators and economists, such as Donaldson (1973), Landes (1998) and the Commission for Africa (2005), they

regard it as understandable that contemporary commentators may view this development agenda a failure. For example, they note that even only three decades after the start of the renewed focus on development, Donaldson (1973) describes the development gap between rich countries and poor countries as one of the greatest economic problems. Almost half a century after World War II, the problem persisted. Landes (1998) states that inequality between the rich and the poor is the most significant problem facing the twenty-first century. Unfortunately, even in the twenty-first century, we are still not able to combat the problem: The Commission for Africa (2005) emphatically described the state of inequality in Africa as the greatest scandal of our age.

As has been pointed out at the start of this chapter, it is not easy to define poverty and inequality, because they have a variety of dimensions. In the case of inequality – and the same applies for poverty – several economic statistics can be used to confirm the persistence of inequality. As Greig *et al.* (2007) mention, these economic statistics individually cannot really cater for the impact of all the dimensions linked to inequality, and the social dimensions of poverty. Nevertheless, all these economic statistics confirm the widening gap between the rich and the poor.

In attempting to addressing this problem, the UN has classified income inequality into inequality across nations, inequality within countries, and inequality across the world. In addition, by virtue of the analysis in Section 2.4.4, one can say that although each of the measures of deprivation has flaws, together they do provide a starting point in addressing deprivation.

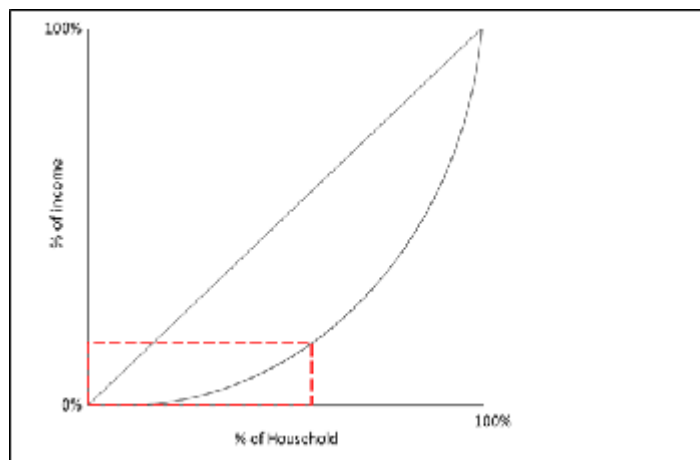
### **2.4.1 Gini Coefficient Index**

As the regression aggregation in Table 2.11 shows, all nations experience some form of inequality. The Gini Coefficient Index is used to measure the degree of inequality (Greig *et al.*, 2007). The Gini Coefficient Index uses the distribution of income to measure inequality (Greig *et al.*, 2007). This is done through assigning a country with a perfect income distribution a value of 0, and a country where one person receives all the income a value of 100.

“Income inequality has increased in many countries over the last few decades, as the wealthiest individuals have become wealthier while the relative situation of people living in poverty has improved little” (UN, 2013:21). In their report *Inequality Matters*,

the UN reviewed inequality based on income and Gross Domestic Product (GDP) and revealed that the world's high-income countries, which house a mere 16% of the world's population, generate 55% of global income, while low-income countries, which represent 72% of the world's population, create only little more than 1% of global income. Furthermore, the report reveals that the GDP per capita for the sub-Saharan African region in 2010 was \$2,014 versus that of the European Union, at \$27,640, and that of North America, at \$41,399 (UN, 2013).

### 2.4.2 Lorenz Curve



**Graph 2.3: Lorenz Curve**

(Source: Studies in Poverty and Inequality Institute, 2007:45)

The Studies in Poverty and Inequality Institute (2007) explains the derivation of the Gini coefficient by referencing the Lorenz Curve (see Graph 2.3), which assists in tracking and determining changes in inequality over time.

The curve works as follows: by using the graph and assuming this is T<sub>0</sub> (representing a point in time), the graph shows that 50% of the population earns about 15% of the income.

If we plot another graph for T<sub>1</sub> (representing a second point in time) according to the Lorenz methodology, if the curve lies within the 45% line and T<sub>0</sub> curve, inequality has decreased, and *vice versa*.

### 2.4.3 A South African perspective

South Africa, with its colonial and apartheid past, faces enormous challenges when it comes to inequality. The inequality of the country stems from years of racial division where a few benefited from the riches of the country. This view is supported by commentators such as Hoogeveen and Ozler (2006), as well as Van der Berg (2010).

In understanding inequality in a South African perspective, we need to have a sense of the country's history. Hoogeveen and Ozler (2006:59) explain: "Apartheid in South Africa officially came to an end with the democratically held elections in 1994, and its wake left a population with vast inequalities across racial groups." They refer specifically to the poverty line and the Gini coefficient, and mention inequalities of basic service provision. For example, using a poverty line of R322 (prices for the year 2000), at least 58% of the total South African population (68% of the black population) was living in poverty, while poverty in the white population was, by comparison, very low. They calculated the Gini coefficient for 2006 at 0,56, which made South Africa one of the world's most unequal countries. In addition, the country's distribution of basic services was very unequal: while Asians and whites enjoyed almost 100% access to piped water, only a quarter of Africans had access (Hoogeveen and Ozler, 2006).

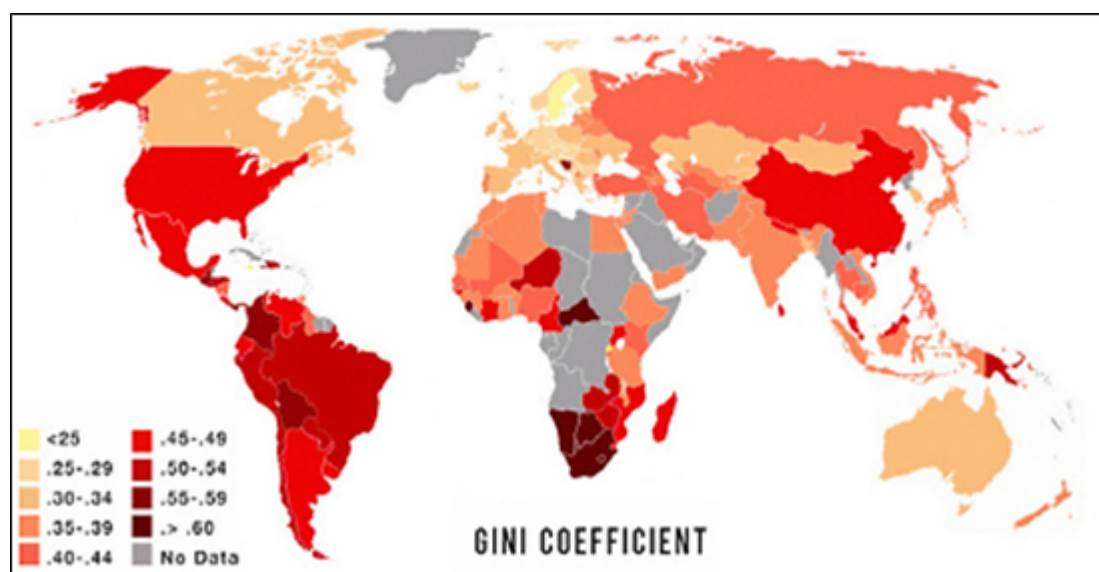
Van der Berg (2010) also refers to the unequal distribution of resources and opportunities as evidence of inequality in the South African context. He warns that for a country such as South Africa, which is regarded as an upper-middle income country, its social indicators show remarkable similarities to those of lower-middle and even low-income countries. Van der Berg (2010) agrees with Hoogeveen and Ozler (2006) that the country's apartheid history has played a large part in the inequality experienced today. However, he maintains that this is only part of the explanation, positing that "[i]n a poor pre-colonial society, colonial settlement and then the mineral discoveries laid the basis for a highly dualistic economy that was from the outset highly inegalitarian" (Van der Berg, 2010:3). He argues that the spoils of the land were distributed along racial lines, first by the British colonialists, and then by the apartheid government. This skewed developmental and economic growth along racial lines too. As a result, he claims, because the privileged few were satisfied by these policies, and resource regimes were in the minority, the growth in the economy did not translate into the eradication or a reduction in inequality (Van der Berg, 2010).

By the time the new South Africa dawned, inequality was so deeply entrenched that it required the new government to put in place immediate and effective policies and programmes to address the persistence of inequality. For this reason, as Hoogeveen and Ozler (2006:59) mention, the government instituted various programmes. For

example, in 1994, the Reconstruction and Development Programme (RDP) was launched. Its main goals “were job creation through public works programmes, redistribution through land reform, and major infrastructure projects in housing, services and social security”. In 1996, the RDP was followed by the Growth, Employment and Redistribution (GEAR) programme, which was launched as the government’s formal macro-economic plan. Its main objectives were to increase growth and stimulate job creation (Hoogeveen and Ozler, 2006).

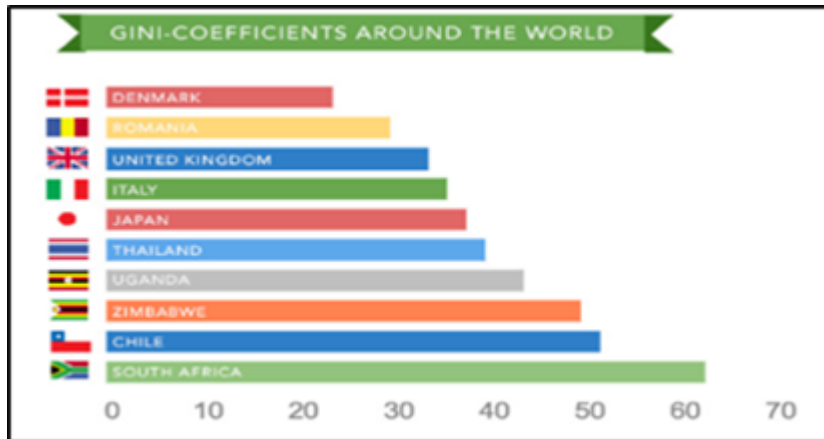
These programmes were designed to assist in addressing inequality, but it is clear from the data that South Africa still has a long way to go in achieving this goal. *Engineering News* (2018) reveals that South Africa remains one of the most unequal countries, with a Gini coefficient of 0,63 and rising – they warn that since 1994, when these programmes were introduced, inequality has worsened.

The findings cited by *Engineering News* (2018) are in line with those given by Rawson Property Group (2017:3) who highlights the following empirical facts about wealth distribution in South Africa: “10% of the population continues to earn more than 50% of the household income”, “the poorest 40% of the population account for less than 7% of the household income” and “the poorest 20% account for less than 1,5% of the income in South Africa”. The inequality in South Africa is depicted in Graph 2.4, which compares South Africa’s Gini coefficient to that in the rest of the world, as does the map in Figure 2.16.



**Figure 2.16: Gini coefficient around the world**

(Source: Rawson Property Group, 2017:1)



**Graph 2.4: Gini coefficient around the world**

(Source: Rawson Property Group, 2017:1)

From Graph 2.4 and Figure 2.16, it is clear that South Africa remains among the world's most unequal countries, with a Gini coefficient of 0,63. This can be ascribed to the racially divided past of the country where resources were allocated in an unequal manner.

## 2.5 Development theory: Unemployment

This dissertation identifies three plagues of deprivation: poverty, inequality and unemployment. As with poverty, most people know what unemployment is, but defining the essence of unemployment is a bit more difficult.

In this regard, Mohr, Fourie and associates (2008:498) acknowledge that unemployment is generally understood as referring to someone “who is searching for a job but cannot find one [and is therefore] unemployed”. However, they have also identified the following questions that complicate the definition:

- What about the person who is not actively looking for a job?
- What about the person who only has part-time work?
- What about the person who only works certain weeks/months?
- What about the person making a living from the informal sector?

From Mohr *et al.*'s (2008:498) comments it is clear why researchers find it so difficult to define and measure unemployment. There are generally two accepted definitions of unemployment that are measured: the strict definition and the expanded definition.



### **2.5.1 Definition**

According to Altman (2003:159) strict and expanded definitions of unemployment can be distinguished as follows:

- The strict definition refers to “the acceptable international norm focused on ‘strict’ (or ‘official’ or ‘narrow’) measures that include only workers still actively looking for work”.
- The “‘broad’ (or ‘expanded’) definition includes those parts of the labour force that say they would like to work but have become discouraged”.

Mohr *et al.* (2008:498) concur with Altman (2003) and provide more detail on the strict definition, defining an unemployed person as someone who

- is 15 years or older;
- is not in self-employment or remunerated employment;
- was available for self-employment or remunerated employment in the seven days preceding the interview; and
- took specific steps to find paid employment or self-employment during the four weeks before the interview.

Furthermore, they maintain that the expanded definition excludes the requirement of taking specific steps to obtain self-employment or remunerated employment during the four weeks before the interview.

### **2.5.2 Measuring unemployment**

The difficulty in measuring unemployment is explained by Altman (2003), who states that measuring unemployment was new around the turn of the century, and cautions researchers that since 1990 Statistics South Africa (StatsSA) has made several changes to the calculation. She argues that the Labour Force Survey (LFS) is the most reliable source of information.

Currently, StatsSA uses the Quarterly Labour Force Survey (QLFS) to determine the official employment and unemployment rates for South Africa. This survey is published quarterly, based on data collected on labour market activities, and considers persons between the ages of 15 and 64 years.

For January to March 2018 StatsSA (2018a) published the following results, based on the first quarter of 2018 versus the first quarter of 2017:

- South Africa's working-age population increased by 153,000 (0,4%);
- the employment rate increased by 206,000;
- the unemployment rate increased by 100,000; and
- the unemployment rate (strict definition) was at 26,7%, unchanged from the previous quarter.

In addition, the results showed that the formal sector had the most gains, reflecting a growth of 111,000. By contrast, the transport sector recorded a decline of 41,000 jobs and mining 14,000. StatsSA also revealed that even though the unemployment rate was unchanged at 26,7%, it had increased in seven out of the nine provinces, with Mpumalanga (with unemployment up by 3,5%) and the Northern Cape (with unemployment up by 2,4%) being the poorest performers. These indicators are summarized in Table 2.12.

**Table 2.12: Key labour market indicators**

	Jan-Mar 2017	Oct- Dec 2017	Jan-Mar 2018	Qtr-to- qtr change	Year- on- year change	Qtr-to- qtr change	Year- on- year change
	Thousand				Percent		
Population 15-64 yrs	37 061	37 525	37 678	153	618	0.4	1.7
Labour Force	22 426	22 051	22 358	30.7	-68	1.4	-0.3
Employed	16 212	16 171	16 378	206	165	1.3	1.0
Formal sector (Non-agricultural)	11 337	11 244	11 355	111	18	1.0	0.2
Informal sector (Non-agricultural)	2 681	2 808	2 901	93	220	3.3	8.2
Agriculture	875	849	847	-3	-25	-0.3	-3.3
Private households	1 319	1 270	1 275	5	-45	0.4	-3.4
Unemployed	6 214	5 800	5 980	100	-234	1.7	-3.8
Not economically active	14 634	15 474	15 320	-154	686	-1.0	4.7
Discourage work-seekers	2 277	2 538	2 787	249	510	9.8	22.4
Other (not economically active)	12 357	12 936	12 533	-403	176	-3.1	1.4
Rates (%)	27.7	26.7	26.7	0.0	-1.0		
Unemployment rate	43.7	43.1	43.5	0.4	-0.2		
Employed / population ratio (Absorption)	60.5	58.8	59.3	0.5	-1.2		
Labour force participation rate							

(Source: StatsSA, 2018b:6)

The next table, Table 2.13, enables a closer look at the unemployment figures per province. Seven out of the nine provinces reflected an increase in unemployment with Mpumalanga being the worst performer, with an increase of 3,5%. This

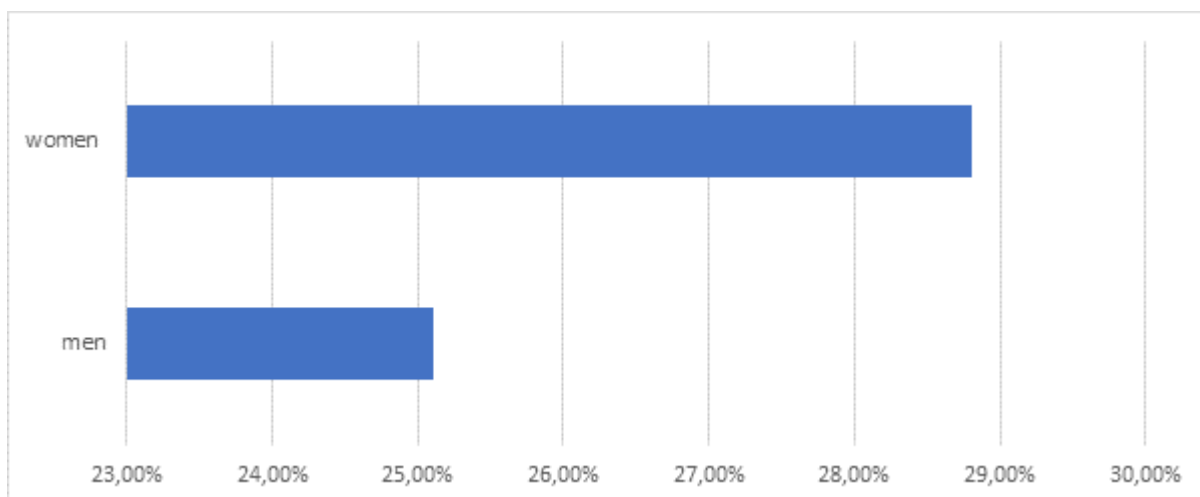
increased the province's unemployment rate (official or strict unemployment rate) to 32,4%, making it the province with the third highest unemployment rate in South Africa by March 2018. The Eastern Cape had the highest unemployment rate, at 35,6%. The Eastern Cape Province also reflected the highest rate if the expanded definition of unemployment was used, at 46%. The unemployment rate by province in Table 2.13 reflects these results in more detail.

**Table 2.13: Unemployment per province**

	Official Unemployment rate					Expanded Unemployment Rate				
	Jan-Mar 2017	Oct-Dec 2017	Jan-Mar 2018	Qtr-to-qtr change	Year-on-year change	Jan-Mar 2017	Oct-Dec 2017	Jan-Mar 2018	Qtr-to-qtr change	Year-on-year change
	Percent			Percentage points		Percent			Percentage points	
South Africa	27.7	26.7	26.7	0.0	-1.0	36.4	36.3	36.7	0.4	0.3
Western Cape	21.5	19.5	19.7	0.2	-1.8	24.7	23.0	22.5	-0.5	-2.2
Eastern Cape	32.2	35.1	35.6	0.5	3.4	43.6	44.5	46.0	1.2	2.5
Northern Cape	30.7	27.1	29.5	2.4	-1.2	43.9	40.5	41.0	0.5	-2.9
Free State	35.5	32.6	32.8	0.2	-2.7	41.7	39.0	38.4	-0.6	-3.3
Kwazulu-Natal	25.8	24.1	22.3	-1.8	-3.5	41.0	41.0	40.6	-0.4	-0.4
North West	26.5	23.9	25.8	1.9	-0.7	41.7	40.6	41.8	1.2	0.1
Gauteng	29.2	29.1	28.6	-0.5	-0.6	32.0	33.7	33.6	-0.1	1.6
Mpumalanga	31.5	28.9	32.4	3.5	0.9	41.2	39.7	42.5	2.8	1.3
Limpopo	21.6	19.6	19.9	0.3	-1.7	38.2	36.8	37.6	0.8	-0.6

(Source: StatsSA, 2018b:12)

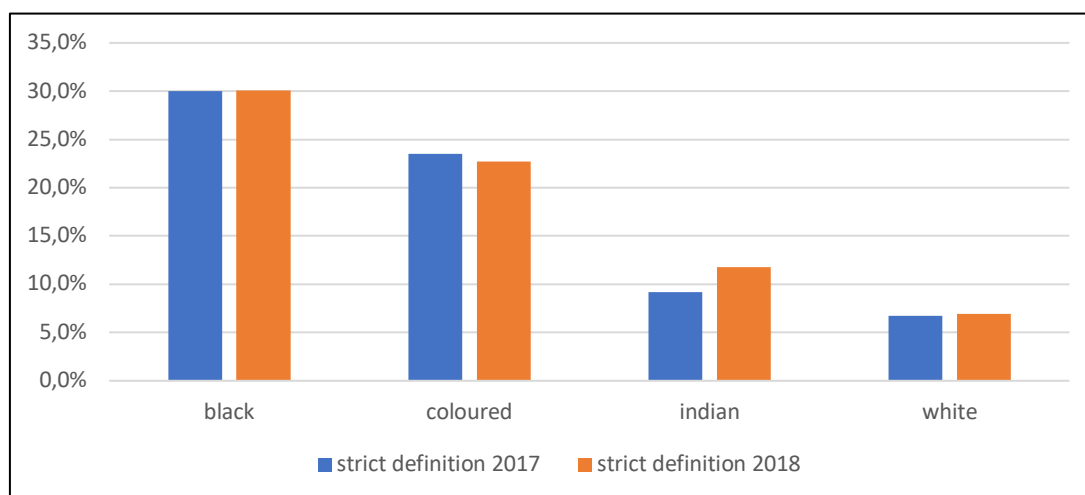
The quarterly labour force survey (StatsSA, 2018b) also revealed that the unemployment rate for women was 26,7%, which implies that only 7,2 million of the total women's labour force of 10,1 million were employed during the first quarter of 2018. This contrasts with the men's statistics, which shows an unemployment rate among men of 25,1%. The survey recorded that out of a population of 18,6 million men, 12,2 million were considered to be part of the labour force. Of the 12,2 million, a total of 9,2 million are employed. The contrast between unemployment rates per gender are depicted in Graph 2.5.



**Graph 2.5: Unemployment by gender**

(Source: StatsSA, 2018b:23)

Regarding the population groups, the statistics revealed that unemployment was highest among black people, at 30,1%, with only 12,2 million employed out of a total labour force of 17,5 million. Furthermore, StatsSA (2018a), unsurprisingly, given the country’s history, records the white population group as having the lowest unemployment rate, at 6,9%, with a labour force participation rate of 67,9%. These results are illustrated in Graph 2.6. Further details are set out in Table 2.14.



**Graph 2.6: Unemployment rates by racial group**

(Source: StatsSA, 2018a:21)

**Table 2.14: Employment statistics by race group**

	Jan-Mar 2017	Apr-Jan 2017	Jul-Sep 2017	Oct-Dec 2017	Jan-Mar 2018	Qrt-to- Qrt change	Year-on- year change	Qrt-to- Qrt change	Year-on- year change
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Percent	Percent
<b>Indian/ Asian</b>									
Population 16-44 yrs	992	994	998	998	1 000	2	9	0.2	0.9
Labour Force	624	608	607	699	602	2	-22	0.4	-3.8
Employed	544	526	541	544	530	-14	-13	-2.5	-2.4
Unemployed	80	80	66	55	71	16	-9	29.0	-11.4
Not economically active	368	388	389	399	399	0	31	0.0	8.4
<b>Rates (%)</b>									
Unemployment rate	12.9	13.3	10.9	9.2	11.8	2.6	-1.1		
Employed / population ratio (absorption)	54.8	52.9	54.3	54.5	53.0	-1.5	-1.8		
Labour force participation rate	62.9	61.0	61.0	60.0	60.1	0.1	-2.8		
<b>White</b>									
Population 16-44 yrs	3 028	3 020	3 012	3 003	2 986	-8	-3.3	-0.3	-1.1
Labour force	2 109	2 033	2 048	2 048	2 035	-11	-7.4	-0.8	-3.6
Employed	1 969	1 918	1 890	1 909	1 894	-15	-7.6	-0.8	-3.8
Unemployed	139	115	156	137	141	3	1	2.5	1.0
Not economically active	919	987	966	957	960	3	42	0.3	4.5
<b>Rate (%)</b>									
Unemployment rate	6.6	5.7	7.6	6.7	6.9	0.2	0.3		
Employed / population ratio (absorption)	65.0	63.5	62.8	63.6	63.2	-0.4	-1.8		
Labour force participation rate	69.7	67.3	67.9	68.1	67.9	-0.2	-1.8		

(Source: StatsSA, 2018b:21)

### 2.5.3 History of unemployment in South Africa

The uneven spread of unemployment percentages is not an accident but design, according to Altman (2003), who maintains that what we see today in the South African economy regarding the levels of unemployment is the result of the apartheid era. Consequently, she argues, this disparity in unemployment is related to the policy decisions made during the apartheid era, which had at its foundation policies that promoted separate development. As an example of these policies, she refers to the adverse education policies and population control which imposed constraints on labour suitable for a middle-class economy and resulted in diminished household income for the majority of the population. She also referred to barriers to entry into the marketplace: "At the same time, markets were constrained by a closed economy and legal constraints to black entrepreneurship amongst others" (Altman, 2003:158).

#### **2.5.4 Types of unemployment**

The history of South Africa's unemployment as depicted in Section 2.5.4 also gave shape to the types of unemployment still found in the country's labour market today.

Mohr *et al.* (2008:499) argue that "the most basic distinction is between voluntary and involuntary unemployment". They describe voluntary unemployment as referring to those people who do not want to work, while involuntary unemployment refers to those that are willing and able to find work but have been unable to do so.

They acknowledge, however, that these basic definitions are questionable, and agree with authors such as Nipun (n.d.) and the Reserve Bank of Australia (n.d.) in this regard. Accordingly, they have identified four types of unemployment: frictional, seasonal, structural and cyclical unemployment. These are defined as follows:

- Frictional unemployment refers to the period between jobs, when a person moves from one job to another or a person is looking for his/her first job. This is a temporary type of unemployment and is not considered serious.
- Seasonal unemployment arises because some kinds of labour are only required at certain times of the year, such as some kinds of fruit picking, or in the tourism industry, where more jobs are available during peak season. The same may apply in the retail industry, where, for example, there is an increase in jobs during the Christmas season.
- Structural unemployment occurs when there is a mismatch between the skills required and the skills available. It also refers to the restructuring of jobs because of changing conditions in an industry.
- Cyclical unemployment recognizes the change in the demand levels in an economy. A lack of demand may be brought about by a recession in the economy, and this leads to increased levels of unemployment.

#### **2.6 Development as rural empowerment**

To gain an understanding of the term "rural development", the term "development" in a rural community environment has to be understood first. According to Todaro and Smith (2015:24), development is both a "physical reality and a state of mind". They argue that development is a multifaceted state through which communities find a

better way of life. In addition, they claim that any development in a society must include the following three objectives:

- “to increase the availability and widen the distribution of basic life-sustaining goods”;
- “to raise levels of living”; and
- “to expand the range of economic and social choices.”

The University of London (n.d.) notes that while development as a discipline has been around for some time, rural development is a relatively new concept and only emerged in the 1960s. They start off by broadly defining “rural” as referring to an area with a low population where agriculture dominates the landscape and economy, and transport and communication need to cover large distances.

The broad definition of rural development as improving the standard of living of people in rural areas is in line with the definition used by AgrilInfo (2015), who admits that there is no universally accepted definition of the term “rural development”, because the meaning of the term depends on the context. The concept is used to denote the improvement of the quality of life of people living in rural areas. As a phenomenon, “it is the result of various physical, technological, economic, socio-cultural and institutional factors” (AgrilInfo, 2015:1), and as a discipline, it is multi-disciplinary in nature, “representing an intersection of agricultural, social, behavioural and management of sciences” (AgrilInfo, 2015:1).

In South Africa, the framework for development has its foundations in the *Constitution of the Republic of South Africa* (RSA, 1996). Olivier, Van Zyl and Williams (2010), in their article “Rural development within the context of development, sustainability and rural issues – some constitutional, policy and implementation perspectives” highlight the constitutional functions of the three spheres of government in implementing development. The *Constitution* defines the roles and responsibilities of the three spheres of government, and it makes specific mention, in section 152 (RSA, 1996), to the objectives of local government, pertaining to development, including rural development. These objectives are (cited verbatim):

- Providing local communities with accountable and democratic government;
- Sustainable services to communities;
- The provision of social and economic development;
- The promotion of a safe and healthy environment; and

- Boosting the involvement of communities and community organizations in the matters of local government.

Rural development implementation has gone through several phases since the 1950s. Zoomers (2014:232) has identified six conceptual phases of rural development, as listed in Table 2.15.

**Table 2.15: Phases of rural development**

Period	Phase
1950s	Green revolution
1960s to 1970s	Land reforms and/or Agricultural colonization
1980s to today	Integrated rural development
1990s to today	Pro-poor growth/ achievement of MDG (Millennium Development Goals)
2007/2008 to today	Land governance, land titling, codes of conduct and responsible investment.

(Source: Zoomers, 2014:232)

Todaro and Smith (2015) are proponents of rural development based on people-oriented development. They suggest that there are three necessary conditions to realize this objective. These are land reform, supportive policies and integrated development objectives.

This review of the literature concludes that most observers define rural development as the process of improving the livelihoods of people living in rural areas. In the case of South Africa, the responsibility for legislative proclamations and the role and responsibilities of the various actors in this arena are defined by the *Constitution*.

## 2.7 Development as local economic imperative

In addressing the central question of this study namely *How can socio-economic development investment address persistent poverty in small towns?* it is imperative not only to focus on the social development aspects but also to analyse economic development, thereby ensuring that the recommended solutions have a sustainable impact in addressing elements of deprivation such as poverty, unemployment and inequality.

To understand this imperative, it is important to distinguish between economic growth and economic development. Economic growth may occur, but this does not automatically translate to a reduction in poverty, unemployment or inequality. This was highlighted in the 1950s and 1960s when, although developing countries



reflected high growth rates, the scourges of poverty, unemployment and inequality persisted. That period also marked the formulation of economic development theories, the most notable of which was Rostow's (1959) five stages of economic development. These five stages included traditional society, the preconditions for take-off, the take-off, the drive to maturity, and high mass consumption stages (Rostow, 1959).

Like many of his contemporaries, Rostow (1959) believed that savings, investment and foreign aid were the keys to economic development. This assumption was supported by organisations such as the IMF and the World Bank, who postulated that developed countries should support developing countries in these areas. This approach is also known as the "capital fundamentalism" approach.

A major flaw of these theories was that they were based on industrialised countries and were not necessarily applicable to the developing world. Mohr, Fourie and associates (2008) note the dissatisfaction with these theories in developing countries, especially those in Latin America. The criticism from such countries has led to a redefinition of economic development as the "reduction or elimination of poverty, inequality and unemployment in a growing economy" (Mohr, Fourie and associates, 2008:523).

Critiques such as these indicate that while it is important to understand the macro-economic environment, it is just as important to understand the local economic development (LED) environment. Hence, Swanepoel and De Beer (2016) emphasise the importance of economic development in an LED environment, and argue that while LED can be defined broadly, it must be recognised that each community has its own economy. These local economies in rural towns are made up of some employment in the formal sector, but also to a large extent from the informal sector. Furthermore, it is evident that "the economic environment is very important in community development and the management of scarce resources" (Swanepoel and De Beer, 2016:22).

The notion expressed by Swanepoel and De Beer (2016) regarding the importance of economic development in a local context was previously highlighted by the DPLG (2007). According to the DPLG, "each local economy has its own strengths" (DPLG, 2007:18) and that each has its own comparative advantage. The DPLG (2007) further argues that the economic opportunities of each local economy depends on its

own conditions, circumstances and potential. Therefore, strategies and development plans should be crafted out of these unique local experiences.

Hence, this sub-section conceptualises the term local economic development (LED) through developing an understanding of LED, presenting the objectives of LED and reviewing the contemporary challenges of this approach.

### ***2.7.1 Local Economic Development (LED) conceptualized***

While there are various definitions for LED, they all conform to the broader definition of development which relates to the improvement of people's standard of living. Commentators and organisations define LED as an approach or a process. Department of Cooperative Governance and Traditional Affairs (CoGTA) (2020) defines LED as an approach that leads to the improvement of the quality of life for local residents. They maintain that this should be achieved through inclusive cooperation to achieve sustainable economic growth and development. Therefore, CoGTA "encourages local people to work together to achieve sustainable economic growth and development thereby bringing economic benefits and improved quality of life for all residents in a local municipal area" (CoGTA, 2020:1).

In addition, the Organisation for Economic Co-operation and Development (OECD) (2003) defines economic development as a process, one which is unlike conventional public service delivery where the stakeholders within a locality are known. The OECD argued that economic development occurs "both within government spheres and within markets where factors well outside the control of local and provincial governments impact upon the outcome" (OECD, 2003:11).

The Education and Training Unit (ETU) (n.d) highlights the importance of LED in addressing poverty. It argues that to ensure the creation of jobs, LED should focus on growing the economy, and that job opportunities should be created by establishing businesses and factories in municipal areas. In addition, the ETU (n.d.) argues that the Integrated Development Planning (IDP) process should be used to promote growth in the local economy, postulating that this should be done by getting stakeholders to come together "to reach agreement and take decisions to make the economy grow and create income opportunities for more people, especially the poor" (ETU, n.d.:1).

LED is also seen as a focus on participation and dialogue. In this regard, the International Labour Organisation (ILO) notes that LED is more than just economic growth, because it allows for participation of stakeholders, furthering the local discourse, and promotes the connection of people and resources with the overarching aim of creating better employment and a better lives (ILO, 2020).

As indicated in conceptualising LED, a distinction should be made between economic growth and economic development. United Cities and Local Governments (UCLG) (2020) argues that while economic growth is important, it is not the only objective of economic development and that economic growth is not an end in itself but “one important means by which people strive to enhance their well-being” (UCLG, 2020:1). Furthermore, they maintain that further objectives of LED should include inclusivity, providing support to the marginalised, and that environmentally sustainable development and economic development must be informed by cultural policies (UCLG, 2020).

Therefore, LED is both a process and an approach, one that promotes economic growth through participation, connecting people and resources and uses processes such as the IDP in creating jobs, reducing poverty and addressing inequality.

### **2.7.2 Local Economic Development objectives**

As indicated in the preceding section, LED is focused on changing people’s standard of living by means of suitable processes and approaches. CoGTA (2020) points out that the objectives of LED include ensuring macro-economic growth by enhancing local economic growth, thus promoting and maximising local economic potential. In addition, they argue that one of the main objectives of LED should be to create more jobs to address unemployment, and to ensure that such job creation is done in a sustainable manner. The South African Local Government Association (SALGA) agree that the objectives of LED should be to ensure “reduced poverty levels, higher employment, better equality” (SALGA, 2010:8).

CoGTA (2020) also acknowledges that LED interventions are best placed at the level of local political jurisdictions which are tasked with accountability, have been democratically elected, and also carry legitimacy. In addition to the objective of maximising local economic potential and creating jobs, CoGTA (2020:1) also highlights the following areas of support provided by LED:

- development and review of national policy, strategy and guidelines on LED;
- provision of direct and hands-on support to provincial and local government;
- management of the Local Economic Development Fund;
- management and provision of technical support to nodal economic development planning;
- facilitation of coordinating and monitoring of donor programmes; and
- assistance on LED capacity building processes.

Based on the conceptual definitions of LED, the UCLG (2020) concludes that key elements of LED should include participation, leadership and coordination by local government, integration across sectors through LED plans, flexible LED initiatives that vary depending on the local needs and conditions, and development of inclusive, resilient communities. Furthermore, Nel and Binns (2003:172) argue that some of the reasons for initiating LED include the need to provide a response to prevailing levels of unemployment, to respond to business closures, to stimulate the local economy, to address economic decline and poverty, and to co-ordinate local initiatives.

Therefore, it can be concluded that the main objectives of LED are to maximise the local economic growth potential of small towns by facilitating collaboration and creating an enabling environment.

### **2.7.3 Local Economic Development challenges**

As can be expected, a number of challenges face the implementation of LED. Because LED depends on an enabling environment, it requires an environment that allows for short-term economic opportunities and sustainable economic growth. Nel (1997:291) identified the following LED challenges: funds shortages, non-repayment of small business loans, the inability of the community and local authorities to fund the process, and total reliance on external funding.

Empirical findings regarding unemployment and inequality suggest that the implementation of municipally driven LED interventions do not always have the desired results. For example, Sibisi (2009) comments that the LED interventions introduced by various municipalities have had limited success. He ascribes these failures to four key gaps, namely the information gap, the strategic gap, the institutional gap and the financial gap.

An information gap is also identified by Wekwete (2016) in his paper delivered to the CLGF Southern Africa Regional Conference, in which he states that a lack of information, and more specifically local information, is one of the prevailing challenges in LED planning and implementation. In addition, Wekwete also identified the challenges of incomplete decentralisation, the failure to ensure a common understanding of LED, to manage expectations and ensure long-term commitments, a lack of capacity within local authorities (political and technical) and the impact of external forces (Wekwete, 2016:7).

Challenges were also acknowledged by CoGTA (2017), which identified areas such as conceptual, institutional, financial and collaboration problems in a report on the review of the National Framework for Local Economic Development (2006 – 2011) that was launched by the local Government MinMEC. CoGTA (2017:5) raised issues such as uncertainty around the meaning of LED, poor intergovernmental relations on LED, the absence of productive partnerships and a clear communication and knowledge sharing programme, capacity constraints, a differentiated approach to LED support, the lack of funding for LED, poor investment in economic information and the absence of a dedicated focus on supporting an inclusive economy.

In conceptualising LED, it must be recognised that economic growth does not translate to economic development. This is emphasised by the first and second economies of South Africa. This point was highlighted by the DPLG (2006) as a further challenge to LED. Initially, it was postulated that growth in the ‘first’ economy would create jobs and assist with addressing poverty. However, as the DPLG (2006:12) notes, the “modern ‘global first economy’ of South Africa has been growing but growth mainly rewards capital and international corporations and returns insufficient reward to labour to dismantle the second economy”.

The literature suggests that LED should play an important role in furthering the government’s goals in addressing poverty, unemployment and inequality, but, according to Cohen (2010:11) there are a “number of key issues to be addressed and challenges to be overcome before this will be a reality”. In this regard, in a SALGA LED Position Paper – March 2010, Cohen (2010) expresses similar points to those made by authors such as Nel (1997), Sibisi (2009) and CoGTA (2017), that some of the key challenges facing LED in South Africa are a lack of common understanding and inter-governmental relations. Cohen (2010:11) identifies the

following key issues and challenges facing LED in South Africa: an increasing urban-rural divide in LED processes and practices, the practical spatial constraints of economic planning at a very local level, a lack of effective LED “networks” in many areas, the inability of many local authorities to clearly define a LED strategy within the broader IDP process, and a lack of planning resources and capacity.

In summary, the challenges facing planning and implementation of LED in South Africa are linked to issues of collaboration – inter-governmental, as well as between government, NGOs and business sectors. Conceptualisation, referring to the understanding of both approach and roles, is problematic. There is a lack of financing, exacerbated by the lack of credit worthiness of municipalities. Furthermore, there are constraints relating to capacity regarding resources, skills and overall capacity within local governments LED units and information.

## **2.8 Development as the purpose of action**

To make a lasting impact on the socio-economic landscape of small towns, any proposed approach must consider its sustainability. Sustainable development touches on many elements that have a direct effect on socio-economic development in the public sector. These elements include economics, leadership, government and policymaking, as authors such as Bruyninckx, Happaerts and Van den Brande (2012) and Hess (2016) argue.

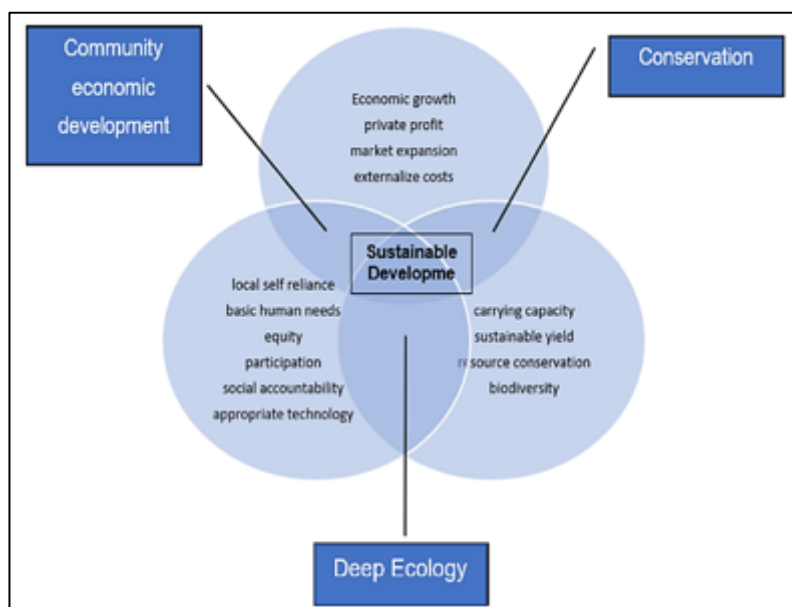
Flowing from the discussion of governance in Section 2.9, various authors, including Ayre and Callway (2005), argue that for a good developmental foundation, governance for sustainability is important. Furthermore, Hunter (1997), Lafferty (2004), and Hamilton (2007) maintain that for sustainable development the emphasis should be placed on the implementation, the management and measurement of sustainable development.

According to Blewitt (2010:i), sustainable development is both an idea and a process: an idea that the future should be better, and a process that should allow us to see our lives as part of a “larger entity”. He argues that sustainable development requires a holistic view of the world and that it is an ever-changing concept as we and the world change. He cautions against using dated frameworks just because they have always been used – we should rather acknowledge that sustainable development practitioners should be open to change.

The Brundtland Report, *Our Common Future* (WCED, 1987:41), defines sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. The report was ground-breaking and is also credited with coining the phrase “sustainable development”. The report explains that the term contains two key concepts: needs (which the report refers to as the need(s) of the poor) and limitations (technology and placed) which restricts organizations meeting both present and future needs.

Since 1987, further conceptualization by authors such as Rogers *et al.* (2010) led to the three concepts embodied in sustainable development: economic, environmental and social development. They concur with Blewitt (2010) that sustainable development is a “dynamic process of change” (Roger *et al.*, 2010:42). More importantly, Roger *et al.* (2010) recognize that the way resources and investment are directed must be consistent with the needs. Furthermore, they make a linkage between sustainable development, environment and poverty, and caution that the circle of poverty and development, resource depletion and degradation, has to be broken if development is to be sustained.

Rogers *et al.*'s (2010) view is in line with Ivanova's (2005) argument that sustainability rests on three pillars: economic, environmental and social development. She claims that sustainable development governance can only be attained if the three pillars are equally strong and independent. Similarly, Bell and Morse (2003, cited in Kelly, n.d.) identified the three



**Figure 2.17: Integration between ecological, economic and social (community) development**

(Source: Bell & Morse, 2003, cited in Kelly, n.d.)

elements of sustainable development as community economic development, conservation and deep ecology, as depicted in Figure 2.17.

From the prior literature, it can be inferred with a high degree of confidence that sustainable development is a vital link in addressing the key thrust of this study, which is socio-economic development in small towns. The literature shows that the policies around the techniques used in the allocation of resources are crucial to the sustainability of development. In the local public sector environment, a key policy of such implementation is the Local Economic Development plans that all local government is required to have. Based on the above review, it is clear that it is important for these plans to be formulated taking cognizance of the definitions and concepts of sustainable development.

## **2.9 Development as a political application**

The science of politics and social science play an important role in formulating and analysing the subject matter of the current study, because the topic is rooted in the public domain and thus is inextricably connected to the area of political science. Even though the study topic is not undertaken in the social or political sciences arenas, the impact of these sciences has far-reaching effects on the outcomes of this study.

Researchers and commentators on the subject admit that Political Science as a discipline is an all-encompassing field. Most concur that the bare basics of political science is that “the ‘state’ is the central theme of Political Science. It is the study about the state, its origin, its nature, its structure, its functions” (Kumar, n.d.:6). Political Science can be defined according to its two components, which are politics and science (Kumar, n.d.:6). Like so many fields of study, the study of politics has its foundation with the Greeks – Aristotle (ca 330 BC) is known as the father of Political Science and it was he who coined the word ‘politics’ and transformed it into an academic principle (Kumar, n.d.:6).

Political Science and many of its definitions have been around for decades, if not centuries. Authors such as Van Dyke (1960) and Mackenzie (1967) have defined the elements of Political Science, but further attention also needs to be paid to Social Science and the role it plays in shaping the socio-economic development landscape. Therefore, various authors were consulted, including Giddens (1995), Kupcu (2005) and Rogers, Jalal and Boyd (2010), who highlight the importance of a participatory state, focusing more on the social dimensions.



For the purposes of the current study, it is helpful to consider the emphasis on the importance of Social Science by Bell and Morse (2003), who subscribe to the importance of community involvement in ensuring sustainability of development projects as advocated by Burkey (2003). More importantly they raise the basic point that all developmental approaches should be based on the question “which people are we talking about?” (Bell and Morse, 2003:3). Moreover, they state that understanding of the space in which people find themselves is important – here they are not only referring to a physical location, but also to socio-cultural dimensions. Consequently, they argue that community involvement is important for sustainable development and identified community development as one of the key components of sustainable development.

Therefore, by understanding the concepts of Political and Social Sciences, the study can draw more comprehensive conclusions and make better recommendations that would encompass all, or at least, most of the essential elements that have an impact on socio-development in small towns.

## **2.10 Development as a public value**

When one enters the public sector sphere, one engages with the need to ensure value to the public. Therefore, development decisions must be ethical decisions in accordance with the notion of public value, also known as the principles of good governance (Getsmart, 2017).

A broader understanding of governance can be achieved by considering the \*conceptualization of the construct by researchers and organizations, as well as guidelines or regulations that define governance. These guidelines or regulations are also expressed through policies legislation, for example, in South Africa, the *Municipal Finance Management Act (MFMA), 56 of 2003 (RSA, 2003)*, the *Local Government: Municipal Systems Act, 32 of 2000 (RSA, 2000)* and various best practice guides. These are explored in more detail in Chapter 3, which focuses on development transformation and policy, and takes a closer look at the relationship between legislation or policy and transformation.

The UN Economic and Social Commission for Asia and the Pacific (n.d.) defines governance in terms of processes, such as decision-making processes and the process(es) by which decisions are implemented, or not implemented. Fukuyama

(2013:3) argues that it also refers to the ability of governments “to make and enforce rules, and to deliver services”, irrespective of whether a government is democratic or not. He demonstrates this argument by mentioning the fact that an autocratic regime can be well governed, and a democratic government may suffer from maladministration.

The definition of governance is also explored by the UNDP as quoted by the UN (2006b:3) and states:

[T]he exercise of economic, political and administrative authority to manage a country's affairs at all levels. It comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences.

The literature points to the fact that governance is intertwined with governments' implementation of policy. According to Rothstein (2011), it is therefore not always easy to separate the normative end of government's responsibility from actual governance. He uses the example of a guard at a concentration camp to explain the principle at stake: the guard can execute all the prisoners as instructed, or the guard can be bribed to let some prisoners live.

While it is critical to understand governance in its broader definition, it is equally important to understand what *local* governance is. To bring this notion closer to the realm of local government, UN Habitat (2005:4) expanded on its 2002 definition and has redefined governance as follows:

[T]he many ways in which individuals and institutions, public and private, work towards ensuring that the common affairs of the city are streamlined and effectively deployed, is in fact one of the critical determinants in dealing with urban poverty.

The International Centre for Parliamentary Studies (2018) noted that prior to 1990, the World Bank focused on capitalization and state reforms which led to civil service retrenchments, but the World Bank soon realized that many of the challenges that developing countries face are mainly due to governance. In 1993, the World Bank's definition of governance centred around development and the method of management of economic and social resources, and politics (World Bank, cited in International Centre for Parliamentary Studies, 2018:1) – a further example of how important both administrative governance and political governance are in enhancing socio-economic development in the public sector. The importance of emphasising

good governance and its contribution to macro-economics and sustainable growth was also realized by the IMF, which in 1997 informed governments that they must align themselves to the principle of good governance to qualify for funding from the IMF (Considine, 2005).

The United Nations Educational, Scientific and Cultural Organization (UNESCO) (2017) makes the point that there is a tendency to compare governance with management, but that the two concepts are not identical. UNESCO (2017) argues that management is responsible for “the planning, implementation and monitoring functions in order to achieve pre-defined results”, while governance refers to the “parameters under which management and administrative systems will operate” (UNESCO, 2017:1). The differences are summarized in Table 2.16.

**Table 2.16: Difference between governance and management**

Governance	Management
<ul style="list-style-type: none"> <li>• <b>Formulation of goals, setting of norms, vision, policies and strategies.</b></li> <li>• <b>Oversight, monitoring and evaluation of management and organization Oversee management and organizational performance</b></li> <li>• <b>Oversight to ensure goals are attained and making sure the organization act within expected norms and standards</b></li> </ul>	<ul style="list-style-type: none"> <li>• “Run the organization in line with the broad goals and direction set by the governing body”</li> <li>• Adherence to the vision and mission in the implementation of decisions</li> <li>• Continues communication on progress to the governance bodies also ensuring educations of these bodies</li> <li>• Efficient response to request for information</li> </ul>

(Source: UNESCO, 2017:2-3)

Like the UN’s 2017 conceptualization, UN Habitat’s Report (2005) also alludes to the relationship between governance and local government. It defines governance as more than government. At the municipal level, it can be defined as the sum of the ways in which individuals and institutions (public and private) plan and manage their common affairs. In line with this notion and in support of the parameters indicated by UNESCO, many governments have introduced various regulations, policies and guidelines to assist in the implementation of good governance. Some of the South African ones relevant here are *The Constitution of the Republic of South Africa Act, 108 of 1996* (RSA, 1996), the *Municipal Structures Act, 117 of 1998* (RSA, 1998a), the *Local Government: Municipal Systems Act, 32 of 2000* (RSA, 2000) and the *Municipal Finance Management Act (MFMA), 56 of 2003* (RSA, 2003), as well as various guidelines, such as the *Best Practice in Municipalities Guide* (RSA, 2006b),

developed by the then Department of Provincial and Local Government, now the Department of Cooperative Government and Traditional Affairs (CoGTA).

The *Best Practice in Municipalities Guide* (RSA, 2006b:58) notes several characteristics of good governance, which (in addition to the normative governance characteristics already noted in the literature review) include elements relevant to the local conditions in South Africa. Good governance must do the following (RSA, 2006b:58):

- be participatory;
- be consensus-oriented;
- be accountable;
- be legitimate;
- be transparent;
- be responsive;
- be efficient and effective;
- be inclusive and equitable;
- be empowering and enabling, and
- follow the rule of law.

These characteristics enable those who practise good governance to give effect to the legislation, specifically to the *MFMA* (RSA, 2003), which requires transparent and effective financial management in municipalities, and the *Constitution* (RSA, 1996), which promotes community involvement.

Furthermore, the *Local Government: Municipal Systems Act* states that a “municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance” (RSA, 2000:19). The importance of community participation is further emphasized by the *Municipal Structures Act*, which states: “A municipal council must develop mechanisms to consult the community and community organizations in performing its functions and exercising its powers” (RSA, 1998a:14).

The importance of a participating community is stressed by the UN in its report on the state of African cities, which states that institutions must be complemented by multi-party systems and should also be accompanied by active “participating civil society” (UN, 2010:39).

The literature thus suggests that governance has a key role to play in addressing socio-economic development, and this is especially relevant in rural towns. It is also noted that governance exists in three different forms: political, economic and local governance. These forms of governance give the implementers of new policies a set of parameters or a framework in which to work. It is therefore also critical to understand the concept of leadership in terms of the implementation of policies.

### **2.10.1 Policy development and analysis**

From the arguments in the opening of Section 2.10, it is clear that an understanding and an analysis of policies driving development in the public sector are important. A policy is born out of historical events and is based on human decisions (Kay, 2006). Policies are thus influenced by the legacy of the past and are mindful of the future with all its uncertainties (Kay, 2006). In his book, *Understanding public policy*, Dye (1972:2), also quoted by Kay (2006) defines public policy as “anything a government chooses to do or not to do”. A policy usually states an objective or what a desired state of affairs should be. This is no different for public policy, as Kay (2006:5) argues, noting that public policy is a set of objectives “or a desired state of affairs”.

In the context of socio-economic development, over the years, the South African government has developed and implemented several policies. The implementation of these policies has had various degrees of success. Some of the policies that the current study analysed include the Reconstruction and Development Programme (RDP), the Growth, Employment and Redistribution (GEAR) framework, the Accelerated and Shared Growth Initiative for South Africa (AsgiSA), the New Growth Path (NGP), the National Development Plan 2030 (NDP), the Urban Renewal Programme (URP), the Integrated Sustainable Rural Development Programme (ISRDP), the War on Poverty, Building Healthy Families (BHF) and Project Consolidate.

Policy analysis as defined by Dunn (2004) is a process of problem-solving. He argues that policy analysis is based on findings from the behavioural and social sciences and political philosophy – “policy analysis is a multidisciplinary inquiry” (Dunn, 2004:2). He adds that the objective of such a multi-disciplinary inquiry is to improve understanding of policies. This view is also held by Bardach (2012), who explains that policy analysis is both a social and a political activity. He argues that it

is more than personal decision-making: it involves the lives of communities. Furthermore, he compares policy analysis in the past and the role it plays today, which is a much more of a planning and development role.

Policy analysis and studies can be defined as either having a long history or a short past. If one defines the study of policy as having the objective of advising policy makers, then it has a long history, but if one defines it as seeking to improve the institution with a systematic approach, then it has a short past (Gupta, 2001).

Weimer and Vining (2011:23-24) state that the definition of policy analysis can be as simple as “a statement linking a proposed action to a likely result” and they therefore define policy analysis as “client-oriented advice relevant to public decision and informed by social values”. They argue that there is a need for public policy analysis based on market failures, other limitations of competitive frameworks, distributional and other goals, and government failures.

Yin (1982:37) notes that prior to the 1990s there was very little interest in the study of policies, and “only a few observers even appreciated the need to understand why implementation failed or succeeded”, but that with broader interest in the study of policy making and institutional innovation, this has become a topic of interest. The parameters of the overall process are listed by Greenberg, Miller, Mohr, and Vladeck (1977) as follows: the decision process takes place over a long time; outcomes are too complex for a single-factor theory; there may be too many relevant participants; and special situations (agency context, historical moment in time and other key elements) may arise.

As indicated by Yin (1982), the subject of policy analysis has grown in leaps and bounds over the years. Researchers have developed a variety of methodologies and approaches in evaluating and analysing policies, for example: Yin (1982), Gupta (2001), Dunn (2004), Weimer and Vining (2011), and Bardach (2012).

Dunn (2004) explains that policy analysis has different forms and categories. These forms are integrative analysis and segmented, descriptive and normative analysis, problem-finding and problem-solving, and retrospective and prospective analysis. He argues that the main feature of evaluation in policy analysis is establishing value and states that it has “several characteristics that distinguish it from other forms of policy-analytical methods” (Dunn, 2004:357). These characteristics are the following: focus,

based on value, interdependence, based on fact-value; present and past positioning; and value based on duality.

He identifies the following approaches to the evaluation of policy performance: “pseudo-evaluation, formal evaluation, varieties of formal evaluation and decision-theoretical evaluation” (Dunn, 2004:367). Methodologies in evaluating policy performance include using different techniques with policy-analytic methods. He gives examples of how these methods can be used and highlights the following methods in relation to the objective of the evaluation (Dunn, 2004:367): argumentation analysis, gross-impact analysis, discounting, and graphic displays, index numbers and control-series analysis.

In addition, Dunn describes procedures to collect relevant information about a given policy or programme, arguing that “the major instrument for collecting information is an interview protocol with a series of open-ended questions” (Dunn, 2004:367) – the answers to these questions provide the information required to complete the analysis of programmes or policy performance.

According to Bardach (2012), the process of problem-solving involves a beginning, which is referred to as defining the problem, review alternatives against criteria and decide on an alternative. In his generic process, he identifies the following steps that will assist in evaluating policies and programmes and allow for a systematic analysis (Bardach, 2012:1-70):

- Step One: problem definition;
- Step Two: Collect some evidence;
- Step Three: Build the alternative;
- Step Four: Criteria selection;
- Step Five: Outcomes projection;
- Step Six: Analyse the trade-offs;
- Step Seven: Decision; and
- Step Eight: Report on the issue and process

Gupta (2001:63) argues that the evaluation phase of policy analysis is the most important. It centres around two key questions: “Does the policy meet the greater needs of society and is it achieving its goals?”. He furthermore argues that the impact

of a policy can be evaluated on different levels, specifically, policy output, performance evaluation, policy outcomes and feedback (Gupta, 2001).

For a more systematic technique, Weimer and Vining (2011) recommend a cost-benefit analysis that allows for estimating the efficiency impact(s) of policies. This technique was introduced in the 1930s, and initially analysts found it difficult to use. The technique has become more widely used as economists developed techniques to monetarize impacts that could previously not be quantified. Weimer and Vining (2011). acknowledge that the use of this technique depends on whether efficiency is the only value and to what extent the important impacts can be monetarized.

There are a multitude of approaches that can be used to evaluate the performance of programmes and policies. As this study is located in an area with multi-dimensional impacts, it requires an approach that includes a combination of techniques as described by Dunn (2004).

### **2.10.2 Public and administrative law**

This study is focused on the development of small towns in the context of the investment decisions to be made in a legal framework. This framework plays out in the realm of public and administrative law.

Authors such as Murphy and Tanenhaus (1972), Rosenbloom (1986) and Burke (1977), the Public Law Project and various dictionaries such as the *Duhaime Law Dictionary* and the *Merriam-Webster Dictionary* provide insight into this area of the public and administrative law. Murphy and Tanenhaus (1972) state that prior to the 1950s, Public Law was a sub-discipline of Political Science and argued that political scientists should concern themselves with the legal system. Furthermore, they point out the relevance of Public Law in relation to judicial decisions, in as far as these have political consequences. A more common definition of Public Law is centred around the state. Duhaime (n.d.) defines Public Law, in relation to government, as having four components: regulation, conduct, responsibilities and relationship. Regulation refers to the laws that govern the government, how government conducts itself in its dealings with the citizens, government employees' responsibilities.

The Public Law Project concurs with the notion that public law is related to the public authority and makes a distinction between public law and private law; private law "governs the relationships between individuals and private companies" (Public Law



Project, 2017:3). This distinction is also made by Burke (1977), who divides Public Law into Constitutional Law and Administrative Law. He defines Constitutional Law as the law that regulates the relationship between various divisions of government, and Administrative Law as the law that controls the activities of government.

Ultimately, Public Law and Administrative Law promote good governance and more specifically give leaders the parameters within which they must fulfil their functions, as well as the authority to deliver services to the community. The central theme of the study area is focused on evaluating government's endeavours to address local socio-economic challenges, as well as reviewing investment and investment decision approaches. It is therefore critical to understand the parameters within which any new approaches need to be developed.

### **2.10.3 Public finance**

From the literature reviewed in Section 2.9.2 it is clear that a government's role and responsibility is defined in laws. Just as the King III report (Institute of Directors in Southern Africa, 2009) governs private enterprises regarding good governance, including financial governance, so public finance is governed by the law. The responsibilities and functions of the public service are regulated by laws and regulations, including the *Constitution of the Republic of South Africa Act, 108 of 1996* (RSA, 1996), the *Public Finance Management Act (PFMA), 1 of 1999* (RSA, 1999b), the *Municipal Finance Management Act (MFMA), 56 of 2003* (RSA, 2003), the *Municipal Structures Act, 117 of 1998* (RSA 1998a), the *Local Government: Municipal Systems Act, 32 of 2000* (RSA, 2000), the *Division of Revenue Act, 3 of 2016* (RSA, 2016), and the *Division of Revenue Bill, 2017* (RSA, 2017b).

The "State" is a term that has been used over the years to refer to governments at all spheres. In the economic and social sense, it is referred to as the "public sector". The State is primarily in the business of "wants"; in other words, it must balance the needs of communities with the resources available (Hicks, 1968). In addition, Hicks (1968) points out that the State's decisions are not made by market determinations, but through policy, as determined by representatives of communities. Public finance is no exception. Newman (1968) explains that the origins of public finance can be traced back to the origin of the state and argues that this has pertained since humanity passed the basic stage of social development. Public finance was born from the

requirement of the State to employ some method of provisioning (Newman, 1968). His definition of public finance includes the “employment of resources and the effect of such resources on the private economy” (Newman, 1968:1), where he defines “employment of resources” not only in the sense of acquisitions, but also in the sense of the effect on transfer payments and receipts.

A broad definition of public finance is put forward by Gruber, a Professor of Economics at MIT, who sees public finance as “the study of government’s role in the economy” (Gruber, 2007:6). To give a further explanation of this broad term, he argues that the study of public finance is centred around the following four questions:

“When should a government intervene in an economy; How might the government intervene; What are the effects of those interventions on economic outcomes and Why do governments choose to intervene in the way they do?” (Gruber, 2007:6).

He summarizes the answer to these questions as follows: once a government has decided to intervene, it should decide which policy option at its disposal should be used. Once the government has intervened, it should measure the impact of the interventions, and this, he argues, can be done by using the imperial economics approach. To conclude, he emphasizes concern relating to the fact that through its intervention, government can actually worsen the problem (Gruber, 2007).

Nsingo (2007) focuses on the financial management aspect of public finance and the relevant role-players. The government must provide a wide range of services to “improve social welfare and make people happy” (Nsingo, 2007:40). To realize this mandate, the government needs to have the necessary revenue streams and make decisions on the allocation of these resources in order to address the mandate.

Nsingo (2007) identifies the following role-players in public finance management:

- the legislature;
- the Auditor General;
- the Public Protector;
- members of the executive authority;
- members of the administrative authority; and
- the Reserve Bank.

He explains that the legislature is the supreme institution of social representation and makes public finance laws. The legislature in a South African context is known as the

Parliament, and it consists of two houses: the National Assembly and the National Council of Provinces (Nsingo, 2007). Allocations to different government departments, provinces and municipalities are approved by an Act of Parliament and departments can only use these funds once the allocations have been approved.

In conclusion, the literature in this section gives an indication of which methods are available and what results prior researchers have produced as well what key methodological issues have been addressed. This provides for a conceptual framework to the research project and forms a backdrop for the research project as it is positioned in the broader discussion.

## **2.11 Conclusion and deductions**

In addressing the research question of how socio-economic development investment can address persistent poverty in small towns, the dissertation identifies and conceptualizes the underlying themes, which are poverty and development. To this end, Chapter 2 sets the scene and guides the dissertation.

The significance of this chapter is the fact that it starts directing the research design by identifying critical areas of socio-economic development. This information is further used in moulding the interviews and focus group discussions, as discussed in Section 5.2. Furthermore, Sections 2.1 to 2.6 identified dimensions of poverty, indicators and measures which form key inputs to the ultimate development of the response to the research question.

The key objective of this chapter was to clarify the key concepts relevant to the study area such as poverty and development. Chapter 1 noted that poverty remains high and Chapter 2 has expanded on this element by focusing on the concept, definitions and the various related measurements. Furthermore, in Chapter 1, it was noted that rural poverty in South Africa is double that of urban poverty. Therefore, in this chapter the study reviewed the prior literature on this and related topics. The result of this review is that there is a need for such a study.

This chapter has conceptualized the study area of the dissertation through reviewing what has been published and comments relating to the study area. In this sense, the chapter further explored the current situation through a literature review focused on developing an understanding of the various components of the study area.

Therefore, in working towards achieving the aim of the dissertation, which is to develop a sustainable investment approach to activate socio-economic development, this chapter has considered specific components such as development as a state of existence, by enhancing understanding of key concepts such as poverty, inequality and unemployment. The chapter has also reviewed the context in which these components exist, such as rural empowerment and political application. Furthermore, the chapter reviewed public value through policy development, regulations and public finance.

It is recognized that, even though the study area of this dissertation does not fall completely into the social or political science arena, it stands to reason that the impact of these sciences has a far-reaching effect on the outcome of the study. To this end the chapter has highlighted the importance of these sciences and their bearing on the central question of the study. The chapter has also highlighted the importance of good governance by recognizing that when one enters the sphere of government, as indicated above, one enters an arena of public value. The chapter has explained the importance of understanding the different types of governance and compared governance with management.

The dissertation seeks to address the key question of how socio-economic development investment addresses persistent poverty in small towns and therefore it is important to note that these socio-economic investment decisions are translated into policies which are governed by laws. Thus, Chapter 2 has focused on understanding the processes of policy development and both public- and administrative law to ensure that when it addresses the question, the dissertation takes into account the processes in policy development.

Once the policies are approved, they are further translated into programmes, such as the Bolsa Familia programme in Brazil, and financial channels are needed to facilitate the transfer of resources. These transfers are governed by public finance regulation; hence, the chapter looked at government's role in the economy and provided an overview of the specific regulations that facilitate the flow of resources.

In developing frameworks to address the central question of the dissertation, predictably, these frameworks have to take into consideration sustainability: it is argued that for lasting impact on the socio-economic landscape of small towns, any proposed approach must consider its sustainability. The chapter has thus

endeavoured to demonstrate this in Section 2.11 (Development as the purpose of action).

The main deductions that can be drawn from this conceptualization section is that even though many development theories and implementation strategies have been developed, it is still estimated that more than 700 million people remained in extreme poverty in 2015. Furthermore, the chapter demonstrates that while there has been some progress towards reducing the triple scourge (poverty, inequality and unemployment), human suffering continues. The literature review in this chapter revealed that unemployment remains stubbornly high in South Africa, at 26,7% in 2019, and that South Africa remains one of the most unequal countries in the world with a Gini coefficient of 0,63 in 2018.

Finally, the review of the literature has also revealed the importance of resource allocation and that the policies surrounding the techniques used in the allocation of resources are crucial to the sustainability of development. It is further acknowledged that for any intervention to succeed, it needs to be sustainable. And, to give impetus to sustainable development, the next chapter reviews various developmental transformation policies.

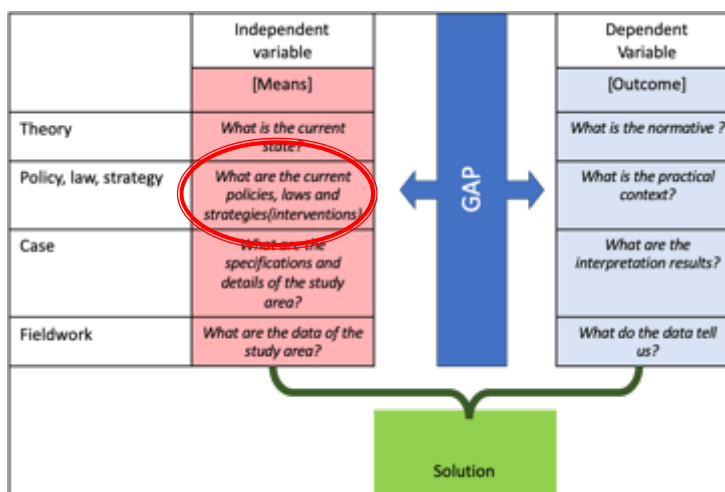
## CHAPTER 3: DEVELOPMENT TRANSFORMATION AND POLICY CONTEXTUALIZATION

### 3.1 Introduction

Both civil society and corporate society must play a key role in the sustainable development agenda, whether the focus is energy, the climate or economics. Panayotou (1997), the Organization for Economic Co-operation and Development (OECD, 2015) and the World Business Council for Sustainable Development (2016) all argue that it is crucial for the public

sector to create that enabling environment. For this reason, the second category, as defined by the dissertation design and methodology (see Figure 1.3) is focused on understanding these policies.

In the previous chapter, the independent variable was reviewed in the theory category by reviewing the relevant literature regarding the various elements of the central question of the dissertation (*How can socio-economic development investment address persistent poverty in small towns?*). In this chapter, an in-depth look is taken into the second category, which refers to policy, law and strategy. These policies, legislation and strategies have been developed and initiated by government through its various powers and functions to create an enabling environment. The powers and functions relating to local government are delineated in various Acts such as the *Municipal Structures Act, 117 of 1998* (RSA, 1998a), the *Local Government: Municipal Systems Act, 32 of 2000* (RSA, 2000) and the *Municipal Finance Management Act (MFMA), 56 of 2003* (RSA, 2003). These Acts



**Figure 3.1: Dissertation structure: Policy, law and strategy**

Source: Own compilation

are detailed in the various relevant sections in the dissertation. These Acts are in themselves a detailed response to the *Constitution's* objectives.

This chapter seeks to address not only the objective of contextualizing policy and pieces of legislation, but also to address the objective of reviewing various development intervention vehicles.

It is important to consider these issues – Mohr *et al.* (2008:524) recognize policy and legislation as “the fundamental causes of under-development”. In recent years, economists have placed much emphasis on understanding key elements of these causes. Mohr *et al.* (2008) have identified following three fundamental ones: institutional causes, geography and culture. Table 3.1 illustrates their understanding and description of these three causes.

**Table 3.1: Fundamental causes of underdevelopment**

Fundamental cause	Description
<b>Institutional cause</b>	<ul style="list-style-type: none"> <li>• Human-devised constraints</li> <li>• Constraints shaping human interaction</li> <li>• Incentives to which humans react</li> <li>• Causes relating to political, legal and regulatory frameworks including               <ul style="list-style-type: none"> <li>○ property rights</li> <li>○ laws</li> <li>○ the Constitution</li> <li>○ traditions and markets</li> </ul> </li> </ul>
<b>Geography</b>	<ul style="list-style-type: none"> <li>• Physical and geographical environment including the climate and ecology impact on productivity and health</li> <li>• Location (e.g. benefiting from development in neighbouring countries)</li> </ul>
<b>Culture</b>	<ul style="list-style-type: none"> <li>• Diverse cultures because of different experiences and religions               <ul style="list-style-type: none"> <li>○ determine values, preferences and beliefs and</li> <li>○ ultimately help shape economic performance</li> </ul> </li> </ul>

(Source: Adapted from Mohr *et al.*, 2008:524-525)

In order to unpack these causes, it is vital to understand local conditions. Firstly, in the form of institutional causes, Table 3.1 implies the impact of institutional arrangements through the involvement of key public servants and the various elements to consider when involving them in promoting development. In addition, this cause also notes the importance of political, legal and regulatory frameworks in activating development. This makes the case that for any development investment framework to succeed, these elements need to be in place. Secondly, Mohr *et al.* (2008) argue that geography plays an important role in development. Therefore, it is important to note that location is an important element to be recognized in developing

a socio-economic development framework. Finally, Mohr *et al.* (2008) concur with Burkey (1993) that cultural differences must be considered in order to address under-development actively and to further socio-economic development.

As has been explained in Chapter 2, economic growth and economic development are not the same. This implies that growth in the GDP does not automatically translate into economic development. After defining some of the causes of under-development, Mohr *et al.* (2008:525) therefore maintain that economic development is a process that “involves economic, social and political change”. They also argue that these processes include a wide range of policy measures, using the RDP policy as one example of such a development policy.

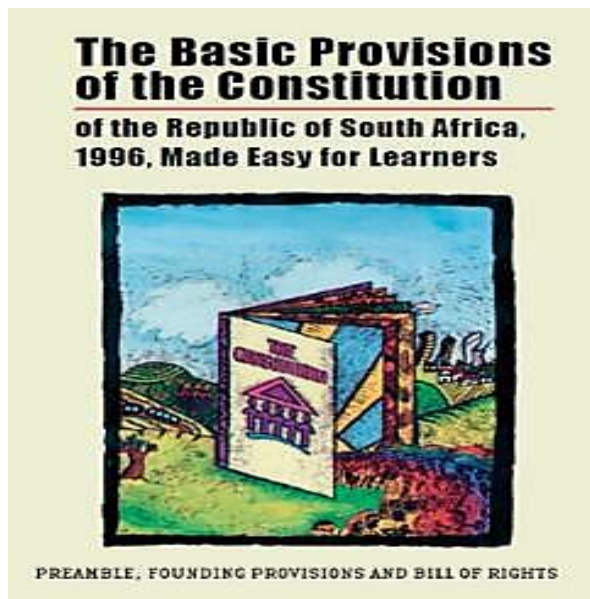
Hence, to understand how socio-economic development can address persistent poverty in small towns in South Africa, we need to contextualize the policy and legal environment. To this end, this chapter focuses on the most fundamental piece of socio-economic transformative legislation in South Africa, the *Constitution of the Republic of South Africa* (RSA, 1996). In addition, the chapter reviews policy measures that allow for rural development and for an enabling development environment by means of strong institutional structures, such as appropriate governance and leadership structures. As already mentioned above, the chapter also reviews the intervention vehicles developed by the South African government. The purpose of this chapter is thus to evaluate relevant policies against the backdrop of creating an enabling environment for development transformation. To this end, the chapter focuses on key elements of the transformation agenda which include socio-economic transformation, rural empowerment, planning, land use management, pro-public leadership, public value and intervention vehicles.

### **3.2 Socio-economic transformation and policy**

Policy development has always been a key aspect of the development of and for citizens, since government intervention should protect all citizens. This should include all those people who are marginalized through inequality. The development of appropriate policies is a governmental function. Since government is responsible for all its citizens, the focus on a transformation agenda is an important one. This has become more and more prominent of late, with the South African government adopting social transformation as its main campaign going forward.



Transformation policies take on the form of high-level policies that set the scene for legislation and implementation strategies and focus on various sectors of society.



**Figure 3.2: The Constitution**

(Source: Department of Justice and Constitutional Development, 2018:1)

goods. To understand a constitution, one must know the difference between “constitutional-function” and “constitution-as-form”, where they define “constitution-as-form” to relate to a formal written charter, while the “constitution-function” refers to laws, theories and interpretations (SOAS University College of London, n.d.). They also agree with the principal investigators of the Comparative Constitutions Project (cited in SOAS University College of London, n.d.), which identified three conditions that assess whether the status of laws can be deemed to be a constitution: explicit identification of documents as basic law of a country, fundamental law and its constitution; explicit identification of documents as the highest law; and a document which defines the basic design of authority by creating or stopping an executive or legislative branch of government.

The *Constitution of the Republic of South Africa Act, 108 of 1996* (RSA, 1996) was developed to enable the country to transform itself to overcome its historical past under the apartheid regime to become a democratic society. In this regard, the Department of Justice and Constitutional Development (2018:1) states:

These cross-cutting policies and legislation are activators for the implementation of socio-economic transformation. In South Africa, these policies and laws are guided by the *Constitution*.

The SOAS University College of London (n.d.) highlights the integral part that any country’s constitution plays in everyday lives, as well the fact that such constitutions form the basis for governments across the world. They explain the purpose of any constitution is both creating power and limiting the power of institutions. Therefore, all constitutions are directly linked to the provision of public

Most Constitutions emerge out of special circumstances. South Africa underwent a radical transition from the oppressive apartheid regime (a system founded on parliamentary sovereignty) to a constitutional democracy committed to the creation of a society based on democratic values, social justice and fundamental human rights.

Hence, the *Constitution* is the supreme law of the country, and determines (as defined above) and gives power to government and limits these powers. According to the Department of Justice and Constitutional Development (2018:1), the basic provisions of the *Constitution* can be summarized as follows:

[I]t contains a body of principles according to which the state is to be governed; it sets out how all the elements of government are organized; it contains rules about what power is wielded, who wields it and over whom it is wielded in the governing of the country; it is a kind of contract between those in power and those who are subjected to this power; it defines the rights and duties of citizens, and the mechanisms that keep those in power in check.

As mentioned above, South Africa emerged from the oppressive apartheid system to a new democracy, and the *Constitution* is the foundation of this democracy. The *Constitution* forms the cornerstone of the country's attempts to address the inequalities of the past. It entrenches the following values that guide both citizens and the government (RSA, 2018a:1):

- the promotion of human rights, human dignity, freedoms and the achievement of equality;
- no discrimination relating to race or sex;
- supreme law refers to the *Constitution* and the rule of law; and
- “a vote for every adult citizen, one national voters' roll for all citizens, regular elections and a multi-party system of democratic government.”

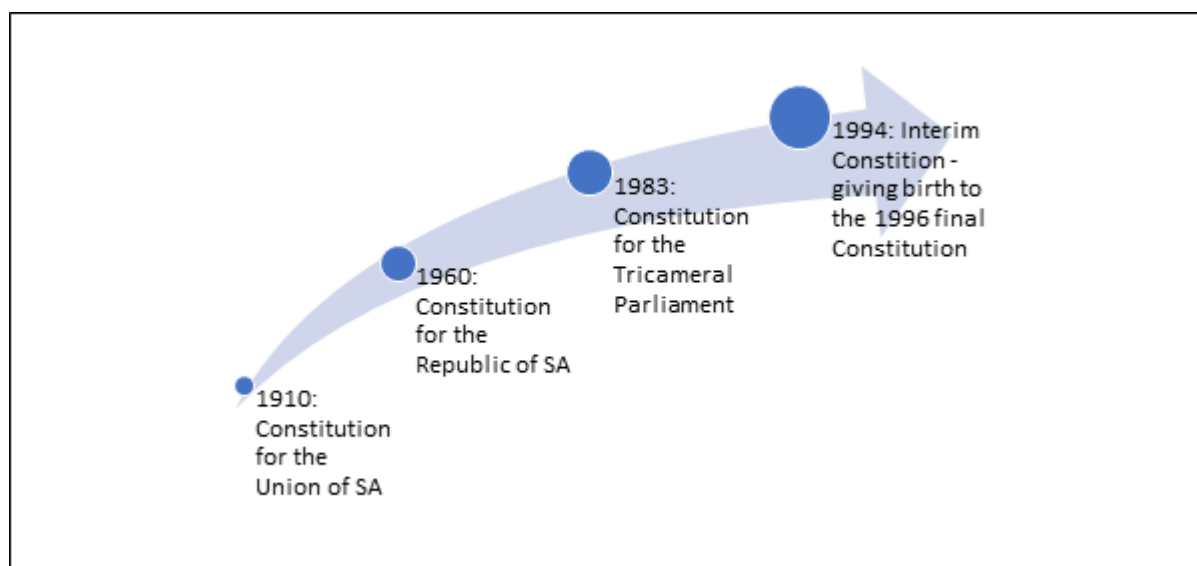
A review of the history of South Africa's *Constitution* (RSA, 1996) reveals that the new *Constitution* was developed over a period between May 1994 and October 1996. This *Constitution* was not only the result of the negotiations at the time but was also influenced by experiences in other parts of the world (SAHO, 2011). According to South African History Online (SAHO, 2011), the development of our *Constitution* spans more than nine decades. The process started with a peace treaty, the Treaty of Vereeniging,



**Figure 3.3: Signing of the Treaty of Vereeniging 1902**

(Source: SAHO, 2011:1)

in 1902, which marked the end of the South African War (formerly called the Second Anglo-Boer War), which eventually led to the then Union of South Africa's first *Constitution*. Needless to say, this *Constitution* was drafted in an unrepresentative convention. The second *Constitution* was also born from what many describe as a peace treaty, in 1983. In total, South Africa had four constitutions prior to the current one, and their history is summarized in Figure 3.4.



**Figure 3.4: The four constitutions of South Africa**

(Source: SAHO, 2011)

The final *Constitution* adopted by Parliament in 1996 has as its main objectives the protection of the rights of all South Africa's citizens and defines the institutions and their powers, as well as how these powers may be used (RSA, 2018a). The

*Constitution* thus contains chapters (sections) that specifically address these matters. These chapters are Chapter 3 – Co-operative Governance, Chapter 4 – Parliament, Chapter 6 – Provinces, and critically for this dissertation, Chapter 7 – Local Government.

These chapters are crucial to ensure socio-economic transformation as they ascribe specific functions to the three spheres of government (national, provincial and local government), in relation to co-operative government and intergovernmental relations. Some of the key principles highlighted by the *Constitution* are the requirement to “secure the wellbeing of the people of the Republic; provide effective, transparent and coherent government for the Republic as a whole and to co-operate with one another in mutual trust and good faith” (RSA, 1996:1269).

In summary, the *Constitution* was born from a past that has seen the exclusion of most of the people living in the country from power and is the result of three preceding constitutions and an *Interim Constitution*. It seeks to protect citizens through key values and principles and defines the institutions as well as their powers and the way in which the institutions may use these powers. These institutions are further tasked with developing legislation and policy that is in alignment with the *Constitution*.

In furthering the transformation agenda, this legislation and these policies *inter alia* focus on rural development, public leadership, public value and giving guidance to the development of intervention vehicles. These laws and intervention vehicles are explored in more detail below.

### **3.3 Rural empowerment and policy**

In addressing the inequalities of the past and deepening poverty levels in rural communities, it is crucial to understand the activation policies available for the empowerment of the rural poor. Rural empowerment is defined by Cupples (2005) as the ability of rural communities to participate actively in rural activities. In this regard, Cupples (2005) aligns himself with the thinking of Burkey (1993), who is, as we have seen in previous sections, an advocate for “putting people first”. Cupples (2005) suggests that empowerment is crucial, and as a result, rural development practitioners should always take the concept of empowerment into consideration. The definition of rural empowerment was also explored by Ferguson and Green (2000),

who maintain that rural empowerment involves many role players. These role players are the community, organizations, business and government. Empowerment, they argue, assists in improving people's ability to join forces and learn. These role players are further analysed in Chapter 4, where their importance in development activation is explored.

Aref and Aref (2011:352) conclude that rural empowerment can be summarized as follows:

The ability of [a] rural community to mobilize resources from within and to negotiate resources from beyond is an important step towards developing the skills and community structures necessary for rural empowerment. Prioritization also is essential because rural communities do not usually have the resources at their disposal to address all the domains, unless assisted by an outside agent.

Empowering rural communities through economic growth has not been sufficient to eradicate poverty, so since the 1960s, efforts have been concentrated on development, moreover, on rural development. As in the case of development, rural development is about change (Stockbridge and Dorward, 2014). To manage this change successfully, there needs to be co-ordination between the various stakeholders, which Stockbridge and Dorward (2014) identify as farmers, rural residents, government organizations, non-governmental organizations (NGOs) and other civil society organizations, donors, rural development professionals, researchers, private companies and business, and others. They caution that such co-ordination is challenging and identify key challenges such as "the relatively dispersed nature of rural populations, associated communications problems, and the uncertainties that are associated with dependence upon relatively unpredictable natural processes" (Stockbridge and Dorward, 2014:2).

The importance of collaboration in order to advance rural development is also recognized by the Department of Rural Development and Land Reform (RSA, 2017a), through the Minister, who maintains that to ensure effective implementation of rural economic transformation programmes, efficient co-ordination is critical. As a result, the Department has established various structures that include national, provincial and local government structures, as well as civil society structures. In terms of its mandate, the Department is tasked with developing policies and programmes to assist with radical social development transformation. The Department remains committed to deal with the triple challenges of poverty,

inequality and unemployment, according to the Deputy Minister, Mr M. Skhwatsha (RSA, 2011a).

The development of rural development programmes started after a shift in emphasis by the government in addressing the plight of the rural poor. After the initial introduction of programmes such as the Reconstruction and Development Programme (RDP) and the land redistribution programme, the government has changed its focus to more deliberately address rural poverty through specific programmes.

The Integrated Sustainable Rural Development Programme (ISRDP) was the first of these programmes to be introduced by President Mbeki's administration (Hart and Jacobs, 2018). The programme concentrated on 13 rural nodes and was managed by the Department of Provincial and Local Government. In 2009, this programme was superseded by the Comprehensive Rural Development Plan (CRDP) to address the triple challenge, especially in rural areas. Skhwatsha presented the plan in the Annual Report of the Department as having the objective "to empower rural communities with access to resources and services such as infrastructure, enterprise development and industrialization among others" (RSA, 2017a:8).

The CRDP was developed against a backdrop of poverty, inequality and high unemployment, with almost 12 million people living in poverty and "10 million of them in districts so marginalized that they are described as 'distressed'" (RSA, n.d.(a)). The South African government, though its official website, corroborates the statement by the Department of Rural Development and Land Reform that the main focus of the CRDP is to enable rural communities to take control of their lives through active participation. The government gave the following statistics to demonstrate the impact of the CRDP by its fifth anniversary (RSA, n.d.(f):1-2):

- A total of 834 134 hectares of land was acquired and distributed.
- A total of 712 067 smallholder producers, including those under the Recapitalisation and Development Programme (RADP) were supported through various initiatives
- Further support regarding access to water was provided to 10 271 resource-poor historically disadvantaged producers with the finalization of 2 073 water-use licences.

- Access to markets was facilitated for 33 341 smallholder producers with the establishment of 1 284 producer co-operatives and marketing depots.
- Institutional and community gardens were established which totalled in excess of one million household.
- In total, 2,8 million people received food through the Food for All Programme, including community nutrition development centres.
- The School Nutrition Programme was responsible to provide access to nutritious food through to about nine million learners gained.
- In total, 503 365 households gaining access to clean running water as a result of Infrastructure development
- Around one million households gained access to sanitation.
- In excess of 11 million households gained access to electricity.

Unfortunately, based on the findings of a qualitative study undertaken by Siyo-Pepeteka (2014) in the Dysseisdorp area, the programme has failed to achieve its main objective, which is participation by the community in rural activities. The study concludes that the involvement of the community was limited to giving information and that the decision and planning for implementation was developed by the officials (Siyo-Pepeteka, 2014). Furthermore, the research suggests that the benefits of the programme were captured by the elite in society and that the status quo remained, where decisions for the rural poor are made by the elite of the community and government officials. In summary, he identified the following contributing factors leading to the failure of full community participation: “stakeholder participation, including unrealistic expectations of job creation, the assumption of ‘collectivism’, political dynamics in the area and poor institutional design” (Siyo-Pepeteka, 2014:iii).

This conclusion is supported by Hart and Jacobs (2018), who maintain that the CRDP only offers more of the same, and that the expansion of the programme is merely based on the Integrated Sustainable Rural Development Programme. They reiterate the challenges with regard to community participation mentioned by Siyo-Pepeteka (2014) above. They concur that communities’ involvement was limited to the information provided through surveys:

...instead of engaging in participatory discussions and exchanges, the War on Poverty survey with its preconceived categories and ideas is the primary tool used in this exercise and simply elicits responses to predetermined questions. Residents have no space to provide their perceptions of their reality but must

rather respond to a national standardized questionnaire that ignores local circumstances and reasons for diverse local experiences. At no time do residents ever get the opportunity to engage with the data. (Hart and Jacobs, 2018:5)

In summary, the government is spending substantial amounts of money and other resources on rural development policies and programmes, but the ultimate objective is still not being achieved. Even though we have come to realize that growth alone does not guarantee that the plight of the rural poor will be addressed, it would seem from the above critiques that the implementation of the current development programmes is still squared in favour of the elite, as the decisions around implementation are made by officials without taking local conditions and local knowledge into account.

### **3.4 Planning and policy**

According to Van der Waldt (2002:1), “[a]n important consequence of local government transformation has been the changing nature of government-community interaction and exchange. Restructuring and complex societal needs, all contribute to the dynamic challenges local government are faced with”. His observation was borne out by a review of local government another 12 years on, the *Twenty Year Review – South Africa: 1994 – 2014* (RSA, 2014a), which acknowledges that, although the formation and structuring of local government was a smooth process, there are still several challenges that require attention. These include poor governance, a lack of accountability and capacity, skills shortages, financial and service delivery constraints, and changing demographics in municipalities (RSA, 2014a).

Van der Waldt (2002) argues that the main objectives of this new transformed local government are to create and facilitate an environment for communities to address matters that are relevant to their municipality. This view is supported by Madumo (2015:155), who maintains that the key objective of a municipality is “to create an environment for efficient and effective delivery of services to communities within a specific jurisdiction to create an environment”. In creating this environment, local government is mandated to ensure an inclusive planning process, which involves the development of Integrated Development Plans (IDPs) and land use management plans, also known as spatial development plans.



### **3.4.1 Development and planning for sustainable investment**

Local government is mandated through the *Constitution* to ensure that, when planning and budgetary processes are undertaken, these processes are inclusive. This implies that all aspects of planning that could have an impact on the local community should be developed with participation by the community (Madumo, 2015). For the process of Integrated Development Planning (IDP) to bear results, it must take the following into consideration: it is important for municipalities to ensure openness, transparency and accountability and commit to consulting and negotiating with the communities in good faith (Madumo, 2015).

The Education and Training Unit (ETU, n.d.:1), a Section 21 company that aims to contribute to transformation, development and democracy in South Africa, maintains that the main reason for having IDPs is to redress the legacy of the past. They maintain that an IDP is a method adopted by local government in developing future planning for their areas, and this planning is necessary because they inherited towns that, due to apartheid planning, have the following characteristics (ETU, n.d.:1):

- business and residential areas are racially divided;
- access to work and services through traveling was poorly planned, resulting in long travelling times;
- great disparity regarding service availability between the rich and the poor areas; and
- challenge to deliver cost effective service delivery due to apartheid style spatial planning.

They argue that, given this backdrop, local governments had to formulate a new approach, and this approach had to be based on development. As a result, they define an IDP as “an approach to planning that involves the entire municipality and its citizens in finding the best solutions to achieve good long-term development” (ETU, n.d.:2).

The Nelson Mandela Bay Metropolitan Municipality (NMB, 2006:7) describes an IDP as a key planning process that “ensures close co-ordination and integration between projects, programmes and activities, both internally (between clusters and directorates) and externally (with other spheres of government)”.

The IDP process is legislated, and Tables 3.2 and 3.3 describe this legislation.

**Table 3.2: Legislation governing IDPs**

Legislation	Description
<b>Constitution of the Republic of South Africa Act, 108 of 1996 (RSA, 1996)</b>	This Act stipulates that the needs of the community must be prioritized.
<b>Local Government: Municipal Systems Act, 32 of 2000 (RSA, 2000)</b>	This Act stipulates that an IDP must be developed in accordance with the legislative processes.
<b>Municipal Finance Management Act, 56 of 2003 (RSA, 2003)</b>	This Act provides for an alignment between the IDP and the budget.
<b>Local Government: Municipal Planning and Performance Management Regulations (RSA, 2001)</b>	“These Regulations make provision for the inclusion in the IDP of the following: (i) The institutional framework for the implementation of the IDP; (ii) Investment and development initiatives in the Municipality; (iii) Key performance indicators and other important statistical information; (iv) A financial plan; and (v) A spatial development framework.”

(Source: Adapted from NMB, 2006:7)

In addition to the legislative requirements, the NMB (2006) claim that the IDP holds many advantages and benefits, including the following:

- prioritisation and allocation of limited resources to areas of greatest need;
- achievement of sustainable growth and development;
- participation ensuring a democratised local government;
- development funding accessibility;
- a boost to both local and outside investment; and
- effective utilisation of available capacity.

It is acknowledged that the local government environment is an ever-changing environment and that such an important planning document cannot be a static document but should rather be a living document. For this reason, an IDP is prepared for a period of five years and is reviewed on an annual basis. This review process consists of five phases (RSA, n.d.(b):2), as depicted in Table 3.3.

**Table 3.3: IDP methodology and key outputs**

Phases	Key outputs	Time frame
<b>1 – Analysis</b>	<ul style="list-style-type: none"> <li>• Existing level of development assessment;</li> <li>• Priority issues or problems;</li> <li>• Information on causes of priority issues/problems;</li> <li>• Available resources information</li> </ul>	3 months
<b>2 – Strategies</b>	<ul style="list-style-type: none"> <li>• Vision;</li> <li>• Objectives;</li> <li>• Strategies;</li> <li>• Identified Projects</li> </ul>	2 months
<b>3 – Projects</b>	<ul style="list-style-type: none"> <li>• Performance indicators;</li> <li>• Project outputs, targets, location;</li> <li>• Project related activities and time schedule;</li> <li>• Cost and budget estimates</li> </ul>	2 months
<b>4 – Integration</b>	<ul style="list-style-type: none"> <li>• 5-yr financial plan;</li> <li>• 5-yr capital investment programme (CIP);</li> <li>• Integrated Spatial Development framework;</li> <li>• Integrated sectoral programme (LED, HIV, Poverty alleviation, gender equity etc);</li> <li>• Consolidated monitoring/performance management system;</li> <li>• Disaster management plan;</li> <li>• Institutional plan;</li> <li>• Reference to sector plans.</li> </ul>	6 weeks (1,5 months)
<b>5 – Approval</b>	<ul style="list-style-type: none"> <li>• Approved IDP for the municipality</li> </ul>	6 weeks – submission to MEC

(Source: RSA, n.d.a:2)

One of the key advantages of the IDP process, as mentioned by the NMB above, is community participation. This view is also expressed by the Department of Rural Development and Land Reform (RSA, 2012b), which points out that public participation is governed by the *Constitution* (RSA, 1996), which states that it is the responsibility of local government to involve communities and community organizations in matters relating to them. Furthermore, the Department refers to the *White Paper for Local Government* that emphasizes the importance of public participation. In addition to these two items of legislation, the Department (RSA, 2012b:22) also comments on the legislation in Box 3.1, pertaining to public participation.

- Section 151(1) (e) of the South African *Constitution*, obliges municipalities to encourage the involvement of communities and community organizations in local government.
- Section 16(1) of the *Local Government: Municipal Systems Act, 32 of 2000* requires the municipality to develop “a culture of municipal governance that compliments formal representative government with a system of participatory governance”.
- Chapter 4 of the *Local Government: Municipal Systems Act* spells out how the objectives of participatory governance complement the formal system of representative local government. Public participation is seen to include:
  - Preparation, implementation and review of the IDP; and
  - Implementing and reviewing the performance management systems and performance outcomes.
- Basic assumptions underlying public participation can be summed up as follows:
  - a fundamental right of all people;
  - designed to narrow the social distance between the electorate and elected institutions;
  - about investing in our people;
  - designed to promote the values of good governance and humans’ rights;
  - improving service delivery, South Africans are encouraged to participate.
  - “A community is defined as a ward in the context of public participation; Ward committees are central in linking up elected institutions and these linkages are reinforced by other forums of communication with communities like the izimbizo.”

### **Box 3.1: Participation legislation**

(Source: RSA, 2012b:22)

The *Municipal Structures Act 117 of 1998* identifies nine core components of the IDP process. One of these is a “spatial development framework which must include the provision of basic guidelines for a land use management system for the municipality” (RSA, 2012b). This component of the planning process is analysed in Section 3.4.2.

### **3.4.2 Development and land use management**

This section discusses development and land use management in the context of planning in local government. Section 3.4.2 defines land use management in the context of spatial development as it relates to municipalities, reviews the legislative requirements and the phases required to develop a land use management plan.

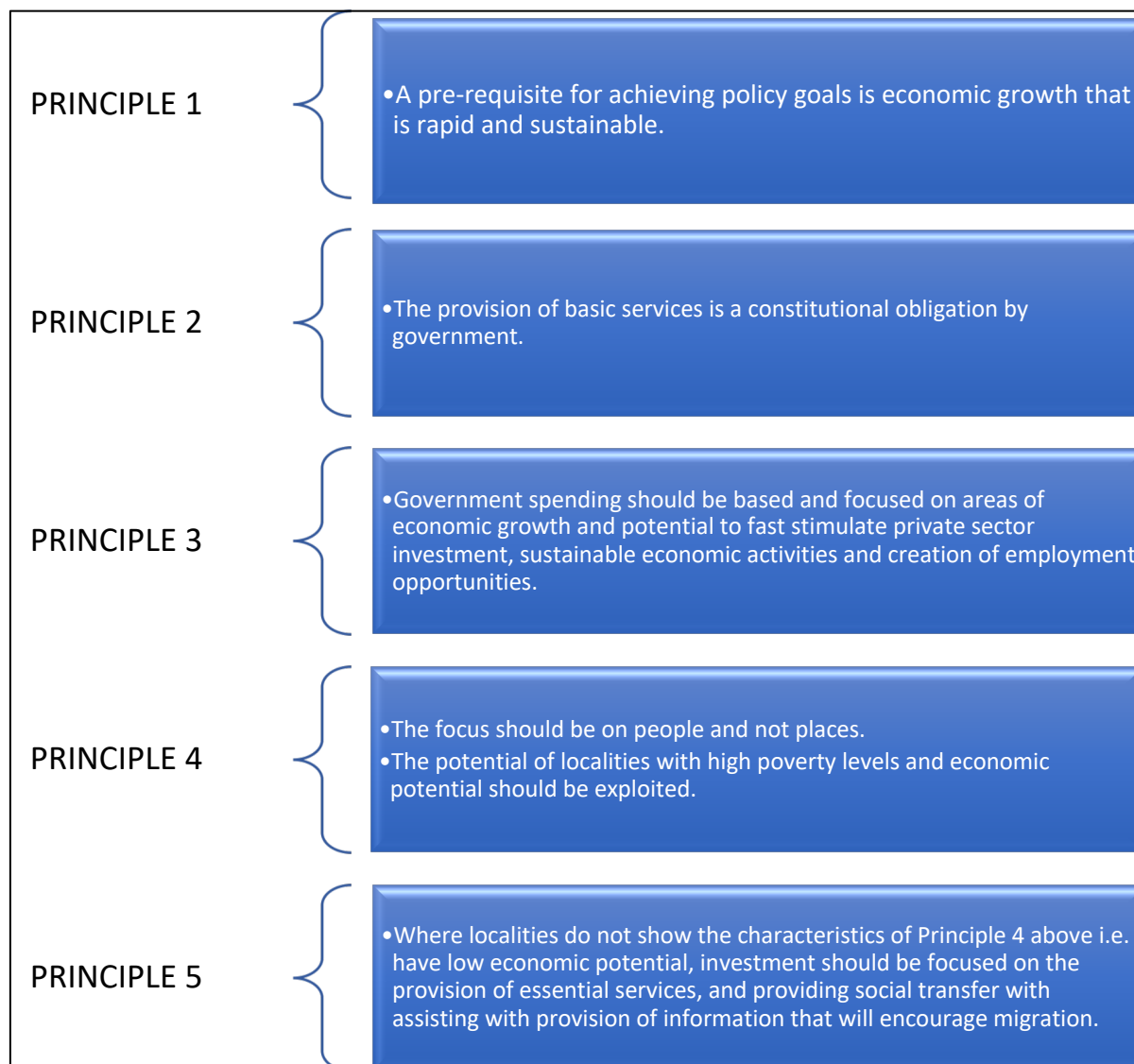
Land use management is defined by the Department of Rural Development and Land Reform as “[a] system used to regulate land use in a municipality, including a town planning or zoning scheme, or policies related to how land is used on a plot by plot basis” (RSA, 2011a:4). This is based on spatial planning that involves strategic and integrated planning. Both these processes are guided by the Spatial Development Framework (SDF) at a local government level, which is in turn subject to the overarching National Spatial Development Perspective (NSDP). The NSDP was prepared by the Presidency and was adopted by Cabinet in 2003. The main objective of the NSDP is to address poverty, create jobs, grow the economy and promote social cohesion. As a result, the NSDP assists the government in addressing three fundamental questions (RSA, n.d.(b), cited verbatim):

- Where should government direct its investment and development initiatives to ensure sustainable and maximum impact?
- What kinds of spatial forms and arrangements are more conducive to the achievement of our objectives of democratic nation building and social and economic inclusion? and
- How can government as a whole...
  - Capitalize on complementarities and facilitate consistent decision-making?
  - Move beyond mere focusing on integration and coordination procedures to establishing processes and mechanisms that would bring about strategic co-ordination, interaction and alignment?

The Presidency maintains that, in working towards achieving the broader growth objectives of government, the NSDP revolves around five normative principles. These principles identify the government’s obligation to achieve inclusive growth and basic service delivery. Principle 3 alludes specifically to the fact that government spending should be prioritized to where it will have the most impact. Hence, as Principles 4 and 5 suggest, government spending should focus on high fixed capital investment where the locality exhibits high levels of poverty but demonstrates economic potential. However, the NSDP suggests that if a locality has high poverty levels and low economic growth potential, investment should be focused on human

capital development, which includes providing grants, poverty alleviation projects and market intelligence to allow for migration to more economically active locations.

Oranje, Van Huyssteen and Meiklejohn (n.d.) note the difficult position that the



### Box 3.2: NSDP Principles

(Source: Adapted from RSA, n.d.(b))

government finds itself in – it has to ensure the well-being of the citizens, but with limited revenue, it also has to ensure value for money. Although the NSDP does not state that investment should *not* be channelled to small rural towns, given the principles, Oranje *et al.* (n.d.) argue that, logically, it would go against this methodology to invest in very small towns. Furthermore, they recognize that with limited resources, priorities need to be chosen, so investing more in locations with a

greater number of people (and thus a greater number of people living in poverty) is more logical than investing huge amounts in locations that are thinly populated.

Land use management is another key development strategy in provincial and local government. Provincial land use planning is guided by the Provincial Spatial Development Plan (PSDP), whereas at local government level, land use is driven by the Municipal Spatial Development Plan (MSDP). In the municipal set-up, this plan is part of a municipality's planning process and forms a critical part of the IDP.

The guidelines of the Department of Rural Development and Land Reform (RSA, 2012b:46) note the following regarding spatial planning at local level:

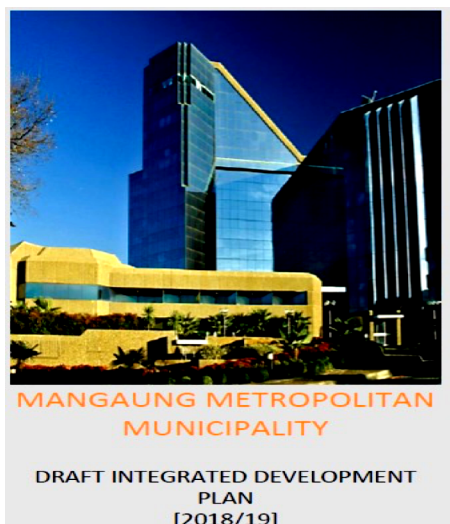
- Development in towns and villages in municipalities tends to be spatially fragmented and is mostly the legacy of the former apartheid policies.
- Rapid growth has occurred in lower socio-economic settlements in built-up areas and on the fringes of settlements, resulting in unmanaged urbanization.
- The low-density patterns of lower socio-economic settlements increase the cost of service provision, which has resulted in urban sprawl.
- Decisions on spatial developments are often taken by different authorities without full cognizance of the combined effect, giving rise to unfavourable environmental and serviceability impacts because planning is not done in a co-ordinated manner.
- Valuable natural resources and agricultural land are depleted, implying that the consequence of the abovementioned spatial development has an impact on the sustainable use of the natural environment.

The City of Cape Town (2018) maintains that an MSDP should entail the translation of the IDP's vision and strategy into a sustainable spatial form for each municipality. The MSDP should also guide investment, as well as present the different implications of the MSDP, such as the spatial implications of the physical, social and economic and environmental sectors. In addition, the City also recognizes that an MSDP is a framework for long-term growth and development. It has identified a number of criteria for the Cape Town MSDP (City of Cape Town, 2018:1):

- Align with the relevant current legislation and policies of the City, provincial- and national government;
- Decision-making bodies should respect and constantly apply and honour the MSDP;

- Identify significant structuring and restructuring elements of the spatial form, now and into the future;
- Show the joint spatial effect of the policies of all the City's departments;
- Provide guidelines for the City's land use management system;
- Inform the more detailed district spatial development frameworks and local spatial plans;
- Guide and support future economic growth and development priorities;
- Address the fragmented and inefficient regional and metropolitan spatial form that resulted from apartheid;
- Recognize the unique topography and ecological assets of Cape Town;
- Balance competing land use demands and sector priorities, such as housing and transport initiatives, environmental asset protection and infrastructure provision;
- Support a sustainable and resilient development path that determines what, where, how and when development takes place; and
- Optimise public and private operational and capital resources.

All actions by the government are guided by an Act of Parliament and various regulations. This also applies to the development of spatial development plans. The



**Figure 3.5: Mangaung draft MSDP cover**

(Source: Mangaung Metropolitan Municipality, 2018:1)

overall Act guiding the process is the *Spatial Planning and Land Use Management Act, 16 of 2014* (RSA, 2014b), which requires municipalities to prepare Spatial Development Frameworks (SDFs). Furthermore, SDFs have statutory power as depicted in the Municipal Systems Act, No. 32 of 2000 that states “A spatial development framework contained in an integrated development plan prevails over a plan defined in section 1 of the Physical Planning Act. 1991 (Act.125 of 1991)”, (RSA, 2000:45). In addition to having statutory power, SDPs has the important role as integrator. Through this role the SDPs should seek to integrate the various plans within a municipality as stated in

the IDP of the Mangaung Metropolitan Municipality,



[T]he SDF, as part of the IDP, must link, integrate and co-ordinate plans (projects from sector and service plans) with spatial implications, and takes into account proposals for the development of the municipality and (b) aligns the resources and capacity of the municipality with the implementation of the plan. (Mangaung Metropolitan Municipality, 2018:134)

The applicable legislation is summarized in Table 3.4.

**Table 3.4: Relevant SDP legislation**

Summary of current relevant legislation pertaining to SDPs
Local Government: Municipal Systems Act, 32 of 2000
Local Government: Municipal Planning and Performance, 2001
Management Regulations (GN R796 of 2001)
White Paper on Spatial Planning and Land Use Management, 2001
Land Use Management Bill (B27 of 2008) (SPLUMB (Draft))
Municipal Financial Management Act, 56 of 2003
Subdivision of Agricultural Land Act, 70 of 1970
National Environmental Management Act, 107 of 1998

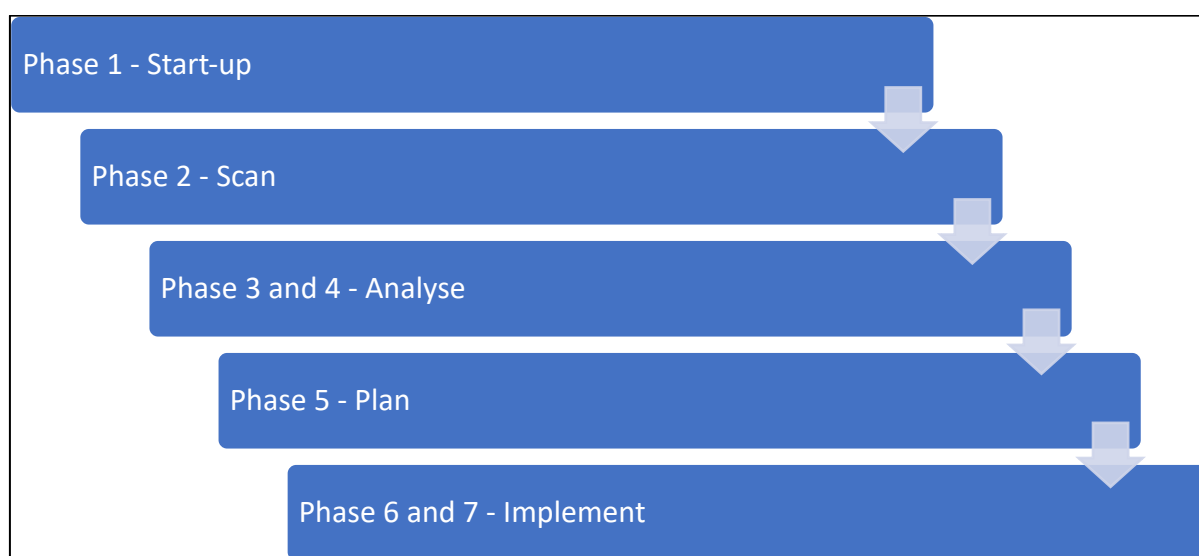
(Source: Adapted from RSA, 2011a:9)

It is recognized that for any plan to be successful, it needs to have credible characteristics and a clear process for developing it. The Department of Rural Development and Land Reform (RSA, 2011a:7) has identified the following characteristics for a credible SDF (cited verbatim):

- a) is based on an agreed vision and planning principles that promote equity and sustainability;
- b) is aligned with relevant national and provincial policy;
- c) reflects a clear understanding of the reality of the municipal spatial environmental, social and economic systems, particularly regarding urban infrastructure needs and capacity;
- d) provides enough detail to inform Council decisions;
- e) includes an implementation plan, with measurable targets;
- f) is realistic in terms of growth prospects and the financial and institutional capacity of the municipality to implement the proposals;
- g) is aligned with the municipal Environmental Management Framework (EMF), where applicable;
- h) is aligned with any applicable bio-regional plan, a copy of which must be inserted in the relevant section;

- i) provides guidance for sector plans and development initiatives from all government
- j) provides guidance for the municipality's Land Use Management System (LUMS); and,
- k) is clear, succinct and accessible to a wide audience.

The Department suggests that seven phases need to be worked through to achieve a successfully developed SDP. These phases are detailed in Figure 3.6.



**Figure 3.6: SDP – Process phases**

(Source: RSA, 2011a:7)

### **3.4.3 Planning in summary**

Section 3.4 has explored the policies that could assist with addressing the challenge that was presented at the beginning, in Section 3.4.1, which is that municipalities must create an environment for communities to address matters regarding their location. It was also noted that local government is mandated to create an inclusive planning environment to ensure that the above objective is achieved.

Section 3.4 (Planning and policy) has thus explored the planning processes in the local government context. In summary, it was determined that there are two processes mandated by regulatory imperatives that assist in achieving the task of inclusive planning: the IDP process and the MSDP. It can thus be deduced that the regulatory framework makes provision for the participation of communities, paving the way for people-centric implementation approaches (discussed further in Chapter 4). This is tested in the typology analysis and situational review section.

### **3.5 Pro-public leadership and policy**

The study of leadership can take many forms, so the subject has been studied extensively and many authors have commented on the topic. Northouse (1997) identified the trait approach as one of the first kinds of leadership studies since antiquity. From this approach flowed the “great man” theories, based on the study of the characteristics of great leaders. The characteristics that differentiate a follower from a leader are defined by Kirkpatrick and Locke (1991) in terms of traits such as drive, a desire to lead, honesty and integrity, self-confidence, cognitive ability and knowledge of the business. Furthermore, change is a stressful process, so De Vries (2001) maintains that another two characteristics of a leader should be containment and the ability to handle stress.

South Africa has seen a dramatic change in the political landscape since 1994. Public sector leaders are finding that they are no longer primarily administrators, but agents of change. Their roles are no longer based on the traditional approach where leaders in the public sector were administrators. This traditional approach to leadership is analysed by Koehler and Pankowski (1997), who suggest that traditional leaders are mainly administrators, and tend to be reactive. They highlight the fact that these types of business leaders are often comfortable with directing activities, maintaining control and the status quo.

#### ***3.5.1 Pro-public transformational leadership***

In the context of South Africa, a new style of leadership is required to achieve the expectations of a transformative society and the challenges of change in the public sector. Koehler and Pankowski (1997:16) define transformational leadership “as a process of inspiring change and empowering followers to achieve greater heights”. They argue that this will not only improve the followers of such leaders but will also improve the organizational processes. It is centred around responsibility and accountability. The principles of transformational leadership are viewing organizations as systems, establishing and communicating organizational strategy, institutionalizing a management system, developing and training all associates in process management, empowering individuals and teams, measuring and controlling processes, recognizing and improving continual improvement and inspiring continual change (Koehler and Pankowski, 1997:19-21). These principles are echoed by

Teelken (2012:5), who describes a traditional leader in the public sector as a leader who is intent on preserving the status quo, while transformational leaders prefer “mobilizing and motivating their staff and being more responsive to the environment”.

Covey (2004) focuses on types of delegation. He argues that leaders can adopt two types of delegation: “Gofer Delegation” and “Stewardship Delegation”. Gofer delegation focuses on methods, and as a result these types of leaders become responsible for the results themselves. The second type, stewardship delegation, is discussed in more detail below.

### **3.5.2 Stewardship delegation**

Covey (2004:174) maintains that a leader who employs Stewardship delegation focuses on results rather than methods and ensures that expectations are spelled out: “stewardship delegation involves clear, up-front mutual understanding and commitment regarding expectations”. He adds that effective stewardship delegation centres on desired results, guidelines, resources, accountability and consequences.

According to Thomas (2007), change in the public sector is a constant – indeed it is one of the sector’s defining features. He claims that this is prevalent in all countries, and that there are diverse types of change on different levels. He argues that context as a dependent variable significantly determines the change process. He states that this topic has not been given much exposure in the public administrative literature, but concludes that “the management of change in the public sector involves distinctive context” (Thomas, 2007:118), which includes the following components:

- the nature of the tasks assigned to different public organizations;
- the emergence of policies and programmes from the political process to fulfil those tasks;
- openness of a public organization to outside influences and criticism via political and media processes;
- the manner in which revenue and human resources are acquired and allocated;
- the need to reconcile competing values and interests, leading to more complicated and slower decision-making;
- insistence on transparency and accountability; and
- the need to respect the history, traditions, values and norms of the behaviour of the public sector.

In furthering the development agenda, it is critical to understand these components in the context of people-centric development. These components speak to a leadership that is required to enhance socio-economic development through a thorough understanding of the task at hand, a good grasp of the regulatory framework, a willingness to acknowledge and engage with criticism, and to ensure accountability and transparency.

### **3.5.3 Pro-public leadership mandate**

In line with Koehler and Pankowski's (1997) argument, a new form of leadership is required for the new South Africa; transformational leaders are needed to give impetus effectively to the changing environment in the country. For this reason, and in line with the objectives of this chapter, the South African government has introduced guidelines through Acts of government to guide the mandate of this new kind of leadership in local government. This public leadership mandate at a local government level is defined regarding both structure and responsibility. Structure is governed by the *Municipal Structures Act, 117 of 1998* (RSA, 1998a), and the *Local Government: Municipal Systems Act, 32 of 2000* (RSA, 2000). Roles and responsibilities are defined in the *Municipal Finance Management Act (MFMA), 56 of 2003* (RSA, 2003).

In terms of the *Municipal Structures Act, 117 of 1998* (RSA, 1998a), municipalities are classified as Category A, B or C municipalities, and the establishment of a municipality is initiated with the Demarcation Board by the MEC of the province responsible for local government. Table 3.5 depicts the different types of municipalities that may be established in these categories of municipalities.

**Table 3.5: Types of municipalities**

Types of Category A municipalities	Types of Category B municipalities	Types of Category C municipalities
(a) collective executive system; (b) collective executive system combined with a sub council participatory system; (c) collective executive system combined with a ward participatory system; (d) collective executive system combined with both a sub council and a ward participatory system; (e) mayoral executive system; (f) mayoral executive system combined with a sub council participatory system; (g) mayoral executive system combined with a ward participatory system; and (h) mayoral executive system combined with both a sub council and a ward participatory system.	(a) collective executive system; (b) collective executive system combined with a ward participatory system; (c) mayoral executive system; (d) mayoral executive system combined with a ward participatory system; (e) plenary executive system; and (f) plenary executive system combined with a ward participatory system.	(a) collective executive system; (b) mayoral executive system; and (c) plenary executive system.

(Source: RSA, 1998a:10)

These municipalities are managed/led by a political leadership and an administrative leadership. In terms of the *Municipal Structures Act, 117 of 1998* (RSA, 1998a), each municipality must have a municipal council. All council meetings are presided over by the Speaker. The council appoints a municipal manager or city manager who is responsible for managing the administration of the municipality. The roles and responsibilities of both these parties are further explored in Section 3.6.2.

Table 3.5 lists different municipalities (A, B, C) and the categories into which municipalities are divided according to legislation. This type of categorization makes provision for the size of the municipality, but does not distinguish between municipalities' location, culture, employment, infrastructure, poverty levels, accessibility or their business and industry capability.

#### **3.5.4 Public leadership in summary**

The public leadership landscape in South Africa has changed dramatically; historical administrative leaders have had to make way for transformational leaders. This new breed of leader needs to incorporate new characteristics such as accountability,

transparency and the ability to accept criticism into the management approach. These are essential to ensure socio-economic development activation. Thus, a pro-public leadership discourse necessitates a reevaluation of public leaders to ascertain to what degree there is a correlation between the characteristics described above and the practical situation on the ground.

Furthermore, public leaders must conform to good governance. As indicated by the literature mentioned above, governance refers to the parameters within which activities are executed. These parameters are usually governed by guidelines and policies. For this reason, it is important to understand policy to analyse it effectively in order to enhance socio-economic development in rural towns.

## **3.6 Public value and policy**

### **3.6.1 Introduction**

The concept of public value (discussed in Chapter 2) is defined as making ethical decisions in accordance with public value. This is also known as good governance. While organizations such as Getsmart focus on the principles of good governance, other organizations such as the UN focuses on the processes of good governance. The consensus, however, is that good governance is about decision-making.

As alluded to above, governance refers to the parameters within which public leaders should implement their activities. Furthermore, these parameters are governed by guidelines and policies derived from legislation, in particular, the *Local Government: Municipal Systems Act, 32 of 2000* (RSA, 2000), the *The Municipal Structures Act, no 117 of 1998* (RSA, 1998a) and the *Municipal Finance Management Act (MFMA), 56 of 2003* (RSA, 2003). By providing governance guidelines for the structures, systems and financial management of local government, these Acts seek to assist in ensuring value for money to communities.

Furthermore, while public value is based on ethical decision-making and the processes and the implementation of these decisions, the UNDP (2016) notes that for a government to realize the above mandate, it must ensure that both mechanisms are in place, and attend to the institutionalization of these mechanisms. Hence, Section 3.6.2 focuses on the governing legislation, mandate, structures and powers and functions bestowed on local government and those in decision-making roles. The

section is thus divided to review three critical elements of governance at the local government level, which are the systems, the institution and financial management.

### 3.6.2 Governance and systems

The *Local Government: Municipal Systems Act, 32 of 2000* (RSA, 2000) is part of a bouquet of laws that assist municipalities in performing their developmental mandate, as defined in the *Constitution*. This Act clarifies several overarching principles for local government, *inter alia* structures, office bearers, and the administration of the municipality. It also spells out the mandate of local government through its powers and functions. Furthermore, the Act defines the rights and duties of the council, the local community and the municipal administration, as summarized in Table 3.6.

**Table 3.6: Local government – rights and duties**

Rights and duties: municipal council	Rights and duties: municipal administration	Rights and duties: local community
<ul style="list-style-type: none"> <li>• <b>Perform duties in the best interest of the community;</b></li> <li>• <b>Provide accountable and democratic government;</b></li> <li>• <b>Encourage local community participation;</b></li> <li>• <b>Provide services effectively and efficiently;</b></li> <li>• <b>Ensure internal development of the municipality;</b></li> <li>• <b>Promote gender equity, and a safe and healthy environment in the municipality; and</b></li> <li>• <b>Uphold rights as contemplated in the <i>Constitution</i>.</b></li> </ul>	<ul style="list-style-type: none"> <li>• Respond to community needs;</li> <li>• Provide clear and effective communication channels with the community;</li> <li>• Keep the community abreast regarding services and management of the municipality and budget;</li> <li>• Facilitate accountability and public service culture; and</li> <li>• Institute corruption prevention measures.</li> </ul>	<ul style="list-style-type: none"> <li>• Participate;</li> <li>• Utilise public facilities;</li> <li>• Provide municipal services;</li> <li>• Express views and response from the municipality;</li> <li>• Provide access to information and disclosure;</li> <li>• Attend municipal meetings and the transparent and an impartial municipality;</li> <li>• Make payment for service fees, rates and taxes;</li> <li>• Use procedures for participation;</li> <li>• Allow municipal officials reasonable access to property;</li> <li>• Comply with municipal by-laws; and</li> <li>• Respect the municipal rights of other members of the local community.</li> </ul>

(Source: adapted from PMG, n.d.:2-3)

The rights and duties illustrated in Table 3.6 are a further acknowledgement by the regulatory framework of the importance of the relationship between the various role players at the local government level to ensure the furthering of the transformation



agenda. Through the rights and duties of the local council as depicted above, the regulatory framework promotes development and community participation. This is echoed in the rights of the local communities.

### **3.6.3 Governance and the institution**

While the *Local Government: Municipal Systems Act, 32 of 2000* (RSA, 2000) provides guidelines on the rights and duties at local government, these rights and duties, especially for both the municipal council and municipal administration, require structures to activate the actions needed to provide services, as allocated to local government through its mandate. Therefore, the *Municipal Structures Act, 117 of 1998* (RSA, 1998a) was enacted to assist with governance through an inclusive institutional structure.

The *Municipal Structures Act, 117 of 1998* (RSA, 1998a) outlines the requirements and criteria for categories of municipalities and types of municipalities. Based on this, the Act provides clarity regarding the formation of municipalities, as well as distinguishing between the council and administration. Each municipality must have a council, and as contemplated by the *Local Government: Municipal Systems Act, 32 of 2000* (RSA, 2000), the objectives of these councils are to review annually

- the needs of the community;
  - its priorities in meeting those needs;
  - its processes for involving the community;
  - its organizational and delivery mechanisms for meeting the needs of the community; and
  - overall performance in achieving the objectives referred to here;
- and then to develop mechanisms to consult the community and community organizations in performing its functions and exercising its powers (RSA, 1998a).

In addition, the *Municipal Structures Act, 117 of 1998* (RSA, 1998a) provides further guidance regarding governance in relation to councils by clarifying the number of councillors, the qualifications of councillors, election of councillors, the establishment of committees and meetings. Regarding meetings, the Act provides for the speaker of the municipality to decide on all meetings. The Act also determines the requirements regarding a quorum and decisions by the meeting.

Beyond the governance guidance provided regarding the council of a municipality, the *Municipal Structures Act, 117 of 1998* (RSA, 1998a) also emphasizes the importance of municipal administration and determines that a municipal council must appoint a municipal manager, who is the head of the administration and is also responsible as the accounting officer of the municipality (RSA, 1998a).

Moreover, the National Treasury (RSA, 2016b) notes in its report on the state of local government finances and financial management as at 30 June 2016 that these municipal managers must have the necessary skills and expertise to fulfil the relevant functions required by the position. They also confirm that the municipal manager is the accounting officer of the municipality and as such “is responsible for all major operations, and overall accountability for the administration of the municipality vests with her or him” (RSA, 2016b:7).

The same report highlights the National Treasury’s experience regarding the correlation between a lack of accountability by a municipality and the vacancy of the municipal manager’s position. The National Treasury argues that this problem arises mainly due to the likelihood that an acting incumbent may feel restricted in making key decisions, and that where the responsibility of the vacant position is shared by senior managers, “no one person can be held accountable when things go wrong” (RSA, 2016b:8). In addition to the municipal manager’s position, the National Treasury also identified the position of the Chief Financial Officer (CFO) as another critical position. The CFO is responsible for the budget, expenditure and overseeing the compliance of the municipality with legislation such as the *MFMA*, which includes all procurement and other related council policies.

The combined tables in Table 3.7 list the municipalities with acting municipal managers and CFOs on 30 June 2015 and 2016.

**Table 3.7: Municipalities with acting Municipal Managers and CFOs (2015-2016)**

2016			Acting MM		Acting CFO		Both Acting	
Summary per Province			No.	%	No.	%	No.	%
Eastern Cape	45	EC	13	28.9	14	31.1	10	22.2
Free State	24	FS	4	16.7	5	20.8	1	4.2
Gauteng	12	GT	4	33.3	3	25.0	2	16.7
Kwazulu-Natal	61	KZ	19	31.1	16	26.2	9	14.8
Limpopo	30	LP	10	33.3	10	33.3	6	20.0
Mpumalanga	21	MP	5	23.8	7	33.3	2	9.5
North West	23	NW	11	47.8	14	60.9	10	43.5
Northern Cape	32	NC	11	34.4	12	37.5	7	21.9
Western Cape	30	WC	11	36.7	4	13.3	3	10.0
<b>Total</b>	<b>278</b>		<b>88</b>	<b>31.7</b>	<b>85</b>	<b>30.6</b>	<b>50</b>	<b>18.0</b>

2015			Acting MM		Acting CFO		Both Acting	
Summary per Province			No.	%	No.	%	No.	%
Eastern Cape	45	EC	9	20.0	11	24.4	4	8.9
Free State	24	FS	1	4.2	5	20.8	1	4.2
Gauteng	12	GT	2	16.7	3	25.0	1	8.3
Kwazulu-Natal	61	KZ	17	27.9	9	14.8	6	9.8
Limpopo	30	LP	10	33.3	13	43.3	5	16.7
Mpumalanga	21	MP	1	4.8	3	14.3	-	0.0
North West	23	NW	8	34.8	10	43.5	6	26.1
Northern Cape	32	NC	8	25.0	9	28.1	5	15.6
Western Cape	30	WC	3	10.0	2	6.7	1	3.3
<b>Total</b>	<b>278</b>		<b>59</b>	<b>21.2</b>	<b>65</b>	<b>23.4</b>	<b>29</b>	<b>10.4</b>

(Source: RSA, 2016b:8)

Table 3.7 illustrates that the number of municipal manager vacancies increased from 59 in 2015 to 88 in 2016, while for the same period the number of CFO vacancies increased from 65 to 85. In the introduction in Section 3.6.1, it is noted that public value is based on decision-making. Given the above statistics compiled by the National Treasury, it seems that the high vacancy rate has a negative impact on service delivery, because critical decisions such as the appointment of service providers are not taken. In addition, given that there is a lack of accountability and that it becomes difficult to apportion responsibility where several senior managers share the responsibilities, these vacancies can also have a negative effect on governance in such municipalities.

### **3.6.4 Governance and financial management**

Good governance is essential for sustainable and stable financial management:

Good governance of public finance lies at the heart of the efforts of each country to ensure stable and favourable conditions for sustainable development and improvement of the welfare of its citizens. As the economy becomes globalised and subject to the effects of many unpredictable factors, stable and sustainable public finances in each individual country can make a substantial contribution to the management of risks and ensuring general security at a global level. Failure to manage these risks could present a threat to the stability and wellbeing of other partner countries. (Ministry of Finance of the Russian Federation, n.d.:7)

The aforementioned Ministry (n.d.) also identifies several principles of good governance of public finance which are summarized in Table 3.8.

**Table 3.8: Principles (or components) of good governance of public finance**

<b>Principle</b>	<b>Description</b>
<i>Fiscal transparency</i>	<ul style="list-style-type: none"> <li>• keeping public informed;</li> <li>• transparency;</li> <li>• financial planning procedures;</li> <li>• approved budget;</li> <li>• adherence to norms and standards for the preparation and presentation of budget</li> </ul>
<i>The stability and long-term sustainability of budgets</i>	<ul style="list-style-type: none"> <li>• forecasting;</li> <li>• economic forecasts and assumptions;</li> <li>• quantitative indicators;</li> <li>• risk management;</li> <li>• appropriate financial reserves.</li> </ul>
<i>An effective and equitable system of inter-budgetary relationships</i>	<ul style="list-style-type: none"> <li>• financial relationships between all spheres of government;</li> <li>• sensible and related allocation of authority over budget commitments and revenues;</li> <li>• sub-national authorities to decide their own budget expenditures and revenues;</li> <li>• transparent budget equalization;</li> <li>• increased effectiveness of management of sub-national finances.</li> </ul>
<i>An integrated budget and budget process</i>	<ul style="list-style-type: none"> <li>• powers and responsibilities of the authorised body responsible for the development and implementation of fiscal policy;</li> <li>• a single budget reflecting all revenue and expenses;</li> <li>• other than specific legislated off-budget funds, in the budget system there are no off-budget funds;</li> <li>• the relevant authorised bodies are responsible for capital expenditure and budget programs planning;</li> <li>• budget payments and dealing with comments are done through an effective budget system.</li> </ul>
<i>Medium-term financial planning</i>	<ul style="list-style-type: none"> <li>• annual budgets are approved in accordance to legislative framework;</li> <li>• un-utilized funds can be rolled over to the next year based on compliance to the framework;</li> <li>• budget is based on accepted budget calculations based on policies and mandates;</li> <li>• new commitments can be accepted pending compliance; and</li> <li>• compliance to expenditure ceilings as introduction on a medium-term basis</li> </ul>
<i>Results-oriented budgeting</i>	<ul style="list-style-type: none"> <li>• establishing goals and targets;</li> <li>• determining the full cost implication of the budget through formalized methods;</li> <li>• ensuring achievement of targets within the budget;</li> <li>• utilising principles of compatibleness when allocating budgets;</li> <li>• monitoring and evaluation methods for results.</li> </ul>
<i>Financial control and monitoring</i>	<ul style="list-style-type: none"> <li>• annual external audit;</li> <li>• monitoring and evaluation tool for budget management;</li> </ul>

Principle	Description
	<ul style="list-style-type: none"> <li>• compliance to procedures and methods of evaluating the budget;</li> <li>• compliance to procedures for budget allocation decision making;</li> <li>• assessing the financial management system on a regular basis;</li> <li>• internal audit mechanism</li> </ul>

(Source: Ministry of Finance of the Russian Federation, n.d.:2-4)

Table 3.8 depicts the principles for financial good governance and speaks to ensuring effective and efficient implementation of programmes as long as decisions and implementation are based on ethical decision-making. Moreover, these principles assist with accountability and transparency, which further addresses the key question of this study (*How can socio-economic development investment address persistent poverty in small towns?*), by providing a mechanism for proper budgeting and financial management.

These principles are also incorporated in the South African regulatory framework through the *Constitution*, *MFMA* and *PFMA*. Fourie (2005:7) states that

Section 215 of the *Constitution of the Republic of South Africa, 1996 (Act 108 of 1996)* prescribes that the national, provincial and municipal budgets must promote transparency, accountability and the effective financial management of the economy, debt and the public sector”.

Furthermore, he recognizes the fact that the *Constitution* can be regarded as the cornerstone for good governance. This is illustrated in the analysis of the *Local Government: Municipal Systems Act, 32 of 2000* (RSA, 2000) and the *Municipal Structures Act, 117 of 1998* (RSA, 1998a), as already mentioned above.

In the South African context, further emphasis is placed on governance and financial management through the *Public Finance Management Act (PFMA), 1 of 1999* (RSA, 1999b) and the *Municipal Finance Management Act (MFMA), 56 of 2003* (RSA, 2003). According to OSS Africa (2008:1), the *PFMA*

regulates the management of finances in national and provincial government. It sets out the procedures for efficient and effective management of all revenue, expenditure, assets and liabilities. It establishes the duties and responsibilities of government officials in charge of finances. The Act aims to secure transparency, accountability and sound financial management in government and public institutions.

They further confirm that the *PFMA* is applicable to national and provincial government and public entities.

Consequently, the *MFMA* is applicable to local government. This Act governs the financial management of municipalities in implementing their constitutional duties by

ensuring “that municipalities’ priorities, plans, budgets, implementation actions and reports are properly aligned” (RSA, 2011b:75). In addition, the National Treasury identifies the following seven main components of the financial management and accountability cycle (RSA, 2011b:75-76):

- the Integrated Development Plan (IDP):  
This sets out the municipality’s goals and development plans, which need to be aligned with the municipality’s available resources. Council adopts the IDP and undertakes an annual review and assessment of performance based on the annual report.
- Budget:  
The three-year budget sets out the revenue-raising and expenditure plan of the municipality approval by council. The allocation of funds needs to be aligned with the priorities in the IDP.
- The Service Delivery and Budget Implementation Plan (SDBIP):  
The SDBIP sets out monthly or quarterly service delivery and financial targets aligned with the annual targets set in the IDP and budget. As the municipality’s implementation plan, it lays the basis for the performance agreements of the municipal manager and senior management.
- In-year reports:  
The administration reports to council on the implementation of the budget and SDBIP through monthly, quarterly and mid-year reports. Council uses these reports to monitor both the financial and service delivery performance of the municipality’s implementation actions.
- Annual financial statements:  
These reports on the implementation of the budget reflect the financial position of the municipality. They are submitted to the Auditor-General, who issues an audit report indicating the reliance council can place on the statements in exercising oversight.
- Annual report:  
This is the primary instrument of accountability, in which the mayor and municipal manager report on implementation performance in relation to the budget and the SDBIP, and the progress being made in realising the IDP priorities.

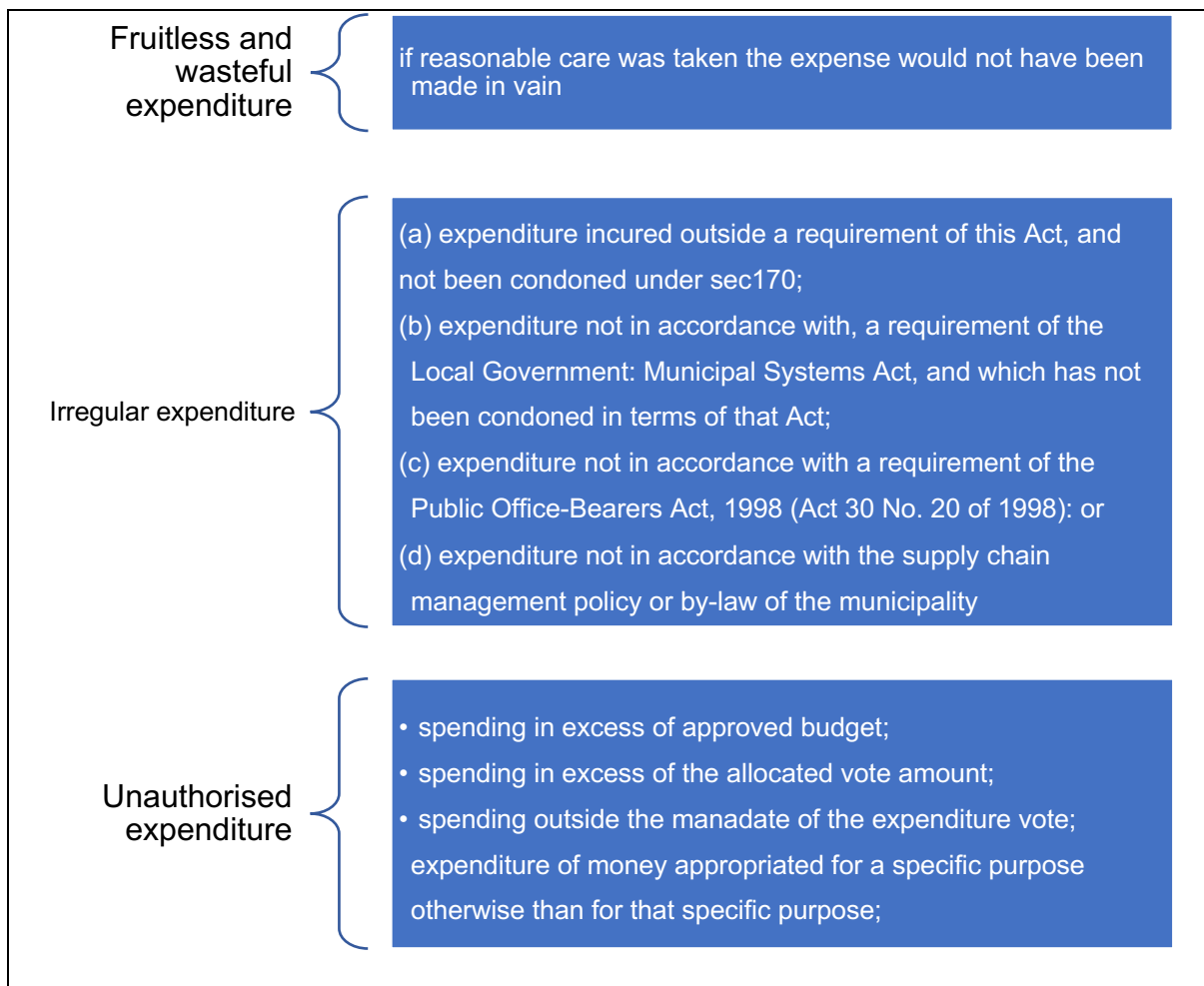
- Oversight report:  
Council produces an oversight report based on outcomes highlighted in the annual report and actual performance.

In realising development through effective programmes, it is crucial to remember that the implementation of these programmes requires support from the community, as well as inclusion in the municipality's procedures. The National Treasury (RSA, 2011b:75-76) list above provides some context regarding the mechanisms available for the activation of development in rural towns. These mechanisms can be summarized as the planning stage (IDP and SDBIP), as well as the budgeting processes to ensure the allocation of adequate, sustainable financial resources.

Given the above, it is not surprising to learn that the key objective of the *MFMA* is to ensure sustainable management of the finances of a municipality by establishing norms and standards which municipalities need to conform to. The *MFMA* (RSA, 2003:21) defines the purpose of these standards as being to

- ensure “transparency, accountability and appropriate lines of responsibility in the fiscal and financial affairs of municipalities and municipal entities” (RSA, 2003:21);
- manage municipalities' revenues and their expenditures, their assets and liabilities, and the way in which they handle their financial dealings;
- manage municipalities' budgetary and financial planning processes and co-ordinate these processes with the processes of organs of state in the provincial and national spheres of government;
- control and oversee borrowing;
- handle financial problems in municipalities; and
- deal with supply chain management.

In addition to determining norms and standards, the *MFMA* also assists governance by clarifying certain key terms regarding financial management, such as “fruitless and wasteful expenditure”, “irregular expenditure” and “unauthorized expenditure”. These are detailed in Figure 3.7.



**Figure 3.7: Definition of expenditure**

(Source: RSA, 2003:16-22)

The *Municipal Systems Act, 32 of 2000* (RSA, 2000) depicts the rights and duties of local government; the *MFMA* is more specific regarding the responsibilities of the mayors and municipal officials. In terms of the *MFMA*, the mayor of a municipality has several responsibilities. Box 3.3 depicts the general responsibilities of a mayor, and some of the other responsibilities include budget processes and related matters oversight; being proactive in identifying financial challenges and management of the budget; when conditions for provincial intervention arise, supplying a report to the provincial executive; and managing municipal entities in line with the prescripts.



The mayor of a municipality-

- a) Guide the municipal fiscal and financial affairs;
- b) Oversight function over the Accounting Officer and the Chief Financial Officer;
- c) Adherence to budget limits through ensuring appropriate steps;
- d) Submission of a quarterly report focused on the financial performance of the municipality to the council; and
- e) Exercise all other duties and responsibility in terms of the Act or as

**Box 3.3: General responsibility of a mayor**

(Source: RSA, 2003:68)

Box 3.3 and Figure 3.7 further depict how public value is supported by legislation and regulation, ensuring that where options are to be weighed, this will be done in the interests of the community.

**3.6.5 Governance and capacity**

According to the Commission for Africa (2005:133), “effective states – those that can promote and protect human rights and can deliver services to their people and a climate for entrepreneurship and growth – are the foundation of development. Without progress in governance, all other reforms will have limited impact”.

The Commission of Africa was formed by the then British Prime Minister, Tony Blair, in 2004, who invited 17 people from various aspects of life to join the Commission. Most of the members are from Africa, and included political leaders, public servants and individuals from the private sector. Their focus was that Africa should drive its own development agenda. They conducted extensive research, evaluating evidence and consulting extensively with leaders in governments, civil society, the academic world and the public and private sector. The Commission concluded the following:

At the core of the governance problem in many parts of Africa is the sheer lack of capacity of national and local government ministries, and the problems of recruiting and keeping skilled staff, equipped and motivated to do their job. (Commission for Africa, 2005:155)

Along the same lines, the South African Cities Network (2011:118) states:

Good governance refers to the capacity of city councils and their partners to formulate and implement sound policies and systems that reflect the interests of local citizens, and to do so in a way that is transparent and inclusive of those with least power and resources.

Furthermore, the Commission for Africa (2005) recognizes that outsiders, such as international agencies and developed countries, can and should play an important role in assisting with capacity-building at all spheres of government. However, the Commission cautions the international community to refrain from enforcing its own competing priorities and procedures and argues that the international community should rather align its efforts to the capacity-building strategies developed by individual African governments. In line with the thinking of other authors and commentators such as Burkey (1993), Swanepoel and De Beer (2016), the Commission for Africa (2005:136) emphasizes that African governments must draft their own capacity-building strategies: “They should, in the context of their poverty reduction strategies, draw up an overarching capacity-building strategy that responds to the unique political economy of each country.”

Almost a quarter of bilateral aid is dedicated to capacity-building, but reviews indicate that the results remain poor (Chang, 2003). The Commission for Africa (2005:136) argues that there are many reasons for this:

- reforms have often been *ad hoc* and have not been made in the context of an overarching strategy;
- reforms are not seen as a key element in a broader political process;
- African governments have not been fully committed to reforms;
- there has not been strong enough leadership;
- reforms have not focused enough on behavioural issues, which can have a corrosive effect even within a formal structure;
- the focus has often been too short-term,
- insufficient emphasis has been given to monitoring the impact of the reforms.

In addressing these problems, Wachira (2009) has identified ten elements of institutional capacity (see Figure 3.8).



**Figure 3.8: Elements of capacity**

(Source: Wachira, 2009:7)

Wachira (2009) also argues that capacity of an organization exists at three levels, the micro, meso and macro levels. The micro level refers to the individual/ project team level. The meso level is the organization, and the macro level refers to national institutions. She also maintains that “capacity in one of the levels cannot guarantee delivery of services without capacity in the other levels” (Wachira, 2009:8).

In addition to the governance impact of capacity, the Public Service Commission (PSC, 2007b) re-iterates the importance of capacity in relation to the implementation of government’s poverty alleviation policy programmes, because government has little capacity to implement these programmes. The PSC (2007b) argues that the lack of capacity is reflected in poor entrepreneurial skills, a lack of basic financial skills, a lack of technical skills in the area of business of the project, and a lack of skills to conceptualize and execute poverty reduction programmes that address the multi-dimensional nature of development. These poverty policy programmes are further analysed in Section 3.7, which looks at policy and intervention vehicles.

In addition to the elements of capacity as identified by Wachira (2009) , the *NDP 2030* (RSA, 1999b) identifies better governance and fighting corruption as key elements in working towards a capable and developmental state. Regarding better governance, the *NDP 2030* specifically mentions that the State needs to be capable and recommends that it also

needs a more pragmatic and proactive approach to managing the intergovernmental system to ensure a better fit between responsibility and capacity. Equally, the state needs to be prepared to experiment, to learn from experience and to adopt diverse approaches to reach common objectives.

achieving this the system has to ensure a better fit between responsibility and capacity (RSA, 2012d:44-45).

The *NDP 2030* also maintains that one of the components to achieve a capable and developmental state is to professionalize the public service. It proposes the following (RSA, 2012d:45):

- an administrative head of the public service be created, tasked with managing the career progression for heads of department (this would include convening panels for recruitment, performance assessment and disciplinary procedures);
- a hybrid system for appointing heads of department be introduced, incorporating both political and administrative elements;
- a graduate recruitment programme and a local government skills development strategy be introduced to attract high quality candidates;
- the role of the Public Service Commission in championing norms and standards, and monitoring recruitment processes be strengthened; and
- a purely administrative approach be adopted for lower-level appointments, and that senior officials be given full authority to appoint staff in their departments.

In addition to professionalization, the *NDP 2030* recognizes that to achieve the aim of better governance, democracy is critical. To this end the *NDP 2030* argues that accountability is crucial for democracy (RSA, 2012d).

Concerning fighting corruption, the *NDP 2030* (RSA, 2012d) maintains that corruption has negative effects on both society and the State: corruption hinders the ability of society to operate fairly and efficiently, and it negatively affects the State's ability to deliver on its development mandate.

As a result, the *NDP 2030* proposes several measures to strengthen South Africa's anti-corruption arsenal (RSA, 2012d). Some of these measures include adequate resourcing allocations for units such as the Public Protector, and the Special Investigating Unit; specialized teams of prosecutors and special courts should also be established. Furthermore, the *NDP 2030* argues that government's procurement policies blur the line in matters of corruption, and that the state



**Figure 3.9: Corruption**

(Source: RSA, 2012d:46)

procurement system has become overly bureaucratized. The emphasis on compliance by box-ticking makes the system costly, burdensome, ineffective and prone to fraud, so the *NDP 2030* proposes “greater central oversight over large and long-term tenders, making it illegal for public servants to operate certain types of businesses and making individuals liable for losses in proven cases of corruption”. In addition, the *NDP* maintains that: “with political will and sustained application of the right strategies, corruption can be significantly reduced, and public trust restored” (RSA, 2012d:47).

### **3.6.6 Public value in summary**

Public value can be summarized as ethical decision-making, processes and implementation of these decisions. It can also be argued that for the above to take effect, governments need to ensure effective mechanisms are in place. Furthermore, good governance consists of critical items such as the systems, the institution, financial management and capacity.

The importance of public value or good governance in addressing the central question of this study lies in its far-reaching implications for development activation. Firstly, it ensures people’s participation, such as community participation, through government structures and planning processes, as has been alluded to in the previous chapter. Secondly, it ensures effective and efficient implementation of programmes when decisions and implementation are based on ethical decision-making. Thirdly, it relates to accountability and transparency, which means that citizens should have access to information and there should be accountability among those making the decisions. Fourthly, good governance ensures that where options are to be weighed, this is done in the interests of the community. Finally, inclusivity through good governance maintains the inclusion of all members of the society.

## **3.7 Intervention vehicles and policy**

### **3.7.1 Introduction**

Section 3.7 and its subsections speak to the key development policies, programmes and intervention vehicles introduced by the South African government at all spheres of government since 1994 in its attempt to reduce poverty, inequality and unemployment. The key focal areas are the impact of the social assistance grants,

and the growth and employment enhancement programmes. The section highlights the impact of the social security system and summarizes the progression of the growth intervention policies and programmes. Furthermore, the section analyses the intervention vehicles in terms of three components: the background and purpose of policy and intervention vehicles, their key characteristics, and their results and appropriateness. The sections below consider some of the key programmes introduced by the South African government since 1994, including the RDP, the Growth, Employment and Redistribution (GEAR) strategy, the Accelerated and Shared Growth Initiative for South Africa (AsgiSA), and *NDP 2030*.

### **3.7.2 Background**

The PSC (2007a:viii) states:

The South African democratic government inherited a huge legacy of inequalities in 1994. Since then, it has been doing everything within its means to address these. It has for instance dramatically increased the proportion of funds being allocated to social related initiatives.

These initiatives are aligned to the objectives of the RDP, but although these initiatives were implemented with specific targets and a number of them were implemented since democratization, poverty remains “one of the most serious challenges” (PSC, 2007a:viii).

Acknowledging that poverty remains persistent despite the introduction of various intervention policies and programmes since 1994, President Mbeki in 2004 announced the “3 Pillar Formulation” which, at that stage, well after the introduction of the RDP, was the latest strategy by the South African government to address poverty and underdevelopment (Mbeki, 2004). The approach was premised on growing the First Economy to create more jobs and address challenges of the Second Economy. Mbeki acknowledged in his 2004 State of the Nation Address that: “poverty reduction programmes will have to be implemented more effectively to ensure that targeted communities, especially the poorest members, benefit”.

The slow progress in addressing the legacies of inequality is further evident in the launching of the *NDP 2030*. This plan was developed after a frank assessment by the National Planning Commission of the achievements and failings of South Africa. Its *Diagnostic Report* identified the key challenges and nine primary challenges to speed up progress (Brand South Africa, 2017). Thus, because of the slow progress, the

commission developed the *NDP 2030* to achieve the vision of eradicating poverty and reducing inequality by 2030.

In addition to the various growth policies and programmes implemented since 1994, it is worth appraising the important role that social grants have played in addressing the legacy of inequality within South Africa. Since the dawn of the new South Africa, the government's focus has been to address the inequalities of the past and through both reconstruction and development, and social security systems. The Economic Policy Research Institute (EPRI, 2004:13) states unequivocally that social grants play a vital role in addressing poverty and enhancing development. They add that: "numerous academic studies document the broad social and economic impact of these effective social security programmes".

### 3.7.3 Legislative policy imperatives

Commentators such as Van der Berg (2010), EPRI (2004) and the PSC (2007a) concur that since 1994 the South African government has implemented a number of policies and programmes in an attempt to address the inequalities of the past.

It is widely recognized that the *Constitution* is the most progressive piece of legislation ensuring the rights of the citizens of the country (for the history and an overview of the *Constitution*, see Section 3.2 above). Although the *Constitution* guarantees these rights, the full activation of these rights relies on the eradication of poverty, inequality and unemployment, and in its turn, this activation requires implementation vehicles. As has been shown in Chapter 2 of this dissertation, all programmes or interventions are mandated through a legislative regulation. The process for this is portrayed in Figure 3.11. As Figure 3.11 illustrates, the guiding principles towards the rights of the citizens of South Africa is outlined in the



**Figure 3.10: Bill of Rights**

(Source: OOS Africa, 2008:1)

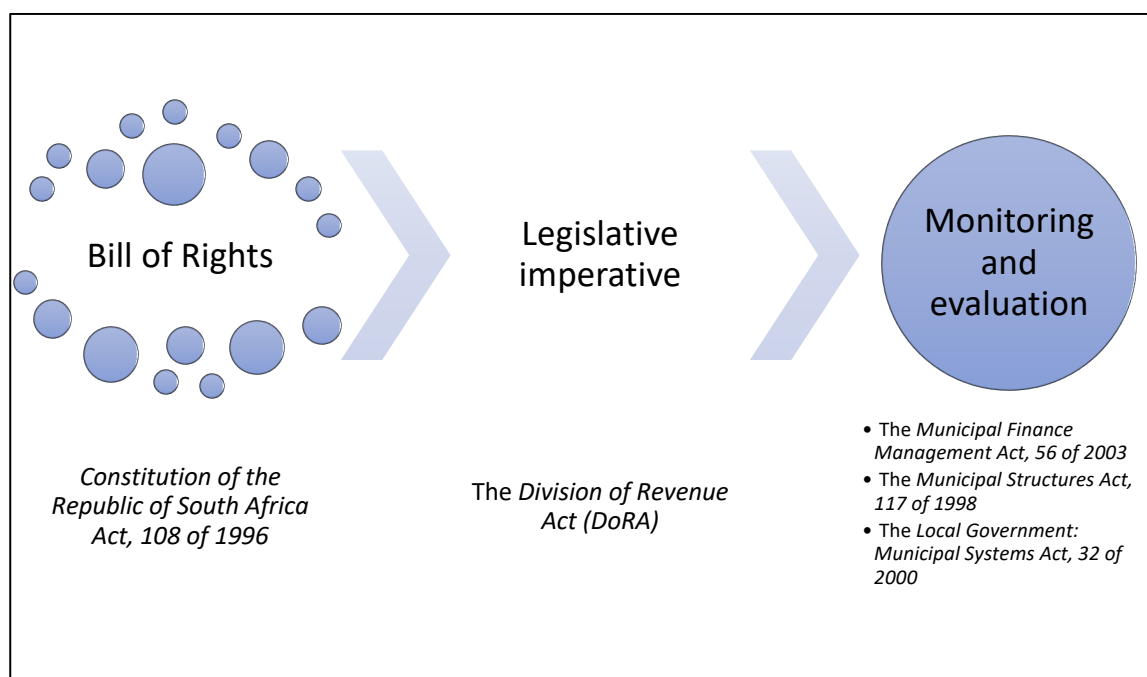
*Constitution* (RSA, 1996), and specifically in the Bill of Rights. This piece of legislation, as previously noted, refers to rights such as the right to equality, life, freedom and security of the person, freedom of trade, occupation and profession as well as the right to property and education. However, to give impetus to

these rights there needs to be a mandate through legislation, and this is established through the *Division of Revenue Act (DoRA), 3 of 2016 (RSA, 2016a)*.

The objective of the *DoRA (RSA,2016a)* is to ensure the equitable division of revenue amongst the three spheres of government, and to determine the share of equitable provincial share, and other allocations, as well as the conditions on which those allocations are made. Moreover, the *DoRA (RSA, 2016a)* regulates the conditional allocations to provinces and municipalities which give specific mandates to these spheres of government in line with the prescribed schedules.

These schedules define four categories of conditional grants which are

- the allocation to supplement the funding of programmes or functions funded from their own budgets;
- the allocation for specific-purpose allocations;
- allocation-in-kind for designated special programmes; and
- allocations that are not allocated but may be released in the case of a disaster (RSA, 2017b).



**Figure 3.11: intervention vehicles and legislation**

(Source: Own compilation)

From these allocations and mandates, various poverty alleviation programmes are developed, which includes programmes going back to the dawn of democracy, such



as the RDP, up to the latest programme launched in 2012 – the NDP 2030. Under these programmes, the government has introduced various projects which have been implemented with various degrees of success. The implementation approach is detailed in Chapter 4 of this dissertation.

Finally, these programmes require monitoring. As discussed earlier in this chapter, various items of governance legislation have been introduced to ensure monitoring and reporting. The relevant roles and responsibilities are contained in specific legislation. Local government is regulated by the *Municipal Finance Management Act (MFMA), 56 of 2003* (RSA, 2003), the *Municipal Structures Act, 117 of 1998* (RSA, 1998a) and the *Local Government: Municipal Systems Act, 32 of 2000* (RSA, 2000).

#### **3.7.4 Growth and development policy programmes**

As noted above, the South African government has implemented several policies and programmes or intervention vehicles, including RDP, GEAR, AsgiSA and *NDP 2030*, to address poverty, inequality and unemployment. The legislation gives the mandate for these intervention vehicles. Furthermore, Van der Berg (quoted in Hunter, May and Padayachee, 2003:40) notes

that the first years after the political transition saw a large and significant shift of social spending away from the more affluent to the formerly disadvantaged members of the population, and that most social spending is redistributive and relatively well targeted to reach those most in need of it.

The Taylor Commission in 2003 acknowledged that the South African government had not only launched new programmes but also expanded on others “to deal with asset and capability poverty, and that these have in many cases been innovative, responsive, well-conceived and potentially well targeted” (Hunter *et al.*, 2003:40). The section therefore analyses the intervention vehicles in terms of the following three aspects: their background and purpose, key characteristics, and results and appropriateness (see Table 3.9).

**Table 3.9: Appraisal of the RDP**

RDP	
<b>Background and purpose</b>	<p>According to Hunter <i>et al.</i> (2003:10) the background to the RDP can be summarized as follows:</p> <ul style="list-style-type: none"> <li>• In March 1994 the ANC published the RDP.</li> <li>• The RDP, on one level, argues that there is a contradiction between growth and development.</li> <li>• “After an extensive consultative process undertaken for each chapter, the finalization of the RDP document involved holding four to five workshops (attended by over 100 members each from democratic movement structures), making it arguably the most democratic process by which an opposition economics document was formulated.” (Hunter, 2003:40).</li> </ul> <p>The goal of the RDP, according to the <i>White Paper</i> (RSA, 2004g:7) is “to build a non-racial, democratic and non-sexist future and it represents a vision for the fundamental transformation of South Africa” by:</p> <ul style="list-style-type: none"> <li>• Institution that are stable and strong are to be developed;</li> <li>• Making sure of participation and representation;</li> <li>• Making sure that the country becomes a non-sexist, fully democratic and non-racial society; and</li> <li>• Developing a growth and development path that is sustainable and environmentally friendly.</li> </ul>
<b>Key characteristics</b>	<p>The six basic principles of the RDP are that it is:</p> <ul style="list-style-type: none"> <li>• a sustainable and integrated programme;</li> <li>• a process driven by people;</li> <li>• a programme with peace and security for all desire;</li> <li>• nation-building;</li> <li>• aligns reconstruction and development; and</li> <li>• a goal to democratize South Africa. (ANC, n.d.)</li> </ul> <p>In terms of the <i>White Paper</i>, the long-term objectives of the RDP were</p> <ul style="list-style-type: none"> <li>• To meeting basic needs;</li> <li>• To develop our human resources;</li> <li>• To build the economy;</li> <li>• To democratize the State and society; and</li> <li>• To implement the RDP.</li> </ul>
<b>Results and appropriateness</b>	<p>Adelzadeh and Padayachee (1994:15-16) expressed some concerns regarding the <i>White Paper</i> on the RDP, including the following:</p> <ul style="list-style-type: none"> <li>• the <i>White Paper</i> focuses virtually exclusively on the macro-economic problem:</li> <li>• the <i>White Paper</i> is incoherent and fragmented:</li> <li>• The document lacks a clear statement of purpose:</li> <li>• it provides neither concrete goals nor timeframes for the achievement of the RDP objectives; and</li> <li>• the monetary policy is set to be independent in its policymaking with no specified measures to make it accountable.</li> </ul> <p>The validity of these early critiques are supported by the PSC (2007b:7), which states that “what precisely constitutes government’s poverty reduction programme at this point in time appears somewhat fluid, in the sense that different statements package the elements differently, sometimes omitting one and including something else, and so forth. ... To some, this is evidence of a lack of coherence in government’s anti-poverty strategy”.</p>

(Source: Own compilation)

The RDP programme was one of the first programmes of the democratic South African government and was focused on redistribution in order to address the ills of the past. The programme was launched in 1994 and, unsurprisingly, focuses on democratizing South Africa as well as addressing exclusivity through highlighting representation and participation with a people-driven process. This programme is still important for the dissertation in that it emphasizes the importance of participation by communities and of clear planning. These are components that are required in the alternate development investment management approach, which is explored in Chapter 7, which contains a typological analysis through a situational review, and Chapter 8, which presents the management approach towards development activation.

Between 1990 and 1995, there was a sharp devaluation of the Rand of almost 40%, from R2,63 to the US dollar to R3,63 to the US dollar, and the new Government of National Unity had to act with a new macroeconomic framework and policies. Therefore, in 1995 the GEAR programme was launched with the objective of stimulating economic growth by setting a growth target of 6%, reducing unemployment by creating 400 000 jobs and forming more private sector-friendly environments. This programme is assessed in Table 3.10.

**Table 3.10: Appraisal of GEAR**

GEAR	
<b>Background and purpose</b>	<ul style="list-style-type: none"> <li>• In 1995 a high-powered delegation was assembled by the Government of National Unity (GNU) to develop a new, modelled, macroeconomic framework.</li> <li>• At the same time, the Labour Movement created the “Growth and Equity” document.</li> <li>• With the fall of the Rand, the GNU was forced to fast-track an agreed new policy framework.</li> <li>• By June 1996 the then Finance Minister, Trevor Manuel, launched GEAR (Hunter <i>et al.</i>, 2003:11).</li> </ul>
<b>Key characteristics</b>	<p>Objectives:</p> <ul style="list-style-type: none"> <li>• 6% growth rate per annum;</li> <li>• 400 000 job to be created by the year 2000;</li> <li>• “freeing the private sector from the fetters of the distorted racist logic and constraints of the apartheid era” (Hunter <i>et al.</i>, 2003:12).</li> </ul> <p>Further goals of GEAR were identified by South Africa History Online (SAHO, 2014:2):</p> <ul style="list-style-type: none"> <li>• to stimulate faster economic growth;</li> <li>• to reduce fiscal deficits;</li> <li>• to decrease inflation;</li> <li>• to maintain exchange rate stability;</li> <li>• to reduce barriers to trade; and</li> <li>• to liberalize capital flows.</li> </ul>
<b>Results and appropriateness</b>	<p>Hunter <i>et al.</i> (2003:12) argue that the objective of removing all vestiges of a state-imposed, racially based economic policies led to the “rolling back of the state”. This in turn resulted in the abandonment of arguably important policies, with a negative impact on the following (Michie and Padayachee, cited by Hunter <i>et al.</i>, 2003:12):</p> <ul style="list-style-type: none"> <li>• public investment programme that is effective and discrete;</li> <li>• vulnerable industry to be afforded tariff protection;</li> <li>• reform of the heavily conglomerate-controlled domestic financial system; and</li> <li>• ensuring the prevention of capital flight through tighter controls.</li> </ul> <p>In addition, Hunter <i>et al.</i> (2003:12) note that “the neo-liberal prescriptions that GEAR outlines effectively curtailed some of the poverty alleviation objectives enshrined in the RDP.” Furthermore, they point out that while GEAR aligns well to the Washington Consensus-type targets, it has not achieved any of the targets it set to address the inequality problems of South Africa.</p> <p>Similarly, SAHO (2014:3) claims that “despite these achievements, private investment, job creation and GDP growth indicators were disappointing. Low levels of economic growth and private investment were insufficient to contribute to the reduction in unemployment; and the policy achieved very little success with the distribution of wealth”.</p> <p>Moreover, and even though GEAR was committed to promote macroeconomic growth, South Africa did not become a preferred investment destination; in 1998, “South Africa attracted only \$380 million in direct foreign investment, compared to Brazil’s \$29 billion and Australia’s \$6 billion” (Sowetan, cited by Hunter <i>et al.</i>, 2003:13).</p>

(Source: Own compilation)

It can be concluded that focusing on economic growth and foregoing other important development policies does not address the problem of poverty, unemployment or inequality. This can be seen from the results regarding this programme above. There was a further decline in the value of the Rand from R3,63 to US\$ to R5,85 by 2005. In addition, the unemployment rate increased from 16,9% in 1995 to 23,8% in 2005 (BusinessTech, 2015).

The lessons learned from this programme are critical. They underscore the importance of the implementation of the most appropriate programme which speaks to the research question of this dissertation, *How can socio-economic development investment address persistent poverty in small towns?*

Given the persistence of the challenges of unemployment, poverty and low growth, the GEAR programme was replaced by the AsgiSA programme, which is described in Table 3.11.

**Table 3.11: Appraisal of AsgiSA**

AsgiSA	
<b>Background and purpose</b>	In 2005 GEAR was replaced by AsgiSA.
<b>Key characteristics</b>	<p>According to SAHO (2014), the objectives of AsgiSA were based on</p> <ul style="list-style-type: none"> <li>• challenges of prolonged poverty driven by unemployment;</li> <li>• low earnings; and</li> <li>• the jobless nature of economic growth.</li> </ul> <p>SAHO (2014) maintains that AsgiSA has the following aims:</p> <ul style="list-style-type: none"> <li>• 2010 the target to reduce poverty; and</li> <li>• 2014 the target to halve unemployment (28% in 2004 to 14% by 2012).</li> </ul> <p>AsgiSA also recognizes that the policies implemented to address these issues need to be at the forefront of economic policy decision-making. The ASGISA policy programme identifies six “binding constraints” on long-run economic growth in South Africa:</p> <ul style="list-style-type: none"> <li>• Currency level and volatility;</li> <li>• Challenges with transport infrastructure;</li> <li>• Skills and cost of labour;</li> <li>• limited competition;</li> <li>• regulatory environment; and</li> <li>• failure within the government administrative (Jafta and Boshoff, 2008).</li> </ul>
<b>Results and appropriateness</b>	<p>Notwithstanding the fact that AsgiSA did not reach many of its aims as defined above, SAHO (2014) notes the following:</p> <ul style="list-style-type: none"> <li>• achieving some level of success;</li> <li>• uncertainty as the government did not make any official announcement on the future of AsgiSA.</li> </ul> <p>The uncertainty around the future of AsgiSA ended when it was replaced after the resignation of Thabo Mbeki. The incoming president, Jacob Zuma,</p>

AsgiSA	
	introduced the New Growth Path (NGP) in 2010. Growths in the South African economy was to be increased through NGP resulting in the reduction of poverty, inequality and unemployment. (SAHO, 2014). By 2013 the NGP was replaced by the <i>NDP 2030</i> (RSA, 2012e)

(Source: Own compilation)

AsgiSA replaced GEAR in 2005 with the aim of reducing poverty and halving unemployment. Although the programme did not achieve its goals, one important realization came to the fore, which was that to address the challenges, related policy programmes needed to be at the forefront of decision-making. Therefore, this programme's relevance for the central question of this study is that an understanding of the policy-making process is required. Hence, Section 2.10.1, Policy development and analysis, details this process. The programme showed some successes, but with the change in administration, the incoming president, Jacob Zuma, replaced the programme with the New Growth Path programme, itself in turn replaced by the *NDP 2030*. This plan is detailed in Table 3.12.

**Table 3.12: Appraisal of the *NDP 2030***

NDP 2030	
<b>Background and purpose</b>	Brand South Africa (2017) noted that the <i>NDP 2030</i> has its origins with the appointment of the National Planning Commission (NPC) by President Jacob Zuma in 2010. The NPC developed the <i>Diagnostic Report</i> (RSA, n.d. that reflected on the achievements and shortcomings of South Africa since 1994. Based on this diagnosis, the NPC developed the NDP, which was launched in 2012. In 2014, the NDP was translated into the Medium-Term Strategic Framework for the period 2014 – 2019, which coincided with the term of that administration. Government adopted 14 outcome priorities based on the NDP (Radebe, 2016).
<b>Key characteristics</b>	In terms of the <i>NDP 2030</i> 's goals and objectives, SAHO (2014:3) maintains that as a long-term strategic plan, the NDP serves four broad objectives: <ul style="list-style-type: none"> <li>• providing goals that are overarching in ensuring the 2030 objectives are achieved;</li> <li>• agreement on the key obstacles in achieving the 2030 goals and how to address them;</li> <li>• “providing a shared long-term strategic framework within which more detailed planning can take place in order to advance the long-term goals set out in the NDP”; and</li> <li>• Developing principles for decision making on how the limited resources are to be utilised.</li> </ul> Moreover, the NDP has as its main aims by 2030 the following (RSA, 2012d; Radebe, 2016): <ul style="list-style-type: none"> <li>• eradicate income poverty – reduce the proportion of households with a monthly income below R419 per person (in 2009 prices) from 39% to zero;</li> <li>• reduce inequality by targeting a Gini coefficient of 0,6 from 0,69; and</li> </ul>

NDP 2030	
	<ul style="list-style-type: none"> <li>unemployment rate reduction to 6% by setting a target of creating 11 million more jobs by 2030.</li> </ul> <p>The enabling milestones and critical actions required are detailed in Graph 3.1: GDP Growth and Employment.</p>
<b>Results and appropriateness</b>	<p>According to the South African government (RSA, 2017c), the plan attained the following results since its launch:</p> <ul style="list-style-type: none"> <li>Education – the matric pass rate has gone from 70,7% to 72,5% (2016);</li> <li>Health – life expectancy increased by six years to 63,3 years by 2015;</li> <li>Housing provision – 331 000 units were delivered between 2014–2016, which was already 45% of the 2019 target;</li> <li>Social assistance – there were 17 million beneficiaries per annum by 2017;</li> <li>Basic services: 724 000 households were connected to the electricity grid, which is 58% of the 2019 target; 1,12million households were given access to decent sanitation (45% of 2019 target); 305 000 households were given access to water from 2014 to 2016 (12% of the 2019 target).</li> </ul> <p>The representation to the Select Committee on Appropriation (SCOA) (RSA, 2017c) also identified some of the continuous challenges:</p> <ul style="list-style-type: none"> <li>only 69,9% of those with basic service infrastructure experience a reliable service;</li> <li>growth has slowed – the target of 5,4% GDP growth and employment growth of 2,9% were not achieved – the actual growth achieved in 2016 reflected a GDP growth of less than 1% and a negative growth for employment (see Graph 3.1: GDP growth and employment);</li> <li>a complex agenda needs to be driven for the whole country;</li> <li>small inadequate interventions are not enough;</li> <li>there was limited progress in addressing inequality: <ul style="list-style-type: none"> <li>for every black child completing higher education six whites do,</li> <li>while whites represent 9,5% of the economically active population, they occupy 68,5% of top management.</li> </ul> </li> </ul>

(Source: Own compilation)

Despite its limited success thus far, the *NDP 2030* retains the following enabling milestones (RSA, 2012d:24):

- a total of 24 million employed by 2030, up from 13 million in 2010;
- a R120 000 per capita income by 2030, up from R50 000 in 2010;
- an increased share of national income of the bottom 40%, from 6% to 10%;
- the establishment of a competitive base of infrastructure, human resources and regulatory frameworks;
- alignment between the workforce and the country's gender, racial and disability makeup;
- increased ownership of assets to historically disadvantaged groups;
- ensuring all children in Grade 3 can read and write and at least 2 years of preschool education by enhancing the quality of education;

- the provision of quality health care that is accessible and affordable;
- the provision of public transport that is safe, affordable and effective;
- the provision of adequate energy that is discharged to industries at competitive prices and to poor households, while ensuring a reduction in carbon emissions;
- the provision of clean running water to all South Africans;
- universally available high-speed broadband internet at competitive prices;
- a food trade surplus, with one third produced by small-scale farmers or households;
- household food and nutrition security;
- The entrenchment of “a social security system covering all working people, with social protection for the poor and other groups in need, such as children and people with disabilities”;
- the treatment of all citizens with dignity by a developmental state that is ethical and capable;
- a fair independent justice system that allows for safe living;
- the broadening of “social cohesion and unity while redressing the inequities of the past”; and
- the achievement of “a leading role in continental development, economic integration and human rights”.

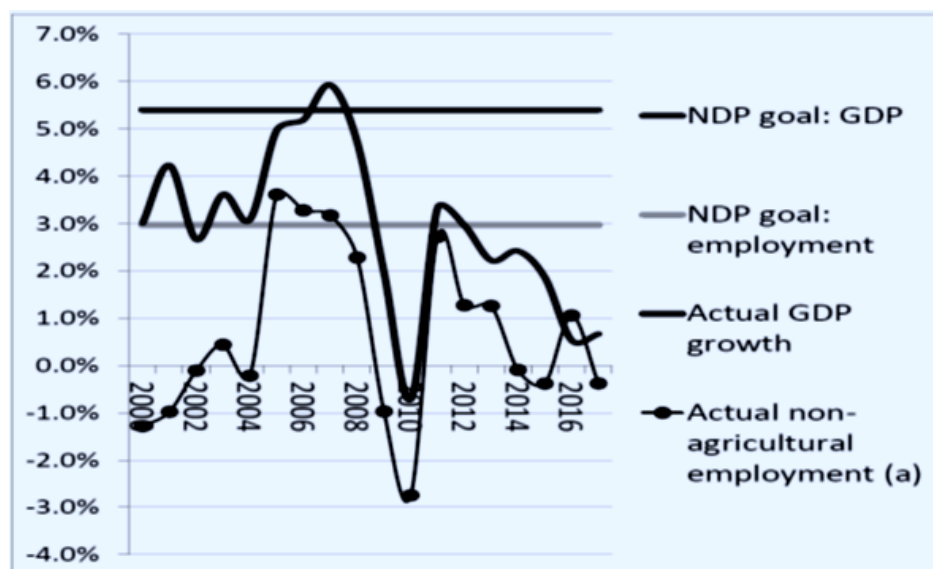
The critical actions listed are the following (RSA, 2012d:24):

- raising employment levels, reducing poverty and inequality through a social contract;
- developing a strategy to address poverty and its impact by improving public transport, raising rural incomes, broadening access to employment and strengthening the social wage;
- introducing steps to improve coordination, prosecute corruption, professionalize the public service and strengthen accountability;
- “[b]oosting private investment in labour-intensive areas, competitiveness and exports, with adjustments to lower the risk of hiring younger workers”;
- Establishing lines of responsibility from state to classroom to enhance the education accountability chain;



- “[p]hasing in national health insurance, with a focus on upgrading public health facilities, producing more health professionals and reducing the relative cost of private health care”;
- using tariffs, public-private partnerships, taxes to ensure public infrastructure investment at 10% of gross domestic product (GDP), that is focused on water, energy and transport;
- preparing for future shocks to ensure environmental sustainability and resilience through Interventions;
- applying “[n]ew spatial norms and standards – densifying cities, improving transport, locating jobs where people live, upgrading informal settlements and fixing housing market gaps”; and
- reducing crime through improved community environments and the strengthening of the criminal justice system.

The targets of the *NDP 2030* suggest that with the implementation of the NDP, the government will have as its milestones a reduction in unemployment and an increase in income which should ultimately assist the GDP. However, as can be seen in Graph 3.1, this has not yet been achieved.



**Graph 3.1: GDP growth and employment**

(Source: RSA, 2017c:18)

The plan includes several key actions that are directly relevant to the central question of this dissertation. These items are the issue around the social contract, the broadening of access to employment, the strengthening of the social wage, the

raising of rural income, the boosting of private investment, financed through public private partnerships and – critical for this dissertation – new special norms and standards.

### **3.7.5 Local economic development (LED) activation vehicles**

It should be noted that the local governments re-iterate that it is not the responsibility of government to create jobs but rather to create an environment that allows for economic growth. To this end, the South African government has introduced a number of vehicles to facilitate such growth. As has been mentioned in Section 3.7.3, the impetus for a mandate such as economic development must come from an Act of Parliament, and in this case through the DoRA (RSA,2016a).

To create an environment in which economic development can evolve, the South African government created a number of programmes. Since the election of the new democratic government in 1994, the government has attempted to address the challenges of inequality that are a sad legacy of almost 370 years of colonialism and apartheid. To address this, the various administrations have implemented a number of programmes. These programmes are explored in Section 3.7.4 and include the RDP, GEAR, AsgiSA and *NDP 2030*.

#### *3.7.5.1 LED intervention through programmes and projects*

In order to activate these programmes and align initiatives to a strategy of creating an environment for economic development to flourish, the South African government has introduced a number of intervention vehicles through the DoRA. The key objective of the DoRA (RSA, 2016a) is to ensure equitable distribution of funds to all three spheres of government to implement their mandates, and in this case, create an environment that is conducive to economic development. Grant intervention vehicles were therefore established, such as the Urban Settlements Development, the Integrated City Development, the Comprehensive Agricultural Support Programme, the Ilima/Letsema Projects, the Land Care Programme, Human Settlements Development, the Informal Settlement Upgrading Partnership and the Expanded Public Works Programme (RSA, 2016a:42-55).

Intervention vehicles that relate specifically to infrastructure, include Integrated Urban Development, Municipal Disaster Recovery, Municipal Infrastructure, Energy and

Water Services grants (RSA, 2016a:53). These vehicles seek to address local economic development through the creation of commercial opportunities through the maintenance, rehabilitation and construction of infrastructure. Intervention vehicles such as the Public Transport Network Grant, Public Transport Operational Grant as well as the Title Deeds Restoration Grant were introduced to assist with special transformation.

#### *3.7.5.2 LED Intervention through good governance*

It must be acknowledged that enabling economic development and thus promoting economic growth is very difficult. As noted in Section 2.7.3 and in Section 2.6., there are a number of challenges in implementing local economic development. Moreover, while the larger cities and towns might find it less challenging, it is in the rural small towns where these challenges are felt the most. Thus it is important for these small towns to ensure that they have good governance, transformational leadership, political will, capacity and systems.

To assist municipalities with these challenges, the DPLG (2007) introduced an intervention vehicle called Project Consolidate. A total of 139 municipalities were identified as struggling to implement their mandate and 85 of these towns were supplied with assistance through Project Consolidate. According to the DPLG, Project Consolidate was an immediate and targeted national intervention to support these municipalities to build their internal capacity. The purpose of Project Consolidate was to deepen the impact of existing policies and programmes directed at local government (DPLG, 2007:1).

In addition to Project Consolidate, the government also made available other intervention vehicles to address the challenges at local government level regarding governance, systems and capacity. These intervention vehicles are the Municipal Systems Improvement Grant, the Infrastructure Skills Development Grant and the Local Government Financial Management Grant (RSA, 2016a).

#### *3.7.5.3 LED intervention through implementation vehicles*

The South African government has stated its strategy regarding local economic development and the creation of jobs at a local government level clearly. This strategy entails the creation of an environment that supports local economic

development through intervention vehicles linked to specific grants. However, as noted in Section 3.7.5.2, implementing local economic development in rural towns is an especial challenge because this environment offers fewer commercial opportunities and poses more challenges than bigger towns and cities.

A lack of commercial opportunities and infrastructure in small rural towns was already identified by Nel (1997) more than two decades ago as a major stumbling block to furthering local economic development in rural towns. He argues that these communities need to recognise their shortcomings (the limited commercial opportunities, infrastructure, skills and capacity), because towns will often only accept assistance once they realise and acknowledge these limitations.

Nel (1997) analysed the implementation of LED in Seymour, a small rural town located in the northern part of the former Ciskei homeland, noting: “With the support of a NGO (Corplan) the Seymour Development Forum embarked on a locally driven process of LED” (Nel, 1997:283). He recommended that assistance should be focused on the needs of the town and identified the following interventions typically required for small rural towns that are less endowed regarding economic opportunities than larger towns (Nel, 1997:283-288):

- community gardens to supplement domestic food production;
- small business support, for example, small businesses such as candle-making, producing school uniforms, juice-making, sewing, poultry, a butchery, a musical band, and clothing production;
- the renovation of factory buildings, with the objective of transforming the economic outlook by creating infrastructure that includes facilities for small businesses and agro-industry, agricultural development, a community hall, a permanent village place and rental space to generate income;
- housing construction, which is labour intensive construction where mostly local labour is used; and
- periodic markets, creating events around the pay-out of pension grants, for example, a bi-monthly market coinciding with the pay-out of pensions.

Sibisi (2009) highlights the importance of creating an enabling environment through cooperation between the public, businesses and the NGO sector, maintaining that this will stimulate economic growth, job creation and sustainable development. Furthermore, the following interventions can assist in such initiatives (Sibisi, 2009:5):

- improving the local business investment climate;
- investment in hard infrastructure;
- investment in soft infrastructure;
- investment in sites and premises for business;
- encouraging local business growth;
- encouraging new enterprises;
- promoting inward investment;
- sector and business cluster development;
- area targeting/regeneration activities; and
- integrating marginalised workers.

In summary, the literature repeatedly points out that while government intervention vehicles through programmes and projects go a long way towards creating an environment conducive to LED, it should be noted that good local governance and initiatives also play an important role. Furthermore, for LED implementation to be sustainable, it has to include collective and collaborative action involving the public, business and NGOs.

### **3.7.6 *Intervention vehicles in summary***

In conclusion, Section 3.7 and its subsections have reviewed policy and intervention vehicles pertaining to development transformation and have analysed them with reference to addressing the legacy of inequality in South Africa. Section 3.7.3 has highlighted the legislative process required for the implementation of the intervention vehicles, which starts with the *Constitution*, which has been translated into legislation, and concludes with monitoring and evaluation regulations. The literature review reveals that although a lot of time, effort and government initiative have gone into these intervention vehicles, poverty remains persistent and unemployment continues to reach new heights. However, the research suggests that social grants can have a positive impact on development growth.

## **3.8 Conclusion and deductions**

In summary, this chapter has appraised the ability of the South African government to create an enabling environment that lends itself to development transformation. As a result, the chapter has focused on the key elements that allow for a transformative

enabling environment, through an appraisal of the relevant policies. These elements include socio-economic transformation, land use management, pro-public leadership, public value and intervention vehicles.

From the research, it can be deduced that policy plays an important role in creating the development transformation environment and that socio-economic transformation in South Africa is guided by the *Constitution*. Furthermore, it is noted that rural development programmes started after a refocusing by government, so programmes such as the Integrated Sustainable Rural Development Programme which was replaced by the CRDP. It has, however, been demonstrated through qualitative research that the implementation of these programmes have not yet brought about the anticipated results, so that growth still favours the elite, and that the planning, design and implementation decisions are developed by officials who often do not take local conditions and local knowledge into account sufficiently.

In addition, the chapter has reviewed the policies that assist in pro-public leadership and concluded that, although regulation gives guidance to those in public leadership positions, these leaders need to be transformational leaders. Moreover, they are required to lead through an approach closely mirroring a stewardship delegation method. It is also noted through the literature that these leaders' actions should conform to good governance. To engage with an understanding of governance in the public sector, the chapter has appraised various components of governance, focusing on the system, the institution, financial management and capacity.

Finally, the chapter has focused on policy and intervention vehicles, analysing the legislative imperatives, social grants and intervention vehicles. In summary, the results suggest that social grants have a positive impact on growth. The results of the research, however, reveal that the intended outcomes from the various intervention vehicles introduced by the South African government have not achieved their intended objectives. These results would suggest that there is a need to revisit issues such as the categorizing of towns to align investment to the capability of these towns, thus ensuring better investment decisions and approaches.

While policy is crucial in creating an enabling environment, it should also be noted the development activation measures achieved through civil society, corporate society, land reform, implementation approaches and categorization are equally important. These measures are analysed further in Chapter 4.

## CHAPTER 4: DEVELOPMENT ACTIVATION MEASURES

### 4.1 Introduction

Following on from the previous chapter, Chapter 4 focuses on development activation through the various stakeholders, as well as the measures of development. Aside from the public sector, the stakeholders include civil society and corporate society. The chapter also reviews the impact of land reform as a development activation measure. Furthermore, the chapter starts analysing the intervention implementation approaches employed thus far to understand whether there are any deficiencies in these historical or contemporary approaches.

Finally, the chapter analyses the methodology used in categorizing of towns in order to channel development investment. The main objective of this chapter is to determine the role that stakeholders such as civil society and corporate society must play in the activation of socio-economic development in small towns. Furthermore, the chapter posits and explores the hypothesis that an alternate approach is required to determine development investment.

### 4.2 Activation through civil society

Sethi (as cited in Burkey, 1983:40) warns that “the problem of rural poor, in the final instance, cannot be solved by anyone but themselves, and all solidarity efforts must be aimed at strengthening their own capacity for independent action”. This view is also held by many commentators, such as Burkey (1993), Schenck *et al.* (2010) and Swanepoel and De Beer (2016). However, Burkey (1993) laments that far too many development professionals believe that rural development can only be brought about by governments or development agencies. He criticizes such a perception because it ignores the fact that, really, *sustainable* rural development can only be achieved “through the efforts of the rural people working for the benefit of themselves, their families and, hopefully, their communities” (Burkey, 1993: xvii). Similarly, Swanepoel and De Beer (2016:87) maintain that the community is the main role player in any development activation, and advocate that the “government, non-governmental or the private sector play supporting, aiding and facilitating role”.

Therefore, the purpose of Section 4.2 is to review the importance of civil society participation in addressing persistent poverty in small towns. Section 4.2.1 focuses on understanding what a community is, including the various stakeholders (see Section 4.2.2) in a community. In addition, Section 4.2.3 clarifies the objectives, principles and outcomes of civil society participation in development. In conclusion, the section identifies key elements of participatory implementation.

#### **4.2.1 Community participation**

In order to understand community participation, we need to grasp what or who the community is. This is important because developmental projects are developed to assist community development. Burkey (1993) points out that most development programmes in Africa are developed by outsiders with very little understanding of rural communities. Such outsiders tend to romanticize rural communities based on experiences gained only as tourists, or even as development agents visiting projects. Unrealistic views, he argues, are reinforced by the harmonious impression given by these communities when outsiders visit small villages. Therefore, most development programmes are erroneously developed based on the Harmony Model, which suggests that “with little training and sufficient funding, villages will come together, work together and everyone will benefit” (Burkey, 1993:40).

Burkey (1993) defines a rural community as consisting of both individuals and groups. He argues that these stakeholders often have diverse, and in some instances, opposing interests, thereby challenging the basis of the Harmony Model. This definition is similar to that of Swanepoel and De Beer (2016), who maintain that a community includes individuals and institutions. They agree that it is difficult to define a community. Like Burkey (1993), they argue that a community is not a homogeneous entity where all members have the same interests – in fact “very few individuals will share the notion of common good of the society” (Swanepoel and De Beer, 2016:83).

While commentators like Burkey (1993), Swanepoel and De Beer (2016) focused on the structure of a community and the differences within these structures, Cavaye (2015) turned his attention to a more macro-level of understanding the term community development and the possible benefits of community development. He argues that the term “community” can be defined as “a group of people with a shared



identity” and that development refers to an increase of choices (Cavaye, 2015:2). Cavaye (2015) also concurs that community participation is the key to community development. He argues that the community is both the end and the means to the end, and thus it is the community that needs to act and participate together. He adds that through this participation communities can become more vital.

Burkey (1993:57) defines community participation as more than just mobilizing labour forces or informing communities about pre-determined plans: it should be “a genuine commitment to involve the community in all aspects and at all levels of development work”. This aspect is further emphasized in Section 4.3, which focuses on activation through implementation approaches. Burkey (1993) cites a group of rural development workers in Uganda who demonstrate his notion that in every rural community there are socio-economic class structures, as depicted in Table 4.1.

**Table 4.1: Socio-economic class structure**

<b>Labourers</b>	<b>[These are] men and women who lack access to land and who must survive by working for others as hired/indentured labourers.</b>
<b>Poor Peasants</b>	[They] have insufficient land and/or livestock to meet their needs, often work as part-time labourers for others; never hire others but often join in mutual help “digging groups”.
<b>Middle Peasants</b>	[They] have sufficient land/livestock to meet their own needs, normally would not work as hired labourers and would seldom hire others to work for them.
<b>Rich Peasants</b>	[They] have more than enough land/livestock to meet their own needs as well as marketable surpluses, never work for others, but often hire others to work for them.
<b>Wage earners/ artisans/ professionals</b>	[They] have a high level of interdependence on others, e.g. employers, customers, clients, etc. In many Third World countries, professionals such as teachers, nurses, and extension workers in government service are extremely poorly paid and usually must find additional source[s] of income.
<b>Capitalists</b>	[These] are those [who have] sufficient capital to invest in productive assets and to purchase the necessary factors of production, e.g. commercial farmers/ranchers. <i>Petty capitalists</i> are shop owners, taxi and lorry owners, etc.
<b>Bureaucratic capitalists</b>	[They] have acquired their capital through corruption or favouritism: they use their influence to get land title on which they get a bank loan for commercial/productive investment.

(Source: Burkey, 1993:42)

Through this review, it becomes clear that the activation of civil society through community participation is not as straightforward as it initially seems. There are many factors to consider which may be an obstacle to successful community participation, or Burkey calls it, “participatory development”. Rahman (1984, cited in Burkey, 1993:59-60) identifies five such obstacles that make participatory development difficult:

- Given the diversity of participatory development, based on the varied situations it seeks to address, it is difficult to have neat, standard development objectives.
- For community participation to be successful, the economic situation of the poor must improve, leading to conflict with more affluent groups in the community.
- Participation must be based on self-reliance, but some external assistance is often initially needed. Care must be taken that this does not result in a new dependency.
- Participation requires organizations. Admittedly, these organizations may lead to power's being vested in a few leaders. Consequently, to maintain people power, it is required that the community maintains power over these organizations.
- Seldom does a participatory process start spontaneously. It is generally initiated by leadership with external vision. This vision may not align with that of the community; indeed, in some cases, as was shown at the beginning of this section, it may be erroneously based on the impression given by communities of harmony where there is diversity. Therefore, in order to resolve this contradiction, it is important that participatory action should go beyond just mobilizing the community to fall in line with such an external vision.

The importance of participation cannot be overemphasized. In this regard, Swanepoel and De Beer (2016) state that if participation is excluded from planning and implementation, it will result in extended costing, stirring up of political unrest and a lack of progress, and it may result in division within the community. As a result, they define the reasons for community participation in projects as set out in Box 4.1.

- Both abstract and concrete needs of participation are fulfilled through participation.
- A learning process is encouraged allowing the people to be involved from the start through identifying of needs and making decisions.
- Stimulation of decision making and action that are collective in nature.
- Needs orientated development flows from community participation.
- Objectives are achieved because the community is working towards addressing their needs.
- It provides for ordinary people to participate as it is the people at grassroots level that are involved.
- “It brings about awareness among people about their own situation and their ability to address their situation themselves.”
- “It leads to community-building by encouraging leadership skills, institutional development and organizational ability.”
- The gaining of awareness and the power of further developmental activities.
- “After all, it is the people’s democratic right to participate in decision-making.”

#### **Box 4.1: Reasons for community participation**

(Source: Swanepoel and De Beer, 2016:108)

They argue that participation adds value – it brings together diverse groups to achieve an acceptable solution. Moreover, the *Constitution* encourages participation by community in matters of local government. The South African experience has shown the importance of community participation in projects (Swanepoel and De Beer, 2016).

This section defined the various groups in the community that need to be identified, as well as the fact that these groups may not have similar visions. It has also described participation by considering what a community is and what development should bring to the community. Moreover, this section has illustrated various reasons for participation, as well as its value. Consequently, it has highlighted the difficulties of community participation and acknowledged that there are various stakeholders in community participation. These stakeholders are discussed further in Section 4.2.2.

### 4.2.2 Stakeholders

Swanepoel and De Beer (2016:27) define a “stakeholder, or role-player in poverty eradication” as “a person, a group or an institution that performs a certain task. A stakeholder may be actively doing something or may have an untapped potential to perform a function”.

In Section 4.2.1, the dissertation explored the importance of community participation and noted that a community consists of several stakeholders. The co-operation of these stakeholders is key to the successful activation of development. Three primary stakeholders have already been mentioned, and this section focuses on understanding the “basket” of stakeholders identified by several commentators such as Burkey (1993), Jutting (2003) and Swanepoel and De Beer (2016).

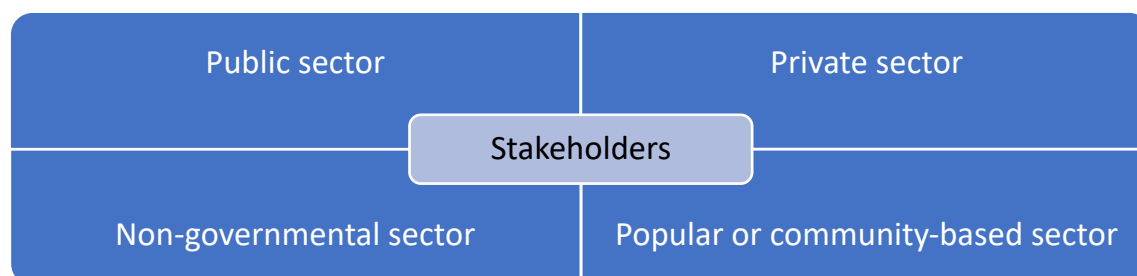
It is vital to understand the numerous classifications and levels of stakeholders. Jutting’s (2003) classification of stakeholders includes political, economic, legal and social stakeholders. In Table 4.2, he explains the interconnectivity and hierarchy of these stakeholders.

**Table 4.2: Hierarchy classification of stakeholders**

Level	Examples	Frequency of change	Effect
Institutions related to the social structure of the society (level 1)	Mainly informal institutions such as traditions, social norms, customs Exogenous	Very long horizon (10 <sup>2</sup> and 10 <sup>3</sup> years) but may change also in times of shock/crisis.	Defines the way a society conducts itself.
Institutions related to rules of the game (level 2)	Mainly formal rules defining property rights and the judiciary system. Exogenous or endogenous	Long horizon (10 to 100 years).	Defines the overall institutional environment.
Institutions related to the play of the game (level 3)	Rules defining the governance private structure of a country and contractual relationships, e.g. business contracts, ordering Endogenous	Mid-term horizon (1 to 10 years).	Leads to the building of organisations.
Institutions related to allocation mechanisms (level 4)	Rules related to resource allocation e.g. capital flow controls; trade flow regimes, social security systems. Endogenous	Short term horizon and continuous.	Adjustment to prices and outputs, incentive alignments.

(Source: Jutting, 2003:12)

Swanepoel and De Beer (2016:27-29) propose a different classification, focusing on stakeholders in the public sector or the private sector, non-governmental organizations and community sector stakeholders – strictly speaking, the community sector stakeholders are in the non-governmental sector. These stakeholders are depicted in Figure 4.1 and subsequently further defined.



**Figure 4.1: Civil society stakeholders**

(Source: Adapted from Swanepoel and De Beer, 2016:27-29)

- Public sector stakeholders

The public sector consists mainly of the spheres of government (local, provincial and national government). Local government is responsible, *inter alia*, for social and people development and local economic development, and, in metropolises, for policing. The provincial government focuses on areas such as education, health, and roads, while the national government, in the context of South Africa, is structured in various functional areas to deal with issues including social development, land affairs, environmental affairs, water affairs, forestry and agriculture. This sector is also discussed in more detail in Section 3.6.2, which looks at governance and systems by discussing the rights, duties, mandate, power and functions of the different spheres of the public sector.

- Private sector stakeholders

The private sector consists of a multitude of elements, including commerce, industry and mining. Commerce refers to activities such as shops, banks and services such as dry cleaning or vehicle repairs. Industry refers to the manufacturing aspect of the private sector, where goods are produced for the consumption of consumers. Other important stakeholders in the private sector and more specifically in the commerce and industry sectors are associations. Moreover, it is important to note that in addition to the big corporations, the private sector also consists of small, medium and micro-enterprises (SMMEs), which Abor and Quartey (quoted in National Credit Regulator, 2011:14) estimate as

making up 91% of all business enterprises, contributing 55% of the GDP and employing 61% of the nation's workforce. Furthermore, most of the developmental work done by the private sector is performed through their corporate social responsibility (CSR) programmes. These are analysed in more detail in Section 4.3, which refers to the CSR aspect of "corporate citizenship".

- Non-governmental (civil society) stakeholders  
In the preceding sections, the public and private sector stakeholders have been defined. Each of them has a specific lens on development. The non-governmental stakeholders, as Swanepoel and De Beer (2016) show, are neither dependent on, nor responsible to the previous two sectors. These stakeholders, also commonly known as non-governmental organizations (NGOs), are initiated to address specific issues such as health, education, housing, etc. These organizations have both a social and economic development objective and are dependent on grants from the government and development agencies.
- Popular or community-based sector stakeholders  
This category of stakeholders, also known as community-based organizations (CBOs), is usually activated through individuals or groups in the community itself. Their functional areas are largely grassroots development issues. Swanepoel and De Beer (2016) provide the following examples of CBOs: community clubs, faith-based groupings, formal organizations (committees) and political associations.

In this dissertation, it is recognized that self-reliant participation in South Africa is not usually initiated from within the community, but rather by external catalysts. The dissertation also argues that implementers should ensure that these projects are controlled by the community. Nevertheless, it is also recognized that these projects require external assistance and that this assistance is usually provided by agencies. Burkey (1993) also mentions that participatory development activities in poor groups often require outside stimulation and cites Wignaraja (1984) in support of this view, arguing that the reason outside stimulus or catalyst is required is existing power relations and deep-rooted dependency relationships. Wignaraja (1984, quoted in Burkey, 1993:75) explains that "the catalyst or change agent who can break this vicious cycle is a new type of activist who will work with the poor, who identifies with the interest of the poor and who has faith in the poor".

Burkey (1993) distinguishes between small agencies who in Third World countries have adopted this role as change agents, and large international agencies. He provides suggestions to the international agencies to help ensure that they promote self-reliant participatory development. These suggestions are summarized as follows:

- familiarization;
- awareness-building;
- facilitation;
- organizational training;
- leadership development;
- technical training;
- external linkages;
- exchange of experience;
- external funding; and
- support and encouragement.

#### ***4.2.3 Community development activation measures***

Development often requires facilitation, and such interventions require assistance from all stakeholders, as indicated in Section 4.2.2. Moreover, to further enhance community development activation, facilitation can take many forms, including entrepreneurial development and support, one-stop services, preferential procurement, access to credit and direct employment opportunities.

Entrepreneurial development is already at the forefront of the government's strategy in creating jobs, as jobs need to be increased to 24 million by 2030 (National Planning Commission, 2011). In order to achieve this, the government has developed strategies such as the Industrial Policy Action Plan, the New Growth Path and the National Infrastructure Plan. A large portion of the EPWP projects are dedicated not only to creating jobs but also to up-skilling individuals in pursuing entrepreneurial opportunities.

Sadly, having the necessary skills and even a sound business plan do not guarantee success, as one of the largest challenges facing entrepreneurs and small businesses is a lack of finance and access to finance. To address this challenge, the government has created the Small Enterprise Development Agency (Seda), with the mandate to assist entrepreneurs to get started, or for those small business already in existence

to grow. Seda has offices throughout South Africa and offers the following services (RSA, 2020):

- information, advice and referrals;
- tender information and advice;
- import and export training;
- trade information;
- business assessments and business mentoring;
- technical support;
- market access; and
- business linkages.

Forming co-operatives is a way in which entrepreneurs can assist growth activation in communities. Support is provided for such co-operatives through the Co-operatives Incentive Scheme.

Further financial assistance to small business is also provided by organisations such as Khula Enterprise Finance LTD, South African Micro Finance Apex Fund, Technology for Sustainable Livelihoods, Umsobomvu Youth Fund, Umsobomvu Youth Advisory Centres, South African Women in Construction, Technology for Women in Business, and the Gender and Women Empowerment Unit (RSA, 2020).

Development growth activation is assisted through legislation such as the *Preferential Procurement Policy*, which, *inter alia*, provides for bigger contracts to allocate 30% of the contract to small businesses, where possible. Furthermore, through the Municipal Infrastructure Grant and PPP arrangements, direct and long-term job opportunities are being created.

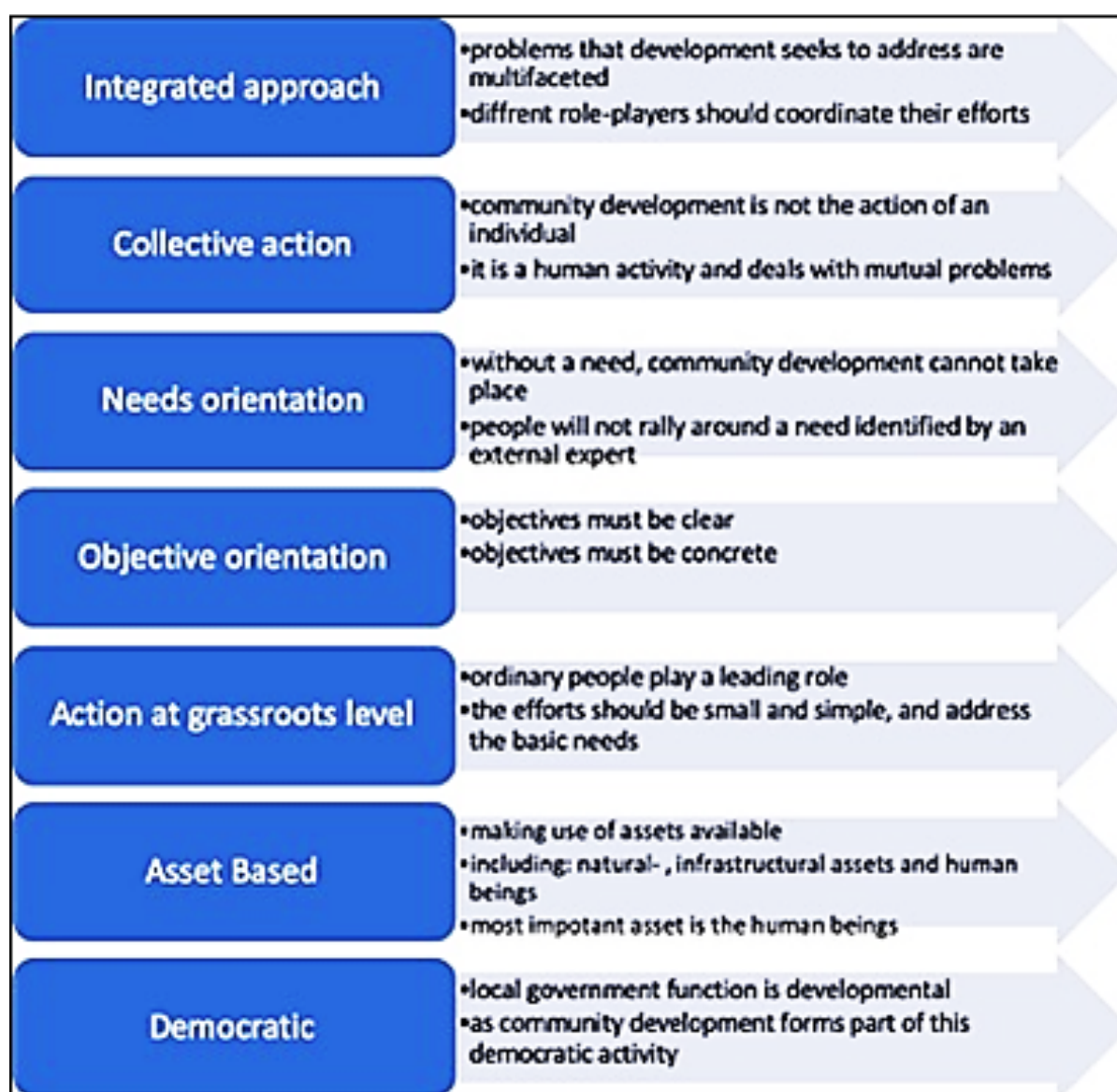
It is important to note, however, that development, and specifically community development, cannot be sustainable unless it is truly owned by the community. Therefore, to ensure that development is people-centric, communities must be empowered, and the environment must be conducive for people's taking control of small-town socio-economic development activation in their own areas.

#### **4.2.4 Objectives, principles and outcomes**

In this dissertation, the reader has been made aware of the various faces of poverty and numerous approaches in eradicating or at least addressing poverty, inequality



and unemployment have been mentioned. Furthermore, in Chapter 3 and in this chapter, in Sections 4.2.4 the intervention programmes introduced by the government as well as the impact corporate society has on community development are discussed. The question is then what exactly community development is. According to Swanepoel and De Beer (2016), the answer to this question lies in a review of its features and outcomes. Therefore, this section is an overview of the features, objectives, principles and outcomes of community development. Swanepoel and De Beer (2016) highlight seven features of community development which are depicted in Figure 4.2.



**Figure 4.2: Features of community development**

(Source: Swanepoel & De Beer, 2016:54-58)

One of the features is an asset-based approach, which is also acknowledged by Schenck *et al.* (2010) as an important shift in the community development environment. This is a departure from historical approaches focused on deficiency, needs and a problem-based orientation. Like Burkey (1993), they argue that this asset-based approach “encourages an appreciation and mobilization of the positive assets and strengths in communities” (Schenck *et al.*, 2010:61). They maintain that compared to a needs-based approach, an asset-based approach lends a positive spin to “problems and needs” which are rather identified as “gaps and opportunities”. The differences between these two approaches are summarized in Table 4.3.

**Table 4.3: Asset-based approach vs needs-based approach**

<b>Asset-based approach</b>	<b>Needs-based approach</b>
<b>Bottom-up action</b>	Top-down action
<b>Inside-out process</b>	Outside-in process
<b>Strengths, assets, gaps, opportunities, abilities, capabilities</b>	Weaknesses, deficiencies, needs, disabilities, problems
<b>Philanthropy of the community</b>	Philanthropy of the community
<b>Community: producer of services</b>	Community: consumer of services
<b>Citizens</b>	Clients
<b>Initiators</b>	Recipients
<b>Partner</b>	Provider
<b>Empowerment</b>	Dependency

(Source: Schenck *et al.*, 2010:62)

In exploring the principles and objectives of community development, Burkey (1993:40) stresses community development’s participatory element and describes it as “self-reliant participatory development”. He argues that “self-reliance” cannot be learned, but it also cannot be given. Consequently, governments and development agencies can thus not develop a rural region – it must be done by the people themselves. He explains that “self-reliance” refers to “the ability of a family, community or nation to produce some or all of its basic needs...” (Burkey, 1993:51). He cautions that the term should not be confused with self-sufficiency and argues that “self-reliance” refers to doing things for oneself, maintaining one’s own confidence, and making independent decisions, it comes from within but is directed outwards and is based on relationships.

Based on this understanding of self-reliant participatory development, it is no surprise that the goals of development will align themselves with this philosophy. These goals are summarized by Hague, Mehta, Rahman and Wignaraja (1977:2) as follows:

- the growth of the individual occurs within his or her own collective fellowship;
- development should lead to the de-alienation of the individual;
- development should strengthen the feeling of a collective personality;
- participation is the true form of democracy; and
- self-reliance is the foundation from which genuine development can proceed.

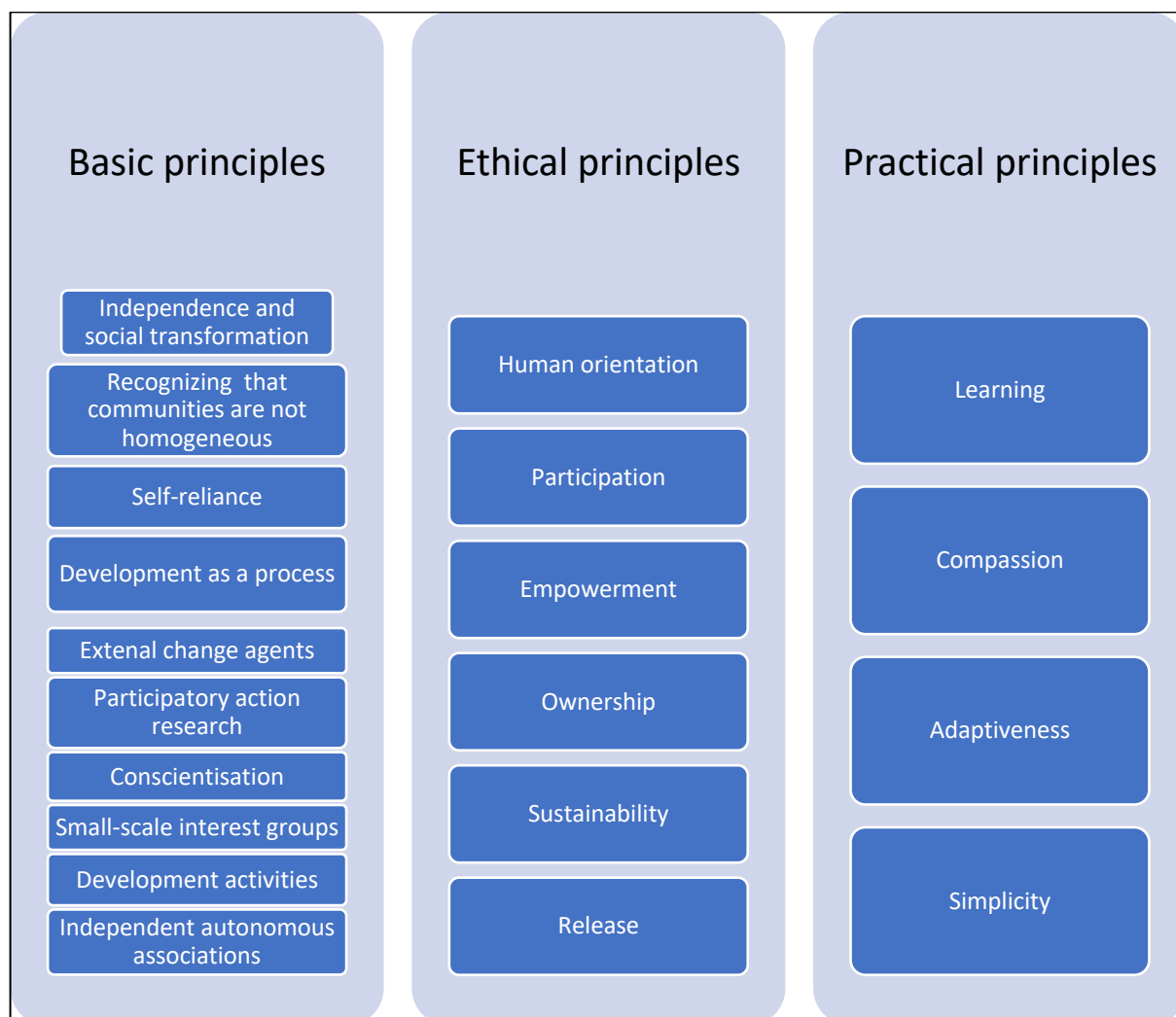
After defining self-reliant participatory development (see above), Burkey (1993:207) highlights the objectives of community development process as follows:

- to allow the poor to understand their own situation, which should lead to improving this situation;
- to create self-reliant groups that have a strong sense of self-identification and shared responsibility;
- to establish viable, self-sustaining income-generating activities;
- to establish viable, fair and just political systems and processes; and
- to establishment community-supported social services.

The history of community development dates back to early civilization and involves activities by humankind to benefit groups or parts of groups. Swanepoel and De Beer (2016) point out, however, that it was not until the 1950s that the term “community development” became recognized worldwide, but by the 1960s more than 60 countries had community development projects. These projects are implemented by an array of professionals, including community development workers (CDWs), community facilitators and development officers or social ecologists, who come from diverse backgrounds.

Swanepoel and De Beer (2016:64) comment that “these people do not come into the job with the same point of departure, following the same set of rules or moving within the same parameters”. The implementation of these projects may thus lead to chaos and a set of principles is required to give guidance to these professionals. Aside from Swanepoel and De Beer (2016), Burkey (1993) and Schenck *et al.* (2010) have developed such principles for use by developmental practitioners working with communities in implementing community development projects. These principles can

be categorized as basic, ethical and practical principles, as depicted in Figure 4.3. In addition to these principles, Burkey (1993:211) notes the following “golden rule”: “Don’t do anything for people that they can do for themselves.”



**Figure 4.3: Principles of development**

(Sources: Adapted from Burkey, 1993:207-211; Swanepoel and De Beer, 2016:64-78)

#### **4.2.5 Civil society in summary**

Section 4.2 and its subsections have reviewed the importance of civil society participation in addressing the persistence of poverty and defined the community and its stakeholders. The research reveals the importance of community participation and notes that outsiders do not necessarily have the knowledge of the locality, however, in most cases, development programmes are developed (and usually funded) by outsiders.

Commentators argue that rural development can only be sustainable if implemented by the rural poor themselves and oppose the fact that rural development can only be achieved through government and agencies. It is acknowledged that stakeholders do have a supporting or facilitating role to play. These stakeholders can be classified as public sector, private sector, non-governmental sector and community-based sector. In addition, it is concluded that many of the development programmes are developed by outsiders who do not have unrealistic views and these views are reinforced by the impression by the locals. Furthermore, rural communities are defined as both individuals and groups with diverse interest and participation from all in the rural community is critical to rural development.

Finally, the section highlights the impact of the different role players in implementation of community development projects and notes that these role players have diverse points of views. Therefore, the implementation of these projects can lead to chaos and for this reason a set of principles should be followed to guide these role players. These principles can be categorised as basic, ethical and practical principles.

### **4.3 Activation through corporate society**

An Ovambo proverb from Namibia says: “*Eno lindwe kali tskana hambo*” [one tree is not enough to build a fence], “meaning one person (or one way) cannot alleviate all the poverty in the country” (Steward, 2005:143). In Section 4.2.4, we analysed how to activate a more meaningful approach to alleviating poverty through community participation. Furthermore, in Chapter 3 the government’s approach to addressing this scourge was discussed. However, it can be seen from the introductory chapter that poverty has prevailed through the ages. This confirms the validity of Steward’s remark and emphasizes the need to add a further role-player to the mix. This role player is the private sector or corporate society.

Corporate society’s partnership with the government and civil society is now acknowledged to play a pivotal role in addressing economic, social and environmental challenges in developing countries (Pedersen, 2006). Both business and donors agree that the private sector has a key role to play in addressing the development challenges and key to these challenges is poverty. With this in mind, this section reviews the activation of development through corporate society by

defining corporate citizenship, analyses the role of corporate social responsibility and concludes with the importance of partnership and defining some partnership examples.

#### **4.3.1 *The corporate citizen***

The history of CSR can be traced back to the industrial age. During the initial stages of the industrial age, the differences between the roles of individual and corporate citizenship blurred. Pedersen (2006) argues that this was mainly because in those days the owner and operator of a company was an individual. However, the Industrial Revolution led to companies' becoming corporations, which are managed by groups and no longer by an individual. This gave rise to a new chapter as companies have now taken on a new identity, that of corporate citizen (Pedersen, 2006).

The growth in companies was enhanced through globalization to what we today know as multinational corporations. These new, much bigger corporations are now able to leverage and manage risk from diverse localities and through better management. But globalization has also started revealing differences in living standards across the world. This has placed significant pressure on these multinationals to incorporate the functions of a corporate citizen within their operations agenda.

Regarding multinationals' impact, Prahalad and Hammond (2003) present two scenarios. The first is a bleak world where, after recovery from the current economic difficulties, the divide between rich and poor grows, the economy is in chaos and governments collapse. The second scenario is a world where the economy grows, and jobs are created. They argue that the second scenario is possible, if multinationals are willing to work towards it. They maintain that "[b]y stimulating commerce and development at the bottom of the economic pyramid, MNCs [multinational corporations] could radically improve the lives of billions of people and help bring into being a more stable, less dangerous world" (Prahalad and Hammond, 2003:3).

According to Pedersen (2006:11) "...development is now a key issue on the corporate citizenship agenda and a growing number of especially MNCs [multinational corporations] make commitments to fight poverty, pollution, corruption,

social exclusion, HIV/AIDS, malaria, etc.” He also argues that the main reasons some of these multinational corporations are addressing development issues are that

- the stakeholders expect it;
- it is the right thing to do; and
- political, economic and social instability is a barrier to the opportunity to tap into the unutilized business opportunities in development countries.

The unutilized business opportunities in development countries are explored further by Prahalad and Hammond (2003:5-7), who maintain that there are several misperceptions of these opportunities at the bottom of the economic pyramid:

- The poor have no money:

To illustrate this misperception Prahalad and Hammond (2003:5-7) use the case study of the Grameen Telecom’s village phones. They highlight the fact that the villagers in Bangladesh rural villages earn less than \$200 per year. However, as a collective, they have strong buying power, as the results of Grameen Telecom show – their phones are owned by single entrepreneurs, and these entrepreneurs are earning on average \$90 to \$1000 per month in larger villages;

- The poor are too concerned with the basic needs to “waste” money on non-essential goods:

A case study in Dharavi, a shantytown in Mumbai, shows that 85% of the households own a television set, 75% own pressure cookers and mixers, 56% own glass stoves and 21% have telephones. Prahalad and Hammond (2003) argue that this is the case because those at the bottom of the pyramid in Mumbai have accepted the reality that they will never buy a house or even get running water, so they rather spend their income on things that they can get immediately, and that improve the quality of their lives.

- Goods sold in the developing market are cheap, so there is no room for new competitors:

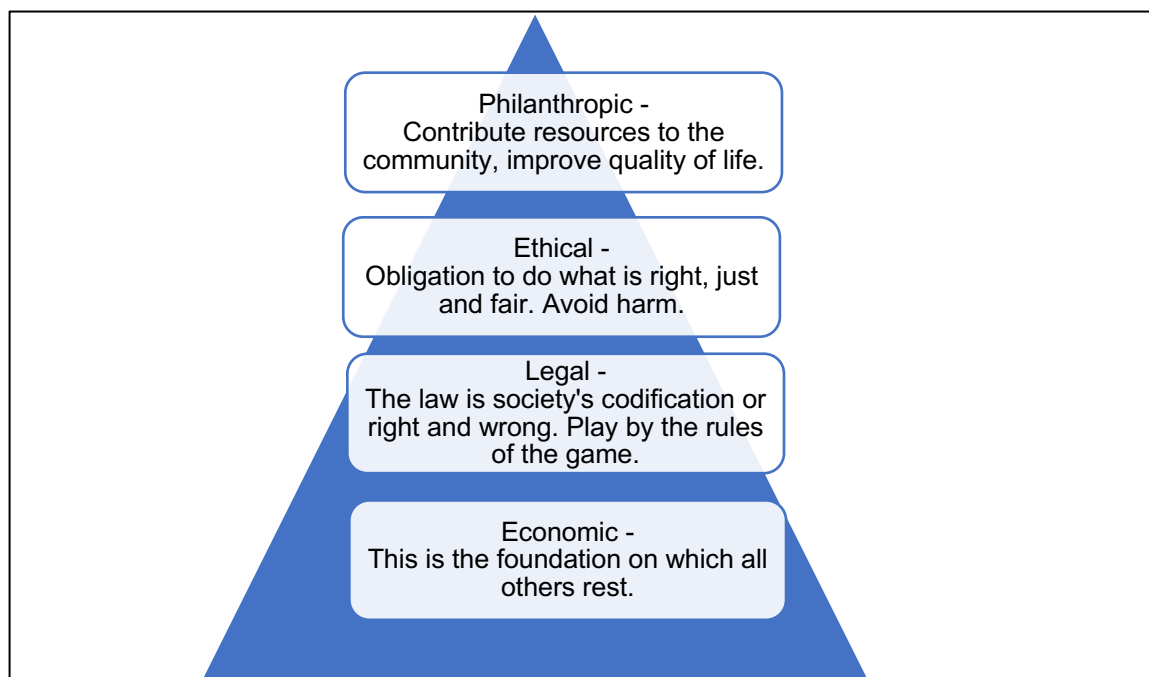
Prahalad and Hammond (2003) argue that goods in fact cost more in developing markets because drinking water can cost between four to a hundred times more; food can cost 20% to 30% more, as there is no access to bulk discount stores; and the cost of money is also much higher (money lenders can charge between 15% to 20% per day).

- It can be cheap to market and deliver goods to the world’s poor.

### 4.3.2 Corporate Social Responsibility (CSR)

According to Carroll (1979:500), “corporate social responsibility encompasses the economic, legal, ethical, and philanthropic expectations placed on organizations by society at a given point in time”. Professor Archie Carroll is cited by several researchers, including Pedersen (2006) and Matten (2006), as a leading commentator on CSR. Matten (2006:6) maintains that Carroll’s model, the “Four-Part Model of Corporate Social Responsibility” on CSR is “the most established and acceptable model of CSR”.

Carroll’s “Four-Part Model” regards CSR as a multi-layered concept, and he divides it into the following four layers: economic, legal, ethical and philanthropic responsibilities (Carroll, 1991). These four layers are summarized in Figure 4.4.



**Figure 4.4: The CSR pyramid**

(Source: Adapted from Visser, 2006:34)

Matten (2006) highlights both the benefits of this model and its limitations. He argues that one of its advantages is the fact that it structures “the various responsibilities into dimensions”, however, it “does not seek to explain social responsibility without acknowledging the very real demands placed on the firm to be profitable and legal” (Matten, 2006:8). He notes that one of the key limitations of the model is the fact that it is biased to the US market.



This argument is supported by Visser (2006), who analysed the empirical evidence of Carroll's model and concurred with Matten (2006). Visser summarizes the findings of the empirical evidence as depicted in Table 4.4.

**Table 4.4: Comparison of CSR studies using Carroll's pyramid**

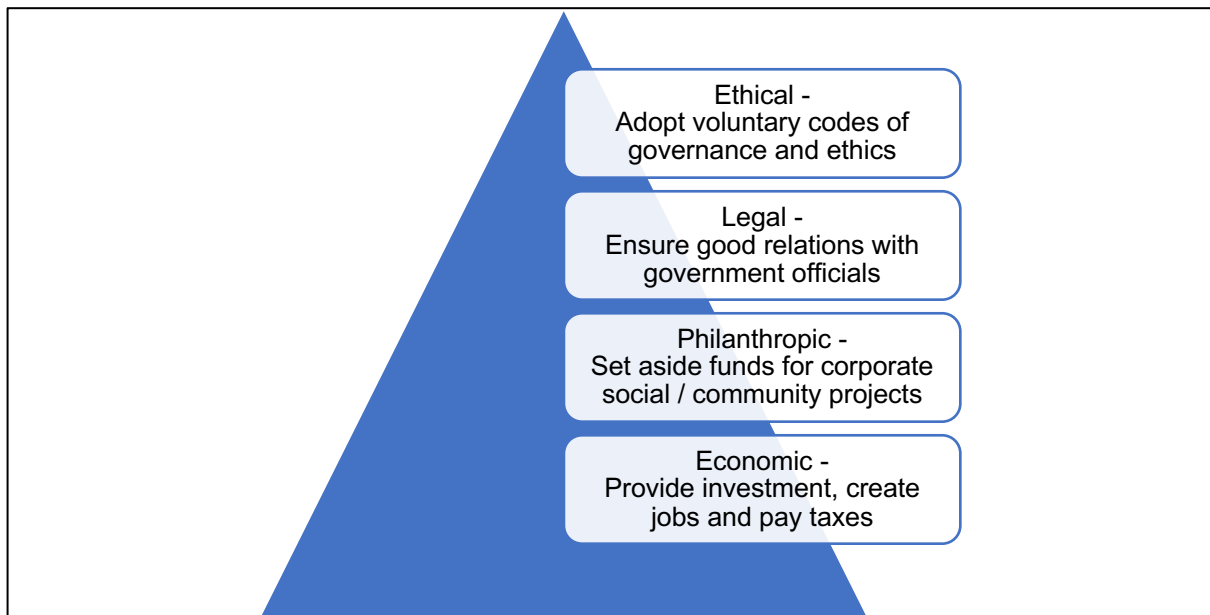
Studies	Mean Values			
	Economic orientations	Legal orientations	Ethical orientations	Philanthropic orientations
<b>Aupperle, Carroll and Hatfield (1985)</b>	3.50	2.54	2.22	1.30
<b>Pinkston and Carroll (1994)</b>	3.28	3.07	2.45	1.15
England	3.49	3.15	2.29	0.98
France	3.60	3.04	2.35	0.98
Germany	2.86	3.21	2.46	1.42
Japan	3.34	2.76	2.42	1.41
Sweden	3.27	3.30	2.43	1.00
Switzerland	3.11	3.04	2.70	1.10
USA	3.11	2.96	2.48	1.19
<b>Edmondson and Carroll (1999)</b>	3.16	2.12	2.19	2.04
<b>Burton, Farth and Hogarty (2000)</b>	-	-	-	-
Hong Kong	3.11	2.32	2.32	1.84
USA	2.81	2.42	2.51	1.99

(Source: Visser, 2006:36)

Visser (2006) concludes that while Carroll's model identifies economic and legal responsibility to be the responsibilities most emphasized in developed countries, in Africa, this is not the case. He maintains that because of the development challenges faced by Africa, including a shortage of foreign direct investment, unemployment, limited participation of people in the labour market, poverty, a high percentage of external debt, an African CSR model tends to emphasize economic and philanthropic responsibilities. Visser (2006:40) argues that philanthropic responsibility should receive higher emphasis in Africa because

- the socio-economic needs are so great that philanthropy is an expected norm;
- reliance on foreign aid is so prevalent that philanthropy has become an ingrained culture; and
- philanthropy is still in an early stage of maturity in the CSR model.

Visser (2006) therefore concludes that for the African market Carroll's "Four-Part Model" should look as set out in Figure 4.5.



**Figure 4.5: Africa's CSR pyramid**

(Source: Visser, 2006:37)

While Visser (2006) and Carroll (1979) focus on the dimensions of CSR, Henderson (2001) defines CSR in terms of sustainable development. Henderson (2001:42) maintains that CSR is a commitment by business to “contribute to sustainable development, working with employees, their families, the local community and society at large to improve their quality of life”. He demonstrates this definition through the examples of corporations such as the ones listed in Box 4.2.

- Shell: Sustainable development is to be included in all business decisions.
- Dow Chemical: Sustainable goals and principles are to be imbedded into the core strategies.
- DuPont: Sustainable growth will be their central focus.

Box 4.2: Sustainability development examples

(Source: Adapted from Henderson, 2001:43)

### **4.3.3 Partnership**

As mentioned in Sections 4.3.1 and 4.3.2, partnerships are becoming more and more important in addressing development issues. This can be seen in the merger of the agendas of development agencies and the private sector. Pedersen (2006) maintains that partnerships between business, government, donor agencies and civil society hold the key to addressing the challenges faced by developing countries. He concurs

with Burkey (1993) that participation by the community is an important success factor. Box 4.3 contains some of the partnerships listed by Pedersen (2006).

- The Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) This involves a number of partnerships including associations and private companies in 60 countries resulting in excess of 300 partnerships.
- A further example is the Danish International Development Assistance (DANIDA) that after the World Summit on Sustainable Development in Johannesburg, introduced a public-private partnership initiative with the key focus of assisting developing countries to reduce poverty and improved sustainable development. This programme includes capacity building for researchers in developing countries, a training programme for social responsibility, a programme for management cooperation and a Business Linkage Program between Denmark and Vietnam.
- Another example is the United National Industrial Development Organization (UNIDO) that is involved in programmes such as public-private partnership, business partnerships as well as, cluster and networking programmes. UNIDO partners with both small and medium enterprises and multinational corporations throughout the world and are based on the principles of the United National Global Compact.
- Another partnership is an initiative by the US Agency for International Development (USAID), called the Global Development Alliance (GDA) with the goal to “generate positive development impact through public-private alliances between USAID, NGOs, foundations and private companies”. According to USAID the objective of the GDA is to: “(...) *encourage economic growth, develop businesses and workforces, address health and environmental problems and expand access to education and technology*” (Pedersen, 2006:14-15)

#### **Box 4.3: Examples of partnership initiatives**

(Source: Adapted from Pedersen, 2006:14-15)

In the examples in Box 4.3, Pedersen alludes to the private public partnership programmes which were introduced by the South African government to enhance development through the formation of partnerships between the public and private sectors. These types of partnerships are governed by specific regulations.

Pavru and Voicu-Olteanu (2009:189) believe that public-private partnerships are “a means for the public sector to complete infrastructure projects by using the skills and the experience of the private sector. In many cases, [public-private partnerships] may also mean that the private sector finances public infrastructure investments”. The National Treasury in its *Practice note 02 of 2004* (RSA, 2004h) defines a public-private partnership as a contract governed by specific legislation in both the *PFMA*, the *MFMA* and the *Local Government: Municipal Systems Act, 32 of 2000*, entered into between a public sector institution and a private party. The main benefit of a public-private partnership to the public sector entity is “that the private party assumes substantial financial, technical and operational risk in the design, financing, building and operation of a project” (RSA, 2004h:4). The *Practice note* also distinguishes between two types of public-private partnership. The first is “where the private party performs an institutional function”, and the second is “where the private party acquires the use of state property for its own commercial purposes”.

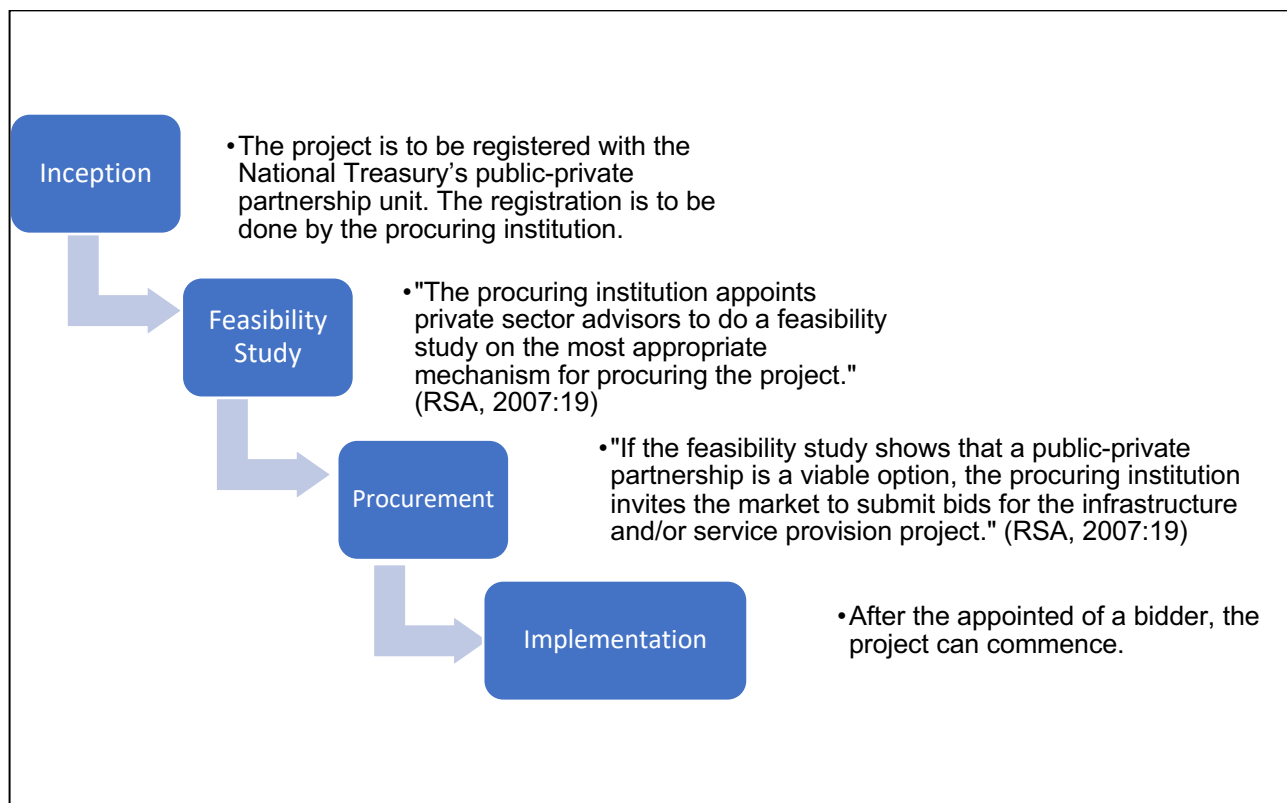
In addition, the National Treasury (RSA, 2007) maintains in *Introducing of Public Private Partnership in South Africa* that whereas the public sector entity benefits from the fact that risk is transferred to the private party, the private party benefits from either payment from government budgets or from fees paid by users. This publication also argues that, based on Treasury regulations, a public-private partnership is not “a simple outsourcing of functions – it is a long-term contract involving substantial risk transfer, a donation by a private party for a public good and the privatisation of state assets and/or liabilities” (RSA, 2007:7). Brzozowska (2006) mentions further advantages as well as key risks that need to be considered (see Table 4.5).

**Table 4.5: Advantages and risks of public-private partnerships**

Advantages	Risks
<ul style="list-style-type: none"> <li>• Possibility for smaller investments</li> <li>• Possibility for conducting other public investments</li> <li>• Savings to the budget</li> <li>• Transfer of new technologies</li> <li>• Sharing the risk</li> <li>• More competition in the market</li> <li>• Guarantee of the services for a longer term</li> <li>• Decrease of political influence in the economy</li> <li>• More transparency in the economy</li> </ul>	<ul style="list-style-type: none"> <li>• Limited influence of public authority over the investment</li> <li>• Increase of the prices charged to the users of the infrastructure</li> <li>• Reduction of bargaining position of public authorities</li> <li>• High transaction costs</li> <li>• Poorer quality of the services</li> <li>• Limited accessibility to services</li> <li>• Decrease of employment in the public sector</li> <li>• Financial risk for public partner</li> <li>• Opportunity risk for public partner</li> <li>• Political risk for private partner</li> </ul>

(Source: Adapted from Brzozowska, 2006:24)

To enhance the understanding between parties regarding the public-private partnership process, the National Treasury has designed a project cycle. The aim of the project cycle is also to ensure that a public-private partnership project is carried out rigorously. This project cycle is portrayed in Figure 4.6.



**Figure 4.6: Public-private partnership project cycle**

(Source: Adapted from RSA, 2007:19)

#### **4.3.4 Corporate society in summary**

In brief Section 4.3 and its subsections have appraised development activation through corporate citizens by defining the corporate citizen and analysing the link between the corporate citizen and development. Furthermore, the section has focused on corporate social responsibility, with specific reference to its dimensions and sustainable development impact. Finally, the section has defined partnerships and in particular the practical benefits, risks and implementation cycle pertaining to public-private partnerships.

#### 4.4 Activation through local economic development (LED)

Since the election of the new local authorities in 2000 it was clear that it was and should not be business as usual. One of the key changes made is that these local authorities have been given greater authority and responsibilities. One of these transformational changes is the responsibility of creating an environment that allows for LED.

LED in South Africa has featured more prominently after the election of the democratically elected government in 1994 to assist in addressing inequality, poverty and unemployment, and the importance of LED is duly noted in the *Constitution* and various other pieces of legislation. According to SALGA (2010:5-6), the main legislation relating to LED in the South African context are the following:

- the Constitution;
- the White Paper on Local Government;
- the Municipal Systems Act;
- the LED Guidelines;
- Refocusing Development on the Poor: LED Policy Paper;
- the draft LED policy;
- the National Spatial Development Perspective;
- the policy guidelines for implementing LED in South Africa;
- the National Framework for LED in South Africa; and
- the Integrated Sustainable Rural Development Strategy and Urban Renewal Strategy of the DPLG.

To implement this legislation, it is important for the government to institutionalise this responsibility at all spheres of government. Nel and Binns (2003) point out that the degree of capacity of LED oversight units varies, ranging from the bigger local authorities to the smaller local authorities. This oversight function is not vested in a single official or unit, but is rather divided between various functional areas such as “Municipal Managers, LED departments, LED officers or town planners” (Nel and Binns, 2003:172-173).

While the importance of local government in LED is recognised, national coordination is also required to monitor implementation and manage funding. In this respect, the DPLG, now known as COGTA, has three key roles to play (RSA, 2006c):

- to provide leadership and direction in policy-making (including by-laws and processes to regulate land in a manner that reduces the costs of doing business and maximises the involvement of people in the local economy);
- to administer policy, programmes and projects (the core function of any person, entity or structure responsible for LED is to co-ordinate and maximise the impact of programmes and projects in respect of growth and development); and
- to be the main initiator of economic development programmes through public spending, regulatory powers, and (in the case of larger municipalities) their promotion of industrial, small business development, social enterprises and cooperatives.

As implementing agents, national, provincial and local authorities must align themselves to the vision of LED as contained in the *National Framework for Local Economic Development*, which, according to CoGTA (2011:1), provides a vision for planning and implementing LED in South Africa. The design, development and implementation of LED are anchored on six core pillars CoGTA (2011:1), namely building diverse and innovation-driven local economies; developing inclusive economies; developing learning and skilful economies; providing enterprise development and support; implementing economic governance and providing infrastructure; and strengthening local systems of innovation.

It is apparent that to further socio-economic development in small rural towns, effective LED design, planning and implementation are critical. To attain this, there needs to be a strong focus on the institutionalisation of LED in the various spheres of government, with clear responsibilities and intergovernmental cooperation. The adoption of the *National Framework for Local Economic Development* is designed to improve synergy between the various role-players.

#### **4.5 Activation through land reform**

The land question remains very topical in the South African context, and more specifically the question of land reform. To understand what land reform is and how it can activate development, we need to understand the concept. Consequently, Section 4.5 and its subsections contextualize the concept of land reform by reviewing the history of land ownership in South Africa in both the colonial and the apartheid eras. In addition, the section also analyses the legislation and policies in both eras,

which excluded the majority of the population, and then addresses land policies and reform since the official end of the apartheid era. Furthermore, the section appraises the various stakeholders and role-players and concludes with the current debate on land reform.

#### **4.5.1 Contextualization**

Most people in developing countries, such as South Africa, still live in rural areas and thus derive their income from agriculture. According to Weaver, Rock and Kusterer (1997:135), 70% of the three billion people living in low-income countries live in rural areas; although agriculture only contributes 29% to the GDP, 70% percent of the population works in agriculture. Furthermore, they note that it is very difficult to create large numbers of jobs outside the agriculture sector, so that, unless productivity can increase, the workers in this sector will remain stuck in a low-income job for life, and this translates to low income and an increase in poverty.

This view is similar to that of Van Zyl, Kirsten and Binswager (1996), who explain that for people to gain ownership of land the following two main issues are important: equality and opportunity. They argue that the most important rationale for land reform in South Africa is to increase efficiency and growth and to reduce poverty. They ascribe the need for land reform to “the unsustainability – from a political, social economic and equity point of view – of the present distribution of ownership of agricultural land” (Van Zyl *et al.*, 1996:1). Van Rooyen and Njobe-Mbuli (1996:4) mention two more objectives of a land reform programme: firstly, “to effect widespread land transfer to the ‘landless’ disintitiled and dispossessed people of South Africa, and secondly to ensure that when supported by the cost-effective provision of services, increased agricultural production, entrepreneurial activity and secure rural livelihoods will result”.

It has been widely acknowledged that the largest portion of South African agricultural land is currently still in the hands of few individuals and companies, who own by far the majority of the agricultural land in South Africa. Two years after the coming of the new South Africa, Van Rooyen and Njobe-Mbuli (1996) stated unequivocally that the distribution of land in South Africa was skewed – at that time, approximately 87% of agricultural land was owned by 67,000 white people, and 71% of the population (who



are mainly black) lived on the remaining 13% of the land, mainly in the former homelands. The situation clearly called for land reform.

Arguably, access to land can assist development if suitable land is identified as a development activation measure. However, Van Zyl *et al.* (1996) warn that the relationship between access to land and rural poverty is very complex. They have identified a number of factors which play a role in making land a development activator: “differences in land quality, the availability of complementary inputs, access to credit and to markets, and opportunities for off-farm employment.” Furthermore, they argue that if the land quality is poor, and there is limited access to markets, water and/or input, then “access to land in itself does not significantly reduce poverty” (Van Zyl *et al.*, 1996:4).

The preceding chapters have indicated that most of the poor live in rural areas, and as a result, we cannot ignore the fact that land reform is an important activator towards development and ultimately a reduction in poverty. The status quo is that the largest portion of agricultural land is owned by a minority. This is due to historical political and legislative strategies implemented to favour one group over another.

#### **4.5.2 Historical overview**

The start of colonial settlement from 1652 onwards irrevocably altered South Africa’s land ownership patterns. Section 4.5.1 noted that more than four fifths of agricultural land was owned by the minority by 1996, while the majority of the population – about three quarters – only had access to just over a tenth of the land. This trend has its origins back in the 1600s, so that the struggle for the ownership of land now stretches over a period of more than 350 years.

##### *4.5.2.1 Land dispossession: The colonial era (1652 – 1910)*

Eveleth and Mngxitama (2003:150) argue that the current land issues should be seen against the backdrop of the “historical resistance to colonial and apartheid land dispossession”. They explain how the struggle was fought by the local inhabitants against the white settlers during the colonial times from 1652 onwards and through the apartheid years from 1948 to 1994.

They maintain that the struggle against the white settlers started in the mid-1600s with the 1656 land war, marked by the imprisonment of Harry the Strandloper, the

leader of the Khoi. Jan van Riebeeck, who was the representative of the Dutch East India Company, sent for Harry in April 1660 to impress on him the argument that the land was too small for both the settlers and Harry's indigenous people. Eveleth and Mngxitama (2003) describe how this conversation set the scene for the struggle against land dispossession.

The negotiations known as "peace negotiations" entailed a proposal by Van Riebeeck that peace could be established if Harry would only understand the needs and claims of the settlers and acknowledge that as the colonists had won the land fairly, they would determine the terms of the peace agreement. The response from Harry was clear and remarkable, given that he was obviously negotiating from a position far from strength or even equality. It is reported that Harry responded to Jan van Riebeeck by saying: "If the country is too small, who has the greater right, the true owner or the intruder?" (quoted in Eveleth and Mngxitama, 2003:156).

Resistance to colonial rule continued and the issue of land ownership remained contested. Some key moments of armed struggle around land include the defeat and killing of Voortrekker leader Piet Retief by the Zulu king, Dingane, in 1837, the Battle of Blood River, where the Voortrekkers defeated Dingane's forces in 1838, the wars against the annexation of the baSotho land led by King Moshoeshoe, and the Battle of Isandlwana in 1878, where the British army suffered one of its worst defeats at the hands of the Zulu king, Cetshwayo.

Bundy (1988) claims that the resistance by the indigenous people was unsuccessful from the 1880s, and he suggests that this was mainly due to the discovery of gold and diamonds in South Africa, which led to an upsurge in the influx of white people, who wanted the land for agriculture, grazing, and its mineral wealth. Furthermore, he posits that the successive governments used the mining of gold and diamonds to rationalize a new strategy of "freeing" labour from their land slavery, which gave further momentum to the quest for land.

The losses suffered by those who resisted colonization during the 1890s was clearly evident by the early 20<sup>th</sup> century, when most Africans were squatters, mine workers or farm workers with no claim to land. The existing dispossession was formalized in several items of legislation, including the *Glen Grey Act* of 1894, the 1908 *Native Tax Act*, that imposed twice as much tax on sharecroppers than on labour tenants, and the 1913 *Native Land Act* (cited in Mbongwa, Van den Brink and Van Zyl, 1996).

It was not until the 1920s that the struggle against the annexation of land was reborn through various liberation movements including the emergence of the Industrial Commercial Workers (ICU), which focused on the land issue and the oppressive situation on farms. However, Bundy (1987) concludes that in 1929 the era of militant resistance came to an end, and he argues that during the next three decades the struggle for land was restricted to localized uprisings. He believes that this was due to the inability of the liberation movements such as the ICU, ANC and the Communist Party of South Africa (SACP) to grow their membership, which he attributes to organizational weakness in the parties. As a result, the parties were not able to extend their activities into the rural areas.

Resurgence of the rural struggle continued from the late 1940s onwards, as a result of discontent with the ruling Nationalist Party's interventionist role in the rural areas after 1948 in particular. This resulted in the liberation movements, especially the ANC and the Communist Party of South Africa recognizing their failures in this area and started to revive the struggle around rural land issues. This resurgence of mobilization around rural land was, however, short-lived, once again due to organizational struggles, and the focus shifted to the urban struggle (Bundy, 1987).

#### 4.5.2.2 *Annexation of land: the humiliated character (1910 - 1994)*

The period between 1910 (the formation of the Union of South Africa under British rule) and 1948, as Mbongwa *et al.* (1996) explain, brought further protection and promotion of land for whites, with additional support and Acts promulgated to protect white farmers. This included the formation of the Land and Agricultural Bank of South Africa (the Land Bank), the *Co-operate Societies Act* of 1922 and the *Agricultural Marketing Act* of 1922 (cited in Mbongwa *et al.*, 1996). Further assistance for white land ownership during this period came from government spending on making loans available, direct operational expenditure and export subsidies.

Mbongwa *et al.* (1996) maintain that the most significant and deliberate interventions were introduced in the 1960s, starting with the promulgation of the *Native Authorities Act* of 1951. In 1959, this was followed by the *Bantu Self-Government Act* (cited in Mbongwa *et al.*, 1996). These pieces of legislation have effectively created eight national units out of the ethnic communities. This paved the way for the creation of the self-governing homelands, of which Transkei was the first, established in 1963.

According to Mbongwa *et al.* (1996), these Acts were followed up by the 1970 *Bantu Homeland Citizen Act* that made every African a citizen of a homeland and effectively took their South African citizenship away. The *Bantu Affairs Administration Act* of 1971 transferred the control of Africans from the local authority to the Bantu Affairs Administration Boards and finally, in 1972, the *Bantu Laws Act* was passed, which allowed for the forced removal of Africans (Mbongwa *et al.*, 1996).

#### 4.5.3 Conceptualization: components of the land reform programme

“THE LAND SHALL BE SHARED AMONGST THOSE WHO WORK IT... and restriction of landownership on a racial basis shall be ended” (Congress of the People, 1955:1). This was the vision of the Freedom Charter as developed by the Congress of the People in 1955, during the decade that saw the most significant legislation being read into law, as discussed in Section 4.5.2.2.



**Figure 4.7: The Freedom Charter**

(Source: Congress of the People, 1955:1)

The essence of the *Freedom Charter* regarding land reform and land protection was finally written into law by provisions in the *Constitution* (RSA, 1996) under section 25(1). According to these provisions, citizens are protected against any arbitrary actions by the State, and any dealings between property owners and the State shall follow legal processes and due process. Nevertheless, the *Constitution* stresses that the right to property is not absolute and that the State has the right to expropriate property for public purposes or interests, although it is also made clear in the *Constitution* that such actions must follow due process and there must be equitable compensation (Jacobs, Lahiff and Hall, 2003).

Jacobs *et al.* (2003:1) point out that “dispossession during the colonial era and the decades of apartheid rule produced a highly unequal pattern of land ownership and widespread rural poverty in South Africa”. They explain that the current programme of land reform is described by the South African government as having the following three components: restitution, tenure reform and redistribution. Hall and Williams (2018) refer to the responsibility of the Department of Land Affairs (DLA) in addressing this pattern of unequal distribution of land. They highlight the following

responsibilities: firstly, relating to those who were deprived of land rights since 1913, the DLA should assist in restoring these lands. Secondly, assist with redistributions referring to those who, under apartheid, did not have equitable access to land, and thirdly, assistance to those who could not obtain land rights, in obtaining tenure rights.

Therefore, Section 4.5.3 and its subsections review land reform in terms of land redistribution, land restitution, land tenure and, in addition, also appraise some of the stakeholders in the land reform discourse.

#### *4.5.3.1 Land redistribution*

In 1994, as depicted in Chapter 3, the ANC published the RDP, which defines the goals of Land Redistribution as “the intention to transfer 30% of agricultural land to black South Africans” (Hornby and Cross, cited in Festus, 2003:171). Since 1994, the land reform programme has undergone several changes, including two prominent programmes: the Settlement/Land Acquisition Grant (SLAG) and the Land Redistribution for Agriculture Development (LRAD).

The SLAG was in effect until 1999 and was based on the South African government’s providing an amount of R16,000 to qualifying households to purchase land. The strategy followed by the South African government was not to provide land, but rather to assist households in acquiring land, relying on a willing buyer and willing seller principle. The strategy presupposed that the existing market could cater for this and that the intended beneficiaries would be able to engage with the current owners (Jacobs *et al.*, 2003). In addition to SLAG, several other grants were also made available to possible beneficiaries of the land redistribution programme, as presented in Table 4.6.

**Table 4.6: Land reform grants**

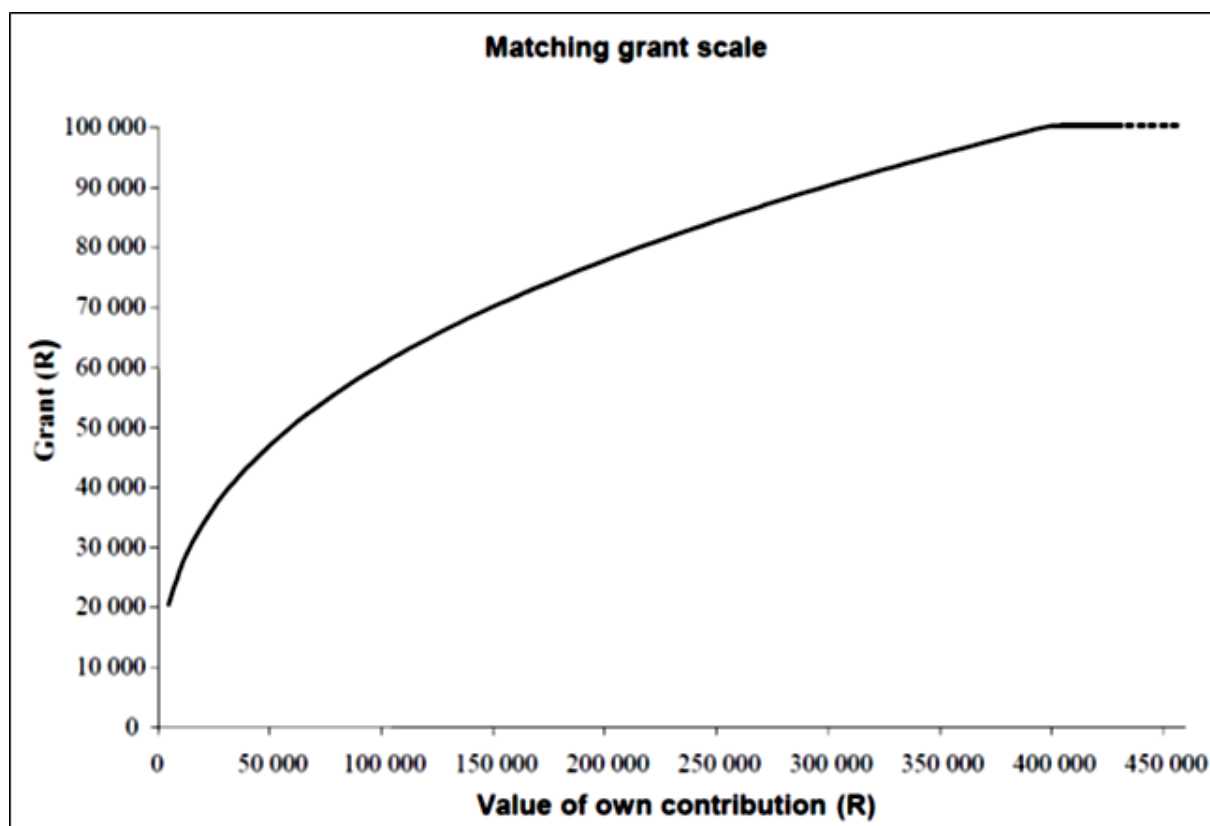
Product	Level of grant	Beneficiary	Programme
<b>SLAG</b>	R16,000	Households	Redistribution tenure reform
<b>LRAD</b>	R20,000 to R100,000 depending on amount of own contribution	Individuals	Redistribution
<b>LRAD Planning Grant</b>	Maximum of 1,5% of anticipated project costs	Individual (or groups in projects where the LRAD grants will be pooled)	Redistribution
<b>Settlement Planning Grant</b>	Maximum of 9% of anticipated project costs	SLAG beneficiary household or groups	Restitution, Redistribution, Tenure reform
<b>Commonage Grant</b>	Unspecified	Municipalities	Redistribution (municipal commonage)
<b>Land Development Objectives Planning Grant</b>	Unspecified	Municipalities	Restitution, Redistribution, Tenure reform
<b>Restitution Discretionary Grant</b>	Maximum of R3000	Claimants (individuals or groups)	Restitution

(Source: Jacobs *et al.*, 2003:3)

The SLAG programme was implemented until 1999, when the Minister of Agriculture and Land Affairs announced a moratorium on the programme. In 2000, the Minister presented a policy statement which revealed that the SLAG programme had several limitations, which included “over-reliance on market forces, paying of inflated prices for land, lack of significant development of semi-commercial and commercial black farmers and limited impact on employment and development of agricultural land holdings” (Jacobs *et al.*, 2003:4).

Furthermore, it was also noted by Jacobs *et al.* (2003) that to address these challenges, the government introduced the LRAD programme, in terms of which beneficiaries could access funds through the grant, ranging from R20,000 to R100,000. The mechanism was based on contributions made by the beneficiary, with a minimum contribution of R5,000, for which a beneficiary could get a grant of R20,000. This sliding scale of grants and own contributions is depicted in Graph 4.1, compiled by Hall and Williams (2018). However, Jacobs *et al.* (2003) remark that even though considerable changes were made in this new approach, many of the

past policies remained prevalent. In addition, the programme was based on the assumption that beneficiaries would identify their own land; the acquisition of land was still based on the willing buyer, willing seller approach.



**Graph 4.1: Sliding scale of grants and own contribution**

(Source: Hall and Williams, 2018:16)

#### 4.5.3.2 Land restitution

Restitution is defined by the South African government in terms of the *Restitution of Land Rights Act, 22 of 1994*: “restitution of a right in land” refers to “the return of a right in land or a portion of land dispossessed after 19 June 1913 as a result of past racially discriminatory laws or practices” (RSA, 1994:5). This definition also forms the basis for the objective of this Act, which provides for the implementation of the land reform strategy through the enactment of land restitution. To this end, the Act set rules regarding entitlement to restitution, the establishment of the Commission on Restitution and Land Rights and the Land Claims Court, and direct access to court (RSA, 1994).

Hall (2007) notes that the impetus towards land restitution came from people who were forcibly removed to the homelands, adding that these forced removals took

place in living memory. The restitution of land was extended to people “evicted in urban areas, former labour tenants on commercial farms, and those who lost land and livelihoods through the ‘betterment’ planning in the homelands” (Hall, 2007:92).

According to Jacobs *et al.* (2003), the land reform target set by the South African government in 1994 was the transfer of 30% of agricultural land to Africans, which translates to approximately 24,66 million hectares. Evens (2016) reports that, according to the Department of Rural Development and Land Reform, the following performance against these targets had been achieved by November 2015:

- 78,483 claims had been settled, of which 59,758 were finalized;
- awarding of 3,290,685 hectares had been awarded to claimants, at a cost of R19,3 billion;
- 1,444 million hectares had already been transferred to beneficiaries; and
- 7,584 land claims lodged by 31 December 1998 were still awaiting finalisation.

It is clear from this limited performance that much more needed (and remains) to be done to improve land reform in South Africa. By November 2015, the South African government had achieved a 13% (3,29 million hectares) transfer of agricultural land, compared to its target of 30% (22,66 million hectares) which was to have been achieved by 2014.

In his address to the Agriculture and Land Affairs Portfolio Committee on 22 September 1999, the Chief Land Claims Commissioner, Mr Mgoqi, listed the following causes of the slow pace of delivery (PMG, 1999):

- the rights-based nature of the process;
- the multi-party nature of the interests and rights involved;
- the multi-party drivers of the restitution process (the Commission on Restitution of Land Rights, the Department of Land Affairs and Land Claims Court and the resultant conflict and confusion of roles and responsibilities; and
- a lack of policy guidelines on complex issues, such as previous compensation, tenancy, just and equitable compensation, and valuations.

#### 4.5.3.3 *Land tenure*

“Land tenure may be defined as the terms and conditions on which land is held, used and transacted. Land tenure reform refers to a planned change in the terms and



conditions” (Adams, Sibanda and Turner, 1999:1). Adams *et al.* (1999:2) add that the main aim of land tenure is to protect land rights, which may include:

- rights to bury the dead, to make permanent improvements, to occupy a homestead, to use land for annual and perennial crops, and to have access for gathering fuel, poles, wild fruit, thatching grass, minerals.
- rights to mortgage, bestow areas of exclusive use, transact, give, lease and rent;
- “rights to exclude others from the above-listed rights, at community and/or individual levels”; and
- “linked to the above, rights to enforcement of legal and administrative provisions in order to protect the rights holder” (Adams *et al.*, 1999:2).

The *Constitution* refers to land tenure’s being enhanced and upgraded. Millions of South Africans who hold land in the former homelands, in informal settlements and on transferred land are uncertain of their rights (Beinart and Delius, 2017), so the tenure question is critical, as it speaks to the rural poor and the need to protect their rights, as their land rights form a major part of their assets.

Hall (2007) supports the view of Adams *et al.* (1999) regarding the aim of the land tenure policy, as land tenure forms part of land reform alongside redistribution and retribution, and land tenure seeks to redress the discrimination regarding the nature of land rights held by Africans. Hall (2007) refers to two specific laws that were enacted to regulate the relationship between landowners and occupiers of farms: the *Extension of Security of Tenure Act, 62 of 1997* and the *Land Reform Act, 2 of 1996* (cited in Hall, 2007).

Since the democratic elections in 1994, the South African government has attempted to regulate land tenure through the formulation of laws and policies. However, according to Clark and Luwaya (2017:7), the “government has, as yet, been unable to enact and implement a law that adequately captures the nuanced ways in which people experience and regulate relations of communal tenure in their everyday lives”. They list the following relevant legislation (cited in Clark and Luwaya, 2017:7):

- the *Constitution* (1996);
- the Interim Protection of Informal Land Rights Act (1996);
- the KwaZulu Ingonyama Trust Act (1994);
- the Land Rights Bill (1998);

- the Communal Land Rights Act (2004);
- the Communal Land Tenure Policy (2014);
- the Communal Land Bill (2016);
- the Traditional Leadership and Governance Framework Act (2003);
- the Spatial Planning and Land Use Management Act and its Regulations (2013);  
and
- the Communal Property Associations Act (1996).

#### 4.5.3.4 Stakeholders

As has already been pointed out in the introduction, the activation of development through stakeholders has to be carefully managed. Burkey (1993), Schenk *et al.* (2010) and Swanepoel and De Beer (2016) suggest that caution be exercised in reviewing the involvement of stakeholders in development activation processes. Nonetheless, Steward (2005) and Pedersen (2006) argue that growth and the alleviation of poverty requires the assistance and active involvement of stakeholders. In this regard, then, it is important to note the stakeholders in land reform identified by Jacobs *et al.* (2010): these they identify as the financial institutions, organized labour, the private sector, civil society and NGOs.

Regarding financial institutions, Jacobs *et al.* (2003) report that the Strauss Commission investigated the constraints faced by the rural poor in gaining access to finance to invest in agricultural production, land and other income-generating undertakings. The Commission concluded that removing the following constraints faced by the rural poor in participating in the rural credit market would be beneficial: transformation of the Land Bank, establishment of new development finance institutions and expansion of the lending by private banks to the poor. In addition, Jacobs *et al.* (2003:22-25) recognize the important role that other stakeholders play in the activation of development through land reform. Table 4.7 appraises these stakeholders, which includes both public and private sector role-players.

**Table 4.7: Land reform stakeholders**

	Stakeholder Category	Role-players	Mechanism and appraisal
1.	Financial Institutions	<ul style="list-style-type: none"> <li>• Land Bank</li> <li>• Khula Enterprises</li> <li>• Land Reform Credit Facility</li> <li>• Ithala Bank</li> </ul>	<ul style="list-style-type: none"> <li>• Assistance with agency agreements</li> <li>• Making development finance available</li> <li>• Valuation of property</li> <li>• Funding of equity schemes towards leveraging loans from commercial banks</li> <li>• Provision of loan finance based on rate of return and ability to pay back</li> </ul>
2.	Organized agriculture	<ul style="list-style-type: none"> <li>• Agri SA</li> <li>• Transvaal Agricultural Union</li> <li>• National African Farmers Union</li> </ul>	<ul style="list-style-type: none"> <li>• Control of major portion of farmland and agriculture resources</li> <li>• Support for the willing-buyer willing-seller basis of LRAD by Agri SA</li> <li>• Assistance with capacity-building and mentorship</li> <li>• Making land available</li> <li>• Post-transfer support</li> <li>• Joint ventures</li> </ul>
3.	Private sector	Design agents: <ul style="list-style-type: none"> <li>• Estate agents</li> <li>• Development planners</li> <li>• Business developers</li> <li>• Financial planners</li> </ul>	<ul style="list-style-type: none"> <li>• Preparation of business plans</li> <li>• Feasibility studies</li> <li>• Farmland evaluation</li> <li>• Agricultural business planning</li> <li>• Farming feasibility plans</li> </ul>
4.	Civil society and non-governmental organizations	<ul style="list-style-type: none"> <li>• National Land Committee</li> <li>• Mineworkers Development</li> <li>• Landless People Movement</li> </ul>	<ul style="list-style-type: none"> <li>• Criticism of the commercial orientation of the LRAD</li> <li>• Marginalization in policy development</li> <li>• Assistance to communities to gain access to LRAD grants</li> <li>• Indispensability for successful implementation of the land reform programme</li> <li>• Assistance to laid-off mineworkers who are forced to return to the rural areas</li> </ul>

(Source: Adapted from Jacobs *et al.*, 2003:22-25)

#### 4.5.4 Current debate

The land reform debate became topical again with the announcement by President Ramaphosa on Tuesday 31 July 2018 that the governing party of South Africa, the

ANC, would support the amendment of the *Constitution* to explicitly allow for the expropriation of land without compensation (*Daily Sun*, 2018).

In this regard, six years before, Makhado (2012:1) wrote:

Land reform is currently a hot debate in South Africa, with the dispossessor and dispossessed not having the same views on the matter. The dispossessor who constitutes the minority of white people believes that they are entitled to the ownership of the land they have, while the majority of dispossessed of people are battling to get their land back.



**Figure 4.8: President Cyril Ramaphosa**

(Source: *Daily Sun*, 2018:1)

This view of the ruling party is a follow-up from the notion stated by the president in May 2018, when he stated that “[f]or South Africa to grow faster and build a more transformed economy, land reform is necessary and urgent. We will advance the three elements (of) redistribution, restitution and security of tenure through inclusive dialogue” (Fin24, 2018:1). In the same article Ramaphosa also cautioned fellow members of Parliament that the issue of land would not go away, and that Parliament should wake up as the people had made themselves clear on this issue.

While the land reform issue is acknowledged by the Democratic Alliance (DA), they are of the view that it is the responsibility of the ruling party to ensure that the issue does not get to the point where it causes divisions between different parts of the country’s society. This statement was made by the then leader of the party, Musi Maimane, who pleaded that care should be taken not to use the land reform issue to gain political points in the run-up to the 2019 South African general elections (Fin24, 2018). This view was also expressed by Hunter (2018), an analyst for the *Daily Maverick*, who reported on the ANC National Executive Committee land summit held in Boksburg from 18 to 20 May 2018. Hunter commented that it was “hard to say definitively whether this land summit was yet another ANC-hosted talk shop. It is also equally difficult to separate this effort around land to the looming 2019 general elections” (Hunter, 2018:9).

The issue of land reform is also recognized by the World Bank (2018a), which in a book published in April 2018, acknowledges the skewed distribution of land and

makes some policy proposals. While the World Bank agrees with the ruling party that land redistribution should be prioritized, it argues that this should be done through private sector involvement and in a regime that is governed by secure property rights.



**Figure 4.9: Agri SA Logo**

Source: Agri SA (2018:1)

Agri SA (2018), an NGO established in 1904 as a federation of agricultural organizations, supports the view of the World Bank regarding secure poverty rights. They expressed their concern regarding the recommendation made by the ANC Chairperson, Gwede Mantashe, on the limitation of land ownership, which is that farmers should relinquish any portion of land more than 12,000 hectares without compensation. Furthermore, they argue that “South

African property rights must be protected in full for the economy to grow; a limitation of property sizes will only halt job creation” (Agri SA, 2018:1). Moreover, Agri SA believes the intended strategy of expropriation without compensation will lead to a negative impact on food security and an increase in food inflation. They argue that: “farmers need property rights to secure production credit” and point out that “uncertainty over these rights will stifle food production” (Agri SA, 2018:2).

The importance of food security and the affordability of food to ordinary South Africans has also been emphasized by the DA, which based its Land Reform Policy on the notion that land reform should have, at its heart, meeting needs rather than meeting targets. While the DA does not give express support to the intended recommendation of the ANC and Economic Freedom Fighters’ (EFF’s) strategy around the issue of land expropriation without compensation, they do recognize the importance of land reform. According the DA (2018:2-3) their land reform approach is based on the following principles (cited verbatim):

- Land reform is a moral and political imperative and represents an opportunity to invigorate rural economies by giving rural dwellers greater access to productive assets.
- The land reform programme must look beyond rural land and truly address the land needs of South Africans who have historically been excluded from land and property ownership, including the need for access to urban land and housing opportunities.
- Our land reform strategy must be informed not by the need to achieve quantitative land targets, but by the objectives to (i) support a thriving commercial agricultural sector that can protect South Africa’s food security, (ii) promote emerging small-scale farmers where economically viable, and (iii)

alleviate poverty and support household food security through appropriate assistance for subsistence agriculture. The success of land reform should therefore be determined in terms of the livelihoods created or supported and economic value created, rather than the hectares of land transferred.

- We must ensure that citizens in the former homelands enjoy their full rights as democratic citizens by giving them security of tenure on the land on which they live and farm.
- Insufficient funding and institutional challenges in the Department of Rural Development and Land Reform cannot be allowed to undermine the land reform process.
- Comprehensive support, tailored to the needs of beneficiaries as they move through the various stages of business development, must be understood and be one of the top priorities of the Department of Rural Development and Land Reform.
- Stakeholders in the private sector and civil society can make an invaluable contribution to the success of land reform, and government departments must actively pursue partnerships and collaboration to achieve shared goals.
- We need comprehensive data on land reform projects that will allow for the identification of common failures that must be addressed and the duplication of models that have been successful.
- Confidence in key assets in rural economies must be restored through clarity on the approach to land reform.

Madonsela (2018) argues that the debate on land expropriation without compensation and the proposed amendment of section 25 of the *Constitution* is the wrong debate, because it suggests a “binary” – that we only have two choices – while the issue is much more complex. Regarding the challenges of land expropriation without compensation, the debate should include the fact that as South Africans we need to take cognizance of our compliance responsibility in respect of international legal frameworks such as the *African Charter on Human and Peoples’ Rights*, the *Universal Declaration on Human Rights* and the UN’s *Convention on Civil and Political Rights* (cited in Madonsela, 2018). Furthermore, Madonsela (2018:3) points out that the following facts are missing from the dominant narrative:

- some land was sold by traditional leaders before 1913;
- some was given as a gift to settlers; and
- some of the land is no longer with the original people it was given to after 1913.

She acknowledges that the Constitutional Review Committee hearings gave participants a platform to “to express their hopes, fears and concerns about the emotional issue of land” (Madonsela, 2018:1), but argues that the hearings alone are not enough to provide a way forward. She recommends that, given that our country is based on negotiations, we look at embarking on negotiations and mediation.

#### **4.5.5 Land reform in summary**

Section 4.5 and its subsections have contextualized land reform and outlined the history of land ownership and occupation, in the colonial and apartheid periods, from 1652 to 1994, and the land reform since then. Section 4.5.2 has referred to the struggle for and around land that started with the Strandlopers under the leadership of Harry the Strandloper, against the Dutch settlers, to the land wars with the British, especially in the KwaZulu-Natal region of South Africa.

To enhance understanding of development activation through land reform, Section 4.5.3 reviewed various components of land reform, focusing on land redistribution, land restitution and land tenure. Moreover, the section appraised the involvement of various stakeholders in the land reform narrative, and Section 4.5.4 concluded with the current debate on land expropriation without compensation and the proposed amendment of section 25 of the *Constitution*, noting the recommendation by Madonsela (2018) on this issue, where she suggests a negotiation and mediation approach.

Section 4.5.4 has also considered several programmes and policies, including various grant programmes and programmes to assist the rural poor. It has identified some of the stakeholders that hold a key to the success of these programmes. It is recognized that one of the key elements of a successful programme is the way it is implemented. The next section, Section 4.6, appraises the literature on the development of a people-centric implementation approach.

#### **4.6 Activation through capability categorization**

Activation through capability categorization is the ability to categorize towards improved development in a rural context. As Chapter 3 of this dissertation shows, the government has implemented several policies, programmes and intervention vehicles to advance development and address the persistence of poverty. The success of these depends on effective allocation of resources. As the NDP (RSA, 2012c) points out, a robust and sustainable approach to the allocation of resources is required. Therefore, Section 4.5.1 reviews the historical and contemporary approaches followed in the allocation of resources in addressing development activation in rural areas. Furthermore, Section 4.5.2 identifies the critical factors to be considered in an investment allocation approach. Following on from the historical and contemporary

approaches review, Section 4.5.3 identifies the typology of both quantitative and qualitative indicators in the formulation of indices. The main aim of this action is to identify any gaps in the historical and contemporary approaches to the allocation of development investment allocation and to develop an alternate approach that will address any such hiatus identified.

#### **4.6.1 Rural historical and contemporary categorization approaches**

The categorization of the spheres of government and indeed, municipalities, can be expressed in two ways, each with its own objectives. The first is the categorization used by National Treasury to define the division of revenue. The second is regulated by the *Municipal Structures Act, 117 of 1998* (RSA, 1998a).

Revenue is allocated by National Treasury in terms of the annual *Division of Revenue Act (DoRA)* between all three spheres of government. As input to the annual *DoRA*, the *2017 Division of Revenue Bill (DoRB)* (RSA, 2017b) was developed, which explains the objectives of the *DoRA* as being the following:

To provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2017/18 financial year, the determination of each province's equitable share and allocations to provinces, local government and municipalities from national government's equitable share and the responsibilities of all three spheres pursuant to such division and allocations; and to provide for matters connected therewith.(RSA, 2017b:3).

To this end the *DoRA* prescribes the division of revenue and splits these allocations into equitable share allocations and conditional allocations to provinces and municipalities. The equitable share is allocated to the three spheres of government based on statistical data, and the recipients can use these investments to assist in delivering services as mandated to them. Regarding the allocation of funds in terms of the equitable share allocation, reliance is placed on categorizing based on expenditure commitments. In this case, the allocation is based on a purely economic basis.

The second type of allocation of revenue is through conditional grants provided to provinces and municipalities. The purpose of these grants is to assist both provinces and municipalities in implementing policies approved by the government, and the allocation is based on specific conditions. Such conditions categorize provinces and municipalities based on certain statistics and formulas (which are in themselves



based on statistical data). An example of such a formula is the Public Transport Network Grant, which categorizes municipalities based on the following data: the population size; size (number) of public transport users, excluding rail; and the size of the local economy as measured by the Gross Value Added (GVA) – their contribution to the GDP.

Further categorization of municipalities is governed by the *Municipal Structures Act, 117 of 1998* (RSA, 1998a). According to this Act, municipalities are categorized as Category A, Category B or Category C municipalities. The main objective of the Act is “to provide for the establishment of municipalities in accordance with the requirements relating to categories and types of municipality; to establish criteria for determining the category of municipality to be established in an area...” (RSA, 1998a). The indicators relating to the categorization of municipalities in accordance with this Act are based on economic and population statistics. Municipalities are categorized on a sliding scale from A to C, where a Category A municipality must comply with high levels of economic activity and high population densities.

To explain this in more detail: to qualify as Category A, a municipality must comply with the following indicators (RSA, 1998a:16):

- (a) a contribution featuring—
  - i. areas of high population density;
  - ii. an intense movement of people, goods and services;
  - iii. extensive development and
  - iv. multiple business districts and industrial areas.
- (b) a centre of economic activity with a complex and diverse economy;
- (c) a single area for which integrated development planning is desirable and
- (d) having strong interdependent social and economic linkages between its constituent units.

From these indicators it can be concluded that the official categorization of municipalities is based on statistical data and, in most instances, where it refers to the investment of government revenue, the data is mostly used in allocations to localities and approaches that lend themselves to economic growth. This does not allow for investments to be more closely aligned to the capability development of municipalities. Therefore, a further literature review was required, and this revealed the possibility of categorizations that take capability factors into account in

categorizing/ranking towns. Such approaches are explored by researchers such as Sen (1976, 1988, 1983, 1999), Van der Berg (2010) and Van der Merwe (2004).

Van der Merwe (2004) argues that towns should be categorized in terms of their capabilities and ranked accordingly. This categorization should then be used to align towns (based on their capabilities) to specific investment categories. He maintains that treating all towns or even using current investment categorization for investments is insufficient. In this respect, Van der Merwe (2004) agrees with the NSDF that “infrastructural investment should be concentrated in towns with growth potential, while the people in towns in decline should be assisted through social investment” (Van der Merwe, 2004:i). He therefore recommends that first towns should be categorized using both quantitative and qualitative factors. Then, based on this categorization, towns should be ranked to align them with investment categories which are linked to the growth capability of these towns.

It is thus clear that the historical and contemporary categorizations of towns are insufficient to activate growth in small towns. Therefore, it is vital that new principles for the categorization of small towns be developed to address the shortcomings of the existing categorization while staying aligned with the national imperative, which states that priority should be given to localities with high unemployment but with growth potential.

#### **4.6.2 Rural development capabilities profiling**

A review of the literature indicates that the historical approaches to formulate indices were based on quantitative factors that were required as input into formulation of economic growth strategies. These factors were used in the absence of qualitative indicators of development in the era prior to World War II, based on the doctrine of *laissez-faire* and comparative advantage (Hunt, 1989). However, according to Hunt (1989), after World War II, this traditional training in development and economics was questioned in the light of the new empirical conditions, in which economists were faced with the challenges of reconstruction and development. This situation led to an expansion of the development field. As a result, as Stockbridge and Dorward (2014) explain, economic growth as an activation approach to enhancing development, especially rural development, was no longer enough. Munmum (2016) points out that this change was a result not only of the new dilemmas facing economists, but also of

the formation of international development co-operations. This resulted in a new focus on developing growth, and on development indicators such as those used in the categorization of towns.

Van der Merwe (2004) has identified a blend of indicators which are more representative of the development approach that developed after World War II. These include both qualitative and quantitative factors, as summarized in Table 4.8.

**Table 4.8: Indicators – qualitative and quantitative factors**

Quantitative indicators	Qualitative indicators
<b>Natural resources</b>	Location to other economic hubs
<b>Human Resources</b>	Importance within the region
<b>Human Resources change</b>	Functional position as an international tourism destination
<b>Transport</b>	Connectivity
<b>Institutional services</b>	Research facilities opportunity
<b>Economic sectors</b>	Service centre
<b>Economic change</b>	Attraction
<b>Commercial sector</b>	In-demand residential location
<b>Market potential</b>	Accessible industrial location
<b>Regional vitality</b>	Resources for future growth

(Source: Adapted from Van der Merwe, 2004:87-132)

In addition to the factors listed in Table 4.8, there are several indexes that should also be considered to categorize towns in compiling a capability development criterion. Some of these indexes have already been introduced in Chapter 2 (the Headcount Index, the Poverty Gap Index, the Squared Poverty Gap Index and the Gini coefficient). Van der Merwe (2004) argues that the following indexes are also imperative for the categorization of towns: The Resource Index, the Infrastructure Index, the Economic Index, the Development Index and the Needs Index.

Thus Section 4.5.2 has identified the various historical approaches in profiling towns for categorization for investment allocation decision-making purposes. Furthermore, the section has reviewed the capabilities approach, which is focused on quantitative indicators and qualitative indicators.

In summary, it can thus be argued that the current profiling approaches used are based on a standardized methodology. This methodology has generally been based on indexes that largely favour larger towns, which results in the implementation of

projects irrespective of a town's development capability. Therefore, a more nuanced profiling approach is required that allows for a ranking of towns based on their individual capability and development potential to determine appropriate development investment allocations.

Once the investment allocation has been identified, the implementation of the investment requires a vehicle through which it can be implemented. Therefore, the next section identifies intervention vehicles in the following three distinct categories: social security and assistance vehicles, human development investment vehicles and economic development investment vehicles.

#### **4.6.3 Rural development activation intervention vehicles**

Section 2.5 looked at how the government develops policy, and it was clear that all Acts of Parliament require funding for implementation to be possible. In South Africa, this funding is regulated through the *DoRA*, which governs the allocation of resources to all three spheres of government. In terms of the *DoRA*, there are three types of allocation/investments: equitable share allocations, allocations to supplement functions, and specific purpose allocations.

The equitable share is determined by the National Treasury, and is transferred to all spheres of government, for example, Tables 4.9 and 4.10 reflect the allocation stipulated in the 2018 *DoRA* for transfers to provinces and to municipalities in the Northern Cape, in particular the Pixley Ka Seme District, which includes the Emthanjeni Local Municipality.

**Table 4.9: Equitable share allocation to provinces in 2018**

Determination of each province equitable share of the provincial sphere's share of revenue raised nationally (as a direct charge against the National Revenue Fund)			
Province	Column A	Column B	
	2018/19 Allocation	Forward Estimates	
		2019/20	2020/21
	R'000	R'000	R'000
Eastern Cape	65 499 660	69 807 213	74 411 439
Free State	26 178 043	28 071 076	30 108 091
Gauteng	93 384 285	100 923 135	109 092 089
Kwazulu-Natal	99 263 681	106 363 502	113 997 676
Limpopo	55 178 775	59 187 820	63 503 149
Mpumalanga	38 467 686	41 394 597	44 554 600
Northern Cape	12 475 021	13 403 527	14 404 557
North West	32 391 895	34 788 928	37 372 220
Western Cape	47 447 464	51 079 855	55 003 034
<b>TOTAL</b>	<b>470 286 510</b>	<b>505 019 653</b>	<b>542 446 855</b>

(Source: RSA, 2018b:60)

**Table 4.10: Equitable Share allocation to municipalities in 2018**

Determination of each municipality's equitable share of the local government sphere's share of revenue raised nationally				
Province		National Financial Year		
		Column A	Column B	
		2018/19	Forward Estimates	
2019/20	2020/21			
<b>Northern Cape</b>		R'000	R'000	R'000
Number	Municipality			
NC071	Ubuntu	31 165	34 209	37 074
NC072	Umsobomvu	44 259	48 914	53 423
NC073	Emthanjeni	40 791	44 551	48 243
NC074	Kareeberg	22 024	24 050	26 047
NC075	Renosterberg	22 237	24 382	26 345
NC076	Thembelihle	22 988	25 113	27 059
NC077	Siyathemba	29 848	32 598	35 384
NC078	Siyancuma	45 402	49 180	52 413
DC7	Pixley Ka Seme District Municipality	47 820	50 609	53 012
<b>Total</b>	<b>Pixley Ka Seme Municipalities</b>	<b>306 536</b>	<b>333 606</b>	<b>359 000</b>

(Source: RSA, 2018b:76)

The *DoRA* regulates all allocations which ensure that the government's policies are implemented. To do that, the government uses various implementation or investment vehicles. These vehicles assist in advancing the government's transformation agenda, which includes addressing poverty, inequality and unemployment. The

investment vehicles can be categorized as social security vehicles, human development vehicles and economic growth vehicles.

#### *4.6.3.1 Social security and assistance vehicles*

According to the South African Social Security Agency (SASSA, 2018), the number of social grants for September 2018 totalled a total of 17,666,235 million. Of these grants, most money was paid towards the Child Support Grant (R12 million), as indicated in Table 4.11. Kelly (2017) claims that more than 17 million social grants are paid monthly, in line with the government's mandate to ensure poverty alleviation: "Grants are targeted at categories of people who are vulnerable to poverty and in need of state support" (Kelly, 2017:1). He also maintains that social grants are required to ensure the basic standard of living through the redistribution of wealth. Rossouw (2017) also explains that grants are not only a redistribution of wealth but play a meaningful role in the reduction of poverty, emphasizing that social grants are the biggest poverty alleviation intervention.

The importance of social grants and social assistance was spelled out by the then Minister of Finance, Trevor Manuel (2006:4):

I refer, for example, to the growth in income support to vulnerable households through social security and social assistance grants. This has been the fastest growing category of government expenditure since 2001, and now amounts to R70 billion a year, 3,4 per cent of GDP, and reaches more than 10 million beneficiaries. Social grants contribute more than half of the income of the poorest 20 per cent of households and have doubled in real terms over the past five years.

The notion of growth through social assistance grants is supported by organizations such as the Public Services Commission (PSC) and the Economic Commission for Africa. A decade ago, the PSC (2007a) maintained that since the ANC government came into power in 1994, it did much to address the inequalities of the past. Moreover, the PSC (2007a) referred to the extent of public spending towards social spending which is reflected in the increase of financial resource allocations from R10 billion in 1994 to R70 billion in 2006.

Furthermore, the PSC (2007a) identified grants vs the types of poverty prevalent in South Africa which they categorized as income poverty, capacity poverty, asset poverty, special needs, and reliance on social insurance. The correlation between the types of poverty and grants are depicted in Table 4.11.

**Table 4.11: Comprehensive social protection package and components**

Type of Poverty	Application	Key Component
<b>Income poverty</b>	Universal	<ul style="list-style-type: none"> <li>• Basic Income Grant</li> <li>• Child support grant</li> <li>• Maintained state Old Age grant</li> </ul>
<b>Capability poverty</b>	Universal/ Eligibility criteria	<ul style="list-style-type: none"> <li>• Publicly provided healthcare that is adequate and free</li> <li>• Education (primary and secondary) that is Free</li> <li>• Basic water and sanitation that is free</li> <li>• Free electricity (lifeline)</li> <li>• Public transport affordable and accessible</li> <li>• Access to affordable and adequate housing</li> <li>• Access to jobs and skills training</li> </ul>
<b>Asset poverty</b>	Universal/ Eligibility criteria	<ul style="list-style-type: none"> <li>• Access to productive and income-generating assets such as land and credit</li> <li>• Access to social assets such as community infrastructure</li> </ul>
<b>Special needs</b>	Eligibility criteria	<ul style="list-style-type: none"> <li>• Reformed disability grant, foster care grant, child dependence grant</li> </ul>
<b>Social insurance</b>	Eligibility	<ul style="list-style-type: none"> <li>• Cover for old age, survivors, disability, unemployment, and health needs</li> </ul>

(Source: PSC, 2007a:72)

The important positive impact of social grants on poverty, household well-being, the labour market and macro-economics is confirmed by the Economic Policy Research Institute (EPRI) in its report *The Social and Economic Impact of South Africa's Social Security System*. They maintain that "South Africa's system of social security successfully reduces poverty, regardless of which methodology is used to quantify the impact measure or identify the poverty line" (EPRI, 2004:1).

EPRI (2004) argues that social security grants play a critical role in successfully reducing poverty in South Africa. They base this claim on an empirical study to evaluate the social and economic impact of grants such as State Old Age Pensions (SOAPs), Disability Grants (DGs), Child Support Grants (CSGs), Care Dependency Grants (CDGs), Foster Care Grants (FCGs) and Grants-in-Aid (GIA). It furthermore appraises the effects and role of social grants in reducing poverty, their impact on household well-being and labour market participation. The report quantifies the macro-economic impact. The results of the study are described in Table 4.12.

**Table 4.12: The impact of social grants on economic and social development**

The impact on	Key findings
<b>Poverty</b>	<ul style="list-style-type: none"> <li>• To reduce the poverty gap by 1,2% a 10% increase in take-up of State Old Age Pensions is required while full take-up will result in a reduction of 10%. “the limited impact is because the take-up of State Old Age Pensions is already high” (EPRI, 2007:133).</li> <li>• To reduce the poverty gap by 1,7% a 50% increase in the Disability Grant take-up is required while full take up will result in a 5,1% reduction.</li> <li>• To reduce the poverty gap by 16,6% extending to the eligibility age to 14 is required while a further extension to age 18 reduces the gap by 21.4%.</li> <li>• The combined result of extending the CSG to 14 and full take up of State Old Age Pension and Disability Grant Combining will reduce the total rand poverty gap of 29%.</li> </ul> <p>“South Africa’s system of social security substantially reduces deprivation, and the progressive extension of the magnitude, scope and reach of social grants holds the potential to dramatically diminish the prevalence of poverty in South Africa.” (EPRI, 2004:133).</p>
<b>Household well-being</b>	<ul style="list-style-type: none"> <li>• The opportunity to attending school is made more difficult through poverty and its related consequences.</li> <li>• “This results in a vicious cycle of destitution by undermining the household’s capacity to accumulate the human capital necessary to break the poverty trap.” (EPRI, 2007:133).</li> <li>• Attending school are more likely in households with that receive social grants.</li> <li>• Households receiving social grants are more likely to focus their spending on basic needs.</li> </ul> <p>“Outcomes of the household survey conflicted with the monetary rankings. It is a strong indication of the importance of moving beyond measures of income poverty in the assessment of social deprivation” (EPRI, 2007:134).</p>
<b>Labour market</b>	<ul style="list-style-type: none"> <li>• Participants to the labour market are provided through the assistance of social grants as these participants are afforded the opportunity to invest in “high-risk/high-reward job search” (EPRI, 2007:134).</li> <li>• Members of households that receive social grants are more likely to find employment.</li> <li>• “in households receiving social grants are better able to improve their productivity and as a result earn higher wage increases.” (“ (EPRI, 2007:134).</li> </ul> <p>“These findings are consistent with the hypothesis that South Africa’s social grants increase both the supply and demand for labour. This evidence does not support the hypothesis that South Africa’s system of social grants negatively affects employment creation” (EPRI, 2007:134).</p>
<b>Macro-economic</b>	<ul style="list-style-type: none"> <li>• The social development grants system facilitates an increase in employment and allows for a more equal distribution of income.</li> <li>• While the trade balance will be influenced positively, it may have a negative impact on savings.</li> <li>• However, since much of the savings of upper income groups are offshore, the negative impact is unlikely to be significant, particularly given the small share of private savings in the national savings rate.</li> <li>• The increase in overall demand in the economy may generate some inflationary pressure. However, the relatively low rate of capacity utilisation may enable the economy to meet this demand without a significant increase in inflation.” (EPRI, 2007:135).</li> </ul>



The impact on	Key findings
	<ul style="list-style-type: none"> <li>The result of the positive trade balance may result in an appreciated rand which in turn will reduce imported inflation.</li> </ul> <p>“On balance, the macro-economic impact of South Africa’s social security system is largely positive. These positive macroeconomic effects support higher rates of economic growth, which are re-enforced by the social security system’s positive effects on income distribution and education” (EPRI, 2007:135).</p>

(Source: Adapted from EPRI, 2007:133-135)

In summary, the importance of social grants cannot be over-emphasized. These grants play a pivotal role in addressing poverty and maintaining a basic living standard for the most vulnerable groups of society. These communities are found throughout the country, but in some small rural towns, this condition is a constant. This means that without growth or capability potential, social investment is one of the few ways (if not the only one) maintaining a basic standard of living and assisting with addressing poverty. Moreover, it can be concluded that while this type of development investment vehicle is required throughout the country, it is more appropriate to small towns, especially small towns with a small population and a low or no growth potential.

#### 4.6.3.2 Human development investment vehicle

In South Africa the best example of a policy under this investment is the Expanded Public Works Programme (EPWP), which is implemented under the auspices of the



**Figure 4.10: EPWP Logo**

The same department is responsible for the overall oversight of the programme, while the Department of Social Development is responsible for the implementation of the programme (RSA, 2016c).

According to the Department of Public Works (2017b) this programme is implemented through four main sectors: the Infrastructure Sector, the Environment and Culture Sector, the Social Sector and the Non-State Sector. This is summarized in Table 4.13.

**Table 4.13: EPWP sectors**

Sector	Description
<b>Infrastructure Sector</b>	This sector is led by the Department of Public Works and includes other infrastructure departments. Programmes in this sector are funded through different funding sources such as grants and the equitable share component.
<b>Environment and Culture Sector</b>	This sector is led by the Department of Environmental Affairs. Creation of work opportunities in the sector is achieved through the implementation of public environmental programmes.
<b>Social Sector</b>	This sector is led by the Department of Social Development and includes the Departments of Health, Basic Education, Sports and Recreation, as well as related provincial departments and municipalities. The sector creates work opportunities through public social programmes.
<b>Non-State Sector</b>	This sector consists of two sets of programmes (the Community Work Programme and Non-Profit Organizations). Programmes in this sector are implemented by non-state sector agencies such as NGOs, NPOs, FBOs in communities.

(Source: Adapted from Department of Public Works, 2017b:8)

In a presentation made by the Department of Public Works (2017a:5) to the National Council of Provinces, the Department acknowledged that the EPWP is “a vehicle to contribute to Government’s goals of alleviating poverty, developing local communities, providing work opportunities and enhancing social protection”. In addition, the Department (2017a:5) identified the following as the strategic intent of the programme:

- Public Employment Programmes (PEPs) have a long history of being used to address unemployment resulting from labour market disruptions and recession.
- Across the world, PEPs are used in on-going employment and also social protection policies. They create short- and medium-term employment opportunities for vulnerable groups.
- The EPWP (introduced in 2004) is one of the government’s main public employment programmes under the Anti-Poverty Strategy.
- The EPWP is designed to train and draw significant numbers of people who are unemployed into productive work (although the duration may vary).
- The EPWP re-orientes line function budgets and conditional grants for government expenditure in order to create work opportunities.
- The EPWP is not intended to displace existing permanent jobs. Opportunities should only be created where there is a real demand for services.

- The EPWP is a nationwide programme implemented at all spheres of government and by state-owned enterprises.

In furthering the implementation of this programme, the government introduced the EPWP Integrated Grant. This is managed by the Department of Public Works. The main objective of the grant is to “provide EPWP funding to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised” (Department of Public Works, 2017b:14). According to the manual, there are several key principles guiding the grant. These include:

- mobilising the whole government in terms of the “Work Agenda”;
- incentivising the take-up of labour-intensive methods;
- focusing on marginalized areas;
- focusing on creating work for the EPWP target group; and
- committing to transparency and accountability and effective use of funds.

It is common knowledge that the country is going through a downward economic cycle and resources are getting ever scarcer. The manual emphasizes that the grant should be used where it has the greatest reach. The manual specifically mentions under the “focus on marginalized areas” principle that one of the criteria is the capacity of the municipality (Department of Public Works, 2017b). This is departure from the social grant investment, and would suggest that this grant is focused on assisting small towns that have development potential.

As this programme concentrates on projects that enhance skills and capacity, it includes projects such as brickmaking, vegetable gardens, fruit gardens, small-scale farming and assistance to communities to organize themselves, including the formation of co-operatives. It can be inferred that a town is required to have capacity in the form of municipal offices, reliable infrastructure, accessibility, economic activities and potential for growth.

#### *4.6.3.3 Economic development investment vehicles*

In Chapter 2 we defined development as basically reaching a state of a better life. Hunt (1989) and Van der Merwe (2004) argue that since World War II, the focus has been placed on the discourse of development and the historical categorization methodologies had to be rethought. As indicated in Sections 4.5.3.1 and 4.5.3.2,

development investment vehicles (such as social assistance investment vehicles, including social grants) and human development investment vehicles (such as the EPWPs) have been developed. Nevertheless, while these investment vehicles address the challenges of smaller towns that may not have large population sizes or economic growth potential, investment vehicles are required to assist towns that do have larger population and development activation capabilities.

Therefore, for towns with the necessary growth characteristics, economic development vehicles are made available. To this end, several economic and financial interventions have been developed by the government. It is recognized that the government should be the key in providing this type of assistance, but realistically, the government cannot do this on its own. As a result, to assist communities with economic development the South African government has tasked the Economic Development Department (EDD) with the responsibility to “implement the electoral mandate in particular in relation to the transformation of the economy” (EDD, 2016:1). The foundation of social and economic development consists of the key points listed in Box 4.4.

- In order to achieve and support the social development goals and economic growth South Africa needs to maintain and expand its transport, electricity, water, telecommunications and transport infrastructure. For some of these infrastructure developments the South African government is required to obtain private funding.
- “The role and effectiveness of sector regulators needs to be reviewed. In addition to issuing licences and setting tariffs, regulators need to place more emphasis on stimulating market competition and promoting affordable access to quality services. This will require capacity-building in regulatory institutions” (EDD, 2016:3).
- Another key point is the trade-offs required between policy planning and decision-making for competing national goals. For example, the need for renewable energy and the need for affordable electricity supply to the communities and industries.

**Box 4.4: Foundation of social and economic development**

(Source: EDD, 2016:3)

In alignment with the NDP, investment by the government through development finance institutions is focused on where it has a high employment impact. Furthermore, the government channels public investment and private investment into economic development to support sustainable work outcomes and economic transformation. With this in mind, a number of institutions were established to promote economic development, including the Industrial Development Corporation, Khula Enterprise Finance Limited and the South African Micro-finance Apex Fund (EDD, 2016).

In his 2018 State of the Nation Address, President Ramaphosa reiterated that “infrastructure investment is key to our efforts to grow the economy, create jobs, empower small businesses and provide services to our people” (Ramaphosa, 2018:8). This is in line with the National Infrastructure Plan, which was adopted in 2012 to give impetus to the New Growth Path which was intended to address structural challenges and to promote economic development as one of its objectives. The South African government recognises that due to a number of challenges these objectives had not been realized, so the Presidential Infrastructure Coordinating Commission (PICC) was established with the mandate to “ensure systematic selection, planning and monitoring of large Projects” (PICC, 2012:9).

Through these institutions, various economic development projects are implemented. So, for example, social assistance investment projects are guided by social grants, and human development investments projects are guided by programmes such as the EPWP; economic development investment is guided by private public partnerships (PPPs). As detailed in the section on activation through corporate society (Section 4.3), public-private partnership implementation is guided by the National Treasury. Pavru and Voicu-Olteanu (2009) explain that the private sector can use its expertise, skills and financial resources to complete incomplete infrastructure projects. One of the main benefits of a public-private partnership is the fact that most of the risk is transferred to the private sector.

To sum up, for a town to qualify for economic development investment, the town should have growth potential, a municipal authority, commercial and financial facilities, and be accessible. It must also have a large enough population to ensure that the investment has an impact on a large number of unemployed people.

#### **4.6.4 Capability categorization in summary**

The objectives of Section 4.5 and its subsections were to investigate possible challenges with the current categorization of small towns and to identify investment activation intervention vehicles. Consequently, the section has reviewed contemporary categorization approaches and identified shortcomings in the current approaches. Moreover, it analysed the proponents of transmogrification regarding the profiling of towns in relation to the indicators employed and concluded that towns should be ranked based on their individual capability and growth potential. Finally, the section has identified development investment vehicles that can be allocated according to a town's capability and growth categorization.

#### **4.7 Activation through people-centric implementation approaches**

The research has, through the conceptualization of the theme, introduced three scourges (poverty, inequality and unemployment) that need to be addressed through community development programmes. Authors such as Burkey (1993) and Swanepoel and De Beer (2016) stress the importance of community participation in implementing projects addressing these challenges.

As has been indicated earlier in this dissertation, the modern understanding of development became increasingly prominent after the inauguration speech of President Harry Truman in 1949, in which he mentioned the need for a new programme to address underdevelopment. The approaches and techniques to implementing these programmes has evolved considerably over time, as summarized by Ellis and Biggs (2001) in Table 4.14.

**Table 4.14: Rural development ideas timeline**

1950s	1960's	1970's	1980's	1990's	2000's
<ul style="list-style-type: none"> <li>• Modernisation</li> <li>• dual Economy Model</li> <li>• 'backward' agric.</li> <li>• community development</li> <li>• lazy peasants</li> </ul>					
	<ul style="list-style-type: none"> <li>• transformation approach</li> <li>• technology transfer</li> <li>• mechanisation</li> <li>• agricultural extension</li> <li>• growth role of agric.</li> <li>• green revolution (start)</li> <li>• rational peasants</li> </ul>				
		<ul style="list-style-type: none"> <li>• redistribution with growth</li> <li>• basic needs</li> <li>• Integrated rural dev.</li> <li>• state agric. policies</li> <li>• state led credit</li> <li>• urban bias</li> <li>• induced innovation</li> <li>• green revolution (cont.)</li> <li>• rural growth linkages</li> </ul>			
			<ul style="list-style-type: none"> <li>• structural adjustment</li> <li>• free markets</li> <li>• 'getting prices right'</li> <li>• retreat of the state</li> <li>• rise of NGOs</li> <li>• rapid rural appraisal (RRA)</li> <li>• farming systems research (FSR)</li> <li>• food security and famine analysis</li> <li>• RD as process not product</li> <li>• women in dev. (WID)</li> <li>• environment &amp; sustainability</li> <li>• poverty reduction</li> </ul>		
			<ul style="list-style-type: none"> <li>• microcredit</li> <li>• participatory rural appraisal (PRA)</li> <li>• actor orientated (RD)</li> <li>• stakeholder analysis</li> <li>• rural safety nets</li> <li>• gender and devt. (GAD)</li> <li>• environment and sustainability</li> <li>• poverty reduction</li> </ul>		
				<ul style="list-style-type: none"> <li>• sustainable livelihoods</li> <li>• good governance</li> <li>• decentralisation</li> <li>• critique of participation</li> <li>• sector wide approaches</li> <li>• social protection</li> <li>• poverty eradication</li> </ul>	

(Source: Ellis and Biggs, 2001:439)

However, despite recognizing these great strides and the more inclusive Participatory Rapid Appraisal and Planning (PRAP) approaches, Burkey (1993:59-60) advises implementers to take cognizance of some implications of participatory development approaches, including the following:

- Participation tends to occur in diverse ways, depending on the community's needs and specific situation. Hence, "packaging" participation according to a specific standard may constrain and inhibit people's initiatives rather than promote them.
- The poor should be approached as a specific group so that their economic situation can be improved. This may elicit conflict and envy in the more affluent elements in different rural societies.
- Participation development is premised on the principle of self-reliance. However, in some communities this may be absent, so initial assistance may be needed. Intervention implementers should be wary of creating new dependencies,
- Participation assumes that organizations are present, but organizations may take power to control the situation, so the poor need to maintain power over their own organizations.
- Participatory processes usually involve leadership whose vision is outside of the people's perception and aspirations. To address this paradox, one has to go beyond merely mobilizing support of an externally defined cause.

Burkey (1993:115) claims that projects sometimes "fail to recognize development as a process – a process that can only be sustained by people's genuine participation in their own development". Moreover, the research reveals that participation is no longer seen as just the resourcing of infrastructure projects and public works programmes or having community meetings at which communities are informed of the plans made *for* them. Instead, it is about genuine participation which starts with the conceptualization of a project.

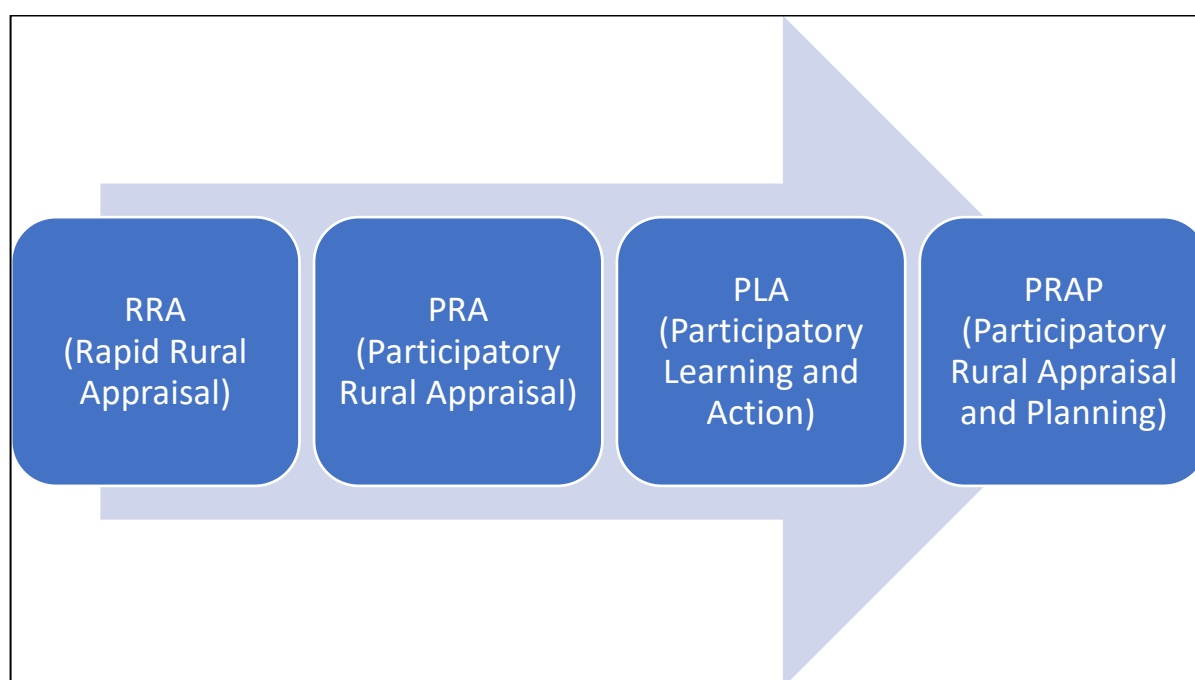
For this reason, commentators have revisited the design of the development process and recognized that the first step (the identification of the project) should be concluded through respect and genuine participation. To identify a project, development practitioners need to understand the community they are trying to serve. This view is supported by Potvin, Cargo, McComber, Delormier and Macaulay



(2003) who highlight four principles for implementing participatory research and implementation:

- Principle 1: Integration of community members as equal partners;
- Principle 2: Integration of intervention and evaluation;
- Principle 3: Organizational and programmatic flexibility; and
- Principle 4: Making the project a learning opportunity for all.

Principle 4 is explored by Swanepoel and De Beer (2016), who discuss the Participatory Rapid Appraisal and Planning (PRAP) method, which is based on the perceptions, opinions and insight of people, unlike the economic method and many other contemporary methodologies that are based on quantitative formulas. Figure 4.11 demonstrates the evolution of PRAP.



**Figure 4.11: Evolution of the PRAP approach**

(Source: Adapted from Swanepoel and De Beer, 2016:219)

Tavangar (2016) reports that participatory development has been around since the 1970s, when it focused on small rural development. The method used then was known as the Rapid Rural Appraisal (RRA) approach. She indicated that this developed into the Participatory Rural Appraisal (PRA) approach, which “emphasizes data sharing and community empowerment” (Tavangar, 2016:35). Chambers (cited in Tavangar, 2016:36) argues that Participatory Rural Appraisal grew out of five key

sources: “activist participatory research, agroecosystem analysis, applied anthropology, field research on farming systems, and Rapid Rural Appraisal”.

Clearly, those arguing for the Participatory Rural Appraisal approach see the approach as an answer to addressing development. However, Williams (2004) explains, the approach is not without flaws. Williams (2004) and other commentators, such as Hayward, Simpson and Wood (2004), have identified the following three key points of criticism: “of emphasizing personal reform over political struggle, of obscuring local power differences by uncritically celebrating ‘the community’, and of using a language of emancipation to incorporate marginalized populations of the Global South within an unreconstructed project of capitalist modernization” (Williams, 2004:558). Further dilemmas arising from participatory development are highlighted by Perlman (quoted in Burkey, 1993:178-179): “Perlman identifies 3 sets of dilemmas that makes grassroots groups internally fragile”. These are the following: ideology vs pragmatism, action vs reflection and localism vs coalition-building.

While these critiques and dilemmas are real and should be considered, Swanepoel and De Beer (2016:220) argue that the participation approach methodology remains a useful means towards a learning process, claiming that even “should the project not come to a successful end, the learning that took place is still beneficial to the participants”. In addition, Selener *et al.* (quoted in Swanepoel and de Beer, 2016:221) identified the advantages of the PRAP set out in Table 4.15.

**Table 4.15: Advantages of PRAP**

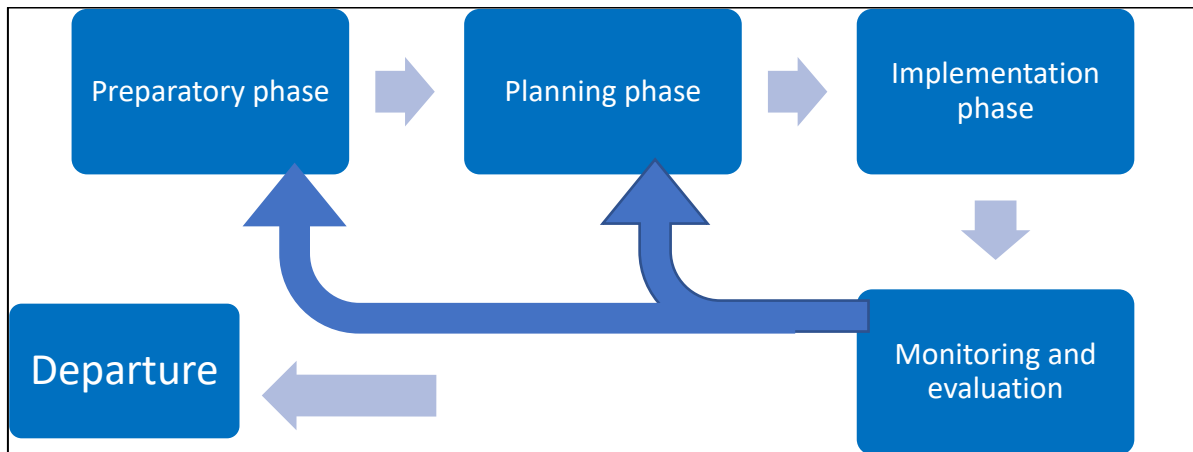
Advantage	Description
<b>Community mobilisation</b>	This empowers communities to solve those problems identified by them.
<b>Use of visual techniques</b>	The techniques used assist in information gathering in a way that activates and gives control to the community.
<b>Participatory community analysis</b>	This includes identifying problems and potential solutions.
<b>Promoting grass-roots development</b>	This would ensure that development takes place among the neediest.
<b>Strengthening collaboration between the community and external organizations</b>	The resultant strategic partnerships contribute to sustained problem-solving and community ownership of the project.
<b>Realistic proposals</b>	The formulation of realistic proposals must be allowed for.
<b>Promoting integration</b>	Diverse groups, including women and children, become part of the process.

Advantage	Description
<b>Speed and low cost</b>	Once the initial contact has been made with the local power structures and their co-operation ensured, the fieldwork can be done in three to four days per group, with insignificant resources. Prior training of the facilitator-researcher is probably the most expensive part of the exercise.
<b>CDWs 'wake up' to a new reality</b>	First-hand, community-based information is gathered that reduces the risk of 'desk-based' designs and increase the workability of the designed project.
<b>The community has control over project definition</b>	This contributes to community ownership of the project.
<b>First-hand information</b>	Since it is carried out in and with the community, it is based on first-hand information.
<b>It encourages a systemisation process</b>	The collective memory and oral tradition, of the community is used as a source of information that can be systemised for future reference.

(Source: Selener *et al.*, quoted in Swanepoel and de Beer, 2016:221)

While the benefits of these approaches are highlighted in Table 4.15, these approaches must be implemented at the grassroots level and the implementation must complement the approaches. For this reason, Burkey (1993) identifies a number of elements required for a successful implementation of the participatory development approach, including preparatory studies, planning and a proposal, budgeting and funding, and programme monitoring.

Similarly, to a greater degree, Swanepoel and De Beer (2016) argue that implementation commences with the start of a project, which includes making contact, resourcing and consensus on the need. They concur with Burkey (1993) that planning is the logical next element. Furthermore, they highlight an implementation approach that is strongly focused on community participation. In addition, they conclude the process by expanding on Burkey's "programme monitoring" element by adding evaluation and control. Based on Burkey's (1993) and Swanepoel and de Beer's (2016) arguments, an implementation framework (see Figure 4.12) can be deduced. The phases are discussed after Figure 4.12.



**Figure 4.12: Implementation framework**

(Source: Own compilation)

#### **4.7.1 Preparatory phase**

A peasant from Sri Lanka (quoted by Bhasin in Burkey, 1993:116) advised: “Please tell your workers to come and work here quietly first for six months. Only then will we consider talking to them.” Burkey (1993) laments that this is precisely what development workers are not doing. He maintains that outsiders dispatch “experts” who go into poor areas for a month or two with Land Rovers and often communicate with the well-to-do to determine what to do a situational analysis on. Burkey (1993) insists that for a thorough understanding of the community, development workers should stay among the community for a period of six months and learn from them and work with the community. This should be complemented by regular feedback to the community. In this phase, several tasks should be completed to allow for a comprehensive understanding of the conditions of the poor in the area (Burkey, 1993). The list of questions in Box 4.5 was developed by Burkey to assist in the understanding of the community in a programme area.

1. What resources are available in the area? Who controls the use of those resources? How is this control distributed?
2. How do people make their living in your area? What are the various types of productive activities? What are the various forms of agricultural production for self-consumption and for commercial sale? What are the constraints on production?
3. Who are the poor and disadvantaged in the area? What do the poor

- themselves see as the causes of their poverty? What are the causes of their poverty? What restraints are hindering their development?
4. Who are the advantaged in the area? Why are they advantaged? What is the degree of economic and social homogeneity? What internal divisions are there in the communities? What are these divisions based upon?
  5. What dependency relationships exist between poor and others? Is there exploitation of the poor? What forms does exploitation take? What is the degree of exploitation?
  6. In what way are the interests of the various socio-economic groups similar? In what ways are they opposed to each other? Which of these contradictions are mutually antagonistic and what are non-antagonistic?
  7. What natural factors, such as water, soil conditions and erosion, are causes of poverty and hindrances to development? Have the conditions worsened during the past 20 years? If so, why? What is the potential for improvement?
  8. What is pattern of social conditions among the poor, e.g. disease, nutritional status, literacy, hygiene and sanitation? What are the causes of these unsatisfactory conditions? Which factors are primary causes of continued poverty?
  9. What are the cultural and religious beliefs and practices of the people? Are these shared by everyone? Which of these benefit the poor? Which are detrimental? Why?
  10. Which governmental services and programmes are operative in the area? Who are they available to and who is taking advantage of them? What other local and external organizations are active in the area? Who is benefiting, and how, from their programmes?

**Box 4.5: Participatory action research questions**

(Source: Burkey, 1993:118-119)

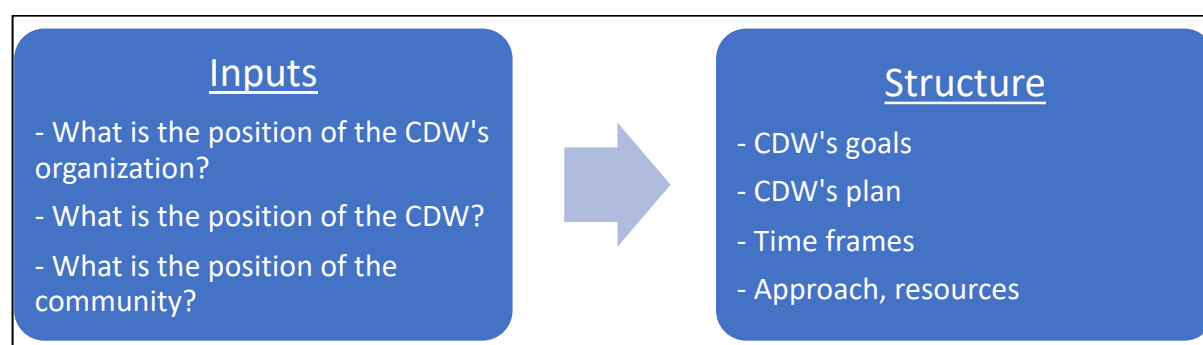
Further tasks in this first phase as identified by Swanepoel and De Beer (2016) are making contact, identifying resources and reaching a needs consensus. They argue that the contact-making period is for the CDW and the community to get to know each other (this is similar to the six months proposed by Burkey). They also agree with Burkey (1993) that all too often development workers move into an area with distinct orders to get the job done. In addition, Swanepoel and De Beer (2016) align

themselves with the notion that for participation development to truly be effective, it must be based on genuine participation.

To this end, Swanepoel and De Beer (2016) define a few tasks that a CDW should consider when making contact with the community. The CDW should:

- have an operational plan;
- plot a scenario-based strategy;
- discuss the strategy with colleagues for further amendments;
- discuss the draft strategy with the team for final adjustments; and
- not go into the community until the previous four tasks have been completed.

The diagram in Figure 4.13 illustrates the inputs towards structuring the strategy noted in the list above.



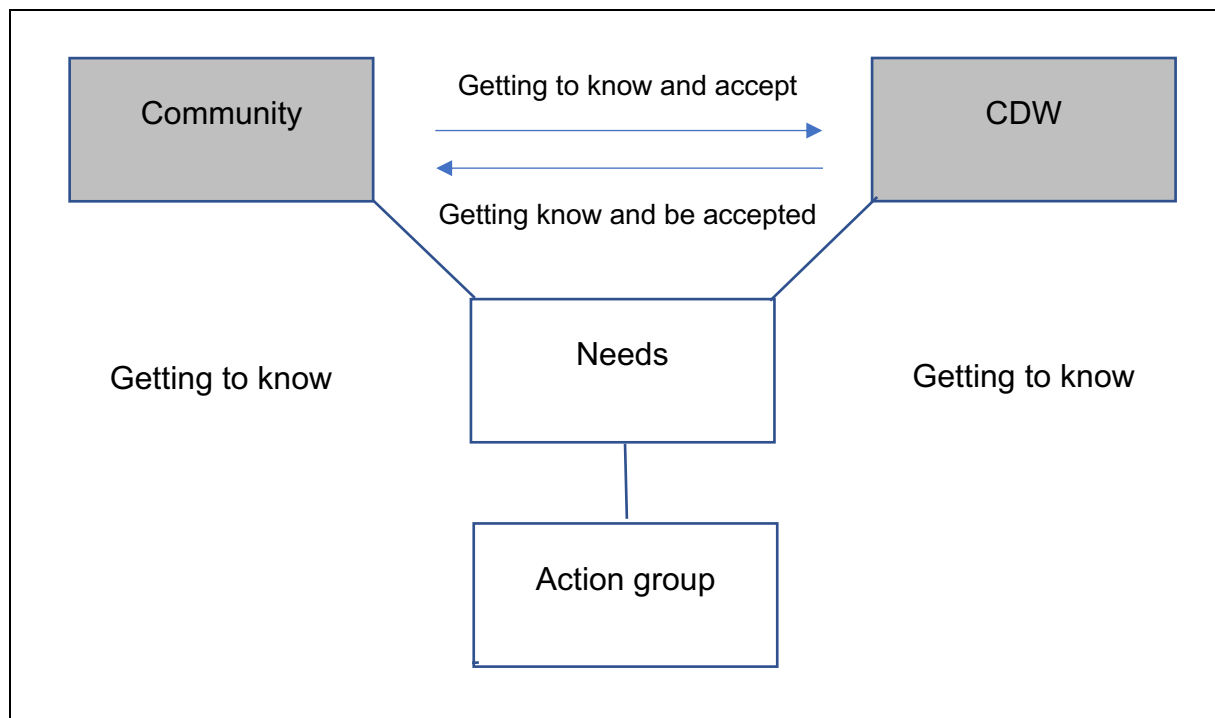
**Figure 4.13: CDW's contact-making preparatory structure**

(Source: Own compilation based on Swanepoel and De Beer, 2016)

In addition to the contacting activity, Swanepoel and De Beer (2016) also consider the identification of needs as a very important task. They maintain that through the preceding task (contact-making), the needs will be identified as a matter of course. This can also be deliberate, as indicated by Burkey (1993), through specific questions posed to the community. Furthermore, it is recognized that once the need has been identified by the CDW, the following two key processes are required: analysis and consensus (Swanepoel and De Beer, 2016).

They maintain that identifying needs can be a very negative process. It is therefore important for a CDW, at this stage, to change these negative feelings the people may have. These feelings may include the notion that they cannot do anything about these needs, and they do not have the capacity do address these needs. For this

reason, it is important that communities are made aware of their own capabilities and the resources they have to address these needs. Swanepoel and De Beer (2016:214-215) comment that: “community development cannot start until at least some people have a positive attitude”. They illustrate the contact-making process in Figure 4.14.



**Figure 4.14: The contact-making process**

(Source: Swanepoel and De Beer, 2016:216)

This brings us to the next element in this phase, which is resource identification. Swanepoel and De Beer (2016) maintain that this should take place before the project starts. According to them, it is part of the PRAP exercise as explained in Section 4.5.

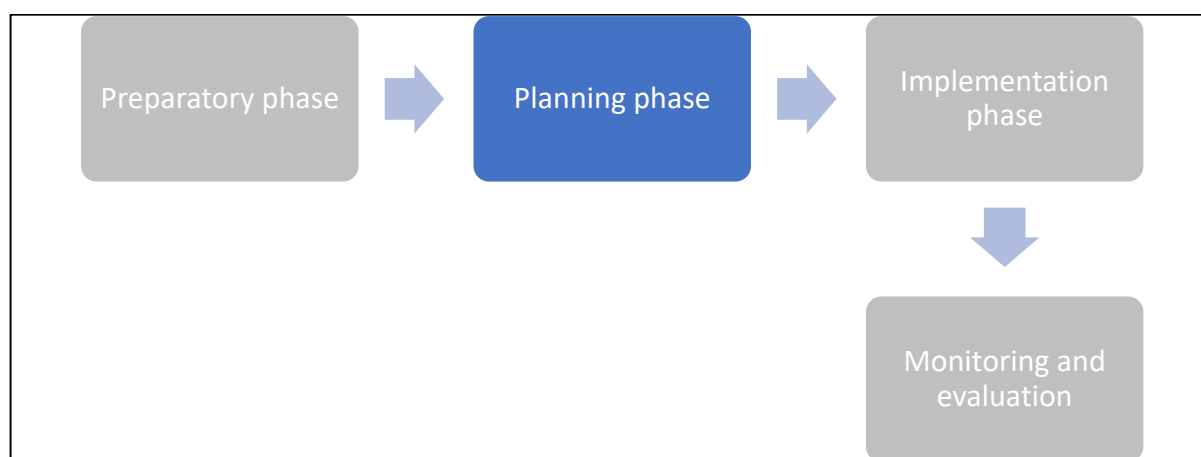
They reiterate that the PRAP exercise (or any survey for that matter) should not focus only on the negative, such as needs or gaps, but should also turn its attention to the positive, such as opportunities and local resources. Burkey (1993) warns that such surveys should only be conducted once there is trust between a CDW and the community. This emphasis on mutual trust is also echoed by Freire (quoted by Burkey, 1993:76) who maintains that:

...it is necessary to trust in the oppressed and in their ability to reason. Whoever lacks this trust will fail to bring about or will abandon dialogue, reflection and communication, and will fall into using slogans, communiques, monologues and instructions.

In conclusion, Burkey (1993) argues that change can either be good or bad and maintains that the change and the direction it should take needs to come through interaction with the community and should not come through the change agent's acting alone or from external interests.

#### 4.7.2 Planning phase

Once the objectives of the preceding phase have been achieved (that the practitioner gained the trust of the community, identified the needs of the community with the community, analysed these needs and obtained consensus), the next phase of the implementation framework can commence. This phase, as indicated in Figure 4.15, refers to the planning, also known as the design phase.



**Figure 4.15: Implementation framework: planning phase**

(Source: Own compilation)

Planning can be defined as combining three elements: the need, the resources and the objective. Furthermore, it then relates to a fourth element – action (Swanepoel and De Beer, 2016).

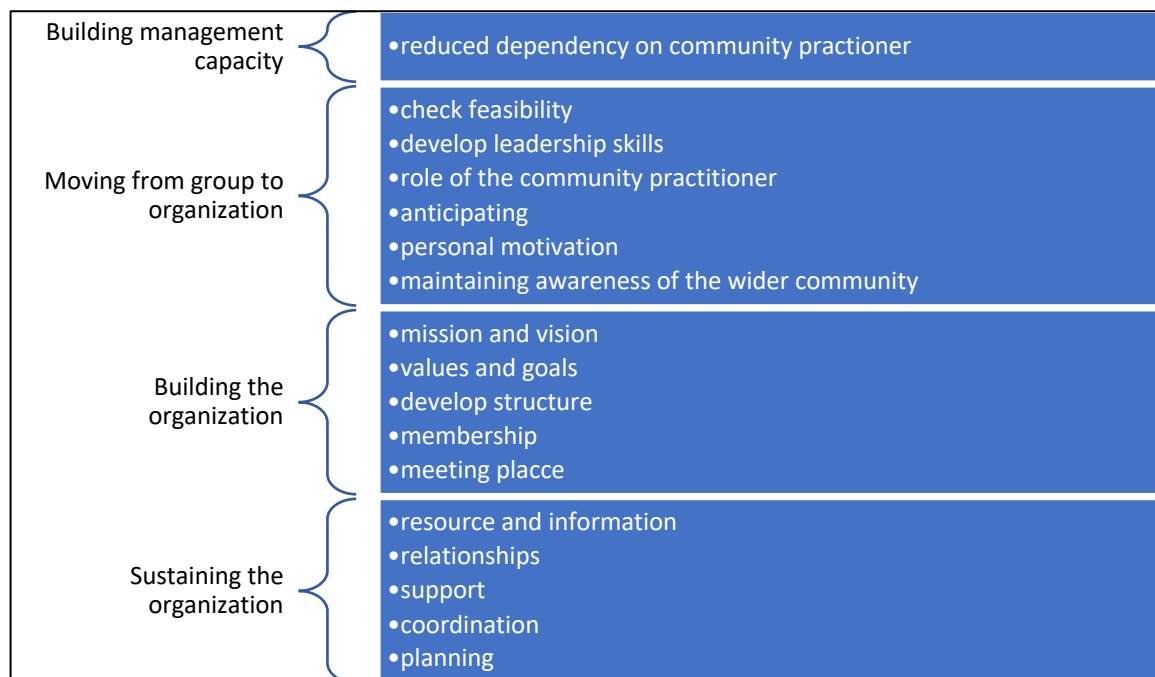
Whereas Swanepoel and De Beer (2016) focus on the elements of planning, Schenck *et al.* (2010) turned their attention to the participants and define the design:/planning phase as bringing together the participants in discussing their desired future. They argue that, given that communities have in the previous phase identified their dreams, they are now able to develop plans and mobilize resources in order to achieve these goals. Ashford and Patkar (cited in Schenck *et al.*, 2010:87) define the objective of this phase as assisting group members in developing



structures and strategies towards achieving both their long-term and their short-term goals.

Schenck *et al.* (2010) developed a methodology for the planning phase of a community development programme, based on two key components, which are structure and strategy. According to them, it is key to design the organization/structure, which consists of moving the group to an organization, building management capacity, building the organization, and sustaining the organization. Figure 4.16 identifies the elements for the structure component. The “structure or designing the new future” component consists of:

- revisiting the vision;
- setting the long-term goals;
- setting the short-term goals; and
- action planning.



**Figure 4.16: Elements of the structure component**

(Source: Adapted from Schenck *et al.*, 2016:27)

Further planning methods are identified by Swanepoel and De Beer (2016) as the logical framework and the adaptive “incrementalist” approach. According to them, the logical framework, also known as the “logframe”, was developed in the United States of America in the 1960s and came into use in the 1970s. They note that although this method was not designed for development projects, its simplicity, clarity and

rationality make it “a reliable device to make project kick-off possible” (Swanepoel and De Beer, 2016:251).

The logframe is made up of four columns which give a full picture of the project. These columns are the project structure, indicators of achievement, the means of verification, and finally, the assumptions. The matrix is premised on the project structure elements: the goal, purpose, outputs and activities. The main advantage, according to Swanepoel and De Beer (2016:251) is “that its aim is to improve the way in which projects are prepared, planned, implemented and evaluated, therefore managed”. Despite these advantages, they also catalogue several shortcomings to the logframe methodology, which

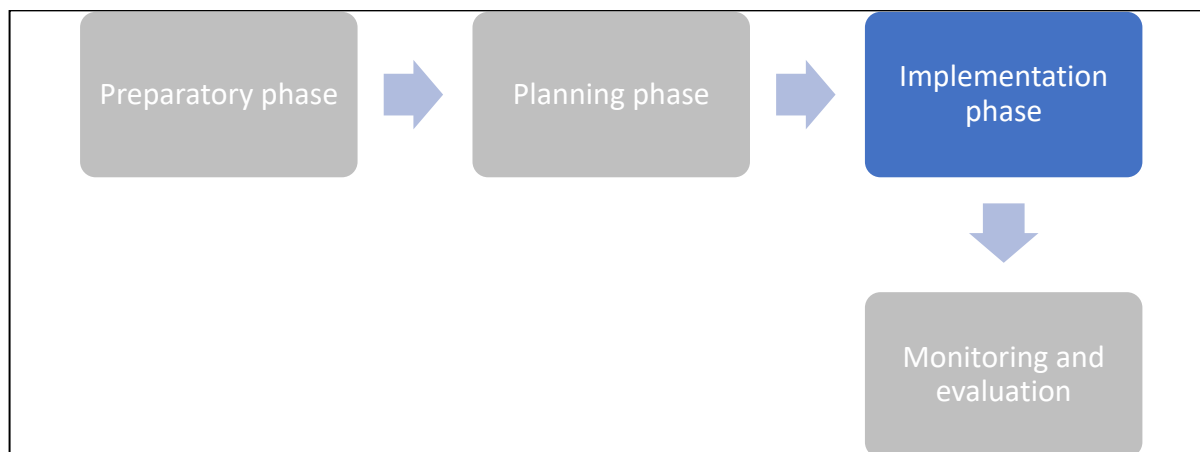
- may not fit into a situation run by adaptive measures;
- perpetuates relationships of control and domination;
- may have formal and fixed parameters for planning and implementation;
- has a rigid approach and is incapable of managing a project in itself;
- is usually created by a selective group so it cannot be said to consist of the participation of broader community representation; and
- may not have quantitative measures of progress.

In contrast to the rigid approach of the logframe approach, the adaptive incrementalist planning method recognizes that community projects constantly change and cannot be done only once. Given the number of unknown factors in a community development project, it is not possible to have one single plan, and therefore planning must be incremental (Swanepoel and De Beer, 2016). This argument is in line with that of Ackoff (1984), who believes that development is not a result of production, but one of learning. He emphasizes that “learning how to use oneself and one’s environment to better meet one’s needs and those of others” (quoted in Swanepoel and De Beer, 2016:253).

The key aspects of the adaptive incrementalist planning method, also known as the planning cycle method, summarized by Swanepoel and De Beer (2016) are that at best, planning can only be short-term; the objectives must be attainable in a fairly short period, and planning must be simple (one objective at a time), must involve everyone, and, importantly, must be written down.

### 4.7.3 Implementation phase

The next phase in the project cycle is the implementation phase, where the plans are set in motion and resources are allocated. It is also where the project plan is put into action.



**Figure 4.17: Implementation framework: implementation phase**

(Source: Own compilation)

Watt (2014) states that it is the responsibility of the project manager to direct and manage activities of the implementation of the project and it is during the implementation phase that a project manager will direct resources to achieve the objectives of the project. This is where the real project work is done and the deliverables are produced (Watt, 2014). She defines deliverables as anything the project delivers and includes all products or services, as well as project documents.

The *Harvard Business Review* (2016) calls the phases in project management the planning, build-up, implementation and close-out. Regarding the implementation phase, they concur with Watt (2014) that this is the phase where the plan is put into action. They caution that this could also be the most frustrating phase, because the details can be “tedious and, at times, overwhelming” (*Harvard Business Review*, 2016:1). Furthermore, in this phase one must always maintain a big picture perspective - although this may be the most frustrating phase, it can also be the most gratifying.

In their people-centric change management process, Schenck *et al.* (2010:130) noted five phases which usually come to the fore in the development of a project: “Discovery – connecting with the community, discovering its assets and strengths; Dream – finding a focus and creating a vision for action; Design – participatory

planning; Delivery – implementation, monitoring and evaluation; Disconnecting and departing – termination”.

Similar to Burkey (1993) and Swanepoel and De Beer (2016), Schenck *et al.* (2010) recognize the importance and benefit of involving the community in all aspects of community-based projects implemented with the objective of enhancing the quality of life of that community. Moreover, Schenck *et al.* (2010:211) describe the implementation phase of such projects as “a process of putting a design into effect through action”. They raise the concern that, in addressing the need for relationships during the implementation phase, practitioners may focus too much on relationships and neglect the implementation of the plans (Schenck *et al.*, 2010). They argue that if there is a lack in leadership in a community, the CDW should take this responsibility only as a temporary function until the community can do it on their own.

Scheck *et al.* (2010) also concur with Korten (1990) that in the implementation phase there will be setbacks, but these should be seen as learning opportunities, not as failures. They advocate that implementing projects through actioning the design be approached as a learning process. They agree with Burkey (1993) that it is important to recognize successes to allow members to “recreate, expand and celebrate them” (Schenck *et al.*, 2010:213). A similar sentiment is also mentioned by Swanepoel and De Beer (2016), who believe that through celebrating successes, relationships are strengthened. This emphasizes the importance of the group’s achievements, as it is a sign that the group can stand on its own feet – it is thus a confidence booster.

Swanepoel and De Beer (2016) developed a set of questions that should be asked when implementing projects (see Box 4.6).

- ✓ Does the plan address the issue?
- ✓ Have tasks been identified and written down?
- ✓ Is there somebody responsible for each task?
- ✓ Do the people understand the finer details of the plan?
- ✓ Is the implementation done step-by-step?
- ✓ Have all tasks been completed?

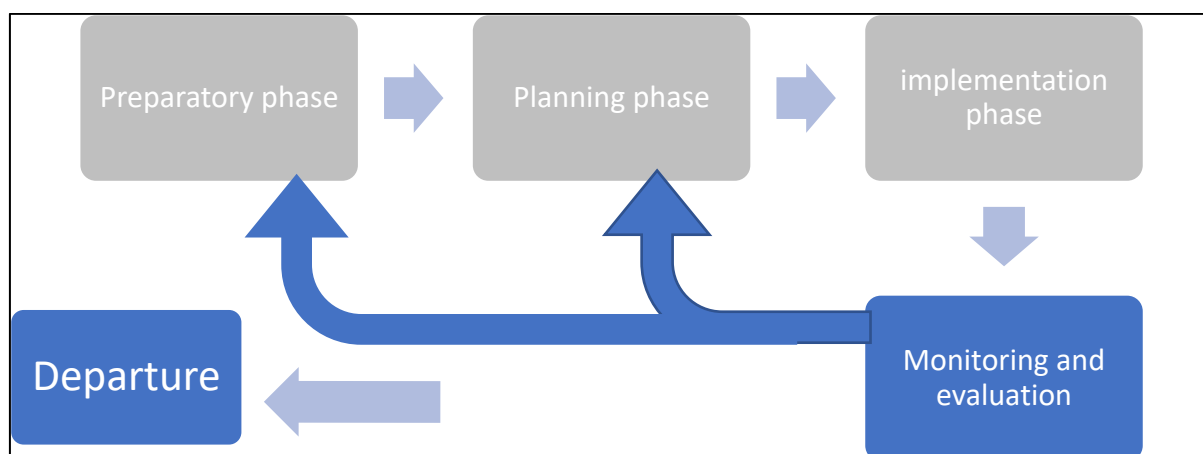
**Box 4.6: Project implementation questions**

(Source: Swanepoel and De Beer, 2016:260)

The final question from Swanepoel and De Beer's (2016) list in Box 4.6 leads to the final phase of the framework (monitoring and evaluation), with the ultimate departure element in mind. To ascertain whether the project has succeeded in completing all its tasks, the project needs to be monitored and evaluated. Section 4.6.4 details this phase of the implementation framework and addresses the ultimate element in the final phase (departure).

#### 4.7.4 Monitoring and evaluation phase

The final phase of the framework is the monitoring and evaluation phase. This phase has a goal of departure, as illustrated in Figure 4.18. Departure, in this instance, refers to the end of the project, where the practitioner needs to disconnect from the project and allow the community to ensure the sustainability of the project.



**Figure 4.18: Implementation framework: monitoring and evaluation phase, and departure phase**

(Source: Own compilation)

Understanding the difference between monitoring and evaluation is a starting point towards ensuring successful control of a project. Burkey (1993) distinguishes between monitoring and evaluation, arguing that in contrast to evaluation, monitoring refers to actions that maintain continuous feedback from participants, facilitate simple surveys and have the improvement of project effectiveness as their primary aim. In his book *People first* (1993), he also maintains that effective monitoring relies on participation and suggests that to ensure candid and open participation, there needs to be trust. He emphasizes the importance of trust by illustrating that, to avoid criticism and unpleasantness and even reprisal, poor people tend to maintain a “conspiracy of courtesies”. In addition, he mentions that, due to such reluctance and

silence, issues such as waste, corruption, poor performance and misguided initiatives which may be known to the participants long before the administration will ever come to light. He mentions a case cited by Bunch (1982, cited in Burkey, 1993:129), where in Latin America, a co-operative was founded with 6000 members. The administration made decisions which were not agreed to by the community, and as a result, soon 500 members of the 6000 wanted to withdraw. One way to mitigate a “conspiracy of courtesy” is effective participation. Bunch (1982, quoted in Burkey, 1993:129) states: “Good feedback will best be achieved when the villages find out that they can openly criticize the program without giving rise to bad feelings or repercussions, and that their suggestions will be acted upon.” Additionally, Burkey (1993) identified further mitigation factors such as regular contact, an atmosphere that promotes improvement rather than punishment, and positive use of criticism and self-criticism.

Evaluation, on the other hand, seeks to answer the question of whether a project has achieved its goals that it sets out to achieve. Furthermore, and following on from the learning experience of a participatory project, evaluation is critical to further the learning experience. Because community projects are usually conducted in an unclear environment, course adjustments are often required, so without constant evaluation, these adjustments can lead to deviations that become so big that “nothing can bring the project back on course again” (Swanepoel and De Beer, 2016:265).

Schenck *et al.* (2010) argue that evaluation is conducted to establish the outcome of a project. It can be conducted at the end of a project or at any pre-determined time. Swanepoel and De Beer (2016) are in accord with Schenck *et al.* (2010) that evaluation can provide learning opportunities for follow-up projects, if it is conducted at the end of the project, or for future improvements, where the evaluation is conducted at predetermined intervals. Some important aspects to consider in evaluation are the impact, cost and resources of the process, the community practitioner’s performance, the experience of the group, and the evaluation results.

To ensure that the approach towards activation through implementation contributes successfully to the objective of releasing communities from the deprivation trap, it needs to be participatory. This has been the central theme throughout the preceding phases and this phase is no exception. Schenck *et al.* (2010:222) stress that: “[i]t is important to include the participants at every stage of the process of monitoring and

evaluation to make sure that they own the process and learn to be accountable towards themselves, the community, outsiders and funders”. In addition, they define the advantages of participatory evaluation as follows (Schenck *et al.*, 2010:23):

- it builds on what the community knows;
- it develops the community’s capability and skills;
- it creates awareness that the effort made is producing results that have an impact on members’ lives;
- it enables the community to decide for itself what adjustments have to be made;
- it improves solidarity and a sense of community;
- evaluation results are empowering;
- it provides an opportunity where the community can celebrate its achievements; and
- it enables the community to give feedback.

Swanepoel and De Beer (2016) have identified three main criteria for monitoring and evaluation: appropriateness, feasibility and effectiveness. Table 4.16 details their understanding of these criteria and gives questions aligned with each of the criteria.

**Table 4.16: Criteria for monitoring and evaluation**

Criteria	Definition	Questions
<b>Appropriateness</b>	The establishment whether the needs, objectives, plan of action and action itself fit one another.	<ul style="list-style-type: none"> <li>• Will the attainment of the set objective satisfy the identified need?</li> <li>• Do we identify the correct resources to reach the objective?</li> <li>• Will the plan lead to the attainment of the objective?</li> </ul>
<b>Feasibility</b>	It concerns itself with the claims a project will make on resources, including human resources.	<ul style="list-style-type: none"> <li>• Is the objective in reach of the action group?</li> <li>• Are there sufficient resources to attain the objectives?</li> <li>• Is the project completely dependent on external resources to attain its objective?</li> <li>• Can human assets be developed during the process?</li> </ul>
<b>Effectiveness</b>	The establishment through evaluation whether the actions during the lifespan of the project were (are) effective.	<p>How effective was the project?</p> <ul style="list-style-type: none"> <li>• In fulfilling abstract human needs.</li> <li>• In providing a learning process.</li> <li>• In establishing ownership.</li> <li>• In empowering the action group.</li> <li>• In releasing the people from the deprivation trap.</li> </ul>

(Source: Swanepoel and De Beer, 2016:268-269)

These questions lead to interventions that relate to continuous adjustments. Depending at what stage the findings of the monitoring and evaluation process refer to, these adjustments can result in a revaluation of the preceding two processes. If these adjustments are not affected timeously, the deviation can become so great that nothing can bring the project back on course. Therefore, it can be concluded that ensuring effective implementation of projects relies on continuous improvement.

#### **4.7.5 Departure**

Once the practitioner or CDW is satisfied that all the criteria in Table 4.16 have been met and there is no need to go back to any of the previous phases, the focus can shift to departure. The monitoring and evaluation element of this phase further assists in preparing the community for the imminent departure of the CDW. In this sense, the monitoring and evaluation element assists the community to recognize its progress, its ability to achieve objectives set by the members through working together and through collective learning promotes confidence to continue working after the departure of the practitioner (Schenck *et al.*, 2016).

#### **4.7.6 Social assistance implementation approaches**

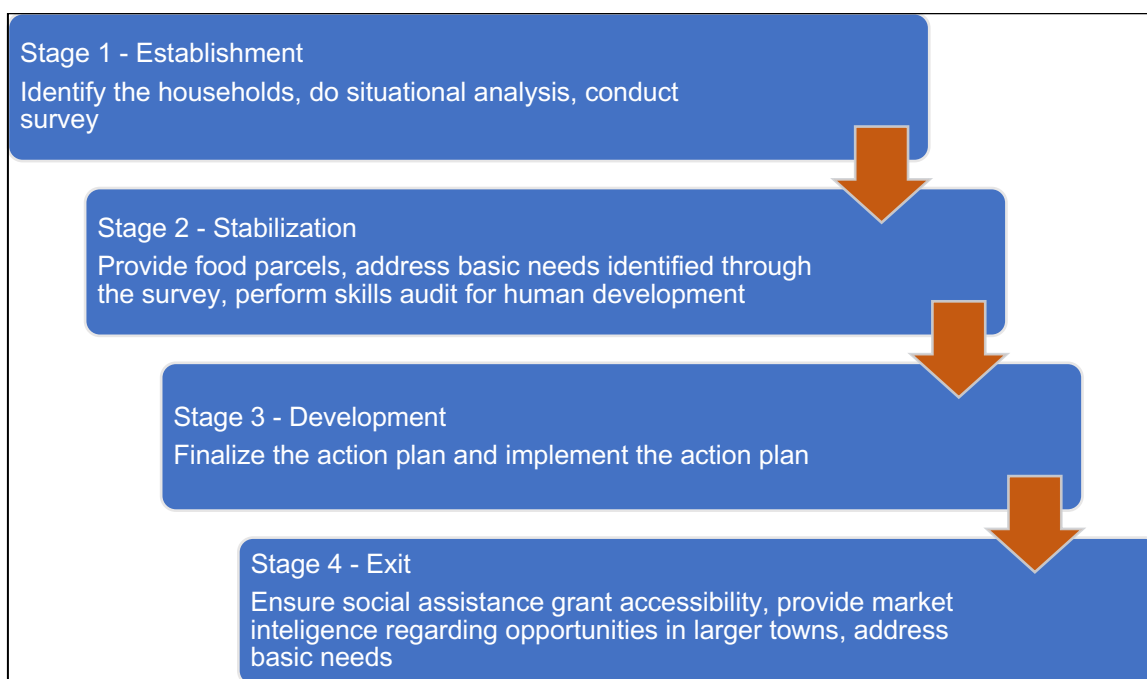
The implementation approach described in Sections 4.6.1 to 4.6.5 is ideal for implementing developmental projects and has all the necessary elements and addresses the concerns highlighted by authors such as Burkey (1993), Schenck *et al.* (2010) and Swanepoel and De Beer (2016).

However, Projects such as the War on Poverty and Project Consolidate have led to the recognition that towns subject to this type of deprivation are usually towns with very small populations, limited or no growth potential, no access to municipal administration functions, very poor accessibility via the road system and no accessibility via rail or air, and limited basic services. The War on Poverty project was launched in the Northern Cape and became a presidential project, with the main aim of assessing the challenge of poverty and deprivation in the province and addressing them through projects. Project Consolidate was established by the Department of Cooperative Governance and Traditional Affairs, previously known as the Department of Provincial and Local Government (DPLG, 2007)



From the lessons learned through War on Poverty and Project Consolidate projects, the dissertation proposes the following social assistance project implementation. As the objective of these projects is alleviating poverty, inequality and unemployment in areas where deprivation is in some instances at an all-time high, the implementation methodology draws inspiration from the Maslow's hierarchy of needs model, which identifies a sequence of human needs starting with physiological needs, followed in turn by safety needs, a need for love, affection and belonging, a need for esteem, and finally a need for self-actualization.

Based on this needs model, as well as the lessons learned, as indicated regarding projects such as the War on Poverty and Project Consolidate, the approach developed is premised on a four-stage approach: Stage 1 – the establishment stage, Stage 2 – the stabilization stage, Stage 3 – the development stage, and Stage 4 – the exit stage. These stages are detailed in Figure 4.19.



**Figure 4.19: Social assistance implementation approach**

(Source: Own compilation)

The main focus of this implementation approach is to assist communities that are not considered as viable towns for development investment because they have low or no growth potential and a small population size. This approach identifies towns which therefore require a social assistance implementation approach. The process starts with a survey to identify the status quo in households. Based on this survey, the next

stage is to stabilize the community, concentrating on the households that require the most basic of assistance to meet their baseline needs including food, identity documents and access to social assistance. During the third stage, the development stage, an action plan can be developed identifying further assistance involving community participation through a skills audit.

Finally, during the exit stage, when the community is on board to participate by using their own capacity (skills), market intelligence can be shared and linkages can be formed (based on the skills audit) with partners such as civil society, the government and the private sector in nearby towns with growth potential, thus assisting with migration to these towns with growth potential.

#### ***4.7.7 Implementation approaches in summary***

In order to further development, Section 4.6 and its subsections have highlighted activation through implementation approaches, notably the human and economic development implementation approach and the social assistance implementation approach. The human and economic development implementation approach consists of a preparation, a planning, an implementation and a monitoring and evaluation phase, and finally, the departure phase. The social development implementation approach is comprised of the establishment, stabilization, development and exit stages.

In summary, several authors advocate that, to ensure successful implementation of a development programme, historical and even contemporary approaches be revisited. Given that previous implementation approaches have mainly focused on quantitative principles, as the literature review has demonstrated, and that interventions were usually planned and implemented by outsiders with limited participation from the communities, according to Burkey (1993) and others, the section has presented alternate people-centric implementation approaches.

It is further recognized that the implementation of development programmes is based on the allocation of resources by government and that these allocations are founded on certain criteria. The next section, Section 4.7, investigates these criteria with the aim of understanding the gap in order to suggest an alternate approach in addressing any existing shortcomings.

## 4.8 Conclusion and deductions

This chapter has focused on development activation measures and reviewed the key activation components, concluding that the hypothesis that an alternate approach is required to determine development investment for small rural towns is indeed valid. The chapter reviewed the possibilities of activation through civil society, corporate society and land reform, and analysed the current and historical approaches in the development investment categorization of small towns.

In working towards addressing the central question of the dissertation (*How can socio-economic development investment address persistent poverty in small towns?*), the research highlights the importance of community participation. The literature review suggests that current approaches based on the premise that communities can be merely informed of pre-determined plans are flawed, as are approaches based only on mobilizing labour forces and the notion that rural development can only be brought about by governments and development agencies. The research argues that for sustainable development, communities need to take the lead in planning and implementation of projects, as communities are the people with the local knowledge. This leads to an implementation approach known as an “Asset-based approach”, which places the community first in developing interventions to address poverty, inequality and unemployment.

Furthermore, the research acknowledges that stakeholders such as the government, NGOs and the private sector do have an important role to play and the fact that self-reliant participation is not usually initiated from within a community. Through a review of activation through corporate society, the section began to identify rural activation intervention vehicles, such as public-private partnerships.

Economic development investment vehicles such as public-private partnerships were introduced by the South African government to enhance development through the formation of partnerships between the public and private sectors. These approaches are usually applied to major projects, where the private sector assumes most of the risk to benefit from payment from either the government or users of the service. Therefore, these types of intervention vehicle are more prevalent in towns that have economic growth potential, a municipal authority, commercial and financial facilities,

and are accessible. Moreover, the town must have a large enough population to ensure that the investment has an impact on a large number of unemployed people.

Further intervention vehicles identified were social security and assistance vehicles as well as the human development investment vehicle. The social security vehicle is dependent on social grants, while the human development vehicle is premised on programmes such as the EPWP. The research suggests that due to limited resources, the South African government has to invest where the impact is likely to be the largest, thus posing a serious problem for smaller rural towns. Therefore, to use the proposed intervention vehicles optimally, the categorization of towns needs to be focused on development capability potential rather than economic potential, which forms the basis of current development investment categorization methodology.

To this end, and addressing the central question of the dissertation, the research confirms that the current profiling approaches use a standardized methodology. This methodology is generally based on indexes that principally favour larger towns, which results in the implementation of projects irrespective of a town's growth capability. Therefore, a profiling approach is required that allows for a ranking of towns based on their individual capability and growth potential to determine the most appropriate development investment allocation.

In addition, the research reveals that to ensure successful implementation of development programmes, historical and even contemporary approaches need to be revisited. Given that prior interventions have mainly focused on quantitative principles, as the literature demonstrates, and that they were planned and implemented by outsiders with limited participation from the communities, the chapter presents alternate people-centric implementation approaches consisting of two approaches: the Economic and Human Development Approach and the Social Assistance Approach.

## CHAPTER 5: RESEARCH DESIGN AND METHODOLOGY

### 5.1 Introduction

The dissertation is located within the broader spectrum of socio-economic development and the context of two prominent contemporary challenges facing small towns in South Africa – the persistence of poverty and ways to address this scourge through effective allocation of economic development resources. The literature reveals that communities' experiences, as well as personal experience and know-how, and the real-life context must be considered.

According to Hancock, Ockleford and Windridge (2009), researchers are finding it increasingly difficult to explain in a quantifiable manner those types of research that are grounded in human behaviour. They recommend that a qualitative approach should be favoured because “it is attempts to broaden and/or deepen our understanding of how things came to be the way they are in our social world” (Hancock *et al.*, 2009:4). This point of view is supported by Crossman (2019), who states that qualitative research allows researchers to understand everyday life through in-depth comprehension of the social processes that comprise everyday life, attitudes, interactions, behaviours and events. Crossman (2019) suggests that a further benefit of qualitative research is the fact that it is cost effective, flexible and easily adaptable.

Furthermore, William Bruce Cameron once warned that “not everything that can be counted counts, and not everything that counts can be counted” (Wiley Online Library, 2017). This quote by Einstein encapsulates the complexity of research. Qualitative and quantitative research are usually seen as opposites. In this regard, the University of Utah (n.d:2) explains that: “quantitative research is concerned with measurement and numbers, while qualitative research is concerned with understanding and words”.

This chapter starts with a delineation of the study area to clarify its location, information on the size of the towns used in this study, as well as the respondents that were used in the study.

The chapter details the research design by explaining the design and the research methods such as the data collection methods employed, and the process followed in creating the interview schedule and list of questions used during the data collection. The chapter then discusses the importance of sampling and the approaches followed in this field study in that regard. In addition, the chapter depicts the approaches used in gathering relevant and trustworthy data. The qualitative methods used in this research were focus groups and interviews. This chapter also details the structure, location and size of the focus groups, as well as their composition.

Using a qualitative research design means that rich in-depth data is sourced from the data collection engagements. To make sense of this data, a detailed data analysis is required that lends itself to proper record-keeping. The chapter therefore describes the process followed in keeping such a record and transcribing the data, as well as how the reliability of the data was ensured by triangulating the data.

## **5.2 Delimitation of the study (area, scope and limitations)**

The research project focused on small towns in the Pixley ka Seme District Municipality, in the Northern Cape Province of South Africa. The District Municipality includes the following eight local municipalities: Emthanjeni, Kareeberg, Renosterberg, Siyancuma, Siyathemba, Thembelihle, Ubuntu and Umsobomvu. The District is bordered by the Free State, Eastern Cape and Western Cape provinces.

The District is rich in history from the time when a farm was bought where the town of De Aar eventually arose. This town, which now houses the Pixley ka Seme District Municipality head office, grew from small beginnings to its railway heyday, when it was part of the diamond route. Today it relies heavily on agriculture, but there are many contemporary socio-economic developmental challenges that face this municipal area, as has been pointed out by the Northern Cape Provincial Government (2012), the Integrated Development Plan (RSA, 2012b) and Spatial Development Framework (SDF) (Macroplan, 2007).

The research project uses the broad definition of small towns supplied by the South African Audience Research Foundation (2012), which describes small towns as towns or villages with a population of 500 to 39,999. The Pixley ka Seme District was selected as the focus for this study because the towns in it fit into this definition. These towns also provide a wealth of tangible, geological and societal variables. The

research focuses on the towns of De Aar, Britstown and Hanover. The selection of the specific towns to participate in this research was based on the above criteria, as well as the characteristics of these towns, as described in the IDP of the municipality.

The research does not attempt to detail the causes of poverty but rather evaluates these three towns on the basis of the available public service, as well as the prevailing economic and social factors, to assist decision-makers in making informed decisions on the allocation of resources to address poverty. To substantiate responses and increase the reliance that can be placed on responses (to distinguish between perception vs facts), a spectrum of stakeholders were interviewed to enable triangulation and comparison with responses from a government perspective from in-depth interviews with officials and politicians, as well as engagements with the communities in the form of focus group discussions as well as the business sector in the form of in-depth interviews

### 5.3 Research design

As indicated in Section 5.2, the study area is situated in the Northern Cape of South Africa. The field study focused on three towns: De Aar, Britstown and Hanover. The study's research question lends itself to qualitative research using both focus group and in-depth interview data collection methods as detailed in Section 5.4 below. Some of the main objectives of this qualitative research are to describe the current socio-economic environment in the area under review, analyse the situation through theoretical lenses, identify the key issues or gap and make recommendations based on the findings regarding alternate management approaches to address the triple scourges.



**Figure 5.1: Northern Cape Province**

(Source: South Africa Travel and Tours, 2016:1)

To address the study's main objectives, the study first explored the background, the literature and related concepts which formed part of the input in designing the data gathering tools, as well as further conceptualisation of the research question. The

next step was the qualitative research, as set out in the research design and methodology. Then the results of the research were analysed and the gap in the current processes was identified. This led to the final step, which was the development of an alternate management approach to address the gap. Section 5.3 is focused on the specific design of the research.

What constitutes a research design and which design was deemed an appropriate fit for this research? According to Polit and Beck (2004), a research design refers to a plan on how to obtain responses to questions and how to handle challenges during this process. This definition is similar to that of De Vos (1998), who argues that a research design is the blueprint for the research. While this definition describes the “what” of the research design, it is important to note that the research design must be fit for its purpose. Therefore, in considering the research design for this study, consideration was given as to whether it would provide the best response to the research question and whether the responses could be validated.

Hancock, Ockleford and Windridge (2009) agree that it is becoming more and more difficult to explain and analyse issues relating to human behaviour in a quantitative manner. They especially refer to our broader understanding of matters in the social world and argue that, if we want to research social processes, attitudes, interactions, behaviours and events in everyday life, we should consider qualitative research. To this end, qualitative research was therefore conducted in this study.

In addition, the literature provides a rich variety of research designs. Given the objectives of this study and the research question, a descriptive design was used. This was deemed the best design to employ, as the study seeks to elicit the views of participants and required a high degree of representativeness. According to Sacred Heart University (n.d.), a descriptive design answers an array of questions pertaining to a question and is used to describe the current status or in other words it describes what currently exists. Furthermore, it allows for observation to take place in the participants’ natural environment. Bhat (2020) explains that a descriptive research design is a category of qualitative and quantitative designs. He agrees with the Sacred Heart University (n.d.) that this design assists in describing the current status. This study seeks to investigate real situations, identify the issues, and, by analysing the data as well as interpreting the results, recommend a solution. As can be



determined through the above literature and is further detailed in Section 5.4, the study uses a qualitative design with in-depth interviews and focus group discussions.

#### **5.4 Data-gathering steps**

Poverty is not new, and many authors and organizations have researched this topic in various ways. Thus, data for the research project have several sources. This study is interested in the socio-economic development activation aspects of poverty and therefore the typology of this research design is based on both empirical and non-empirical data. The empirical data used in this study were obtained from trustworthy sources such as Statistics South Africa's (StatsSA's), the national government, provincial government and local municipalities, as well as published works in various forms. As was noted in Section 5.3, several research design approaches can be used to obtain data, so the steps followed in obtaining the data are explained in detail below.

Newman and Benz (1998) argue that qualitative and quantitative research philosophies are neither mutually exclusive nor interchangeable. Furthermore, they explore the validity and legitimizing research, such as links between research questions and truth-value. They conclude that modern-day science is often both qualitative and quantitative.

Step 1 – the first step was to clearly define the focus area for discussion, as the study seeks to assist in answering the research question. The purpose of the in-depth interviews and focus groups were to understand the experiences and knowledge of the respondents with the aim of understanding whether there is a gap between the normative (expected and preferred) situation and the current situation, as well as to ascertain what development capability these towns have and the success of the implementation of development projects.

Step 2 – the next step was to plan the interview process, which included pre-planning, and authorizations. This phase consisted of developing a consent form and interview guide, ensuring that all ethical considerations were adhered to. The necessary documents were submitted to the University of Stellenbosch's Research Ethics Committee, who approved the interview methodology. The Committee also indicated that individual signed consent forms were not required, but that the consent form was to be discussed at the start of each interview session.

Furthermore, this step included defining the number of interviews to have, and whom to have these interviews with. For this purpose, interviews with politicians, officials, community development workers and the business sector were identified as important. Once the initial request to perform these interviews in the Emthanjeni Municipality was approved by the Speaker, the Municipal Manager was contacted to secure the officials to be interviewed and the Speaker confirmed the politicians. The venues for the interviews were approved through the office of the Speaker and included the De Aar Library, and the municipal offices in Britstown and Hanover. The CDWs were contacted directly after getting their contact details from the municipality. The CDW interview for Hanover was conducted at the Youth Development Centre, and in Britstown it was held at the municipal offices. The community focus groups participants were invited by the CDW and the venues were confirmed through the municipality. Due to Covid-19, the engagements with the business sector were conducted via telephonic in-depth interviews. The selection of the business sector was based on input from the municipality LED manager, CDWs and outcomes from the community interviews. Furthermore, the study selected business representatives that represent the major business sectors within the area, namely the agriculture, finance and retail sectors.

Step 3 – this step involved the interview itself and started with introductions, which included an overview of the dissertation and explanation of the purpose of the interview. This included a presentation of the consent form, explaining *inter alia* the rights of the participants and confirming the confidentiality clause. The groups were then engaged through the approved script and interview schedule.

Step 4 – after the interviews, the audio equipment was checked to ensure that the recording was audible. Transcripts were then formulated from these audio recordings and the notes taken during the sessions.

Step 5 – this step refers to the analysis of the data. Moreover, qualitative data analysis was utilised to examine and interpret the data collected in order to understand what it represents. The technique for analysing the data is based on the dissertation question and the qualitative research methodology. Therefore, the dissertation relied on Content Analysis for analysing the data gathered from the in-depth interviews and the focus group discussions.

This process allows for the interrogation of the data and provided an opportunity to start coding the data into meaningful information. This was done using tables and coding the categories to align to the objective of the interviews, which is to understand the experiences and knowledge of the respondents to address the research problem, which is to understand whether there is a gap between the normative (the preferred and expected) situation and the current situation, as well as what development capability these towns have and the success of the implementation of development projects. During this process, a number of nuances were identified.

Step 6 – to test the reliability of the data, they were checked against qualitative data obtained from documented sources, comparing the data obtained from the groups and triangulation of the data.

Step 7 – the final step in the process was the analysis and presentation of the data in a meaningful manner. This process is detailed in Section 5.6 below.

## **5.5 Sampling and selection**

Lopez and Whitehead (2013) argue that identifying the sample is important because the information is to be obtained from that sample and continuous to state that the population is almost always human. Furthermore, they define the primary purpose of sampling as “the selection of suitable population (or ‘elements’) so that the focus of the study can be appropriately researched” (Lopez and Whitehead, 2013:1). The focus of this research falls within the realm of human experience in socio-economic development; hence, it is clear that the study would rely on qualitative research. Furthermore, the study seeks to address the following central question: “How can socio-economic development investment address persistent poverty in small towns?” Thus, selecting the study population was crucial to research the topic appropriately..

To this end, the study focused on the Pixley ka Seme District, and more specifically the towns in the Emthanjeni Municipality. The reason for selecting this area as the study population is that, according to StatsSA (2018c), the size of the towns in this municipality conform to the definition of small towns used in LED thus far.

Emthanjeni Municipality was chosen as the source for the study sample from the wider population based on the fact that the municipality’s socio-economic indicators reflect the challenges of addressing socio-economic activation in small towns. These

indicators include a growth rate of 1,69%, an unemployment rate of 28%, a youth unemployment rate of 37,2%, with only 24.7% of those older than 20 with a matric, and higher education among those older than 20 at only 6,6%, and the percentage of female-headed households at 39,4% (StatsSA, 2018c).

### **5.5.1 Reasons for sampling and selection**

In addressing the research question and gathering data, it was impractical to interview the full population of the Pixley ka Seme District, so three towns (De Aar, Britstown and Hanover) were selected, and in each of these towns, specific respondents were selected who could not only address the question, but who were also aligned with the design of the dissertation. These respondents were selected on the basis of their experience, local knowledge and life experiences in these towns.

In line with the importance of focus or strategic reason, the sampling concentrated on three groups, Community, Business Sector and Authority. This selection was based on the data required to understand and to either corroborate or refute the claims of the literature. Furthermore, these groups were selected to identify any gaps between the normative and the current situation, as well as to allow triangulation of the responses.

The inclusion criteria for community participants were that the participants had to reside in the locality (i.e. De Aar, Britstown or Hanover), the participants had to be older than 18 years and to have resided in the location for more than five years. In order to be included as a CDW participant, the person needed to be recognised by the municipality as a CDW. To be included in the authority group the participant had to be a political office bearer (the Mayor, Speaker or a member of the Mayoral Committee) or an administrative office bearer (a Municipal Manager or Director responsible for Community Safety and Infrastructure). The municipal Office Heads for Britstown and Hanover were also included.

### **5.5.2 Sampling methodology and techniques**

The purpose of the sampling was to request respondents to volunteer personal experiences and local know-how to further assist in addressing the research question (*How can socio-economic development investment address persistent poverty in small towns?*). As indicated above, for practical reasons, it was not feasible to interview each community member, so the study used a sample that was representative of the wider population under review.

To this end, the study focused on individuals that had spent a significant time in the study area (see Section 5.2), including being involved in the various poverty relief

projects and programmes introduced by the municipality. While the respondents came from the same community, they potentially had different points of view. Therefore, the sampling and reason of the specific sampling of social society and members of the political and administrative office-bearers was to obtain insight on their knowledge relating to the locality, the implementation of poverty relief projects, priority areas for the locality, growth activation opportunities, resources and existing commercial activities. This choice was guided by the design of the research, based on a qualitative research design, which sought to answer the research question by establishing whether there was a gap between the normative and the current situation. Guided by the design, the research employed the following two types of information gathering tools: in-depth interviews and focus group discussions. The sampling techniques that were used are linked to these two data collection tools and are detailed in Sections 5.5.2.1 and 5.5.2.2.

#### *5.5.2.1 Sampling: In-depth Interviews*

The literature discusses two types of sampling – probability sampling and non-probability sampling (Taherdoost, 2016). For the purposes of the in-depth interviews a non-probability sampling technique was used because the research required specific individuals to be interviewed. Therefore, the participants for the in-depth interviews were selected for the information they have and were thus selected deliberately. More specifically, the non-probability technique used was purposive or judgmental sampling.

A total of nine in-depth interviews were held with politicians, officials, religious leaders and community representatives. The politicians were represented by the Speaker and a Member of the Municipal Council. The officials that participated were the office heads for the towns of Britstown and Hanover. The Municipal Manager and three of his managers in De Aar were interviewed together. The community representatives were the Community Development workers from Hanover and De Aar and further interviews were conducted with religious leaders in De Aar and Britstown.

The reasons for the selection are discussed in Section 5.5.1, and further details of the sample including the gender and race breakdown, as well as the location and venue are set out in Table 7.2.

The study employed an interview approach, using interview schedules containing open-ended questions. The interviews were in-depth interviews to allow for open discussion. This format afforded an opportunity to gather answers, and to learn the reason behind the answers, as recommended in a document by Fuel Cycle (2019).

#### 5.5.2.2 Sampling: Focus groups

The focus group discussions were also guided by a list of open-ended questions, which allowed the facilitator to probe and ask clarification questions. As indicated in the consent form, participants were selected on the basis of the fact that they are community members in the municipality, and stakeholders in development programmes implemented in the municipality. Given the above, the sample provided enough rich data and had an adequate focus in order to address the research question. Furthermore, and based on the categories of the interview schedule, the sample provided sufficient data to compare categories. These categories are described in Section 5.6.1 below.

For the focus group members, the study adopted stratified random sampling, which is a non-probability sampling technique. According to this sampling technique, the population is divided into sub-groups known as strata. In this study, the populations of the three towns were divided into strata and these strata included youths, women and unemployed members of the community.

Further consideration for the sampling was the size of the focus groups, the number of focus groups and common characteristics of the groups. Research suggests that focus groups of between six and ten participants are best. According to Hancock *et al.* (2009:22) “having fewer than this could limit the potential interaction and having more than this could make it difficult for everyone to join in the discussion”. In addition, given that groups may be influenced by both internal and external factors, as well as the possibility that some groups are not participatory or that members in a group do not interact well with each other, Hancock *et al.* (2009) recommend having a minimum of four groups.

A total of five focus groups were held in each of the three towns of De Aar, Brits Town and Hanover. The strata selected for these focus groups consisted of women, youth and CDWs. In De Aar the youth and women were combined into one stratum with a total of twelve participants. In Britstown there were two strata: a combined

stratum consisting of youth and women, and a CDW stratum. The youth and women stratum had a total of eleven participants and there were eight participants in the CDW stratum. While in Hanover there were two focus groups, one consisting of the youth and had a total of nine participants while the other was represented by a women's stratum and consisted of eleven participants. Further details of the focus groups which include location, venue of the focus group discussion and breakdown of gender and race is depicted in Table 7.1.

### **5.5.3 Selection and logistics**

Once the sampling was completed based on the criteria mentioned above, the selection of the respondents was finalized. This started with an official request to the Speaker of the municipality. In the letter, the purpose of the interviews and the main objective of the dissertation were explained. The letter also contained a request to meet with her and selected officials. On approval of the request, development of an interview programme began (see Section 5.6.1 below for details).



**Figure 5.2: De Aar**

(Source: Du Preez, 2019)

The selection of the community respondents was assisted by the CDWs of each town. In De Aar, one CDW assisted with identifying community members after she had been provided with the focus, profiling women and youths. The Speaker and the Municipal Manager assisted in identifying venues for the engagement and made a venue at City Hall available for the focus group discussions.

- **De Aar: Focus group discussions**

As stated in Section 5.5.2.2, the population was divided into sub-groups or strata. In De Aar, there was one focus group discussion session, held in the City Hall, with 12 participants. This focus group was a combination of youth and women, consisting of four black people and eight coloured people. In terms of gender, the group was comprised of seven women and five men. This focus group engaged for two hours.



- De Aar: In-depth interviews

Furthermore, there were eight in-depth interviews conducted in De Aar. These included one-on-one interviews with the Speaker, MMC, CDW, business representatives and a religious leader. The municipal manager and three of his officials were interviewed together. The interviews lasted for about 90 minutes each and were held at the City Hall, the library and the municipal offices.

In Britstown, there were two focus group discussions, and five in-depth interviews were conducted.

- Britstown: Focus group discussions

One of the focus group discussions was held with youth and women and the CDW assisted with the identification of the participants. The group of 11 participants was a combination of youth and women, seven female and four males, with a racial breakdown of eight coloured people and three black people. Furthermore, the group contained seven participants between the ages of 18 and 35



**Figure 5.3: NGK, Britstown**

(Source: GoogleMaps, 2018)

and was held in the Nederduitse Gereformeerde Kerk (NGK) situated on Bree Street in Britstown.

The other focus group was the CDW focus group, which consisted of eight participants with three men and five women, of which five were coloured and three were black. This focus group discussion was conducted at the municipal offices and lasted for 90 minutes.

- Britstown: In-depth interviews

The five in-depth interviews were conducted with the municipal Office Head, business owners and a religious leader. The interview with the religious leader was conducted at the Nederduitse Gereformeerde Kerk (NGK) and lasted for an hour. The interview with the municipal Office Head for Britstown was conducted at the municipal offices in Mark Street, Britstown, and lasted for an hour while the interviews with the business owners were telephonic.

In Hanover, similar to De Aar and Britstown, both in-depth interviews and focus group discussions were conducted.

- Hanover: Focus group discussions

The focus group sessions were held at Agora Crafts. There were two focus groups: women and youth between the ages of 18 and 35 years old. The youth group was comprised of nine participants, with a gender ratio of six female and three male participants and a racial breakdown of seven coloured and two black participants. The women's group consisted of 11 participants, with a racial ratio of four black and seven coloured participants. Both these focus groups continued for approximately 90 minutes.

- Hanover: In-depth interviews

There were five in-depth interviews, conducted with the municipal Office Head for Hanover, business owners and the CDW. The engagement with the CDW was held at the Hanover Youth Development Centre in Streyger Street, Hanover, and lasted for an hour. The interview with the Municipal Office Head was conducted at the municipal offices in Neptune St, Hanover, and lasted for 90 minutes, while the interviews with the business owners were telephonic.

## **5.6 Data-gathering and analysis**

Section 5.6 and its subsections explain the steps of gathering and analysing the data on the three towns, using the theoretical framework to guide the process and rationale in collating data on the three towns chosen in the Emthanjeni Municipality. The aim was to use the data on these Northern Cape towns with their variables to explore the objectives of this study. Thereafter characteristics, indicators, variables and key elements were identified, and an alternate management approach was formulated.

These towns provided rich data on the normative and the current situation in order to assist in answering the research question. As indicated above, the data gathering methods used were in-depth interviews and focus group discussions. Large amounts of data were gathered, but some data were not relevant to the research topic's purpose – hence, as a first phase, factor analysis was employed. As Torres-Reyna (2006) explains, factor analysis is mostly used to reduce data to get a small set of variables from a large set of variables (most of which are correlated to each other).

This was also done in conjunction with the triangulation of the data to ensure that nuances coming from the interviews and focus groups were not lost.

In analysing this data, the focus was the categorization of the data with the purpose of classification, summary and tabulation. Hancock *et al.* (2009) list two levels of analysis. The first is basic analysis, where a descriptive account of the data is presented and no inferences are made regarding the data, as illustrated in Section 5.6 above. The second refers to the interpretation of the data, which “is concerned with what was meant by the response, what was inferred or implied. It is sometimes called the latent level of analysis” (Hancock *et al.*, 2009:24).

The next step was to identify through the above analysis any indicators that would measure towns based on their capabilities and socio-economic development activation potential. To this end, factor analysis was employed as recommended by Garrett-Mayer (2006), StatSoft (2012) and Torrez-Reyna (2006). An additional product of the factor analysis was the development of an interview schedule that could be used in both the interviews and the focus groups. A number of considerations were taken into account in analysing the data from the field study. This included the development of the interview schedule, the format of the interview process, record-keeping, the transcription of the data, triangulation and a comparison of the data, using both qualitative and quantitative data.

### **5.6.1 Data collection tools**

The decision on which data collection tool to use is guided by the research design. In this study the research design was a qualitative method. Furthermore, the decision on which data collection tool to use depends on the research questions, the sample, and the possible data sources, according to the Teaching and Learning Lab (n.d.), which concurs with other authors that the collection tool should assist in answering the research question.

In their book *Research Methodology*, Melville and Goddard (1996) list the most common instruments: tests, interviews and questionnaires. In their opinion, interviews have the advantage that answers can be clarified. Hancock *et al.* (2009) also list various methods of qualitative data collection, which include focus groups, interviews, the collection of documented material, observation, the collection of narrative, and questionnaires containing open-ended questions.

Given the benefits of the interview method, it was selected for the purposes of this study in the form of in-depth interviews and focus group discussions. A benefit of using more than one data collection tool (in this case, interviews and focus groups, in addition to the other document-based processes) is that it assists with the validation through triangulation and thus enhance the credibility of the study (Amsterdam Public Health, 2017). Validation and reliability are explored further in Section 5.6.5 below.

#### *5.6.1.1 Qualitative data collection tool: in-depth interviews*

Unlike surveys, which are commonly used in quantitative research, and structured interviews, which are qualitative, but restrict the amount of data collected to a fixed range, an in-depth interview is much more flexible. This study was therefore guided by an interview schedule with open-ended questions. The in-depth interviews were not rigid, and for the most part, the participants did most of the talking. As the interviewer, I merely guided the discussion to stay on topic and listened to the responses. All interviews were audio recorded with the permission of the respondents. The steps employed are set out in Section 5.6.

#### *5.6.1.2 Qualitative data collection tool: Focus group discussions*

A total of five focus group discussion sessions were held in this study. Each group consisted of between 9 and 13 participants. These groups assembled in venues that were convenient to them. The discussions were guided by the same interview schedule used in the in-depth interview method described above. The members of the focus groups were selected on the basis of their relevance to the topic. The CDW assisted with the word-of-mouth recruitment for the community focus groups, based on the criteria supplied, as described in 5.5.3 above. For the purpose of this study, focus group discussions were conducted consisting of communities divided into groups consisting of youths, women, and community development workers.

One of the concerns of members participating in focus groups is confidentiality. Members may not participate freely if this ground rule is not clarified up front. Therefore, it is important to ensure that all preliminary ethical compliance issues are adhered to, including seeking approval from the relevant ethical committees. To this end, the research field study documents were submitted to the University of Stellenbosch's Research Ethics Committee. After minor amendments, the research

interview process, guide, consent form, script and questions were approved by the Research Ethics Committee. The steps used for the focus group discussions are set out in Section 5.6.2.

### **5.6.2 *The script and interview schedule***

A consent form, script and interview schedule for both the in-depth interview and focus group discussions were developed and approved by the Ethics Committee. A script is a guide to what an interviewer needs to convey to the participants. It included, in this case, the purpose of the in-depth interview and the focus group discussion, how the introductions were to be made, what was to happen with the information shared in the interview, the rights of the participants, privacy and confidentiality, the fact that the session would be recorded and what and how the recording was to be used, as well as to who had access to the recordings, and finally, the reading of the consent form, where after participants were asked to give verbal consent.

According to StatsSA (2011), the second-most spoken language in the Northern Cape is Afrikaans. All the documents, including the interview schedule, were thus translated into Afrikaans. The same interview schedule was used for both the research methods, as well as for the authority groups and the community or civil society groups. The questions were designed to encourage open conversation, while guiding the discussion towards the objectives of the research. Therefore, the interview schedule explores the understanding and perceptions of the participants regarding the concept of poverty, the activation capabilities of the town, how poverty is being addressed, whether poverty alleviation projects had had the desired impact, and finally what involvement communities had in the planning and implementation of these projects.

### **5.6.3 *Record-keeping***

FutureLearn (n.d.:1) warns researchers of the following:

As well as making sure your study is well-designed, your data must also be legitimate, trustworthy and verifiable. You will be required to establish your own credibility as a researcher, and the integrity of your data collection processes, data and data sources. (FutureLearn, n.d.:1)

They recommend that in addition to ensuring accuracy and completeness, record keeping should ensure confidentiality, labelling of files, records are systematic and the appropriate storage of information (FutureLearn (n.d.:1)

This is in line with Hancock *et al.* (2009), who mention that it is important to be organized in keeping records, and that this should be done in such a way that it is auditable. They add that it is crucial to ensure “careful anonymisation procedures in labelling digital or analogue recordings or documents and text” (Hancock *et al.*, 2009:24). Any information shared by the participants in the focus group sessions during this study and that could possibly identify the participant was protected. This was done by ensuring that the data collected did not contain any personal information about the participants and no one will be able to link the data provided to the identifying information supplied by the participants (e.g., name, address, email).

The data collected, including the audio recordings mentioned above, are stored in a secure folder that is accessible only by myself and was only be shared with the study’s supervisor. The audio recordings were downloaded to this folder and were then deleted from the recording device. The folder was then backed up to a secure cloud folder. The data were labelled, ensuring that they were easy to retrieve files with a password while ensuring the privacy of the participants. These labels cannot be linked back to the identifying information supplied by the participants.

#### **5.6.4 Transcription of the data**

The in-depth interviews and the focus group discussions were recorded on an audio device. To ensure that the device was always operating, the device was tested before each session. Furthermore, a spare set of batteries was kept at each session to ensure that none of the data were missed due to batteries’ dying during a session. In addition, the device was checked for quality and completeness after each session. A further measure of ensuring data completeness was to take notes during the sessions.

The data recorded on the recording device and the notes were transcribed into meaningful transcripts. These transcripts were designed around the interview schedule and responses were transcribed according these questions. These transcripts were than recoded into tables, laying out responses in columns, in other words, responses to a specific question were placed in the same row in columns

referring to the category of respondents. To this end respondents, were divided into the following three categories: Authority, Community and Business, as discussed in Section 7.3.

### **5.6.5 Data validation and reliability**

The data collection focused on in-depth interviews and focus group discussions. This allowed for a rich set of diverse data sources and prevents narrow reliance on a single source. BetterEvaluation (2018:2) warns, “the problem with relying on just one option is to do with bias”. Triangulation and comparison were harnessed to enhance validity and reliability.

#### *5.6.5.1 Triangulation of research data*

Carvalho and White (1997) offer four reasons for triangulating data:

- **Enriching:**  
Here the data sets gathered using different formal and informal instruments are used to add value to each other because they are used to explain different sides of an issue.
- **Refuting:**  
In this case, one set of options is used to disprove a hypothesis which has been generated by another set of options.
- **Confirming:**  
Here one set of options is used to confirm a hypothesis which has been generated by another set of options.
- **Explaining:**  
This refers to a situation where one set of options casts more light on unexpected findings that have been derived from another set of options.

According to BetterEvaluation (2018), there are several forms of bias. Three of these are measurement bias, sampling bias and procedural bias. Regarding measurement bias, the research focused on focus group discussions, during which there was a possibility of peer pressure on focus group participants. For practical and cost reasons, the research could not perform data collection from all the community members of De Aar, Britstown and Hanover, so samples were selected (see Section

5.5.3). This may have led to measurement bias, so triangulation was used to strengthen the data generated from these groups, as well as to ensure that through the sampling of community members enough coverage was obtained. As mentioned, members in a focus group may have experienced pressure which was not always obvious to the researcher. Therefore, triangulation was used to allow testing of the data and allow the researcher to place greater reliance on the data. This was done by triangulating data from the focus groups across the three towns as per the illustration below

The results included concurrence between the groups on the way development projects are implemented. Members in Britstown noted that *“the municipality only tell us what the projects are when they come to implement”*,<sup>1</sup> while members in Hanover mentioned that the municipality *“do not ask us for input as to what type of program[me]s we need”*. This was further corroborated by triangulating of data from the CDWs. The CDW in De Aar confirmed this perception, stating that *“when we are asked to participate in projects it is limited to identifying labourers”*. The groups concurred that investment was concentrated in De Aar. A member of the focus group in Hanover stated: *“hulle vat ons idees en implementeer dit in De Aar”* [they [the municipality] take our ideas and implement them in De Aar]. Through triangulation, this data was validated by data from other interviews, such as with the Office Heads, for example, the Office Head for Hanover, who commented: *“We submit ideas but the projects are decided at De Aar and we are just informed as to what projects are to be implemented.”* Data triangulation was also apparent through the nuances of in-depth interviews and focus group discussions, as mentioned in Section 7.3.

#### 5.6.5.2 Comparison of research data

While triangulation was concerned with validating and confirming data from different sources, comparison analysis focused on both validating data and testing hypotheses and data results from focus groups, individual interviews and documents. Therefore, comparison analysis was used in this research to compare the results of the interviews with authorities, the community, business sector and CDWs with the literature. This approach is supported by the Centre for Innovation in Research and Teaching (CIRT n.d.:1), which argues that “comparative research is studying two or

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more similar groups, individuals, countries, events or conditions by comparing them with respect to specific characteristics". They add that comparative research has a number of benefits, including that it may help to identify causes or explanations for existing conditions or historical events, reducing costs by using existing groups or data sets, and ensuring the reliability of the findings by removing the influence of extraneous variable by means of careful selection of groups or cases that are homogeneous with respect to the extraneous variables. It can also enhance "understanding of historical events because it focuses on the differences between cases and events, the differentiation of which often leads to greater insight" (CIRT, n.d.:2).

Glaser (1965) identifies two types of comparative analysis research: constant comparison and theoretical comparison. Constant comparison is most useful where qualitative data need to be translated into quantitative data. In that instance, researchers use coding of data into categories in order to analyse and assess the data "to proof a given position" (Glaser, 1965:437). Theoretical comparison is used in research where the objective is to analyse theoretical ideas, hypotheses, new concepts and interrelated hypothesis. In that case, coding is not necessary, because the comparison relies on data results obtained from the qualitative investments, which in the case of this dissertation were the data obtained from focus groups in-depth interviews and theoretical data.

To ensure rigour and the ability to place reliance on the qualitative data from the research, both these types of analysis were used. In terms of a theoretical comparison analysis, the results from the community and business sector were compared to those from the authorities and theory to address the research question. These results (see Section 7.3) reflect a different understanding of the topic of development by the authorities, versus the community (including the CDWs) and commentators. Some results flowing from the comparison analysis referred to the choice of development projects, how these were implemented and managed.

In this regard, the Speaker and Councillors stated that communities were involved in all decisions in the municipality and referred to the legislation and the IDP processes that were in place. This was corroborated by the in-depth interviews with the Office Heads in Hanover and Britstown. The Office Head for Hanover indicated that during the budget preparation phase, the community are consulted through public

engagement regarding projects. However, a comparison of these claims with the results from the community, business and the CDWs suggested that, although the community agreed that public participation engagements took place, they felt that they were informed rather than consulted on matters affecting their regions. A member of the Hanover focus group stated: “*Hulle kom net hier wanneer hulle klaar besluit het*” [*They only come to us after they have already made the decisions*]. This finding was confirmed when members of the Britstown focus groups indicated that they did not feel that they have any say in the projects being implemented in their town.

## **5.7 Data analysis technique**

The central focus of data analysis is to move from data to information that can be used to address an identified problem. In the context of this study, data analysis seeks to analyse the data gathered through the data collection tools employed to address the research question. Flick (2013) defines data analysis as the classification of material to make sense of it and to what it represents. He also identifies the following three aims of qualitative data analysis: describing the phenomena, explaining differences and developing a theory (Flick, 2013). This definition is also ascribed to by Bhattacharjee (2020:2) who states that qualitative data analysis “is the range of processes and procedures used” to transform collected qualitative data into information.

In addition, according to Wong (2008), the use of qualitative analysis and reporting have seen a significant increase over the last two decades. He argues that the reason for this is the failure of quantitative data analysis methods “to provide insight into in-depth information about the attitudes, beliefs, motives, or behaviours of people, for example in understanding the emotions, perceptions and actions of people” (Wong, 2008:2). The literature also indicates that the difference between quantitative and qualitative analysis is the fact that while quantitative data analysis is based on statistical methods and is interested in numerical evidence, qualitative data analysis is interested in attitudes, beliefs, experiences, perceptions, as well as other characteristics such as feelings.

Since its increase in popularity, a number of qualitative data analysis techniques were developed. The literature identifies the most common of these as content

analysis, narrative analysis, grounded theory, framework and discourse analysis. This research study used an in-depth interview and focus group discussions as the data collection tools. The outcome of the process was a large amount of unstructured data that was used to formulate and greater understanding of the phenomenon (*How can socio-economic development investment address persistent poverty in small towns?*).

To this end the type of data analysis used was content analysis. This type of data analysis is commonly used in qualitative research and allows for the identification of “intentions, focus or communication trends of an individual, group or institution and analyse focus group interviews and open-ended questions” (Columbia University Mailman School of Public Health, 2020). The research was based on open-ended questions used in both in-depth interviews and focus group discussions. This resulted in large amount of responses which represented the experiences and opinions of the respondents.

Firstly, a set of themes were determined that assist in answering the research question. These themes were aligned to development growth activation elements as defined in existing documents, policies, guidelines and programs such as IDPs, NDP, NSDP, MSDP, *DoRA* and the *Municipal Systems Act, 32 of 2000*. The next step in this data analysis technique process included coding the data obtained from the in-depth interviews as well as the focus group discussions. Finally, the information generated from these processes were weighted to developing a profile of each town that ultimately allows for the categorisation towards alignment of investment resources.

## **5.8 Conclusion and deductions**

This chapter’s objective was to demonstrate the research design and methodology used in the dissertation. Therefore, the chapter focused on depicting the delimitation of the area, in the Pixley ka Seme District Municipality, in the Northern Cape Province of South Africa, where three small rural towns were identified (De Aar, Britstown and Hanover). The selection of these towns was based on the fact that they have populations between 500 and 39,999. In addition, the study design was based on a qualitative research methodology and used focus group discussions and in-depth interviews as its main qualitative data collection methods.

The data gathering was done through in-depth interviews and focus group discussions. The sampling for this qualitative research was done in such a way that it enabled comparison and triangulation of responses. The sampling focused on the views or perspectives of the authorities and that of the communities. Once the criteria had been developed as depicted in Section 5.5.3, the research relied on local experience and knowledge to select the respondents. Therefore, the study approached the Speaker of the municipality to identify the respondents relating to the officials or authority group of respondents. For the community groups, the assistance of the CDWs was employed.

The research used an interview schedule in both the in-depth interviews and the focus group discussions. Noting the potential for a language barrier, the interview schedule was translated into Afrikaans to ensure clear understanding for the respondents. The questions were designed to encourage open conversation, while guiding the discussion towards the objectives of the research. The large amount of data was analysed through utilisation of content data analysis which allows for the organisation and interpretation of the data.

In addition, and to ensure confidentiality of the respondents of the community focus groups, the research made a concerted effort to conceal the identity of the community respondents. To this end, the research ensured that the audio recording, the transcription of the data and the record-keeping cannot be used to identify any of the respondents.

Finally, the research used an array of data sources which included documents, literature reviews and interviews, thus not relying on a single source. To make it possible to place further reliance on the data and to validate the data, the research used both the triangulation and comparison methods. With the triangulation method the research confirmed data gathered from different sources, and through using the comparison method, the research could both confirm and refute data.

## CHAPTER 6: EMTHANJENI LOCAL MUNICIPALITY: A CASE STUDY

### 6.1 Introduction

The case study focuses on Emthanjeni Local Municipality, which is situated in the Northern Cape province of South Africa. The chapter contextualizes the selected towns as the study area.

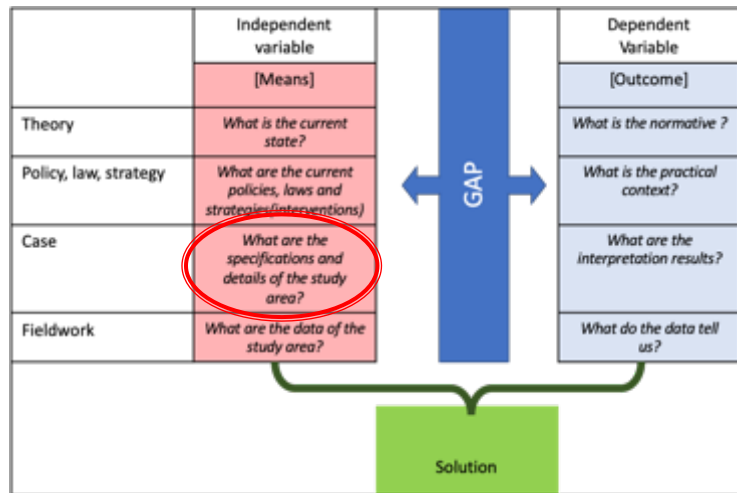
The objective of this chapter is to review the statistics of the area, especially the employment and socio-economic activation elements within the region, confirming the case study area’s relevance to the study question.

Therefore, the content of the chapter is focused on profiling the region, including the three towns selected for purposes of data gathering in this research, a review of its sustainable planning through the IDP, and finally assessing the land use management strategy of the region to assist in identifying socio-economic activation factors. This is supplemented through the analysis of the municipality’s MSDP.

This chapter introduces the study area through statistics identified in the literature. The selection of statistics focuses on the development areas of the municipality and further profiling of the towns chosen for the case study. The IDPs and spatial development frameworks of the municipalities in which these towns are located are analysed to establish both the status and the growth trajectory to date, as well as to conceptualize the study area by looking at specific details.

### 6.2 Profiling Emthanjeni Local Municipality

The local municipality of Emthanjeni is in the Northern Cape Province of the Republic of South Africa, as depicted in the map in Figure 6.2, and it consists of three towns:



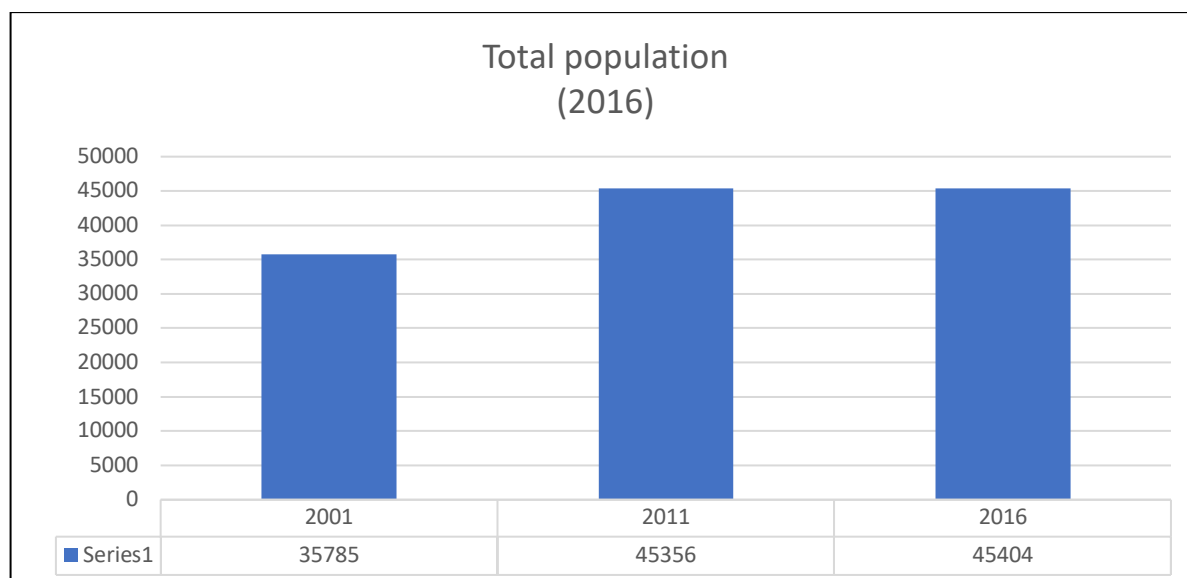
**Figure 6.1: Dissertation structure: Case study**

(Source: Own compilation)

De Aar, Britstown and Hanover. In 1994, the Cape Province was sub-divided into three provinces, of which the Northern Cape Province is one (South African Local Government Association, 2017). In terms of land surface, it is the largest province in South Africa, and its capital city is Kimberley. Northern Cape shares boundaries with the Free State, North West, Eastern Cape and Western Cape Provinces, and international borders with Botswana and Namibia, as mentioned in earlier parts of this study (see map in Figure 5.1: Northern Cape Province).

Despite its size, the province has a small population: only 1,2 million residents, 2,1% of South Africa's population, lived there in 2017 (StatsSA, 2018a). The economy relies on agriculture, mining, manufacturing and construction, and mining made up the largest economic sector in 2014 (*Real Economic Bulletin*, 2016).

The province consists of five districts and 27 local municipalities, of which Emthanjeni Local Municipality (ELM) is one. The municipality's IDP (ELM, 2018) reveals that ELM had a total population of 45,404 in 2016, indicating growth of 0,1% compared to the 2011 population and a 27% increase compared to the 2001 population numbers. The population growth is depicted in Graph 6.1. The population of 45,404 represented 3.7% of the province's total population.



**Graph 6.1: ELM population size**

(Source: ELM, 2018:36)

The municipality (ELM, 2018) indicates that although there is some interest in the municipality in the field of renewable energy, the main economic sector for the municipality is still the agriculture sector, followed by manufacturing. Other prominent

economic sectors are retail, agriculture, transport and tourism. Mining does not feature in this municipality. Details of the local industries are given in Table 6.1.

**Table 6.1: Key economic activities**

Key economic activities	Description
<b>Services Sector (Community)</b>	The services sector consists of the various government institutions, NGOs, CBOs and NPOs that reside within our area of jurisdiction. Banking: ABSA, FNB, Standard Bank and Capitec.
<b>Manufacturing</b>	Stone crushers that specialize in the manufacturing of sand, bricks, cements and rocks. Renewable energy generation. Rocla, Green Akker, Abattoir for meat processing.
<b>Retail</b>	Checkers, Shoprite, Mr Price, Ackerman's, Sheet Street, Fashion Express, Foschini, Total Sport, KFC, Build It, Cash Build, etc.
<b>Agriculture</b>	Game Farming. Sheep, goat, pig and cattle farming.
<b>Transport</b>	Rail Infrastructure. Road Infrastructure.
<b>Tourism</b>	To market Emthanjeni as a tourism destination. Speed up restoration of existing attractions and development of new attractions.

(Source: Adapted from ELM, 2018:47)

The locality of the municipality is defined in the Integrated Development Plan developed by ELM (2012) as a municipality. The capital, De Aar, is a key node on the main railway line between Cape Town, Johannesburg, Namibia and Port Elizabeth. The different towns in the region are linked by regional roads. These regional roads allow for access to the seat of the municipality, De Aar, which is also the headquarters of Pixley ka Seme District. Being the headquarters, most of the regional government departments are located in the De Aar. The map in Figure 6.2 depicts the location of the municipality and denotes the distances of its capital to other major cities in South Africa.



**Figure 6.2: Northern Cape municipalities**

(Source: Yes Media, 2018:2)

As already indicated above, ELM consists of three major towns – De Aar, Britstown and Hanover. StatsSA (2018b) summarizes the profiles of these towns as discussed.



**Figure 6.3: De Aar road sign**

(Source: Own photograph)

### 6.2.1 De Aar

De Aar was laid out as a town in 1902 on an area that was originally a farm named De Aar by its then owner, Jan Gabriel Vermeulen in 1839. After the establishment of the railway station in 1881, the farm was bought by two brothers, Issac and Wolf Friedlander, who



owned a trading store. The town grew around the railway station and the store. In 1907, the first mayor, Dr Harry Baker, was elected.

The town is important because it is where the second most important railway station in the country is located and is a very important junction where the Kimberley and Cape Town lines go through the town (ELM, 2018). In addition, the town is also the seat of the district (Pixley ka Seme District Municipality) and all government departments are represented in the town. Furthermore, the town boasts the largest abattoir in the southern hemisphere. It provides a central commercial hub to the surrounding smaller towns and sheep farmers. The town is easily accessible by road, and it can be reached by air – it has two runways, one of which is an all-weather runway. The major commercial banks have branches in De Aar, as do most major retail stores (ELM, 2018). The town has a well-developed infrastructure which provides piped water to 73,1% and electricity for lighting to 95,6% of the population (StatsSA, 2018b).

Based on StatsSA's (2018b) 2011 Census, De Aar has a population of around 30,000 (it was 29,990 in 2011, including Nonzwakazi townships). According to that census, 62,5% of the population were of working age (15-64), but almost 10% of the population older than 20 years had no schooling, and only 27,8% had matriculated. The majority of the population is Coloured (71.7%), and Afrikaans is the most spoken language in the town – 85,9% of the population converse in Afrikaans.

### 6.2.2 Britstown



**Figure 6.4: Britstown municipal offices**

(Source: Own photograph)

Britstown was established in 1877 on a portion of a farm called Gembokfontein and was named after the then owner of the farm, Hans Brits. In that year, a group of local men, under the leadership of T.P. Theron, bought a portion of the farm to construct a community centre and a church.

The establishment of the town was sparked by the economic potential identified by Brits, who realised that

the town could be key in serving the Diamond Way, which developed after the discovery of diamonds at Hopetown and Kimberley (Integrated Marketing, n.d.). This history is confirmed in the 2018/19 IDP (ELM, 2018), which notes that the town grew even more with the discovery of gold in the north, leading to an increase in traffic, as the town lies on the route to Namibia, making Britstown a major junction. The town provides piped water to 59,8% and electricity for lighting to 92,1% of the population (StatsSA, 2018b).

According to the 2011 Census (StatsSA, 2018b), at that time, the town had a population of 5,143 (including Mziwabantu township) and 58% of the population were of working age (15-64). Almost 11,3% of the population had no schooling, and only 18,6% had matriculated. Again, the majority of the population is Coloured (83,2%) and Afrikaans is the most spoken language in the town, with 92,4% of the population conversing in Afrikaans.



**Figure 6.5: Trappieskop, Hanover**

(Source: Own photograph)

### **6.2.3 Hanover**

The most prominent feature of Hanover is its location in relation to the road network of South Africa. It is situated in the middle of the route from Cape Town in the south to Johannesburg in the north. In addition, it is also the central point for the east-west corridor from Port Elizabeth in the east to Upington in the west.

Hanover was established as a town in 1854. The land was bought from the owner of the farm Petrusvallei, Gert Gous. He requested that the town be named after his grandfather's town in Germany. An interesting fact about the town is that when homeowners wanted to add verandas to their houses, they had to pay one shilling tax. This tax is still enforced to this day and it is now R17,00. In terms of its infrastructure, only 34,2% of the population are provided with piped water to their dwelling, but electricity for lighting is provided to 94,3% (StatsSA, 2018b).

According to StatsSA (2018b), the 2011 Census showed that Hanover had a population of 4,594, of which 60,6% were of working age (15-64). Almost 16,8% of

the population had no schooling, and only 18,1% of those older than 20 years had matriculated. The majority of the population is Black, at 49,1%, closely followed by the Coloured community, at 46,4%. Afrikaans is the most spoken language in the town, with 54,9% of the population conversing in Afrikaans.

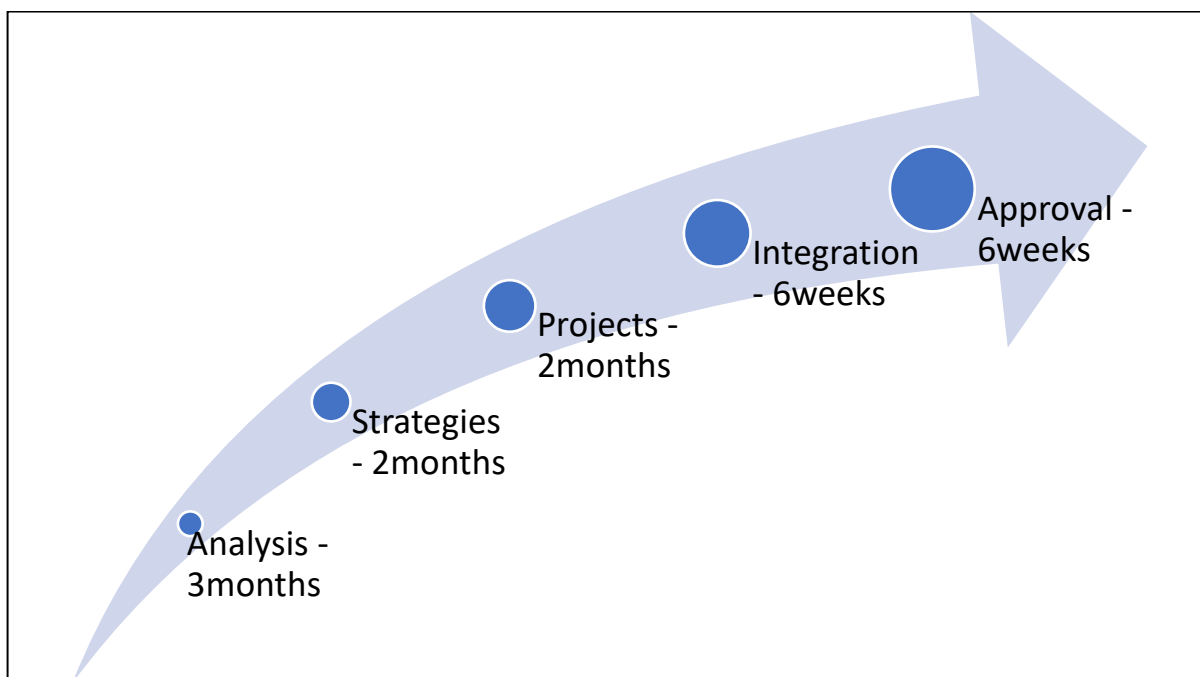
### **6.3 Development and planning for sustainable investment – the IDP**

In 1994, the newly elected South African government faced many challenges as a result of the legacy of apartheid and this has translated into the way it had to think about development and planning. As a transformative government, it had to ensure that all members of the community were involved in their development as contemplated by authors such as Burkey (1993) and Van der Waldt (2002). In this regard, more than 16 years ago, Van der Waldt (2002) already noted that the engagement between the government and the community had to change to implement local government's new developmental agenda.

Therefore, to promote an inclusive planning environment, local government was mandated to develop integrated development plans known as IDPs. This mandate was derived from a number of Acts, including

- the Constitution of the Republic of South Africa Act, 108 of 1996 (RSA, 1996);
- the Local Government: Municipal Systems Act, 32 of 2000 (RSA, 2000);
- the Municipal Finance Management Act, 56 of 2003 (RSA, 2003); and
- the Local Government: Municipal Planning and Performance Management Regulations (RSA, 2001).

In Chapter 3 of this dissertation, the IDP methodology is described in detail. It consists of five phases: analysis, strategies, projects, integration and approval. This methodology is depicted in Figure 6.6.



**Figure 6.6: IDP methodology and timing**

(Source: Adapted from RSA, n.d.b:2)

Key elements of the IDP for ELM (2018:22) is summarized in its objectives and pertinent content. The objectives include ensuring that

- the IDP informs the internal department planning of the municipality and the implementation of projects is supported by sufficient ???;
- progress is assessed and reported on, and, if required, corrective measures are applied;
- structured inter-governmental engagement is based on the IDP;
- the IDP objectives structures the budget allocations and expenditure;
- the IDP forms the basis of all municipal planning processes and outcomes;
- SDBIP and performance management system are aligned; and
- the key performance areas are developed in relation to the municipality's strategic objectives.

In order to achieve these objectives, the document confirms its alignment with legislative requirements (ELM, 2018). It cites numerous items of legislation, including: the *Constitution* (RSA, 1996), the *Local Government: Municipal Systems Act, 32 of 2000* (RSA, 2000), the *Local Government: Municipal Planning and Performance Management Regulations* (2001) and the *MFMA* (RSA, 2003). It details the profile of the municipality, including the fact that it is situated in the Northern Cape and forms

part of the Pixley ka Seme District Municipality (ELM, 2018). Table 6.2 depicts the towns and residential areas of the municipality. The document also depicts the challenges faced by the municipality as shown in the 2018/19 budget, which reveals that the municipality's expected revenue budget for the 2018/19 financial year was R301,5 million, while the expenditure budget was R316,6 million, resulting in a deficit of R15,1 million. More importantly, it highlights the challenges contributing to this financial deficit, including a lack of trained staff, the limited capacity of municipal staff and a lack of payment by the economically active consumers.

**Table 6.2: Towns and residential areas**

Town	Residential areas
De Aar	De Aar West, De Aar East Nonzwakazi, Malaycamp Barcelona, Waterdal
Britstown	Jansenville, Mziwabantu Britstown (town), Proteaville
Hanover	Kwezi, Nompumelelo Joe Slovo park, Tornadoville Hanover (town)

(Source: ELM 2018:30)

This document also sets out residents' access to infrastructure, which includes access to electricity, roads and water. From an analysis of these elements, it is apparent that De Aar, with its population of almost 30,000 is the most developed, with access to a railway station and two registered airfields, the lion's share of the electricity allocation, at 10MVA (which is planned to increase to 15MVA as a result of the new hospital), and industries that are connected with sidings (ELM, 2018). A siding is a short rail track where trains are "parked" off the main line for repairs, water refills, marshalling, freight, maintenance and loops (Office of Road and Rail, n.d.).

In the document, the municipality acknowledges challenges due to high unemployment, arising in part from high levels of unskilled residents. Hence, the municipality supports the EPWP project. The IDP identifies the following projects under this programme: revitalization, cleaning, upgrading of toilets, resealing projects, storm water reticulation, pothole repairs and housing repairs. The municipality also acknowledges the work done by NGOs and non-profit organizations (NPOs) in assisting in job creation initiatives (ELM, 2018).

Regarding development and planning for sustainable investment, the IDP of the municipality focuses on its strategic planning process, which includes a five-year

strategic plan. This plan is the overarching framework for service delivery in the municipality and informs the following key development activities: “the annual budget of the municipality, the budgets and investment programmes of all sector departments (national and provincial) which implement projects or provide services in the municipal area; the business plan(s) of the municipality, land use management guidelines, economic promotion measures, the municipality’s organizational structure and management systems, and its monitoring and performance management system” (ELM, 2018,134).

The IDP, also known as the blueprint of a municipality, highlights several key elements for a transformative municipality. Furthermore, as the framework for all municipal activities, it identifies the key activities of a municipality, including land use management. This activity is explored in the next section.

#### **6.4 Development and land use management**

As Section 6.3 mentions, land use management is one of the key activities of any municipality to achieve transformation. Given its importance, land use is governed and guided by legislation that imposes a legislative obligation on local government to plan and implement land use management through spatial planning. As discussed in Chapter 3, land use management is the system that is used to regulate the use of land. One of the reasons it features prominently in the IDP is that spatial planning needs to be both strategic and integrated.

The overarching legislation regarding spatial planning in South Africa was developed by the Presidency in 2003 and is known as the National Spatial Development Plan (NSDP). Its key objectives are to address poverty, create jobs, grow the economy and promote social cohesion. As detailed in Chapter 3 above, the NSDP is based on five principles. The fourth and fifth principles suggest that government spending should be concentrated on localities that have large populations (and as a result, high unemployment) and that demonstrate economic potential. These principles form the framework for both the provincial and the local spheres of government, where the land use planning at the provincial level is guided by the Provincial Spatial Development Plan and at local government it is driven by the municipal version, the MSDP. The ELM MSDP, or as the municipality calls it, the Spatial Development

Framework, was developed taking the guidelines specified in the NSDP into account (ELM, 2007).

Therefore, the ELM Spatial Development Framework's key intention is "to arrange development activities and the built environment in such a way and manner that it can accommodate and implement ideas and desires of people without compromising the natural environment" (ELM, 2007:1). In this document, the municipality acknowledges that spatial planning has two elements, firstly, directing the government's investment, and secondly, land use management at the local government level.

In realising the intention of the MSDP, the municipality details the methodology followed in compiling its Spatial Development Framework. It gives a detailed overview of the municipality, which is presented in terms of the three towns and according to the following components: road networks, the distribution of residential areas, the distribution of business areas, the distribution of industrial areas, sports and recreational facilities, central authority facilities, cemeteries, education, open spaces, churches and rural development.

The following elements relevant for the socio-economic activation potential of small rural towns are noted in the MSDP of the municipality (ELM, 2007):

- Road network:

The towns are all easily accessible via well-maintained tar roads. De Aar is connected via the N10 with Upington to the north and Hanover (N1) to the south. Britstown also lies on the N10 and is also in the centre of the N12, linking it to Kimberley in the north-west and Victoria-West towards the N1 in the south-west. Hanover is located on the crossing between the N10 and the N1, with the N10 linking it to Upington in the north-west and the N1 running towards Johannesburg in the north and Cape Town in the south.

- Central Business District:

De Aar has the most developed business district, with large retail stores and a formal business district, largely due to the railway network. Formal businesses can be found throughout the town. Britstown's and Hanover's business districts are less developed, with small secondary businesses, mostly consisting of small shops. The only recognized main businesses are petrol (fuel) stations.

- **Industrial Areas:**

Again, due to well-developed railway accessibility, industry has flourished in De Aar, where most of the industries are located near the railway or even a dedicated siding. No formal industries are found in either Britstown or Hanover.

- **Central Authority Facilities:**

De Aar, the municipal centre and capital of the district, houses almost all the central authority functions, with a police station, magistrate's court, district municipality, provincial department offices, a state hospital and several clinics. Britstown and Hanover have only a few of these central functions – they only have a police station, municipal buildings and clinics. Britstown also has a traffic department and a library. Most of the central functions are thus in De Aar.

In addressing poverty, inequality and unemployment, spatial development plays an important role. As indicated above, spatial planning in South Africa is guided by the NSDP, which advocates that government investment should be focused. This section has therefore considered details relevant to the typology of the towns in ELM.

## **6.5 Conclusion and deductions**

Chapter 6 has introduced the Emthanjeni Local Municipality, using an integrated development and spatial development approach. In doing so, it analysed the planning documents of the municipality, which offer detailed profiling of the towns in this municipality. It can be concluded that, based on an analysis of the IDP and the Spatial development Framework for these towns, the growth potential of each of the towns differs due to the activation factors considered above.

The chapter has given an overview of the status quo in the municipality and through its IDP and MSDP identified key components of socio-economic activation, including access to electricity, water, accessibility, industries, business districts, secondary business districts, industrial areas and central authority facilities. The chapter drew on data compiled by the authorities, but it is important to correlate this data with the desired outcomes for the community. Hence, Chapter 7 focuses on the dependent variables linked to the outcomes desired by communities, which includes seeking answers to questions such as what the desired normative outcome is and what the practical context is. The discussion looks at the interpretation of the results of the in-depth interviews and focus group discussions to ascertain what the data tell us.

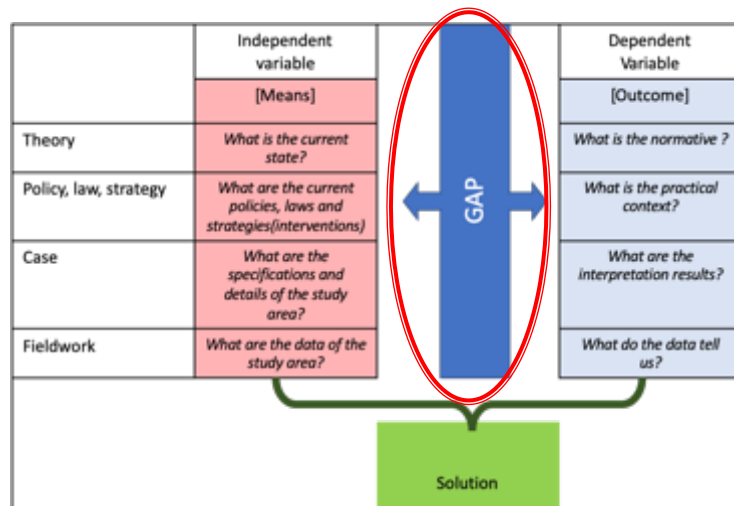


## CHAPTER 7: TYPOLOGICAL ANALYSIS THROUGH A SITUATIONAL REVIEW

### 7.1 Introduction

The previous chapter gave a detailed presentation of the status quo regarding the profiling of the towns in Emthanjeni Local Municipality based on documents prepared by the authorities.

In addition to this data, it is also recognized in the subject literature that the norm



**Figure 7.1: Dissertation structure: gap analysis**

(Source: Own compilation)

community should also be gauged. This chapter therefore presents, analyses and interprets the data resulting from the fieldwork, which included in-depth interviews and focus group discussions with relevant stakeholders as defined in the research methodology chapter, in Section 5.5. The results are analysed focusing on the socio-economic development activation potential of these small rural towns.

### 7.2 Situational analysis: design and methodology

For the qualitative data, the research used reliable data sources such as StatsSA and data published by the relevant authorities. For further qualitative correlation of these data, in-depth interviews and focus group discussion were undertaken. This approach was chosen because according to the literature it has the advantage that further clarification can be provided, and that it can be conducted at a time convenient to the interviewees or focus group.

An interview schedule was therefore developed to explore the situational conditions, desires and expected outcomes of local communities in the context of the growth potential of small towns. The interview schedule was thus focused on supplementing and corroborating or refuting the qualitative data discussed in the previous chapters.

As has already been explained, the three towns selected for the research were chosen on the basis of their population size, in alignment with the delimitation of the study in Section 5.2 above, and diversity of socio-economic activation potential and measures. De Aar, Britstown and Hanover have a different population, central authority functions, business districts, industrial areas and levels of accessibility. These towns were thus chosen to assist in identifying a way of profiling that will lend itself to enhancing investment approaches to promote the development capability and socio-economic activation potential of small rural towns. In each of these towns, in-depth interviews were conducted with key individuals to glean relevant qualitative data.

The selection of the interviewees and focus group participants was aimed at obtaining views from both community groups and the authorities. Therefore, the population of the research from which the sample was drawn was comprised of the following community groups: religious community development workers, women, youths and unemployed people. The political and administrative office-bearers selected included the municipal Mayor, Municipal Manager, regional managers and Speaker.

The study consists of three categories namely Community, Business and Authority. The Community includes youth, women, unemployed, CDWs and religious leaders. Business is a group on its own consisting of business owners and business representatives. The Authority group refers to political and administrative office-bearers (Mayor, Speaker, Municipal Manager, Managers and Regional Manager). In some instances, and where practically possible, groups were combined ensuring that the participants belonged to the categories of either community members or politicians and office bearers. Ultimately, as I indicated in Section 5.5.3 above, the study included 18 in-depth interviews with political and administrative office-bearers, business owners, CDWs religious leaders, and five focus group discussions.

Sections 7.2.1 7.2.1 and 7.2.2 summarize the composition of these focus groups. The responses from the in-depth interviews and focus group discussions are summarized in the tables (see Section 7.3). Some key themes emerged from these engagements that can only be captured through the details of these engagements, especially through the actual responses of the respondents. Therefore, Section 7.2.3 presents some of these nuances, which relate directly to the central research question.

## 7.2.1 Focus groups discussions

### 7.2.1.1 Overview

Five focus group discussions were conducted with community and authority groups. The five community groups included groups consisting of CDWs, women and youths, while the authority focus group consisted of the municipal manager and three of his managers. These focus groups were guided by a script that highlighted the rights of the participants, the objectives of the research and explained the participants' right to confidentiality. Table 7.1 details the composition and logistics of the focus groups.

### 7.2.1.2 Schedule and composition

**Table 7.1: Details of focus groups**

Focus group	Town	Number of participants	Ratios (gender: M – Male, F - Female/ race: B – Black, C - Coloured)	Venue
<b>Youths and women</b>	De Aar	12	M = 5, F = 7 B = 4, C = 8	City Hall
<b>Youths and women</b>	Britstown	11	M = 4, F = 7 B = 3, C = 8	NG church
<b>CDWs</b>	Britstown	8	M = 3, F = 5 B = 3, C = 5	Municipal office
<b>Youths</b>	Hanover	9	M = 3, F = 6 B = 2, C = 7	Agora Crafts
<b>Women</b>	Hanover	11	B = 4, C = 7	Agora Crafts

(Source: Own compilation)

## 7.2.2 In-depth interviews

### 7.2.2.1 Overview

A total of eighteen in-depth interviews were conducted with the authorities, business sector, CDWs and a religious leader. The authorities who participated were political office bearers and administrative officers. The CDW interviews were conducted in De Aar and Hanover. The political respondents included the Speaker and Mayor of the

municipality while the business respondents included business owners and representatives. The administration officers included the municipal office heads of Britstown and Hanover. In addition, there were nine individual in-depth interviews conducted with business leaders within De Aar, Britstown and Hanover. As with the focus group interviews, these in-depth interviews were guided by a script that highlighted the rights of the participants, the objectives of the research and explained to these participants their right to confidentiality. Table 7.2 details the composition and logistics of these in-depth interviews.

#### 7.2.2.2 Schedule and composition

**Table 7.2: Details of interviews**

Position	Town	Gender and race	Venue
<b>Speaker</b>	De Aar	Female, Coloured	City Hall
<b>MMC</b>	De Aar	Male, Coloured	City Hall
<b>Office Head</b>	Britstown	Male, Black	Municipal office
<b>Office Head</b>	Hanover	Male, Black	Municipal office
<b>CDW</b>	Hanover	Female, White	Youth development centre
<b>CDW</b>	De Aar	Female, White	Library
<b>Religious Leader</b>	De Aar	Male, Coloured	Library
<b>Religious Leader</b>	Britstown	Male, Coloured	NG Church
<b>Municipal officials</b>	De Aar	Males = 3, Females = 1 Coloured = 2, Blacks = 2	Municipal offices
<b>Business</b>	De Aar, Britstown and Hanover	Males = 7, Females = 2 Coloured = 2, Blacks = 1, Whites = 7	Online

(Source: Own compilation)

### **7.2.3 Outcome of the interviews and focus group sessions**

The responses from the interviews are summarized in the tables, as reflected in Section 7.3. In addition, there were key themes that emerged from the sessions that can only be captured through a comprehensive description, and by quoting from the actual responses of the respondents. Ultimately, to enable readers to place reliance on the data, the data were validated by using these responses and both triangulation and comparisons as methodologies. Subsections 7.2.3.1 to 7.2.3.4 depict some of these nuances, which relate directly to the central question of the research.

#### *7.2.3.1 Social investment*

It stands to reason that it should not be difficult to access social grants in bigger towns, such as De Aar, as all the facilities for such, are available. However, as one of the De Aar's focus group members indicated, even in places such as De Aar there is a great need for social welfare. She narrated the case of a lady in her 70s living in Malaycamp (a De Aar township), who has been struggling for a long time to access a pension, due to confusion around her ID. As a result, neighbours must share the little that they have to assist this elderly lady.

In Britstown, an elderly member of the focus group explained that, if it had not been for her pension, she and her husband would starve, as they are too old to be considered for any work opportunities, including any EPWP work.

In Britstown, another focus group member shared a personal case. She told how, when she fell pregnant with her third child, the father of the child moved to Cape Town. The day he left was the last time she saw him, and she was already five months pregnant. She confessed that without the child support grant, she and her other children would have been destitute.

A member of the focus group in Hanover described the sad closing of towns. He mentioned small towns that were, once upon a time, vibrant places. He specifically referred to towns such as Deelfontein, which was born as a siding. Deelfontein became an important town when a British military hospital was established there in 1900, during the South African War. The hospital had a short life of just more than a year, but the town continued as a siding. The participant indicated that the municipality continued to provide assistance through EPWP-like projects and

facilitated social grants. However, once these projects ended, the people went back to doing nothing and poverty triumphed. He concluded by saying that today there is nothing left of the town, other than the graves of soldiers and the ruins of the hotel and old post office.

The interview with the Office Manager in Hanover confirmed that social grants assist those most vulnerable in the community. He mentioned that grants such as pensions and child support have a big impact on the community, acknowledging that without these grants, people would be destitute. The Municipal Manager of Emthanjeni Local Municipality also described the social grants as a lifeline to some of the communities, alluding to the high unemployment, and argued that even in bigger towns such as De Aar, social grants played an important role in ensuring dignity to some parts of the community.

#### *7.2.3.2 Human development*

In his interview, the Municipal Office Head for Hanover stressed the impact of community programmes. He attributed the success of the projects to the support of the administration, infrastructure (the availability of resources and skilled labour), accessibility (the fact that Hanover is accessible for raw material), and stable communication infrastructure. He specifically referred to a brick-making enterprise located in Kwezi (a township in Hanover). This was an initiative which is now providing bricks to the community and businesses and employs locals.

The focus group members of Britstown stated that the town is dependent on these types of human development projects or CWP projects, but raised the concern that only a certain segment of the community is afforded the opportunity to work on these projects, and lamented that the Coloured community are not considered for these projects. They complained about nepotism, arguing that officials provide work for members of their families. An important observation made by the CDW on De Aar is that the “*community does not see the entrepreneurial opportunities*”. Therefore, the human development or CWP programmes are not sustainable. She argues that after the completion of the programme, people “*are back to where they were before the project*”.

### 7.2.3.3 *Economic development*

The Speaker noted that the Solar Farm is one of the most ambitious projects in the municipality. A total of R5 billion has been invested. The project has provided a total of 2,000 project set-up jobs and is intended to provide the local community with a total of 330 permanent job opportunities. According to Fin24 (2016), this will be the biggest solar farm in Africa. It is the brainchild of Pascal Phelan, a farmer who decided to transform his farm into a solar farm to generate 175 MW of electricity, which can power 175,000 houses (Fin24, 2016).

In addition to the favourable climate, as the Municipal Manager explained, De Aar also provides a good economic development capability environment that includes good infrastructure, accessibility, communication, access to skilled labour due to the higher learning facilities on town, industries and financial institutions. Furthermore, the Speaker stated that the favourable economic environment in De Aar has led to the influx of major retailers to the town, which has further enhanced the employment opportunities in the town. In addition, the town has one of the biggest abattoirs in the country, which means that the sheep from surrounding farms can be slaughtered locally.

### 7.2.3.4 *Project implementation*

When it comes to the implementation of projects, the focus groups held similar views. In De Aar one of the youths from Nonzwakazi noted that the municipality needs to make the community part of the planning for projects. He admitted that the community is involved in the IDP hearings but stated that the municipality has not implemented the projects suggested. One of the focus group members in Britstown complained that they only see their representatives when it is budget time, and that the community was not asked for input for possible projects. She added: *“If the muni [municipality] takes the ideas of the community the projects will be much more sustainable”*.

The CDW of Britstown concurred with this statement, saying that if the municipality implemented projects that the community proposed, they would be more sustainable. She added that after the projects are implemented by the municipality, the community's socio-economic status returns to the same state as before the project.

The CDW in Hanover also stressed the importance of taking the needs of the community into account when developing projects. She pointed out that projects require a strong leader and suggested that the municipality appoints such leaders from the community and not from outside. She believed that one reason projects are not as successful as they should be is the lack of good project management.

The Office Head for the municipality in Britstown confirmed that the council did interact with the community. He explained that these interactions form part of the council's public participation in each town. Each town is represented, and through these representatives, the grievances of towns are raised at council level. This was corroborated by the Office Head in Hanover, who explained that community involvement is elicited through public participation forums, during which feedback is also given on issues raised by the community.

### **7.3 Summary of data results for the in-depth interviews and focus group discussions**

The results of the data collection are summarized below, according to the three towns, based on the information obtained from the in-depth interviews and focus group discussions. These engagements were based on an interview schedule which explored the following themes:

- employment opportunities;
- the enabling infrastructure and service delivery services;
- the business and industrial opportunities in these towns;
- a contextualization of poverty;
- the growth activation through civil and private stakeholders; and
- the implementation of projects.

The results are tabulated in Tables 7.3 to 7.5 according to the towns and are further categorized into responses by the community, business and the authorities.

#### **7.3.1 De Aar**

De Aar, with a population of 29,990, is the capital town of the Emthanjeni Local Municipality and the headquarters for the district. The results of the in-depth interviews and focus group discussions are summarized in Table 7.3 according to the above themes.



**Table 7.3: Results for the focus group discussions and in-depth interviews: De Aar**

Themes and questions	Responses: Community	Responses: Business	Responses: Authorities
<b>1. Employment opportunities (types of work opportunities, how do the unemployed survive).</b>	Work opportunities: Sun and wind farms, shops, domestic employment, government: (police, hospital, schools, warders), security industries, contract work for Transnet. CDW: Education, domestic work, prison warders, EPWP work, supermarkets.	Work opportunities: Administration, manual labour, general work, technical (Electric, Information Technology), farming (sheep, game), public servants, private	Work opportunities: Various government departments, hospitality industry (guesthouses), construction, abattoir, transport (Transnet), CWP projects, Ward-based projects, EPWP, Road and Public Works, Small businesses (catering), small-scale farming. Vleis Sentraal, Shoprite, Checkers.
	Unemployed survive on: Government grants (SASSA), selling liquor and drugs, prostitution. CDW: Government grants. Young unemployed people depend on parents, selling drugs, theft.	Unemployed survive on: Government grants, selling scrap, theft, begging	Unemployed survive on: Child grants and old-age pensions, selling scrap, street children – begging, Council provides free basic services – water and electricity.
<b>2. Infrastructure and service delivery (main attractions, transport infrastructure, and services including education. What are the main challenges in the community).</b>	Main attractions: Solar power, railways – must come back and will attract investment. CDW: Railway station, wind and solar farms, could create parks/farms for game.	Main attractions: The main business attractions are agriculture, solar and wind farms, hunting farms, accommodation (governmental institutions)	Main attractions: Weather House, Olive Schreiner House, tourism (guided donkey car), natural plants (senna plants), land available.
	Transport: Taxis and railway. CDW: Taxis.	Transport: Roads, rail	Transport: Railway line, bus routes De Aar – Britstown – Hanover, taxis, good roads N1, N12, N10; and airfield.
	Services: Municipal office, high school, higher education facility, supplied housing, roads, health services and sanitation. CDW: Municipal office, high school, higher education facility, provision of basic needs such as housing, health, roads, water,	Services: Municipal health services, sport and recreational parks, education and training – <i>“teach a man to fish, don’t give him a fish because he will become lazy and won’t be able to fish when you’re not there.”</i> Appropriate training and skills to the community that	Services: Provision of basic services such as housing, water and electricity, municipal office, district office, provincial departments, high school, higher education facility.

Themes and questions	Responses: Community	Responses: Business	Responses: Authorities
	<p>electricity. Required: Housing projects can create jobs and dignity.</p>	<p>is specific to the Karoo opportunities e.g. sheep shearing</p>	
	<p>Main challenges: No projects to work in. Not enough employment programmes and projects. Lack of skills, housing. Houses sold to foreigners. Municipality lack necessary skills to assist community out of poverty. CDW: Unemployment, crime, substance abuse, gender-based domestic violence, alcoholism.</p>	<p>Main challenges: Social – alcohol and substance abuse: <i>“People get jobs but then after the first pay they go drinking and do not return to work”.</i></p>	<p>Main challenges: <i>“People don’t know where to start”, “don’t know procedures/contacts”</i>, poverty, alcohol abuse, lack of skills and education, housing shortage, drug abuse.</p>
<p><b>3. Business and industry (what businesses and industries are there in the town, what should be in the town).</b></p>	<p>Current industries and businesses: Solar farms, stone crushing and scrapyards, fruit and ostrich farms. CDW: Wind and solar industries, abattoirs.</p>	<p>Current industries and businesses: Retail, renewable energy, government, banking, recycling, agriculture, car sales, abattoir</p>	<p>Current businesses and industries: Abattoirs, recycling plant, Rockla Pipes, stone crushing, brick making.</p>
	<p>Industry opportunities: Extension of tannery (<i>vel-looiery</i>) and abattoirs, export of venison. CDW: Agriculture, as there is no shortage of water, tourism, museums (Weather Museum).</p>	<p>Industry opportunities: Tourism – Railway junction presents great opportunity, geographical location and locomotive transport, but can also do with a unique event. The railways need to be 100% operational, then any production can work due to the central location of De Aar, low rates and services availability. Exploit the local air conditions which are the best in the world for gliders.</p>	<p>Industry opportunities: Tannery, training engineers for solar panel maintenance, meat processing plant, ostrich meat industry, transport – storage, revitalizing railways.</p>
<p><b>4. Poverty (understanding poverty, the challenges with eradicating it and why it continues).</b></p>	<p>Understanding: Unemployment, no income, feeling down and out, homelessness, mentally poor alcohol abuse. CDW:</p>	<p>Understanding: Not having enough, income, possessions or resources to meet one’s daily needs, inability to satisfy basic needs</p>	<p>Understanding: Living below the breadline, inability to maintain families with no income.</p>

Themes and questions	Responses: Community	Responses: Business	Responses: Authorities
	<p>Cannot meet basic needs, live below the bread line, uneducated, apartheid.</p>		
	<p>Challenges: No projects to work in, not enough employment programmes and projects, lack of skills, housing, houses are sold to foreigners, municipality does not have the necessary skills to assist community out of poverty. CDW: Very little access to opportunities, lack of access to information, managing the money which the state grants.</p>	<p>Challenges: Substance abuse, lack of dignity, and no sense of belonging, crime, victimisation, corruption, lack of appropriate skills development.</p>	<p>Challenges: Type of education does not meet needs, unplanned families put stress on system.</p>
	<p>Why poverty continues: Weak leadership, lack of investment, poor relationship between community and leadership, self-enrichment, favouritism in housing provision.  CDW: Poor people's "mindset", their attitude towards poverty, no role models, nepotism, lack of motivation from parents and elders.</p>	<p>Why poverty continues: Lack of opportunity and resources for small businesses, economic monopoly, reliance on grants</p>	<p>Why poverty continues: People do not up-skill themselves, no money for further education, need industries that can employ people, lack of understanding around entrepreneurship.</p>
<p><b>5. Civil and private stakeholders (what can the community, NGOs and private sector do to address poverty).</b></p>	<p>Community: Start own businesses, <i>stokvels</i>, but need more capital and support from the government and private sector. CDW: Need motivation, skills development, unity in community, programmes such as <i>stokvels</i>.</p>	<p>Community: Create and establish business forums that are inclusive, multi ethnic and prioritize the needs of small businesses. Allow community experience to drive development, harvest local knowledge.</p>	<p>Community: Community can organize themselves, form NGOs, acquire a sense of belonging and ownership, those who can afford to must pay for services so money flows back into the community, which must stop destroying, burning and vandalizing facilities.</p>

Themes and questions	Responses: Community	Responses: Business	Responses: Authorities
	<p>NGOs: Social relief and food hampers, old clothes and soup kitchens, some participants feel that the churches are distancing themselves from the problem of poverty.</p> <p>CDW: Can assist those who want to start a business, help with exposure of new talents, establish studios and uplift legends in sport.</p>	<p>NGOs: Address social challenges and needs. Collaborative approaches.</p>	<p>NGOs: Food gardens, soup kitchens, other programmes (job creation, skill programmes, awareness programmes).</p>
	<p>Private sector: Offer bursaries and free computer courses.</p> <p>CDW: Provide more bursaries and develop sporting facilities.</p>	<p>Private sector: Socio-Economic Development and Enterprise Development programmes focusing on education, community building, family stability, skills development and enterprise.</p>	<p>Private sector: Farming sector must pay people better, more private sector investments are needed, private companies must pay for their services.</p>
<p><b>6. Project implementation.</b> <b>(what types of poverty alleviation projects are implemented, what should be implemented, what are the main challenges, how should they be implemented, what involvement does the community have).</b></p>	<p>Type of projects: CWP and EPWP Projects.</p> <p>CDW: EPWP, IDT, Agriculture.</p>	<p>Type of projects: Healthy Mother Healthy Baby programme, Driver's License programme for unemployed youth, enterprise development, literacy programmes, ECD, bursary programmes, access to the internet, computer literacy; social projects.</p>	<p>Type of projects: Ward projects, EPWP and CDP.</p>
	<p>Challenges: Nepotism, bribery, third party involvement.</p> <p>CDW: Not sustainable - finances can be used for better purposes, laziness.</p>	<p>Challenges: Communication with authorities, approval of requests.</p>	<p>Challenges: Limited sustainability – lifespan too short, tensions between those in the queue, insufficient funding, some officials may abuse the system.</p>
	<p>Implementation: Make community part of planning.</p> <p>CDW: Make use of NGOs to administer finances in various fields, finance</p>	<p>Implementation: Community and business involvement on decisions is limited; the business sector has a forum but has limited influence on decisions.</p>	<p>Implementation: All must get a chance to work, resources must be in place, employ skilled people to implement projects, budgeting, make community part of planning</p>

Themes and questions	Responses: Community	Responses: Business	Responses: Authorities
	projects where there are existing skills (like cobblers and confectioners).		any project, avoid favouritism.
	Type of projects to be implemented: Develop skills, build arts and crafts, establish art centre, let community build own houses and cut out third parties and middlemen. CDW: EPWP projects – but they should not only clean streets.	Type of projects to be implemented: <i>“Above mentioned projects have been implemented over the last five years by our company. We are on the right track.”</i> Projects are implemented by local government that are not needed. These project decisions are made with personal interest.	Type of projects to be implemented: Health.
	Community involvement: Municipality listens to community but does not implement their suggestions. CDW: Municipality does discuss/listen to community, but never implements their suggestions.	Community involvement: (community) members are informed through the political structures and engagement sessions. Opportunities are created for locals as service providers and jobs where possible. Localization is a priority as far as possible. <i>“I do not think there is a difference in opinion and approach from our business. Our developmental programmes are derived from the IDP together with local stakeholder and community engagements”</i> Politicians and local government say what the people want to hear but then do their own thing.	Community involvement: Interact and set up IDP, make people part of IDP, involve community in spending budget, open community meetings.

(Source: Own compilation)

### 7.3.2 Britstown

Britstown is situated at the intersection of the N10 and N12, with a population of 5,143. The results of the focus group discussions and in-depth interviews are summarized in Table 7.4 according to the same themes as for De Aar.

**Table 7.4: Results for focus groups and in-depth interviews: Britstown**

Themes and questions	Responses: Community	Responses: Business	Responses: Authorities
<b>1. Employment opportunities (types of work opportunities, how do the unemployed survive).</b>	<p>Work opportunities: Projects are temporary, people only work for 3-4 months, and are selected from a list, so only a few always get these jobs. "Los werkers" – casual workers are only employed on a temporary basis, some-times for a week when they also sleep on the farm, not full-time work; Full time work only at the municipality, but not enough jobs there; the community expect the local government to develop a strategy, as the community does not know of any strategy for creating full-time jobs; Other departments e.g. SASSA offices do not provide much employment. CDW: Construction, CDWP, municipality, farming.</p>	<p>Work opportunities: Farm work.</p>	<p>Work opportunities: Unemployed, indigents, farm-work.</p>
	<p>Unemployed survive on: Theft is a major problem because of unemployment, farmers are hard hit with this as many sheep are stolen – this does not decrease but continues. CDW: Grants, assist each other.</p>	<p>Unemployed survive on: Grants, church projects such as food parcels.</p>	<p>Unemployed survive on: Grants, projects.</p>
<b>2. Infrastructure and service delivery (main attractions, transport infrastructure, and services including education. What are the main challenges in the community)</b>	<p>Main attractions: Rain dam. CDW: Sindikat Dam (18 km from town), wool factory, industrial area, there is water, communication with farmers, mielies/maize production, transport for the people, museum (closed for renovations</p>	<p>Main attractions: Well-maintained road access, game shooting on farms – although this took a dip with the draught and COVID; some opportunities at the garage but limited and almost no opportunity at the Chinese shops as they use their own staff.</p>	<p>Main attractions: No tourist attractions.</p>

Themes and questions	Responses: Community	Responses: Business	Responses: Authorities
	<p>since 2016), meat processing – councillor looking into to re-opening this – there used to be a processing plant in town.</p>		
	<p>Transport: N12 to Kimberley, N10 to Upington and De Aar, Britstown is junction for the Port Elizabeth – Windhoek route, N10, and the Cape Town – Johannesburg route, N12. CDW: N12, N10.</p>	<p>Transport: N12 – access to Kimberley, De Aar and the N1.</p>	<p>Transport: N12, N10.</p>
	<p>Services: Municipal office, high school but no higher education facility. Needs a community centre with various services in the township. CDW: The town has a municipal office, high school, no higher education facility. Needs better sewerage system, municipality not cleaning drains regularly enough, happy with other services, municipality busy installing full sewerage system.</p>	<p>Services: Upgrading of food outlets.</p>	<p>Services: Municipal office, high school, no higher education facility.</p>
	<p>Main challenges: Drugs, need to create work. CDW: Drugs, alcohol, teenage pregnancy, police are called in, but only on occasion – should be done more regularly – as a result break-in are prevalent in the community.</p>	<p>Main challenges: No manufacturing, corruption, little funding due to the small population, some have education but no opportunities in the town.</p>	<p>Main challenges: Drugs, alcohol.</p>

Themes and questions	Responses: Community	Responses: Business	Responses: Authorities
<b>3. Business and industry (what businesses and industries are there in the town, what should be in the town).</b>	Current industries and businesses: Farming, emerging farmers, no industries, there was a meat factory in the town, but it closed. CDW: No industries.	Current industries and businesses: No industries in the town currently. There was previously an abattoir, but it closed down, as it was not sustainable. For these industries you require a health inspector and other requirements which a small town like Britstown finds difficult to attract.	Current businesses and industries: Farming, emerging farmers, local government (50 employees, no job creation), Chinese and Pakistani shops - community has to go to De Aar or are forced to buy from the Chinese and Pakistani shops.
	Industry opportunities: Wool factory. CDW: Leather project.	Industry opportunities: Retail stores like Spar, Checkers, as currently the community must go to De Aar to do shopping and it cost R80 a trip. Community gardens, but water is an issue and demand is limited. A hotel on the N12 may be a viable opportunity.	Industry opportunities: Wool factory, meat processing factory.
<b>4. Poverty (understanding poverty, the challenges with eradicating it and why it continues).</b>	Understanding: Unemployment, no income, feeling down and out, homelessness, alcohol abuse. CDW: Unemployment – 80%.	Understanding: There are various types of poverty – there are very poor people in the “ <i>plakkerskamp</i> ” (squatter camp).	Understanding: Unemployment. estimated at 75%.
	Challenges: No leadership of projects. CDW: Entrepreneurship, not continuing with studies (Grade 12 good pass rate learners get a bursary but do not complete, Maths is a challenge, no maths teacher, learners have to change in Grade 12 to other subjects. Case study: student had to change to Geography. never had Geography), not thinking out of the box.	Challenges: No real work opportunities, with no adequate education or skills. It is a very small community, business growth is limited No funding or support from the local municipality for small businesses; corruption – only a few are given work. People don't have the drive.	Challenges: Type of education does not meet needs, unplanned families put stress on system.



Themes and questions	Responses: Community	Responses: Business	Responses: Authorities
	<p>Why poverty continues: Projects are implemented by council with little input from community, outsiders implement projects and is not sustainable, entrepreneurship is not assisted by council. CDW: No job opportunities.</p>	<p>Why poverty continues: No real job opportunities in the town, small community, only seasonal or part time work opportunities on farms. Even though some have education, they do not find work.</p>	<p>Why poverty continues: No skills development and few work opportunities.</p>
<p><b>5. Civil and private stakeholders (what can the community, NGOs and private sector do to address poverty).</b></p>	<p>Community: Sharing of information, projects proposed by the community are being implemented in De Aar – e.g. the new hospital built in De Aar; Case study: toilet paper factory suggested for Britstown, business plan done but factory opened in De Aar. As a result, the entrepreneur went into criminal activities and is now in jail. Community has business plans, so where do we go? Scared to take it to the municipality as it will be implemented in De Aar. Community will rather support the Chinese shop that support the Coloured or black shops, but these Chinese do not provide local jobs and come with their own people.</p>	<p>Community: The community can start with small farming enterprises, but the community is small (only 5000), so growth is difficult.</p>	<p>Community: Communities come up with projects, but start-up capital is a problem.</p>
	<p>NGOs: There was a forum for churches which was developed by the municipality, but it did not continue as the people wanted to see the money. CDW: Youth not willing to take opportunities, CDW places them at the police station, clinic, school, etc., they prefer to work on the</p>	<p>NGOs: Difficult for NGOs as the funds that they can use are church contributions which have decreased. The NGOs like the churches help with soup kitchens for the poorest of the poor. The municipality implements unnecessary projects while the people are hungry.</p>	<p>NGOs: Churches just doing their basic functions, not much communication or relationship with the churches, churches and the municipality are not talking to each other.</p>

Themes and questions	Responses: Community	Responses: Business	Responses: Authorities
	roads. No communication between church and municipality.		
	Private sector: Communication gap between farmers and municipality, can use the collective (community, farmers and local government) for example to ensure water to the town. CDW: OVK (Oos Vrystaat Kaap Bedryf Beperk) – white-dominated; there is a lady who is willing to help and assists if you have a business plan.	Private sector: The businesses can only assist in creating work by expanding. But the growth opportunities in Britstown are limited as with a limited population businesses are not feasible. Greater collaboration is required between business and government.	Private sector: OVK – farmers co-ops had ‘Vat-Vyf’ programmes, auctions and fairs, but at its five-day fair the community did not have money to buy.
<b>6. Project implementation (what types of poverty alleviation projects are implemented, what should be implemented, what are the main challenges, how should they be implemented, what involvement does the community have).</b>	Type of projects: The town is dependent on projects e.g. SANRAL, CWP projects. CDW: Skills development projects, community does not see the entrepreneurial opportunities; new houses will have plumbing but no plumbers in town; students in skills programme can start co-ops. Solar capital – can assist in drafting the business plan, provide capital, etc, provide business training skills (few people went for the training), want to work for someone.	Type of projects: Roads, construction, i.e. maintenance on building and EPWP projects.	Type of projects: Sewerage Project; Roads projects (N12 completed, busy finishing off, doing curbing etc), CWP – cleaning project, assisting disabled persons.
	Challenges: Temporary jobs. CDW: Challenges – not sustainable, for a few months then people are back to where they were before the project.	Challenges: Need long-lasting projects – the current projects implemented are short and people go back to the same situation after the project. Nepotism is a major problem in the implementation of projects.	Challenges: Not necessarily problems as to what needs to be done, just glad there is a job.

Themes and questions	Responses: Community	Responses: Business	Responses: Authorities
	<p>Implementation: Community are not asked for inputs on possible projects, they only see the council at budget time. CDW: No leadership.</p>	<p>Implementation: Unnecessary projects are being implemented, not projects that the community recommend. Need long-lasting projects.</p>	<p>Implementation: People are satisfied with the projects.</p>
	<p>Type of projects to be implemented: Councillor can use budget to buy paving-making machines, people in town will buy paving as buying externally is expensive; making bricks can start with cash injection and after the first sales, people can then use the money to buy their own material; PK le Roux dam – install pipes to the dam: if the dam has permanent water, industry can start; flower factory – can process maize locally rather than sending it for processing; wool factory, Britstown ideas are being implemented in De Aar, e.g. flood lights for the communities, requested Ultra City – council said it would look into it, but then De Aar requested an ultra-city between De Aar and Hanover and got it, N12 needs a hospital (i.e. at Britstown), because people die on the road, and on the way to De Aar. Claims that De Aar will not develop if these industries are in Britstown. CDW: Food garden project to Supply schools, restaurant, and other businesses was running for a while, but has closed</p>	<p>Type of projects to be implemented: Need projects that are long-lasting. Current projects only relieve the situation for a short while and then people go back to how they were.</p>	<p>Type of projects to be implemented: Job creation projects.</p>

Themes and questions	Responses: Community	Responses: Business	Responses: Authorities
	– the area is still there, and it could be sustainable, only you need people with knowledge to run these projects.		
	Community involvement: If the municipality takes the ideas of the community, the projects will be much more sustainable. CDW: Community not involved in decision-making on town; meeting input goes to De Aar making it look like De Aar came up with the plan. Plans should start with investigation on what people want - then implement the projects that community wants to ensure community buy-in.	Community involvement: Decisions are only made by the municipality, the business sector is not involved,	Community involvement: Councillor meets people – the full council should meet the people; Ward meeting – councillor meets the people for a monthly meeting and conveys the grievances to the administration of the municipality - two councillors: ANC and DA.

(Source: Own compilation)

### 7.3.3 Hanover

One of Hanover's most prominent features is the fact that it is situated in the middle of the route from Cape Town to Johannesburg. Furthermore, it is at the crossing between the N10 and the N1. It has a population of 4,594. The results of the responses from the focus group discussions and in-depth interviews are summarized in Table 7.5 according to the same themes as for De Aar and Britstown.

**Table 7.5: Focus groups and in-depth interviews results: Hanover**

Themes and questions	Responses: Community	Responses: Business	Responses: Authorities
<b>1. Employment opportunities (types of work opportunities, how do the unemployed survive).</b>	Work opportunities: Construction work, domestic work, women sit around and wait for work, farm work, EPWP work. CDW: Farming.	Work opportunities: Farm work, seasonal work (farmers require these workers but only for a few months e.g. at shearing time)	Work opportunities: Farming and department/public service.

Themes and questions	Responses: Community	Responses: Business	Responses: Authorities
	<p>Unemployed survive on: Sit and wait for SASSA, gardening, char work, “<i>if there is no SASSA we will starve to death</i>”, sell ganja (drugs), family supports youth as there is no work.</p> <p>CDW: SASSA – child support grants.</p>	<p>Unemployed survive on: Grants, such as SASSA grants, child support grant, pension.</p>	<p>Unemployed survive on: Grants, projects such as the brick-making project, municipal initiatives.</p>
<p><b>2. Infrastructure and service delivery (main attractions, transport infrastructure, and services including education, what are the main challenges in the community).</b></p>	<p>Main attractions: “Trappies Kop” is a monument on the mountain; a film was shot in the area and the local people benefitted, and after the shooting of the movie there were lots of visitors.</p> <p>CDW: Not many natural attractions, only a craft shop, nature reserve - Hippo sanctuary (hippos re-introduced into the Seekoei River), guest house, hotel – lunch.</p>	<p>Main attractions: Craft shop, nature reserve - Hippo sanctuary (hippos were re-introduced into the Seekoei River), guest house, hotel offering lunches.</p>	<p>Main attractions: Fountain – pumping 20,000 lites. Birds – Lesser Kestrels, who only uses the olive tree and migrate from Sweden for South African summer. Trappies Kop – can see whole of Hanover from there. Brick making – old style.</p>
	<p>Transport: None, except hitch-hiking.</p> <p>CDW: N1, N10 to Kimberley, N9 to De Aar.</p>	<p>Transport: Hanover is well situated on the N1 as well as the N10 to Kimberley and N9 to De Aar.</p>	<p>Transport: N1 to Cape Town and to Johannesburg, N10, N9.</p>
	<p>Services: Municipal office, high school but no higher education facility. Need a proper sewerage system.</p> <p>CDW: Municipal office, high school (yes, but it was closed for two weeks at the start of the school year due to a lack of teachers, no maths teacher, pass rate very low), no higher education facility. Need health services (no doctor or dentist, nearest</p>	<p>Services: The town has a satellite municipal office, primary and high school, but no higher education institutions (for this the youth must go to De Aar).</p>	<p>Services: Municipal office, high school, no higher education facility.</p>

Themes and questions	Responses: Community	Responses: Business	Responses: Authorities
	health services in De Aar).		
	<p>Main challenges: Illiteracy and unemployment, crime, substance abuse, poverty. CDW: Drugs and alcohol (on payday everyone is drunk), community does not know what the plan is from the municipality.</p>	<p>Main challenges: Substance abuse. People use their pay to buy alcohol and either turn up drunk or do not come back to work. There is no real plan from the municipality to address this. Limited work opportunities. Entrepreneurial enterprises are difficult as there is a low demand. Small population, mostly unemployed. No work prospects or further training opportunities.</p>	<p>Main challenges: Water (had to close the fountain to reserve water for residents) and lack of future residential development.</p>
<b>3. Business and industry (what businesses and industries are there in the town, what should be in the town).</b>	<p>Current industries and businesses: No main industry, solar plant, small business, toilet roll and baby nappies, farming, brick making. CDW: No industry in town (all closed – meat processing, feed); farmer has people who make sheep skin slippers; temporary workers (sheep shearers get picked up as teams (e.g. “<i>Hendrik, my husband, gets his team from the towns community</i>”) who stay for a month on the farm and come back again; no chain stores; people do not stay – people are trained for 3 months in the restaurant and after the training the people leave, and this led to the closure of the restaurant.</p>	<p>Current industries and businesses: There are no manufacturing industries in Hanover and only a few businesses. Farming is the biggest industry, but only provides limited work opportunities. Farmers use seasonal or temporary workers. There are no chain retail stores – this could be as a result of the low demand, small population and unemployment levels. Thus, chain stores are just not feasible.</p>	<p>Current businesses and industries: Farming and public services.</p>

Themes and questions	Responses: Community	Responses: Business	Responses: Authorities
	<p>Industry opportunities: Mall, bakery, chicken factory, wool factory, taxi association, warehouse between Cape Town and Johannesburg.</p> <p>CDW: Meat processing, making of sheep skin slippers, etc., need to be more involved.</p>	<p>Industry opportunities: Industries were considered but as the products are shipped out from the Eastern Cape it was more feasible to have manufacturing done there.</p>	<p>Industry opportunities: The town is strategically placed in the middle of north-south and east-west routes, wool factory, goat cheese factory, to capitalize on 32 farms around the town.</p>
<p><b>4. Poverty (understanding poverty, the challenges with eradicating it and why it continues).</b></p>	<p>Understanding: No homes (“<i>we stay in shacks</i>”), poverty is tough; going to bed without food, parents abuse alcohol and so do not care properly for their kids.</p> <p>CDW: Poverty extreme, people live off SASSA, unemployment; when people do get work, they do not stay on; although they do not have anything to do, they also do not accept work because they say the pay is too little.</p>	<p>Understanding: Unemployment is a major factor in Hanover. Poverty is people not having enough to survive and where they do not have enough to get by.</p>	<p>Understanding: Major challenge in the town, need to break the cycle.</p>
	<p>Challenges: No money to start a business, unemployment.</p> <p>CDW: No work prospects, no training opportunities</p>	<p>Challenges: Substance (drugs and alcohol) abuse is a major factor. People get paid and use that money for alcohol. Very few work opportunities in the town. No lasting projects are run by the municipality. Projects are not what the community recommended. Capital investment into EPWP projects is short-lived and does not offer adequate skills training. Projects are implemented without input from the business community.</p>	<p>Challenges: Employment, no job opportunities, lack of education – drop-outs.</p>

Themes and questions	Responses: Community	Responses: Business	Responses: Authorities
	<p>Why poverty continues: People do not support each other, loan sharks keep the people from handling their own money and keep them in debt all the time. CDW: No work opportunities, people have forgotten (“<i>verleer</i>”) how to work, laziness.</p>	<p>Why poverty continues: Corruption, nepotism, no focused approach in the implementation of projects or investment in EPWP projects. No communication with the business community.</p>	<p>Why poverty continues: Lack of opportunities.</p>
<p><b>5. Civil and private stakeholders. (what can the community, NGOs and private sector do to address poverty).</b></p>	<p>Community: Build a shopping mall, butchery, chicken factory; people can mobilize and demand that the municipality and the police do their jobs better. CDW: Factory, training, communities to run vegetable gardens, need to start with children, can have a project for vegetable garden, there are only two shops in town, vegetables are very expensive so vegetables can be sold to school, municipality, shops, etc.</p>	<p>Community: Very limited opportunities. Community can start with community gardens and start selling to the local shops and restaurant, but it should be noted that the town has a small community and unemployment is high. Community should be upskilled in the necessary skills and mademore employable. They can sell these skills in bigger towns such as Beaufort West, Laingsburg, etc.</p>	<p>Community: Create co-ops (e.g. Masikhuphke [let us develop ourselves]; small, medium and micro-enterprises; farm vision; sewing co-op – making school uniforms, nappies (needs further investment).</p>
	<p>NGOs: They can offer support on more days other than Sundays; churches must go the townships to offer food to the people. CDW: Come together, start talking and working with the municipality.</p>	<p>NGOs: Churches need to work together and need support from the municipality. Municipality should focus on the needs of the community like food to address hunger and assist NGOs to provide support to children in poverty.</p>	<p>NGOs: Non-functional; Churches need to do more.</p>
	<p>Private sector: “Build a mall with all the shops and we can buy our food and clothes right here in Hanover”; “They promised to build a Youth centre, but it has never materialized”.</p>	<p>Private sector: Need to get together, create a forum and engage the municipality on projects that can address poverty.</p>	<p>Private sector: Needs to do more.</p>



Themes and questions	Responses: Community	Responses: Business	Responses: Authorities
	<p>CDW: Needs to do more, e.g. create a forum with the municipality to improve communication with municipality, joint programmes.</p>		
<p><b>6. Project implementation (what types of poverty alleviation projects are implemented, what should be implemented, what are the main challenges, how should they be implemented, what involvement does the community have).</b></p>	<p>Type of projects: CWP, caregivers (the women indicated there were none), people have been waiting six years for housing project. CDW: Farmers' union provided some skills training (e.g. welding, tractor-driving etc., unfortunately, only the farm workers were used for most of these).</p> <p>Challenges: To be part of the project/to work, getting people from Hanover only to work on the project; the youth indicated that the jobs are not advertised and then outside people get the jobs (<i>"It is all about who you know in the municipality"</i>). If the town people do get the work, they do not look after it. CDW: People that have work already; implementation of the project is not sustainable, e.g. vegetable garden project was not completed; project management is lacking.</p> <p>Implementation: "They only take the blacks to work on the project. We</p>	<p>Type of projects: The municipality has implemented a number of EPWP projects. These were not lasting projects. Most of the people went back to poverty and sitting on the street without skills or employment.</p> <p>Challenges: Skills of community, some only have seasonal work opportunities, people do not want to work for the amount offered. Projects by the municipality are only given to few. Projects are implemented by outsiders. The EPWP projects does not talk to the needs of the community.</p> <p>Implementation: Implementation of the projects such as the</p>	<p>Type of projects: Brick making – municipality procures from them. Food gardens established by Department of Agriculture were 'dumped' on the municipality, which retained the services of the expert, through whose monitoring the project is sustainable. CDP programmes (8 days a month at R90 p/d, funded by Department of Public Works and managed by the provincial department of COGTA.</p> <p>Challenges: The work is temporary. No sustainability of projects. High unemployment rate.</p> <p>Implementation: Through an agency.</p>

Themes and questions	Responses: Community	Responses: Business	Responses: Authorities
	<p>Coloureds do not get the job”, tenders should be advertised, and small-town business must be approached.</p> <p>CDW: Projects should be planned to take the needs of the community into account, project management must be focused on, a strong project leader is needed, there is no communication, people do not hear about and so miss out on opportunities.</p>	<p>EPWP projects by the municipality was done by outsiders. Leaders for the projects were chosen from a selected few. Not the right leadership. Very little communication on implementation of the projects.</p>	
	<p>Type of projects to be implemented: Construction, shopping mall, retail.</p> <p>CDW: Meat processing.</p>	<p>Type of projects to be implemented: Wool factory, meat factory, skills development projects, social projects.</p>	<p>Type of projects to be implemented: Wool factory.</p>
	<p>Community involvement: Community not part of the decision-making, illiteracy so the municipality makes all the decisions and people only follow orders (youth feel that De Aar municipality decides everything, and you just have to follow), people make suggestions, but no timeline is set to fulfil what was promised, nepotism (“<i>they only look after their own family and friends</i>”).</p> <p>CDW: Not much involvement, decisions are made in De Aar.</p>	<p>Community involvement: Not much involvement. All decisions are made in De Aar. Business community never asked for inputs other than 1 or 2 meetings where the municipality presents the budget.</p>	<p>Community involvement: Monthly ward committee meetings, quarterly council meetings with the people – used to give feedback as to what council is doing about the issues raised in the ward meetings, IDP, budget.</p>

(Source: Own compilation)

#### 7.4 Analysis of results

The objective of Section 7.4 is to analyse the results of the data collection using the data analysis techniques described in Section 5.7, which explained that the analysis

is based on the categorising and coding of the data in relation to employment opportunities, accessibility, business districts, industry sector, infrastructure and service delivery, central authority facilities, involvement of the civil and private sectors and, finally, project implementation.

It is evident that these three towns have diverse typologies, although the study reveals that the populations of Britstown and Hanover are similar in size, with population sizes of 5,143 and 4,594 respectively, while De Aar is much bigger, with a population of almost 30,000.

Regarding employment opportunities, De Aar offers the most potential, with employment in various sectors, while Britstown and Hanover have few education opportunities, making people less employable.

All three towns are accessible by tar roads, but De Aar is the only town with access to a runway (there are two runways, one of which is an all-weather runway). The study shows that regarding business districts and industries, De Aar boasts several major retail stores, commercial institutions, service departments and a well-established industry sector, while both Britstown and Hanover have only very small business districts, consisting of small shops. The focus group results indicated that neither Britstown nor Hanover has any industry. In addition, the business sectors of both Hanover and Britstown highlighted the challenges with establishing industries such as meat processing due to the requirements such as having access to a health inspector. They also indicated the supply and demand challenge given the high unemployment and the population size of the towns.

Infrastructure and service delivery are concentrated in De Aar, which houses the municipal offices, district offices and provincial representation. The other two towns have municipal offices but with limited authority. All three towns have high schools, and De Aar has a Further Education and Training (FET) institution. The study indicated that regarding central authority function, De Aar has the full basket of functions, while Britstown and Hanover have limited authority functions.

In addition, the study reveals that while civil society has taken an interest in assisting with implementing projects, some respondents noted that civil society is distant from the poverty problem. Moreover, private sector involvement is limited to providing bursaries.

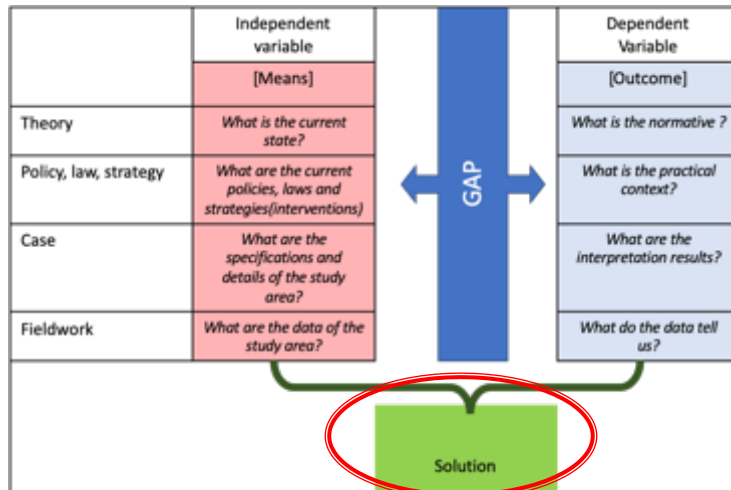
In the final analysis, the responses showed that the community and the CDWs are of the opinion that the implementation of projects requires more community involvement. They believe this is evident in the level of appropriateness of projects and their implementation. Projects tend to be implemented from the top down. Although it was recognized that the municipality did make an attempt at calling for public participation, the municipality does not seem to listen to the community.

## **7.5 Conclusion and deductions**

In this chapter useful information has been gained through a case study of the municipality. The data reviewed and observed in the previous chapter was provided by the authorities, giving some sense of the desired norm. However, to fully understand the desired outcomes, this chapter has focused on the views of the community and local authorities through in-depth interviews and focus group discussions. The chapter has detailed and analysed the results of the in-depth interviews and focus group discussions, which enhance understanding of important indicators relevant to the profiling of small rural towns. These indicators are used in the next chapter to develop an alternate investment management approach.

# CHAPTER 8: MANAGEMENT APPROACH TOWARDS DEVELOPMENT ACTIVATION

## 8.1 Introduction



**Figure 8.1: Dissertation structure: Towards development activation**

(Source: Own compilation)

This chapter consolidates the results of the theoretical study section and measures of poverty, the development intervention vehicles, as well as the case study, including the outcomes of the in-depth interviews and focus group discussions to identify gap(s).

The objectives of this chapter are to identify the gap and to formulate an approach based

on the referenced theory that can be used by all spheres of government to categorize towns in determining a developmental investment approach for towns.

In order to achieve these objectives, the chapter outlines the lessons learned from both the theoretical review, the case study and in-depth interviews and focus group discussions. Based on these results, a categorization approach and a profiling matrix are suggested, including the identification of relevant indicators. The chapter concludes by consolidating the profiling and categorization approaches based on the theory and the results from the field research. Results are compared with the intervention vehicles to optimise the development capability envelope.

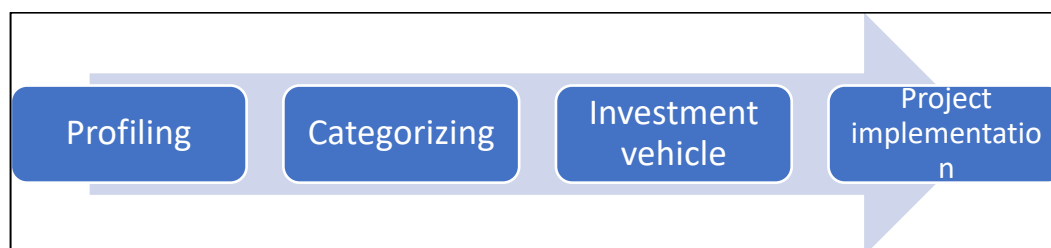
## 8.2 Lessons learned

In identifying the shortcomings in both the literature and existing approaches to addressing poverty, inequality and unemployment, the dissertation has focused on a number of independent and dependent variables. Through this analysis, the lessons discussed in the remainder of Section 8.2 were learnt.

In 1994, the new democratically elected government faced major challenges regarding poverty, inequality and unemployment as a result of more than 300 years of oppression. However, the intervention vehicles introduced since 1994 have drawn very little on community participation. In addition, these interventions have not had any sustainable impact on poverty, inequality or unemployment, as is demonstrated by *Engineering News* (2018) data that revealed that the Gini coefficient had worsened to 0,63 (2015), and the unemployment rate was at 27,5% in the third quarter of 2018 (*Eyewitness News*, 2018). The position in small rural towns is similar, and the situation is exacerbated by the fact that rural small-town development investment is still based on a generic investment categorization approach.

The resources required to address the three scourges of poverty, inequality and unemployment are becoming more and more limited. Hence, as is confirmed by the NSDP, government investment will have to be made where it has the most impact, more specifically, in localities where unemployment rate is high, the population size is high, and the locality has economic potential. As a result, investment approaches towards development investment to small rural towns have had to be based on an approach that is people-centric, taking the development capability of the town as well as its growth potential into account.

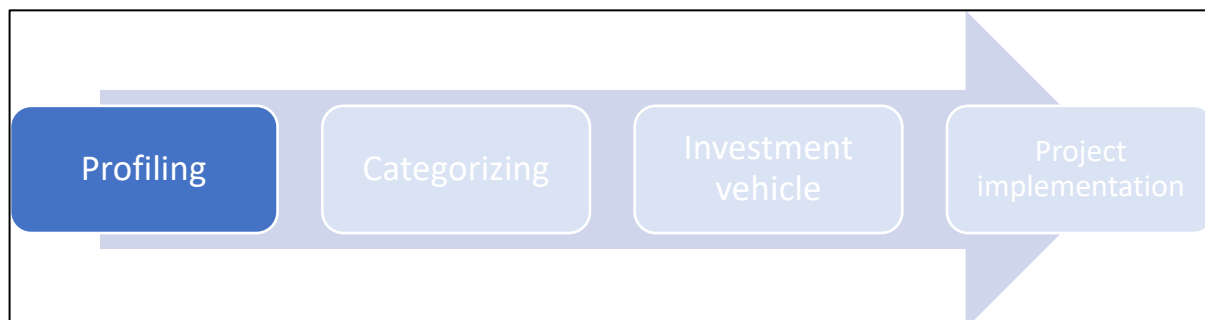
Chapter 8 therefore looks at a people-centric capability investment management approach, based on the theory, field study results and further narrative to address the issues raised in Section 8.2 through the development of a Capabilities Investment Framework that is focused on profiling, categorization, investment vehicle and community-driven project implementation. The framework is demonstrated in Figure 8.2 and discussed thereafter.



**Figure 8.2: Capabilities Investment Framework**

(Source: Own compilation)

### 8.3 Towards a people-centric capability profiling matrix



**Figure 8.3: Profiling of towns**

(Source: Own compilation)

The objective of Section 8.3 is to develop a profiling approach based on the people-centric development capability of individual towns. In Chapter 4, it was concluded that development investments are made in small towns based on a generalized categorization. This has led to the misalignment of development investment, resulting in unsustainable implementation. Therefore, it was suggested that this gap can be addressed by developing a profiling approach that lends itself to the ranking of towns based on their individual development capability potential in order to determine appropriate development investment allocations.

To this end, this section reviews additional literature on the subject, identifies relevant indicators based on the prior review of indexes, government policies and the aforementioned literature, and develops a rating scale based on a formula that represents a sum of the indicators vs the maximum total of the identified indicators.

According to Das (n.d.), there are many different types of indicators, the most common of which are quantitative and qualitative indicators. Das (n.d.) lists input, output, goal level, monitoring indicators or evaluation indicators. Das (n.d.:1) insists that indicators should be SMART, which he explains as follows:

S – specific (not a combination of multiple things but very precise and focused)

M – measurable (a practical and undisputed means of measuring)

A – achievable (not something beyond our means to achieve)

R – realistic (not vague or hardly sensible)

T – time bound (should not try to take into account the situation over an indefinite period)

As has been indicated in this section, there is a gap in the literature as well as in approaches to development investment allocation. These allocations have their origins in the profiling of towns. The lessons learned from the literature reviewed, as well as the case study, in-depth interviews and focus group discussions, would suggest that rural small towns are not receiving enough investment because they are categorized based on an approach that is too generic. Clearly, as resources to address poverty and deprivation become more scarce, the government is forced to try to address the scourges of poverty, inequality and unemployment in locations where investment will have the largest impact for the most people (where population density and unemployment are high but there is already viable economic growth potential) as is indicated in the NSDP (RSA, n.d.(c)).

The current profiling of towns has clearly become outdated and therefore a fresh approach is suggested below. As indicated in Section 5.6.5.2, the research used a constant comparative research analysis method, as the objective in Section 8.3 is to profile towns based on the study of groups and comparing them with specific characteristics. And as indicated by CIRT (n.d.) some of the benefits of using comparative research methods include with assisting in identifying causes or explanations for existing conditions or historical events, reducing costs by using existing groups or data sets, and ensuring the reliability of the findings by removing the influence of extraneous variable by means of careful selection of groups or cases that are homogeneous with respect to the extraneous variables.

Glaser (1965) argues that there are two types of comparative analysis research: constant comparison and theoretical comparison where constant comparisons is most useful where qualitative data need to be translated into quantitative data. In that instance, researchers use coding of data into categories in order to analyse and assess the data. To this end the following steps were used in profiling the towns:

- Step 1 – all the incidences of a topic in the results from the focus group discussions and the in-depth interviews were coded and compared per category;
- Step 2 – categories were integrated in order to formulate final categories;
- Step 3 – information was delimited, and final categories were confirmed; these were population size, business opportunities, industry opportunities, accessibility, infrastructure, education and central authority facilities.



This approach was able to identify relative indicators. These indicators can now be scored, allocating a score on a scale of 0 to 1. This scale will be used as input to categorize towns based on the categorization criteria detailed above.

The *Development Capability Scale (DCS)* was developed in this study based on the NSDP principles. As indicated above, these principles suggest that the government should and will prioritize investment

in localities where there are both high levels of poverty and demonstrated economic potential, this could include fixed capital investment to exploit the potential of those localities. Investment priorities will be giving specific attention to localities with high population density to allow for the most impact. (RSA, n.d.(c):16)

The *DCS* is thus weighted to allow for proportionate priority being allocated to population size, while also taking into account development capacity and growth potential. The *DCS* therefore allows for a score of 3 for towns with a population size in excess of 25,000, a score of 2 for towns with a score in excess of 3,500 and a score of 1 to towns/settlements with a population size of less than 3,500. These scores are based on the data collected, which suggest that towns in excess of 25,000 people usually have developed industries, businesses, services and access to facilities relating to the authorities such as provincial departments, district representation and full municipal functions. The other indicators are all allocated a score of 1 or 0, depending on whether a town has a particular facility or service. The maximum score is 25. Towns are then placed on a scale based on the sum of the scores, proportional to the total score, expressed as a decimal, using Equation 8.1.

**Equation 8.1: DCS score**

$$\frac{\sum(\alpha)}{\beta} = z$$

where

- $\alpha$  refers to the scores of the indicators,
- $\beta$  refers to the maximum number of points to be obtained, and
- $z$  is the related rating according to the *DCS*.

If the score approaches 1, it indicates that the town is more likely to be categorized as a town with a high population size and high growth potential. Towns that score closer to 0 on the *DCS* are towns with a small population size and low or no growth

potential. Based on the initial literature review and the results from the focus group discussions and in-depth interviews, it is suggested that towns with a *DCS* score of 0,60 and higher should be considered to be towns with economic development potential. Towns with scores in excess of 0,30 should be considered human development towns, and towns with scores lower than 0,30 should be considered social development towns.

The indicators identified below are the key to furthering the development transformation agenda for small rural towns, as derived from several sources, below:

- a study of historical and contemporary categorization approaches, which provided some understanding of what indicators the government considers in categorizing towns in terms of legislation, as well as for the division of revenue;
- an analysis of the indicators that contribute to numerous indexes such as the Headcount Index, the Poverty Gap Index, the Squared Poverty Gap Index and the Gini coefficient;
- a review of the development capability approach, which came to prominence after World War II and the inclusion of quantitative indicators; and
- a study of relevant legislative frameworks, such as the NSDP, which through Principles 4 and 5 note that government investment should be focused on towns with growth potential, while towns with low or no growth potential should be assisted through social investment.

**Table 8.1: Description of the *Development Capability Scale (DCS)* indicators**

Indicator	Description
<b>Population size</b>	This indicator refers to the population size of the town and is further categorized into three categories; (i) towns with a population size in excess of 25,000; (ii) towns with a population size in excess of 3,500, and (iii) towns with a population size lower than 3,500.
<b>Business opportunities</b>	This is divided into two sub-indicators: (i) formal businesses and (ii) small businesses. Formal businesses refer to recognized retail stores, banking, financial institutions and major grocery retailers. Small businesses refer to one-owner shops and entrepreneurial enterprises.
<b>Industry opportunities</b>	These refer to established industries such as abattoirs and manufacturing industries.
<b>Accessibility</b>	Accessibility has three sub-indicators: (i) air, (ii) rail and (iii) road. Air has further sub-categories: (i) a standard runway and (ii) an all-weather runway.
<b>Infrastructure</b>	Water and electricity – both indicators are benchmarked against the provision of these basic services to the households in the town. Towns obtain a score of 1 if the provision is in excess of 70% in the case of the supply of water and 90% relating to the provision of electricity.
<b>Education</b>	In addition to the basic services, this indicator refers to whether a town has a primary school, a high school and any higher education facilities.

Indicator	Description
<b>Central authority facilities</b>	This indicator is deemed to be one of the most important, as it is a key activation measure. The indicator consists of the following sub-categories: police station, clinic, state hospital, municipality facility with full functions, municipal facility with limited functions, district municipality presence, and provincial department presence.

(Source: Own compilation)

Using the data obtained from the IDP, MSDP, focus group discussions and the in-depth interviews, the following matrix reflects the *DCS* of ELM's towns.

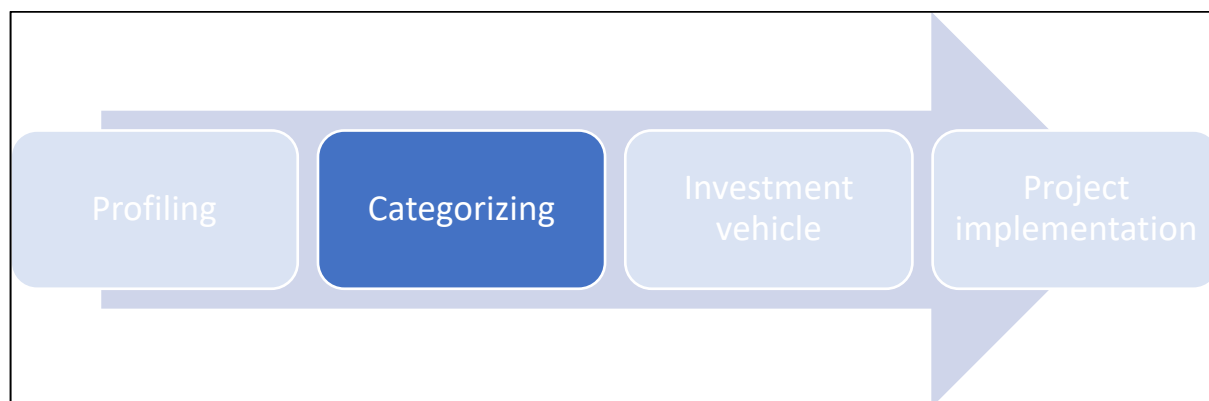
**Table 8.2: People-Centric Capability (PCC) profiling matrix – ELM**

Indicator	Sub-indicators [weighting]	De Aar	Britstown	Hanover
<b>Population size</b>	1. > 25,000 [3] 2. > 3,500 [2] 3. < 3,500 [1]	3	2	2
<b>Business opportunities</b>	1. formal business 2. informal business	1 1	0 1	0 1
<b>Industry opportunities</b>	1. formal industry	1	0	0
<b>Accessibility</b>	1. Air – registered standard runway 2. All-weather runway 3. Commercial airport 4. Rail – railway station with scheduled service 5. Road – tar road	1 1 0 1 1	0 0 0 0 1	0 0 0 0 1
<b>Infrastructure</b>	1. Water [>70%] 2. Electricity [>90%] 3. Well known attraction	1 1 0	0 1 0	0 1 0
<b>Education</b>	1. High school 2. Higher education facility	1 1	1 0	1 0
<b>Central Authority facilities</b>	1. Police Station, 2. Clinic, 3. State hospital, 4. Municipality facility with full functions, 5. Municipal facility with limited functions, 6. District municipality presence, 7. Provincial department presence.	1 1 1 1 1 1 1	1 1 0 0 1 0 0	1 1 0 0 1 0 0
<b>Total</b>	[Maximum score = 25]	23	10	10
<b>DCS</b>		0,91	0,39	0,39

(Source: Own compilation)

Based on the *DCS*, De Aar with a *DCS* score of 0,91 would be considered as being an economic development capability town, while both Britstown and Hanover with *DCS* scores of 0,39 can be considered human development capability towns.

## 8.4 Towards a people-centric capability categorization methodology



**Figure 8.4: Categorizing of towns**

(Source: Own compilation)

Historically, investment decisions were based on economic development principles, as defined in Chapter 4. In terms of these principles, all the indicators and indexes used were based on furthering the concept of the economic growth. These quantitative factors used ascribed to the doctrine of *Laissez-faire* (where governments did not interfere with the workings of the free market). However, after World War II it was clear that these traditional teachings needed to be reviewed, as the focus shifted to reconstruction.

Another factor that gave impetus to this change in approach was the emergence of international development co-operation. Increasing focus was placed on the development growth aspect, which resulted in a realization that the economic indicators used during the “*laissez-faire*” period were no longer adequate.

In addition to the impact of World War II, South Africa had its own unique challenges resulting from years of colonial and apartheid rule, as alluded to in Section 4.4.2 (Historical overview). In furthering a development transformation agenda after 1994, the South African government formulated several regulations and policies, including attempts to redress the division of revenue and resource allocations in relation to the categorization of regions.

The categorization of regions and municipalities is determined through the *Municipal Structures Act, 117 of 1998* (RSA, 1998a) and is based on economic and population statistics. As a result, all towns in South Africa are categorized on a sliding scale based on these statistics, into Category A, Category B or Category C municipalities,

which has a direct impact on the way resources such as the Equitable Share, grants such as Municipal Infrastructure Grants (MIGs) and conditional grants are allocated.

The literature reveals that investments based on the *Municipal Structures Act, 117 of 1998's* (RSA, 1998a) categorization still rely on economic statistical indicators, which since 1994 has done little to address the scourge of poverty, inequality and unemployment, as is clearly shown by the empirical reality faced by rural towns. Hence, in Section 4.5.1 it was noted that a fresh approach to categorization principles is required.

Therefore, to address this gap in the approach to categorizing towns in order to further the development agenda, the dissertation proposes a people-centric capability categorization approach. After considering the indicators listed in Section 4.5.2 (Rural development capabilities profiling), it is recommended that the categorization of rural towns should look at three principles: The **S**ocial Investment Capability Principle, the **H**uman Development Capability Principle and the **E**conomic Development Capability Principle. This can then be named the ***SHE-principle approach***. These principles are defined below.

#### **8.4.1 Social Investment Capability Principle**

This categorization principle refers to towns with very limited or no growth potential as determined by the indicators based on the people-centric development capability of individual towns discussed in Section 8.3.

These towns, in line with the sentiments of various authors, as well as the *NDP 2030*, should be considered for social investment. This entails that where a locality has high poverty levels and low economic growth potential, investment is focused on human capital development. This includes providing grants, implementing poverty alleviation projects and sharing market intelligence to allow for migration to more economically active locations.

In analysing these towns practitioners should take cognisance of the results from the field study where it is indicated that some residence is employed on outlying farms. These farms are reliant on these workers for seasonal work and other related activities. Therefore, when implementing the above recommendation, these residences should be noted.

#### **8.4.2 Human Development Capability Principle**

In terms of this categorizing principle, this applies to towns that show potential for growth regarding some economic activities, as well as human capability potential based on the results obtained using the indicators discussed in Section 8.3 based on in-depth field studies through a people-centric participatory lens.

Although growth potential conditions are better for towns in this category than those of towns categorized as social investment towns, it should be recognized that the characteristics of the social investment town will still apply. Hence, as a basis for poverty alleviation, social investment still needs to be considered.

In addition, due to the economic and development growth potential of these towns, they should also qualify for development investment to assist in providing jobs and development opportunities, such as the creation of community development projects, including vegetable gardens, fruit gardens, small-scale farming, and the making of clothes. Furthermore, it would allow for the development of community co-operatives, which will assist in furthering the transformation agenda.

#### **8.4.3 Economic Development Capability Principle**

The Economic Development Capability Principle refers to rural towns that demonstrate high potential for growth. This is once again based on the results obtained using the principles as discussed in Section 8.3 which is based on in-depth field studies through a people-centric participatory lens.

As with the social development towns, for towns categorized as economic development towns continued social investment is required. Furthermore, these towns contain community groups that lend themselves to the application of the Human Development Capability Principle and therefore qualify for investment as mentioned under this principle.

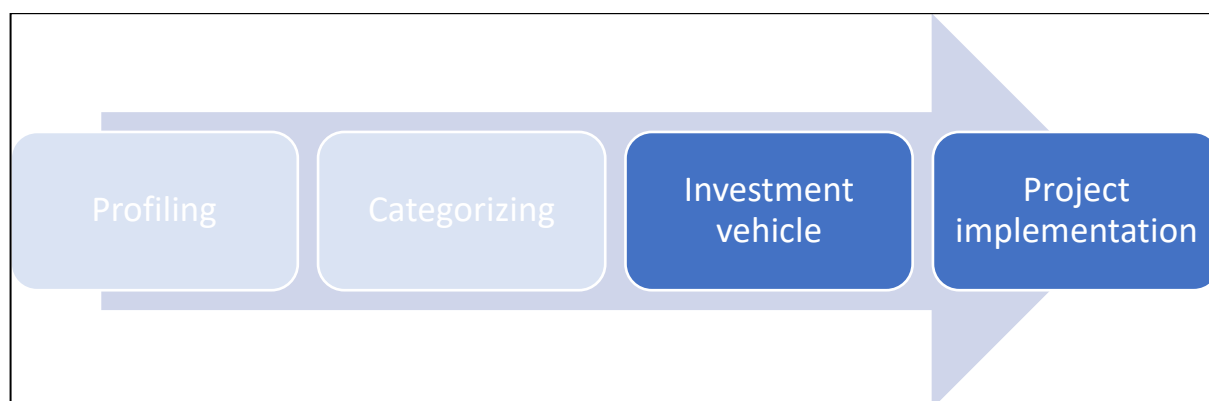
Moreover, these towns allow for further investment to enhance development and economic growth. In terms of the indicators summarized in Section 8.3 based on in-depth field studies through a people-centric participatory lens, these towns have high growth potential. Therefore, investment considerations around these towns should go further than just maintaining a basic standard of living, as suggested by the Social Development Capability principle, or merely alleviating poverty, inequality and

unemployment, in terms of the Human Development Capability Principle. The Economic Development Capability principle implies that investment to these towns should go beyond the constitutional obligation identified under the Social Development Capability Principle: these towns should be considered for fixed investment focused on economic growth to obtain private sector investment, create long-term employment opportunities and stimulate sustainable economic activities.

The review of the literature includes empirical evidence that poverty and deprivation are at an all-time high in South Africa. The country needs a new approach to investment allocations towards small rural towns. The current investment protocol is based on indicators aligned to economic and statistical factors. While this categorization for investment applications is well-suited to and adequate for larger towns and cities, a new approach is recommended for rural towns – one that incorporates both quantitative indicators and the development potential of such small rural towns.

To this end, the *SHE* approach was developed, which aims at a people-centric implementation framework. The new framework is recommended to achieve holistic implementation of investment to promote small rural town development and growth. It is recognized that in order to categorize towns using the *SHE*-principle categorization, the towns need to be profiled and rated. The next section, Section 8.5, therefore focuses on the various indicators and the background to indicators in order to develop a profiling matrix that is truly people centric.

## 8.5 Towards people-centric capability investment



**Figure 8.5: Development capability investment**

(Source: Own compilation)

The principle underlying the objectives of this dissertation could be aptly summarized in the following comment by Trevor Manuel (2006:25):

Having reached this place, let no one speak of frontiers exhausted...We have ahead of us the joy of discovering, new forms, new ways to accelerate growth, broaden reconstruction and development, and give light to the shared nationhood on which our progressive democracy rests.

These objectives are summarized in Chapter 1, including determining the gap in current investment approaches towards small towns and developing an approach that focuses on development capabilities. The literature and empirical data show that historical investment approaches, including the current policy and intervention vehicles, have done little to address the omnipresent challenges of poverty, inequality and unemployment.

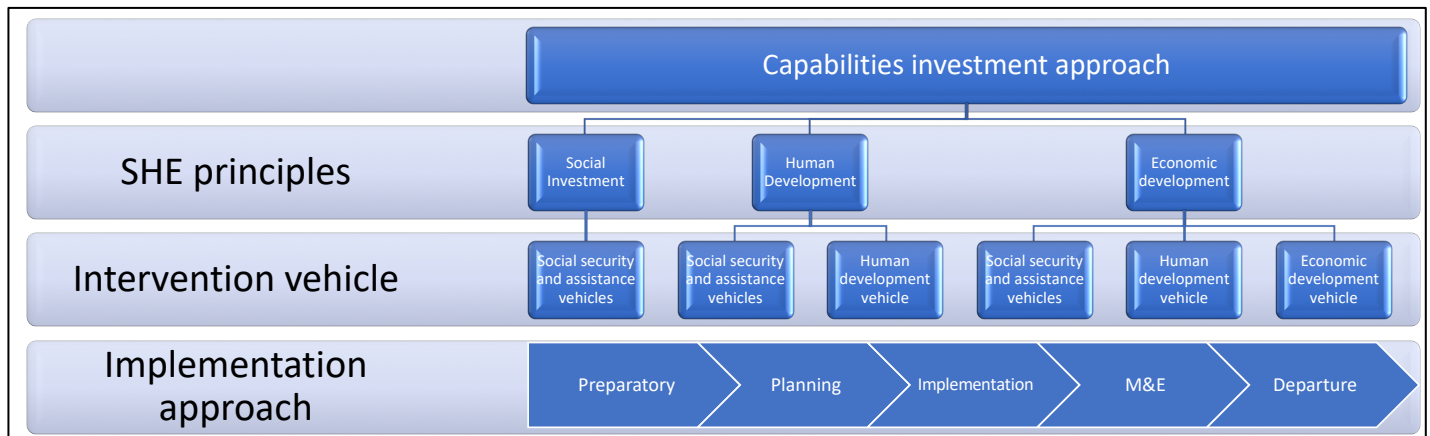
The data from the literature and the field study show that, even if the categorization of towns that informs the current investment decisions by government to all spheres of government is adequate for larger towns, it does not sufficiently take into consideration the development capability characteristics of small rural towns. This gap in the investment approach was thus addressed, firstly, by evaluating the existing indicators and indexes and their adequacy, secondly, by identifying investment vehicles, and thirdly, by categorizing towns using the *SHE-principle* approach, linking the categories with suitable investment vehicles and the development of a people-centric implementation approach. These components, which are derived from theory, have been corroborated on the basis of the field study and further narrative. They are based on a capabilities investment approach and is consolidated in a recommended management framework, the *People-Centric Capability Investment (PCCI) Framework*, which is summarized in the Figure 8.6.

This management investment approach is based on both quantitative and qualitative indicators in the *People-Centric Capability Investment profiling matrix*. The matrix methodology is derived from the literature review, the lessons learned from the focus group discussions and in-depth interviews and prior profiling approaches that considered both the economic and development potential of towns, such as the approach developed by Van der Merwe (2004, see Chapter 4). While Van Der Merwe went a long way in identifying and profiling towns, his study stopped short of ranking these towns in relation to their categorization. Thus, the next step in this approach, which was undertaken in the current study, was to categorize towns using the *SHE-*



principle approach as developed here. Thereafter, the towns can be linked to a suitable development investment vehicle based on their categorization.

Finally, once this vehicle and appropriate programme are identified and the investment is made, implementation can commence. Both the literature and the lessons learned from the field study indicate that the main challenge in the implementation of programmes and projects is a lack of community participation. Therefore, it is recommended that the people-centric implementation approaches referred to in Section 4.6 be used by all spheres of government to ensure a successful implementation of the programme or project, as determined through the People-Centric Capability Investment management framework.



**Figure 8.6: People-Centric Capability Investment (PCCI) Framework**

(Source: Own compilation)

## 8.6 Conclusion and deductions

This chapter has provided an overview of the lessons learned in the current study from the theoretical review, the focus group discussions and in-depth interviews. On the basis of these lessons, various shortcomings in the literature and contemporary approaches have been identified. In addressing these gaps, the chapter has detailed the development of an alternate public investment management approach relating to the categorization and profiling of towns. Furthermore, and addressing the key objective of the research, this chapter has revealed a new management approach towards people-centric capability investment and to this end has proposed an investment framework that incorporates both the capability and socio-economic development activation potential of rural towns.

## CHAPTER 9: CONCLUSIONS

### 9.1 Introduction

This research study commenced by defining the main objective of the study, which is to develop a people-centric development capability investment framework to support and encourage meaningful development investment in small rural towns. This was achieved through a contextualization and conceptualization of the study area, as well as the legislative framework in which it is imbedded. Furthermore, the study analysed the various activation measures and intervention vehicles available. These were reviewed in order to get a sense of the norm suggested by the *Constitution* and other legislation. While the information gathered details the normative aspects, cognizance must be given to the desired outcomes for the study area. The research was therefore conducted focusing on a case study of the Emthanjeni Local Municipality, drawing on interviews with the community, the authorities and business.

Both the normative and desired outcome investigations revealed gaps in the existing management approaches regarding public development investment in rural towns. Consequently, in order to address these gaps, the dissertation proposes an alternate investment management approach that includes the people-centric capability and socio-economic development activation potential of individual rural towns.

### 9.2 Results and discussion

This dissertation has analysed and discussed the results by means of an overview of prior research, and identified the variables at play, based on the theory, existing policies, legislation and strategy, the case study and the fieldwork. Relying on the results of the data collection, the study identified a gap between what is a normative as envisaged by legislation and the *Constitution* versus what the reality is within communities and proposes an alternate management approach.

The objectives of the research were to understand the study area by conceptualizing and then contextualizing the problems in the area, analysing various intervention vehicles and determining the gap in both the literature and practice through focus group discussions and in-depth interviews with the aim of developing a people-

centric development capability investment framework that can take the country closer to meaningful development investment.

Furthermore, the aim of the research was to address the research question which states: *How can socio-economic development investment address persistent poverty in small towns?* In addressing this question and in achieving the objectives the study employed a research structure that included two elements (independent variable and dependent variable) and four categories consisting of firstly, theory, secondly, policy, law and strategy, thirdly, a case study, and fourthly, fieldwork.

The dissertation began by focusing on conceptualization, which entailed a literature review on the key concepts of the study (poverty, inequality, unemployment and development). Once the research area was understood conceptually, the next step was to contextualize it. The dissertation focused on transformative policies, paying specific attention to policies relating to socio-economic transformation, rural development, planning, leadership, governance and intervention vehicles. To understand development activation measures, the research looked at activation components, including civil society, corporate society, land reform, the categorization of small towns, as well as project implementation approaches.

Importantly, the research focused on comparing data sourced as described above with the field data to gain insight into the perspectives of the communities and various stakeholders at local municipality level on the planning, design and identification of projects, the implementation and monitoring of public investment projects that should aim to address poverty, inequality and unemployment.

The results of both the theoretical review and data collection through the focus groups discussions and in-depth interviews suggest that there is a wide gap between the norm, the desired outcomes and the actual effects of policy and its implementation in the form of investment and programmes and projects. Even after various interventions based on a set categorization of towns were implemented, poverty and deprivation remain stubbornly high. With these results in mind, a new profiling methodology for rural towns, based on the capability of towns, was developed. This profiling took into account the practical constraints of the limited resources available to the government and was weighted to place the emphasis on population size.

Moreover, a categorization approach was developed that depends on the above profiling and allows for towns to be categorized into social development towns, human development towns and economic development towns. The categorization links towns to appropriate investment intervention vehicles. These vehicles translate into projects. Depending on the categorization, the dissertation suggests two implementation approaches – one focuses on the implementation of projects for social development towns, and the other on the implementation of human and economic development projects.

### **9.3 Summary**

To sum up, this study shows that there is an enormous and growing body of evidence on poverty, inequality and unemployment. Hence, there have been several investigations of the causes of and possible solutions to these challenges. The evidence suggests that greater public investment has done little to address these challenges. In South Africa this failure seems to be associated with the fact that public investment expenditure is currently still tied to a generic categorization of small towns that does not take cognizance of the capability and growth potential of such towns. Therefore, the dissertation highlights the need to ensure that socio-economic development in small rural towns is driven by a progressive policy shift that targets under-development and poor resource allocation, and proactively promotes people-centric interventions underpinned by the principle of sustainability. Hence, the dissertation proposes an alternate public investment management approach. The potential impact of this alternate management investment approach on stakeholders, as well as suggestions for further research, is discussed below.

### **9.4 Implications for stakeholders**

The importance of the community, the government, civil society and the private sector as role-players in achieving the goal of addressing poverty, inequality and unemployment cannot be over-emphasized. Admittedly, the government, as the facilitating agent, probably has the most important role to play. Therefore, although this dissertation was written for many stakeholders, its primary audience is members of government, who are the ultimate decision- and policymakers.

The PCCI framework also allows for further improvement to public value through a strong focus on participation and public finance, the research suggest that there is a lack in community participation while this is governed by legislation. It is also noted that the municipality is of the opinion that sufficient public participation is conducted. However, the research would suggest that from a community point of view participation is only done when the authority needs to inform the community. Therefore, through the implementation of the PCCI framework the municipality will create a more effective public value.

A further implication of the PCCI framework is the type of leaders required in a transformative society. To this end the study recommends a transformative leader or a pro-public leader to have characteristics that include accountability, transparency and the ability to accept criticism into the management approach. In addition, pro-public leaders should also promote and uphold the principles of public value.

Therefore, the successful implementation of the PCCI framework will rely on strong, transformative leadership which recognizes that development investment in small rural towns can no longer be based on a categorization using broad generic principles, as these have resulted in non-sustainable investment and have demonstrably made little impact in reducing poverty and deprivation. The People-Centric Capability Investment (PCCI) framework should therefore be adopted and Section 9.5 suggests possible approaches to implement it and suggests directions for future studies which may assist in achieving the desired transformation.

The practical implication for the Emthanjeni Local Municipality is to focus on a people centric approach. The qualitative research suggests that there is a gap between what the municipality's understanding is regarding community participation versus the understanding of the community. Furthermore, the municipality should re-align their resources to conform to the proposed PCCI Framework as contained in this study. The results of the study suggest that the towns of Hanover and Britstown can be categorized as Human Development towns which implies that the Emthanjeni Local Municipality should focus their investment in these towns to Social Security and Assistance- and Human Development investment vehicles

The results of the PCCI suggest that De Aar can be categorised as an Economic Capability town. To this end the framework recommends investments in all three categories of intervention vehicles which includes Social Security and Assistance,

Human Development and Economic Development investment vehicles. Noting that Social Security and Assistance refers to those investment vehicles such as social grants, Human Development referring to enhancing employment opportunities and skills development such as the EPWP projects and Economic Development referring to economic and commercial enhancement through projects such as PPP.

A further practical implication of the study is the manner in which these projects are being implemented. The study suggests a participatory approach where the community should be involved from the planning stage to the departure stage. Furthermore, the study recommends two approaches for project implementation which are linked to the type of investment contemplated, either an implementation for social assistance projects or implementation approach for both development- and economic investment projects.

### **9.5 Implications for future research direction**

The dissertation has managed to conceptualize and contextualize the theme of the research. Furthermore, it has succeeded in identifying the shortcomings in the current literature and approaches. In order to address this gap, a People-Centric Capability Investment framework was developed. To promote the transformation agenda and to ensure that socio-economic development in small rural towns is driven by progressive policy shifts that target underdevelopment and poor resource allocation, and promote people-centric interventions underpinned by sustainability, further research should focus on the following:

- surveying a larger population of small towns in the Northern Cape with population sizes smaller than 30,000, including those with population sizes of less than 3,000;
- include the indicators identified above in the survey;
- applying the categorization approach developed in this study;
- implementing related projects through the relevant implementation approach; and
- including the approach in national policy frameworks.

Cognizance should be taken of the lesson that in all interventions the community should be the priority. This is confirmed by studies that show that community inclusion through participatory approaches is more successful. In particular, the evidence suggests that communities should be involved in all aspects of

development investment and project implementation, including the designing, planning implementing and monitoring phases. This approach brings us back full circle to the apt poem by Burkey (1993:i), who advises the following:

Go to the people  
Live with them  
Learn from them  
Work with them  
Start with what they have  
Build on what they know  
And in the end  
When the work is done  
The people will rejoice:  
'We have done it ourselves.'

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## 11 ANNEXURE A: LETTER FROM EDITOR

[Address omitted for security purposes]

30 January 2020

TO WHOM IT MAY CONCERN

I confirm that I have edited the language in the thesis entitled *Socio-Economic Development Activation of Small Towns in the Northern Cape* by Omar-Shariff Cupido.

The editing was done electronically, using Track Changes, to enable the candidate to accept or reject the suggested changes, thus retaining his authorial discretion and right to assert authorship. The editing included checking the format of the referencing and general formatting.

I assert that I am qualified to do such editing, as I have a DLitt in English, have lectured English at the University of Pretoria at the undergraduate and postgraduate levels since 1985, and have been a freelance editor since 1990. I have also designed and offered courses in Editing: Principles and Practice at the undergraduate and graduate levels for more than 20 years.

I declare that I undertake editing in my private capacity, with permission from my employer (I apply for such permission annually). My employer takes no responsibility whatsoever for the editorial suggestions made in the course of this work.

Yours faithfully

[Signature omitted here for security purposes]

Idette Noome (Dr)

Senior Lecturer: Department of English

**12 ANNEXURE B:  
INTERVIEW SCHEDULE  
STELLENBOSCH UNIVERSITY  
Interview Schedule**

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SOCIO-ECONOMIC DEVELOPMENT GROWTH ACTIVATION OF SMALL TOWNS IN  
THE NORTHERN CAPE

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- Q#1. Please share with us something you love to do in your free time
- Q#2. What type of work are people doing in your community?
- Q#3. How does those without work survive, what do they do to get income?
- Q#4. Infrastructure and attractions: -
- a. what are the main attraction [natural or otherwise] in and around the town that could assist with growth?
  - b. What are the main transport infrastructure for the town?
  - c. What industries do you have in your town?
  - d. What industries do you think will work in your town and why?
- Q#5. What are the main challenges in the community?
- Q#6. What is your understanding of poverty?
- Q#7. What are the challenges that people who try to get out of poverty face?
- Q#8. Why do you think poverty is continuing in your town?
- Q#9. What can the community do to address poverty?
- Q#10. Which church does most of the community belong to?
- Q#11. A) What do you think is the community-based organisations [churches, clubs, co-ops] doing to address poverty? and b) What do you think they can do better to assist with growth in the town?
- Q#12. What are the main industry in your town [shops, farming, businesses, etc]?
- Q#13. A) What are these industries [private sector] doing to ease poverty? And b) What do you think they can do to assist in growth in your town?
- Q#14. What is your understanding of service delivery for your community?
- Q#15. What type of service delivery do you need for your community to assist easing poverty and help growth?

Q#16. Services:

- a. Do you have a municipal office on the town?
- b. Do you have a primary school?
- c. Do you have a high school?
- d. Do you have colleges or places of further learning in your town?

Q#17. Is there a difference between what government thinks versus what the community knows regarding the needs of the community to address poverty and create growth? Can you give some examples?

Q#18. A) Do you know your community development worker and b) do you have access to him/her?

Q#19. What type of poverty alleviation projects did government implement in your town?

Q#20. What are the main challenges with these projects?

Q#21. How should these projects be implemented [from planning to implementation] and what type of projects will work in your town?

Q#22. A) What is the attitude of the municipal leadership towards poverty; and b) what should it be?

Q#23. What is your understanding of how communities are involve in decision making and setting of priorities for the municipality?