AN INVESTIGATION OF CHANGING SOCIO-ECONOMIC CONDITIONS, OPPORTUNITIES AND DEVELOPMENT INTERVENTIONS IN SMALL EASTERN CAPE TOWNS IN SOUTH AFRICA.

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Abstract

Small towns internationally and in South Africa are becoming increasingly marginalised, and they are often experiencing economic downturn, demographic shifts and a re-articulation of their role in the urban hierarchy. In the case of South Africa many of these small towns are also faced with low levels of social development. The urgent need to address such conditions is evident by the fact that a large proportion of the South African population resides in small towns, and their surrounding hinterlands. This said, there are examples of small towns, internationally and in South Africa which, through the use of various Local Economic Development actions, have managed to remain sustainable, and in some cases become economically viable localities once again. In light of the above, the research conducted for this thesis seeks first to establish the socio-economic changes occurring over time in three small towns in the Eastern Cape Province of South Africa, namely Stutterheim, Bedford and Hamburg. Secondly, the research aims to identify the nature of LED activities in the three small towns, highlighting those factors contributing to the success of LED initiatives as well as those factors inhibiting LED in small towns. This is done with the intention of developing future lessons for LED in small towns.

The research was conducted using a mix of qualitative and quantitative data generated through the interviews with key role players in each town, as well as secondary data sources. Findings from the research suggest that the small towns investigated are characterised by low levels of socio-economic development. In addition, it appears that the development opportunities for the towns are limited. Current initiatives are being driven by private role players with local government being largely uninvolved. Such initiatives are limited in nature, with benefits only felt by small groups of the local community. However, examples do exist of where LED has successfully benefited the broader spheres of the local community, thus suggesting that if implemented properly such an approach does have potential to assist in the socio-economic development of small towns. In light of this, a number of lessons are identified for LED in small towns, including the need for strong leadership, community involvement, partnerships between role players, and planning for project sustainability.

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Chapter One: Introduction

Introduction

Small towns, both internationally and in South Africa, can generally be regarded as under-researched phenomena, both in terms of their prevailing socio-economic make-up and the local economic development (LED) interventions occurring within them (Nel, 2005, Xuza, 2005, Hinderink and Titus, 2002). This reality both encourages and justifies small town research, particularly in a country such as South Africa, where significant socio-economic backlogs exist which need to be addressed through appropriate actions. A study of this nature needs to be seen within the context of local imperatives for development interventions and the enhanced role local authorities and other local agencies can play in an era of decentralization and attachment to the principle of LED. In South Africa the 1998 Local Government White Paper introduced the concept of 'Developmental Local Government', placing the onus on local governments in both cities and towns, to take responsibility for addressing the developmental needs of their locality (Nel, 2004). Cashdan (2002) notes that four developmental approaches for local government are identified in the document, with LED being one of them.

The research presented in this thesis was conducted in three small towns, namely Stutterheim, Bedford and Hamburg located in the Amathole District Municipality (ADM) in the Eastern Cape Province of South Africa. The research involved a longitudinal study of the changing socio-economic conditions being experienced within these small towns, in order to first identify changing trends as well as to gain an understanding of the current socio-economic conditions and the development needs which exist. Secondly, an investigation into various past, contemporary, and planned LED interventions in the towns was conducted to ascertain how effective local responses have been and are to the identified development needs. Through researching the development initiatives taking place in the towns, insight is gained, firstly into what impact such development initiatives are having on the populations of the small towns, and furthermore, what factors are likely to contribute to the potential success of a development initiative and what dynamics are likely to inhibit their success.

This introductory chapter will firstly introduce what is understood by the term 'socio-economic' to eliminate possible misunderstanding. In addition the chapter will place the research in context. Small towns, and previous research conducted therein, will be discussed, using both international and South African examples. What LED is and the different forms it takes will be discussed, highlighting examples of where LED initiatives have successfully assisted in ensuring the sustainability of small towns. Lastly, the aims and objectives of the research are presented, with a brief discussion of the manner in which the research was conducted, before providing a brief breakdown of the chapters in the thesis.

Socio-Economic

Definitions of socio-economic development and what ought to be considered when measuring it vary. The South African Bill of Rights highlights a range of socio-economic indicators including: access to housing, health care, and basic education and economic measures, such as access to a form of income (Gelb, 2003). Rice and Arnett (2001) point to the importance of education and literacy when measuring socio-economic development, as well as access to employment. With reference to South Africa, Udjo, Simelane, and Booysen (2000), identified education levels and literacy, along with poverty levels and access to basic services as measures of socio-economic conditions. In essence, socio-economic development can be considered as pertaining to both the social and economic aspects of development (Clark, 1990). Thus, in light of this, for the purpose of this research, socio-economic conditions take into consideration, unemployment levels, education and literacy levels, poverty levels, the human development index (HDI), and economic growth, which also includes sector specific growth existing in the towns.

Context of the research

Study Area

Small towns in South Africa are defined as urban areas with less than 100 000 people. However, a better working definition is that they are urban areas with less then 50 000 people (Nel, 2005). Thus for this research, in order to delimit the definitional boundaries, small towns will be taken to be urban areas with less 50 000 people. Case studies were conducted in three small towns, namely Stutterheim, situated in the Amahlathi Local Municipality, Bedford, in Nxuba Local Municipality and Hamburg, in Ngqushwa Local Municipality, all of which fall into the ADM in the Eastern Cape Province. The ADM is situated in the south-eastern portion

of the Eastern Cape Province, being made up of eight local municipalities and housing the provincial capital of Bhisho. The district municipality incorporates former homeland areas of the Transkei and Ciskei, as well as former Cape Provincial Administrative Centres (ADM, 2006). One city exists in the district, the port city of East London, and while there is a growing rate of urbanisation poverty levels remain high (ADM, 2006). In essence the ADM can be seen as a microcosm of the diversity of small towns in South Africa, including former homeland, non-homeland, industrial and service centre towns, as well as having towns where both public and private development interventions are occurring. A study in this area and on this topic is deemed all the more appropriate because the ADM in the Eastern Cape is the only District Municipality in South Africa to have identified small town renewal as a fundamental programme, and has plans to implement a small town support strategy. It should be noted here that two of the case study towns, Stutterheim and Hamburg, have been identified as 'anchors' for the regional projects being implemented by ASPIRE, formerly the Amathole Economic Development Agency, which is wholly owned by the ADM. The project is based around 'development corridors' with Stutterheim being an 'anchor' on the friendly 'N6' corridor and Hamburg and anchor on the R72 corridor. While the projects in each town are still in their planning phase they will be discussed briefly in the relevant case studies. Both the resultant level of attention devoted to small towns and the need to assess the relevance and application of small town interventions makes this area an ideal research field. Figure 1.1 below illustrates the position of the ADM within the Eastern Cape as well as South Africa. In addition the locations of the towns investigated are displayed in figure 1.1, placing them within their respective local municipalities. The major urban centre in the district, East London, is also identified in figure 1.1, providing an understanding of the location of the small towns in relation to this centre.

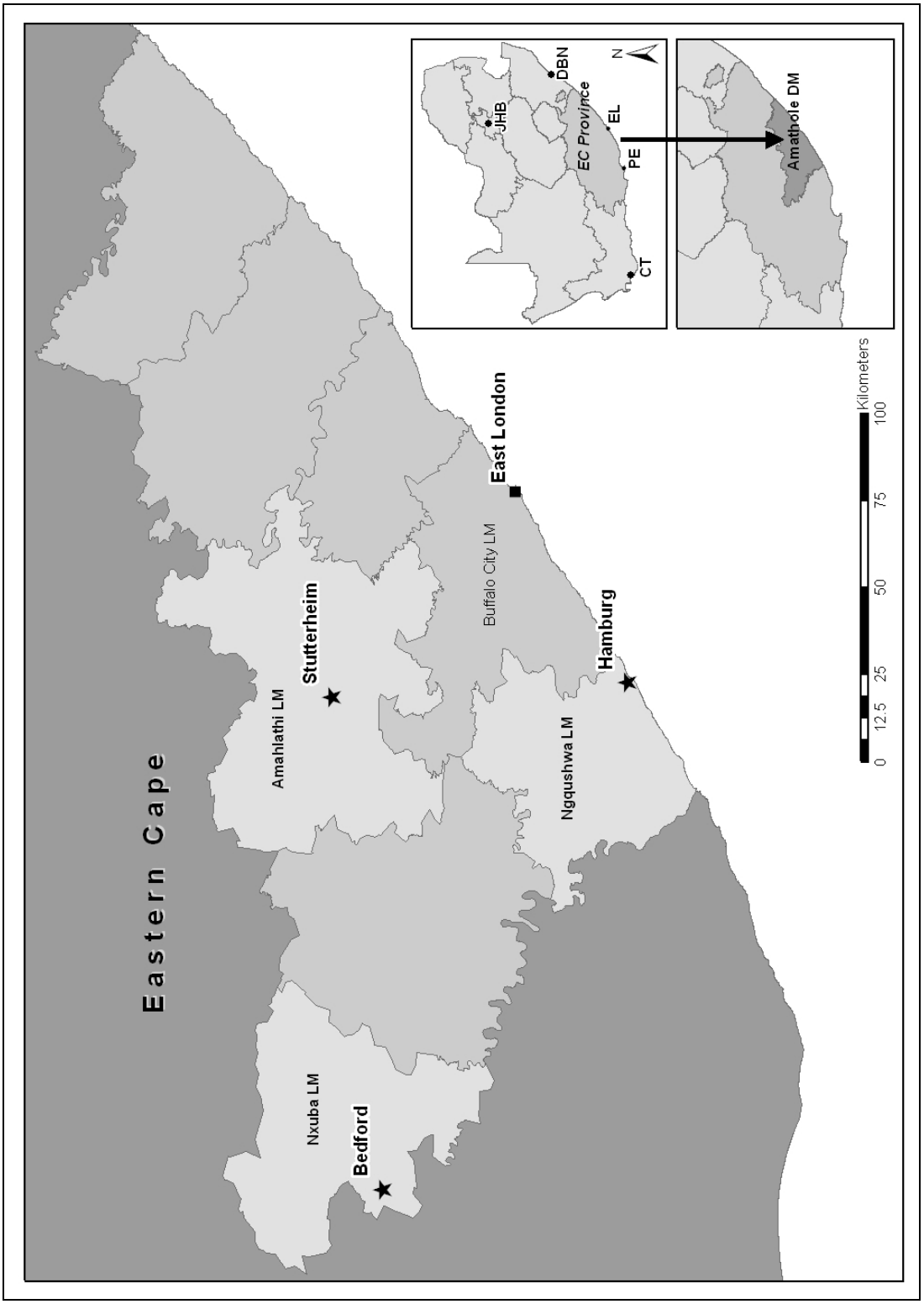

Figure 1.1. Amathole District Municipality.

With regards to the small towns where the investigation was conducted, Stutterheim, originally established as a service centre in 1857, was regarded as an example of successful community driven LED through the Stutterheim Development Foundation (SDF) in the 1990s. Since 1995 the involvement of the SDF began to diminish (Nel and McQuaid, 2002), and it has since closed. The town provides a case study of the impact of the scaling down of a development intervention, the type of impact it achieved over a ten year period and whether the local municipality can now adequately take up the development mandate. Furthermore, a number of smaller, privately driven development initiatives have recently been established in Stutterheim and they provide examples of variants of LED as it is applied in small towns. The second case study was conducted in Bedford, which was established as a service centre in 1854. Bedford currently lacks public development interventions, but appears to have a number of privately driven development interventions in place, providing for insight into the dynamics of privately driven LED. The final town investigated was Hamburg, a former homeland town established in 1858. The development of Hamburg has been prioritised by the ADM and is an example of a small town with both publicly and privately driven development interventions. Thus, the three towns identified provide for a good comparison between public, community and privately driven development interventions.

Small Towns

Internationally, the traditional role of small towns have been as retail and service centres as well as processing points for commodities produced in their surrounding hinterlands (Daniels, 1989 and Courtney and Errington, 2000). Rondinelli (1983) identifies such links between small towns and the rural hinterlands as being of vital importance in stimulating rural development. Daniels (1989) notes that small towns are particularly vulnerable to economic fluctuations owing to a lack of diversity, and reliance on a small economic base which is often dependant on one or two industries. Recent evidence however suggests that the traditional function of small towns being the core service centres to the surrounding hinterland is changing. Collits (2000) uses the example of Australia to illustrate the nature of such changes, suggesting that rural cohorts are increasingly seeking services in the major regional centres, thus reducing the ‘service centre’ function of small towns and resulting in economic decline for local business. Broadway (2000) refers to similar economic trends in the United States where population decline, falling commodity prices, and reduced purchasing power are having adverse effects on the economies of small towns. Collits (2000) notes that such events and the

changing functions of small towns are creating serious economic development challenges for such areas.

In South Africa most small towns are characterised by high levels of poverty, the out-migration of skilled people and a gradual decline in economic activity, a situation which is often compounded by the inaction of ineffective local governments (Nel and Humphrys 1999, Nel, 2005). In contrast with many other countries, South African small towns are generally not experiencing demographic decline, but rather increasing impoverishment and what is often a growing unemployed population. While the major metropolitan areas have the greatest poverty burden, Rogerson (1999) argues that, in relative terms, poverty rates are most severe in South African small towns. Xuza (2005) identifies small town poverty and economic decline as a cause for concern, as difficulties experienced in small towns impact on the availability of readily accessible services in their hinterlands. This decline has serious implications, as elaborated on by Rondinelli (1983), arguing that small towns are potentially of vital importance in aiding the development of the surrounding rural areas. However, despite the importance of small towns, the content and focus of potential corrective interventions are poorly understood and researched (Nel, 2005, Xuza 2005, Hinderink and Titus, 2002). Evidence of the lack of focus on small towns and the role they play in development is illustrated by the current South African Urban Renewal Strategy and Integrated Rural Development Strategy which focuses on metropolitan areas and rural development, neglecting the role of small towns (Xuza, 2005).

Local Economic Development

Despite this negative picture, there are, internationally, examples of small towns re-inventing themselves through LED, in most cases tourism led LED. Such processes have been identified in small towns in both Australia and Canada (Rogerson, 2002). Through community action selected small towns in Australia, often focusing on developing the retirement and tourism sectors, have managed to become economically stable or in some cases even experience growth (Collits, 2000).

In the case of South Africa, a limited number of examples exist, where small towns have remained sustainable as a result of LED, often based around marketing the town as a tourist or retirement centre (Nel, 2005). Non-governmental and community based organisations are

often the main proponents of LED in small towns with local governments being limited by legislative, resource and personnel constraints, while it is only the larger, better resourced centres which have gone beyond the simple planning phase of LED (Nel, 2001). LED is defined by Helmsing (2001) and the World Bank (2001) (cited in Rogerson, 2002, 95) as "…a process in which partnerships are established between local governments, the private sector and community based groups in order to manage existing resources for job creation as well as the stimulation of local economies". Rogerson (1999) argues that LED aims to promote the growth of local economies as well as address poverty alleviation. The success of LED in the South African context however has been mixed with Nel (2005) suggesting that in most cases LED is in its infant stages. In contrast, on an international scale, LED can be seen as having been reasonably more successful in the North, where greater emphasis is placed on investment, big-business support and large project development (Nel, 2001).

While LED initiatives vary between localities, one is able to define two broad types of LED, namely 'pro-market' or alternatively 'pro-poor' interventions. While 'pro-market' LED is focused on the involvement in the market, and is based on neo-liberal thinking, 'pro-poor' LED is focused on addressing the basic needs of a community, emphasising self-reliance (Nel and Rogerson, 2005). The latter has a more holistic approach to development, which is described by Simon (2003) as post-structuralist. 'Pro-poor' type LED initiatives have received criticism for being focused on the social aspects of development and survival strategies, as opposed to addressing the economic problems leading to underdevelopment (Rodriguez-Pose and Tijmstra, 2005). The importance of such initiatives in underdeveloped areas cannot be neglected however and there are signs of its increasing incidence in South Africa as noted by Rogerson (2005).

Examples of both 'pro-market' and 'pro-poor' LED can be found in South Africa. In terms of 'pro-market' LED initiatives, Nel and Binns (2005) identify the place marketing of Durban, Johannesburg and Cape Town, through the building of International Convention Centres. Rogerson (2006) points to the marketing of Cape Town as an attractive locality for the film industry, with another example being the construction of the Coega industrial development zone in Port Elizabeth. Common examples of 'pro-poor' LED in South Africa are identified by Nel and Binns (2005) as structures being put in place to support local producers, urban

agriculture, and small businesses. Furthermore, Rogerson (2006) identifies 'pro-poor' tourism as becoming an increasingly common form of LED.

Aim and Objectives

The aim of the research is to assess socio-economic change over time and space, in selected small towns, namely Stutterheim, Bedford and Hamburg in the Eastern Cape Province of South Africa, and to identify what factors inhibit and what factors contribute to the possible success of LED taking place in the small towns, thus providing possible lessons for future LED initiatives in such localities.

Through creating a socio-economic profile of the towns concerned, insight can be gained into the conditions being faced by the populations of these towns, as well as the serious developmental backlogs which plague small towns. Through understanding the developmental backlogs which exist in these towns, one is better able to gauge the potential impact, relevance and success of a given development initiative. As a whole, the research therefore aims to provide insight into the factors that are likely to contribute to the successful running of LED initiatives in small towns, as well as to highlight the factors that are currently inhibiting the development of small towns and the potential success of development initiatives, so as to help identify possible lessons for future LED initiatives in small towns.

Objective One

To identify and examine trends of socio-economic change over time in the selected Eastern Cape small towns.

Objective Two

To establish an understanding of the current socio-economic conditions being experienced in the selected towns and identify the key economic drivers and employment sectors in the towns and surrounding areas.

Objective Three

To identify potential opportunities and constraints to socio-economic development within the selected small towns.

Objective Four

To investigate and assess any past, current, or planned internally or externally driven Local Economic Development interventions within the selected towns, highlighting possible achievements and failings.

Objective Five

To identify lessons for the future socio-economic development of small towns in the Eastern Cape, and South Africa in general.

Research Methods

The aforementioned aims and objectives are undertaken through the use of both qualitative as well as quantitative data. Such a dualistic approach has become increasingly accepted in social sciences (Kumar, 1999). Primary data was generated through the use of core interviews with key informants, including members of local government, project managers/directors and local business representatives. Furthermore, questionnaires were also used in the research process in order to gain the opinions of project beneficiaries as well as to gauge the personal opinion of local business owners. Secondary data, in the form of population data from Global Insight, census data from Stats South Africa dating back to 1970, and commercial directories dating back to 1904 was utilised in order to gain insight into the socio-economic trends taking place in each town. In addition, secondary data derived from municipal integrated development plans (IDPs) were used, as was relevant documentation pertaining to development interventions.

Chapter Breakdown

Chapter Two: Review of Literature

The second chapter of this thesis will provide a review of literature on LED and socio-economic trends in small towns in general. This will include a history and definition of LED, a discussion of LED policy, as well as international, African and South African examples of LED. In terms of small towns the chapter will identify economic and social characteristics of small towns both internationally and locally as well as highlight successful examples of development interventions in small towns.

Chapter Three: Methodology

The methods used to access primary and secondary data will be presented in Chapter Three. This will include explanations as to why both quantitative and qualitative data was used in the research process. Additionally, the methodology chapter will also justify the use of semi-structured, open-ended interviews and questionnaires as the chief source of primary data, while the reasons for using various sources of statistical data will also be stated.

Chapter Four: Study Area

Chapter Four will focus on placing the research in context. This will be done through firstly outlining a brief history of the three towns being researched, as well as providing a map illustrating where the research was conducted. Following this, the socio-economic conditions being experienced in South Africa and the Eastern Cape will be briefly discussed, followed by an examination of the conditions being experienced in Amathole small towns. The first objective of the research will thus be achieved through the creation of a longitudinal, socio-economic profile of each town.

Chapters Five, Six and Seven: Stutterheim, Bedford, and Hamburg Case Studies

Chapters Five, Six and Seven provide the case studies of Stutterheim, Bedford and Hamburg. Through these chapters objective two, three and four will be achieved. This will be done through, firstly discussing the current socio-economic conditions and the key economic drivers in each town. Secondly, potential opportunities and constraints to development identified through the research process will be highlighted, before discussing and assessing various development interventions taking place in each town.

Chapter Eight: Discussion

The discussion chapter brings together common themes which have been identified through the research process in the three case studies and relates these back to the findings from the literature. A discussion of the socio-economic conditions being experienced in the small towns will ensue, after which the success of the various development initiatives in relation to the socio-economic conditions will be highlighted, before discussing what factors have emerged as being of importance to the success of a development initiative.

Chapter Nine: Conclusion

The final chapter of the thesis ties together the findings from the research process, and concludes the thesis with a discussion, providing suggestions and lessons for future LED practice in small towns.

Chapter Two: Review of Literature

Introduction

This study is based on two primary literature themes – those of LED and small town research. In this chapter both these themes will be discussed in terms of contemporary theory and thinking at the international and South African scales.

It is widely accepted that the practice of LED, in the form of local 'place marketing' or 'boosterism', has been practiced in the cities of Western Europe and North America for more then a century (Nel, 2001). It is however, only since the 1970's that LED has come to the fore as a noteworthy development theory. Various shifts in development and economic thinking since the 1970's, the effects of globalisation, decentralisation, and the reduced role of the central state in local development has resulted in localities being forced to 'look within' in order to survive (Fasenfest, 1991). Such processes have had a severe impact on marginalised localities, including small towns which are often characterised by declining economies and economic bases as well as increasing poverty (Nel, 2005). The following chapter will address the issue of what LED entails, both internationally and in South Africa, by first briefly discussing the aforementioned shifts in economic and development theory, attempting to define what LED is, discussing various ways in which it may be implemented and highlighting some of the potential draw backs of LED theory. The focus will then shift to small towns, discussing their characteristics and dynamics before discussing the issue of LED in small towns.

Local Economic Development

History

The 1970's was an era of change in terms of development thinking. The oil crisis, the United States leaving the gold standard and the process of de-industrialisation all led to economic recession in both the North and South (Nel, 1999). With Thatcher coming to power in the UK in 1979 and Reagan in the USA in 1980, both espousers of neo-liberal economic policies, the role of the state was greatly reduced. This shift in economic thinking, as well as the increasing division of labour and globalisation all resulted in small, largely dependant localities becoming more alienated (Nel, 1999, Fasenfest, 1991). Rodriguez-Pose and Tijmstra (2005)

add to this, stating that the introduction of LED was in response to the processes discussed above, creating growing economic and social problems on a local level, thus forcing communities to look inward in order to survive.

Matovu (2002) highlights the occurrence of decentralisation processes leading to central government playing a reduced role in development, thus forcing development action to take place on a local level. Ancien (2005) states that a direct outcome of decentralisation is the shift of some of central governments responsibilities to a local level, as well as more recently leading to metropolitan and local governments taking on the responsibility of development planning and policy. This is echoed in a report by the South African Department of Provincial and Local Government (DPLG) in a document entitled 'Toolkit for Local Economic Development', where it is stated that decentralisation has led to local and regional governments being better able to shape their own environments in terms of improving competitiveness and putting in place infrastructure and policy to attract investment (DPLG, 2007).

While the above effects of change were felt in the North and the South in the 1970's in particular, the global South suffered further with the debt crises of the 1980's, and from the implementation of structural adjustment policies imposed by the international financial organisations (Nel, 1999). As in the North, the result of decreasing state intervention has led to the development mandate being shifted to the local level with self-reliance increasingly becoming the order of the day in many localities. In response to what was been termed by Roberts (1993, 759) as 'the rolling-back of the frontiers of the state' and the resultant increasing pressure of the global market, localities have been forced to find niche opportunities in order to survive (Raco, 1999). Scott and Pawson (1999, 186) are in agreement, describing 'local development' as being the response "…to the problems that localities face as national economies are re-regulated in the face of the processes of globalisation."

Swinburn (2006) traces the evolution of LED from the 1960s through to the present. It is stated that from the 1960s to the early 1980s attention was given to the attraction of business from outside the local area as well as investing in 'hard infrastructure' (Swinburn, 2006). Grants, tax breaks, recruitment of cheap labour and subsidies for 'hard infrastructure' were all

used in an effort to achieve the goals of LED at the time (Swinburn, 2006). From the 1980s to the mid 1990s the focus of LED shifted to retaining and growing existing business, while there was increased emphasis on inward investment in particular sectors and areas (Swinburn, Goga, and Murphy, 2006). This led to the setting up of business incubators, direct payments to local business, advice, support and training for local businesses and investment in 'hard and soft infrastructure' (Swinburn et al, 2006). From the late 1990s to the present the focus has continued to shift with emphasis now being placed on the development of 'soft infrastructure,' the development of public-private partnerships, the improving in the quality of life for communities and inward investment (Swinburn, 2006). In order to achieve these goals, integrated strategies have been devised to stimulate local firm establishment, develop collaborative business relationships, develop the work force and 'soft infrastructure', improve quality of life and improve regional and LED programmes (Swinburn et al, 2006).

Definitions

LED has become an accepted development strategy, being put on the agenda of key international financial organisations such as the World Bank and the OECD, to deal with challenges resulting from globalisation, decentralisation, available opportunities and crises occurring on the local level (Nel and Rogerson, 2005). While it may be the case that LED is becoming a 'buzz word' in development circles, Bond (2005) states that LED is a working concept, with conflicting issues about its meaning still existing. The World Bank defines LED as being "…about local people working together to achieve sustainable economic growth that brings economic benefits and quality of life to all in the community. Community here is defined as a city, town, metropolitan area, or sub-national region" (cited in Nel and Rogerson, 2005, 4). Reese and Sands (2007) highlight this fact, arguing that LED means different things to different people.

Zaaijer and Sara (1993, 129) define LED in the South as being "…essentially a process in which local governments and/or community-based groups manage their existing resources and enter into partnership arrangements with the private sector, or with each other, to create new jobs and stimulate economic activity in an economic area."

According to Raco (1999), the manner in which LED is implemented is determined by the social, political and economic factors occurring at the local level[1]. Meyer (1991) identifies five possible alternatives for LED intervention:

1. Efforts directed at attracting new business.
    - e.g. Relocation subsidies, construction of infrastructure and business facilities.
2. Efforts directed at stimulating local business.
    - e.g. Small business assistance programmes such as local enterprise agencies and buy local schemes.
3. Geographically based incentives.
    - e.g. Enterprise zones providing tax and other subsidies to firms in a particular area, and targeted revitalisation zones.
4. Human capital strategies.
    - e.g. Improved basic education, worker training programmes, provision of services.
5. Research and analytical efforts.
    - e.g. Central, regional or local development planning organisations, enterprise boards to conduct research into the local economy.

LED Policy

When looking at LED theory one can identify two differing and often contradictory paths which have been followed. Scott and Pawson (1999) refer to the differing theories as a 'business development' path, and a 'community development' path. Nel and Rogerson (2005) elaborate, classing LED as either being concerned with encouraging involvement in the neo-liberal, globalised market, thus 'being pro-market' LED or alternatively as being community based and 'pro-poor', aimed at addressing the needs of the poor population, which Simon (2003) defines as being post-structuralist.

Scott and Pawson (1999) categorize 'pro-market' LED as policy aimed at helping the local economy deal with fluctuations and become more competitive in the neo-liberal market, generally placing emphasis on the development of entrepreneurial skills, small business and

[1] For the remainder of this thesis LED strategies based on business promotion will be referred to as 'pro-market' while those focused on community development will be termed 'pro-poor'.

self employment. They, Scott and Pawson (1999), define the alternative school of thought, 'pro-poor' LED as being market critical, bottom-up development, focused on cooperation, participation, empowerment and local self-reliance. It is argued that 'pro-poor' approaches to LED are more sustainable and due to the involvement of the local community in the planning process are likely to be more beneficial (Bond, 2001, cited in Abrahams, 2003). The importance of 'pro-poor' LED is seen in the need to incorporate disadvantaged communities into the formal economy of localities in an effort to address the existence of unequal development (Abrahams, 2003). Ashley and Maxwell (2001) make reference to examples of how 'pro-poor' initiatives have successfully managed to improve the livelihoods of poor communities through increased incomes, the creation of partnerships and community empowerment. However, Rodriguez-Pose and Tijmstra (2005), writing for the World Bank, describe 'pro-poor' LED as focused on the social aspects of development while neglecting the economic side. Rodriguez-Pose and Tijmstra (2005) contend that 'pro-poor' LED policy is aimed at addressing short-term survival issues but neglects to address fundamental economic issues which are seen to be essentially responsible for underdevelopment.

Shifting attention to 'pro-market' LED, the manner in which policy is implemented can be divided further. Eisinger (1988) differentiates between supply driven LED and demand driven LED policy. During the 1970s and 1980s supply-side LED was the traditional manner in which localities attempted to attract investment (Reese and Fasenfest, 1996). Reese and Fasenfest (1996) and Wolman and Spitzley (1996) describe supply-side incentives as including financial incentives such as tax abatements, the arrangement of loans, land development strategies and infrastructure improvement. Eisinger (1988) however argues that such supply-driven LED methods, lead only to the relocation of investment and do not promote investment on the whole. For this reason it is proposed by Eisinger (1988) that demand-side LED, which is identified as an entrepreneurial approach, is the 'wave of the future'. Demand-side LED is focused on efforts to create new export markets for locally produced goods and services, and on the creation, promotion and expansion of small businesses (Wolman and Spitzley, 1996). Reese (1992) identifies demand-side LED as involving processes such as small-business support, the development of export markets, financing of business ventures and job training programmes. Criticisms do arise with regards to demand-driven LED. Wolman and Spitzley (1996) argue that there is only limited scope for increasing the demand for locally produced goods and services. While Eisinger (1988)

foresaw demand-side LED as the way forward, research by Reese (1992) suggests that while there is a mix of LED policy, in the United States and Canada, cities rely predominantly on supply-side LED.

Assessment

While LED has been accepted and implemented as a development initiative throughout the global North and South, it has been met with some opposition. Wolman and Spitzley (1996) point to the lack of distinction between economic growth and economic development in LED literature as a potential stumbling block in LED practice. Kindleberger and Herrick (1977) differentiate between economic growth and economic development, with economic growth being measured in terms of output, while economic development includes output as well as changes in technical and institutional arrangements. This is also highlighted by Reese and Fasenfest (1997) who argue that the term economic development has always been problematic, due to it implying different things, including economic processes, development activities and an economic outcome. Furthermore, Beauregard (1994) identifies the existence of indigenous and informal economic activities as being problematic when assessing levels of development. Reese and Fasenfest (1997) later indicate how international and 'third world' concepts of development have changed over time, from purely focusing on growth to incorporating issues of equity and quality of life.

Closely related to varying definitions of economic development and LED is the manner in which success is measured. Eisenschitz (1993) proposes that the traditional measures of success, such as the number of jobs created, no longer apply as they do not consider the notion of community development. With the shift away from purely economic criteria determining the success of LED, greater attention has been given towards more social criteria being used to evaluate the success of development policy. Herrick and Kindleberger (1983) identify life expectancy, health and nutritional status, level of education, and housing quality as social criteria appropriate for measuring the success of local development initiatives. However, it is noted by Molotch (1991), evaluating the social impacts of LED initiatives is far more difficult than simply evaluating economic growth.

While some aspects of LED are easily quantifiable, such as the economic aspects, there are those other aspects, which are largely social, and prove more difficult to quantify. Nel (1999)

and Blakely and Bradshaw (2002), make reference to this, stating that while the fiscal aspects of development are easily assessed, more social aspects such as empowerment, training, innovation and community reconciliation, are not so easily quantifiable. While in the North such social aspects of LED are not as commonly focussed on as in the developing world, they are still of vital importance. Nussbaum (1997) also highlights the difficulty of measuring certain indicators of success, breaking them into three groups. Firstly those which are quantifiable, such as services provided, jobs created and economic development. Secondly those which are partially quantifiable, such as community participation and community self-reliance and lastly indicators which are qualitative, such as empowerment and the degree to which there has been a broader impact (Nussbaum, 1997). While it must be noted that the success of an initiative is determined by its ability to achieve its initial goals, certain criteria have been given greater importance when assessing LED initiatives.

In the case of the United Kingdom, Foley (1992) notes that most studies evaluating development initiatives focus on job creation as well as the cost-effectiveness of job creation. It is later added by Foley (1992) that job creation is used to measure success because of the diversity which exists in project objectives and while it does provide a common basis for comparison, problems are still evident. These include evaluating how long a job will last for as well as whether economically and socially marginalised groups are benefiting from such initiatives. Thus Foley (1992) identifies the following criteria for determining the success of development initiatives, as well as government policy on local development:

- Increased employment and retention of jobs.
- Increased investment from the private sector.
- Increased earnings and confidence of local firms.
- Environmental improvements.
- Encouragement to implement self-help activities.
- Encouragement of entrepreneurial business activity.

Blakely and Bradshaw (2002), writing about the USA, identify the importance of project evaluation, stating that it can lead to more efficient and effective future projects. They note that project evaluation should take into account the planning stages, the goals and the success

of the project once it has been implemented. Blakely and Bradshaw (2002, 336) identify the following criteria in determining the success of development initiatives:

- Increased job opportunities for low-income members of the community.
- Opportunities for skill development and job-upgrading.
- Increased self-sufficiency.
- Facilitation of community development.
- Infrastructure development.
- Community education opportunities.
- Community ownership, control and decision-making opportunities.

Stöhr (1981) discusses criteria for the success of development initiatives on a local level in the developing world and finds that the following criteria are of vital importance to the success of development initiatives. Such criteria can therefore be considered as guiding principles when assessing the success of locally based initiative:

- Broad access to land.
- The introduction or revival of communal decision making.
- Increased self determination in a community.
- Basic needs of a community being addressed.
- Use of technology which is regionally adequate.
- Rural-urban linkages developed.

Furthermore Stöhr (1990) identifies a number of criteria which is suggesting of successful community economic development initiatives:

- Indigenously triggered.
- Development of local entrepreneurial skills.
- Diversification of economic base.
- Skills upgrading.

Thus in the light of the measures of success noted above, the various development initiatives discussed in later chapters will be assessed around five criteria: namely job creation, skills development, entrepreneurial development, promotion of a self-help attitude and lastly, community empowerment.

Factors Inhibiting and Assisting LED

Problems and potential reasons for project failure identified with LED are found to often relate to broader political and economic processes. Dewar (1998) argues that the failure of LED in the USA is the result of programmes being implemented without taking into consideration important political forces. Glaser and Yeager (1990) identify a lack of understanding of local economies as a reason for the limited success of LED in some cases. Bovaird (1992) makes a related point, identifying shortfalls in LED as being related to local authorities acting without sufficient analysis, a lack of competence among local authorities and the poor coordination of LED initiatives being run by local authorities. This is closely related to what Dewar (1998) has termed a 'technocratic perspective', with failure being seen as the result of poor knowledge and analysis of the situation. Furthermore Meyer, (1991) proposes that LED interventions focussed on business development waste financial resources, arguing that there are only isolated cases where LED policy has proven to be cost effective. Later Meyer (1991) recommends that greater attention needs to be given to strategies aimed at improving human capital and increasing research on local economies, as such strategies are more likely to provide benefits for the local community than a purely 'pro-market' path will do. In the case of Africa, two issues have been identified as limiting the success of LED initiatives: firstly an absence of funding and secondly a lack of capacity within local government (Hampwaye, 2008). This is supported by Nel and McQuaid (2002) who note that in the case of South Africa LED is negatively impacted by local government lacking capacity, resources and competence.

In terms of the factors seen to aid the success of a LED initiative, Raco (2000) notes the importance of community participation, arguing that the development of 'social-capital' within communities helps create 'people-led' LED policy, which is seen as the best way to ensure lasting community empowerment. There has, however, been a degree of conflict over the necessary level of community involvement and the level of involvement by the local authorities. Raco (2000) highlights this as having been an area of contention since the 1970's, arguing that community involvement is often the best way to ensure effective democratic involvement in the construction of local strategies and programmes. Wilks-Heeg (1996) suggests that in Britain during the 1980s non-participatory policy was followed, but that it appears that community involvement, as it had been in the 1970s, once again became central to development policy in the 1990s. The presence of community involvement is highlighted as an integral element of local development initiatives by Betancur and Gills (1994) who state

that the success of such initiatives often depends on the extent of community input and control in the policy making process. In addition Flora and Flora (1991) make mention of community involvement, stating that communities with an active civic centre, involving service clubs, volunteer groups and development foundations are more likely to be successful in development endeavours. This is substantiated by Binns and Nel (1999), who argue that research has shown that community involvement, cooperation and strong leadership are all imperative for successful LED.

Bennet, Fullerb, and Ramsden (2004) when discussing the case of LED in the UK also highlight the importance of strong leadership, suggesting that local government should take on such a position, as well as identifying the importance of partnerships in the success of LED. In addition Tomaney and Ward (2000) make note of the importance of public-private partnerships in aiding the success of regional development initiatives in the UK. Clarke and Gaile (1998, cited in Gibb and Nel, 2007) note that in the case of the USA public-private partnerships have aided the economic revival of various localities and assisted in the diversification of local economies.

In the South African context, various factors have been identified as contributing to the likelihood of LED initiatives being successful. Community vision and involvement, reconciliation and strong leadership are elements which have been identified as being integral to successful LED in the case of South Africa (Binns and Nel, 1999). Gibb and Nel (2007, 82) make note of 'key' LED principles including the "…importance of partnerships, initiative, and using local resources and skills wisely." In addition Gibb and Nel (2007) emphasise the fact that there is a need for localities to work with the private sector and to ensure that the private sector works in conjunction and to the benefit of the local community.

International Examples of LED

As already mentioned, LED has been occurring in the global North for a number of decades through 'place marketing' and 'boosterisim' initiatives in particular. The following section will take a more in-depth look at examples of LED throughout the world, focussing in particular on the USA, Canada, the UK, New Zealand and Australia, before looking at LED in the global South and South Africa.

USA, Canada and the UK

Wolman and Spitzley (1996) identify four reasons for the implementation of LED in the USA:

1. The increasing mobility of capital has led to growth in competition between cities to maintain their economic and fiscal bases.
2. Slow national economic growth has been mirrored in various localities, while others have experienced decline. Thus pressure has grown to provide employment.
3. International economic restructuring has led to hard economic times for local areas.
4. Cutbacks in government aid due to slow economic growth, rising deficits and changing ideology, have forced local municipalities to look to their own resources in order to develop.

The USA, since the inception of the practise of LED, has by and large followed a traditional approach to LED focussing on supply-side incentives to develop the local economy, and while subtle differences do exist, Reese and Sands (2007) maintain that LED policy in Canada has followed the same path. Research conducted in the USA's state of Michigan and the Canadian state of Ontario bear this out, finding that localities in these regions focussed on increasing infrastructure and land development as a means of attracting investment, while Canada has also been more reliant on place marketing than the USA (Reese and Sands, 2007). Johnson and Jones (1998) also note the similarities between the manner in which LED has been implemented in both countries, highlighting the common goals of attracting new business, the retention of existing business, the diversification of a locality's economic bases and an increase in industrial development. Additionally Johnson and Jones (1998), also draw attention to the subtle differences that exist between LED policy in the USA and Canada, suggesting that the differences are due to differing legislation. An example being that in the USA state of Michigan, local government is permitted to use a range of economic incentives, including tax abatements to financial and property loans, while in the Canadian state of Ontario such supply-side incentives are not permitted, forcing a reliance on more creative demand-side techniques (Johnson and Jones, 1998). Dewees, Lobao, and Swanson (2003) also note that the majority of the USA's states have adopted a traditional, supply-side approach to LED. The authors however go further, highlighting potential drawbacks to such an approach. From research conducted in the Ohio River valley, Dewees et al (2003) observe that supply-side LED has proved to be popular due to the low start-up costs associated with such an approach. They noted however that the use of tax abatements to attract investment was likely

to lead to decreasing tax revenue, as well as it being likely that investors would relocate once tax incentives had run their course. In addition, Dewees et al (2003), suggest that such approaches do not pay sufficient attention to important social factors, do not promote community involvement and are likely to have diminishing effects as more localities take on board such policies. As already mentioned, there are suggestions that LED policy has been shifting towards a more entrepreneurial, demand-side approach. While literature on Canadian policy indicates that there is a degree of demand-side LED in the country, research by Reese (1992), Reese and Fasenfest (1996) and Reese and Sands (2007) suggests that the policies followed and goals set are closely linked to supply-side LED. This is also the case in the USA with Reese (1992), Reese and Fasenfest (1996), Reese and Sands (2007), Dewees et al (2003) and Johnson and Jones (1998) all stating that while there is some evidence that demand-side LED has been pursued, there is little evidence of success.

Wood (1996) and Fasenfest (1991) both identify similarities which exist between LED policy in the USA and the UK, stating that these two countries have led the way in terms of reducing the role of central government and increasing the responsibility of local government with regards to implementing economic development policy. This is echoed by Tomaney and Ward (2000) who state that the influence of central government has waned as a result of globalisation and marketisation. It is the case however that the central government in the UK holds much greater power over the actions of local government than is the case in the USA (Fasenfest, 1991). Wood (1996) and Fasenfest (1991) attribute the concept and establishment of key contemporary LED interventions, such as enterprise zones, enterprise boards and development corporations as having been initiated in the UK and they have since been modified to suit the USA. In the same vein, policies originating in the USA have also been implemented in the UK, an example being the Urban Development Action Grants Programme being implemented in the UK as the Urban Development Grants Programme (Fasenfest, 1991). In the UK greater emphasis has been placed on inward investment, with Lovering (1995) stating that place marketing in the UK is an integral part of LED policy, an example being the competition between localities to host prestigious events which has become a popular means of promoting investment in an area. Furthermore, in 1997, legislation was passed by central government requiring every local area to develop a ‘community strategy and a partnership structure’ outlining the development plans and strategies for the area (Bennet et al, 2004). Added to this, Bennet et al (2004) note that since the late 1990s, emphasis has

shifted to partnerships being developed between local government and the business sector, whereas in the 1980's and early 1990s LED was thought to be led predominantly by the private sector. The passing of the Regional Development Agencies Bill in 1998 has led to the establishment of Regional Development Agencies throughout the UK in an effort to properly coordinate economic development on a regional level and allow for the regions to enhance their competitiveness (Roberts and Lloyd, 2000).

New Zealand

In the case of New Zealand, LED was implemented as a response to growing unemployment (Scott and Pawson, 1999). LED policy in New Zealand varies from seeking overseas investment, to the development of small businesses and the encouragement of self-employment, in addition to community businesses and co-operatives (Scott and Pawson, 1999). Scott and Pawson (1999) discuss examples of 'pro-market' LED strategies in the cities of Wellington, Palmerston North and Napier, where agencies were set up in the 1980's to promote local business and individual entrepreneurship. Such agencies are involved in self-employment training courses, local investment funding aimed at linking entrepreneurs and potential investors and the setting up of a business immigration scheme in the city of Palmerston North (Scott and Pawson, 1999). Perry (1992) makes note of two development policies which came to the fore in New Zealand in 1990, arguing that they were in some ways contradictory. The first resulted in what was termed the Competitive Business and Employment Growth Programme, aimed at developing small businesses, innovation and export growth. The second led to the establishment of the Community Employment Development Unit, later renamed the Community Employment Group in 1992, focused on unemployed and disadvantaged people (Taylor, 1992). Scott and Pawson (1999) note that by the end of the 1990s regional policy in New Zealand placed emphasis on self-employment at a local level through the Community Employment Group and on business development through various business development boards. However, as argued by Conradson and Pawson (1997), localities which possess a niche in the global market may be successful with the current 'pro-market' development initiative, while those in more marginalised areas do not benefit from the state's policy of small business training and support and are likely to become more marginalised with time.

Australia

With low levels of economic growth, rising unemployment and increasing public debt experienced throughout the 1970s and 1980s, the Australian government implemented neo-liberal policy reforms, reducing state intervention and bringing an end to long standing policies of supporting more marginal, non-metropolitan areas (Tonts, 1999). Between 1990 and 1994, a number of reports were delivered on the possibilities for regional development, all contributing to the federal government's 'working nation' programme. The programme stressed regional development promoting local leadership, infrastructure improvements, education and training programmes and the formation of regional development organisations aimed at co-ordinating development planning between central, state and local government (Tonts, 1999). It is noted by Collits (2000) that local government has been of vital importance to successful LED, through its role in the development approvals process, as a key employer, as well as being a link with other key stakeholders in LED. Policy from the 'working nation' programme was largely concerned with 'bottom-up' development, placing emphasis on communities helping themselves (Tonts, 1999). Due to the nature of such policy, successful development typically takes place in the bigger centres with sufficient economic and social capital to implement and maintain local development initiatives (Tonts, 1999). It is however noted by Tonts (1996) that smaller areas have implemented projects such as main-street beautification and revival projects and provided subsidised infrastructure and free land grants for new industry in an effort to sustain the area economically. Collits (2000) also notes that some areas have been successful in marketing themselves as tourist destinations and retirement centres, thus remaining economically viable.

LED in the North: Synopsis

Broadly speaking the implementation of LED throughout the global North can be attributed to the alienation of local areas as a result of the processes of decentralisation and globalisation (Fasenfest, 1991). In response localities have attempted, through LED, to increase investment, support big business and establish large projects usually with well-resourced agencies (Binns and Nel, 1999). In this sense LED in the North can generally be classed as 'pro-market', with the ultimate goal being for the local area to thrive economically and if possible be incorporated into the global market.

LED in the South

Rodriguez-Pose and Tijmstra (2005) suggest the best examples of LED in the global South can be found in some South American states as well as in Asia, where strategies focussed on both the economic and social aspects of development have found a degree of success. In the case of Sub-Saharan Africa, the concept of LED dates back to the colonial period (Matovu, 2002). In recent times, increased levels of poverty and high unemployment have forced local governments to intervene in an effort to curb such trends and encourage investment in their localities, thus adopting LED policy (Matovu, 2002). Such policy in the South is generally focused on community-based initiatives, utilising local skills and knowledge, with the intention of community survival rather than incorporation into the global economy (Binns and Nel, 1999). Rodriguez-Pose and Tijmstra (2005) argue that while such policy may address the day-to-day needs of the community it does not address the core economic causes of poverty. They, Rodriguez-Pose and Tijmstra (2005), later note that one of the biggest obstacles to successful LED in the global South is the lack of government capacity. Matovu (2002) agrees with this point, arguing that one of the integral factors required to enhance the economic development of localities is good governance.

LED in South Africa

As in the global North, LED in the developing world is also a response to the enhanced emphasis on decentralisation and the realties of the global market. Furthermore a lack of governance and delivery capacity at a national level in many developing countries has forced local actors to get involved in development issues, as the problems of poverty and unemployment are most severe at a local level (Rogerson, 2006). South Africa has, by and large, been the trend setter for LED in Africa with many of the LED experiences being adapted for use in surrounding Southern African countries (Nel and Rogerson, 2005). While 'pro-market' LED still dominates in South Africa, there has been a recent increase in 'pro-poor' LED activities. Such initiatives target low-income and marginalised communities aiming to reduce the inequalities resulting from years of apartheid rule (Abrahams, 2005). Nel and Rogerson (2007) identify two themes which have come to the fore since the inception of LED as the dominant development discourse in South Africa. Firstly, it appears that success has been the exception rather than the norm with regards to LED, often only occurring in the well-resourced centres as opposed to the smaller more marginalised localities (Nel and Rogerson, 2007). Secondly, while the legal obligations for LED have appeared clear, there has

been little support in the form of national policy causing confusion and limiting the ability of localities to successfully implement development initiatives (Nel and Rogerson, 2007). The remainder of this section will look at LED policy in South Africa, discussing the core ideas and legislation behind it, as well as providing examples of where LED has been implemented in the country.

LED Policy in South Africa

As already mentioned, LED in South Africa is by and large a two fold process, trying to incorporate 'pro-market' policy to ensure economic growth while also addressing the basic needs of the population through 'pro-poor' initiatives (Rogerson, 2005). This is highlighted by the policy of the DPLG, which states that there are two key drivers for LED in a developing state (DPLG, 2005). First, there is macro-economic policy applied at regional and metropolitan levels which is aimed at creating investment, economic growth and employment, tending towards supply-led LED. The second driver is said to focus on mobilising local communities and available resources at a district/municipal level (DPLG, 2005). Abrahams (2005) also makes note of the two differing paths to LED, highlighting the fact that municipalities are faced with the problem of trying to incorporate themselves into the global market through 'pro-market' strategies, while simultaneously trying to provide for the needs of the majority through 'pro-poor' initiatives.

While evidence exists of 'pro-market' LED, there has been an increasing trend in national government policy towards LED having a 'pro-poor' focus (Rogerson, 2006). This, according to Binns and Nel (2002a), can firstly be seen in the operation of the Local Economic Development Fund from 1998 to 2002 aimed at 'bottom-up', community based development. Secondly, this trend is shown in the Expanded Public Works Programmes applied in rural areas aimed at improving infrastructure in such areas as well as addressing unemployment (Rogerson, 2006). Thirdly, through the Urban Renewal Programme, and lastly through the Integrated Sustainable Rural Development Programme, both in essence aimed at assisting with existing demand-led local initiatives (Rogerson, 2006). Bond (2003) suggests that another way in which 'pro-poor' LED can be implemented is through an increased focus on providing more effective access to municipal services such as: water supply, sanitation, drainage, street lighting, and local roads.

The White Paper on Local Government in 1998 introduced the concept of 'developmental local government,' essentially providing clarity on the role of local government in development. Davids, Theron, and Maphunye (2005, 59-60) define this role as being "…centred on working with local communities to find sustainable ways to meet their needs and to improve the quality of their lives." The Municipal Systems Act passed in 2000 further entrenched the role of local government in implementing development, discussing the need to address social development and economic growth as well as to provide conditions conducive to the reduction of unemployment (Nel and Binns, 2001). The Act also introduced a legal requirement for every municipality to produce what is termed an 'Integrated Development Plan' (IDP), which Nel and Binns (2003) define as involving the identification, through consultation with the local community, of a localities development needs, priorities and strategies. An IDP is seen by the DPLG (2007) as a means of achieving the development commitments of local government. The Municipal Systems Act (2000) defines an IDP as being "…a single inclusive and strategic plan for the development of the municipality which links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality" (Chapter 5, subsection 23, Municipal Systems Act, cited in DPLG 2007). The DPLG (2007) highlights seven elements which an IDP should contain:

1. The long term development vision of the municipality, highlighting the most critical development and internal transformation needs.
2. An assessment of current development levels, as well as identifying communities without access to basic municipal services.
3. The development priorities and objectives of the council, including LED aims and internal transformation needs.
4. The development strategies of the council to be aligned with national or provincial sectoral plans and planning requirements.
5. A spatial development framework providing for land use management.
6. Operational strategies.
7. Disaster management strategies.

Binns and Nel (2002b) suggest that IDPs can assist in socio-economic development in three ways: firstly through presenting attractive programmes and projects they can access funds from other spheres of government, donor organisations and investors. Second, IDPs help

create an attractive environment for private sector investment and lastly, through economic interventions, incentives and infrastructure which are provided. Furthermore, Abrahams (2005) notes that IDPs identify LED as essential for sustainable development, as well as allow for a comprehensive understanding of a locality and provide an opportunity to devise and strategise a vision for the area.

LED Practice in South Africa

Tomlinson (2003) makes reference to 'pro-market' LED initiatives in South Africa being based on export-led growth. Such initiatives are in the form of industrial development zones, a South African model of export processing zones. Rogerson (2006) argues that the locational advantage of such zones is based on their high-quality infrastructure as well as efficient bureaucratic processes. Examples include Coega and East London. Furthermore, South African cities have realised the importance of being incorporated into the global economy, thus leading to the increasing trend of cities identifying a number of economic sectors in which it is felt they can develop a competitive niche (Nel and Binns, 2005). Such plans are seen in the IDPs with an example being Pretoria, where identified action includes support for the automotive, defence and metal industries and the case of Cape Town where attention has been given to the city attracting investors through its growing film industry (Rogerson, 2006).

Nel and Binns (2002) identify place marketing, the process of an area reinventing itself in an effort to attract investment, tourism and specifically business tourism as being major 'pro-market' LED drivers in South Africa. Nel and Binns (2005) also make reference to the International Convention Centres sited in Johannesburg, Cape Town and Durban, which assist in attracting business to the regions. Furthermore they, Nel and Binns (2005), note the close link between tourism, business tourism and place marketing and efforts at inner-city renewal as has been seen in Cape Town and Johannesburg in an effort to attract investment.

With regards to specific 'pro-poor' LED initiatives, Nel and McQuaid (2002) suggest that the town of Stutterheim, with the SDF, was once regarded as one of the most successful examples of LED in South Africa. Stutterheim was seen not only as the first example of LED in post-apartheid South Africa, but also as a model for others to follow. Nel and Binns (2005) suggested that in 2005 the East Rand was then probably the most advanced example of 'pro-poor' LED policy thinking in South Africa, with policy providing structures to promote local

producers, urban agriculture, develop economic linkages and assist small business. Rogerson (1999) notes that such policies, in particular urban agriculture, is a common element found in 'pro-poor' LED initiatives throughout South Africa. Furthermore while tourism has been identified as essentially a 'pro-market' LED intervention in South Africa, Nel and Binns (2002) and Rogerson (2006) make reference to the increasing incidences of 'pro-poor' tourism as an emerging trend in LED in South Africa. 'Pro-poor' tourism is not based on the exploitation of a particular niche or sector as such but rather on ensuring that linkages exist between tourism business and poverty reduction (Hill, Nel and Trotter, 2006). Rogerson (2002, 106) identifies core issues which need to be addressed in order to ensure the success of 'pro-poor' tourism, including the matters of "…ownership, economic leakages, local employment and benefit distribution." Rogerson (2002) additionally identifies ten key points which are of importance in the development of tourism driven LED:

1. A locality needs a portfolio of tourism products, while areas which are unattractive, lack infrastructure and security and are inaccessible can not consider tourism as a viable LED option.
2. A locality must possess a well trained, educated workforce with a healthy population.
3. There is a need for poor communities to benefit, thus there must be a commitment to 'pro-poor' tourism policy, while 'tourism taxes or spin-offs' should be used to improve community development.
4. Linkages between tourism and other activities must be made.
5. Tourists should be encouraged to venture away from common tourism features and become involved in the everyday existence of the locality.
6. Focus should not necessarily be on major tourism ventures but support should be given to smaller, locally developed initiatives.
7. Local networks and partnerships should be encouraged.
8. Continuous monitoring should take place.
9. Community participation should be seen as vital.
10. There is a need for effective governance and co-operation.

A Critique of LED in South Africa

Despite South Africa being the 'flagship' for LED in Southern Africa, it is well documented that the incidence of success thus far has been relatively limited. Nel (1999), Nel and McQuaid (2002), and Simon (2005) identify the dire need for successful LED in South Africa as well as the slow take-up of policy as being rooted in the legacy of apartheid. According to Simon (2005), the areas neglected under apartheid are in serious need of development and are currently experiencing increasing levels of out-migration and further economic decline. Nel (1999) suggests that the lack of development during apartheid in marginalised and communal areas can be attributed to such areas being discouraged from developing economic initiatives. This, along with the legacy of a divided nation is leading to a situation where the concept of a unified local community with a common identity and goals is non-existent (Simon, 2005). Furthermore, Tomlinson (2003) argues that LED is merely a means for national government to shift the responsibility of addressing poverty and unemployment to local government, the majority of whom lack the resources to deal with the issue. In addition, despite what has been written about the importance of local authorities, the community and the private sector, working together, both of the latter sectors have been overlooked in the policy and legal processes of LED (Nel and Binns, 2001). Lastly Tomlinson (2003) suggests that the neo-liberal policies of GEAR are in fact working against 'pro-poor' LED, thus shaping and influencing the success of initiatives.

The remainder of this chapter will now shift its focus to small towns, looking at the processes, dynamics and characteristics of small towns globally as well as in South Africa. Attention will also be paid to the various LED initiatives which small towns have implemented in an attempt to develop and remain sustainable.

Small Towns

The importance of small towns should not be understated as a large percentage of national populations reside in such centres (Hodge, 1983). Furthermore, while there has been shifting opinion on the role of small towns in stimulating development in the surrounding hinterlands, Owusu (2008) notes that over the past decade the importance of small towns in aiding rural development has been recognised. It has however become evident that a number of processes have led to the changing function of small towns and in some cases, as pointed out by Tan

(1986) and Hirschl and Summers (1982), small towns have become completely reliant on government welfare as the main economic driver in the town. This is supported by Courtney and Errington (2000) and Hinderink and Titus (2002, cited in Gibb and Nel, 2007) who note that research over the past 20 to 30 years has suggested that small towns throughout the world are experiencing socio-economic and demographic transformation.

Definitions as to what exactly constitutes a small town vary from place to place. In the case of China, Tan (1986) notes that small towns are defined as being an urban area with a population greater than 3000 of which more than 70% are involved in non-agricultural activities, while in the case of Australia, a small town is defined by an urban area with a population of less than 4000 (Kenyon and Black, 2001). In Africa, Owusu (2008) suggests that there has been contention over exactly what constitutes a small town, in some cases even within the same country. Owusu (2008) points to the example of Zimbabwe with small towns being defined as areas with populations between 2500 and 9999, while other definitions suggests small towns are areas with a population between 2000 and 50 000. Kamete (1998) clarifies the issue noting that in Zimbabwe small towns are best defined as areas with a population between 2500 and 9 999, as the broader definition creates a large amount of diversity and therefore there is difficulty when drawing comparisons. Owusu (2008) notes that in Ghana an urban centre is defined as an area with a population of over 5000 inhabitants and thus small towns are defined as areas housing between 5000 and 49 999 people. In South Africa, as already mentioned, while the strict definition of a small town is an urban area of less than 100 000 people, they are better defined as urban areas with less than 50 000 people (Nel, 2005).

The following section will look at the dynamics and patterns occurring in small towns, before looking at international examples of small towns in the USA and Australia, and then will conclude with South African examples. The USA and Australia provide for good comparative examples due to specific similarities with South Africa in terms of settlement history. All these countries, which were at some stage under British colonial rule, are characterised by large dry interior regions, with agriculture having traditionally being the main economic driver. Furthermore, as will be discussed, all three are experiencing economic decline in a large proportion of their small towns originally set up to service such farming communities.

Small towns have traditionally performed the function of a market for goods produced in, and service centre to, the surrounding hinterland as well as being a 'collection' centre for goods produced in larger centres (Tan, 1986, Courtney and Errington, 2000). The evolving nature of these functions and the reliance of towns on a small economic base have led to such localities becoming particularly vulnerable to external change (Daniels, 1989). Kenyon and Black (2001) add to this, suggesting that it is often those centres reliant on primary industry that are experiencing the greatest economic decline. Additionally Daniels (1989) and Tan (1986) suggest, that over time, the traditional functions of small towns, as discussed above, have been eroded with a breakdown in the link between the small town and the surrounding hinterland. Broadly, the result of changes to the traditional function of small towns is bringing about a loss in financial and social resources (Morton, 2003), impacting negatively on the future prospects of such areas.

International Examples

In the case of the USA, Daniels (1989) notes that the evolution of a global economy has had adverse effects on small centres as business has often relocated to more economically viable regions. This is supported by Daniels and Lapping (1987) and Broadway (2000) who state that the increased global access to grain, oil and natural gas on the world market has reduced commodity prices, leaving local areas and small towns that were once dependant on such activities with declining populations and economies. Australia has experienced similar trends, with Kenyon and Black (2001) arguing that most small, inland towns have been affected by a declining population and economy over the past 20 years. Collits (2000) suggests that rural people are increasingly seeking services in the major regional centres, affecting the 'service centre' function of small towns and resulting in the economic decline of local business, adding that such events and the changing functions of small towns are creating serious economic development challenges for such areas. This view is supported by Smailes (1996), who notes that small towns, which initially provided services to the agriculture sector, are being negatively affected by the out-migration of farmers and farm workers, resulting in economic decline, leading to job loss and further out-migration. This is of additional concern as there is a clear correlation between the size of a settlement and an individual's income (Hodge, 1983).

Collits (2000) points out that while small towns in Australia in general have been suffering from declining economies and out-migration, there are a number of examples where

population and economic expansion is occurring. Such towns are those attracting investment and residents through marketing themselves as tourist destinations and, or as retirement centres. This is also supported by Hugo and Smailes (1985) who argue that while numerous small towns perform a limited number of their original functions and are experiencing an economic downturn, those which have developed a tourist industry or alternatively market themselves as retirement centres have experienced growth. In the case of the USA, Daniels and Lapping (1987) noted that the small towns experiencing economic growth were those with a population of over 2500 people and had a more diversified economic base. Additional towns experiencing growth in the USA often contain a traditional political, legal or retail centre, and are also dependant on government jobs, recreation and retirement for employment (Daniels, 1989). Tonts (1996, 32, cited in Kenyon and Black, 2001) notes that through local government development initiatives, i.e. LED, some small centres have been able to adapt to global and local changes, thus surviving in the modern world. It has become accepted that in order for such initiatives to be successful, there is a need to develop small towns from the 'bottom-up' and 'inside-out' (Kenyon and Black, 2001). Additionally, community involvement, social capital, civic engagement and community level action is identified by Morton (2003) as being directly related to successful LED in small, marginalised centres.

Examples from the Global South

In the case of India, while small towns are seen to have a close link with the surrounding hinterland, they are often characterised as centres with high levels of poverty, lacking the ability to attract investment and partake in the broader global economy (Dasgupta, Kleih, Marter, Wandschneider, 2004). Such towns are generally unable to provide employment for their population and while they may offer an alternative to the declining agricultural activity in the surrounding hinterland, this is in the form of private, entrepreneurial activity which is plagued by a lack of start up capital (Dasgupta et al, 2004).

In the case of Africa, research has focused largely around cities ignoring the periphery areas including small towns and the ability of these centres to stimulate development in their hinterlands (Baker, 1995). This is of concern due to a large portion of Africa's population residing in small centres. This is illustrated by Owusu (2008), using the case of Ghana, where it is estimated that 46% of the total population reside in small towns. It is however noted later, that in the past two decades, there has been an increasing amount of attention paid to the

importance of small towns and their potential role in the development of their surrounding areas (Owusu, 2008). Much of this can be attributed to the importance of African small towns in aiding the development of the surrounding rural areas being identified (Baker, 1997). Examples exist of small towns in West Africa experiencing economic growth, however they are in a minority with the majority of towns experiencing stagnation or decline, many of which were former mining towns or administrative centres (Giraut, 1997). In the case of Zimbabwe, Baker and Claeson (1990) describe small towns as possessing lower-order economic and service sectors, while possessing very little chance of being economically sustainable. Furthermore it is added by Baker and Claeson (1990) that while government has taken steps to improve local infrastructure there has been little private sector investment. Baker and Claeson (1990) provide examples of small towns in Africa where through links with the surrounding hinterlands the towns have remained sustainable, often as a result of being able to provide the rural, pastoralist population with survival options.

South African Small Towns

Gibb and Nel (2007) identify most small towns in South Africa as being in a state of economic decline, characterised by high levels of poverty, and the out-migration of skilled people. However, South African small towns differ from Northern examples in that few are experiencing demographic decline, but rather population growth as people leave rural areas to settle in nearby urban areas in search of increasingly limited job opportunities (Gibb and Nel, 2007). Rogerson (1999) makes reference to the poor socio-economic conditions being experienced in small towns, noting that, in relative terms, poverty rates are most severe in such areas. Nel (2005) confirms this stating that 50% of South Africa's population live in small towns and the surrounding areas, and while 19.5% of the population in large urban areas live in poverty, as much as 40.5% live in poverty in small towns. The increasing levels of poverty and economic decline being experienced in smaller localities not only impacts negatively on the locality itself but on the surrounding rural areas, affecting the availability of readily accessible services (Owusu, 2008, Xuza, 2005). Nel (2005) identifies the most common trends taking place in South African small towns as being the:

- Collapse of the mining centres.
- Collapse of rail/transport systems.

- Decline in the agricultural sector leading to new rural activities such as game farming affecting the function of small towns.
- Small agriculture service centres are affected by better communications and transport routes thus changing the traditional functions of small towns.
- Economic dependence on state welfare, the loss of formal jobs, growing poverty and the out-migration of skilled workers.
- Growth in tourist towns and the emergence of retirement centres.

However, despite such processes taking place in small towns, research into potential corrective interventions is limited (Nel, 2005, Xuza, 2005, Hinderink and Titus, 2002), with Van der Merwe, Ferreira and Zietsman (2005) noting that there is currently no apparent survival strategy in place for small towns. The lack of focus by government on small town development is evident with policy favouring major urban centres (Nel, 2001). Xuza (2005) illustrates this, noting that the South African Urban Renewal Strategy and Integrated Rural Development Strategy focus on metropolitan areas and rural development, neglecting the role of small towns. Nel and Rogerson (2007, 6) suggest current policy is having little impact on small centres as a result of:

- "Small centers are often too under-resourced and economically stressed to provide the desired levels of services and infrastructure intimated at in the Framework Document."
- "In terms of the comparative advantages which centers are encouraged to identify, many towns developed around a single product such as a mineral or agricultural resource. In all too many cases, the mine has closed or the local service centre has been by-passed by the changing needs of the agricultural economy."
- "Emphasis placed on community based development will be inhibited by the frequent out-migration of the most skilled members of local communities and the extremely limited nature of local buying power to support such initiatives in what have often become pension-driven local economies."
- "In most cases, after the municipal demarcation process, most smaller centres in South Africa no longer have an independent local authority and fall under a neighboring centre, weakening local autonomy and decision making potential."

As discussed earlier in this chapter, LED has become accepted as the development path for South Africa, being the approach local government is required to follow in accordance with national policy (Nel and Rogerson, 2007). Nel (2005) makes reference to cases in South Africa where a limited number of small towns have 'reinvented' themselves through marketing the town as a tourist or retirement centre, with Nel and Binns (2002) citing Still Bay as an example of a town successfully marketing itself on its natural beauty. Rogerson (2002b) identifies 'pro-poor' tourism as becoming increasingly common as a development alternative, particularly in the case of smaller localities. Thus Rogerson (2006) notes that in most South African small towns and surrounding rural areas, LED focuses on addressing issues such as economic decline, unemployment and severe poverty. However there is often a lack of capacity and poor access to resources, resulting in a low level of success with regards to small town LED initiatives (Rogerson, 2006). The incidence of LED being driven by the private-sector is a common occurrence throughout South Africa, however the ability of the private-sector to address the socio-economic needs of the local community is an area of contention (Gibb and Nel, 2007). The result has been, as pointed out by Binns and Nel (1999), an increase in the need for local self-reliance with community and local government survival initiatives being seen as 'bottom-up' style LED. Furthermore Nel and Rogerson (2007) identify the need for small towns to receive the appropriate policy and support in order for them to deal with current challenges.

In laying out eight points, Kenyon (2001, 18) identifies what are considered to be the necessary ingredients for successful LED in South African small towns:

1. Ownership and involvement.
2. Vision and passion.
3. Local leadership.
4. Practical and realistic goals.
5. Partnership and shared vision.
6. Credible structures and process.
7. Willingness to make use of outside skills.
8. Entrepreneurism and opportunism.

Concluding Discussion

In conclusion, it is evident that in an increasingly borderless world, in terms of trade and industry, as well as in an economic policy context based on minimal state intervention, is often having an adverse effect on small localities, which lack the ability to compete in the global market. In the light of such processes, LED has been identified as a means through which localities can seek to remain sustainable. In the case of the global North, LED policy is generally aimed at ensuring the ability of the locality to remain competitive in the global market, thus encouraging 'pro-market' LED practice. In contrast, in the case of the developing world, including South Africa, while attention has been paid to 'pro-market' policies, in recent times, it has been the growth of community based initiatives aimed at addressing poverty and increasing the standard of living for the population that have gained in popularity through 'pro-poor' LED. The emergence of such policy is timely, considering the conditions and dynamics at play in small towns. However, while success stories exist both internationally and locally, they are largely in the minority, and one is forced to question the viability of LED as an across the board means of addressing the needs of the poor. This is particularly the case in South African small towns characterised by ineffective local governments, increasing poverty and a severe lack of resources.

Chapter Three: Methodology

Introduction

This chapter aims to provide insight into how the research was conducted. It is noted by Kitchin and Tate (2000: 6) that "…there are a number of schools of thought on the best way to approach the relationship between society, space, place and environment." With this in mind, this chapter will discuss and elaborate as to why an inductive approach was chosen. This involved the use of both qualitative data and quantitative data, allowing for triangulation and verification. The research design will be discussed first, followed by an overview of the research methods adopted and the manner in which data was generated. Lastly, the objectives of the research will be laid out, and the manner in which they were achieved discussed.

Research Design

The research involved three case studies. This allowed for particular foci, i.e. small towns and their development interventions, to be researched in detail from several viewpoints. (Kitchin and Tate, 2000). The three towns selected for the research were Stutterheim, situated in the Amahlathi local municipality, Bedford, in the Nxuba local municipality, and Hamburg, in the Ngqushwa local municipality. All three towns lie within the ADM, in the Eastern Cape Province. The identification of Stutterheim, Bedford and Hamburg as research sites was based on a number of criteria. First, while all three centres are classified as small towns, they are different from one another with reference to certain criteria. In terms of population and economy Stutterheim is the largest of the three centres. It is the only small town studied with 'major' industries and businesses, as well as having been considered to host one of the most successful examples of LED in South Africa in the early 1990s. In comparison, Bedford and Hamburg are much smaller, with less formal business. It should be noted that all three towns, while falling into separate local municipalities, all fall into the ADM. As mentioned in Chapter One the ADM is in the process of developing a small town support strategy making the district the ideal setting for the research concerned.

The remaining chapters of the thesis place focus on the three small towns with the research being broken up into various chapters in order to satisfy the objectives. Chapter Four, the study area chapter, focuses on identifying social and economic trends which have been

occurring within each town over a period of time in relation to national, provincial and regional trends. The case study chapters which follow, Chapters Five, Six, and Seven, firstly describe the current social and economic situation of Stutterheim, Bedford and Hamburg respectively. Following this the sectors identified as having development potential are discussed. Lastly, the various development initiatives taking place in each town are discussed and assessed, identifying potential factors which contribute to the likelihood of success, and issues which have potentially inhibited the success of the development interventions. The thesis concludes with a discussion chapter, Chapter Eight, where the towns are compared and common themes discussed. Lastly a concluding chapter, Chapter Nine, ties up the findings of the research.

The Time Dimension

The process of data generation and analysis, and the writing up of the study took place during 2007 and 2008. In essence the first 18 months were devoted to the research process, including planning of the study, literature review, field research, data generation and analysis. The remaining six months were spent 'writing up' the report. Of the time spent researching, the first six months involved the collection and analysis of literature on the topic, in order to construct a theoretical framework. The importance of a literature review at the outset of research is highlighted by Struwig and Stead (2001, 34-35) who state that "A literature review can stimulate conceptual insights and provide ideas regarding possible approaches or techniques to be applied later in the research process". The remaining 12 months involved field research, involving open-ended, semi-structured interviews and questionnaire surveys with relevant respondents in the various localities. In addition the analysis and manipulation of data in the form of statistics from Global Insight and the National Census was also conducted during this time.

Research excursions were conducted in a three phase manner. Initial visits to each town involved meeting key individuals in the towns. This included the identification and meeting of key stakeholders involved in development initiatives. The second phase of field work, involving multiple trips to each town, was conducted over a longer period of time. During this stage of field work core interviews with project managers/directors as well as local government officials were conducted. Questionnaire surveys were also conducted with project beneficiaries as well as with a random sample of local business owners in each town. The third

phase of the field work involved follow up interviews with the same project managers/directors to establish if there were any new developments or changes in the projects.

Purpose of the Research

The research was conducted with the purpose of gaining insight into the social and economic conditions and development interventions in three small towns. While attention was placed on contemporary socio-economic conditions, trends occurring over time were also identified. This was intended to establish whether the conditions prevailing in the small towns is a recent phenomenon or whether the localities have been experiencing such conditions for a period of time. Furthermore this also allowed for insight into whether such conditions have deteriorated or improved with time. Lastly through creating a socio-economic profile of each town one could establish whether any LED initiative might have a large enough impact on the local population to influence the statistical trends for the towns.

Secondly, the research was conducted with the purpose of identifying and assessing development initiatives taking place in the towns. This was done with the intention of identifying common factors which can be seen to contribute or alternatively inhibit the success of any given LED initiative in small towns.

Research Methods

The research was conducted in an inductive manner. According to Struwig and Stead (2001), this is a process beginning with empirical observation leading to the generation of theoretical propositions from identifying regularities within the data collected, in other words essentially contributing to known theory from the research findings.

A qualitative research approach was adopted, which was supported by quantitative techniques. Qualitative research is defined by Baxter and Eyles (1997, 505) as being "…contingent methods to capture the richness of context-dependant sites and situations." Quantitative data on the other hand is generally focused on gathering numerical or statistical data which in turn is used to find general trends (Kitchin and Tate, 2000). The data from the qualitative research allowed for triangulation with statistical results from the quantitative data. Triangulation, as described by Baxter and Eyles (1997), involves the use of different research methods or sources to test the same phenomenon for verification purposes. Campbell (2002) elaborates on

this, identifying ‘triangulation’ as a means of improving the accuracy of findings through the use of more than one view point.

Berg (1995) argues that although qualitative data is largely unstructured, qualitative approaches allow for the assessment of unquantifiable facts. Clark (1998) notes that since the early 1990s there has been a shift away from quantitative approaches in economic geography to qualitative approaches aiming to better represent the spatial and social diversity of economic life. This is supported by Crang (2003) who argues that the past decade has seen an increase in qualitative research in geography which has also become more accepted. In contrast quantitative methods are better suited to large aggregates of data, generally in a statistical form (Berg, 1995). While both qualitative and quantitative approaches are very different, Kumar (1999) notes that it is important not to lock oneself into either one or the other as it is becoming increasingly accepted in the social sciences that both research methods are often integral in research investigations.

Data Generation

Personal In-Depth Interviews

Numerous interview approaches exist, all with certain advantages and disadvantages.
Kitchin and Tate (2000) identify structured, open-ended interviews, the interview guide approach, informal conversational interviews and group interviews as the main interviewing methods for generating data. It is noted by Kitchin and Tate (2000) that these categories are variable with it being possible that a number of different approaches can be used in the duration of a single interview.

The qualitative data for the research was generated through the use of semi-structured, open-ended interviews. The use of open-ended interviews allowed for the respondents to provide answers not constrained by specific categories and enabled certain points and ideas to be elaborated on. The semi-structured nature of the interview allowed for them to take on a more conversational nature, as opposed to a structured interview which limits the personal insight of the respondents. Semi-structured interviews allow the interviewer to explore specific areas of interest as well as enable specific gaps in information to be identified and dealt with (May, 1993). As a result of core interviews being conducted with people holding different positions, questions often varied depending on the position held by the respondent. In this sense it could

be argued that interviews at times drifted towards a conversational nature, which according to Kitchin and Tate (2000) allows for respondents to discuss a topic in the own frame of reference. However, despite this potential variation in the nature of the interviews, it must be noted that a number of set categories of questions were always posed to each respondent, with the main categories relating firstly to the particulars of a project, and secondly to the aims of a project, potential successes of a project and the potential inhibiting factors in a project[2].

Initial interviews were conducted with primary contacts in each town identified during the first site visit through purposive sampling. In the case of Stutterheim, primary contacts included Mr Kyriacos, ex-council member and local business owner, Mrs Peters, current manager of Stutterheim Education Trust, and Mrs Newbold, local business owner. In the case of Bedford initial interviews were conducted with, Dr Blom, project director, and Mr Koury, local business owner and long term resident, while in the case of Hamburg initial contacts included, Miss Neuss, local business owner, and Mrs Hofmeyer, project director of the Keiskamma Trust. Through the process of snowball sampling, defined by Struwig and Stead (2001) as the process of obtaining additional respondents through information provided by initial respondents, other individuals and development projects were identified and interviews conducted.

In the case of Stutterheim core interviews were then conducted with the following people, excluding those already mentioned as being primary contacts: Mr Boardman, local business owner, Mr Isemonger, local business owner, Mr July, former marketing manager of the SDF and director of Vukani Youth Enterprises, Mrs Mammes, initiator of the Tyelela Meander and chairperson of the Amahlathi Tourism Association, Mr Maqubla, co-founder of Vukani Youth Enterprises, Mr Ondala, Amahlathi Strategic Manager, Mr Scott, ex-town council member and Tyelela project manager, Mr Simon, Amahlathi LED officer, Mr Rance, a local business owner, and Mrs Roets, director of Khulisa Training Providers.

In the case of Bedford core interviews, excluding the primary contacts, were conducted with: Mr Gqezengele, Nxuba LED officer, Mr Naidoo, a private LED consultant based in Bedford,

[2] A copy of the core questions posed in each interview can be found in appendix1.

Mr Soci, Laphma Ikwezi project manager, and Mrs Van Niekerk, local business owner and one of the initiators of the Bedford Garden Festival.

In Hamburg, core interviews, excluding the initial contacts, were conducted with Mrs Holmes, Keiskamma Trust project manager, Mr Krebser, Mbasa Sea Farms (pty) LTD farm manager, Mr May, Ngqushwa LED officer, and Mrs Steman, local business owner and ex-ward councillor.

Furthermore a meeting was held with ASPIRE, formerly known as the Amathole Economic Development Agency (AEDA), which took on an open-ended, semi-structured discussion with Miss Haardt, project manager, and Miss Xuza, CEO of ASPIRE. Furthermore telephonic interviews were also conducted with Mr Ndebele and Mr Qayi, both project managers at ASPIRE. ASPIRE, formerly the Amathole Economic Development Agency, is the 'developmental' arm of ADM responsible for developing a small town renewal strategy. Thus interviews with the relevant individuals allowed for insight into what is being planned and how regional development in ADM is perceived by the company.

Structured Questionnaire Surveys

Questionnaires have been identified by Kitchin and Tate (2000) as the most common research method used when conducting a survey, which they, Kitchin and Tate (2000, 47) define as "… a study which seeks to generate and analyse data on a specific subject from a particular sample population". Broadly speaking two types of questionnaires are discussed by Crang (2003), namely: those with open questions aimed at producing qualitative data and those with closed questions aimed at producing more quantitative data. It is argued by Kitchin and Tate (2000) that these styles are not exclusive and it is the case that questionnaires often mix both open type questions with closed questions.

In the case of this research, questionnaires included both closed as well as open ended questions. The questionnaires were completed by a random sample of beneficiaries at each project, as well as a random sample of business owners in each small town. The initial aim of the questionnaire was to survey 10% of the total beneficiaries at each project, however where there were 20 or less beneficiaries involved in the project questionnaires were administered to the entire group of beneficiaries when possible. In the case of the Vukani Youth Enterprises in

Stutterheim however, beneficiaries were difficult to access due to many having left Stutterheim after training was received. Thus, in an effort to gain as much insight as possible from the six beneficiaries identified as still residing in Stutterheim a period of discussion followed the administering of the questionnaire. Furthermore, in the case of the Bedford Garden Festival it was decided that a random survey of visitors would provide insight into where the festival was drawing people from, what drew people to the festival, whether they would come again, and their general feeling about the festival. In terms of the survey sample, 30 visitors completed a brief questionnaire. The questionnaires were conducted at the various gardens on show, with a total of five questionnaires being conducted at each garden with every second person entering the property. With regards to the local business survey, in Stutterheim a total of 30 businesses, an approximate 25% of the formal businesses in the town, completed questionnaires. This is excluding those business people with whom core interviews were conducted. In the case of Bedford, 15 businesses, approximately 40% of the formal businesses in the town, completed questionnaires. In both cases, that of Stutterheim and Bedford, the businesses with whom questionnaires were conducted were located in what can best be described as the central business district of the town, made up largely of two streets in the case of Stutterheim and one in the case of Bedford. In these central areas a random sample was chosen through identifying every third physical address within the identified central business district. If a business was not being run from the address concerned, the closest possible business in terms of physical address was chosen. In the case of Hamburg the only three formal businesses in the town were all identified and completed questionnaires.

The questionnaires administered to the beneficiaries were structured in such a way as to create profiles of the beneficiaries, providing information on their age, level of education, and number of dependants. Furthermore, the questionnaires were also intended to provide insight into the beneficiaries' personal opinions on the project they are involved in. The questionnaire investigated how a project has affected the lives of the beneficiaries, the lives of their families and the impact of the project on their community as a whole. The questionnaires completed by business owners provided insight into how long each business had been open for, recent trends in turnover and growth, and the opinions of the business owners as to the economic state and the economic future of the town concerned[3].

[3] Beneficiary questionnaires can be found in the appendix2, Bedford Garden Festival Questionnaire in appendix3, and local business questionnaires in appendix4.

Secondary Data

Various secondary data sources were utilised during the research process. As noted by Kitchin and Tate (2000), secondary data is often in the form of statistical data from surveys as well as official documentation, while Campbell (2002) identifies secondary data as an effective way to supplement the findings from primary data. Kitchin and Tate (2000) make note of three reasons for the use of secondary data, namely: conceptual, methodological and economic. In the case of this research, the use of secondary data was based largely on conceptual and economic lines. On a conceptual level the need for time sequence data in the form of statistical data was required in order to create socio-economic profiles of the towns. However, financial and time constraints restricted the ability of the researcher to generate primary statistical data for each town on such a large scale resulting in the use of secondary data.

Government and municipal data sources in the form of IDPs, as well as data from the 'Rex Database', an electronic dataset derived from extrapolations of census data generated by Global Insight (2006), which is kept by the ASPIRE, formerly the AEDA, were also used. The benefit of using Global Insight is significant as it provides data for the period 1996 to 2005 as opposed to census data which only provides data for the census years, terminating in 2001. However in the case of the Global Insight, data was only available on the former magisterial district levels reducing the accuracy of the data. While Stutterheim and Bedford are the only urban settlements in their respective magisterial districts, which are characterised by high levels of urban population, 85% in Bedford (Nxuba Municipality, 2007), and 89% in the case of Stutterheim (Amahlathi Municipality, 2007), Hamburg falls into the former Peddie Magisterial District and is one of two urban areas in a largely rural magisterial district. Thus the figures given could not be considered as accurate as in the cases of Stutterheim and Bedford. In order to counter this problem the ward which Hamburg falls into, EC 126 ward 11, was identified and data from the 1996 and 2001 census accessed. It was established through this that the trends being experienced on a ward level are similar to those being experienced on a magisterial district level and thus while there may differences with regards to exact figures, it can be presumed that the socio-economic trends being experienced in ward 11 are the same as those being experienced in the broader magisterial district. Examples of the similarities can be seen in terms of unemployment. In ward 11 the unemployment rate in 2001 was estimated at 90% (RSA, 2001) while in the former magisterial district it was 76% (Global Insight, 2006). In terms of education 78% of the population had a grade nine or lower level of

education as their highest level of education (RSA, 2001) which is similar to the trends in the magisterial district where 70% of the population had a grade nine or lower as their highest level of education (Global Insight, 2006). Major employment sectors, in the case of both ward level and former magisterial district level, are community services while agriculture plays a relatively small role, being the third biggest contributor to employment in both data sources. It should be noted that when defining the border of the towns the former township areas are included in towns. The reasoning for this is that with the demise of segregation policy in South Africa townships are considered part of the former white towns, as well being the areas where the hangovers from the apartheid regime and a lack of socio-economic development are most apparent. Additionally the majority of the towns' population reside in the former township areas and thus the area cannot be ignored. Secondary data in the form of population statistics for each town were also accessed from national censuses dating back to 1970, as well as information on the number of businesses existing in each town being accessed from commercial directories including The General Directory of South Africa (1905), Denis Edwards Business of South Africa (1921), Braby's South African Directory (1931, 1943, 1951, 1961, 1972, 1982, 1992, 1995/96), and White and Yellow pages, Port Elizabeth and Eastern Cape Country & East London and Border (2000/01).

Statistics from the Global Insight and historical census data, including that on population dynamics, education and literacy levels, unemployment levels, poverty levels, major economic and employment sectors and HDI levels were accessed and manipulated to allow for trends in the towns to be displayed graphically and in the form of percentages. The data accessed and the use of descriptive statistical techniques constituted the primary form of quantitative analysis of the changing socio-economic conditions in the study area since 1970.

Municipal IDPs provided brief current statistical data on the small towns within the respective municipal areas. This statistical data allowed trends identified through the use of Global Insight data to be verified as well as allowing for data gathered through the interview process to be confirmed. Furthermore, municipal IDPs also allowed for the verification and elaboration of data on municipal LED policy which was initially generated through the interview process.

Objectives

Objective One

To identify and examine trends of socio-economic change over time in the selected Eastern Cape small towns.

In order to achieve objective one, secondary data in the form of commercial directories, as well as available South African census data was used. The directories were accessed through the Cory Library at Rhodes University and provided information on the number of businesses functioning in the towns over time, as well as the type of businesses which were active over this time span. Furthermore, population data from national censuses from 1970 to 2001 was used in order to create a longitudinal profile of changing socio-economic conditions in the towns concerned. Data in the form of statistics from Global Insight was used to provide a more detailed assessment of socio-economic conditions in the various towns between 1996 and 2005. Lastly, questionnaires completed by business owners in the towns provided insight into, and helped explain current and past economic trends being experienced by local businesses in the towns.

Objective Two

To establish an understanding of the current socio-economic conditions being experienced in the selected towns and identify the key economic drivers and employment sectors in the towns and surrounding areas.

Objective two was achieved through the use of secondary as well as primary data. Municipal IDPs provided information on the current socio-economic conditions experienced in the municipal areas and towns. Furthermore, through the use of IDPs, the major employment sectors and key economic drivers in the towns were identified. Data from Global Insight was accessed that pertained to socio-economic conditions in the towns, the major employment sectors, as well as the key contributors to the local economies of the towns. Lastly, this data was then tri-angulated and verified with primary data gathered through the use of semi-structured open ended interviews with municipal officials and questionnaires with local business owners.

Objective Three

To identify potential opportunities and constraints to socio-economic development within the selected small towns.

Secondary data, in the form of municipal IDPs, provided insight into which sectors have been identified by local government for growth and having potential to contribute to LED within the investigated localities. Through the use of statistical data from Global Insight, sectors which have been experiencing growth in the towns were also identified. Primary data was collected through the use of semi-structured, open-ended interviews with relevant people in local government as well as members of ASPIRE, formally known as AEDA, providing insight into which sectors have been identified for growth and for what reasons, as well as information on what constraints to development have been identified. Interviews with project managers and business owners in the towns also provided insight into what are seen as the development opportunities for the area and what constraints have hindered the broader development process. Through obtaining data from both local government officials and project managers, the researcher was able to gain insight into both the theoretical constraints as seen by local government, as well as those practical constraints experienced by project managers.

Objective Four

To investigate and assess any past, current, or planned internally or externally driven Local Economic Development interventions within the selected towns, highlighting possible achievements and failings.

Semi-structured, open-ended interviews and questionnaire surveys provided the basis for achieving objective four. Interviews were conducted with the relevant members of the local municipalities, members of ASPIRE, formerly AEDA, as well as project managers/initiators. Furthermore, follow up interviews were conducted with project managers at a later stage, allowing for successes or failings of the projects to be identified. Through the use of questionnaires, beneficiaries of the various projects were interviewed in order to establish if a given project had benefited them, if it had benefited their family and if so in what manner. Additionally, the questionnaires also enabled the opinions of the beneficiaries to be established regarding potential successes or shortcomings of the project. Lastly, the use of secondary data in the form of documentation from the various projects was also used to provide greater insight into the projects.

Objective Five

To identify lessons for the future socio-economic development of small towns in the Eastern Cape, and South Africa in general.

Through the analysis and comparison of the findings from objective one to four, and from the case studies the researcher was able to identify specific trends and relate these to established literature. Such trends provided information into what has characterised both successful and unsuccessful development initiatives. In addition, the findings and trends identified from objective one to objective four enable the researcher to make claims as to what development practices are likely to enable the successful socio-economic development of small towns.

Research Problems

A number of challenges were experienced during the research process. Firstly, as discussed above, the initial problem of Hamburg being part of the Peddie Magisterial District, as opposed to being situated in its own magisterial district, posed a challenge in the accessing of statistical data. However, as has been detailed above, this was partially addressed through comparing trends between ward level data and magisterial level data. Secondly, in the research process, language barriers were a problem, particularly when conducting questionnaires with beneficiaries. While a translator was used, the existence of a language barrier impacted to some degree on the research process and the responses made by the interviewees. Lastly, a number of the projects identified in each town are currently in their 'infant' or planning stages and thus the success of the project and impact of the project on the community could not be measured. In such cases the planning process and goals of the projects were assessed in an attempt to establish possible challenges that the projects might encounter, and the level of success the project might experience.

Concluding Discussion

The chapter has highlighted the techniques used to generate the necessary data to satisfy the objectives of the research. This has allowed for clarity as to why such approaches to the research were adopted. Furthermore, various challenges which were experienced during the research process have also been identified. It is noted by both Struwig and Stead (2001) and Kitchin and Tate (2000), and accepted by the researcher that there are numerous difficulties to be faced when trying to generate and analyse qualitative data. However, as noted by Kumar (1999) there has been a shift to using both qualitative as well as quantitative data in social

research, as has been done in the case of this research, which has allowed for triangulation between the different data types, ensuring the authenticity of the research. The following chapters include a chapter focused on providing a socio-economic profile of the towns, before shifting the attention of the research into the individual case studies of each town and the development initiatives taking place therein.

Chapter Four: Study Area

Introduction

This chapter aims to achieve a number of things and is presented in several distinct sections as a result. In essence the chapter serves as a 'study area' chapter offering insight into the region in which the investigation took place. Through providing a broad overview of the study area the chapter allows for a better understanding of the historical, political, economic and social contexts of the small towns of Stutterheim, Bedford and Hamburg. Secondly, through relating the various aspects noted above to the broader reference area, namely the national and provincial level, one is able to put in context the relative conditions of the towns in relation to the broader national context. The discussion of the historical, political, economic and social frameworks in which the study area exists will highlight the numerous development challenges being faced by the towns and by various development initiatives which will be discussed later. Furthermore, through understanding the socio-economic conditions within the town, one is able to assess what development interventions and initiatives could potentially be successful in the area through the provision of a better understanding of the town's dynamics and challenges. Lastly, by taking note of the changing social and economic conditions in the towns over time, one is also able to note whether any given development initiative has had a notable effect on the social and economic situation of the town. Through establishing what the socio-economic conditions experienced in an area are, better monitoring of and planning for development interventions is made possible (Coudouel , Hentschel, and Wodon, 2002).

A brief history of Stutterheim, Bedford and Hamburg will be presented first. Secondly key economic and social indicators at the national, provincial, and district level, with direct focus on all the small towns in the ADM, will be presented. This is done in order to situate the case studies in a comparative context and to overview realities on the ground in the study area. Following this, a more detailed analysis of the economic and social dynamics at work in the towns of Stutterheim, Bedford and Peddie will be discussed, with a concluding section comparing the conditions being experienced on a national, provincial, regional and small town level. In order to achieve this outcome, various sources have been utilised: on a national and provincial level South African census data for 1996 and 2001 has been used, which was accessed from Statistics South Africa. The assessment of small towns in the ADM has relied

on data from Global Insight, as well as being used when looking specifically at Stutterheim, Bedford and Peddie, providing data up to 2005. Lastly, historical data was accessed from past population census years, dating back to 1970, and from a variety of other sources including municipal Integrated Development Plans.

History of the Towns

Stutterheim

Stutterheim falls into the Amahlathi Municipality which is one of eight local municipalities making up the ADM in the Eastern Cape Province, South Africa. The town lies out at the base of the Kologha Mountains, a spur of the Amatole Range, covered largely in indigenous forest (Standard Encyclopaedia of Southern Africa, 1974).

The town of Stutterheim developed out of the Bethal Mission Station which was established in 1837. In 1857 three regiments, some with families, of the British German Legion were brought to settle on plots in the area under the command of General von Stutterheim who the town would later be named after (Buchholtz, 1957). Between 1858 and 1859 thirty four additional families arrived from Germany and settled in Stutterheim taking to agriculture as a means of survival (Standard Encyclopaedia of Southern Africa, 1974). With an increasing number of people, both English and Afrikaans, moving into the area and various commercial developments taking place, Stutterheim was declared a municipality in 1879 (Buchholtz, 1957). The opening of the East London to Queenstown Railway in 1880 increased the trade taking place in Stutterheim despite the line not running directly through the town. The establishment of the Stutterheim Railway Station occurred in 1942 when the railway between East London and Queenstown was rerouted (Buchholtz, 1957). During the years of apartheid Stutterheim was seen as a microcosm of South Africa with violence and conflict reaching high levels in the 1980s (Nussbaum, 1997). The situation deteriorated throughout the 1980s culminating in a consumer boycott in 1989 which lasted for seven months and ultimately proved to be the catalyst for future dialogue between various community leaders.

Figure 4.1 below maps out the town of Stutterheim. The map illustrates the ‘CBD’ area where local business surveys were conducted, as well as the township areas and major transport routes to and from the town. Furthermore the ‘inset’ map shows the positioning of the Amahlathi Local Municipality, the municipality in which Stutterheim is located, within the

ADM. Figure 4.1 should be read with reference to figure 1.1, map of the ADM, in Chapter One.

Figure 4.1: Stutterheim - Urban areas, including the CDB, townships, and major transport routes.

Bedford

Bedford is one of two urban settlements in the Nxuba Municipality which is in the north-west corner of the ADM in the Eastern Cape Province of South Africa. The municipality had an area of approximately 4148 square kilometres and a population of 28610 people in 2005 (Global Insight, 2006). The town of Bedford itself is situated close to the western border of the Nxuba Municipality, with the population in the former Bedford Magisterial District being 12088 in 2005 (Global Insight, 2006).

The official establishment of Bedford took place in 1854, however prior to this a number of Scottish families had been settled in the area as part of a colonial plan to 'bring stability' to the then eastern frontier. The development of Bedford resulted from the Lieutenant-Governor of the Eastern Cape, Andries Stockenström, selling off his land at the foot of the Kaga Mountain which had been given to him in 1820 (Provincial Archives, 1953). It is believed that people settled in the town immediately after its founding, largely as a result of the town being given municipal government. In 1857 Bedford was declared a magisterial district (Provincial Archives, 1953). The linking of Bedford with East London occurred in 1903 when the railway between Cookhouse and East London was finally completed. Agriculture in the Bedford area has traditionally been focused on sheep and cattle farming, with the production of grain being for personal use and only where irrigation was possible (Provincial Archives, 1953).

Figure 4.2 below is a map of the town of Bedford. The map shows the CBD region of the town, this being the area where the local business survey was conducted. Additionally the figure 4.2 displays the township area of Bedford as well as the major transport routes passing through the town. Lastly the inset map shows the positioning of the Nxuba Local Municipality, where Bedford is situated, in the north-eastern corner of the ADM. The map should be read in conjunction with figure 1.1, map of the ADM, in Chapter One.

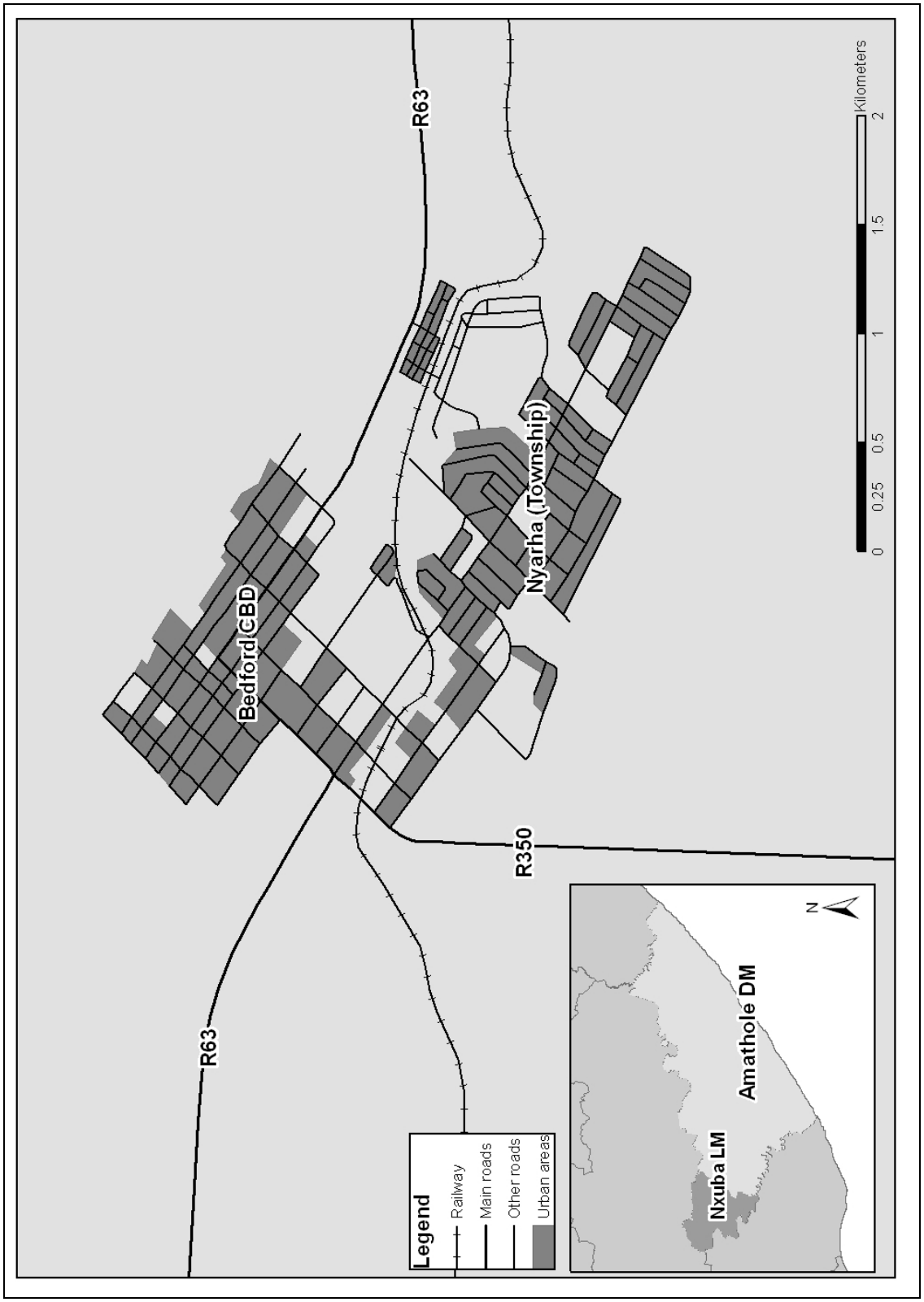

Figure 4.2. Bedford - Urban areas, township, and major transport routes.

Hamburg

Hamburg falls within the Ngqushwa Local Municipality which is part of the ADM in the Eastern Cape Province of South Africa. The Ngqushwa Local Municipality is bordered in the west by the Fish River and to the south by the Indian Ocean, forming the south western corner of the ADM. Two urban areas exist in the municipality, namely Hamburg and Peddie, while there are also 112 rural villages. According to Global Insight (2006), the municipality had a population of 66622 people in 2005, with an area of 1713 square kilometres (Global Insight, 2006). The town of Hamburg is situated at the mouth of the Keiskamma River estuary.

Hamburg was established in 1858 by the 1st regiment of German soldiers who were brought in as settlers by the British Government. The soldiers each received five acre plots in the area. Under apartheid rule Hamburg was transferred to the former Ciskei, and this is one of the major reasons as to why there has been much less development in the town than areas further north and south (Dimensions Development Network, 2008).

Figure 4.3 below displays a map of the town of Hamburg. The map illustrates what for the purpose of this research has been classified as 'peri-urban' areas in the town. Furthermore figure 4.3 shows the positioning of Hamburg in relation to the Keiskamma Estuary as well as the Indian Ocean, in addition to displaying the access road to the town. Lastly the 'inset' map shows the positioning of the Ngqushwa Local Municipality, the municipality in which Hamburg is situated, within the ADM. The map should be read in conjunction with figure 1.1 in Chapter One.

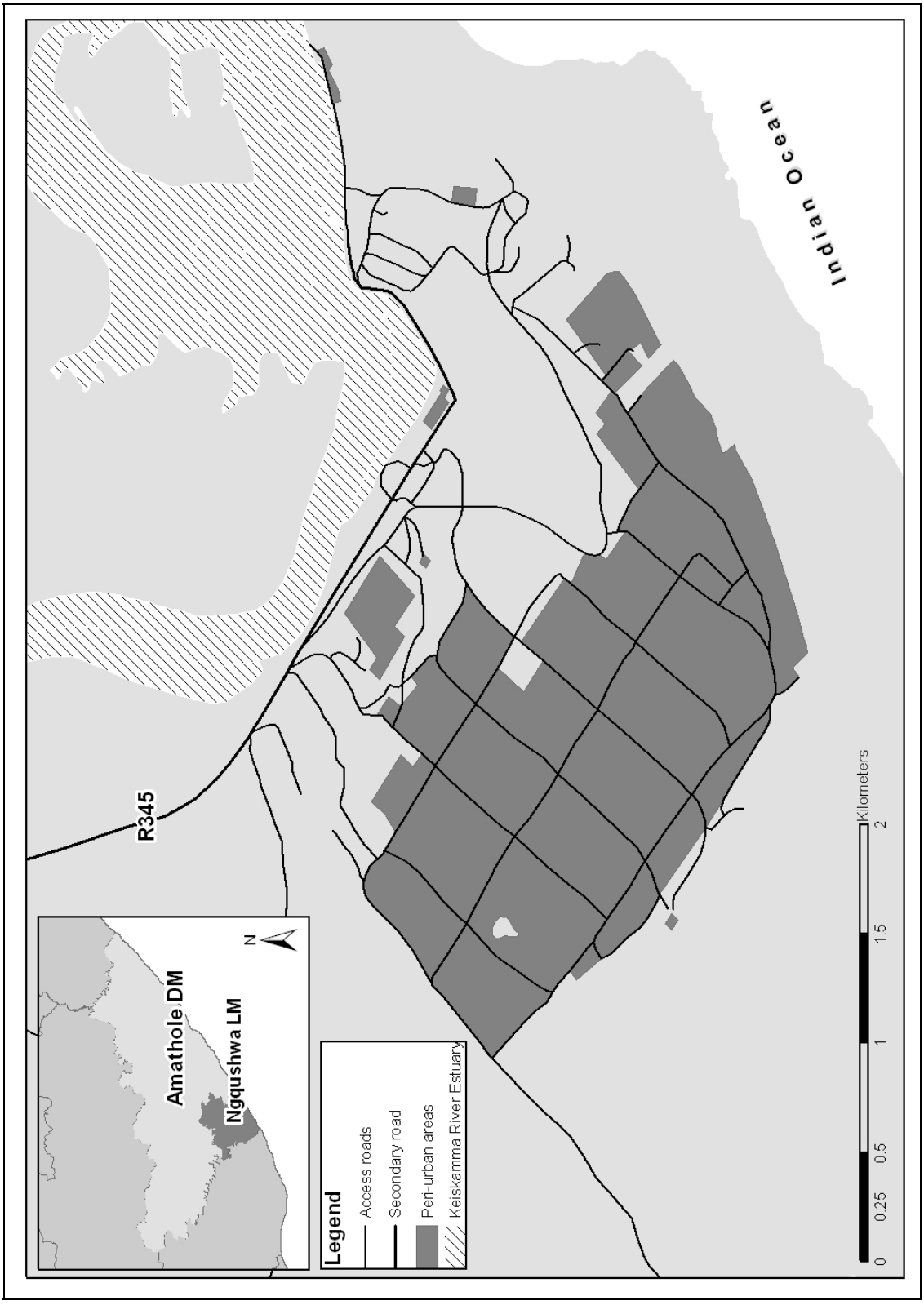

Figure 4.3. Hamburg - 'Peri-urban' areas, the Keiskamma Estuary, Indian Ocean and major access road.

South Africa and the Eastern Cape Province

The following section will discuss various socio-economic indicators being experienced nationally and provincially. The indicators discussed are unemployment levels, details about key employment sectors, education levels, and dependency levels. This is done to provide a comparative context against which one is able to draw comparisons between conditions being experienced on a national and provincial level with those conditions being experienced in the Amathole District as well as the small towns under investigation. This has been done to ascertain whether or not the towns in the study area are underdeveloped relative to the national and provincial norms, and therefore are having to deal with far more significant development backlogs as a result. It should be noted here that for this section, data from the 1996 census and 2001 census years was accessed from Statistics South Africa in the form of reports, with 2001 being the last national census year, thus no recent comparable data is available. Due to data only being available for 1996 and 2001, on a national and provincial level, focus is placed on the trends occurring during this period of time as opposed to later in the chapter where through the use of Global Insight data yearly comparisons are possible.

In terms of employment, the 1996 national census concluded that 19,5% of the South African population were unemployed, while in the Eastern Cape 22.1% of the population were unemployed (Statistic South Africa, 2004a, 2004b). By 2001 unemployment had increased to 24% for South Africa and 24.6% for the Eastern Cape (Statistics South Africa, 2004a, 2004b). The sectors responsible for the majority of the employment were congruent for both South Africa and the Eastern Cape. In 1996 the biggest employment sector in South Africa and the Eastern Cape was community services, at 19.7% and 27.7% respectively, increasing to 21.1% and 29% in 2001 (Statistics South Africa, 2004a, 2004b). The other major employment sectors, both nationally and provincially, in 1996 and 2001 were manufacturing and trade, with agriculture being the fifth biggest contributor accounting for between 10% and 11% of employment in South Africa and the Eastern Cape respectively (Statistics South Africa, 2004a, 2004b). The higher levels of unemployment in the Eastern Cape as well as the increasing reliance on social services are of concern with regards to economic development in the province, with social service being a largely state funded sector and not one which is conducive to sustained economic growth.

Despite general improvements in education a low level of education can be seen to persist both nationally and provincially. The percentage of the South African population not receiving education decreased from 19.3% in 1996 to 17.9% in 2001 (Statistics South Africa, 2004a). The Eastern Cape however experienced an increase in the percentage of the population not receiving education from 20.9% in 1996 to 22.8% in 2001 (Statistics South Africa, 2004b). Despite this, the percentage of the population receiving a grade 12 level of education and tertiary education in the Eastern Cape increased between 1996 and 2001 in the province as it did for South Africa as a whole. In 1996, 16.4% of the South African and 11.1% of the Eastern Cape population had a grade 12 level education, this increased to 20.4% in 2001 for South Africa and 14.1% for the Eastern Cape (Statistics South Africa, 2004a, 2004b). The level of functional literacy, defined as people over the age of 20 with a minimum of a grade seven level education, showed little improvement both nationally and in the Eastern Cape between 1996 and 2001. In 1996 64% of the South African population and 57.6% of the Eastern Cape population reported functional literacy, increasing to 66.1% and 58.7% respectively in 2001 (Statistics South Africa, 2004a, 2004b).

High unemployment, experienced both nationally and provincially, and the low percentage of the population receiving education is compounded by the high levels of dependency. Nationally 38% of the population in 1996 were classified as dependant, this decreased to 37% in 2001 (Statistics South Africa, 2004a). Of the 38% in 1996 and 37% in 2001 the majority, 87% in both 1996 and 2001, were child dependants (Statistics South Africa, 2004a). The Eastern Cape experienced higher levels of dependency then the national average, 45% in 1996 and 43% in 2001, of which 87% and 85% were child dependants (Statistics South Africa, 2004b).

Amathole's Small Towns

It has been established through the literature survey that socio-economic conditions in small towns vary throughout the world. As pointed out by Collits (2000), there are many small towns which are not experiencing economic downturn, while at the same time it needs to be recognised that there are a number of small towns facing economic and social decline. Due to the potentially varying nature of small town socio-economic dynamics, it is important to first gain an understanding of the socio-economic conditions being experienced by all small towns in the region of which the case-study towns are a part, namely the ADM. In order to do this,

the following section will briefly discuss population, unemployment, functional literacy, GDP, poverty, and HDI trends in Amathole's small towns between 1996 and 2005. Due to the data used being available on a magisterial district level the 'working definition' of a small town will be used, defined by Nel (2004) as a centre with less then 100 000 people. In accordance with such a definition 15 small towns have been identified in the ADM. While data was only available on a magisterial district level it should be noted that the small towns concerned are the only urban areas within each magisterial district and hence the 'urban' data in each magisterial data set was used. With this in mind, and noting that the intention is to provide trends as opposed to exact numbers, it is presumed that this data would directly reflect the conditions being experienced by the small towns within the district.

Population growth in the ADM small towns between 1996 and 2005 has on average been 1% (Global Insight, 2006). Of the population, 45% were dependants in 1996 of which 87% were child dependents. By 2005 the percentage of dependants had decreased to 38%, however the child dependency rate remained high at 88% (Global Insight, 2006). The dependency burden in the Amathole small towns is characteristic of poorly developed areas which, according to Todaro and Smith (2005), have in the region of 45% dependency, 90% of which would be child dependants. While the population growth rate is on average low for the small towns in the ADM, it should be noted that this is more than likely skewed by the out migration of people, in particular skilled workers, to larger centres (Nel and Rogerson, 2007).

The rate of unemployment increased in all the ADM small towns between 1996 and 2005. On average the unemployment rate in the districts small towns was 56.2% in 1996 which increased to 63.3% in 2005 (Global Insight, 2006). In comparison with the 1996 census year these figures are substantially higher than the national and provincial unemployment averages of 19.5% and 22.1% (RSA, 2004a, 2004b). Between 1996 and 2001 census years there was an increase in national and provincial unemployment rates, however unemployment in the Amathole District small towns remained higher then the national and provincial averages. The increasing incidence of unemployment, as well as the fact that small towns in Amathole are experiencing higher unemployment levels than the national and provincial averages emphasises the dire need for development as well as the socio-economic challenges facing the development in these small towns.

There have been positive trends in the percentage of the population with functional literacy, defined as the population over the age of 20 with a minimum of a grade seven level of education, in ADM small towns. In 1996 the average level of basic literacy among the population was 51.8%, and by 2005 this had increased to 60.8%. While such trends are positive, one has to question the ability of an individual with a grade seven level of education to play a constructive role in a modern day economy. Furthermore, the levels of basic literacy in Amathole's small towns in 2005 were below the national average for 2001 and only marginally better then the provincial levels for 2001. When considering the trend of improving basic literacy both nationally, provincially it can be presumed that basic literacy levels in Amathole's small towns are far lower than national and provincial levels.

Economic growth between 1996 and 2005 in ADM small towns was on average 0.9% growth in GDP, at constant 2000 prices (Global Insight, 2006). It should be noted that during this time only one of the towns (Komga) experienced negative growth, -1.5%, and only one (King Williams Town) experienced growth of over 2% (Global Insight, 2006). It is estimated that between 2005 and 2010 the average growth in GDP at constant 2000 prices in the small towns will be expected to be 4.4% growth in GDP (Global Insight, 2006). The average growth experienced in these small towns between 1996 and 2005 (0.9%) is well below the South African average of 3.2% for the same time period (Statistics South Africa, 2008).

All of the small towns in the ADM experienced an increase in the percentage of the population living in poverty between 1996 and 2005. Small towns in the ADM experienced on average 57.2% of the population living in poverty in 1996 which increased to 75.1% in 2005 (Global Insight, 2006). The high portion of the population living in poverty is mirrored by the level of development, as measured by the HDI, being recorded in Amathole small towns. In 1996 the average HDI level for Amathole small towns was 0.44 (Global Insight, 2006), placing the towns in the low human development category according to the United Nations (UN) scale of development (UN, 2007). By 2005 the average HDI level in Amathole small towns had increased to 0.48, still placing them in the low human development category (Global Insight, 2006).

Stutterheim, Bedford and Hamburg

As was discussed in the methodology chapter, data from Global Insight is on a magisterial district level and thus the information presented informs about the towns as well as their surrounding hinterland. When referring to conditions in the towns of Stutterheim and Bedford the statistics are for the former magisterial districts of the same name. It should be added however that in the case of Stutterheim and Bedford they are the only urban centres within their respective magisterial districts, and both of the magisterial districts have urban populations of above 85% of the total population (Nxuba Municipality, 2007 and Amahlathi Municipality, 2007). In the case of Hamburg, as has been discussed already and will be reiterated throughout this thesis, the town falls within the former Peddie Magisterial District, thus for the remainder of this chapter when referring to Peddie it is done to provide trends indicative of those being experienced in the town of Hamburg. As noted in the methods chapter, comparisons between the data from ward 11, the ward in which Hamburg falls, was compared with data for the former magisterial district. The trends revealed from this process suggest that the socio-economic conditions in the town of Hamburg are likely to be similar to those being experienced in the magisterial district as a whole.

Examining the socio-economic conditions in Stutterheim, Bedford and Peddie allows for a better understanding of the dynamics of change in the towns. Through having an understanding of the socio-economic conditions in the towns, the developmental challenges, such as high rates of poverty and unemployment and low levels of education, become more evident. Furthermore, through creating a socio-economic profile of the town, one is able to identify the broad socio-economic changes being experienced by small towns. Lastly, the achievements of development initiatives, which are discussed in subsequent chapters, need to be related to this context in terms of their success in dealing with the challenges being faced in the towns concerned.

In order to create such a profile of the towns concerned, the following section of this chapter will firstly track the changes in the number of businesses in the three towns over the past century, providing a level of insight into the economic climate existing in the towns during this period of time. Following this, changes in the population of Stutterheim, Bedford and Peddie between 1904 and 2005 will be discussed, thus facilitating an understanding of future population dynamics and the potential challenges and implications for socio-economic

development. Trends being experienced by the economically active portion of the population, as well as the sectors in which the economically active portion of the population are employed, will also be highlighted using census data dating back to 1970.

An examination of various social factors such as education levels, unemployment and lastly poverty and HDI levels will follow. The assessment of these social issues, along with the population and economic dynamics of the towns will provide insight into the socio-economic conditions experienced by the population of Stutterheim, Bedford and Peddie, as well as highlighting the need for development interventions. Lastly, the section will also examine the developmental challenges that exist in the three small towns which LED initiatives are attempting to eradicate.

Local Business

The number of formal businesses existing in the towns was investigated in order to gain insight in to possible trends in business activity over time. Information in the following subsection relates to figure 4.4 below. Stutterheim and Bedford have seen growth with regards to business in the towns since 1905. In the case of Hamburg, in 2001 there were fewer formal businesses operating, two, in the town then there were in 1905, four. Such a trend points to the serious lack of development that has taken place in the town over the past century. Being situated in the former Ciskei homeland during apartheid undoubtedly had a negative impact on the development of Hamburg, while the hangover of apartheid policy is likely to have limited the development potential of the area in more recent years. However it should be noted that between 1905 and 1950, i.e. before the inception of apartheid, Hamburg experienced no noticeable growth, while both Stutterheim and Bedford saw sharp increases in business activity. This is likely related to the fact that Stutterheim and Bedford were both set up to service a growing farming community during this time, while Hamburg lacked such a major economic sector. The fact that Hamburg was not servicing a farming community on a large scale can be derived from the fact that the only consistent businesses in the town were boarding houses and a general dealer. Furthermore while Stutterheim and Bedford can be seen to be placed on transport routes and having access to railways this is not the case with Hamburg.

Both Stutterheim and Bedford experienced a decline in the number of businesses operating in the towns between 1905 and 1943. This could possible be due to the global depression experienced during this time, while the growth in business in the early 1940's could be attributed to increasing urbanisation. Stutterheim has since experienced increasing growth over-all with the number of businesses operating in the town peaking at 141 in 1995, after which there was a noticeable decrease. While reasons for such trends may be numerous it is interesting to note, as will be discussed in later chapters, that this was the period in time when the SDF began to lose influence in development matters in the town.

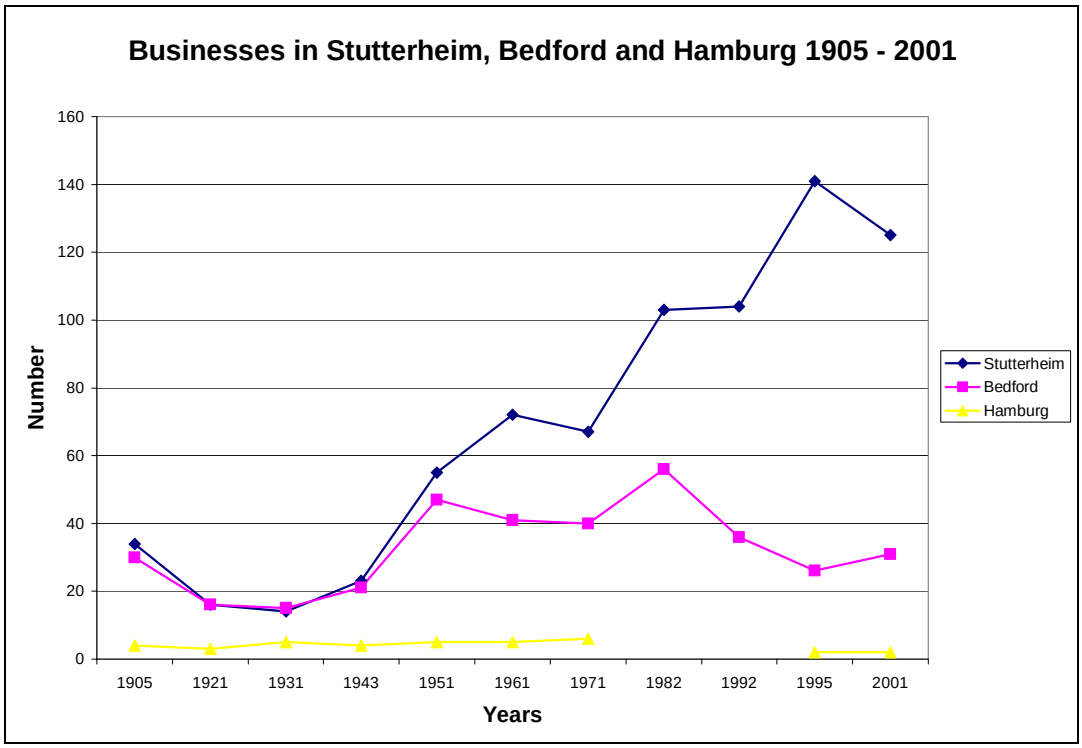

Figure 4.4*. Number of businesses in Stutterheim, Bedford and Hamburg 1905 – 2001. (The General Directory of South Africa (1905), Denis Edwards Business of South Africa (1921), Braby's South African Directory (1931, 1943, 1951, 1961, 1972, 1982, 1992, 1995/96), and White and Yellow pages, Port Elizabeth and Eastern Cape Country & East London and Border (2000/01).

In the case of Bedford, business operations peaked in 1982, followed by a consistent decline with the number of businesses operating in the town in 2001 being the lowest since 1951. It is interesting to note, as will be elaborated on later, this period of time was noted by interviewees as being marked by the downturn in economic fortunes for the town. It is also interesting that

* A data gap exists for Hamburg for the years 1982 – 1992 due to it falling into the Ciskei during apartheid and not being included in the commercial directories.

post 1995 there has been a gradual recovery in the town, a point alluded to by various respondents during the research process.

Population

Since 1904 Stutterheim and Peddie have seen a noticeable increase in the population of their towns, (see Figure 4.5 below). It is of interest to note that in the case of Bedford, the town supposedly had a bigger population at the time of the 1904 census than it did in 2005. This has been attributed to 'military forces' being present in the Cape Province after the Boer War, some of which would have been in Bedford, at the time of the 1904 census (RSA, 1970a). Of the three towns, Bedford has clearly seen the least growth in population since 1904. Stutterheim and Peddie both experienced sharp population growth between 1960 and 1980, after which the population growth rate slowed. During this time Stutterheim and Peddie experienced population growth rates of 174.8% and 81.3% respectively (RSA, 1970a and 1980a). Trends since 1996, as seen in Figure 4.5, show that all three towns are still experiencing population growth, albeit at a slower rate. Between 1996 and 2005 Stutterheim experienced a population growth rate of 1.1%, Bedford 0.5% and Peddie 0.8% (Global Insight, 2006). Such growth rates are relatively low and, in theory, would be regarded as being indicative of population growth in a developed society as pointed out by Todaro and Smith (2005), who note that the population growth rate in the developing world is usually in the region of 1.6%, as opposed to the developed world with a rate of 0.7%. However, it should be added that the out-migration of, in particular, the younger groups of the population will artificially lower the population growth rates in the towns.

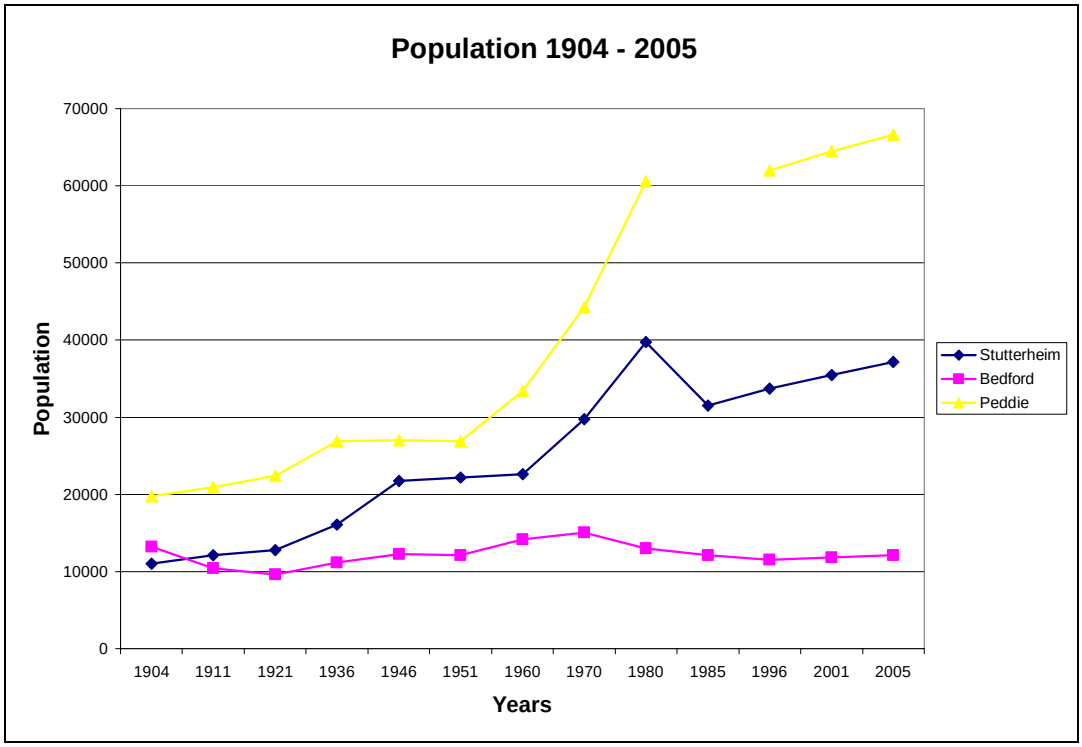

Figure 4.5* Total Population (RSA, 1970a, 1980a, 1985a, and Global Insight, 2006)

Between 1970 and 2005 the economically active portion of the population has remained relatively constant. In 1970, 33%, 29%, and 26% of the Stutterheim, Bedford and Peddie populations were economically active (RSA, 1970c). The figures for 2005 show no change for Stutterheim and Peddie, while in Bedford the economically active portion of Bedford population increased by 1% (Global Insight, 2006). Due to such a small percentage of the population being economically active, one would expect the dependency ratio for the towns to be relatively high, with the high percentage of the economically inactive population placing pressure on a small percentage of economically active people. In 1970, 51.9% of Stutterheim's population were dependant of which 90% were children under the age of 15, in Bedford 57.4% of population were dependants of whom 90% were children and in Peddie 55.5% of the population were dependants of whom 88% were children (RSA census Data, 1970b). The levels of dependency had reduced by 2005 with 35.6% of the Stutterheim population, 35% of the Bedford population and 39% of the Peddie population being classified as dependant (Global Insight, 2006). The percentage of the dependant population made up by children in 2005 was still high, in Stutterheim it was 83%, Bedford 79% and Peddie 78% (Global Insight,

* From 1981 to 1994 Peddie was in the Ciskei Homeland and hence was not enumerated in the South African census surveys.

2006). High rates of dependency and in particular high rates of child dependency are characteristic of under developed regions, with Todaro and Smith (2005) noting that a dependency ratio of above 45% is common in underdeveloped areas, with child dependency being in the region of 90%.

Figure 4.6 below illustrates the breakdown of the various occupations in which the economically active population were employed. It is evident that in 1970 in all the towns agriculture and forestry was the biggest employer, standing at 45% in Stutterheim, 49% in Bedford and 79% in Peddie (RSA, 1970c). Other major employment sectors included the services sector as well as manufacturing and transport. Data from 1985 suggests that this profile still remained in Stutterheim and Bedford: data for Peddie was not available due to the town becoming part of the Ciskei at that juncture and not being enumerated in the South African census. Despite agriculture and forestry remaining the dominant source of employment in the towns, there was a noticeable decrease in the percentage of the population employed in this sector. In 1985 the percentage of the population in Stutterheim employed in agriculture and forestry had declined to 24%, however it still remained the single biggest employer. In Bedford the percentage of the population employed in agriculture and forestry declined to 40% during the same time period (RSA, 1985b). With the decrease in the percentage of the population employed in agriculture and forestry, minor increases in employment were seen in sales, production and services.

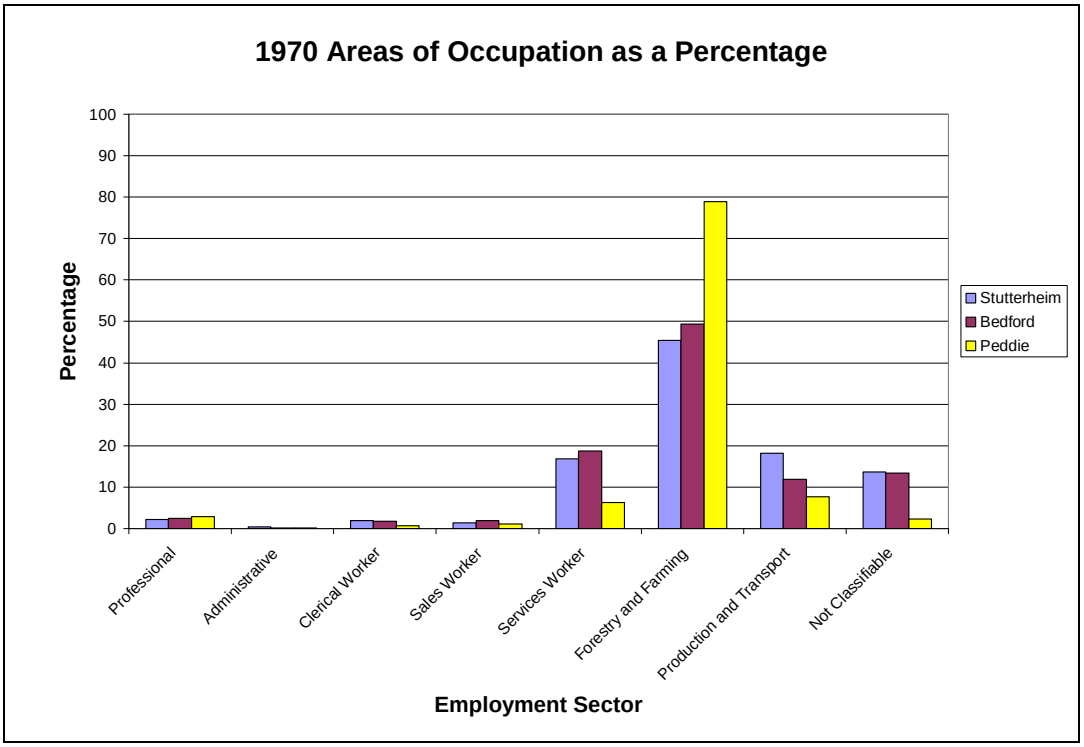

Figure 4.6. Employment Sectors (RSA Census data, 1970c)

In 1996 the agriculture and forestry industry in Bedford accounted for 60% of employment in the town, showing a sharp increase from 1985 (Global Insight, 2006). Peddie on the other hand experienced a significant drop-off with the population employed in agriculture between 1970 and 1996, falling from 79% to 15% (Global Insight, 2006). Stutterheim remained relatively constant with 26% of the population remaining employed in agriculture and forestry in 1996. Of the 26% employed by the agriculture sector, significantly 40.5% were employed in forestry (Global Insight, 2006). All three towns experienced an increase in the percentage of the population employed in community services, Peddie in particular seeing an increase from 6% in 1970 to 46% in 1996 (Global Insight, 2006). In both Stutterheim and Bedford there was an increase from 15% of the population being involved in community services in 1985 to 18% in Stutterheim and to 23% in Bedford by 1996 (Global Insight, 2006).

The trends which have been identified here, namely a general decline in the percentage of the population involved in agriculture and forestry and an increase in the percentage of the population employed in the services sector, continued between 1996 and 2005. During this time the percentage of the employed population involved in agriculture and forestry decreased to 23% in Stutterheim, of which 48% were involved in forestry, 50% in Bedford, and 9% for

Peddie (Global Insight, 2006). Once again, the community services sector saw an increase in the portion of the population employed in all three towns, accounting for 24% in Stutterheim, 33% in Bedford, 49% in Peddie in 2005 (Global Insight, 2006). These trends in employment broadly correspond with each sectors' contribution to the economies of the towns concerned. In 1996 agriculture and forestry contributed 21.4% of the economy in Stutterheim, 41% in Bedford and 5.1% in Peddie (Global Insight, 2006). In 2005 the contribution made by agriculture had decreased to 17.8%, 31.9% and 3.4% respectively (Global Insight, 2006). During the same time, the contribution to the local economy made by community services increased from 29.2% to 36.4% in Stutterheim, 47.8% to 57.5% in Bedford and 55.9% to 59.6 in Peddie (Global Insight, 2006). It should be acknowledged that between 1970 and 2005 community services has continuously been a major contributor to employment and to the economy of the small towns. Following the drop off in the contribution made by agriculture and a sharp increase in activity in the community services sector in recent times, it is now the major contributor to the economy in all three towns. The significance of this in terms of sustainable development is of concern as a large portion of community service jobs are state funded. The growth of the community services sector is not unique to the small towns as both national and provincial trends suggest that the sector is not only growing but is a major contributor economically and in terms of employment. What is of interest is that agriculture remains a dominant sector in all three small towns, while nationally and provincially it is the fifth largest employment sector. Such trends raise questions over the economic sustainability of small towns with their over reliance on a state funded sector and declining agricultural sector.

Unemployment

The levels of unemployment in Stutterheim, Bedford and Peddie have increased since 1970. While data on unemployment was only available for 1996 to 2005, approximate unemployment levels were derived for the years 1970 – 1991. Through the use of age structure data the potentially economically active populations, between age 15 and 64, for each town were established. The number of economically active people was then subtracted leaving the number of potentially economically active people who were not working. While the true definition of unemployment requires that an individual is actively looking for work, the method discussed above still allows for general trends to be identified showing the potentially economically active portion of the population who are economically inactive.

As can be seen in Figure 4.7 below, data for Peddie is not available between 1980 and 1996. However, despite this, there is a clear trend of increasing unemployment between 1970 and 2005. In 1970 Stutterheim and Bedford recorded an approximate unemployment rate of 30% and 31% respectively with Peddie having an approximate unemployment rate of 41% (RSA, 1970b, 1970c). In 1985 the approximate unemployment rate had increased to 42% in Stutterheim and 34% in Bedford (RSA, 1985a, 1985b), and by 1996 it had once again increased to 46% in Stutterheim, 45% in Bedford and 70% in Peddie (Global Insight, 2006). This trend of increasing unemployment continued with Stutterheim experiencing 56% unemployment, Bedford 60% and Peddie 77% unemployment in 2005 (Global Insight, 2006). It should be noted here that the method used to establish what has been termed the approximate unemployment rate for the years 1970 to 1991 gives the maximum possible unemployment rate for each town, as under the strict definition of unemployment, an individual in essence has be actively seeking employment (Statistics South Africa, 2004a), to be classed as unemployed. Thus the trend of increasing unemployment in the towns between 1970 and 2005, while not in accordance with the 'strict definition' of unemployment, is apparent. While unemployment rates can be seen to have increased both nationally, 19.5% in 1996 and 24% in 2001, and provincially, 22.1% in 1996 and 24.6% in 2001, unemployment levels in the small towns discussed above are far worse then those levels being experienced both in terms of the rate of increasing unemployment as well as the percentage of the population who are unemployed.

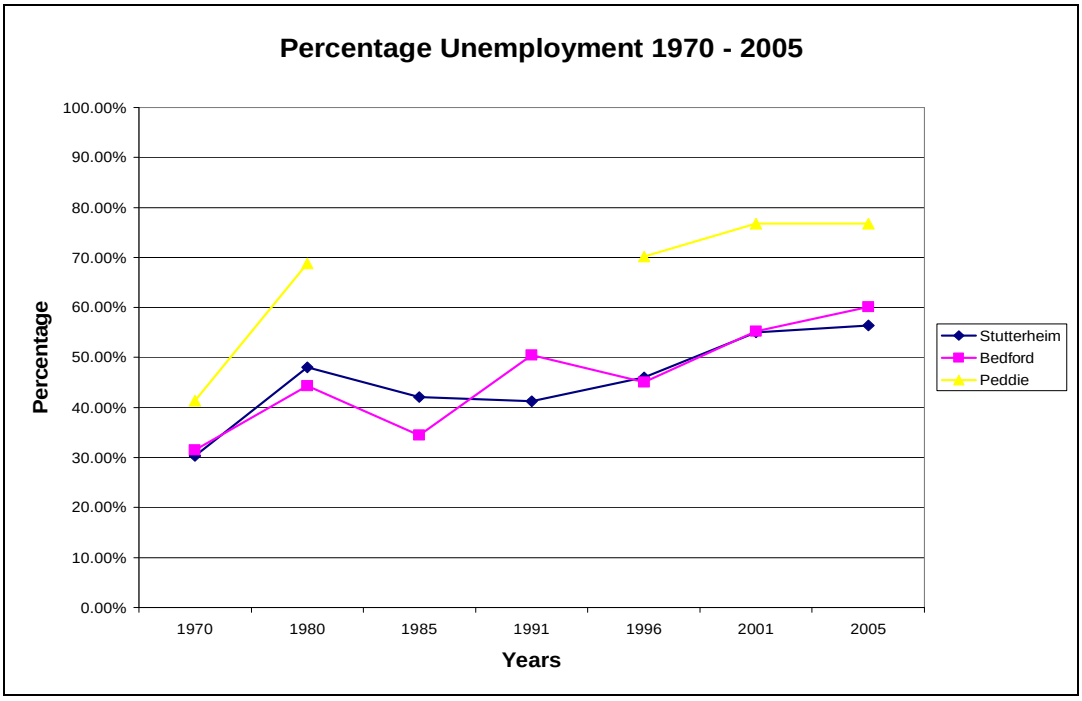

Figure 4.7*. Unemployment (RSA, 1970b, 1970c, 1980a, 1980b, 1985a, 1985b. Global Insight, 2006)

Poverty and HDI

As pointed out by Coudouel et al (2002) and discussed earlier, the importance of measuring socio-economic conditions and poverty is vital in establishing the current situation of an area, for planning interventions and the monitoring of change in the area concerned. Poverty is defined by Coudouel et al (2002) as being the inability of people to meet their basic needs. This is supported by Pacione (2005), who states that poverty exists when the level of available resources are below that considered necessary in order to achieve a minimum standard of living. In the case of Global Insight (2006) poverty is taken to be the inability of an individual to ascertain the most necessary human development needs, including nutrition, access to services, education and income. This view of poverty is also supported by the Development Bank of Southern Africa, and Statistics South Africa (DPLG, 2006).

From 1996 to 2005 there has been a noticeable increase in the percentage of the population experiencing poverty in Stutterheim, Bedford and Peddie. The poverty levels in Stutterheim increased from 56.8% in 1996 to 74.8% in 2005 and in Bedford from 56.7% in 1996 to 83.6% in 2005 (Global Insight, 2006). In Peddie the percentage of the population living in poverty

* From 1981 to 1994 Peddie was in the Ciskei Homeland and hence was not enumerated in the South African census surveys.

increased from 64.1% in 1996, peeking at 82.8% in 2001, then decreasing slightly to 80.3% in 2005 (Global Insight, 2006). These trends discussed here are illustrated in Figure 4.8 below.

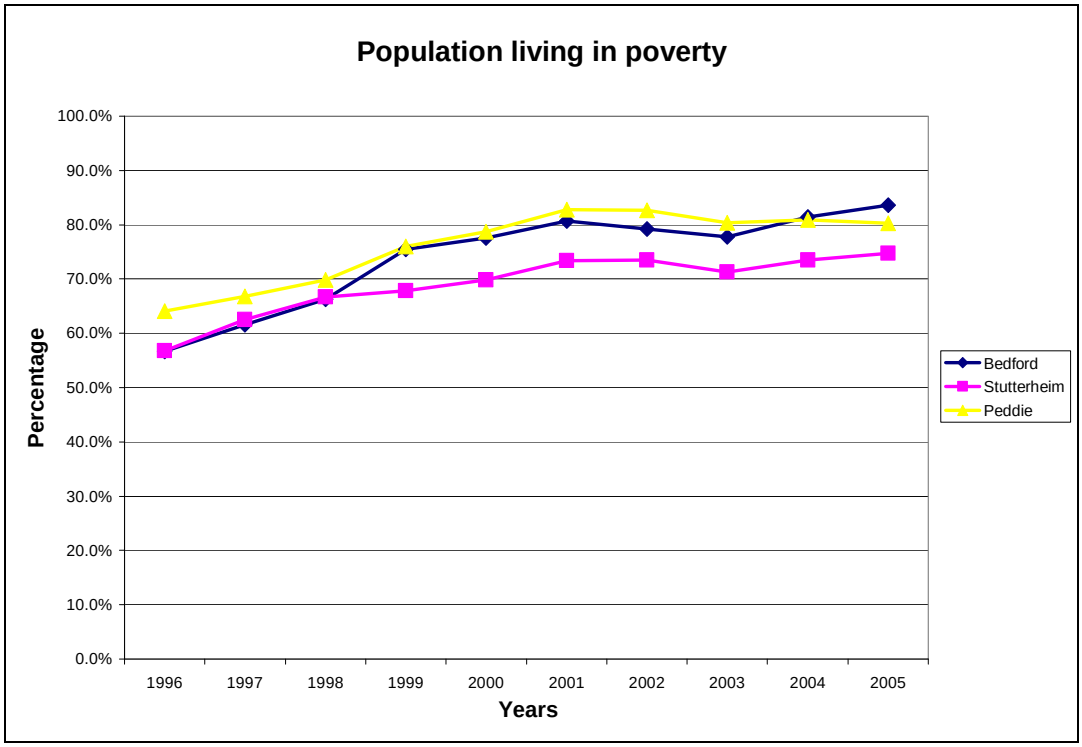

Figure 4.8. Population living in poverty (Global Insight, 2006)

While data is not readily available, it is likely that as a result of high levels of poverty experienced in small towns a large percentage of the population survive off welfare grants and state pensions, a trend identified as being common in small towns (Hill et al, 2003). Additionally the reliance on welfare and state pensions is also identified in the ADM IDP where it is noted that a large portion of the population are dependant on such grants in order to survive (ADM, 2006).

The HDI is seen as a standard manner through which to measure the level of human development in a specific area, taking into account life expectancy, adult literacy, school enrolment rates, and the gross domestic product for the area (Todaro and Smith, 2005). The HDI levels experienced in Stutterheim, Bedford and Peddie between 1996 and 2005, suggest low levels of human development. According to UN scales all three towns would be classified as being areas of low human development (UN, 2007). Global Insight (2006) records Peddie as having experienced the lowest HDI of the three towns in 1996, measuring 0.41, placing it at

the same development level of Ethiopia (UN, 2007). Bedford and Stutterheim experienced a HDI of 0.44 and 0.45 respectively in 1996 (Global Insight, 2006), placing them on the same level as Angola and Rwanda (UN, 2007). Between 1996 and 2005 a degree of improvement in the HDI was evident in all the towns. This may be in response to improvements in literacy rates and small increases in the towns' GDPs and the possible impact of government socio-economic programmes. However, the improvement was small, with Peddie improving to 0.46, Bedford to 0.48 and Stutterheim also to 0.48 (Global Insight, 2006). These levels would however once again place all three towns in the low human development category. Such levels are also below the HDI measure for South African of 0.67 (UN, 2007). The lower HDI being experienced in the three towns points to the fact that greater development backlogs and needs exist in these localities than is the case nationally.

Education and Basic Literacy

The level of education experienced in an area is of importance with regards to its development prospects. According to Todaro and Smith (2005) while high levels of education are an end product of development, they are also a key development ingredient when trying to ensure that self-sustaining growth and development takes place.

The white population of Stutterheim, Bedford and Peddie in 1980 had a low level of education with a relatively small percentage of the population attaining a matric or better. In Stutterheim 26.6% of the white population had a matric or higher level of education, Bedford 38.8% and Peddie 30.8% (RSA, 1980c). Between 1980 and 1985 the percentage of the white population with a matric education increased with 31.8% of the Stutterheim population and 43.4% of the Bedford population having a minimum of a matric level education by 1985 (RSA, 1985c). In Stutterheim this increased to 59.1% by 1991, and 67.3% in Bedford (RSA, 1991). Once again data for Peddie was not available during this time period.

The Black population during this period of time received far lower levels of education. In 1980 less then 1% of the Stutterheim and Bedford population and 1.3% of the Peddie population had obtained a matric (RSA, 1980c). The majority of the population, 53.4% in Stutterheim, 42.4% in Bedford, and 47.7% in Peddie had no education (RSA, 1980c). The percentage of the black population with a matric or higher level of education increased marginally between 1980 and 1985 to 1.3% in Stutterheim and 0.9% in Bedford (RSA,

1985c). The improvement in education levels continued with 6.1% of the Stutterheim, and 7.8% of the Bedford Black population having the minimum of a matric level education by 1991 (RSA, 1991). The majority of the Black population between 1980 and 1991 remained poorly educated with 43.2% in 1985 and 33.3% in 1991 of the Stutterheim population having received no education, while in Bedford 37.8% and 27.6% of the Black population had had no education in 1985 and 1991 (RSA, 1985c, 1991).

In terms of the total population in 1991, 9.3% of the Stutterheim population and 11.1% of the Bedford population had received the minimum of a matric level of education, while 31.9% and 27.7% of the population had received no education (RSA, 1991). These trends are shown in figure 4.9 below.

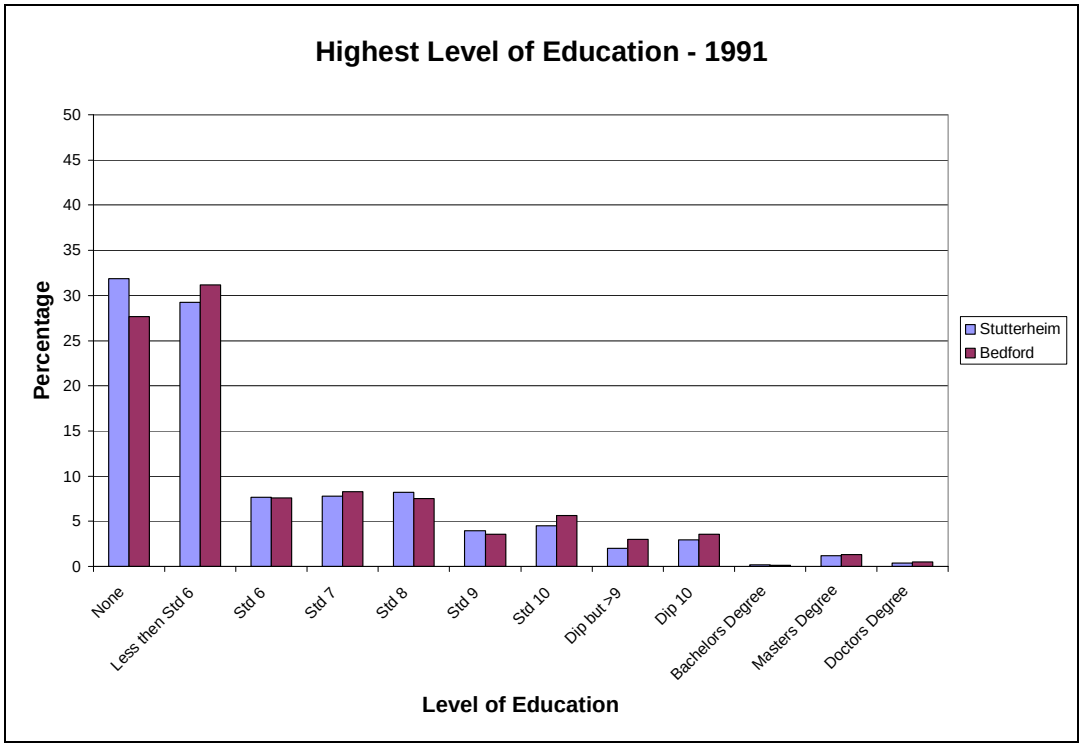

Figure 4.9. Highest level of education, population over the age of 20 (RSA., 1991)

Data from 1996 and 2005 suggests that an increasing percentage of the population are receiving education. This is shown by the reality that the percentage of the population who did not receive any education in Stutterheim, and Bedford decreased between 1991 and 1996 to 21.5% and 18.4% respectively, while in Peddie 21.3% of the population had not received education in 1996 (Global Insight, 2006). Between 1996 and 2005 the percentage decreased

once again to 11.2%, 9.5%, and 10.9% respectively (Global Insight, 2006). During the same period, 1991 to 2005, there has been an increasing portion of the population receiving a minimum of a matric level education. In 1996 the percentage of the population receiving a matric or higher level of education increased from the 1991 levels of 9.3% in Stutterheim, and 11.1% in Bedford to 10.8% and 12.1% respectively (Global Insight, 2006). In the case of Peddie 8.2% of the population had received a minimum of matric in 1996 (Global Insight, 2006). Between 1996 and 2005 this trend continued with 16.8% of the Stutterheim population having a minimum of a matric, while it was 17.8% of the Bedford population and 13.7% of the Peddie population (Global Insight, 2006). These trends are discussed above, namely a decrease in the percentage of the population receiving no education, as well as an increase in the percentage of the population receiving a minimum of a matric level education in each town, is displayed in Figures 4.10, 4.11, and 4.12 below.

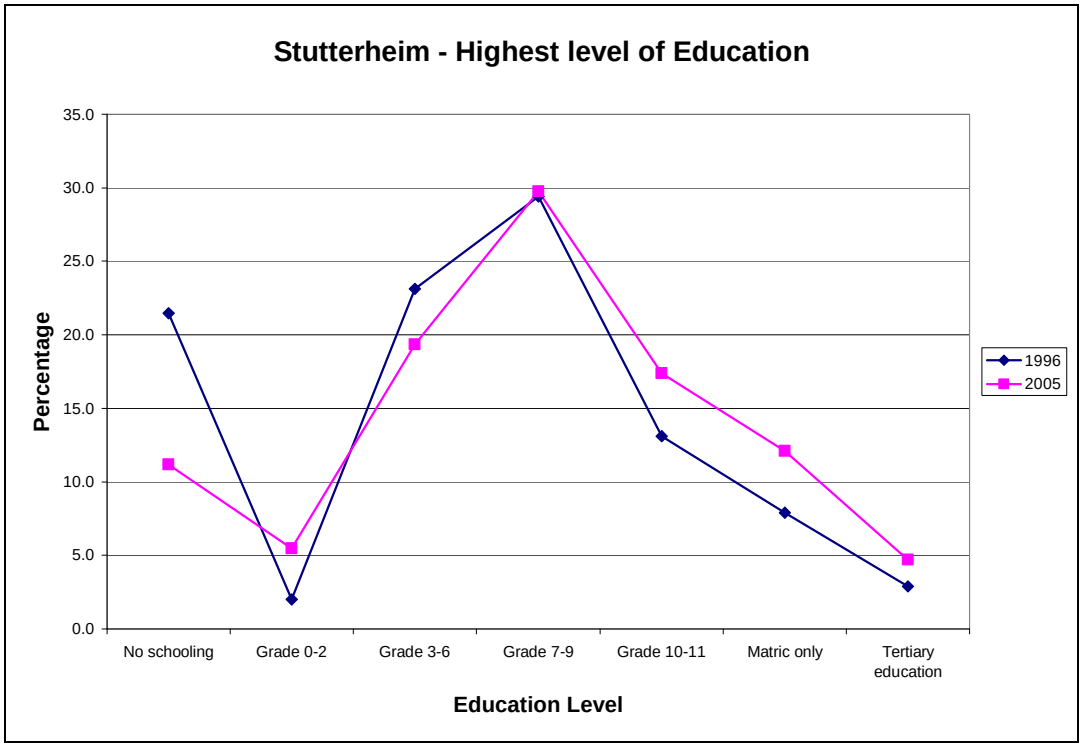

Figure 4.10. Education levels (Global Insight, 2006)

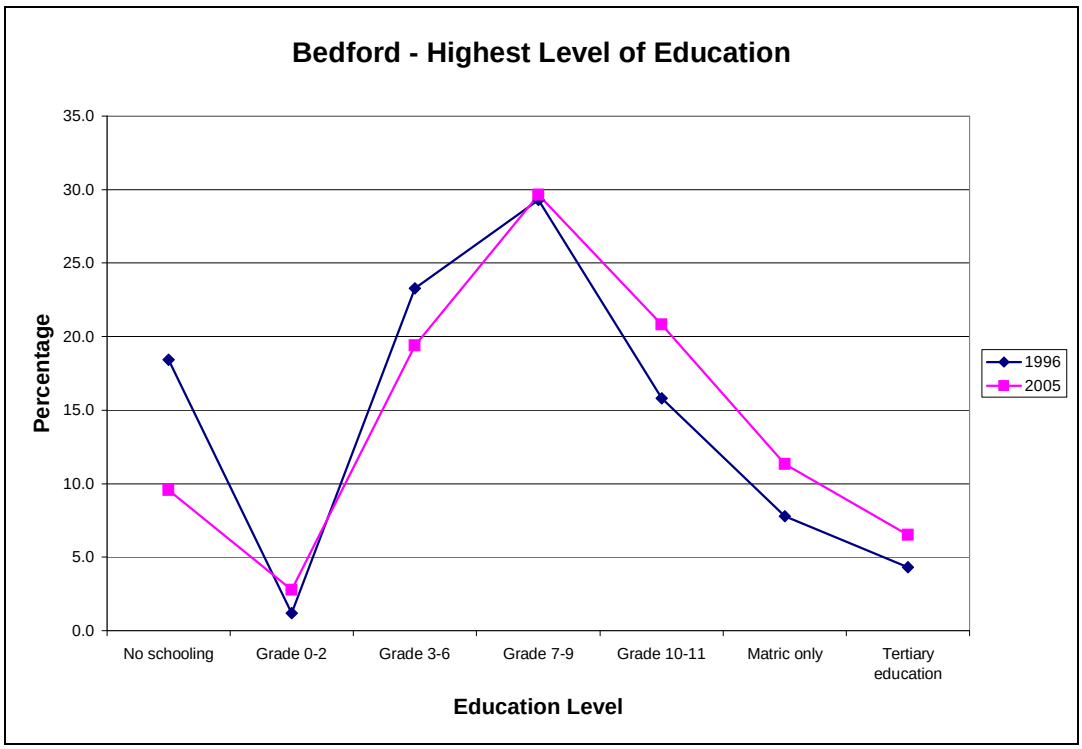

Figure 4.11. Education levels (Global Insight, 2006)

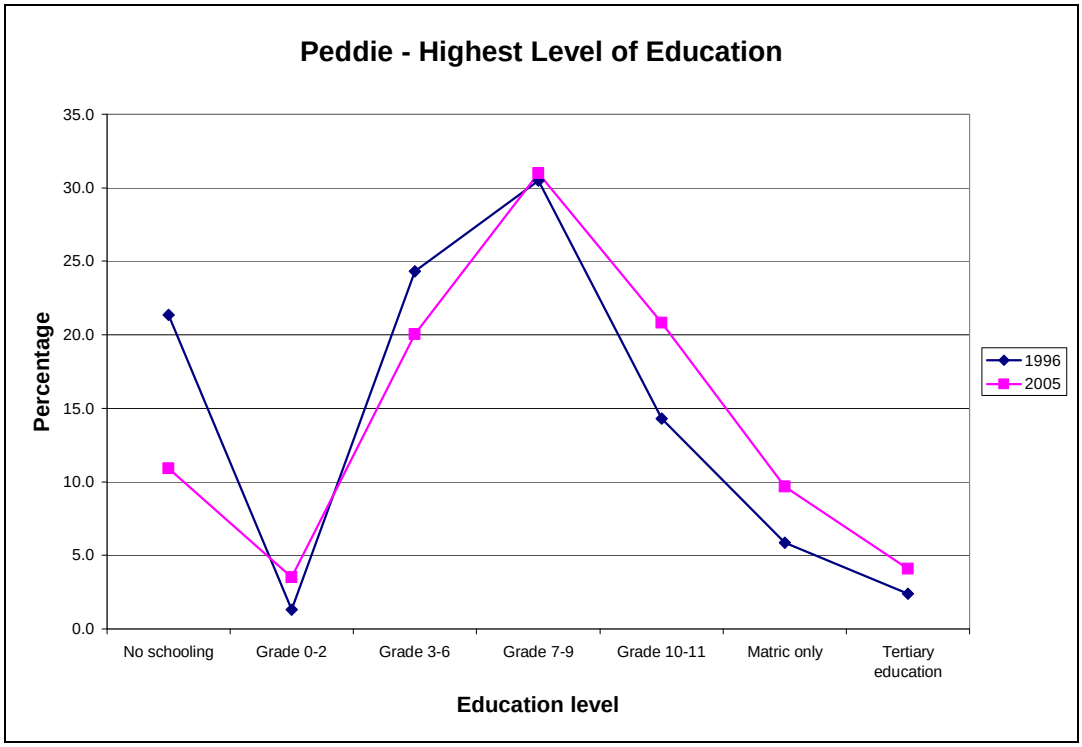

Figure 4.12. Education level (Global Insight, 2006)

It is evident from the data and trends discussed above that the education levels within the towns of Stutterheim, Bedford and Peddie are relatively similar. In all three towns there has been an increase in the percentage of the population receiving some level of education. However, despite an increasing proportion of the population receiving education, the majority of the population still remains poorly educated in all three towns with the majority of the educated population having less then a grade nine level, while improvements in the percentage of the population receiving tertiary education or training have been small.

Data on literacy rates for the towns of Stutterheim, Bedford and Peddie were not available for 1980, 1985 and 1991. However, through the use of the Global Insight (2006) definition, basic literacy being a minimum of a grade seven education, adult literacy rates were calculated for 1980, 1985 and 1991 from Census data. Data from Global Insight (2006) was then used for the years 1996, 2001 and 2005. Figure 4.13 below shows a clear trend in basic literacy levels for all three towns between 1980 and 2005. During this time all the towns experienced an increase in the percentage of the population with basic literacy, Stutterheim rising from 16% in 1980 to 58.2% in 2005, Bedford from 20.1% to 63.1% and Peddie from 17% to 58.3% (RSA, 1980c, 1991, and Global Insight, 2006). Such trends are as one would expect, given the changes

which have taken place nationally, however despite the trend of increasing basic literacy both Stutterheim and Peddie still have below 60% basic literacy and Bedford only 63.1%.

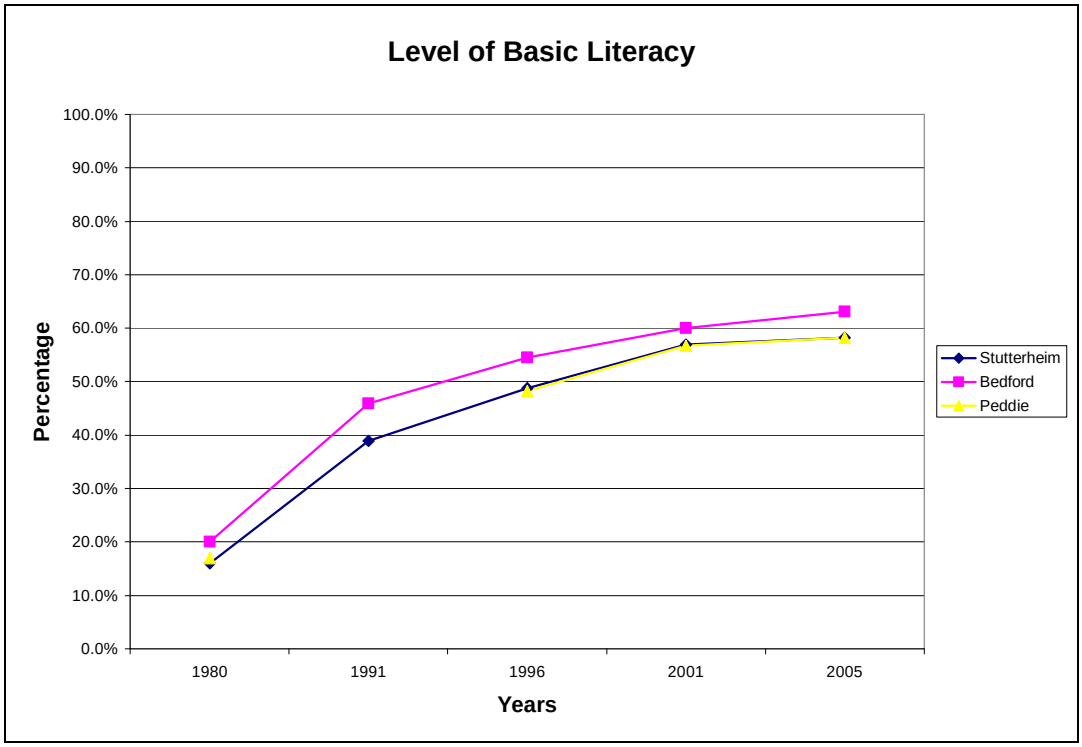

Figure 4.13. Basic literacy (RSA, 1980c, 1991, Global Insight, 2006)

Concluding Discussion

The socio-economic trends discussed above provide insight into the developmental challenges being experienced in the study area of Stutterheim and Bedford, while the socio-economic trends for Hamburg are likely to be similar to those trends being experienced in the Peddie district as a whole. Furthermore, the trends discussed for South Africa, the Eastern Cape Province and small towns in the ADM, enable comparisons to be drawn between these regions and the small towns being investigated. As a result of such comparisons it is evident that the social and economic conditions in both Amathole's small towns and the towns of Stutterheim, Bedford and Peddie are worse than the conditions being experienced at both provincial and national levels.

In terms of socio-economic trends in the towns, it is evident that, as is the case nationally and provincially, unemployment is increasing. However in comparison with the provincial and national levels, unemployment rates in the small towns have consistently been higher than

those experienced by the country as a whole. It is interesting to note here that while unemployment is increasing there has also been an overall increase in the number of businesses operating in Stutterheim, while in the case of Bedford businesses peaked in the 1980's and have since declined. Finally Hamburg has seen no increase in business in the town over the past century. The fact that business growth is being outstripped by unemployment suggests that the economies of the towns are unable to absorb a growing labour force.

The percentage of people receiving education in the small towns has improved over time to levels better then those experienced on average in South Africa. However, concern must be raised over the percentage of the population in these towns completing matric, which falls well below national averages. With regard to functional literacy, positive trends have been identified nationally, provincially and regionally with the percentage of the population with functional literacy increasing, as has been the case in Stutterheim, Bedford and Peddie. However despite improvements, the three towns have consistently, over time, fallen below the national and provincial averages regarding functional literacy.

The economically active population of the small towns are employed predominantly in the community services sector and, apart from Peddie, the agricultural sector, both of which are the major contributors to the economy of the towns and their surrounding hinterlands. It should be noted that the dominance of these two sectors is a trend which has been identified as characterising these small towns over time. In terms of trends in the employment sectors, it is evident that there has been a significant decline in the agricultural sector regarding its contribution to the economy as well as to employment. This decline in agriculture, which has been experienced in all three towns, has been met with an increase in the community services sector. While it is also the case that the community services sector is the greatest contributor to the employment both nationally and provincially, it should be noted that there is currently a far greater and increasing reliance on the sector in the small towns. The trend of declining agriculture is of concern firstly as it has been the 'traditional' economic sector in all three towns in terms of employment and contribution to the local economy, thus having far reaching socio-economic effects on employment and the local economic base. Furthermore, the trend of increasing reliance on community services as the major employment and economic contributor in the small towns raises questions over the ability of the services sector to create real, sustained economic growth.

The data presented above confirms trends identified in the literature as being common in small town both in South Africa and internationally. Such trends include high unemployment or a lack of employment opportunities (Cross and Harwin, 2000). Morton (2003) notes that a large portion of small towns are experiencing a loss in financial and social resources, while decline is also being experienced as a result of them being established or economically reliant on declining primary activities, as is the case here with the decline in the agricultural sector. A number of the development challenges being faced in small towns are shared by South African towns as a whole. However, Stutterheim, Bedford and Peddie are characterised by higher levels of unemployment and poverty, lower levels of education and basic literacy. This is illustrated through an HDI well below the South African average, which are all cause for concern. This is further compounded by the fact that the traditional dominant economic and employment sector of the towns has been in decline over a period of time and the towns are increasingly becoming reliant on a largely state funded sector in the form of community services.

The socio-economic conditions discussed above illustrate the urgent need for effective development interventions in the towns concerned. However, considering the serious development backlogs which exist in the towns, along with a lack of skilled people and resources, the possibilities for LED appear limited. In light of this, the following case study chapters will discuss possible opportunities for further development in the towns, as well as discuss and assess past, current and planned LED initiatives operating within the towns.

Chapter Five: Stutterheim Case Study

Introduction

Conducting research in Stutterheim is of interest in a study of this nature for a number of reasons. Firstly, it should be noted that out of the three case studies, Stutterheim is the biggest town in terms of population and economic activity. A number of relatively large industries, in the form of the timber industry, as well as ANCA Chicks and Boardman Bros. are established in the town and employ a significant portion of the working population. In terms of LED, Stutterheim is of particular research interest due to the town having being considered a shining example of locality led development after the success of the SDF in the early to mid 1990s. Furthermore, the scaling down and eventual closure of the SDF provides some insight into factors which might impact negatively on applied LED here and elsewhere.

This chapter is split into three sections, firstly it examines the current socio-economic conditions, key economic drivers and major employment sectors in Stutterheim. The chapter will then move on to discuss those opportunities identified and constraints to development which exist in the town. Lastly, various development interventions in the town of Stutterheim which seek to address poverty and unemployment, as well as assist the economic development of the town will be discussed. The projects which will be discussed include past projects, such as the SDF, current projects such as The Tyelela Meander, Vukani Youth Enterprises and Khulisa Training Providers, as well as future projects in the planned Woodhouse Initiative.

The chapter will rely on data generated through interviews, questionnaire surveys as well as statistical data from Global Insight (2006) and data obtained from documentation including municipal IDPs. Through the use of various sources of information the chapter will provide insight into the current socio-economic conditions and economic trends being experienced in the town. Through this a socio-economic profile of the town against which the past, present and future development projects taking place within it can be assessed. The achievements and downfalls of the various development interventions will be noted and compared, with the intention of providing insight into what factors have been conducive to increasing the success of a project and what factors can be seen to limit the success of a project.

Socio-Economic Conditions and Key Economic and Employment Sectors

From the data discussed in Chapter Four, it is evident that Stutterheim has been characterised by decreasing levels of socio-economic development. Such conditions require urgent attention in order to provide a basis for more effective and sustainable development. At present it is estimated that the town has an unemployment rate of 53.1%, which translates to 6585 people being unemployed in Stutterheim (Global Insight, 2006). It should be noted here that the Amahlathi IDP for 2007/2008 – 2011/2012 (Amahlathi Municipality, 2007) estimates that only 17% of the potentially economically active population in the municipality are actually employed. The high level of unemployment is mirrored by the high incidence of poverty with 74.8% of the population being regarded as living in poverty (Global Insight, 2006). In terms of the level of education in Stutterheim, as depicted by Figure 5.1 below, the majority of the population, 65.8%, have a grade nine or lower level of education. The percentage of the population with a matric level education is 12%, with less then 5% of the population having some level of tertiary education or training (Global Insight, 2006). Basic literacy in Stutterheim, defined as the population over the age of 20 with a minimum of a grade 7 education, parallels trends in education levels, with only 58.2% of the population having basic literacy (Global Insight, 2006). A locality experiencing education and literacy levels as low as those being experienced in Stutterheim is an unlikely candidate for sustained, all round economic development.

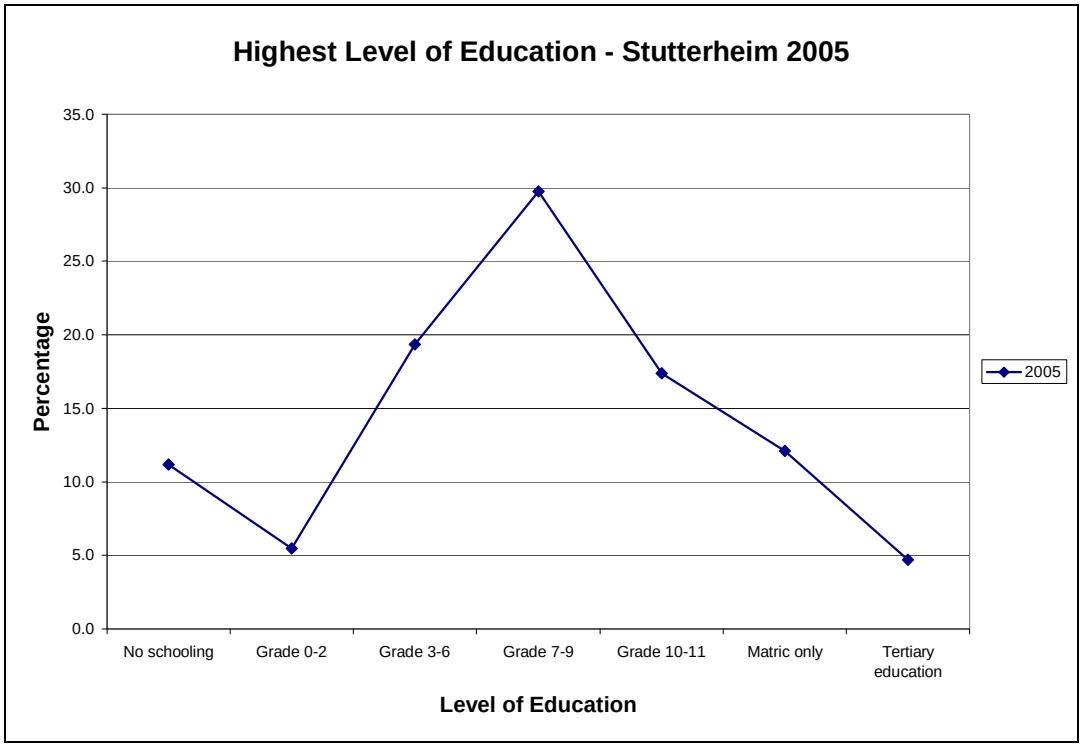

Figure. 5.1: The Highest level of education for the population over the age of 15 in Stutterheim, 2005. (Global Insight, 2006)

The high rate of unemployment, poor education levels and the high proportion of the population living in poverty all suggest that the socio-economic conditions are not only poor but are unlikely to aid meaningful economic development in Stutterheim. The lack of socio-economic development being experienced is shown by the HDI levels, a standard measure of the level of development, with Stutterheim currently falling into the category of 'low human development', as defined by the UN with an HDI of 0.48. This is also well below the average for South Africa of 0.67 (UN, 2007).

The Amahlathi IDP 2007/2008 – 2011/2012 (Amahlathi Municipality, 2007) identifies the key economic sectors in the municipality as being, social and personal services, employing 27% of the population, followed by the agricultural, forestry, fishing and hunting sectors accounting for 22% of employment in the area. These figures correspond with employment trends identified by Global Insight (2006) for the Magisterial District of Stutterheim, with community services accounting for 25%, and agriculture 23% of total employment (Global Insight, 2006). The formal economy accounts for the greatest proportion of employment, 74%, with the informal economy accounting for 26%. While it contributes less to employment then

the formal economy, there has been noticeable growth in the number of people employed by the informal economy. In some sectors more people are employed by the informal economy then the formal. These include construction where76% of those employed are employed in the informal economy, trade is 70%, transport is 67%, and manufacturing is 54% (Global Insight, 2006). Figure 5.2 below shows the contribution by the formal and informal economy to each employment sub-sector in Stutterheim. It is noted by Frye (2006) that, in South Africa, the informal economy contributes relatively little in comparison with other developing countries. This is an area, which as noted by Rogerson (2004), has been neglected by government policy, despite the importance of the sector in the economic development of low income communities. This is supported by Adebayo and Adebayo (2000) arguing that an increasing number of low income job seekers are finding opportunities in the informal economy.

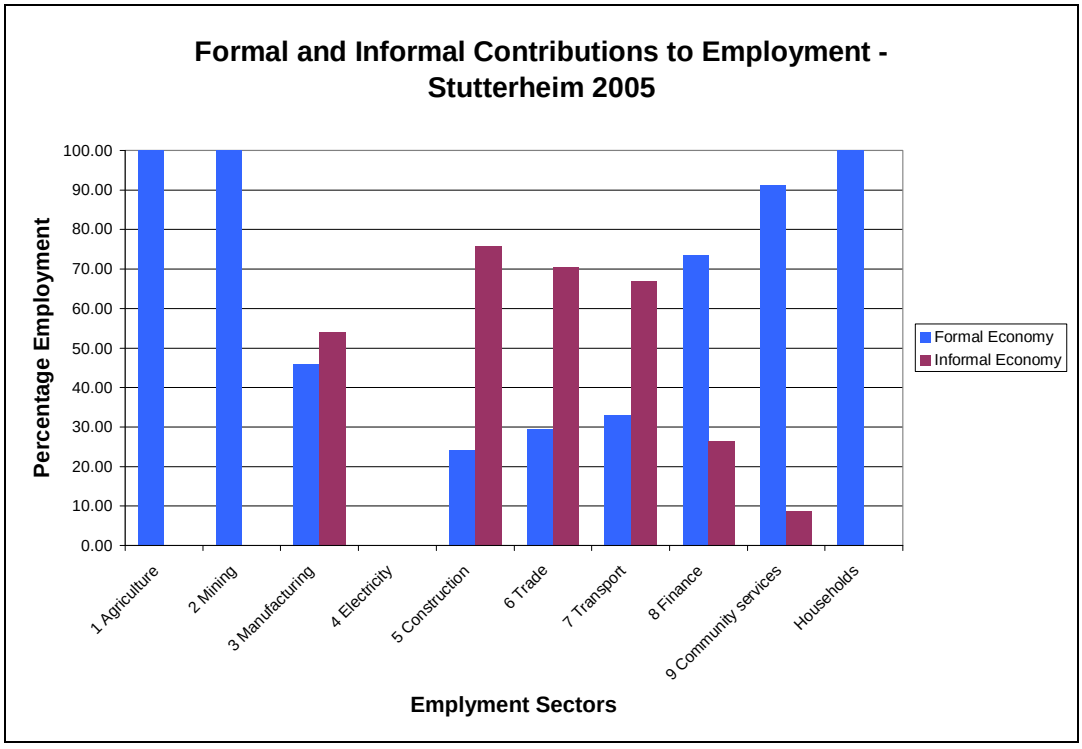

Figure. 5.2: Contributions by the formal and informal economy to employment, Stutterheim 2005 (Global Insight, 2006)

The Gross Value Added (GVA) of a sector shows the contribution of a specific sector to the overall economy of an area, UK Statistics Authority Online define GVA as “Measuring the contribution to the economy of each individual producer, industry or sector…”, and it is used in the estimation of Gross Domestic Product. As is the case with the major employers in the

town, community services and agriculture are also responsible for the greatest contribution to the local economy. Global Insight (2006) state that agriculture contributes 18%, with community services contributing 36%, which perpetuates trends in the town and Stutterheim Magisterial District over the past ten years. It should be noted however, that during this time, the contribution to the local economy by agriculture has decreased from above 21% in 1996 to its current level of 18%, while the contribution made by community services has seen an increase from 29% to 36% during the same time period (Global Insight, 2006). Agriculture and community services are also the two sectors in Stutterheim to have experienced the greatest annual average growth, both being 0.7%, between 1996 and 2005 while the economy as a whole has experienced an average annual growth rate of 0.2%[4] (Global Insight, 2006).

The major employment and economic contributors to the town were also confirmed in interviews with various business people in the town, as well as by members of local government. It was noted by Mr Ondala (per. comm., 2007), the Amahlathi Municipality's Strategic Manager, that the major contributor to the economy in Stutterheim is agriculture, in particular the timber industry. In the interview he identified the various opportunities the timber industry could provide for further local development, while also identifying factors which are inhibiting the timber industry from aiding economic development in the town. These will be discussed further in the following section. Local businessman and ex-council member Mr Kyriacos (per. comm., 2007) as well as Mr Scott (per. comm., 2008), ex-town council member, also identified the timber industry as a major employer and economic contributor to the economy of the town, in particular the role played by Rance Timber. It was added by Mr Kyriacos (per. comm., 2007) that there has also been significant growth in the chicken farming industry through the operations of ANCA Chicks and in local industry more broadly through the activities of Boardman Bros. involved in the manufacturing of Newden products, producing paints, art supplies, craft materials, candles and hardware.

Interviews were conducted with the directors of the three industries identified as major employers in the town. It was confirmed through the interview process that Rance Timber, ANCA Chicks and Boardman Bros as individual industries are responsible for a large proportion of employment in Stutterheim. It was noted by Mr Rance (per. comm., 2008) of

[4] Annual average growth was calculated using constant 2000 prices.

Rance Timbers that they are responsible for directly employing approximately 900 people. Mr Boardman of Boardman Bros. noted that they employ in the region of 201 people permanently and a further 75 during peak season. Mr Isemonger (per. comm., 2007) of ANCA chicks confirmed that they employ 300 people permanently. These figures show that these three industries in Stutterheim are responsible for the employment of approximately 1400 people, accounting for 27% of the employed population in Stutterheim. While community services and the agricultural sector, which is inclusive of the timber industry, are the biggest employers and contributors to the economy of Stutterheim, and the surrounding areas. This illustrates how the economy of the area is largely reliant in terms of employment on three industries. This illustrates the point made by Daniels (1989), who it is noted that small towns are often characterised by being overly reliant on an economic base comprised of a small number of industries.

Local Business Opinion

Questionnaires completed by a random sample of 30 local business owners revealed that 60% of local business owners had reported growth in terms of profits, 40% had remained static and 0% reported decline over the past year. The reasons cited for such growth was the general economic growth of the town and an overall increase in money flowing into the town. It was also suggested that the increase in travelling costs is forcing people to purchase goods locally as opposed to travelling to bigger service centres. While only 50% of the businesses which were surveyed have been open for longer then 10 years, 66% of them stated that they have experienced growth over this period. Lastly, the questionnaire findings established that 64% of business owners were positive about the future of Stutterheim, 32% were indifferent while the remaining 4% were negative about the future. It is interesting to note that the majority of the local business people who answered the questionnaire reported both growth and had a positive outlook for the future of Stutterheim, despite the relatively negative picture painted by the statistics discussed earlier. It must be pointed out here that the businesses survey was conducted in what can be considered the central business district of the town, falling into the former white area of Stutterheim. This area of town is likely to fall into the ‘first economy’ of the town, providing a service for a minority of the population, and thus is unlikely to feel directly the effects of the poor socio-economic conditions being experienced in the former non-white areas.

It is evident from the preceding section that, at present, Stutterheim is characterised by low levels of socio-economic development. Unemployment rates are high, at above 50%, while a growing proportion of the employed population work in the informal economy. The high levels of unemployment are compounded by high levels of poverty and low levels of education and basic literacy. The majority of the population over the age of 20, do not have a matric education and less than 5% have any level of tertiary education. The above conditions retard socio-economic prospects and contribute to the low HDI level experienced in Stutterheim, which in terms of UN measures can be regarded as being an area of low human development (UN, 2007). In terms of the major employment sectors and economic drivers in the town, it came to the fore through interviews and statistical data, that agriculture, in particular timber, and community services are responsible for 48% of total employment in the town and surrounding area. Furthermore, three individual industries are responsible for employing an additional 27% of the working population. Despite the conditions discussed above, the response from local business owners about the economic status of the town were positive, with the majority experiencing growth in past years, as well as being positive about the future of Stutterheim in general. However, as noted the opinions of the local business owners must be considered relative to the broader context in the town.

Opportunities and Constraints to Socio-Economic Development

The opportunities identified by local and regional government for development in Stutterheim are based around two sectors, namely the timber and tourism industries. It was confirmed by the Amahlathi Municipality's Strategic Manager, Mr Ondala (per. comm., 2007), and the Amahlathi LED officer, Mr Simon (per. comm., 2007), that these two sectors have been prioritised for development.

As discussed above, the timber industry is a major employer and economic driver in Stutterheim, and Mr Ondala (per. comm., 2007) pointed to this reality when explaining the reason for the timber industry being identified as key to economic development in the area. Mr Ondala (per. comm., 2006) added that Stutterheim is seen as the 'hub' of timber production in the area and there is a need for the town to exploit this status. In order for further economic development to take place based around the timber industry, various inhibiting factors will need to be addressed. As pointed out by Mr Ondala, Mr Simon, Mr July, and Mr Kyriacos (per. comm., 2007) there is currently a lack of value being added to raw materials before they

leave Stutterheim, an issue, which if addressed, could aid in the economic development of the town.

Stutterheim and its surrounding area possess various tourism opportunities, mostly based around the natural beauty and resources of the area. Resources identified as having tourism potential include the Amathole Mountains, indigenous forest, open space, dams and rivers (Amahlathi Tourist Association, 2007). Mr Ondala (per. comm., 2007) as well as Mr Simon (per. comm., 2007), highlighted the potential for growth in tourism in the area noting that Stutterheim needs to take advantage of the 'Friendly N6' tourism route on which it is situated. The potential for the development of tourism in the area was also agreed upon by Mrs Newbold (per. comm., 2007), a hotel owner and Stutterheim Tourism Association member. She noted that in order for tourism to become a major economic driver in the area, a number of issues needed to be addressed. She felt there is a need for the existing businesses to be run in a more professional manner and be brought up to an acceptable standard. Mrs Mammes (per. comm., 2007), chairperson of the Amahlathi Tourism Association, identified the need to coordinate the running of the tourism industry in Stutterheim, noting that there is little to no communication between stakeholders, no coordinated marketing, as well as various tourism businesses not being sustainable in their current form.

In terms of broader issues which are likely to impact negatively on the development of Stutterheim, both Mr Kyriacos (per. comm., 2007) and Mr July (per. comm., 2007/2008) pointed to political issues, as well as the persistent brain drain, especially among the young adults, as inhibiting development in Stutterheim. Mr Kyriacos (per. comm., 2007) pointed to what he feels is a lack of will among local government to work with the private sector. He noted that this conclusion is informed by personal experience of trying, unsuccessfully, to work with local government on various occasions. Mr July (per. comm., 2008) also identified the lack of resources at the disposal of the LED officer as a factor hampering the development of the town. It is of interest to note here that certain respondents believe that there is a lack of desire by local government to work in partnership with the private sector, which was also identified by Mr July, Mrs Peters, Mr Kyriacos, Mr Boardman, and Mr Scott (per. comm., 2007/2008) as one of the major reasons for the SDF disbanding. This will be discussed later. While this view may represent only one side of the picture, the fact that one sector feels marginalised is of concern and will be a barrier to future development.

It is evident from the above section that local government officials have identified the lack of value being added to goods before they leave Stutterheim as being one of the biggest factors retarding the development of the town. While this is currently seen to be restricting development, the potential for growth through adding value to goods, in particular timber, has been identified as a way in which the town can develop economically. However, it was noted by Mr Rance (per. comm., 2007) that the processing of timber into higher order goods generally does not take place away from the market, raising questions over the ability of using such a strategy to aid further economic development. The development of the tourism industry has been identified as a second sector for economic growth in Stutterheim. However, as discussed above, there are also a number of factors which are currently inhibiting the development of this sector. In terms of the general development of Stutterheim it was pointed out by a number of respondents that a lack of communication and goodwill between local government and the private sector is likely to be detrimental to the development potential of the town, as is the trend among young educated people to leave the town.

Development Interventions

The following section will look at various development interventions taking place in Stutterheim. LED interventions discussed include a variety of projects, the majority being a diverse range of small, privately driven initiatives, with projects being driven by local government appearing non-existent. Furthermore, the section will provide insight into local government's LED policy and involvement in the LED process. It is noted in the Amahlathi Municipal IDP 2007/2008 – 2011/2012 (Amahlathi Municipality, 2007) that the LED process focusing on tourism development should lead to a 10% increase in the number of tourist visiting Stutterheim in 2008. In terms of agricultural development, it is hoped that sustainable agricultural programmes can be implemented which will aid food security.

The SDF will be discussed first, looking at its earlier success and the reasons for its eventual closure, before examining current and planned development interventions in the town. In terms of local government's LED policy, it is of interest to note that in the Amahlathi Municipality IDP 2007/08 – 2011/12 (Amahlathi Municipality, 2007) it is stated that LED is greatly assisted by NGO's, in particular by the SDF. This is of particular interest as the SDF officially ceased operations in 2007 and has essentially not been functioning for the past number of years as was pointed out by various members of the SDF.

The Stutterheim Development Foundation

Stutterheim provides a particularly interesting case study for LED, as the town during the early 1990s, was seen as a shining example of successful LED through the work of the SDF. Nel and McQuaid (2002) noted that, at that time, the SDF was a role model for racial reconciliation and locality based development in small urban centres in South Africa.

The SDF came into existence during a time of great civil unrest in Stutterheim, with the town which in many ways was a microcosm of apartheid South Africa, being characterised by high levels of poverty, violence, consumer boycotts and tension (Rogerson, 1999). The turning point came in early 1990 when a meeting was held between the then town mayor, Mr Ferreira, and the leader of the civic movement, Mr Magwangqana (Nussbaum, 1997). Ultimately, the result of the meetings between the various leaders was the setting up of a Section 21 company in 1992 consisting of nine committees, namely: constitutional, planning, works, economic, health, education, agriculture, tourism and recreation, which were responsible for decision making and project implementation (Nussbaum, 1997). It should be noted here that the committees were represented by people from each community and, according to Mr July (per. comm., 2007), former market manager of the SDF, the structures themselves went some way to addressing the issues of integrating the divided societies. Fig. 5.3 below illustrates how the SDF and the various committees were structured.

Stutterheim Development Foundation: Committee Structures

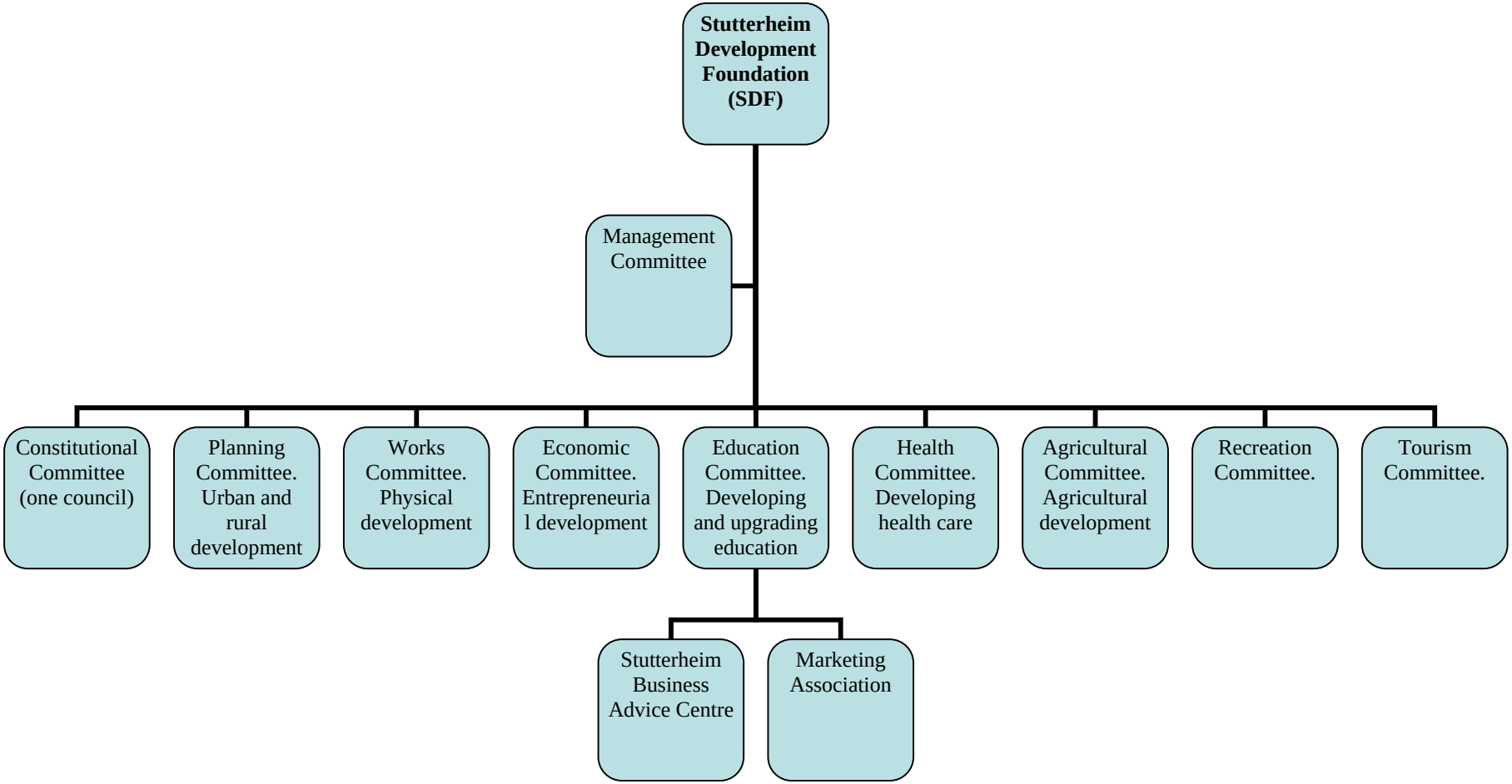

Figure 5.3: Stutterheim Development Foundation, structure of the committees. Table adapted from Nussbaum (1997, 20)

Mr July (per. comm., 2007/2008), identified the early success of the SDF as being as a result of the improvement of the quality of life for the residents of Stutterheim, in particular the residents of the surrounding township. This was supported by Mrs Peters (per. comm., 2007), current manager of the town's Education Trust, and earlier by Nussbaum (1997), who all noted that a number of basic services were provided in areas, which prior to the setting up of the SDF, were not in place. Nussbaum (1997) breaks down the measures of success for the SDF into quantifiable indicators, partially quantifiable indicators and qualitative indicators. In terms of services, which prior to the setting up of the SDF were not provided, Nussbaum (1997) notes that between 1991 and 1994, 896 sites in the townships received taps and outside toilets, this translates into 29 people sharing a tap in 1995 as oppose to 196 people sharing a tap in 1991. Prior to 1992 there was no public supply of electricity to the township areas of Stutterheim, however by the end of 1993, 55% of the population had access to electricity (Nussbaum, 1997). Furthermore Nel and McQuaid (2002) note that during this same time period 988 serviced housing sites were provided, helping to address housing shortages. The achievements detailed above all took place amid growing political tension nationally and prior to democracy in 1994, the significance of which must not be understated in terms of evident local reconciliation and community empowerment, considering the history of apartheid South Africa.

Other areas in which the SDF was successful were identified as economic development and job creation, and as was pointed out by Mr Kyriacos (per. comm., 2007), the setting up and supporting of local business. According to Nussbaum (1997) in the region of 521 jobs were created in Stutterheim between 1992 and 1995, while 512 people received training in technical skills, business skills, educational skills and farming skills through the activities of the Stutterheim Business Advice Centre. Improvements in the number of people receiving education as a result of direct action by the SDF was seen through the increased enrolment at all levels of schooling. At pre-schools, attendance increased by 600%, primary schools by 81% and high schools by 176% between 1985 and 1995. In addition, the building of pre-schools and schools in the area was also identified as a key achievement of the SDF (Nussbaum, 1997).

In terms of the reasons identified for the success of the SDF, Mr July (per. comm., 2007) noted that, in his opinion the lack of political agenda's among the leaders allowed for the issues at hand to be addressed. This was confirmed by Nussbaum (1997) who stated that there was a conscious decision to keep the SDF non-political. Other factors which were identified as aiding the success of the SDF were good leadership, the involvement and consultation of the community, the inclusion of local business, the inclusion of entrepreneurs, and the empowerment of the community (Nussbaum, 1997). One can also not neglect the well structured, multi-faceted nature of the SDF with separate committees promoting development in a diverse manner, encompassing both the economic and social needs of the community.

It is noted by Nel and McQuaid (2002) that between 1995 and 2000 the SDF transformed, taking on a different role in the community. The newly appointed local government took on the responsibility of implementing economic development in the locality essentially causing the SDF to become expendable (Nel and McQuaid, 2002). This led to the downscaling of the SDF in 1996, with local government taking over planning, public works, constitutional, recreational, and tourism matters, while the SDF remained involved in the Business Advice Centre, The Kei Development Trust and the Stutterheim Education Trust (Nel and McQuaid, 2002). It was noted by Mr Scott (per. comm., 2008) that steps were taken prior to 1996 to ensure that some aspects of the SDF remained, as it was feared that with the implementation of new local government in 1996 the SDF might become expendable. Bond (1998) suggests that since local government has become responsible for implementing LED in the area, very little success has been achieved, while the role and effectiveness of the SDF has slowly been eroded. As a result, the SDF played a continually reduced role in development in Stutterheim, officially coming to an end in March 2007 (Mrs Peters, per. comm., 2007). It was noted however by Mrs Peters (per. comm., 2007) that even since 2001 the role played by the SDF and the influence of the SDF in the local community had decreased rapidly, with it struggling to remain sustainable.

The eventual closure of the SDF has been attributed to a number of factors. As already mentioned, the role of the SDF in LED matters was greatly reduced after 1996. It was noted by Mr July (per. comm., 2007) that with the establishment of new local government the role of what was essentially a private institution in the development of the town became unclear. Mrs Peters (per. comm., 2007), Mr Scott (per. comm., 2008), and Mr Kyriacos (per. comm., 2007) all identified the establishment of local government and its self-identified role as the implementing agent of development as one of the major reasons for the downscaling and eventual closure of the SDF. Mr Scott (per. comm., 2008) and Mr July (per. comm., 2007), pointed out that the SDF, on a number of occasions, put forward proposals to local government regarding the possibility of the SDF becoming the 'development arm' of local government but as a community based organisation. However, at no stage did local government show any interest. Secondly, it was noted that after 1996 with the introduction of local government, large amounts of funding which were previously received by the SDF came to an end (Mrs Peters, per. comm., 2007). Mr July (per. comm., 2007) and Mr Scott (per. comm., 2008) both noted that the funding which prior to 1996 would have been available to the SDF became channelled through local government and became increasingly hard to access. Lastly, Mrs Peters (per. comm., 2007), Mr July (per. comm., 2007), Mr Kyriacos (per. comm., 2007) and Mr Scott (per. comm., 2008), all identified the loss of leadership, particularly that of Mr Ferreira, who left town in 2004, as contributing to the slow decline in the developmental role of the SDF. It was added that the loss of Mr Ferreira not only meant the loss of an instrumental leader but also the loss of an individual who was largely responsible for accessing large amounts of funding for the SDF.

While it has been noted that in the 1990s the SDF was considered a role model for successful LED, it has not been without its critics. Mncwabeni and Bond (1998, cited in Rogerson, 1999) and Bond (1998) point to a number of shortcomings which the SDF experienced. It is noted by Mncwabeni and Bond (1998, cited in Rogerson 1999) that the SDF in many ways did not address the problems being experienced by the low income portion of the population and while the SDF has been touted as having broken down racial barriers in the town, Mncwabeni and Bond (1998, cited in Rogerson, 1999) argues

that such racial and class divides have become bigger. Furthermore, Bond (1998) noted that while there were a number of small LED projects initiated by the SDF most have proven largely unsustainable, while those people who received training generally left the town in search of employment elsewhere.

Despite such criticisms, one has to accept that the SDF played an instrumental role in turning around a town struggling with issues of violence, consumer boycotts and tension. It must also be accepted that the SDF went some way to creating employment and addressing the social and infrastructural needs of the lower income community. In essence, the success of the SDF was its ability to bring together and empower a community which was divided and all but at war with itself.

The reasons identified for the initial success of the SDF are numerous, including good leadership, the non-political nature of the organisation, the consultation with and empowerment of the community and the involvement of local business and other stakeholders. Nel and McQuaid (2002) note that LED projects or organisations are never static but change depending on circumstances, which appears to be the case with the SDF. With the removal of high profile leaders and a reduction in funding the SDF began to decline. It must be added that there were a number of other issues which aggravated the situation, including local government taking over the responsibility of LED and inability of the local government and the SDF to find common ground with regards to their roles in the development process.

The example of the SDF provides for a number of lessons with regards to aspects of successful LED. First, the need for the presence of strong leadership is of vital importance to the success of any given development initiative. Secondly it is evident that if LED initiatives are going to remain sustainable they cannot be overly reliant on outside funding. The need for public/private partnerships was shown to be of importance while a lack of communication and willingness to work together between local government and the SDF ultimately impacted negatively on the development process in Stutterheim.

Lastly, the SDF showed the importance of not only placing focus on economic development but the social needs of a community as well as community empowerment.

Attention will now shift to current and planned development initiatives and projects taking place in Stutterheim.

Tyelela Meander

As discussed previously in this chapter, the tourism sector has been identified as having potential for development in Stutterheim. This is based largely on the attractive nature of the surrounding areas. Tourism led LED has come to the fore in recent times in South Africa as a popular choice with considerable focus being placed on it as a key sector in development and as an LED strategy (Nel and Binns, 2002). Five potential 'tourist sectors' have been identified in Stutterheim. Namely; eco-tourism, adventure tourism, heritage tourism, health tourism and art and crafts (Amahlathi Tourist Association, 2007). The importance of having a number of tourism products is identified by Rogerson (2002a) who states that in order for a locality to successfully use tourism-led LED, a portfolio of products in needed. The Tyelela Meander is an example of what Rogerson (2002b) describes as route tourism, with the two most advanced examples from South Africa being the Midlands Meander and the Highlands Meander. It must be noted at the outset of this section that the Tyelela Meander was only implemented in latter part of 2007 and is a new initiative. Thus the research is not focused on the achievements of the meander but rather the concept of the Meander, and planning which has gone into the initial stages of the project.

The idea of the Tyelela Meander was developed by Mrs Mammes, who pointed out that she has no formal qualifications and initially little experience in the tourism industry (per. comm., 2007). It was stated by Mrs Mammes (per. comm., 2007) that the idea developed out of her taking note of the natural assets which exist in Stutterheim as well as the various tourism related businesses being run in the town, but which were not operating in a coordinated fashion. Based on the model of the Midlands Meander in KwaZulu-Natal, she came up with the concept of the Tyelela Meander. In order to assess the feeling of

local stakeholders, meetings were arranged with the first one taking place in March 2007 (Mrs Mammes, per. comm., 2007). From here the project has developed to include numerous stakeholders from Stutterheim town and the Amahlathi municipal area. Additionally funding of R4.5 million from the Thina Sinako Local Economic Development Support Programme, a European Union supported LED programme in the Eastern Cape Province, has been confirmed. Access to funds from the Thina Sinako Local Economic Development Support Programme began in March 2008, and will be completed with three instalments over the following 18 months.

It was noted by Mr Scott (per. comm., 2008), the project manager, that there has always been a great potential for tourism in the Stutterheim region, adding that there was simply the need for an individual to identify and coordinate the development of the sector. In this regard he identified Mrs Mammes as the key driver behind the project. In terms of the planning, Mr Scott (per. comm., 2008) noted that a fair amount of planning went into the setting up of the project with the initial step being the identification of problems that existed with the tourism industry in the town. Such problems, as mentioned earlier, were identified as a lack of coordination between stakeholders, a lack of coordination in marketing the area, no tourism office and the services provided by the local tourism industry not being up to a suitable standard. Once problems within the sector were identified, Mr Scott (per. comm., 2008) noted the second step in the planning process as being prioritising what was needed. This process involved identifying what existed in the area and what needed to exist in order for the meander to be successful, thus identifying the strengths of the area and the gaps which existed. Through this 25 ‘cost centres’, in essence major stakeholders who will receive funding, were identified. On completion of which, the application for funding from the Thina Sinako Local Competitiveness Fund process began.

The main objective of the Tyelela Meander is to contribute to improved economic activity in Stutterheim and Amahlathi through tourism. It is proposed that this in turn will aid employment in the region (Amahlathi Tourist Association, 2007). Mrs Mammes (per. comm., 2008) elaborated on this, noting that the specific aim is to provide a tourism route

which is sustainable, thus developing the local economy, creating jobs and providing opportunities for entrepreneurs. According to the Thina Sinako Local Competitiveness Fund Application (Amahlathi Tourist Association, 2007) for the Tyelela Meander, it is estimated that in the region of 980 people will be employed directly during the implementation process of the meander while 101 people should gain permanent employment as a direct result of the meander. The anticipated beneficiaries of the meander are people from the local community through employment and increased economic activity and opportunities in the area, as well as expansion of existing businesses (Amahlathi Tourist Association, 2007).

During the planning process a number of partnerships were forged between various stakeholders as well as with local government. It was noted in the Thina Sinako Local Competitiveness Fund Application (Amahlathi Tourist Association, 2007) that the Amahlathi Municipality is a partner in the development of the Tyelela Meander, providing support through funding, assistance with applications for permits and assistance in running an information centre as well as providing support in the project application process. Mrs Mammes (per. comm., 2007) noted that the Amahlathi Municipality has fitted the project into their budget for coming years, which was confirmed by Mr Ondala (per. comm., 2007). Partnerships have also been established with the Department of Water Affairs and Forestry which is aimed at ensuring the use of the natural forests and dams in the area. Further partnerships have been developed with Forest Way, a local, privately run outdoor learning centre registered as a Section 21 company, which have agreed to provide training in various skills, Mgwali Cultural Village which has been taken on as a partner and will be a node of the meander and Sakhisizwe Consulting Services who are providing technical expertise (Amahlathi Tourist Association, 2007). In the case of the Midlands Meander Rogerson (2002a) makes note of the fact that while a partnership does exist with local government, they have played a relatively silent role, while much of the success of the Midlands Meander can be attributed to the efforts of the private sector. In contrast the Tyelela Meander appears to have developed a number of partnerships, both public and private. While local government appears, thus far, to be providing support for the Tyelela Meander through

funding it should be noted that it is still early in the implementing phase of the Meander. If local government is to take on a 'silent' role with the initiative being driven purely by the private sector, as is the case with the Midlands Meander, it is plausible that the community at large will not see the anticipated spin-offs.

A questionnaire survey of local business conducted in 2007 by the researcher established that the general feeling about the feasibility of the meander was positive. Questionnaire surveys were conducted with ten out of fifteen businesses listed on the original pamphlet of the meander. The intention was to conduct the survey with all the businesses listed, however only ten out of the fifteen were open on the day the survey was conducted. The businesses surveyed included a hotel, bed and breakfasts, restaurants, and a museum. The responses from the various businesses were positive, stating the need for coordination of the tourism industry and noting the potential for the development of the tourism industry in the town currently did not exist. Four of the respondents mentioned that the strength of the meander was that it was started by and is being driven by the community, as opposed to being a top down process. In terms of seeing any results since the inception of the meander in its first year of existence, all the respondents felt that they expect that it will be some time before the effects are felt. However, two of the businesses noted that on a number of occasions customers had heard of them via the initial advertising of the meander.

While there are plans to extend the Tyelela Meander to include other towns in the Amahlathi Municipality, at present the Meander currently appears to be smaller and more condensed then both the Highlands Meander, made up of five small towns, and the Midlands Meander stretching in the region of 64km (Rogerson, 2002a). The location of both the Midlands Meander, being situated along one of the country's busiest transport routes the N3, and the Highlands Meander, located close to a number of other major tourism sites, has been instrumental in the success of those routes (Rogerson, 2002b). The Tyelela Meander lacks such placement. While it is situated along the 'Friendly N6' route, one is inclined to feel that the N6 can not be considered a major tourist route in South Africa, limiting the number of tourists passing through the town.

Unfortunately it has been noted elsewhere that the ability of tourism, as an LED initiative, to significantly assist in uplifting the most marginalised sectors of the South African population has been limited (Visser, 2003). The cases of the Highlands Meander and the Midlands Meander indicate that 'route tourism' has successfully contributed to the growth of tourism industry in the areas concerned, as well as contributing, albeit of a limited degree to employment and possibilities for SMMEs (Rogerson, 2002b). It has appeared however, that, apart from limited job creation, both the Midlands Meander and the Highlands Meander have had little effect on the lower income groups of the community, with it generally being the middle to upper income groups who have benefited both directly and indirectly (Rogerson, 2002a and Rogerson, 2002b). In the light of such examples the ability of the Tyelela Meander, and the tourism sector in general to assist in the socio-economic upliftment of the Stutterheim community appears limited.

It is evident that large amounts of planning have gone into the setting up of the Tyelela Meander with partnerships with both the local government and the private sector existing. Furthermore, the awarding of funding to the sum of R4.5 million will aid the Meander in the setting up of a number of projects. While it is evident from other examples of such initiatives in South Africa that employment can be created through route tourism it appears that, in general, it is not the low income groups who benefit from the project, but rather the upper-income sectors of the community. While it is likely that the existence of the Tyelela Meander will improve the marketing of the Stutterheim area and have an effect on the tourism industry in the area, one has to question what scope the Meander has for attracting a continuous flow of tourists to the area, and to what degree will this benefit the entire Stutterheim community.

Vukani Youth Enterprises

Vukani Youth Enterprises was established in 2001 as a registered, non-profit organisation, in response to the lack of opportunities for the youth in Stutterheim (Mr July, per. comm., 2008). Mr July (per. comm., 2007), project manager and ex-marketing manager of the SDF, noted that in many ways Vukani is the 'Brain Child' of the SDF,

encouraging the youth of Stutterheim to become self-reliant through providing training in various skills. Examples of training centres existing as an LED initiative can be found both internationally and locally. In terms of international examples Tonts (1999) makes reference to training centres in Australia set up in order to aid regional development, while Johnson and Jones (1998) make reference to similar centres in the USA and Canada. The best example in South Africa is the Centre for Business Information and Support set up in Tshwane, which provides business support, finance and training to small scale entrepreneurs (Taylor, 2003).

Vukani is based on the same principle as such centres providing people with basic business training and business awareness at minimal costs. The aim of Vukani is, as noted by Mr July (per. comm., 2007/08), to aid young people in becoming self employed as well as attempting to change the mind set of the youth and, through this address social issues. Furthermore, Vukani assists people already running their own businesses as well as those who intend on applying for a tender or contract. It was added by Mr July (per. comm., 2007), that it is not simply a case of providing training, as once the training process has been completed, the centre ensures that follow up meetings are held in an effort to ensure the success of the individual in business. It is noted in the Vukani Youth Enterprise Profile that the programmes offered are aimed at aiding diverse groups of the youth. Namely; out of school youth, unemployed youth, young women, youth in conflict with the law, young people living with HIV/AIDS, youth with or without work experience and youth with varying education levels.

Various programmes are offered by Vukani, the Micro-MBA Business Training Programme is intended to provide basic business skills to people running their own business, with the course being accredited by Services SETA, (Skills Education Training Authorities) (Mr July, per. comm., 2007). A Food Gardens Training Method course is also provided, aimed at community development, empowering people to provide themselves and their immediate family with a source of food. Lastly a course is offered in HIV/AIDS Awareness, aimed at creating awareness among the youth as well as provide care-givers with the necessary skills (Mr July, per. comm., 2007). With regards to how

regularly courses are offered, Mr July (per. comm., 2007/08) stated that they vary all the time. He noted that in a given month three courses may be run simultaneously, and then a month will pass with very little demand for training. It was noted by Mr July (per. comm., 2007) that if training is required which Vukani does not feel they can fulfil, arrangements will are made by Vukani such that the training takes place elsewhere.

Vukani does not receive set funding from any particular group, although Mr July (per. comm., 2007) noted that the Rural Economic Development Initiative (REDI), an organisation focusing on small business development, has helped the centre on numerous occasions. In order to aid the centre with income, a small cinder-block business is run on the property, which employs four fulltime staff as well as a further two when demand is high.

When questioned on the success of individuals after receiving training at the centre, Mr July (per. comm., 2008) noted that this is particularly hard to measure, as the majority of the people leave Stutterheim for bigger centres once they have received training. Mr July (per. comm., 2008) did however add that there have been success stories where people have received training through Vukani and who have now either started their own businesses or, alternatively, improved the running of existing businesses. Brief questionnaires surveys were undertaken and discussions were held with six beneficiaries identified by Mr July who had received training at Vukani and who are now running their own businesses in Stutterheim. The businesses included carpentry, dry cleaning, and sewing. All of the respondents were positive about the training received through Vukani, noting that it has assisted them significantly in terms of understanding how a business should be set up, structured and run. However, despite this, it was added that they were all struggling to remain sustainable as their businesses are small and they have never possessed any capital. With regards to the Food Gardening Training, Mr July (per. comm., 2008) noted that while a number of households and schools have successfully set up gardens there is the permanent concern of sustainability, with income from the gardens often only being enough to purchase seedlings for the next crop.

In terms of the challenges faced by Vukani, Mr Maqubla (per. comm., 2007), co-founder of Vukani, noted that in his opinion there is a lack of will among the youth to receive training. He noted that in some cases young people are shunned if they attempt to receive training, stating that the 'attitude' of the youth is an area which needs to be addressed if Vukani is going to be successful. Mr July (per. comm., 2007/08) agreed with this, noting the need to change the attitude of the youth, he however added that the failure of the centre to receive significant external funding, either internationally, or even in the form of a bank loan is threatening the sustainability of the centre. The lack of partnership with local government emerged as a further factor reducing the success of Vukani, with Mr July stating that no partnerships currently exists (Mr July, per. comm., 2008). A partnership with local government was identified as having potential to assist the centre with service provision as well as potentially enhance the possibility of the centre receiving funding (Mr July, per. comm., 2008).

The Vukani Youth Centre has remained open since its inception in 2001 and in that sense alone can be seen as successful. Examples can be seen throughout the world where training centres and business advice centres have been set up in order to aid local development. Vukani in many ways can be seen as a developing world/pro-poor LED version of such centres, aiming to help the vulnerable youth gain some level of training and enable themselves to 'help themselves'. While the Micro-MBA business training programme is accredited and aims to assist young people wishing to start or improve the running of a business, the course in Food Gardens as well as the HIV/AIDS awareness and care giving course is ultimately aimed at addressing the social issues of poverty, empowerment and survival, rather then economic growth. Individuals receiving training through Vukani have identified benefits of the training, however it was established that the sustainability and success of the businesses are limited largely due to a lack of capital. This problem is illustrated by the fact that although the centre has been open for seven years there are limited examples of where beneficiaries have successfully set up sustainable businesses in Stutterheim. While in the first world where such centres could potentially provide loans for start up capital, as pointed out by Mr July, very little funding

is available to the centre which is ultimately impacting negatively on success of the centre and the prospective entrepreneurs whom they support.

Khulisa Training Providers

Khulisa Training Providers is a further example of a training centre in Stutterheim, and while the company was set up as a profit making organisation, it was noted by Mrs Roets (per. comm., 2007), Khulisa director, that there is a definite focus on providing training to the uneducated population, with the intention of playing a role in community upliftment. Furthermore, it should be noted, that such organisations exist worldwide and have been discussed in the LED literature. Reese and Fasenfest (1996), provide examples from the USA, while Swinburn (2006) makes note of the fact that the availability of employee training facilities are one issue which needs to be addressed to ensure successful LED.

Khulisa Training Providers started in 2006 when it became apparent that a gap in the market existed for a company which could provide basic skills training, required by individuals to make themselves more easily employable (Mrs Roets, per comm., 2007). Mrs Roets (per. comm., 2007/08) identified the gap in the market when talking to an agricultural specialist who pointed out a lack of quality trainers in the sector. It was noted by Mrs Roets that the planning process as well as the process of becoming registered with government as an official training provider was lengthy. Khulisa are now registered with the Agricultural SETA (Skills Education Training Authority) enabling the courses offered by Khulisa to be recognised and accredited throughout the country. The company was originally started by three individuals, two of whom had a background in education, while the other had a background in accounting. It was noted that having people on board with a history in education helped immensely with the training (Mrs Roets, per. comm., 2007).

Mrs Roets (per. comm., 2007) described the role of Khulisa as essentially being the ‘middleman’ in the training process. They, Khulisa, organise every aspect of training from the venue and trainer to the assessment of the course. It was noted by Mrs Roets (per. comm., 2007) that the majority of the training which has been conducted has been

for government departments, in particular the Department of Labour and the Department of Agriculture. Training has been conducted in various fields including, irrigation, fencing, driver's learner's licences, tractor maintenance, vegetable gardening, maize production, poultry, and business skills. Furthermore, courses in childcare and cooking have also been run.

Mrs Roets (per. comm., 2008) commented that apart from courses being run to train agricultural extension officers, the vast majority of the courses have involved the training of beneficiaries with low levels of education. A questionnaire survey was conducted with 15 agricultural extension officers who received training in 2007. It was felt by the respondents that the training was well conducted and of assistance in their work. Elaborating on this, it was added that once they returned to their particular place of work, the training they received assists when conveying the necessary information and skills to others. Mrs Roets (per. comm., 2008) indicated that while the training company has only been running for a short period of time, feedback from both beneficiaries as well as employers has only been positive. This has been established through both beneficiaries and employers' completing an evaluation form after training has been conducted.

The partnership which exists between Khulisa and various government departments are of significance. The partnership ensures that the government departments are provided with quality skills training while Khulisa is able to remain sustainable as a training provider, with large amounts of training being conducted for government departments. Such a public/private partnership is seen to benefit both parties.

In terms of the ability of Khulisa to have an impact on the local community, one has to appreciate Khulisa it is not aiming to achieve the same goals as a more community focused training centre such as Vukani. While Khulisa was set up as a profit making venture there is still a role it can play in Stutterheim through providing the service it is currently. This can be seen in the company's ability to provide quality training for a generally poorly educated workforce in Stutterheim. The importance of training facilities in contributing to successful LED is identified by Hampwaye (2008), and Horton,

Honderich and Modise (2000), arguing that through receiving training the probability of small businesses experiencing success increases, while accessing the necessary capital from banks is highly unlikely without having the ability to prepare a realistic business plan. Furthermore it is suggested by Horton et al (2000) that a well trained population is seen to contribute to the likelihood of successful LED.

The Woodhouse Initiative

As noted in Chapter One the Woodhouse initiative forms an 'anchor' for the N6 development corridor being implemented by the Amathole District Municipalities development agency ASPIRE. As already mentioned, the timber industry is the second biggest contributor to the local economy in Stutterheim, after the community services sector. Furthermore, as highlighted by various respondents, one of the factors inhibiting economic development in Stutterheim is the lack of value being added to goods before they leave the area. The proposed Woodhouse Initiative has been undertaken with the intention of stimulating economic development and ensuring the empowerment of the local communities through focusing on the forestry industry (AEDA, 2008). Additionally, the Woodhouse Initiative plans to promote the processing of timber in Stutterheim, thus adding value to the timber before it leaves town (AEDA, 2008). Mr Qayi (per. comm., 2008), project officer at ASPIRE, formerly AEDA, pointed that the Woodhouse Initiative is currently in the design phase and it is hoped that the implementation of the project will start in the 2009/2010 financial year.

The Woodhouse Initiative proposal identifies three main objectives (AEDA, 2008). Firstly it seeks to assist marginalised groups in gaining high quality employment and increased business opportunities through the timber and forestry industry. Second, it plans to assist potential and established entrepreneurs to start-up, and expand businesses in the forestry and timber sectors. Lastly, it aims to increase the benefits attained and reduce poverty through the timber industry as well as place Stutterheim on the map as a major forestry and wood processing node in South Africa (AEDA, 2008). In order to achieve the objectives set out above, the Woodhouse Initiative includes three components, namely a training facility, an entrepreneurship or business incubation centre

and a wood processing cluster (AEDA, 2008). The training facility aims to develop skills which will enable the local community to be involved in up-streaming, such as plantations and forestry, and down-streaming, such as manufacturing or processing aspects of the initiative (AEDA, 2008). The incubation centre will provide assistance to local entrepreneurs opening businesses in the wood processing industry, while the wood processing cluster will enable such small and medium enterprises to work together through sharing information and resources (AEDA, 2008). It is planned that the Woodhouse Initiative will be implemented in three phases, the first phase will involve the employment and training of 200-300 people in activities such as the planting of unplanted areas, and the harvesting and management of plantations, while an estimated 30 people will be trained and employed in manufacturing furniture and other high value wooden products (AEDA, 2008). The second phase places greater focus on the processing of wooden products, while the incubation process will start with the individuals who have already received training. It is estimated that during this time, a further 100 people will be employed in the pruning and harvesting of the timber (AEDA, 2008). Lastly, the third phase involves the improvement of products produced so as to ensure that Stutterheim develops into a major wood processing destination in South Africa (AEDA, 2008).

With regards to the planning that has gone into the Woodhouse Initiative, Mr Qayi (per. comm., 2008) commented that a pre-feasibility study was completed in March 2008, while pilot training courses are being planned for the latter part of 2008. Furthermore, Mr Qayi (per. comm., 2008) added that currently technical studies such as environmental impact assessments and the development of business and operational plans are being undertaken. Various collaborators have been identified, namely the Department of Water Affairs and Forestry, the Department of Labour, the private sector and lastly the Amahlathi Local Municipality (Mr Qayi, per. comm.,2008). While the stakeholders are due to play various roles from technical assistance to the provision of funds and land, the Amahlathi Municipality is required to take ownership of the project, as well as provide land and services (Mr Qayi, per. comm., 2008).

The proposed Woodhouse Initiative, through focusing on the timber industry, intends to increase the processing of timber in Stutterheim promoting entrepreneurial activities, business development, and skills development. The intended beneficiaries of the initiative are the marginalised sectors of the community with a particular focus on the youth. Furthermore it is evident that substantial planning has already gone into the project while emphasis has been placed on forging partnerships between the private and public sectors as well as within the community itself. However, while research identifies the importance of a locality finding a niche or a specific sector to exploit, as pointed out by Raco (1999) and Meyer-Stamer (2002), one has to question the potential for such an approach to address the economic and social problems being experienced in places such as Stutterheim. The 'top down' nature of the Woodhouse Initiative is cause for concern, with examples of 'top down' projects in small towns having proved largely unsuccessful both internationally (Kenyon and Black, 2001) and in Africa (Sihlongonyane, 2003, Hampwaye, 2008). In addition, as pointed out by Mr Rance (per. comm., 2008), it is accepted world wide in the timber industry that the processing of sawn timber into higher order goods takes place where the market is, or alternatively on site. While a limited volume of timber is currently processed into higher order goods in Stutterheim one has to question the viability of processing large amounts of timber away from major markets. Lastly, as highlighted by Mr Rance (per. comm., 2008), it takes 30 years before a plantation can be harvested, making timber a capital and risk intensive industry. In response to this Mr Qayi (per. comm., 2008) noted that some of the plantations are currently under land restitution claims are due to be handed over to the community in due course, while partnerships are been arranged with DWAF and the local community in order to gain use of existing plantations. Furthermore, initial attention is being paid to the 'down-streaming' activities of the project (Mr Qayi, per. comm., 2008).

Lastly, the Woodhouse Initiative is reliant purely on the timber industry which raises two concerns. First, as mentioned before, it is common for small towns to be over reliant on one or two industries. The implementation a project based around a single sector compounds this potential problem of over-dependence, as it does not contribute to the diversification of the towns' economic base. Secondly, as mentioned by Mr Rance (per.

comm., 2007), there are currently a number of problems facing the sustainability of the timber industry that need to be addressed, in order for it to be used as a tool to develop Stutterheim.

Concluding Discussion

The socio-economic conditions being experienced in Stutterheim are similar to those reported by a large portion of small towns both internationally and nationally. Stutterheim is characterised by high levels of unemployment and poverty, with the population experiencing low levels of education and basic literacy as illustrated by the figures discussed from Global Insight (2006). These figures corresponded with the low HDI being experienced in the town of 0.48 (Global Insight, 2006), placing Stutterheim below the national average of 0.67, and in the UN class of being an area of low human development (UN, 2007). The dominant employment sectors in the town and the surrounding hinterland are community services and the agricultural sector, with forestry making up the majority of the latter. While keeping this in mind, research showed that three companies are responsible for 27% of the employed population in Stutterheim, a reflection of dependence on a limited number of core firms which has been acknowledged as a trend occurring in small towns elsewhere (Daniels, 1989). With such low levels of socio-economic development in the town, it was interesting that the majority of the local businesses proved to be positive about business trends over the past years, as well as being positive about the future of the town.

In terms of opportunities for development in the town, members of the local government identified the timber industry, as well as the tourism industry, as areas where there is potential for growth. It was added that there is potential for greater value to be added to goods through processing before they leave Stutterheim. While certain opportunities were acknowledged, the apparent lack of communication or willingness of the public and private sectors to work together was identified as a serious threat to development. The apparent ‘brain drain’, especially among young educated people, and the lack of resources available to the individuals mandated to ensure development in the town is also having an adverse effect on the development of the town.

Considering the poor socio-economic conditions evident in the town along with the limited number of development opportunities available, the need for some level of development intervention is clear. Regarding LED interventions, Stutterheim provides a number of examples. The SDF was for a long time considered the exemplar of successful LED in South Africa. Through the research process it emerged that the success of the SDF can be attributed to the presence of strong leadership, the non-political nature of the organisation, good communication between the organisation and the community, secure funding, as well as structures which allowed for the interests of the entire community to be expressed. The eventual closure of the SDF has been recognised as being linked to the departure of influential leaders, a reduction in funding as well as political interference. Since 1996 it has been noted that, in terms of LED, local government in Stutterheim has accomplished very little. The apparent lack of success by local government in implementing LED is all the more obvious when compared to the achievements made by the SDF prior to 1996, suggesting that the downscaling of the SDF and handing over of the development mandate to local government has had an adverse affect on LED in Stutterheim.

Current LED initiatives, including local support and training initiatives, in Stutterheim vary in nature from one scheme to the next, as well as being dissimilar the SDF. Three projects have been identified and discussed, and while the SDF was an example of a large, multi-faceted organisation, the current projects being run in Stutterheim are comparatively small and one dimensional. The emergence of such small scale, narrow focused projects is a likely response to the lack of municipally directed projects, placing the onus on other sectors of the community, largely private role players, to find a way to deal with the development backlogs existing in the area. Local government claims to be on board with nominal support for the Tyelela Meander, however, it waits to be seen to what level they will become more directly involved, while support for small projects and SMME's in the town is non-existent. Furthermore, local governments' role in achieving its LED goals as laid out in the IDP, with the exception of support for the Tyelela Meander, appears non-existent, with them being unable to identify how they are assisting in increasing food security, and sustainable agricultural programmes. The proposed

Woodhouse Initiative in Stutterheim provides for a comparison between the small scale, locally driven projects and a large scale project being implemented by regional government. However, due to the Woodhouse Initiative still being in its planning phase no assessment of its ability of it to address the developmental needs of the area could be conducted. However, the 'top-down' nature of the project being implemented by an authority outside of the local community, in addition to it being based around a single sector, raises questions over possibilities of the project being a success.

Considering the legacy of the SDF in the early 1990s there appears to be very little happening in terms of LED in Stutterheim now, particularly with regards to the involvement of local government. In light of this, the projects currently being run in Stutterheim are contributing, or have the potential to contribute in the future to the development of the area through limited skills and entrepreneurial development, job creation and the encouragement of a self-help outlook. However, considering the limited number of projects in existence, together with the small scale, narrowly focused nature of the initiatives, the ability of such projects to effectively address the huge development backlogs which exist in the community appears unlikely, albeit acknowledging that any success is better then none at all.

Chapter Six: Bedford Case Study

Introduction

Bedford currently hosts a number of LED initiatives of varying nature. Such projects range from what can best be described as 'pro-poor', community driven LED projects to examples of more 'traditional' LED activities focused purely on economic development and competitiveness, all of which are driven predominantly by the private sector. These projects will be discussed and compared in this chapter, identifying successful aspects and shortcomings of the various initiatives. The success of the projects will be put in context by relating them to the social and economic concerns at play in Bedford.

The socio-economic conditions which currently exist in Bedford will be analysed in the first section of this chapter, which relates back to the broader overview of the socio-economic trends experienced in small towns discussed in Chapter Four. Data from Global Insight (2006), as well as local government IDPs is used in order to ascertain the current unemployment, education and literacy levels as well as the HDI and incidences of poverty occurring in Bedford. Through the use of the data sources mentioned above, as well as interviews with key individuals, the major economic drivers and contributors to employment in the town are identified. Furthermore, the sectors identified for development, and the factors which are seen to be inhibiting the development of the town are discussed. Lastly, the various development initiatives will be discussed in the light of these social and economic conditions. The development interventions include the re-marketing of the town as a retirement centre, which while not being implemented directly as an LED initiative has had an impact on the sustainability of Bedford. Secondly, the Bedford Garden Festival will be discussed. The Garden Festival has seen growth since its inception and is supported by the private as well as the public sectors. However, as will be discussed, questions remain over its ability to have an impact on the socio-economic conditions of the town. Other projects discussed include the privately initiated Thembani Handcraft Project, community garden projects, as well as an SMME in the form of the Lilitha Womans Co-operative.

The chapter will ultimately provide for a comparative analysis with the other case studies of Stutterheim, Chapter Five, and Hamburg, Chapter Seven, which will be discussed and analysed collectively in Chapter Eight.

Socio-economic Conditions and the Key Economic and Employment Sectors

At present Bedford is characterised by high levels of unemployment, and poverty and low levels of education. As discussed earlier in Chapter Four, Bedford has been experiencing a trend of increasing unemployment since 1970 with 54.6% of the potentially economically active adults who are currently living in the town being unemployed (Nxuba Municipality, 2007). Given the current population an unemployment rate of 54.6% translates to 1915 potentially economically active people in Bedford being unemployed. As would be expected, the high levels of unemployment are likely to lead to elevated incidences of poverty being experienced in the town. This is confirmed by Global Insight (2006) where it is noted that 83.6% of the population live in poverty.

The Nxuba Municipal IDP 2007/2012 notes that the population residing in the municipality is poorly educated, with only 11% over the age of 20 having matriculated (Nxuba Municipality, 2007). Statistics from Global Insight (2006) confirm this, however it should be added that a further 6.5% of the population have some level of tertiary education (Global Insight, 2006). The poor education levels in Bedford are further evident when considering that the majority of the population, 61.4%, have a maximum of, or below a grade nine level of education, as illustrated in figure 6.1 below.

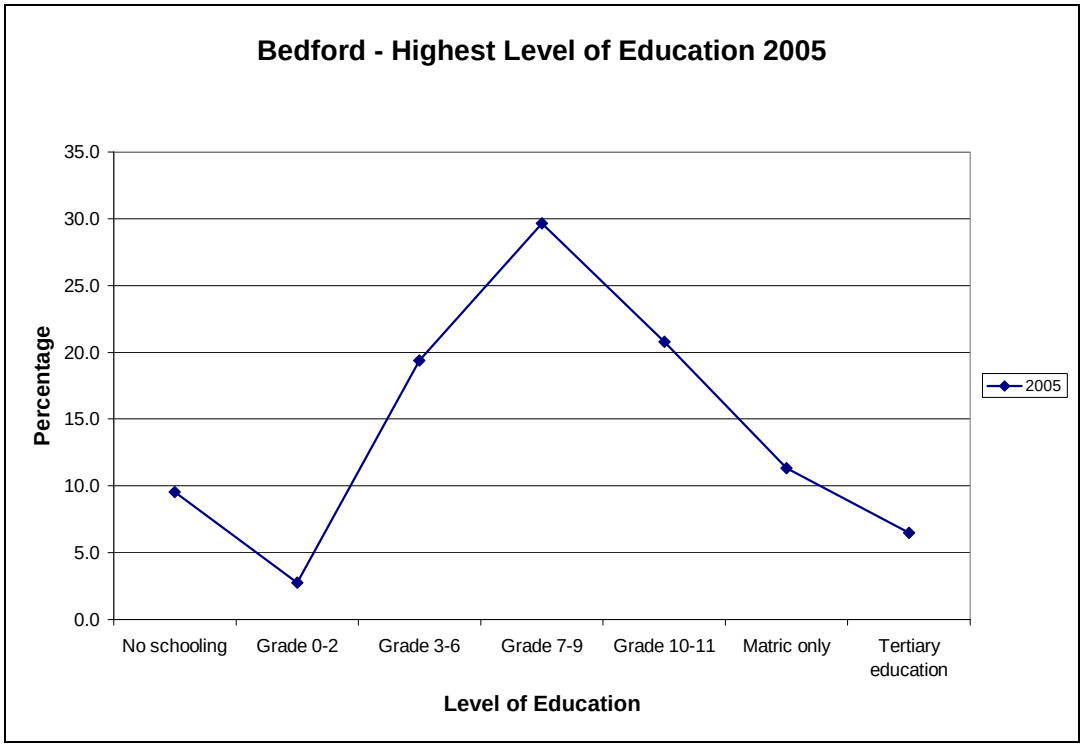

Figure 6.1. Highest Level of Education, Bedford 2005. (Global Insight, 2006).

As a result of the high incidences of poverty, unemployment and poor education levels experienced in Bedford, the HDI for the area is low, scoring 0.48 (Global Insight, 2006). An HDI level of 0.48 places Bedford in what is considered by the UN as an area of low human development, with 0.48 being the same level of development as Nigeria and well below the South African average of 0.67 (UN, 2007).

As mentioned in previous chapters, Bedford was initially established as a service centre for the surrounding farming community, and has continued to serve as such for most of its existence. Mr Gqezengele (per. comm., 2007) made note of this, stating that the agricultural sector is the biggest source of employment in district, with community services being the second. Statistics from Global Insight (2006) confirmed this with 49.8% of the Bedford Magisterial District population being employed in the agricultural sector, while 33.6% of the population is employed in social services. In terms of the contribution to the local economy made by these sectors it should be noted that despite employing less people than agriculture, community services is responsible for 57.5% of

the economy with agriculture contributing 31.9% (Global Insight, 2006). This is in sync with trends discussed in Chapter Four. Between 1996 and 2005 agriculture in Bedford has experienced a decline in both its contribution to the local economy as well as in the number of people employed in the sector. During the same time period, community services has seen a sharp increase in both its contribution to the local economy as well as the number of people employed by the sector. The figures discussed above provide some insight into the narrow economic base of Bedford, with two sectors, both of which cannot be considered capable of creating lasting economic growth, making up almost 90% of the local economy.

Various reasons have been identified for the decline in commercial agriculture. Issues such as increased competition, decreasing profit margins, price instability, poorly maintained infrastructure such as roads, high start up costs and an ageing farmer population have all been highlighted as challenges facing the sector as well as being reasons for the decline in the sector's contribution to the local economy (Nxuna Municipality, 2007). Tonts (1999) as well as Hugo and Smailes (1985) identify similar reasons for a decline in commercial agriculture, and the impact of decline on the viability of small towns established as service centres for the surrounding farming community.

The decline of agriculture, in a traditionally agricultural area, is likely to lead to an increased number of people moving from the surrounding hinterland into urban area, thus compounding existent socio-economic conditions. In addition, unemployment levels are likely to rise with the decrease in unskilled, labour-intensive employment opportunities in the area. Lastly, while agriculture as a sector is in decline, community services does not possess potential for sustained economic growth, being largely state funded.

While these two dominant sectors, agriculture and social services, might contribute the most to employment, it was noted by Dr Blom (per. comm., 2007), a local business owner and project manager, that for a large proportion of the population in the town the biggest source of income is actually government social grants. This is a trend noted by Nel (2005) and Nel and Rogerson (2007) in the case of South Africa in general, as well as

by Tan (1986) in the case of China, identifying economic dependence on social grants as a common feature of small towns. In addition it is of interest to note that overall the formal economy accounts for 89% of employment in Bedford, while the informal economy only contributes noticeably in the trade and transport sectors. However it is important to take note of the fact that while the formal economy in Bedford has experienced decline since 1996, the informal economy has experienced growth in terms of its contribution to the local economy as well as in the number of people employed.

Local Business Opinion

A random sample of 20 business owners were asked to complete a brief questionnaire in order to gauge the opinion of local business on the current economic status of the town, as well as their feelings on the future of the town. Of the businesses which had been open for more than a ten year period, which was 80% of the entire sample, only two noted that they had not experienced an increase in business during this time. It was noted by these business owners that one of the main reasons for the growth experienced in the past ten years has been the result of general economic growth in the town, which in recent time has been aided by the influx of middle-class people from bigger centres looking to retire. It was suggested by a number of the business owners that although people are moving into the town they are generally retired, and while keeping the town sustainable and making an economic difference, are not contributing significantly to economic growth in Bedford. In terms of business over the past financial year, 75% of the respondents noted increased business activity, while 25% reported no change. In terms of the local business owners opinion of the future of the town, 50% of those completing the questionnaire felt the town was experiencing economic growth, citing an influx of people from bigger centres as being important to the future growth of the town, 40% felt the economy of the town was stagnating while the remaining 10% felt that Bedford is experiencing economic decline. In terms of the future growth prospects for Bedford 60% of the business owners felt positive about the economic future, 35% said they were indifferent, while 5% felt negative about the future of the town.

It is evident from the trends discussed in the preceding section that Bedford is faced with low levels of education and human development, as well as high levels of unemployment and poverty, all of which emphasises the need for development interventions in the area. In terms of the key economic sectors in the area, agriculture has experienced decline in the past number of years, resulting in the number of people employed in this sector also decreasing. However, despite the decline experienced in the contribution by the agricultural sector to the economy of the district, it remains of vital importance, second only to community services and still the primary source of employment for the economically active population. It is interesting to note that while the town is plagued by low levels of social and economic development the majority of local business owners had experienced economic growth over the past number of years and generally felt positive about the future of the town. This can possibly be attributed to the existence of 'two economies' in the town, with the local businesses surveyed being part of the 'first economy' generally providing services for a middle-class population, while former non-white areas of town, making up the 'second economy' are likely to feel the brunt of the poor socio-economic conditions being experienced in the town.

Opportunities and Constraints to Socio-Economic Development

The Nxuba Local Municipality have identified two key sectors which have potential for aiding the development of the municipality as a whole as well as the town of Bedford. These were confirmed by the Nxuba LED officer Mr Gqezengele (per. comm. 2007) as being agriculture and tourism. According to the Nxuba Municipality IDP 2007/2012, goals have been set to increase agricultural output by 20% in 2008, while it is hoped that tourism will see a 10% increase in economic growth (Nxuba Municipality, 2007). Furthermore, there are plans to develop, through the ADM, a tourism master plan for the area during 2008 (Nxuba Municipality, 2007).

Mr Gqezengele (per. comm., 2007) noted various reasons for agriculture having been identified as a major sector for development. It was argued that due to Bedford being an agricultural area historically, the community already has the necessary knowledge and skills required in order to successfully develop the sector. Secondly, Mr Gqezengele (per.

comm., 2007) identified agriculture as a means of employing a largely unskilled and illiterate labour force. The introduction of small scale agriculture in the form of community gardens or urban farming was also identified as a means through which unemployment and poverty in Bedford can be addressed. This was also noted in the Nxuba Municipality 2007/2012 IDP, in which increasing community gardens, assisting emerging farmers through training as well as providing infrastructure for emerging farmers were all identified as vital for LED (Nxuba Municipality, 2007).

With regards to tourism being identified as an area for development, Mr Gqezengele (per. comm., 2007) noted that the town and surrounding area possesses great natural beauty and a rich history. Mrs Van Niekerk (per. comm., 2007) also made reference to the natural beauty of the area, and the need to exploit it in order to develop a tourism industry. Mr Gqezengele (per. comm., 2007) and Mrs Van Niekerk (per. comm., 2007) both emphasised the recent success of the Bedford Garden Festival, to be discussed later, which suggests that the town does exhibit potential in the tourism industry. Furthermore the recent sale and planned redevelopment of the Bedford Hotel, a 54 million rand project, suggests that the private sector has identified the tourism potential of the town.

In terms of the constraints to development, Mr Gqezengele (per. comm., 2008) identified the high levels of illiteracy and low levels of education of the population as being the biggest negative factor, adding that while the high levels of poverty are of serious concern, the area that needs to be addressed is that of education. Due to the high level of illiteracy experienced in the town Mr Gqezengele (per. comm., 2008) argued that attempting to attract investors to the area, an example being industry, would be futile in addressing poverty as a skilled labour force would have to be brought in from outside the town. Mr Naidoo (per. comm., 2007), a LED consultant based in Bedford, as well as Mr Soci, project manager of Laphma Ikwezi, (per. comm., 2007 and 2008) noted that in their opinion while various attempts are being made to address development in the town, without co-operation between the various stake holders, in particular public/private partnerships, the chance of development is minimal. Mr. Naidoo and Mr. Soci (per. comm., 2007 and 2008), both identified a lack of communication between local

government and the community as a potential stumbling block to development in the town. Furthermore, Mr Naidoo (per. comm., 2007) suggested that there is often the tendency to address either the social or economic issues, but not both. He stressed the need to address both the social and economic aspects to development in order for any development initiative to be successful in Bedford.

Being in a traditionally agricultural area, as well as having a largely illiterate and unskilled population, the decision to prioritise agriculture as a means of addressing unemployment and poverty is an obvious one. However, it is important to note that commercial agriculture in the Bedford Magisterial District, as discussed in the preceding section of this chapter, has experienced decline in both its contribution to the local economy as well as in terms of the number of people it employs. This suggests that there may be greater scope for the development of community gardens and small scale farming. Such an approach has been identified as a means of implementing poverty relief projects, while providing a largely unemployed population with a source of income, as opposed to attempting to rejuvenate an already dying economic sector. The intention to develop the tourism industry in Bedford is also well supported and has seen success, particularly with regards to the Bedford Garden Festival. However one does have to question the ability of the tourism industry in Bedford to assist in the development of the town as a whole, and contribute to the social and economic upliftment of the entire community and not just a select, largely affluent, few. Lastly it has come to the fore that in order for any initiative to be successful there is a need for the community to work together as well as there being a need for better communication between the various stake holders in the town, in particular between local government and the community, an issue which currently appears to be hindering the development of the town.

Development Interventions

The Nxuba Municipality LED officer, Mr Gqezengele, identified a number of LED projects which local government have been involved in. Mr Gqezengele (per. comm., 2007) noted that local government prefers not to take a ‘top down’ approach to development, stating that it has been tried and has generally proven unsustainable. It was

added by Mr Gqezengele (per. comm., 2007) that local government prefers to take on a 'demand driven' approach. In this they are not involved in the setting up of a project but rather provide assistance to groups who express an interest in starting a project aimed at community development or, alternatively, have already started such a project. While 'top-down' LED initiatives have received criticism, by taking on such a stance local government has by in large removed their responsibility to act as an initiator of LED.

The following section will look at various development initiatives which are currently taking place in Bedford. It should be noted that Bedford houses a number of varying development initiatives, some of which have been privately driven, such as the marketing of Bedford as a retirement centre and the Thembani Handcraft Project, which began as a private initiative and has not received support from local government. Lastly, there are those projects which have received funding from government departments and support on varying levels from local government. The remarketing of Bedford as a retirement centre will be discussed first, followed by the Bedford Garden Festival, Thembani Handcraft Project, Laphma Ikwezi, Zamani Community Agricultural Project and the Lilitha Woman's Co-operative.

Marketing of Bedford as a retirement centre

The information in this section was acquired through interviews with Mrs Van Niekerk (per. comm., 2007), director of Van Niekerk Properties in Bedford, unless otherwise stated.

Throughout the 1980's and early 1990s Bedford was characterised by typical problems occurring in small towns, including an aging population, devaluing property prices and the migration of people away from the town. It was noted by various business owners (per. comm., 2007), including the local service station, supermarket, butchery, watch maker and second hand goods dealer that during this period business was in general decline with some closing down. Mrs. Van Niekerk (per. com., 2007) noted it was not possible to get a bond to buy a house from the local bank during this period of time. Towards the end of the 1990s it is suggested this trend began to change. In the more

recent times one of the success stories of Bedford has been the rejuvenation of the property business in the town. This can be attributed to Van Niekerk Properties and more precisely the effort of Mrs. Van Niekerk.

It should be noted at the outset that the rejuvenation of Bedford through the property business was at no stage started with the intention of being a development initiative. Rather it was started as a profit making venture for those involved but in so doing has led to significant economic growth and the revitalization of the town's economy. Thus one cannot take away from the success that such an initiative has had on the town of Bedford. Additionally numerous international examples exist of small towns reinventing themselves in similar ways, leading to the towns remaining sustainable.

Mrs Van Niekerk went into business with her father in-law, former owner of Van Niekerk Properties, helping with the running of the business in 2001. Van Niekerk Properties had been functioning for some time before hand, but had focused on the sale of farm land and not property in the town of Bedford itself. Mrs Van Niekerk identified the natural beauty of Bedford as being the biggest asset to the town, and thus the main marketing point. The process of 'reinventing' or marketing the town started with contacting journalists at 'Country Life' magazine, a popular South African property, travel, and leisure magazine. A journalist came to spend a week in Bedford and proceeded to write up a five page article in the next issue of the magazine. In order to further advertise the town a monthly advert for Bedford was placed in 'Country Life', the capital for which came through rentals charged for accommodating construction workers in houses owned by Van Niekerk Properties.

It was as a result of the advertising that led ultimately to the property sales in Bedford picking up, with the major 'property boom' in Bedford being experienced in 2003/2004 as noted by local bank managers (per. com., 2008). In terms of the people moving into the town, Mrs. Van Niekerk noted that the majority were elderly people moving from the local coastal regions. The reasons for the move were cited as being largely financial, with increasing property prices it was possible to sell at a high price on the coast and purchase

property in Bedford relatively cheaply. Mrs Van Niekerk added however that there has been an increase of people moving into the town from the bigger centres, in particular from Johannesburg and Durban. The reason for relocating to Bedford was largely due to the desire to leave the 'rat race' so to speak and cited Bedford as a desirable retirement centre. Interviews with new residents to Bedford confirmed the patterns identified by Mrs Van Niekerk. Of the ten new residents spoken to all had relocated to Bedford within the past four years, having moved from the big centres identified by Mrs Van Niekerk, namely Cape Town, Johannesburg and Durban. Added to this one of the respondents had recently moved back to South Africa from the United Kingdom, choosing to settle in Bedford. With regards to the reason for choosing Bedford it was agreed by all the respondents that they wished to leave the big city and the accompanying lifestyle. Elaborating on this they noted that Bedford offers a strong community feel and a better lifestyle, especially as one moves into semi-retirement. When asked how they found out about Bedford the responses varied from having been to the town before through to the advertisements in magazines and on the internet.

Mrs Van Niekerk noted that the general trends in the town of Bedford over the past two years show growth. She pointed to an increasing number of coffee shops and restaurants opening in the town to cater for the influx of new people. Furthermore, she also identified the sale and renovating of the old Bedford Hotel as suggesting that investors see potential in Bedford. This can also be seen in the development of a 'secure housing complex' which is being built by a developer based in Port Elizabeth. The complex is a gated community catering primarily for upmarket retirees. Added to this, she noted that the commercial farming community, who for a long period of time had bypassed the town, were increasingly looking to make use of the facilities in the town. Mrs Van Niekerk pointed out that in the past farmers would own property in the town as well as their farm but during the period of time when Bedford was in decline this was not the case. However, in the recent past she has seen an increasing number of farmers expressing an interest in purchasing property in the town. This, she stated, was with the intention of looking to retire in Bedford, thus remaining part of the community.

The marketing of small towns as retirement centres in order to curb decline has become common practice elsewhere. Broadway (2000) makes reference to small towns in the United States which, through marketing themselves as retirement centres have successfully managed to become sustainable again. Collits (2000) identifies similar trends in Australia where small towns experiencing decline have been re-invented as attractive retirement centres as a result of the town being marketed on its natural beauty. With regards to South Africa Nel (2004) identifies Howick, Knysna, and Still Bay as pursuing this approach, with Rogerson (2002b) and Nel and Binns (2002), all make note of the small towns marketing themselves as retirement centres as a means of remaining sustainable or alternatively reinventing themselves.

Bedford, through the leadership of Mrs Van Niekerk, has successfully managed to partially reduce aspects of the decline which was evident through the 1980's and early 1990s by marketing the town's natural beauty and as a retirement centre. The reasons for town being successfully 're-invented' as a retirement centre are by-in-large due to the effort of Mrs Van Niekerk and Van Niekerk Properties. While the examples of towns successfully marketing themselves as retirement centres can be seen internationally and in South Africa, as an LED strategy such an approach has limitations. In the case of Bedford there has been a positive impact experienced through the re-marketing of the town and the resultant increase in property sales and influx of new residents. However, the benefits of the 'property boom' have not been widely felt with new residents moving into the town generally being retired and not economically active. As a result, while local business will benefit to a degree and the rate base of the town may increase few spin-off opportunities are created. Thus the 're-marketing' of Bedford as a retirement centre while ensuring the sustainability of the town and local business does not benefit the majority of the towns population, having no impact on the socio-economic conditions experienced by the majority of the population.

Bedford Garden Festival

The Bedford Garden Festival first took place in 2003, and according to Mrs Van Niekerk (per. comm., 2007) was a spin-off from the marketing of the town. It was noted by Mrs

Van Niekerk that Bedford has always been know for its attractive gardens and that various gardening clubs would visit the town on a regular basis. The idea of a garden festival grew out of this, being seen as a way to bring tourists to the town over a particular period, provide for further marketing for the town, as well as enable the residents to make an income from their gardens (Mrs Van Niekerk, per. comm. 2007). Examples of an area marketing itself through hosting a particular event is becoming a more common form of LED as shown by Wood (1996). Nel (2005) identifies examples of small towns in South Africa which have marketed themselves through similar festivals, including the cherry festival in Ficksberg as well as the maize festival in Bothaville.

The initial organising committee was comprised of three white, three coloured and three black people, thus nominally representing the entire community. While the idea of the festival developed from the private sector, it was noted by Mrs Van Niekerk (per. comm., 2007) that Local Government have been involved since its inception, helping with the funding, organisation and advertising for the festival. It was added by both Mrs Van Niekerk and Mr Gqezengele (per. comm., 2007) that the festival has seen marked growth over the years, and while the festival initially was based primarily on the farms around town, 2007 marked the first time that town centre itself was incorporated into the festival with various catering stores being set up, as well as gardens in the town being put on show. Mrs. Van Niekerk (per. comm., 2007) pointed to the strong partnership between local government and the private sector as being one of the reasons for the success of the Garden Festival over the years. The involvement of both the private sector and Local Government in local development, is highlighted by Nel and Binns (2002) as important in contributing to the success of a given development initiative.

Through a questionnaire survey of 30 visitors at the 2007 Bedford Garden Festival, insight was gained into public opinion of the festival. It should be noted that the questionnaire was conducted on the Friday of the festival which is traditionally the quieter of the three days that the festival runs for. Through the questionnaire survey it was established that 50% of the people surveyed were visiting the festival for the first time. When posed with the question of how they had heard of the festival, it was noted

that, in most cases, it was via ‘word of mouth’. All of the respondents were impressed with what the festival and the town had to offer, and were positive that they would attend the festival again. Of the respondents the majority, 64%, were from the Eastern Cape and had come through to Bedford primarily for the festival. The remainder were from outside of the Eastern Cape and while they noted that they were not visiting primarily for the festival itself they had planned their trip to the area to coincide with the dates of the festival.

It was estimated that in the region of 1000 ‘festival goers’ passed through Bedford during the 2007 festival (Gqezengele, per. com., 2008). The contribution made by the festival to local business was particularly obvious in the hospitality industry as illustrated by the fact that all the bed and breakfasts in Bedford as well as the neighbouring town of Adelaide were booked out since March for the 2007 festival which was held in September (Gqezengele, per. comm., 2008). Local business owners spoken to during the festival, particularly in the hospitality industry, confirmed that during the festival business increases exponentially. In terms of employment created by the festival Mrs Van Niekerk estimates that in the region of 30 people are employed to tend to gardens on a permanent basis and a number of temporary jobs are created through the festival (Mrs. Van Niekerk, per. comm., 2007). Mr Gqezengele (per. com., 2008) estimated that in the region of 150 temporary jobs are created as a result of the festival, some directly: e.g. tending to gardens, and others spin-off opportunities, such car guards.

Looking to the future of the Bedford Garden Festival Mrs. Van Niekerk, Mr. Gqezengele and Mr. Naidoo all pointed out that there is a need for the festival to incorporate the entire Bedford community (per. comm., 2007). It was also added that the festival needs to move away from being purely a ‘garden festival’ and needs to diversify if it is to survive. It was added by Mrs. Van Niekerk that there is concern that the festival may become an increasingly ‘white elitist’ event, marginalising the majority of the Bedford population (per. comm., 2007). Such thoughts were echoed by Mr. Naidoo when he noted that, despite the fact that the festival had been successful over the years, it only benefits a privileged minority (per. comm. 2007).

Looking at the success of the Bedford Garden Festival as a LED initiative, one sees a classic example of a small town renewal strategy with similar examples being evident throughout the global North, as well as in South Africa, as discussed earlier. However one must also accept that in the South African context the festival essentially benefits the already privileged minority and does not contribute significantly to the economic and social challenges facing the marginalised population of Bedford.

Thembani Handcraft Project

The Thembani project was started in 2000 on the premises of Eagle Hout Furniture Company in Bedford. Dr. Blom started the project in response to people pleading for employment while she was setting up the Eagle Hout Furniture factory. It should be noted that the Thembani Handcraft Project is a spin-off from the Thembani Day Care Centre which will be discussed later. With regards to funding Dr. Blom noted that at no stage did the project receive funding and where necessary her own finances were used (per. comm., 2007). At present there are 50 people employed by Dr Blom at Thembani and Eagle Hout, the biggest employer in the town.

The initial goal of Thembani was to assist in addressing the high levels of poverty experienced in Bedford through creating sustainable employment in the town (Dr Blom, per. comm., 2008). The Thembani Handcraft project strictly speaking is made up of the following activities: the stripping of plastic from and the recycling of redundant optic cable, the restoration of furniture and a day care centre for disadvantage children. Added to this however Dr. Blom has been involved in the setting up a coffee shop as well as nursery, both of which employ the same people as Thembani, operates from the same premises, and which were also set up with the intention of addressing unemployment. For the purpose of this section these activities will also be discussed under the Thembani project. It was noted by Dr. Blom that, initially, the project started off purely as a skills training initiative with women from the town receiving training in handcrafts, garment making and business skills. However, according to Dr. Blom, (per. comm., 2007) once the training was finished the women were unable to find employment to make use of the skills acquired, thus Dr. Blom saw the need to create employment.

The stripping of optic cable started with Dr Blom contacting the recycling firm Sindawonya Granulated, who in turn suggested the recycling of optic cable. They, Sindawonya Granulated, are contracted by Telkom to recycle used or unusable cables, Thembani took on the position of sub-contractors to Sindawonya Granulated, who also supplied the necessary machinery, making Thembani the first company in South Africa to successfully recycle optic cable (Dr. Blom, per. comm., 2008). The optic cable is delivered and offloaded on the Thembani property. From there it is sorted, transported to the stripping area and stripped, this is all done manually involving between 35 and 45 people depending on the size of the delivery (Dr. Blom, per. comm., 2008). After the stripping process the plastic casing is removed while the remaining cable is sorted into Kevlar, a synthetic fibre, and other thread. The plastic casing is used in the production of plastic fence posts, known as droppers and plastic corner pieces. At present the Kevlar is sold to a company in Pietermaritzburg who use the product in the manufacturing of bullet-proof vests, while the remaining thread is used in candlewicking duvets (Dr Blom, per. comm., 2007). It was noted by Dr. Blom (per. comm., 2008) that in order for the stripping of optic cable to remain sustainable the contract with Sindawonya Granulated and Telkom needs to be continued.

While the recycling of optic cable and the use of the recycled products is the biggest source of employment at Thembani, as already mentioned there are a number of smaller initiatives which have been started. The opening of a tea garden with a nursery connected to it, as well as a furniture restoration project and the selling of crafts have all assisted in increasing the number of people employed. While it could be argued that these developments are not examples of mainstream LED, it was noted by Dr. Blom (per. comm., 2007) that the people involved in setting up and running the coffee shop, nursery and furniture restoration centre are the same people that were initially involved in the cable stripping project, and that the profits go back into the Thembani Project. Added to this Rogerson (2002b) makes reference to South African examples of LED where tea gardens and the selling of crafts have successfully provided employment and found a niche in the local market. Furthermore, the creation of spin-off businesses being run by

the beneficiaries are examples of the successful establishment of SMMEs, the importance of which to LED has been discussed in numerous documents.

As already mentioned, the Thembani Hand Craft Project developed out of the Thembani Day Care Centre which was started for physically and mentally disabled children. While the centre provides help for the children, Dr. Blom (per. comm., 2007) added that there has also been the development of greenhouse tunnels for the centre. The tunnels are essentially to provide food for the children at the centre, while the excess produce can be sold to create a form of income for those involved at the centre. The emergence of growing tunnels and urban farming has become a common LED strategy employed in the developing world (Rogerson, 2003).

Questionnaires answered by a random sample of 15 beneficiaries showed the average age of the beneficiaries as being 29, with an average of one child dependant. In terms of education, on average the beneficiaries had a grade 10 education and had been involved with the project for 5 years. 55% of the sample were previously unemployed, while the remainder had been employed outside of Bedford, moving back when they had lost their previous jobs. The questionnaires also established that all the beneficiaries felt very positive about the project. It was noted by all those surveyed that the project has improved the wellbeing of themselves, their families and in their opinion, the community as a whole. When pushed to elaborate on how the project had helped, it was noted that it has provided employment and increased income on a personal level, therefore assisting the families of the beneficiaries as well. With regards to how the project had helped the community, it was noted by the majority of the respondents that the project was responsible for employing a large number of people in the community who were previously unemployed. The beneficiaries identified that they acquired various skills through being involved with the project which could aid them in potentially finding employment at a later stage. The skills gained through the project ranged from basic business skills, hand craft skills and kitchen skills to furniture restoration and the operation of machinery. When questioned about the future of the project, the majority of the respondents felt the project had a positive future and hoped that it would continue to

grow. It was also noted that there is a need for the project to grow, due to the problems of unemployment, and that, if it was to come to an end, a large number of people would lose their source of income.

The success of the project was attributed by Dr Blom to the retention of a core staff who have been involved since the inception of the project. She identified this as being of vital importance to the success of the project, adding that these key individuals have also been responsible for 'putting back' into the project in various ways. It was also noted by some of these key individuals that the leadership of Dr. Blom has been of vital importance to the success of the project. The existence of a strong leader, often referred to as a 'local champion', is mentioned by Taylor (2003) and Kenyon (2001) as being of vital importance to the success of any LED initiative.

In terms of LED, the Thembani Hand Craft Project can be seen as essentially a 'top-down' development initiative, implemented by one person after finding a niche in the market. Despite the 'top-down' nature of the initiative it has a strong community focus and was implemented by an individual from the community as opposed to an outsider. In addition the success of Thembani can be attributed to the fact that it possesses numerous characteristics of a 'pro-poor', community based LED, set up as a means to address unemployment and poverty in Bedford, promoting cooperation, participation and empowerment, all of which are noted by Scott and Pawson (1999) as of vital importance to successful LED.

The Thembani Handcraft Project has seen a certain degree of success since its inception. The project has been successful in helping a marginalised group of the population through the Thembani Day Care Centre, it has also led to job creation for the unemployed and low income population of Bedford, as well as helping in the skills development and empowerment of those involved. Furthermore, through the guidance of Dr. Blom, the project has been able to grow and, more importantly, diversify in the recent past helping with its sustainability. The reasons identified for the success of the project have been the existence of a core staff, as well as the leadership of Dr. Blom. Furthermore, the existence

of partnerships, in this case between an NGO and Sindawonya Granulated, has assisted the project in firstly finding a niche, as well as remaining sustainable. The issue of sustainability is of concern as in order for the stripping of the optic cable to remain viable, which is the biggest contributor to the overall project, the contract, and thus the partnership, needs to be continued. However, while Thembani has been successful on various levels, as shown by responses by beneficiaries, the project would need to grow substantially if it were to have any kind of impact on the social and economic problems being experienced in Bedford. While such small LED initiatives may be more sustainable they are less likely to make a significant contribution to the upliftment of the broader community.

Laphma Ikwezi

The information discussed in this section was gained through interviews with Mr. Soci (per. comm. 2007 and 2008), as well as beneficiaries of the Laphma Ikwezi project, unless otherwise stated.

Laphma Ikwezi, meaning ‘evening star’, is a community garden project in Bedford started in 2004. The project is one of 28 community garden projects being run throughout the Eastern Cape, which have been put in place privately through funding from a German organisation EZE, (Evangelische Zentralstelle für Entwicklungshife/The Protestant Association for Cooperation in Development). EZE is a church based development organisation working to address socio-economic disparities evident in the developing world. The programmes which are funded by EZE aim to help the poor and marginalised groups of society, focusing on the promotion of self-reliance (Federal Ministry of Economic Co-operation and Development, n.d.).

Mr Soci and his colleague Mrs Berger have been responsible for setting up the 28 community gardens throughout the Eastern Cape with funding provided by EZE. The projects were started with the aim of helping to address unemployment and poverty in the various towns. Conceptually the gardens should provide food for the beneficiaries as well

as their dependants while the remaining produce, estimated at about ten percent, should be sold in order to create a level of income.

With regards to accessing funding, Mr Soci noted that he was put in touch with EZE through a colleague who is based in Cape Town, after which an application for funding was put forward. Mr Soci noted that he first came across the idea of community gardens as a means of addressing such issues in Israel, noting that with much of the Eastern Cape being traditionally an agricultural area, community gardens could be a solution to unemployment and poverty. The community gardens, which make use of growing tunnels and 'drip' irrigation systems, have been set up in the following towns through out the Eastern Cape. In some cases more then one garden has been set up in a town:

- Adelaide
- Bedford
- Fort Beaufort
- Alice
- Middledrift
- Cookhouse
- Somerset East
- Pearston
- Middelberg
- Steynsburg
- Molteno
- Sterkstroom
- Dordrecht
- Aliwal North
- Burgersdorp
- Tarkastad

It was noted by Mr Soci that there is a lengthy period of planning which goes into the setting up of each community garden project. Once a potential project has been identified and funding secured, suitable land needs to be made available. Land, as well as water availability is negotiated with local government. Potential beneficiaries are identified through social workers and councillors in the local community, who in turn are put in contact with Mr. Soci. An organising committee as well as a chairperson is voted in by the beneficiaries involved, who are responsible for the day to day running of the project. Mr. Soci noted that he plays an instrumental role up to and including the consultation with local government. However, once suitable land and the availability of water has been arranged, he steps back and limits himself to overseeing the running of the project. While the assistance provided by Mr Soci in the initial stages of the projects in of utmost importance, the consultation with local leaders when identifying possible beneficiaries, as well as ensuring that project leaders are decided upon by the beneficiaries, can be seen to contribute to the relative success of the community gardens.

Training provided for the beneficiaries is on a limited basis. While it was noted by Mr Soci (per. comm., 2007) that very little training is needed for the agricultural production side of the project, largely due to many of the beneficiaries already possessing the necessary skills, no training is provided for the commercial aspect of the project. This, the lack of planning into the commercial dimensions of the project, is limiting the success of such projects, as pointed out by the beneficiaries, who noted that income gained from the project is minimal. This is not unique to this particular project with a number of the community gardens struggling with the commercial aspect (Mr Soci, per. comm., 207). Such trends suggest that this is an area which needs to be developed, potentially through basic business training, in order for greater success with community gardens.

At present the Laphma Ikwezi has 20 beneficiaries, made up of 17 females and three males. Through the use of basic questionnaires conducted with 17 of the beneficiaries, it was established that the average age of beneficiaries at the project is 54, the average level of education is a grade five, while on average the beneficiaries have four child dependants. Before the project started it was noted that none of the beneficiaries were

employed, while all of the people involved currently have been there since the start of the project. It was pointed out by the beneficiaries that while the produce from the garden provides them with food, there is very little income generated from the produce. In terms of local government's contribution it was noted by the beneficiaries in 2007 that they have been plagued by the lack of a consistent water supply, a service which local government promised they would provide. It should be noted that when contacted local government maintained that they do provide water for the project (Mr. Gqezengele, per. com., 2007), suggesting that there is a lack of communication between the project and local government. The poor contribution by local government was confirmed by Mr. Soci (per. comm., 2007) noting that while the Nxuba municipality was happy to help initially, there has been a poor upkeep of the agreement, in particular with regards to the availability of water. During a follow up visit in 2008 it was noted by the beneficiaries that they have recently had a borehole drilled, the funding for which was provided by the Independent Development Trust. The lack of co-operation by local government poses questions with regards to the viability of public/private partnerships if one role player is unable to fulfil their commitments.

Looking at the future of the Laphma Ikwezi it was noted by Mr. Soci that there is a need to develop the commercial side of the project. It was added that the project cannot be considered successful until the commercial aspect is functioning. Options identified for improving the commercial aspect to the community gardens, included the development of co-operatives between the various members of the community involved in community gardens could be an option (Mr Soci, per. comm., 2008). This was supported by Mr. Naidoo (per. comm., 2007) who also pointed out the need for community gardens to increase the commercial aspect of the projects. It was felt by both Mr. Soci and Mr. Naidoo (per. comm., 2007) that this could be where local government could assist in the projects. Mr. Soci pointed out however that there is a general lack of communication between local government and the community, which is limiting the success of the project. Lastly he added that in some cases other community gardens have successfully managed to diversify their produce as well as introducing live stock and poultry. It was suggested by Mr. Soci that such diversification needs to occur at Laphma Ikwezi. The

importance of diversification in the success of LED is noted by Johnson and Jones (1998).

Laphma Ikwezi has experienced elements of success. As shown above, the project has been successful in providing food for low-income and marginalised sections of the Bedford population. Secondly, the project can be seen to have encouraged a 'self-help' mentality, increased personal empowerment for those involved, as well as allowing for the potential development of entrepreneurial skills through the sale of produce. It was felt by Mr. Soci that the reason the project has been able to sustain itself and achieve a level of success is due to the willingness and determination of the community members involved to work together. Kenyon (2001) emphasises this, noting that the success of LED depends on a collective in the community working towards a common goal. Furthermore, it should be noted that the contribution made by Mr. Soci and his colleagues, through accessing funds, arranging land, and the initial planning of the project has undoubtedly assisted in the running of the project.

With this in mind, it must be added that the project has not achieved all that it set out to. It was noted by Mr Soci (per. comm., 2007), as well as the beneficiaries, that the income generated through the sale of the produce has been minimal, in most cases only enough to purchase seed for the following growing period. The inability to successfully develop a commercial aspect to community gardens is a common stumbling block of such initiatives, with Xuza (2007) noting that the biggest challenge with such community type projects is ensuring that they become sustainable economic enterprises. In the case of Lapham Ikwezi it appears that a lack of planning into the commercial aspects of the initiative and a shortage in basic business training for the beneficiaries has impacted negatively on the overall success of the project.

Zamani Community Agricultural Project

Zamani Community Agricultural Project started in 2000. The project was initially set up by an NGO unknown to both Mr Gqezengele as well as the project beneficiaries. Local government has been involved in the provision of land and access to water, while later

assisting in accessing funds from the Department of Agriculture and the Department of Social Development (Mr Gqezengele, per. comm., 2007). As is generally the case with community gardens, the intention of Zamani is to provide the beneficiaries with a sustainable source of food while the excess is sold for profit.

At present there are 50 beneficiaries involved at the Zamani Community Agricultural Project (Mr Gqezengele, per. comm., 2007). Through a basic questionnaire survey conducted with a sample of 15 beneficiaries it was established that the average age of the beneficiaries was 52, with an average of three dependants. The average level of education among the beneficiaries was grade seven. When asked about the beginnings of the project Mr Gqezengele (per. comm., 2008) noted that initially each beneficiary had their own plot of land, however there has been a shift to the land being communal which, while being rejected at first by some beneficiaries, has seen a greater level of success. The decision to make the project communal was done with the intention of getting the members of the project to work together as opposed to effectively competing against each other, as was the case when each individual had their own plot of land (Mr Gqezengele, per. comm., 2008). Mr Gqezengele (per. comm., 2008) noted that in 2008 the Zamani Community Agricultural Project has become a registered co-operative, elaborating that as a co-operative it is easier to access funding.

There has arguably been greater involvement by local government with the Zamani Community Agricultural Project than with other similar community projects in Bedford. While local government has provided the project with land as well as access to water, it has also assisted the project in accessing funds, the most recent of which is new funding from the Department of Social Development. It was however noted by beneficiaries, when asked about local governments' involvement, that the provision of water has been generally poor and sporadic. This, it was noted, has had a severe impact on the quantity and quality of the produce being grown, which has in turn impacted on the ability of the beneficiaries to sell their produce, resulting in no income being generated.

The planning which went into the setting up of the project has by-in-large been limited. A lack of planning can be seen in the initial attempt to allow for each beneficiary to have their own plot of land which, in time, proved unsustainable and impractical. Furthermore, in terms of the training provided for the beneficiaries, it was noted by Mr Gqezengele (per. comm., 2008) that to his knowledge the beneficiaries have not received any training in the farming or commercial aspects of the project.

Comparatively, the Zamani Community Agricultural Project can be considered more 'haphazard' then the example of Laphma Ikwezi discussed above, with little planning being evident. It appears that there has been greater involvement from local government, which was instrumental in ensuring that funding was provided as well as establishing the project as a cooperative. However, in general it appears that the project suffers from similar inhibiting factors as Laphma Ikwezi, relating to a lack of municipal services, essentially due to poor communication between the project and local government, and the inability to develop the commercial aspect of the project.

Lilitha Woman's Co-operative

The Lilitha Women's Co-operative is a small bakery run by a number of women in the Bedford township. The co-operative started in 2007 when a group of local women expressed interest in opening a small bakery. Mr. Gqezengele (per. comm., 2008) noted that local government was responsible for accessing funds from the Department of Social Development as well as providing a municipally owned building to house the co-operative.

It was noted that before the project started the woman received basic business training from the Department of Labour (Mr. Gqezengele, per. comm., 2008). Lilitha Woman's Co-operative currently employs 12 women, all of whom prior to the setting up of the co-operative were formerly unemployed. Through the use of basic questionnaires it has been established that the project beneficiaries are on average 60 years old with three dependants. In terms of education, they have an average of a grade six education. When questioned as to how the project has assisted them, it was noted that the project has

provided them with an income but that this income is minimal. It was further noted by the beneficiaries that they lack access, due to transportation problems, to bigger markets, which is limiting the project's growth and success. Mr. Gqezengele (per. comm., 2008) noted that applications are being made in order to provide the project with transportation. It should be added that the need for transportation in order for the Lilitha Woman's Co-operative to become more viable was recognised back in February 2008 and that although plans were being made in order to address this, by August 2008 no progress had been made with the provision of a vehicle. This lack of delivery is seriously impacting on the viability of the project in particular, but also on other LED projects more broadly. As has been established, the success of any development initiative is complex and can be jeopardised quickly and easily. Thus the lack of urgency in helping such initiatives prejudices their development and sustainability.

According to Taylor (2003), SMMEs, of which the Lilitha Woman's Co-operative in Bedford is a good example, have emerged as vital for LED in promoting empowerment and self-employment. Furthermore, the importance of SMMEs is also noted in the ADM IDP (ADM, 2006) as well as the Nxuba Municipality's IDP (Nxuba Municipality, 2007) documents. However, despite early success, the project has been seriously limited by the lack of access to a bigger market. This can be attributed to a lack of long term, sustainability planning into the project. While the project has successfully managed to employ and train formerly unemployed woman and provide them with a level of income, this success is of little consequence if the project cannot be sustained. While local government has been involved in the project, once again it appears that it is to a limited degree and more a case of providing initial help doing little to ensure that the project becomes sustainable in the local term.

Concluding Discussion

Bedford, not unlike small towns internationally, nationally and locally, is faced with a number of socio-economic problems. Increasing levels of unemployment, poor education levels and a high incidence of poverty are conditions which can be said to characterise the town. Bedford town, which has performed as an agricultural service centre for a long

period of time, remains reliant on the agricultural sector in terms of both economic activity and as a major source of employment. In recent times there has however been a steady decline in the contribution of agriculture to both the economy and the number of people employed by the sector within the Bedford district. This trend has been paralleled by a significant rise in the contribution being made to the local economy, as well as to employment by community services which raises questions over the economic development possibilities for the town. A high proportion of the population being employed in community services, which is largely a state reliant sector, while allowing for the town to remain sustainable it is not conducive to economic growth. This is also the case with agriculture, as the sector on the whole is experiencing decline, suggesting there is little possibility of sustained economic growth being based on this sector.

The poor social and economic conditions experienced by the population of Bedford are amongst the biggest obstacles to the towns' development. Illiteracy and poor education levels were identified by local government as limiting the development potential of the town. Furthermore, an apparent lack of communication between local government and the community, in addition to the lack of communication between the various stake holders is appearing to limit the ability of the town to develop further. While such problems have limited the success of various projects in Bedford, it must be accepted that success has been evident on some levels, generally in the ability of development initiatives to create opportunities for the marginalised sectors of the population, albeit that the actual impact is modest.

The involvement of local government in Bedford is of particular interest. Research in Bedford has shown that local government is successfully fulfilling what they are required to do, although in a very limited manner. Local government has assisted some of the community projects in accessing funds from government departments, while also providing projects with land, and although this was not successful in most incidences, with water in the case of the community gardens. However, as noted by project managers and beneficiaries, local government needs to be far more involved in establishing what is needed by the projects and ensuring the effective operation of the projects. In the case of

the Lilitha Woman's Co-operative, as well as the various community garden projects, local government should be taking it upon themselves to ensure that these projects remain sustainable.

The remarketing of the town has enabled the property market to boom and resulted in areas of the town remaining relatively sustainable. While it should be remembered that the remarketing of Bedford was at no stage a development initiative as such, the benefits for the broader community have been limited with very little employment or spin-off opportunities being experienced by the marginalised sectors of the community. Thus, as already discussed, while examples exist in both Australia, (Collits, 2000), and the USA, (Broadway, 2000), of small towns remaining sustainable through remarketing themselves as retirement centres, considering that the majority of the population living in South African small towns are faced with poor socio-economic conditions such an approach can at best, be of limited value in South Africa.

The Bedford Garden Festival has had a similar effect on the town. A limited number of permanent jobs, largely unskilled in nature, have been created, as well as a few temporary jobs around the time of the festival. Other then this, the festival generally excludes the majority of the Bedford community, benefiting a largely white, upper income minority. If the festival is to experience greater success as a development initiative, there is a need for it to incorporate the entire Bedford community as well as for it to diversify, offering an increased number of attractions.

In terms of the other projects being run in Bedford, namely the Thembani Hand Craft Project, Laphma Ikwezi , Zamani Community Agricultural Project and Lilitha Woman's Co-op, success has been achieved on some levels. First it should be noted that all of these projects, while having various sources of funding, some being private and others government, and are all essentially micro-level community driven LED projects aimed at addressing the needs of the poor majority. In all three cases jobs have been created for people who, the majority of the time, were previously unemployed, poorly educated and have a number of dependants. Furthermore, the projects have successfully helped a

number of the beneficiaries gain skills which they otherwise would not have had, as well as creating a self-help attitude and aiding the beneficiaries in gaining a feeling of empowerment. Much of this success has been attributed to the presence of a strong leader as well as the willingness of those involved to work towards a common goal.

From the assessment of various LED initiatives taking place in the town of Bedford various issues arise with regards to LED practice in the town. It appears that while local government has a mandate to ensure that LED takes place in the town factors such as a lack of resources as well as a lack of competence appear to be impacting negatively on their ability to fulfil such a role in an effective manner. In light of this, it appears that the onus of LED in the town has shifted to other role players, and is taking on the form of a number of 'disconnected' micro/community projects, generally initiated by an individual in the private sector. Such trends raise questions over the ability of LED initiatives in their current form to address the socio-economic development challenges persisting in Bedford. Furthermore, questions are also raised over the ability of local government to ensure LED occurs in small towns, as the example of Bedford suggests that while local government is actively attempting to support, or facilitate the LED process, the impact on the broader community is relatively negligible.

Chapter Seven: Hamburg Case Study

Introduction

This chapter aims to discuss the social and economic conditions prevailing in Hamburg, a small town situated on what was the Ciskei coast during apartheid. The chapter will discuss the levels of unemployment, poverty, education and basic literacy, the HDI in the magisterial district where Hamburg is situated, as well as look at the major economic sectors in terms of employment and their contribution to the local economy. Attention will then shift to the issue of LED, identifying potential opportunities and constraints to LED before discussing existing and planned LED projects for the town.

An analysis of the socio-economic conditions and the key economic and employment sectors for Hamburg has proven difficult. Data used for the case studies of Stutterheim and Bedford was predominantly from Global Insight and based on former magisterial district boundaries where the town concerned was the only major urban centre and the locus for most of the population. In the case of Hamburg, the town falls into the former Magisterial District of Peddie, which includes the entire Ngqushwa Local Municipality centred on the town of Peddie. Accordingly no data is provided for the town of Hamburg specifically by Global Insight. Thus, in order to achieve the aforementioned objectives of the research, various sources of data have been used to provide an approximate reflection of the socio-economic trends in Hamburg. Global Insight has been used to provide magisterial district level data, while data from the Municipal Demarcation Board (2008) has been accessed for the ward in which Hamburg is situated. The presumption that the trends for Hamburg will be similar to the trends being experienced in the local municipality is based on the fact, as discussed in Chapter Three, that when data was compared from EC 126, ward 11, the ward in which Hamburg falls, with data on a magisterial level, broadly similar trends in unemployment, education and employment sectors were identified. Where possible, the trends identified for the former Peddie Magisterial District will be triangulated with data from the 1996 and 2001 population census on a ward level. Hamburg and the surrounding villages currently fall into ward 11 of the Ngqushwa Local Municipality.

The town of Hamburg provides an example of a community driven, private sector led LED initiative, namely the Keiskamma Trust, an example of successful community driven LED. The Hamburg Beach Festival provides an example of an LED initiative being implemented purely by local government, displaying shortcomings of such an approach. Furthermore with aquaculture being identified by the Ngqushwa Local Municipality as a potential area for growth (Dimension Development Network, 2008), a local oyster farm is discussed in order to establish the potential for growth in this sector, as well as to establish the benefits of the SMME on the Hamburg community. Lastly a proposed 'Artist Residency' for Hamburg, forming part of a larger regional development scheme proposed by regional government, will be discussed.

Socio-Economic Conditions and Key Economic and Employment Sectors

The data discussed in Chapter Four shows that the Peddie Magisterial District is beset by low levels of human development. While specific comparable data for the town of Hamburg is not readily available, it has been presumed, for reasons given above, that in general the trends being experienced in the town are similar to those being experienced within the entire magisterial district.

Global Insight (2006) estimates unemployment in the Peddie Magisterial District as being 76.5% in 2005, which corresponds with the figure given in the Ngqushwa Local Economic Development Strategy (Dimension Development Network, 2008). The unemployment rate in ward 11, where Hamburg is situated, under the strict definition of unemployment, was 34.9% in 2001, far lower than the municipal average (Demarcation Board, 2008). However, it should be noted that while the official unemployment rate is lower, only 8.8% of the potentially economically active population were employed, which is on par with the municipal figures, while 56% of the potentially economically active population were not economically active (Demarcation Board, 2008). Such figures suggest that if one was to compare unemployment using the broad definition as used by Global Insight, the rate of unemployment in ward 11 would be similar to or higher than that of the entire district. While the high unemployment rates and the small percentage of the population who are economically active is cause for concern in it self, it also raises

other issues as pointed out in the Ngqushwa Local Municipality's Local Economic Development Strategy. In the development strategy it is noted that the lack of employment leads to a small rates base, making the local municipality almost entirely dependant on provincial and national government for funds (Dimension Development Network, 2008). The high levels of unemployment and lack of economic activity while leading to high dependency levels, also increases the likelihood of the population living in poverty. The poverty levels for the Peddie Magisterial District are high and have shown an increase between 1996, when it stood at 64.2% and 2005, when it reached 80.3%, as pointed out in the Ngqushwa Local Municipality Local Economic Development Strategy (Dimension Development Network, 2008). These figures correspond with those given by Global Insight for 2005.

A high proportion of the population over the age of 20 in the Peddie Magisterial District have little to no education. According to Global Insight (2006), 11% of the population had no education, while 34% had not finished primary school and only 13.7% of the population had a matric or higher level of education. Data from the Demarcation Board (2008) suggests that broadly similar trends of low education levels also exist in ward 11 with 17.5% of the population over the age of 20 having no education in 2001, 34.5% had not finished junior school, while only 9.4% of the population had a matric or higher level of education. The trends discussed are shown below in figure 7.1. Figure 7.1 displays the education levels on a magisterial district level for 2005, as well as for 2001, with ward data only being available for 2001. It is evident from figure 7.1 that in both 2001 and 2005 the level of education, in terms of what portion of the population had no education, what level of education the majority of the population had obtained, as well as what portion of the population has a matric level or higher level of education, is lower in ward 11 than for the rest of the Peddie Magisterial District.

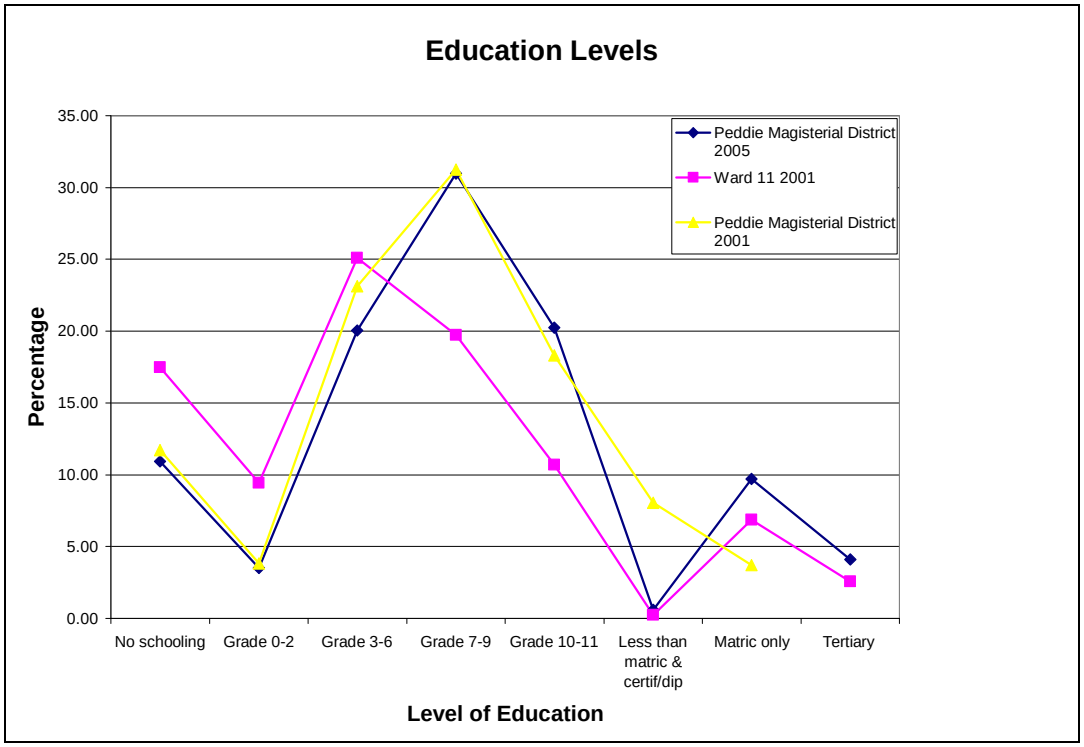

Figure 7.1. Education levels (Global Insight, 2006 and Demarcation Board, 2008)

The importance of education is noted in the Ngqushwa Local Municipality Local Economic Development Strategy, which states that the ability of an economy to provide employment is directly correlated to the availability of an educated and skilled workforce (Dimension Development Network, 2008). Low levels of education are mirrored by low levels of literacy in the region, with Global Insight (2006) noting that in 2001, 56.7% of the Peddie Magisterial District population had basic literacy, increasing to 58.3% in 2005. Basic literacy is defined here as the population over the age of 20 with a minimum of a grade seven level education. In the case of ward 11, literacy levels are well below the municipal averages with only 40% of the population having basic literacy in 2001 (Demarcation Board, 2008).

The HDI in Hamburg is likely to be similar to that of the entire Peddie Magisterial District, based on the fact that other indicators of socio-economic development, which have been discussed, show similar trends. The HDI level being experienced in the Peddie Magisterial District is 0.46 (Global Insight, 2006), placing the municipality well below

the national average of 0.67 and classing it as an area of 'low human development' in accordance with the UN classification system (UN, 2007).

The Local Economic Development Strategy for the Ngqushwa Local Municipality noted that the biggest employer in the municipality is community services, accounting for 46.6% of the employed population, while retail and private households account for 10.7% and 10% respectively (Dimension Development Network, 2008). Data from Global Insight (2006) also suggests that the single biggest employment sector in the Peddie Magisterial District is community services, accounting for 48.8% of jobs in 2005, with retail being the second biggest. Data for ward 11 in the Ngqushwa Local Municipality shows that the employment sector trends discussed above, for the entire magisterial district, are mirrored in the ward. Community services accounts for the majority of employment, at 42.8%, while private household employment and retail are the other major sectors (Demarcation Board, 2008). While data estimates on the percentage of the population employed in agriculture is similar in the Local Economic Development Strategy (Dimension Development Network, 2008) and the ward data from the Demarcation Board (2008) it differs when one looks at the data from Global Insight (2006). However, despite the differences, a common thread throughout the different data sources is that agriculture contributes little in terms of employment, accounting for less than 10% according to all three sources. This is of interest when one is to consider that the vast majority of the population, 95%, in the Ngqushwa Local Municipality are said to live in rural areas (Dimension Development Network, 2008). This anomaly is due to various factors, such as land dispossession in the district under apartheid and overcrowding as a result of enforced resettlement which reduced land-holding to sub-economic units (Nel, 1999). In terms of the formal and informal economy in the Peddie Magisterial District, the formal economy is responsible for the majority of employment, 78%, while the informal economy accounts for 22% (Global Insight, 2006). It should be noted that while this is the case there has been a noticeable increase in the percentage of the population employed in the informal economy, increasing from 14% in 1996 to 22% in 2005 (Global Insight, 2006).

In terms of the Gross Value Added (GVA) by each sector, i.e. the contribution of each sector to the overall economy of an area, community services are responsible for the greatest portion, 59.6% (Global Insight, 2006). Other major contributors to the region's economy are manufacturing and trade, accounting for 14.5% and 14.3% respectively, while agriculture contributes less than 4% (Global Insight, 2006). It should be noted here that this is commercial agriculture, and as pointed out in the Local Economic Development Strategy for Ngqushwa, most of the population depend on limited subsistence farming for their household economy (Dimension Development Network, 2008). In terms of trends being experienced in the economy between 1996 and 2005, growth has been seen in the contribution made to the economy by community services, which is in line with the increase in the percentage of the population employed in this sector. During the same time period, there has been a decrease in the contribution to the economy made by agriculture, while the proportion of the population employed in this sector has also decreased.

Opportunities and Constraints to Socio-Economic Development

Two sectors have been prioritised for development in the Ngqushwa Local Municipality, namely agriculture and tourism. Due to the existence of a largely rural and unskilled population already reliant on subsistence agriculture in order to survive, it is argued that LED in the municipality should be largely reliant on the agriculture as a key sector (Dimension Development Network, 2008). Tourism has also been identified as a growth opportunity due to the natural beauty of the municipality, in particular the coastal zone, with five keys assets which can aid tourism being identified in the Ngqushwa Local Municipality Local Economic Development Strategy (Dimension Development Network, 2008):

- The physical landscape
- The warm, temperate climate of the area
- Marine resources
- Aesthetic appeal of the area
- Existence of nature reserves in the area

In the case of Hamburg in particular, tourism was identified by Mr. May (per. comm., 2008), the Ngqushwa Local Municipality LED Officer, as the most important sector with regards to LED.

A number of problems are identified as inhibiting the success of agriculture as a successful LED initiative. It is noted in the Ngqushwa Local Municipality Local Economic Development Strategy that the majority of the population in the municipality are historically disadvantaged groups with little to no education (Dimension Development Network, 2008). As a result, technical interventions aimed at increasing yields, improving production and the management of natural resources are not well understood and implemented (Dimension Development Network, 2008). Secondly, it is noted that the average age of current farmers in the area is high, with little involvement or interest from the youth of the area. The inability of emerging or small-scale farmers to access credit is also impacting negatively on the development of agriculture as a form of LED. Lastly, the issue of land is a two-fold challenge. First, due to much of the municipality falling into the former Ciskei Homeland, confusion exists over the ownership of much of the land, which has led to large areas of arable land lying fallow (Dimension Development Network, 2008). Secondly, and also related to land ownership, the communal land tenure system, it is argued by the Ngqushwa Municipality, leads to poor planning and management of the land (Dimension Development Network, 2008).

When questioned as to which factors are inhibiting LED in Hamburg, numerous respondents identified the issue of land ownership. Mr May (per. comm., 2008), noted that land availability was one of the biggest factors inhibiting development in Hamburg. It was added by Mr. May (per. comm., 2008) that the majority of the land is not municipally owned and there are numerous land claims existing, which is inhibiting the development of the area. The issue of land not being municipally owned was also highlighted by Mrs Hofmeyer, The Keiskamma Trust project director (per. comm., 2007), Mrs Steman, former ward councillor and local business owner (per. comm., 2007) and Miss Neuss, local business owner and resident (per. comm., 2007). Mrs Neuss elaborated, noting that the land is currently owned by the Department of Public Works and while 99

year leases have been signed by some residents in Hamburg, land cannot be purchased easily, consequently inhibiting the development potential of the town. Mr May (per. comm., 2008) noted that steps are being taken by the Department of Public Works to try and address the land issue in the area.

Development Initiatives

At present Hamburg houses a successful example of a community driven project, the Keiskamma Trust. In addition to this, the town provides an example of a local government initiative in the form of the Hamburg Beach Festival, and an example of an SMME attempting to take advantage of the location of the town on the Keiskamma Estuary as an Oyster farm. Lastly, plans exist to implement a region level project, with Hamburg forming an 'anchor' on the R72 development corridor, by developing an 'Artist Residency' in the town. The following LED initiatives will be discussed in turn below.

Keiskamma Trust

The Keiskamma Trust is an example of a community driven project which has seen growth and diversification in the past number of years. The beginning of the Keiskamma trust dates back to 2001 when Mrs Hofmeyer, at the time a new resident in Hamburg, started art workshops in the community, involving in the region of 30 women. Mrs Hofmeyer (per. comm., 2007) noted that the workshops were in response to the high levels of poverty that were evident in Hamburg, as well as being in an effort to find an alternative source of income for a population who were increasingly becoming reliant on exploiting natural resources in the form of poaching perlemon and the cutting down of indigenous forest. This was confirmed by Mrs Holmes (per comm., 2008), the project manager, who also identified the high levels of poverty in the area as prompting the beginning of the project. The project has since developed into the Keiskamma Trust, a multi-faceted initiative focused on the social as well as the economic aspects of development, and which has embraced community consultation, involvement and leadership. Due to the extreme lack of services in the town, in terms of health facilities and schools, the need for such a social aspect to the project was evident. The Keiskamma Trust is inclusive of five different projects, namely an Art Project, Health Programme,

Education and Development Programme, Heritage Project and Gardening Project (Mrs Hofmeyer, per. comm., 2008). It was noted by Mrs Holmes (per. comm., 2008), that while the Art Project can be seen as the beginnings the Trust, the Health Centre, developed as a natural response to the dire need for healthcare in the area, starting in 2003. This was aided by the fact that Mrs Hofmeyer, as well as being a trained fine artist, is a qualified doctor. With the setting up of the Health Centre, the development of the Education, Gardening and Heritage Projects followed.

In short the Health Programme was started in 2005 with the intention of providing monitoring and care for HIV/AIDS patients. It was noted by Mrs Hofmeyer (per. comm., 2008) that there was an obvious need for health services in the area as the distance from a major centre made access to medical facilities and treatment difficult. The centre currently provides twenty-four hour nursing care as well as balanced meals for patients. On average the health centre houses ten patients nightly, while twenty new patients visit the centre monthly (Keiskamma Trust, 2008). Mrs Holmes (per. comm., 2008) pointed out that a large potion of the funds received from donors, to be discussed later, is channelled into the Health Project. The Keiskamma Education Programme aims to ensure that day-care facilities in Hamburg and the surrounding villages are supported as well as provide training for teachers. Furthermore educational resources and food programmes have been provided to four crèches in and around Hamburg (Mrs Holmes, per. comm., 2008). It was noted by Mrs Holmes (per. comm., 2008) that the education programme is well supported by local churches within the Eastern Cape, in terms of providing resources and donations. Through the Gardening Project it is hoped that localised organic farming methods can be developed to assist the community in producing food for themselves and for their families. Additionally, existing food gardens provide the health centre with a daily supply of food for the patients (Mrs Holmes, per. comm., 2008). Lastly, the Heritage Project is based on a wider concept of developing a heritage route, in the broader area, as a tourist attraction. Funds have been received from the ADM allowing for the renovation of old buildings to serve as a museum, cultural centre and tourist information office (Mrs Holmes, per. comm., 2008). Furthermore Mrs Hofmeyer (per.

comm., 2008) added that there are plans to open self-catering and conference venues in and around the heritage sites.

As already discussed, the roots of the Keiskamma Trust can be traced back to the Art Project started in 2001 by Mrs Hofmeyer. The decision to use art as a medium to develop the project around was twofold. First, Mrs Hofmeyer (per. comm., 2007) noted that as a trained fine artist she felt she would be able to pass on the skills required. In addition, Mrs Hofmeyer (per. comm., 2007) stated that in her opinion, art is an effective way for individuals to express themselves. Considering the huge socio-economic problems being experienced in Hamburg it was felt by Mrs Hofmeyer that art could assist the local community in understanding and dealing with everyday challenges they experience as well as empower those individuals involved.

Initial planning which went into the setting up of the project was minimal (Mrs Hofmeyer, per. comm., 2007). Mrs Hofmeyer (per. comm., 2007) commented that the lack of planning in the initial stages of the project resulted in a number of difficulties having to be overcome at later stages. It was noted that, with regards to the local community, the initial setting up of the project as a non-profit organisation without a clear structure, planning or detailed mission statement led to a degree of misunderstanding and jealously among those involved. The existence of a feeling of 'jealously' in the community was identified by Mrs Hofmeyer (per. comm., 2007) as a seriously inhibiting factor, with members of the community becoming jealous of other community members in a better position than their own. The misunderstanding and jealously within the project was sparked by the ill feeling towards local managers of the Art Project, who it was felt were sharing the profits among themselves. This lead ultimately to the beneficiaries of the art project striking which seriously threatened the future of the Art Project (Hofmeyer, per. comm., 2007). As a result of the strike it became apparent that those women involved with the project needed a greater understanding of what a non-profit organisation entailed, while the need for greater structure in the organisation was also identified. Furthermore, with regards to the structure, planning and mission statement, it was noted that as the project grew and funding was required, it

became apparent that a clearly structured organisation was a necessity when making an application for funds (Mrs Hofmeyer, per. comm., 2008). The emergence of such problems can be attributed to the lack of initial planning and structure in the project, thus emphasising the importance of having a detailed planning process and 'mission statement' which the community understand and are involved in the setting up of. The occurrence of these issues is a likely event in the case of 'top-down' projects. While the Keiskamma Trust has developed into a community project, the implementation of the project was largely in a 'top-down' manner with little initial involvement from the local community. However, this said, the project was initiated by an individual from Hamburg as opposed to an outsider, and since the acceptance that greater structure was required the local community has been widely consulted, and involved in the planning process.

At present the Keiskamma Trust is structured as follows: nine Trustees, followed by the Project Director (Mrs Hofmeyer), and the Project Manager (Mrs Holmes), under whom the various projects fall. The official function of the Trustees is to approve the budget and ensure that there is no misuse of donor funds (Mrs Hofmeyer, per. comm., 2008). The structure is displayed in figure 7.2 below:

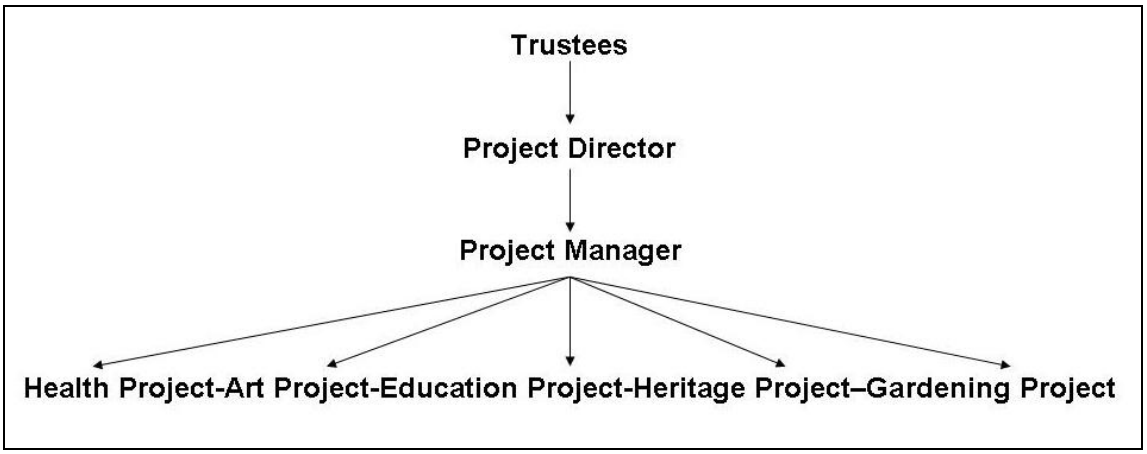

Figure 7.2. Structure of the Keiskamma Trust (Mrs Hofmeyer, per comm., 2008)

The Keiskamma Trust, in its entirety, currently employs in the region of 180 people, distributed amongst the Art Project (111 people), Health Project (60 people), Education Project (2 people), and remaining people are in management positions (Mrs Holmes, per. comm., 2008). While the Health Project workers are employed permanently, the

beneficiaries working in the Art Project are paid per piece of work and thus it is up to them as to how often they work (Mrs Holmes, per. comm., 2008). In terms of income, Mrs Holmes (per. comm., 2008) explained that the beneficiaries of the Art Project are paid per piece of work produced as opposed to when a piece is sold. While such an approach encourages the women to work it also poses a problem in terms of the financing of the project, as pieces have to be sold consistently in order for it to remain sustainable (Mrs Holmes, per. comm., 2008). It was estimated by Mrs Holmes (per. comm., 2008) that woman working in the Art Project can earn up to R1500 per month, while the six managers have a set income which they earn over and above this. The people employed in the Health Centre earn varying wages depending on their position, with funds for their salaries being provided by the three major donors. The community care givers are seen as volunteers and thus only earn a 'stipend' which is provided by the Department of Health (Mrs Holmes, per. comm., 2008).

A random sample questionnaire was conducted with twenty beneficiaries from the Keiskamma Art Project. It was decided that individuals from the art project would be the best suited to comment on the Trust as many of them have been involved with the project since its inception, and furthermore the art project accounts for the vast majority of people employed by the Trust. The average age of the beneficiaries surveyed was 39, with an average of three child dependants. In terms of education, it was noted that none of the beneficiaries had higher than a matric level of education, with the average level of education being a grade ten. Of the beneficiaries surveyed, 80% were unemployed prior to working at the Art Project, and it was noted by all the respondents that they had acquired skills as a result of working with the Art Project. The Art Project managers interviewed noted that they had also obtained a better understanding of business management. In terms of whether being involved with the project had assisted the beneficiaries and their families, the response was a unanimous yes, citing a source of income as the greatest benefit. Lastly it was noted by all the beneficiaries that, in their opinion, the Trust had benefited the community at large through employment opportunities, as well as through increased access to health care.

The existence of local leadership is evident in the Trust, with three members of the local community being on the board of Trustees, with the remaining six being made up of the donors as well as business people who have been involved with the Trust. Local leadership exists within the Art Project, with local women taking on the role of managers. It was noted by Mrs Hofmeyer (per. comm., 2008), that the leaders/managers in the Art Project essentially 'chose themselves' by emerging as the natural leaders in the group. It was added by Mrs Hofmeyer (per. comm., 2008) that the women put into management places faced being shunned by the community as there was a feeling that they were getting preferential treatment. This relates to the issue of jealousy raised earlier.

Training for the beneficiaries of the Art Project has been provided predominantly through local artists volunteering their time, while workshops are held on average between three and four times a year (Mrs Hofmeyer, per. comm., 2008). It should be noted that initial training came from Mrs Hofmeyer herself, who is a trained fine artist, as well as international artists coming to Hamburg to provide instruction on a few occasions.

The significance of partnerships in the Keiskamma Trust is easily identifiable. Partnerships existing between the Trust and the local community are evident. These include community members being included on the board of Trustees as well as in management positions within the Art Project, while partnerships with community care givers further strengthen the connection between the local community and the Trust. In addition partnerships with both local and international artists who are involved in the training of beneficiaries have aided the Trust. The existence of partnerships with international connections, referred to by Mrs Hofmeyer as 'supporters', that have assisted in the marketing of the art work, as well as international donors, can be seen as having been of vital importance to the ultimate success of the initiative. Lastly, as will be discussed later, plans are in place to involve local government in the Trust, which will provide for a public/private partnership.

With regards to funding, it was noted by Mrs Hofmeyer (per comm., 2007) that presently the Keiskamma Trust is funded primarily from three sources, all of whom are based

abroad. This has not always been the case as the Art Project was initially started with Mrs Hofmeyer's personal funds while initial external funding was received from the Department of Arts and Culture in 2002/2003. The funding was approved for three years, however due to restructuring taking place in the Department in 2003, funds were only received for 2002/2003 (Mrs Hofmeyer, per. comm., 2007). As already mentioned, funds are now received from two individuals in Europe and a church group from Washington. The connections with the international donors were made in various ways. One came in contact with the Keiskamma Trust while on holiday in South Africa, while the others were contacted through personal connections (Mrs Hofmeyer, per comm., 2008). It was noted by Mrs Holmes (per. comm., 2008) that it is often the case that when funding is received, the donor stipulates as to which part of the trust it should contribute to. Mrs Hofmeyer (per. comm., 2007) also emphasised this, adding that approximately 70% of the funding currently received goes directly to the Health Project. Mrs Hofmeyer (per. comm., 2007) confirmed that without funding The Keiskamma Trust would struggle to remain sustainable.

The sustainability of community projects has been identified as an area where attention needs to be paid. As noted above, The Keiskamma Trust Art Project has been reliant on funding in the past from various sources, however it appears that the Art Project in particular is starting to 'find its feet' so to speak through 'major' commissioned works, as well as having international exposure (Mrs Hofmeyer, per. comm., 2008). Mrs Holmes (per. comm., 2008) identified an example of 'big' art pieces being the recent contract with Murray and Roberts, a leading engineering and construction company in South Africa, who have approached the Art Project to create art work for the entrance to their new office block in Johannesburg. Furthermore in terms of outlets in South Africa, Mrs Hofmeyer (per. comm., 2008) noted that they supply outlets which sell 'one of a kind' type work. In Cape Town, work is sold at the Kalk Bay Modern and Heart Works, and in Johannesburg, Art Africa, while the marketing of the work has been done largely through friends and word of mouth (Mrs Hofmeyer, per. comm., 2008). In terms of the international market, most of the connections have been made through previously existing personal relations and time spent marketing the art work abroad by Mrs

Hofmeyer personally and managers of the Art Project (Mrs Hofmeyer, per. comm., 2007). It was added that other connections were made at the National Arts Festival held annually in Grahamstown. Mrs Hofmeyer (per. comm., 2008) identified 'supporters' in the UK, Canada and the USA as having assisted in the marketing of the work overseas. Such supporters have assisted in arranging for major pieces of art, such as the alter piece, to be 'toured' through the USA creating awareness and marketing for the project. The importance of the international acclaim and market must not be understated here, as it is often the case that a lack of a market and reliance on funds limits the success and sustainability of community projects. This was pointed out by Xuza (2007) who argued that attention needs to be paid to community type projects becoming sustainable economic enterprises. It should be noted here that the ability of Mrs Hofmeyer to market the products of the Keiskamma Art Project successfully has aided in the overall sustainability of the project.

The involvement of local government up until, and including 2007 has been negligible (Mrs Hofmeyer, per. comm., 2007). However, when interviewed again in 2008, Mrs Hofmeyer (per. comm., 2008) noted that steps are being taken to involve local government in the Trust. The reason cited here for the involvement of local government are largely to do with the work currently being done by the Trust overlapping with the mandate of local government in terms of the provision of health services and the promotion of local tourism and therefore, it is felt that their involvement could contribute to the sustainable running of the project. The efforts to include local government were confirmed by Mrs Holmes (per. comm., 2008), who noted that the inclusion of local government is based around these two aspects of the project, namely the Health Centre and the Heritage Project, focusing on developing tourism in the area.

The success of the Trust can be attributed, as is the case with most development initiatives, to a local 'champion', as well as the close partnership and communication with the local community as noted by Mrs Hofmeyer (per. comm., 2008). One of the biggest issues, as mentioned earlier, with regards to community driven development initiatives is the over reliance on external funding. It has been noted that the project has

been reliant on funding in the past from various sources, however it appears that the Art Project in particular is becoming sustainable through 'major' commissioned works, as well having international exposure. Furthermore, it appears that local government is willing to work with the Keiskamma Trust, a partnership which should greatly assist the running and sustainability of the project.

The Keiskamma Trust has developed out of a poverty alleviation project, namely the Art Project, into a community project now employing in the region of 180 people. The success of the project can be seen in its ability to provide employment and income for previously unemployed members of the community, as well as assisting people in skills development ranging from art and basic business skills to care giving skills. Furthermore, it has successfully encouraged a self-help attitude in the local community as well as contributing to the empowerment of members of the local community. However, arguably, the greatest success of the Keiskamma Trust has been its ability to contribute to the entire Hamburg and surrounding community. Through its multifaceted approach the Trust has contributed to the provision of social services, as is the case with the health, education and gardening projects, all of which can be seen to benefit the broader community. The focus of the Trust on both the social and economic spheres of development has proved successful, signifying the need for such an approach in small, marginalised localities.

Finally, in many ways parallels can be drawn between the Keiskamma Trust and the earlier SDF, namely, high level of community involvement and the existence of partnerships and communication with the local community, the well structured nature and management committee of the Trust, the multifaceted approach to development, thus assisting a broader cohort of the community, and lastly a strong leader who has aided the project in various ways, particularly in accessing funds.

Beach Festival

The Hamburg Beach Festival was an initiative started in 2004 in an effort to promote tourism in the Ngqushwa Local Municipality, targeting Hamburg as a main attraction

(Dimension Development Network, 2008). It was noted by Mrs Steman (per. comm., 2008), former councillor, that the beach festival did not take place in 2007 due to a lack of planning as well as a shortage of sponsorship. This was confirmed by Mr May (per. comm., 2008) who added that the Beach Festival had also not taken place in 2008, however, it was noted that the festival has been included in the budget for 2009 and is planned to take place in March. The Ngqushwa Local Economic Development Strategy makes note of six objectives which the Hamburg Beach Festival aims to achieve (Dimension Development Network, 2008):

- Generation of income for locals in the Hamburg and surrounding villages.
- Help market the natural beauty of the town.
- Attract potential investors.
- Provide entertainment and activities which the youth in the area are currently not exposed to.
- Help develop a relationship with the municipalities' stakeholders.
- Provide an opportunity to explore the Amathole Heritage Sites in the area.

Prior to 2007, when the Beach Festival took place, various activities were arranged to attract tourists to the area, including sports events and entertainment (Mr May, per. comm., 2008). However it was noted by Mrs Steman (per. comm., 2008) that the impact of the festival on Hamburg appears minimal in terms of increasing tourism. The potential benefits, in terms of community involvement and empowerment as well as creation of opportunities for local entrepreneurs, should not be discounted. However it appears that due to a lack of planning, in this case by local government, such benefits are unlikely to be seen by broader members of the local community.

While literature on LED points to the existence of festivals as a means of rejuvenating small towns (Nel, 2005), one has to question the ability of the Beach Festival to have a significant affect on Hamburg. Firstly, the festival has not been run for the past two years due to a lack of organisation, funding and investment, suggesting that the necessary expertise does not exist for successful running of such a festival. Furthermore the failure

of the festival to take place in 2007 and 2008, and the limited impact that the festival has had on the local community, points to the need for substantial planning when initiating LED initiatives as well as a level of incompetence in local government and the need for private sector involvement. Lastly, considering the serious socio-economic conditions being experienced in Hamburg the impact of a festival taking place over a single day, once a year, is likely to be negligible.

Aquaculture in the Keiskamma Estuary

Aquaculture in the Keiskamma Estuary, in the form of oyster farming, has been identified as an area for LED by the municipality, noting that it has the potential to provide good income for communities in the area (Dimension Development Network, 2008). In light of this, the single existing aquaculture initiative, Mbasa Sea Farms (pty) LTD, was assessed in an effort to identify if there is scope for future expansion in the sector, and whether oyster farming is a viable option for LED in Hamburg. The privately run oyster farming initiative taking place in the Keiskamma Estuary, Mbasa Sea Farms (pty) LTD, is owned by Terrasan, a South African investment company involved in Aquaculture among other things. Mr Krebser (per. comm., 2008), the farm manager, noted that the oysters grown in Hamburg are distributed to centres throughout the Eastern Cape, including East London, Port Alfred and Port Elizabeth as well as nationally to Johannesburg.

Mbasa Sea Farms (pty) LTD was started on the Keiskamma Estuary in April 2004, however as noted by Mr Krebser (per. comm., 2008), there is a lengthy process in setting up the farm in terms of the necessary infrastructure with the farm only starting to provide oysters for the market by December that same year. The farm currently employs ten men, with an average age of 43, from Hamburg and the surrounding community on a permanent basis. Through questionnaires with eight of the ten beneficiaries it was established that the average level of education was low, not higher then a grade nine level, and prior to being employed at the oyster farm they had received no formal employment. The benefits from working at the farm were identified as a consistent source of income, which has been beneficial to themselves as well as their families, with each beneficiary on average having two child dependants. In terms of LED, the benefits of the

investment of an outside company in Hamburg are evident with the initiative filling a niche in the market. The investment of such a major company in a small town is an example of what could be considered a 'pro-market' LED initiative, with the production of oysters being a link between Hamburg and the national market.

Potential for the expansion of aquaculture, and oyster farming in particular, on the Keiskamma Estuary is limited by the small size of the estuary (Mr Krebser, per. comm., 2008). Mr Krebser (per. comm., 2008) elaborated that the Keiskamma Estuary is not ideally suited for aquaculture, due to it being too small. The emergence of such findings suggests that the identification of aquaculture as a possibility for LED in Hamburg by the local municipality is unfounded, with there being little opportunity for expansion.

While it has to be appreciated that the oyster farm in Hamburg has provided employment and skills development for a previously disadvantaged group of the community, the impact of the farm is largely limited and does not benefit the broader community. In terms of LED theory, the investment of business in a locality is largely 'pro-market' in thinking, as is the case with the establishment of the oyster farm in Hamburg. Thus one has to question the ability of an initiative not focused on 'pro-poor' community development but rather on economic development to assist in the development of small localities such as Hamburg.

Artist Residency

The proposed 'Artist Residency' in Hamburg forms part of the N72 corridor development initiative for the ADM being developed by ASPIRE, formerly AEDA. It should be noted that funding has only recently been secured for the project and thus it is still in its infant stages, therefore only a brief discussion of the projects vision will ensue.

As already mentioned, tourism has been identified as an area of potential development for the town of Hamburg. Closely linked to tourism is the proposed 'Artist Residency' for Hamburg. The project has been proposed by ASPIRE, formerly AEDA, in conjunction with the Ngqushwa Local Municipality. The proposed 'Artist Residency' forms part of a

bigger regional development scheme for the ADM based on ‘corridor development’ with it being seen as an ‘anchor’ for the R72 development corridor (Mr Ndebele, per. comm., 2008). Hamburg has been identified as having potential to become an ‘art centre’ in the region, due to its current status through the efforts of the Keiskamma Trust, and thus the importance of exploiting this status has been identified. It was confirmed by Mr Ndebele (per. comm., 2008) that through the proposed ‘Artist Residency’ it is envisaged that the status of the town as an art centre will grow having a positive impact on tourism activity in the town, with spin-offs benefiting the local community, and aiding in the socio-economic development of the area.

It is anticipated that the development of the ‘Artist Residency’ will attract private investors to the area. In order to ensure the location is more attractive to private investment, plans are being put in place to develop the skills of the local community in order to deal with investors from the private sector (Mr Ndebele, per. comm., 2008).

The concept of the ‘Artist Residency’, as described in the Ngqushwa Local Municipality Local Economic Development Strategy, is to attract both local and international artists to Hamburg, providing them with an attractive and stimulating environment from which to work (Dimension Development Network, 2008). Mr May (per. comm., 2008) cited the high levels of research that have been undertaken in the development and planning of the project as being likely to contribute to the success of the project. The planning which has gone into the project was confirmed by Mr Ndebele (per. comm., 2008), noting that the concept of an ‘Artist Residency’ is based on researched international examples. Mr May (per. comm., 2008) noted that the building of the residency is due to start in January 2009.

Funding for the project has been confirmed from the Department of Environmental Affairs and Tourism to the amount of 22 million Rand (Mr Ndebele, per. comm., 2008). The level of community involvement in the planning of the proposed ‘Artist Residency’ is debatable. Mr Ndebele noted (per. comm., 2008) that the local community, including the Keiskamma Trust, has been consulted and involved in the planning process, with

plans in place to ensure that the Keiskamma Trust benefits from the 'Artist Residency'. However, members of the Keiskamma Trust (per. comm., 2008) have suggested that they have had very little involvement or consultation in the planning process of the 'Artist Residency'.

While the proposed 'Artist Residency' is very much in its planning stages at present, various points can be drawn from the project. While the project is community focused in that it is aimed at community upliftment, there appears to have been very little community involvement in terms of planning for the project. Rather it appears that it is being implemented, although by a regional body, from the top-down with the chance of spin-offs/trickle down benefits. Such an approach is cause for concern. In addition, while a successful example of LED exists in the town there appears to have been little effort to consult or create partnerships with them, raising questions over the potential of the project to lead to the socio-economic development of the Hamburg population.

Concluding Discussion

The statistics discussed for the Ngqushwa Local Municipality and where possible for ward 11, into which Hamburg falls, shows that, at present, the area, and it can therefore be presumed the town of Hamburg, face poor social and economic conditions. The area is characterised by high levels of unemployment and poverty. Furthermore, the population have low levels of education while levels of basic literacy also remain low.

For the small portion of the population who are employed, the majority are employed in the community services sector, which also makes the biggest contribution to the local economy. It is of interest that agriculture plays such a limited role in the economy of an area where the vast majority of the population are classified as rural. It is for this reason that agriculture has been identified as an area of vital importance to the development of Ngqushwa Local Municipality as well as Hamburg. However, in terms of action on the ground, very little appears to have been done, largely due to the issue of land availability with a large portion of the land in the district being state owned, a resultant hangover from apartheid policy.

Various LED type initiatives are currently in existence in Hamburg, a largely dysfunctional Beach Festival which appears to be poorly organised and unfunded, and which is unlikely to have a sustained impact on the town. The identification of aquaculture, in particular oyster farming, by local government, as an LED initiative in Hamburg appears unlikely due to the physical nature of the estuary. This was established through assessing an existing oyster farm on the Keiskamma Estuary, which while successfully providing centres both provincially and nationally with oysters does not have growth prospects. The proposed 'Artist Residency' forms part of a larger regional development scheme, however the top-down nature of the project and the lack of community consultation and partnerships raises questions over the ability of the project to benefit such a marginalised community.

However, as has been argued, the town also houses what can be considered a highly successful example of community driven LED. The Keiskamma Trust, with its beginnings as a community art project, has grown to employ in the region of 180 people in the town of Hamburg and the surrounding villages. The Keiskamma Trust provides an example of a well structured and managed organisation, which has to be seen as one of the reasons for the success of the project. Furthermore, the Trust has consulted closely with the local community as well as ensured that partnerships exist with the community, contributing to its success. In addition, in the past year steps have been taken to involve local government, thus potentially creating a public/private partnership. Arguably one of the greatest successes of the Keiskamma Trust has been its focus on both the social and economic aspects of poverty, aiming to address health, education as well as employment issues, being best described as a multifaceted development initiative. While it may be argued that the achievements of the Keiskamma Trust are no more than a 'drop in the ocean' in terms of the broader levels of poverty, it must be remembered that the education and health projects are serving a community, which prior to the establishment of the Trust could not access such services as readily, as well as the community which it is serving being small. In many ways the Keiskamma Trust possesses many of the same 'conditions for success' that the SDF did during its successful phase. This is in terms of it

being closely linked to the local community, being well structured and multifaceted, and being driven initially by strong leadership.

The case of Hamburg suggests, once again, that LED in small towns is characterised by privately driven initiatives, with attempts by local government to implement projects being largely unsuccessful. The lack of LED initiatives being supported or alternatively driven by local government, their inability to implement a successful Beach Festival, and their apparent incorrect identification of aquaculture as an LED option for Hamburg raises questions as to whether the mandate of LED being placed on local government's shoulders is realistic. However the success of the Keiskamma Trust in Hamburg firstly shows that LED initiatives, if implemented properly, do provide a solution to the challenges being faced by small towns, while also emphasising the need for marginalised localities to focus on both economic and social development, and in this way have a broader affect on the local community.

Chapter Eight: Discussion

Introduction

The research undertaken for this thesis was conducted with the intention of firstly describing the social and economic conditions being experienced in the small towns selected for the study. Secondly, the research sought to identify those sectors earmarked as having development potential, the factors inhibiting development, as well as providing insight into LED initiatives taking place in the selected small towns. This was done to establish whether such initiatives might address the backlogs already identified. Additionally, factors which have proven or could potentially contribute to successful LED practice in small towns have been identified. This chapter aims to bring together the findings from the three case studies of Stutterheim, Bedford and Hamburg.

Firstly, the trends in the socio-economic conditions in the three towns will be discussed, highlighting similarities in terms of: education levels, levels of unemployment and poverty rates. Furthermore, the over reliance on two economic sectors, and the associated implications of a growing population on these considerations will be examined. Secondly, the opportunities, or economic sectors, which have been identified for development will be discussed, as well as the factors recognised as inhibiting development. Lastly, the success of the development initiatives undertaken by local government and/or local communities and the core considerations which have contributed to successful development initiatives will be discussed.

Socio-Economic Change over Time

From the statistics discussed in Chapter Four, as well as the case study chapters on Stutterheim, Bedford, and Hamburg, it is evident that the towns are generally characterised by similar social and economic conditions. Throughout the past century all three towns have seen an increase in population numbers, however what is of particular interest is that this trend has continued with all the towns experiencing increasing population and population growth rates since 1996. By contrast international studies of small towns in the countries of the North suggest a stagnant or declining population is not

uncommon (Daniels and Lapping, 1987 and Morton, 2003), however as noted by Todes (2000), many small towns in South Africa, while experiencing economic decline, are also experiencing population growth. This trend can be attributed to various factors, Todes (2000) states that some of the population growth in small towns is due to the decline in the number of people employed in commercial agriculture, leading to people moving to urban areas, in most cases the closest urban area, as opposed to areas further afield. It appears that this may be the case in Stutterheim, Bedford and Hamburg, which have functioned as service centres to their agricultural hinterlands for most of their existence. Furthermore, in the case of Stutterheim and Bedford, the movement of people away from the former, largely rural, homeland areas, in particular the Ciskei, could perceivably have perpetuated population growth in these urban centres. In the case of Hamburg the resettlement policies during apartheid, as well as the decline in commercial agriculture in the area during this time and more recently, would have impacted on the population residing in the urban areas.

Whilst the towns investigated have experienced population growth, they have also been faced with increasing rates of unemployment, which once again could possibly be attributed to the decline in the agricultural sector in the surrounding hinterlands. The proportion of the population classified as unemployed has been increasing consistently in all three towns, as shown by the statistical data dating back to 1970. This cannot be considered as unique to the three towns, as it has been established that unemployment levels are, on average, increasing throughout small towns in the ADM, as well as provincially. It should be noted however, that through the research, it has been revealed that the unemployment rates in the Amathole small towns are on average higher than both the national and provincial averages. As has already been suggested, the decline in the agricultural sector is being mirrored by increasing unemployment in the small towns, signifying that the decline in this sector is contributing to further unemployment, a trend identified by Todes (2000), which is further compounded by an increasing population. It is likely that a growing population experiencing high, and increasing levels of unemployment will have adverse socio-economic effects on the towns concerned. This is likely to result in further development backlogs, demonstrating the need for sustained

intervention in these areas in an effort to curb the increasing rate of socio-economic decline.

Education levels in the three towns do not provide for a positive outlook in terms of the future prospects for the towns. As noted by Appleton (2001), there is a direct correlation between improving levels of education and a reduction in poverty. The education levels which exist in the small towns show similar trends, with the majority of the population having less then a grade nine level of education, while only a small percentage have a matric or some form of tertiary education. While improvements have been seen in the percentage of the population receiving education, it is occurring at a slow rate, resulting in a significant backlog still existing. Comparatively speaking, improvements in basic literacy levels can be seen as having being more positive, however two issues need to be pointed out here. Firstly, basic literacy is defined by Global Insight (2006), the data source used, as the population over the age of 20 with a minimum of a grade seven level education. Thus, one has to question the ability of an individual with basic literacy, or rather a minimum of a grade seven level education, to contribute or partake meaningfully in a modern economy. Secondly, while improvements have been made, considering how basic literacy is defined, the levels are still low, with not one of the towns having a basic literacy rate above 65% of the total population over the age of 20. These low levels of education and basic literacy raise questions over the opportunities available to the towns to develop into economically viable localities without a well trained workforce. This highlights the difficulties faced by small towns, in terms of their developmental prospects, as they are characterised by numerous developmental backlogs, all indicating the urgent need for some form of intervention aimed at addressing the situation.

As already noted, in the recent past, agriculture has declined in the hinterlands of the three small towns, while there has been a marked increase in the number of people employed in, as well as the contribution made by, community services. At present community services accounts for the majority of the employed population in Stutterheim, as well as in Hamburg, and contributes the greatest amount to the local economy in all three towns. Community services are made up largely of government jobs, which while

being a major source of employment, is unlikely to contribute to sustainable economic growth, as noted by Rossouw-Brink (2007). It is of interest to note that in all three towns the percentage of the population employed in the informal sector has increased consistently, a trend common in African urban areas (Sihlongonyane, 2003 and Hampwaye, 2008). The informal economy is one of the few areas in which notable growth is being experienced, and perhaps an area which should not be neglected as having development potential, as advocated by Swinburn, et al (2006).

The social conditions which are being experienced in Stutterheim, Bedford and Hamburg cannot be considered unique, when compared to other South African towns. The research, through the use of statistical data from Global Insight (2006) and South African census data, into prevailing social and economic conditions, has shown that the trends identified and discussed are occurring throughout small towns in the ADM. In addition, there is a sizable literature which points to other small towns in South Africa facing similar social and economic conditions and, as pointed out by Hill et al (2006, 170), "…unemployment and underemployment remain high and many people are living in conditions of poverty", while Nel (2005, 254) states "…small towns usually tend to be concentrations of poverty". The reality of such conditions in small towns is a cause for concern in the case of South Africa, and the Eastern Cape in particular. Relative to the existing backlog in socio-economic development nationally, small towns are experiencing, on average, worse conditions then the rest of the country and are often placed in a dire position.

Opportunities and Constraints to Socio-Economic Development in Small Towns

Considering the low levels of social and economic development which are evident in small towns, one is inclined to argue that the development prospects for the towns are relatively limited. Through interviews with municipal officials and representatives from the various development initiatives in the case study towns, in addition to evidence sourced from secondary data sources, the opportunities for and constraints to development were identified for each town. In all three towns the sectors identified for development during the IDP process were tourism and agriculture, with a particular focus on forestry in the case of Stutterheim. The natural beauty of the areas surrounding the

towns was identified as having tourism potential, while agriculture was identified as being a traditionally strong economic sector, as well as being a sector in which the population are already trained and able to work. In the case of Stutterheim, the town also serves as the 'hub' of the timber industry in the area and it is felt that it is a sector which needs to be developed further.

A number of issues arise with regards to the viability of these sectors to create sustainable socio-economic development in the towns. Attention should be paid to the argument put forward by Rogerson (2002, 113) that in order for tourism to be successful as an LED initiative, the area has to satisfy a number of criteria, including "…having stable communities, a well trained and educated workforce, safe environments and a healthy population. Tourism cannot create these social benefits but it cannot survive long without them." As already established through the research, and as discussed earlier in the chapter, all three towns are plagued by low education levels along with other poor social conditions. Furthermore, with regards to tourism being identified as a sector which can aid development, two questions are raised, which Rogerson (2002) also identifies as necessary for the success of tourism led LED. Firstly, is there the necessary infrastructure in towns and are there the necessary tourist attractions in the towns? Secondly, one also has to question which sectors of the community are likely to benefit from the development of the tourism industry in the towns concerned. While all three towns do possess natural beauty, and undoubtedly do have tourist potential, it is unlikely that they have the necessary infrastructure or tourist attractions to sustain a large tourist economy which will benefit the majority of the population. The limited number of accommodation establishments, tourist operators and established facilities are all potential barriers to the expansion of the tourism industry in the towns. It has emerged through the research that tourism is seen by local government as an undemanding sector to identify for development in that, firstly many localities in South Africa are naturally beautiful and, secondly, as this natural beauty already exists, for poor local municipalities the possibility of tourism provides a relatively cheap and noncommittal option, in that it is ultimately largely driven by the private sector. However, as noted by Allen and Brennon (2004, 46, cited in Hill et al, 2006), the use of tourism intervention as development initiatives in

South Africa “have yet to prove that they can deliver sufficient economic benefits to radically improve the lives of excluded African communities”.

The identification of agriculture as key to LED also, as with tourism, appears to be as a result of there being few other viable options for development in the small towns and their hinterlands. Through the research it was established that in all three small towns and their surrounding hinterlands, commercial agriculture has progressively contributed less to the local economy and to local employment over time. This raises doubt over the ability of this sector to stimulate economic growth capable of addressing the socio-economic backlogs occurring in the towns at present. However, it is noted in both the Nxuba Municipal and Ngqushwa Local Economic Development Strategy that attention needs to be paid to ‘community gardens’ and urban farming as a means of addressing poverty. The use of community gardens as a means of addressing poverty and increasing food security is common practice throughout South Africa, and if provided with the necessary support from various role players including local government, does hold potential for aiding the populations of small towns. In the case of Stutterheim, the timber industry is also receiving particular focus with regards to development. While this sector has experienced growth over the last number of years, questions were raised, through the interviews, with regards to the sustainability of the sector. What the sector does potentially provide is the possibility of assisting in value being added to goods, which was identified as an area with potential for further development in Stutterheim. The identification of agriculture, a declining sector, as a key for LED once again points to a lack of development opportunities in all three of the case study towns.

Various factors inhibiting development from occurring were identified. It was established that the backlog of social services, particularly education, and the limited opportunities for economic growth are hindering the development of the towns. In the case of Hamburg, which was formerly part of the Ciskei, the issue of land availability came to the fore as one of the primary issues inhibiting development. As a result of the area being under Ciskei rule, when land expropriation to form the Homeland led to land being vested in the state, much of the land is still government owned, thus making the purchase of land

for development particularly difficult. The lack of available land also influences the opportunities and ability of private sector led tourism to successfully aid development. The factors identified by the private sector as inhibiting development included, a general lack of support from local government, particularly for community driven projects. Furthermore, it was noted in the case of Stutterheim and Bedford that, despite the high levels of unemployment, there is a general lack of willingness 'to help oneself', particularly among the youth. Furthermore, the trend amongst those young members of the community, who gain training or education, is to leave the small towns, resulting in a 'brain drain' in the local community, which was also identified as a factor impacting negatively on development, a trend which is common in small localities, as pointed out by Hinderink and Titus (2002).

The poor socio-economic conditions being experienced by the populations in Stutterheim, Bedford and Hamburg undoubtedly reduces the development possibilities for these localities. While a few development possibilities appear to exist for such localities the importance of more concerted attempts to address the socio-economic problems is vital, as a large proportion of the South African population live in small towns or their surrounding areas (Nel, 2005). As discussed in the preceding case study chapters, various development initiatives have been attempted, are currently running, or are being planned in the three towns concerned, to which attention now turns. Given how serious the backlogs are in these small localities, development interventions are of urgent necessity, albeit that they need to graft onto weak base conditions.

Development Initiatives

From the various projects assessed, characteristics of small town LED initiatives were identified, as well as a number of general factors which have been instrumental in increasing the likelihood of a projects success. Several of the factors have been found to correlate with evidence from the literature. It must be stressed at the outset of this section that the majority of the projects discussed, while potentially being successful in their own right, or relative to their limited objectives, cannot realistically make more than a limited impression on the scale of the prevailing developmental backlogs which exist in the

towns. In addition, the ‘success’ factors mentioned below should not be considered a simple blueprint to success, but rather the points discussed below have been identified through the research as contributing to the likelihood of a project in the study area being successful.

It is interesting to note, that in the case of the SDF, a formerly internationally recognised project, once some of the earlier ‘success’ factors, such as the presence of influential leadership and secure funding started falling away, the project downscaled quickly, eventually resulting in its closure. Due to the high degree of recognition received by the SDF as a successful LED initiative, its later closure was significant. Research into the SDF provides insight into what factors contributed to its success, while its eventual closure enables the identification of factors, or the lack thereof, which led to the eventual shutting down of the project. Lastly, the scaling down and resultant ending to the SDF also brings into question the viability/sustainability of big, multifaceted LED initiatives in small towns.

The Nature of LED Initiatives and the Level of Success Achieved

The LED initiatives occurring in, or planned for, the small towns of Stutterheim, Bedford and Hamburg, while being largely different from one another, display certain similarities. These enable one to draw conclusions about the nature of LED initiatives in small towns. Firstly the research has shown that all the LED initiatives currently in place in the towns are small in nature, and with the exception of the Keiskamma Trust, are one dimensional. Furthermore, the LED initiatives currently running have been implemented by the private sector, and while there are limited examples of where local government has assisted in the provision of funding, local government appears to be unable to follow through with their commitments and their own IDPs. The small-scale nature of LED initiatives, and the limited influence they have on the local community, together with the over-reliance on the private sector to implement development projects raises questions over the ability of LED as a development intervention to address all aspects of the serious socio-economic backlogs which exist in small towns. In contrast the initiatives planned by ASPIRE, and being implemented by the district municipality, are large in scale, placing emphasis on

economic development. While the projects are still in the planning phase, questions still have to be raised over the ability of such large scale 'top-down' projects, focused around a single sector to address the needs of the populations.

The measure of success of any given LED initiative is determined largely by the aims and goals set at the outset of the project. However, as established through the discussion of literature on the assessment of LED initiatives, a number of important 'success measuring' criteria were identified, namely: the creation of employment, skills development, entrepreneurial encouragement, self-help promotion and empowerment, all of which should be focused on the socially and economically vulnerable sectors of the community (Stöhr, 1981, 1990, Blakely, and Bradshaw, 2002, and Foley, 1992). It should be noted that the mere existence of projects assisting a vulnerable population is noteworthy in itself, however one cannot remove a given development initiative from the socio-economic conditions in which it exists and the relative scale of need. Thus a development initiative also needs to be measured against the conditions under which it exists when considering its success.

Using such criteria, a number of the development initiatives studied through this research can be considered as having achieved a measure of success, although in most cases, while not denying gains for the beneficiaries, it has perhaps proven relatively insignificant in relation to the broader socio-economic development backlogs. In the case of Stutterheim, while the SDF, to be discussed in more detail later, can be considered as initially being a successful initiative which provides a number of lessons for future LED, current projects in the town have been hamstrung as a result of various factors. Vukani Youth Enterprises and Khulisa Training Providers have been successful on various levels. Vukani has provided training to a largely vulnerable youth in various skills, promoting a self-help attitude as well as promoting entrepreneurial development, and community empowerment. The success of Vukani is however limited as it has not been able, often due to conditions outside its control, to ensure employment opportunities for beneficiaries. Khulisa, through training offered, has assisted in skills development and entrepreneurial development, once again assisting in the empowerment of a largely

uneducated and vulnerable sector of the community. The potential success of the Tyelela Meander and the planned Woodhouse Initiative will be determined by a number of factors which will be discussed later, however conceptually if the proposed goals of the projects are met, these initiatives will be considered successful. The ability of these initiatives to achieve these goals will be discussed later. In terms of employment, both the Tyelela Meander and the Woodhouse Initiative aim to create employment on a large scale for the lower income groups of the Stutterheim community. Furthermore, they intend on providing skills development through training as well as the encouragement of entrepreneurial development, directly in the case of the Woodhouse Initiative, while in the case of the Tyelela Meander, it is hoped that as a result of increased tourism opportunities, 'spin-off' opportunities will arise for local entrepreneurs.

Development initiatives in Bedford are of a similar nature, all possessing a degree of success. Once again projects are largely privately driven with minimal input from local government. While the examples of remarketing the town as a retirement centre and the Bedford Garden Festival provide common examples of small town LED both nationally and globally, in terms of the broader socio-economic conditions being experienced in the town, their influence is limited. This is also the case with the Thembani Handcraft Project where the training and employment of previously unemployed people from the local community is positive, however in terms of the broader development picture their impact is limited. Community gardens have provided previously unemployed individuals, 20 in one case and a further 50 in another, with employment, a source of food and a minimal level of income, as well as encouraging a self-help attitude. The food gardens, conceptually, should assist entrepreneurial development through the potential sale of produce, which in turn should aid in the development of business skills. However, as the research suggests, they have fallen short with regards to the commercial side of the project, thus threatening the sustainability of the projects. Likewise the Lilitha Woman's Co-operative has also created employment for 12 previously unemployed women, and encouraged skills and entrepreneurial development, but once again due to various factors has only experienced limited success.

The case of Hamburg provides for an interesting example of LED. The Keiskamma Trust can be considered a successful example of community driven LED, in that it has provided job creation for a large portion of the community, increased skills development, and promoted a self-help attitude as well as increased empowerment. The multifaceted nature of the project has resulted in the project positively affecting the entirety of the community. The Keiskamma Trust possesses many similarities to the SDF, and will be discussed in greater detail later. Other cases of LED in Hamburg are limited. The potential of aquaculture, in the form of oyster farming, contributing to LED is unlikely to live up to expectations, with the existing private initiative aiding little to employment, entrepreneurial development or a self-help attitude, although it has contributed to the skills development of those involved. Furthermore, it has been established that the potential expansion of the sub-sector in Hamburg is unlikely. The attempt by local government to establish a Beach Festival in the town has proved unsuccessful, with it occurring sporadically and not having a noticeable effect on the community. Lastly the proposed 'Artist Residency' in Hamburg being implemented by regional government essentially aims to develop Hamburg through tourism, by marketing the town as an art centre. The proposed project is still in its infant stages and thus the success of the initiative cannot, as yet be assessed.

A level of success has been achieved in the projects discussed above, in terms or creating employment, and skills development while in other cases the projects have assisted in community empowerment. However, the context under which a project exists must be taken into consideration. Thus, in the light of the poor socio-economic conditions experienced in the towns which were discussed earlier, the achievements of the LED initiatives appear relatively insignificant in relation to the serious development backlogs existing in the small towns. This, however, does not detract from the limited successes achieved at the micro-level, in terms of employment, income generation and empowerment for project beneficiaries.

By contrast with the smaller interventions, the cases of the SDF and the Keiskamma Trust provide examples of LED initiatives which can be considered as highly successful on a

number of levels. Reasons identified through the research for the success of these projects will be discussed, while other projects where such criteria have aided in the success of a project will also be identified. The loss or lack of various key factors which led to the eventual closure of the SDF and which have limited the success of other projects which have been assessed will also be discussed below. The focus now shifts to a consideration of various key factors.

Key Themes

Leadership

There is clear evidence in the literature that the success of any development initiative is greatly influenced by the existence of a strong leader. As already mentioned, Nussbaum (1997) refers to such a leader as a 'local champion'. The importance of strong leadership has also been identified internationally as being of vital importance in localities which lack the necessary infrastructure, skills base and resource base for sustained economic development (Collits, 2000).

From the research conducted it is clearly evident that the success of any LED initiative is largely reliant on the existence of a strong leader. This can be seen in the establishment of the SDF in the early 1990s when the leadership of various individuals was identified as vital to the early success of the SDF (Nussbaum, 1997). It was noted by various respondents during the research process that one of the core reasons for the downscaling and eventual closure of the SDF can be attributed to the departure of local leaders. It should be noted here, as pointed out by Nel and McQuaid (2002) and Collits (2000), that strong leadership can come from various sources including individuals, NGOs, local government, community groups or a combination of organisations.

Among the projects which are currently running, the existence of leadership has emerged as a contributing factor to the successful setting up and running of the projects. It is interesting to note that in most cases, the beneficiaries themselves identified the existence of a strong leader as being instrumental to the successful running of the project. It is not possible to ignore the role played by a single individual in the majority of the projects

discussed throughout the research, however it appears that in the cases where an LED initiative has gone from simply having elements of success to being highly successful, it can be partially attributed to the efforts of strong leadership, as was seen in the case of the SDF and currently with the Keiskamma Trust.

In the case of Hamburg, it is undisputable that without strong leadership the Keiskamma Trust would never have developed into the multi-faceted project which it currently is. As already stated, Nel and McQuaid (2002) and Collits (2000) note that leadership can come from various sources, as is the case with the Keiskamma Trust where leadership by senior project beneficiaries is evident, who along with key external individuals were also identified as contributing to the successful running of the projects.

The manner in which strong leadership can contribute to the success of an initiative varies. It was noted in the interviews with past members of the SDF that a substantial portion of the funding received by the SDF was accessed and made possible through Mr Ferreira's negotiating skills and contacts. This became particularly evident when with the departure of Mr Ferreira, funding became harder to access, an issue identified as contributing to the downscaling of the SDF. In the case of Hamburg, the leadership of Mrs Hofmeyer can be seen not only in her starting of the Keiskamma Art Project, which led to the establishment of the Keiskamma Trust, but also in her ability to market the art work, generating international acclaim, attracting donors to contribute to the project, and importantly, her ability to gain trust in the local community helping to generate their involvement in the project. Furthermore, the development of an international market and donors were made possible through their existing connections with a single 'strong leader'.

Examples from smaller and moderately successful projects where individuals have also been instrumental in leading a project include the case of Bedford where it can be seen with the Thembani Handcraft Project where Dr Blom enabled access to private funds, which led to the diversification of Thembani as well as the establishment of the contract and partnership with Sindawonya Granulated. Likewise, Mr Soci was instrumental in

gaining funds for the Laphma Ikwezi community garden, and other similar community gardens in the Eastern Cape, from private international donor organisations.

Community Involvement

The involvement of the local community has emerged through the research as contributing to the success of an LED initiative. Raco (2000) argues that community involvement has become vital in initiating effective local development strategies and programmes, while Abrahams (2003) argues that the active participation of the local community in LED is of vital importance to long term success. Such involvement has been said to help achieve community acceptance of and commitment to initiatives, including the buy in of local business-owners and community activists (Collits, 2000). Furthermore, the involvement of the local community is seen to be important in developing 'people-led' development aimed at addressing the needs of the community and therefore sustaining community empowerment (Raco, 2000). Thus it is largely accepted that community involvement leads to a better understanding of the developmental needs of the community. Additionally, while creating community empowerment, it also ensures the correct allocation of resources, and an increased likelihood of project sustainability.

The involvement of the community through consultation and communication was identified by Nussbaum (1997) as being key in the initial success of the SDF. It can be added that through consistent and close communication with the local community, including local businesses, it was ensured that the SDF was responsive to community needs (Nussbaum, 1997). In the case of the Keiskamma Trust, it was established through interviews with both the project manager and beneficiaries, that the close communication, and thus trust which has developed in the community as a result, has been vital to the success of the project. Health monitors, in the form of women from the local community, working within the villages surrounding Hamburg has contributed to an increased level of trust and acceptance for the Keiskamma Trust among the local community. Essentially, the Keiskamma Trust, through its close involvement and communication with the local community, has led to the empowerment of those directly involved, as well as the broader

community. Simon (2003) makes note of the importance of community involvement, particularly with vulnerable groups, in order to aid community empowerment.

Other projects assessed which show levels of community involvement include the Thembani Handcraft project in Bedford. In this case while the local community were not involved in the planning of the project as such, the provision of food to the day care centre, and the involvement of those employed by the project in 'giving back' to the community creates a much needed link. Similarly, in the case of the community gardens in Bedford the consultation with 'local leaders' when planning the gardens has been identified as important. Lastly in the case of the Tyelela Meander, while it is a new development and therefore the success of the project cannot be yet measured, it is important to note that consultation with the local business community did occur during the initial stages of the project planning and this has contributed to the successful setting up of the project.

The limitation of not having greater community involvement can be identified in the case of the Bedford Garden Festival. The fact that the Bedford Garden Festival only benefits and involves a predominantly upper income group of the Bedford community has been identified as an area of concern. As has been suggested in the Bedford case study, in Chapter Six, if the Bedford Garden Festival is to grow and successfully contribute to broad-based socio-economic development in Bedford, there is need for the planning of the Festival to incorporate the entire community and no longer contribute only to the upper-income sectors.

The importance of community involvement, while being evident in a number of projects, is highlighted by the success of the SDF and the Keiskamma Trust where the involvement of the community in the development process has been identified as being instrumental in the success of the projects.

Partnerships

The importance of partnerships between the public and private sectors is widely acclaimed in literature on LED as helping to ensure successful development (Helmsing, 2001, Abrahams, 2003 and Nel and Binns, 2005). Its role is also recognised in various government documents, including the ADM IDP (ADM, 2006), and the DPLG 'Toolkit for LED' (DPLG, 2005). Mc Quaid (1999) makes reference to four principles which are of importance when considering public-private partnerships, namely that both parties should have "…a clear focus, common purpose and agreement, clear incentives, and shared contribution of resources" (cited in Nel and Mc Quaid, 2002, 66). The issue of public-private partnerships also raises questions over what role local government should be playing in the development of their localities. Furthermore, the potential importance of partnerships existing between local communities and development organisations, in this case NGOs, should also not be neglected and is closely related to the issue of community involvement discussed above.

Through the research it came to the fore that an effective public-private relationship is likely to contribute to the success and sustainability of a LED initiative. It must be noted that the involvement of local government varies from project to project and thus focus is placed simply on the existence of any relevant partnership and the influence of such a partnership on the projects concerned.

Examples of where public-private partnerships exist can be seen in the case of the Bedford Garden Festival. While the Bedford Garden festival was initiated by the private sector, it has had the support of local government since its inception. The involvement of local government includes the provision of funds, advertising and the general backing of the festival. The inclusion of local government has been identified by the private sector as one of the reasons why the festival has been able to run for the past number of years. However, despite this partnership between local government and the festival organising committee, there has been little attempt to ensure that the Bedford community at large benefits from the festival, suggesting that local government is not making use of the partnership to ensure that the festival, as an LED initiative, benefits the wider

community. The apparent involvement, albeit limited, by local government in partnerships in Bedford is also seen in the case of the community gardens as well as the Lilitha-Woman's Co-operative, where the involvement of local government has helped contribute to the setting up of LED initiatives. In these cases, this has been through the provision of land and assistance in accessing funds from central government. The importance of such partnerships cannot be overstated, however in was noted by the beneficiaries that local government has done little else to assist with the projects. In essence, after initial backing, local government appears to be taking a largely 'hands off' approach, thus making public/private partnerships appear non-existent or weak.

In the case of Stutterheim, the existence of a working relationship between government departments and Khulisa has led to the successful training of a range of beneficiaries. In the case of Vukani, the lack of a relationship or partnership with local government, apart from the provision of a premises for use, has impacted negatively on the sustainability of the centre with no funding or assistance on any level being available to help sustain the project. The comparison between the two training facilities, one with a partnership and the other without, highlights the potential benefits of partnerships. The case of Stutterheim further depicts the importance of effective public-private partnerships in the case of the demise of the SDF, where the inability of local government and a private organisation to communicate and develop a working relationship impacted negatively on the sustainability of the SDF, as well as on development potential of local government.

The case of the SDF provides lessons with regards to the nature of partnerships which should exist between the public and private sectors. When the new local government came to power in 1996, the functions of the SDF were broken down, with some going to local government, and some remaining the responsibility of the SDF. It has been noted that local government achieved very little after taking over from the SDF, while the SDF quickly began to downscale and lose influence (Bond, 1998). In such a case, while there had been a partnership, the new local government did not take on a facilitative role, but instead took over the total responsibility for development, ultimately with very little success. The importance of public-private partnerships is undisputable, as has been

highlighted through the research as well as in literature, however the case of the SDF suggests local government should be seen as a facilitator, or assistant to development in such partnerships, and not necessarily the primary implementer of development.

Those projects in Stutterheim which are in their infant stages, namely the Tyelela Meander, or are in their planning phase, namely the Woodhouse Initiative, have indicated that both public-private as well as partnerships with the local community exist. In the case of the Tyelela Meander, a partnership has already been forged with local government as well as with the local community. It remains to be seen whether local government takes on a 'silent' role or alternatively provides continued support and assistance to the project. The Woodhouse Initiative is essentially publicly driven with the intention being for local government to ultimately take ownership of the project. Thus the question is more whether effective partnerships will be created with the private sector and whether local government will have the expertise and competence to ensure the sustainability of the project.

Lastly, in the case of the Keiskamma Trust, the presence of partnerships has been identified as contributing to the success of the initiative. Such partnerships are seen as existing largely between the Trust and the local community. This has aided in the successful running and expansion of the Trust through local leadership, local knowledge, and commitment from the community. Furthermore, it should be noted that efforts are being made by the Keiskamma Trust to create a partnership with local government. It was noted that such a partnership has been identified as being critically important if the Trust is to remain sustainable.

Project Planning and Sustainability

The importance of project sustainability and the over-reliance of projects on external funding has emerged through the research as a key finding. International research, as well as research conducted in South Africa, points to the need for substantial amounts of funding to exist in order for LED initiatives to be successful (Daniels and Lapping, 1987, Nel, 2001 and, Nel and Binns 2001). However, as the research suggests, while there may

be a need for greater funding to be made available for LED in small towns, attention needs to be paid to the possibility of projects becoming self-sustaining, as opposed to being reliant on funds in order to survive. As noted by Mr Naidoo (per. comm., 2007), it is often the case that development initiatives will achieve a degree of success, but once funding is removed the project comes to an end. A common thread among projects in the three towns is the question of how long the projects would remain sustainable if funding was removed, as exemplified by the winding down of the SDF. The over-reliance on funding leads to the issue of project sustainability, which can often be traced back to a general lack of planning, an issue which appears to have received limited attention with regards to research into LED initiatives.

Additionally, and closely linked to project planning, are the benefits of having a clearly structured development initiative. While the initial phase of planning taking place in many projects may be sufficient, including accessing funds, land, and the start up of the project, it appears that little emphasis is place on planning how a project should become sustainable. Cowling et al (2008), while discussing a project model for ecosystem services, make a point from which development projects could learn, noting that the success of any project needs to be determined as part of a three fold process, namely an assessment phase, a planning phase and lastly a management phase. It appears from the research conducted that there is often a shortage of management planning, with projects struggling to become self-sustaining.

Examples of where a lack of initial planning has led to difficulties with the running of projects can be seen in the case of the Keiskamma Trust, where the initial lack of planning and structure led to a misunderstanding among the community, and threatened the future of the project. As a result of such troubles, it was noted that a clear, ‘set’ project structure and mission statement were required, which has since led to the smoother running and ultimate success of the initiative. Since the restructuring of the Keiskamma Art Project into what is know the Keiskamma Trust, there has been far greater efficiency in the running of the project. Furthermore, it was noted by the project managers (per. comm., 2008) that through turning the project into a Trust and giving it

structure, this has also increased funding possibilities. Nussbaum (1997) makes a similar point about the evolution of the Stutterheim Forum into the SDF, noting that once it was realised that significant amounts of funding would be needed, a Section 21 company was set up, and the SDF acted as a channel through which funding could come.

In terms of planning for the sustainability of a project, the biggest short-coming is generally seen in the lack of long-term planning for the project, i.e. how is the project going to sustain itself? In many cases a lack of training in basic business skills to aid the running of projects has also been identified through the research as having a negative impact on the sustainability of projects. Examples of this have been noted in the community gardening projects as well as the Lilitha Woman's Co-operative in Bedford. While the beneficiaries of the community gardens receive training in the skills required for high intensity farming, no focus is placed on the development of the commercial aspects of the projects, which from both this research as well as general literature appears to be a common problem with community gardens. A similar example can be seen at the Vukani Youth Centre where, largely due to a lack of funds, once an individual has received training, they are unable to use the skills acquired fully. While it should be added that Vukani does help with follow up assistance, the lack of funding, or alternatively over reliance on external funds, is seriously limiting the success of the project.

Scope does exist here for local government to assist with such problems. One is inclined to argue that helping to develop a market or assisting in training for these beneficiaries would be fulfilling local government's mandate by providing a climate conducive to and facilitating LED. If one is to look at the community gardens in Bedford for example, there is scope to look into the possibilities of the community gardens forming a co-operative. The research suggests that, firstly, the creation of a co-operative leads to the more efficient running and management of projects, as well as increased prospects of funding. Local government should take it upon themselves to 'market' the produce, for example looking into the possibilities of the local community gardens providing schools,

retirement villages, old age homes, restaurants and where possible local grocery shops with produce.

Concluding Discussion

Through the research process it has emerged that the towns of Stutterheim, Bedford and Hamburg are localities which face a serious backlog in terms of both social and economic development needs. While South Africa as a whole faces a dire situation in terms of having a poorly educated and impoverished population, these small towns are on average faced with worse conditions then South Africa as a whole. The poor socio-economic conditions being experienced in small towns points to the serious need for development interventions in such localities. In terms of the possibilities identified for development by local government, in all three cases, tourism and agriculture emerged as the sectors thought to have potential. However, it appears that both of these sectors have been chosen as a last resort of sorts, due to the limited development opportunities available for these small towns. Additionally, efforts by local government to develop these sectors, which have been prioritised, appear largely non-existent. Considering that local governments are often constrained by a lack of finance and capacity, as noted by Nel (2001) and (Hampwaye, 2008), such trends raise questions over the ability of poor, marginalised local governments, with a lack of expertise to implement LED initiatives which are likely to address the development needs of the majority of the population.

Despite these constraints there are various development interventions which have been identified and researched in the small towns. Such LED initiatives are generally driven by the private role players, they are small in nature and have seen a limited degree of success. Despite this, from the cases, various themes have been identified as being of importance to the success of any given development intervention. The presence of strong leadership, the existence of public-private partnerships, and the involvement of and communication with the local community in the planning and initiating of the project have been identified as key success factors. Lastly, the need for better long-term planning in order for projects to become sustainable is needed, as at present one of the major limiting factors is an over-reliance on external grant funding in order to remain

sustainable, which impacts negatively on a projects ability to aid in long-term socio-economic development.

While a number of the projects researched possessed some of these traits, the cases of the SDF and the Keiskamma Trust are two examples of particularly successful LED initiatives. In the cases of both the SDF and the Keiskamma Trust the presence of particularly strong leadership has assisted in the setting up of the initiative as well as in the accessing of funding. The SDF was inclusive of the community in terms of planning and communication, while this has also been identified in the case of the Keiskamma Trust as being of importance to the success of the initiative. Lastly, both projects were/are well structured and multifaceted, being made up of a number of sub-projects or organisations. Through this it has been ensured that broader aspects of development are addressed, including the social as well as economic factors.

The success of the initiatives, while undoubtedly assisting those involved, needs to be placed in context. Considering the serious developmental backlogs which exist in the towns, and the small, narrowly focused nature of LED initiatives existing within small towns, it appears that the ability of such projects to address the existent backlogs is unlikely. However, the case of the SDF and the current success of the Keiskamma Trust, although servicing a small centre, do show that LED if implemented in a comprehensive and inclusive fashion does have the potential to assist the populations of small, marginalised localities.

Chapter Nine: Conclusion

Introduction

The research conducted in this thesis and discussed in the preceding chapters has focussed on achieving three aims. Firstly, the research aimed to provide insight into the socio-economic conditions being experienced in the small towns of Stutterheim, Bedford and Hamburg. Secondly, it sought to assess LED initiatives taking place in these small towns, and to identify what factors inhibit and what factors contribute to the success of LED initiatives in small towns. The intention was to provide the necessary insight to achieve the third aim and final objective of the research, namely to provide insight into possible lessons for future LED initiatives in small towns. Five objectives were designed in order to achieve these aims. This chapter will discuss the manner in which each of the first four objectives were achieved as well as what was established in achieving each objective. Secondly, the chapter will then discuss the 'lessons' identified for future LED in small towns, thus satisfying the fifth objective. Lastly, future research which it is felt is required will be made mention of.

Achievement of the Thesis Objectives

The first objective involved identifying past socio-economic trends taking place in the selected Eastern Cape small towns. Through the use of secondary statistical data from past census years dating back to 1970 and beyond, a number of socio-economic trends emerged in the towns. The trends identified included a general increase in the number of businesses operating in the towns, with the exception of Hamburg, where the number of business activities has remained static over time. The towns, while experiencing population growth, have seen a decline in their traditional economic sector, agriculture, while there has been a sharp increase in the contribution made to the economy and employment by the community services sector. Unemployment levels have increased steadily, one of the results of a decreasing agricultural sector. Rising unemployment levels have been paralleled by increased levels of poverty and a low ranking in terms of HDI. The trends noted above are compounded by the presence of a poorly educated population with low levels of functional literacy.

The second objective partially involved identifying the current socio-economic conditions of the selected towns. Through the use of statistical data, triangulated with secondary data in the form of municipal documentation and primary data collected from interviews and personal observation, it was established that the small towns are currently experiencing similar trends to those identified as having been occurring over an extended period of time.

Through creating a socio-economic profile of the towns it became apparent that the small towns have been, as they currently are, experiencing low levels of socio-economic development. The majority of the socio-economic indicators examined suggest that the conditions in the towns are below those average levels recorded in the rest of the country and the province. Furthermore, from literature discussed throughout the research, it is evident that the trends in these in small towns are not unique to South Africa, but are occurring internationally as well. Literature on small towns from the USA makes note of declining 'traditional' sectors leading to increased levels of unemployment (Broadway, 2000), while in the case of Australia, Kenyon and Black (2001) and Collits (2000) note that small towns experiencing changing functions are faced with serious economic development challenges. In the case of countries from the South, examples from India and West Africa confirm that small towns in these areas are characterised by high levels of poverty, and declining agricultural activity in the surrounding hinterlands (Dasgupta et al, 2004 and Owusu 2008). Findings from objective one in this research suggests that the small towns researched are facing similar challenges to those seen globally, while literature on South African small towns suggests that such conditions are common in small towns throughout the country. It should however be noted that while South African small towns are facing challenges similar to small towns internationally, they are also being faced with population growth and far greater social concerns than is the case in the North, as is emphasised to by Gibb and Nel (2007). The percentage of the population residing in small towns and their hinterlands in South Africa, is estimated at 50% by Nel (2005), and the conditions being experienced by the populations of these small towns point to the dire need for socio-economic development interventions in order to address

the serious developmental backlog which exists in these localities, which can no longer be ignored.

As mentioned previously, objective two included establishing current socio-economic conditions as well as identifying the key economic drivers and employment sectors in the towns. While the first aspect of objective two is discussed above, the second aspect was achieved through the use of secondary data sources, including statistical data from Global Insight, and relevant documentation. Furthermore, primary data generated through interviews provided for triangulation. It was found that agriculture remains vitally important to the towns, being the second biggest economic contributor in both Stutterheim and Bedford and the third biggest in Hamburg. This trend has been paralleled by a visible increase in the contribution to employment and the local economy being made by community services. As has been noted throughout the research, while community services might provide for employment and lead to the sustainability of the town, due to many of the jobs being state funded, the ability of the sector to facilitate the sustained economic growth of an area and generate employment opportunities appears limited. It should be noted that the community services sector and the agricultural sector together account for the majority of the local economy in all three towns, as well as the majority of the employment. This illustrates the over reliance of these small towns on both a declining agricultural sector and a largely state funded community services sector.

Objective three involved the identification of possible development opportunities in the small towns, as well as factors which can be seen to constrain further development. The objective was met through the use of secondary data in the form of municipal documentation as well as primary data generated through interviews. In terms of the opportunities or sectors identified for future economic development in each town, it is interesting to note that in all three cases the sectors identified were tourism and agriculture. It has been argued in this thesis that the identification of both agriculture and tourism as the major sectors for development is potentially the result of these towns having few other options for development. Agriculture is seen as a sector in which a large portion of the population already have skills and which is relatively cost-effective and

labour-intensive, as well as it being a ‘traditional’ economic sector for all the towns and the surrounding hinterlands. Similarly, tourism being driven for the most part by the private sector enables local government to take on a largely silent role, with the ‘resource’, i.e. natural beauty, for tourism already existing. While there is scope for ‘community type’ agriculture in these towns to be pursued as a means of survival, the general trend of declining commercial agriculture does not bode well for the potential of this sector as a development option. This is also the case with tourism. While there is scope for the exploitation of tourism in each town, it is argued, and as is supported by literature, the ability of tourism to have a positive effect on the broader community is limited and is more likely to benefit a largely elite minority.

Those factors which came to the fore through the research process as inhibiting the development of the small towns can be seen from two angles, namely the opinions of the private sphere and the opinions of the public sphere. Issues relating to a perceived lack of willingness among local governments to work with the private sector and local governments not fulfilling their initial promises and/or side of partnerships were identified by the private sector as factors limiting the success of development in the towns. Local government on the other hand cited the huge development backlogs, a lack of goods being processed in the towns and limited land availability and land claims as limiting their ability to assist in developing the towns. While the socio-economic conditions being experienced in the towns highlight the huge development backlogs, creating a seemingly impossible task for under funded local governments to resolve, it should be noted that in all three cases local government appears to be playing a limited role in attempting to develop their localities.

The penultimate objective, objective four, related directly to past, current or future LED initiatives in the towns, including the identification of achievements and failings of the initiatives concerned. The initiatives identified in each town varied in nature from those focused more on survival strategies to those aimed at entrepreneurial and small business development. Additionally, the identification of two projects being planned by the district municipality’s development organisation, ASPIRE, while not being able to be assessed

due to them still being in a planning phase, provided for a comparison between what is occurring on a local level and the manner in which development is perceived on a regional level.

It is important to acknowledge that the projects taking place have proven to be of vital importance to the beneficiaries involved and for sections of the community at large, and can therefore be considered successful on certain levels. However, LED initiatives taking place in the towns concerned have thus far proven unable to address the serious socio-economic developmental needs of the community on a broader scale. While the success of the SDF in the early 1990s is undisputed, projects since appear to only benefit a minority, being implemented on much smaller scale and cannot be seen as being multifaceted. Through the research it has become apparent that LED initiatives occurring in the small towns are being driven largely by the private sector, with no examples evident of local government running, or initiating successful LED projects. Support from local government for existing LED initiatives in the small towns is limited, lacking in communication and often being short lived. Furthermore, while the LED initiatives assessed are small in terms of the sector of the community they affect, they are also disconnected from one another, and appear to be generally unsustainable without the provision of adequate funding. It is interesting to note that a number of the projects assessed were ‘top-down’ in nature, an approach which has often been met with some criticism elsewhere (Sihlongonyane, 2003). However, examples from the small towns suggest that through consultation with, and involvement of, the local community, a ‘top-down’ approach, in the sense that the type of project is predetermined can be successful, albeit on a small scale. Examples from this research include the Thembani Handcraft Project in Bedford as well as the Keiskamma Trust in Hamburg. Lastly, it appears that the majority of initiatives currently operating in small towns provide beneficiaries with the ability to survive, as opposed to generating future opportunities and generating significant economic growth. In essence LED projects operating in the small towns researched are by and large ‘pro-poor’, with the exception of certain projects taking place in Bedford.

While the projects currently running in the small towns are performing a function for those involved, this is for a minority of the population only and ultimately such initiatives are having a limited impact on the socio-economic conditions being experienced by the lager overall of the towns. Ratcheting-up projects to a higher level is clearly important, as is ensuring more direct local government engagement and support. In contrast, the projects currently being planned by ASPIRE and implemented by the district municipality are far bigger in scale. Both projects form part of a bigger regional project which, while placing focus on addressing the development needs of the community, also place emphasis on economic development. While it is evident that substantial planning has gone into the projects the level of success remains to be seen, while questions have to be raised as to whether such large scale, 'top-down' type development initiatives based on a single sector in each town are likely to succeed.

Lessons

Various common themes were identified in the study as being conducive to the success of any given LED initiative, all of which also appear in the literature on LED, and can be seen as lessons for future LED initiatives in small towns. Factors identified included the importance of strong leadership, which, as noted, does not necessarily have to be a single individual, and as suggested by Fleischmann, Green, and Kwong (1992) should be a role local government takes on. Secondly, the need for community involvement, co-operation and consultation during the planning phase as well as throughout the duration of a project was identified. Third, strong partnerships between various role players be they local government and the private sector or NGO's and the local community. Lastly, the importance of a detailed planning process was identified, which goes beyond the initial setting up a project, and includes planning for project sustainability in the long term. The importance of such factors can be identified as possible lessons for future LED initiatives in small towns.

Furthermore, from the research conducted in the small towns of Stutterheim, Bedford and Hamburg, additional 'lessons' regarding the development of small, marginalised localities were identified. It has become apparent through the research that the small

towns generally lack sufficient development opportunities to deal with the serious socio-economic backlogs which exist in the towns. While there will always be scope for the implementation of private initiatives, such as the marketing of Bedford as a retirement centre, or alternatively the Tyelela Meander, local governments attention should be placed on finding ways to address the deep-rooted social problems being experienced by the populations in terms of increasing education levels and reducing poverty, as opposed to attempting, often unrealistically, to find a 'niche' or sector which, it is hoped, will turn the locality into a competitive economic hub. Such a stance is supported by Dasgupta et al (2004) who note that small, marginalized localities facing poor levels of socio-economic development often lack the ability to attract investment and partake in the global economy. The manner in which local government could achieve this could potentially include support for projects such as the Keiskamma Trust, Vukani Youth Enterprisers, or the community gardens in Bedford. Support for such projects may come in various forms, including assisting in the accessing of funds from central government and the private sector, providing land and services where possible, as well as ensuring that beneficiaries receive necessary training, and that such projects are able to become economically sustainable. Lastly, through the research, it has become evident that local government is only playing a limited role in LED in all three localities, and ultimately contributing very little to further socio-economic development.

Future Research

The inability of this research to assess the projects being planned by ASPIRE, due to them still being in the planning phase, leaves a gap where future research into the ability of these, more large scale projects, could be of interest. Follow up assessments of the initiatives discussed could provide insight into the sustainability of the initiatives.

Furthermore this research has looked at the formal economy of these towns and formal development interventions taking place therein. As indicated in the research the informal economy is currently experiencing greater growth then the formal economy and is certainly an area which, with better understanding, could potentially contribute to the further development of these towns and their hinterlands. Thus an investigation into the

contribution made by the informal economy to employment in the towns could be of interest, as well as potentially providing insight into development opportunities within this sector for the localities.

Conclusion

In closing it is evident from the research conducted that the populations of small towns investigated face poor socio-economic conditions with major development backlogs existing. The mandate of developing localities lies in the hands of local governments, with LED being identified as the manner in which such development should take place. While various LED interventions exist in small towns which have seen a level of success they are generally having very little impact on the broader sectors of the population. Additionally, such initiatives are currently being driven by the private sector in the small towns concerned, with local government having very little role to play. This raises questions over the viability of local government being the implementing agent of LED in such poor, marginalised localities, and whether such a policy approach in the country, which vests the LED mandate with local government, is a realistic approach to development.

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Appendices

Appendix 1

Core Questions With Project Directors/Managers

When did the project start?

Who initiated the project?

What were the reasons for starting the project?

Who does the project aim to assist?

What planning went into setting up the project?

Has funding been accessed for the project?

Where was the funding accessed from?

How many people are involved with the project?

What are the aims of the project?

How do you feel the project has benefited those involved?

What have been the achievements of the project to date?

Would you consider the project successful? If yes, why? If no, why not?

Can you identify any specific factors which have assisted in the success of project? If yes, what are they?

Can you identify any specific factors which have inhibited the running of the project? If yes, what are they?

Can you identify any partnerships?

What are your feelings about the future of the project?

Core Questions With Local Government Officials

Can you identify any current LED initiatives in the town? Discuss.

What involvement does local government have in the projects?

Can you define your LED policy?

What are the major contributors to the local economy?

What are the major employment sectors in the area?

Have any sectors been identified as having potential for growth?

What are they, and why were they chosen? Discuss.

What do you see as the major obstacles to further development in the town?

Can you identify any partnerships you currently have with the private sector in the town?

Appendix 2

Project Beneficiaries Questionnaire

Age:

Sex:

Project name:

Level of education:

Number of child dependants:

……

How long have you been involved with this project?

Were you employed prior to being involved in the project?

What is your role in this project?

Has the project been beneficial to you? If yes how?

Has the project been beneficial to your family? If yes how?

Has the project been beneficial to the community? If yes how?

Have you acquired skills which you previously did not have? If yes, what skills?

Do you feel being involved in the project will assist you with future employment?

Do you think the project is successful?

- If yes, what has made the project successful?
- If no, what has limited the projects success?

What are you views on the future of the project?

Appendix 3

Bedford Garden Festival
Visitors Questionnaire

Where are you from?

Are you staying in Bedford?

What made you come to the Bedford Garden Festival?

How did you hear about the Bedford Garden Festival?

Have you been the Bedford Garden Festival before?

- In what year/s?

What are your feelings about the Bedford Garden Festival?

Do you intend on coming again?

Appendix 4

Local Business Questionnaire

Name of Business:

1. When did the business/company open?

2. How many staff members does the business/company employ?

3. What has been the general trend in business in terms of profits over:

    a. The past 10 years?
        i. Decrease:
        ii. Static:
        iii. Increase:

    b. The past 5 years?
        i. Decrease:
        ii. Static:
        iii. Increase:

    c. The past 1 year?
        i. Decrease:
        ii. Static:
        iii. Increase:

4. Can you attribute such trends to anything?

5. How would you best describe economic activity of the town at present?
    a. Declining:
    b. Static:
    c. Increasing:

6. Can you attribute this to anything?

7. How would you describe your personal feelings about the future of the town both economically and socially?
    a. Negative:
    b. Indifferent:
    c. Positive: