

The contributions of local economic development projects towards income  
poverty reduction: A case study of Ba-Phalaborwa Local Municipality

by

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## **DECLARATION**

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I declare that the above dissertation is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references. I further declare that I submitted the dissertation to originality checking software and that it falls within the accepted requirements for originality. I further declare that I have not previously submitted this work, or part of it, for examination at UNISA for another qualification or at any other higher education institution.

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**SIGNATURE**

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**DATE**

## **ACKNOWLEDGEMENT**

I would like to acknowledge and appreciate the people who provided assistance during this study

Firstly, I would like to thank the Almighty God who gave me strength, wisdom, patience and good health throughout the duration of this study.

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## **DEDICATIONS**

This study is devoted and dedicated to my mother and father who ensured that I have get a tertiary education by providing financial support. Without them, I would have not made it this far. The study is also dedicated to my beloved late father who always encouraged me to continuously seek knowledge by studying further. I also dedicate it to my sweet beloved baby boy Oratilwe Shawn Malapane who served as a motivation all throughout my studies. Lastly, this study is dedicated to my siblings; I have paved the way for you academically, and all my friends as well as my extended families who were there for me during these stressful times.

## **ABSTRACT**

The literature revealed that focusing on local economic development (LED) is among many effective and efficient methods that can be used to reduce income poverty, joblessness and improve technical and business skills. The South African Local Government is tasked with the obligation of managing and coordinating LED initiatives that will assist with the reduction of joblessness and poverty in general. The aim of this research study is to investigate the contribution of LED projects towards income poverty reduction in business process lifecycle management (BPLM). Though the notion of LED has been researched and greatly debated by various authors globally and in South Africa (SA), this study intends to determine the degree to which LED projects contribute towards income poverty reduction. The research adopted a hybrid approach, which is composed of both quantitative and qualitative research designs. The study's rationale is to gain more in-depth knowledge and insight into the dynamics and complexities of translating LED policy into practice. Skype interviews were used to collect data from municipal officials, project managers and traditional leaders, and semi-structured questionnaires were used to collect data from the project participants. A main conclusion from the study is that middle-aged single women with low educational skills and qualifications are the majority of the participants in LED projects. A high number of these participants are unemployed and a majority of project participants depend on social grants and remittance for survival. The study will make recommendations based on its findings.

## **LIST OF KEY TERMS**

Local Economic Development, development projects, Income poverty, local government, Integrated Development Plan, economic growth, sustainability, Small Medium and Micro Entreprises, poverty, community, developing countries, underdeveloped countries, service delivery.

## LIST OF ACRONYMS

BPLM	Ba-Phalaborwa Local Municipality
COGTA	Co-operative Governance & Traditional Affairs
CWP	Community Work Programme
DFID	Department of International Development
IDP	Integrated Development Plan
ILO	International Labour Organization
LED	Local Economic Development
LPG	Limpopo Provincial Government
NGO	Non-Governmental Organisation
RSA	Republic of South Africa
SA	South Africa

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## **CHAPTER 1**

### **INTRODUCTION AND BACKGROUND TO THE RESEARCH PROBLEM**

#### **1.1. INTRODUCTION**

This chapter provides the introduction, background, and relevance of the study. The study investigated the contributions of local economic development (LED) projects towards reducing income poverty within the South Africa local government, with specific reference to BaPhalaborwa Local Municipality (BPLM). LED is a developmental strategy that has gained popularity and recognition over the past decades and has been accepted as a grass root-based approach used by various governments, policy makers and organisations in developing countries (Mashamaite & Lethoko, 2018). According to International Labour Organisation (2017) the promotion of LED emanates from global issues associated with socio-economic growth such as income poverty, unemployment and inequality. In developing countries like Mexico, LED has become a go-to strategy to promote local development, with more than 50% of the municipalities incorporating it in their planning and ensuring that huge amounts of money is invested in projects that will assist people to capacitate themselves with skills, generate income and enhance their local economy (Mlambo et. al, 2019).

Literature outlines that African developing countries such as Uganda, Tanzania, Senegal, Ethiopia and Nigeria have a common goal regarding LED, which is to attract both local and foreign investments with the ultimate intent to promote the development of the local economy and address socio-economic issues within the local communities (The World Bank, 2018). South African being one of the African developing countries also adopted LED with the goal of reducing the forever increasing level of poverty (Mukwarami et al, 2020). Pre-1994, the South African government had already pre-planned industrial decentralization and LED programmes (SANC, 2019). The programmes were initiated with the aim of boosting the economy and the goal of attempting to attract foreign investments and promote the development of the existing economy (SANC, 2019). Post 1994, the new democratic government of South Africa had re-strategies and changed the focus of LED to dealing with socio-economic challenges such as inequalities, joblessness, poor standards of living, wealth gap in attempt to redress the past injustices (Polus et al, 2020).

The new South African government placed the LED strategy within local government because it is a government that is closest to the people/local communities. Mashamaite & Lethoko (2018), indicates that Local government specifically local municipalities are mandated to

provide developmental duties such as basic services and create conducive environments for investments within local communities. They further outlines that local municipalities are left to tackle tough challenges of high income poverty and unemployment rate, deprived or poor basic services, unstable economy, lack of skills, low capacity and futile implementation of policies. The Constitution of the Republic of South Africa (1996) and the White Paper on Local Government (1998) promotes local municipalities through LED to take a lead in reducing income poverty and creating employment. Section 152 of the Constitution of Republic of South Africa (1996) and the White Paper (1998) mandates local municipalities to play a principal role in endorsing social and economic development. Mathebula (2016) indicated that it is the constitutional mandate of municipalities to provide their constituents with basic services. To suffice it, section 153 of the same Constitution stipulates that, a municipality should strive for a structured and managed administration and budgeting and planning process so as to prioritise the basic need of its community.

The Constitution of the Republic of South Africa (1996) provided the context for enhancing local economic development, the results were perceived through the establishment of both city and community-based approaches in order to promote the funding of LED. Although, the community-based approach lost momentum as compared to the city-based approaches, the government continued to play a vital role in funding LED in local communities with the intent to reduce poverty, unemployment, shortages of skills, and create more opportunities for small businesses (Marais & Botes, cited in Malele & Moyo, 2018). The government funding of LED increase between 2006 and 2011, whereby the National LED Framework was designed to support and promote the development and sustainability of local economies. This was done through active government collaboration and through integrated government action. Regardless of all the policies on LED, South African Municipalities are still struggling to properly endorse and implement it, in order to fight the challenges of income poverty, joblessness and poor local economic growth. The challenges that hindered the implementation of LED emerged over the years, which caused the Department of Cooperative Governance and Traditional Affairs to design and publish another National Framework for LED, to be implemented from 2018 to 2028. In a nutshell local municipalities in South Africa are the key role players in guaranteeing that the LED agenda of reducing poverty is addressed, understood and implemented within the applicable frameworks. Hence the reason, the Department of Cooperative Governance and Traditional Affairs (COGTA) previously known as Department of Provincial and Local Government (DPLG) has been encouraging local municipalities by

providing funds to invest significantly in LED projects. But the question remains, has the local government achieved the objective of LED projects, which is to reduce income poverty?

## **1.2. PROBLEM STATEMENT**

Research studies are expected to identify problems and provide practical solutions to such problems. However, with various studies on LED in South Africa, the local economies continue to grapple to progress and resolve high unemployment, business development and funding, inequalities, and the chronic level of income poverty confronting multiple communities. This may suggest the following three sub-problems:

- Adequate research studies on LED projects exist (South African Cities Network (SACN), 2019; SALGA, 2010; Van Zyl & Vink, 2010; Mbeba, 2005 and Nel & Rogerson, 2005), but, they are easily overlooked by certain municipalities with these appalling issues;

Local municipalities have a great responsibility to develop local and rural communities and contribute towards the economic growth of the municipalities. However their economic growth is stagnant if not slower than the economy of the metropolitan municipalities because they are too vulnerable and disparate to metropolitans. Few if any of the local municipalities have succeeded in developing and growing their economy.

- Some municipalities have not been made aware of the value and crucial importance of the LED and its programmes and projects; or

Local municipalities are usually confused about the role played by the LED department. LED is not prioritised and as a result the department experience a shortage of resources, lacks capacity and produces updated strategic plans. The strategies tend not to be in line with community's reality, lack strong economic muscle and rely solely on funding from other spheres of government.

- Some municipalities fail to generate their own capital and depends on national government for funding

Furthermore, the municipalities depend heavily on national grants but have little or no say in the plans developed and policy decisions taken by national (and provincial) government, although these plans and decisions affect their local economies. The dependency on national

grants means that municipalities are not compelled to think about or utilise their infrastructure in economic terms, and it also reduces local accountability.

The abovementioned problems have emerged from the sphere of local government which is currently confronted with shortage of skills, ineffective implementation policies, high income poverty and unemployment, inadequate administrative and budgeting capacity. In addition, these challenges threaten the objectives of local government stipulated in section 152 of the Constitution of the Republic of South Africa of 1996. Therefore, this study sought to investigate the contributions of LED projects towards income poverty reduction in BPLM. The reason for selecting BPLM is prompted by the assumed chronic level of income poverty facing the residents of BPLM. Rakgoale (2017) outlined that the mining sector serves as the main source of direct and indirect employment in this area, great possibility of the mining sector to slow down, with the closure of Phalaborwa Mining Company (PMC) (Rio Tinto) and SASOL as evidence showing a potential serious threat to the local economy and the increase of unemployment, which will result in the rise of income-poverty. The researcher undertook this study to find out whether or not the above-mentioned problems may be true.

### **1.3.THE RESEARCH OBJECTIVES OF THE STUDY**

#### **1.3.1. Research questions**

The general research question of the study is formulated as follows:

How do LED projects contribute towards income poverty reduction in South African municipalities? This general question helped the researcher to formulate the research questions below:

- What are the types and characteristics of LED projects of BPLM?
- What are the benefits and challenges associated with BPLM LED projects?
- What are the factors that influence the sustainability of LED projects within BPLM?
- What are the causes and effects of income poverty within BPLM?
- How can LED projects contribute help to reduce income poverty in BPLM?

#### **1.3.2. Aim and objectives**

The aim of the study is to investigate the contributions of LED projects towards income poverty reduction in Ba-Phalaborwa Local Municipality.

The study's objectives are outlined as follows:-

- To study the types and characteristics of BPLM LED projects.
- To identify the benefits and challenges of BPLM LED projects.
- To analyse possible factors that may influences the sustainability of BPLM LED projects.
- To identify possible causes and effects of income poverty in BPLM.
- To recommend practical solutions to the identified challenges of LED projects and income poverty reduction.

#### 1.4. SCOPE OF THE STUDY

According to the Constitution and the Local Government: Municipal Structures Act, Ba-Phalaborwa is constituted as a local municipality that falls under category B, where the legislative authority and municipal executive power/authority are shared with other municipalities (BPLM IDP, 2018-19 cited in Koma, 2014). BPLM is situated within the Mopani District Municipality in Limpopo Province. According to the community survey conducted by Statistics South Africa in 2011, the local municipality had a population size of 150 637 (Statistics South Africa, cited in Koma, 2014). The municipality is a tourist destination and further serves as the gateway to the major tourist attraction points in Limpopo, with the Kruger National Park gate right in the CBD, as well as the Phalaborwa Copper Biggest Mine Pit, Home of Amarula and Mopani Worms’ Hub (Ba-Phalaborwa Local Municipality’s LED strategy, 2018-2019).

The employment and unemployment rate in BPLM for 2018 is depicted in Table 1.

Table 1: The employment and unemployment rate

Employed	Narrow unemployed	Youth unemployment (15-34)
62.5%	37.5%	50.20%

According to BPLM: IDP, (2014-2019) there is a possibility that the youth unemployment rate might increase to 54% by 2023 due to the closure of mines within the Municipality. The IDP futher outlines that the current average income of local households earned annually by the economically active population IN BPLM is R51 494.53, which is deemed sufficient for basic needs and services (BPLM: IDP, 2014-2019). Ba-Phalaborwa’s economic growth is driven by



various sectors such as mining, agriculture, tourism, transport, government, community services, and manufacturing (Koma, 2014). The most contributing sector is mining, with 30.7% of the population working in the mines, followed by the tourism sector with 20.6% (BPLM: IDP, 2014-2019).

The research sought to investigate the contributions of LED projects towards reducing income poverty in Ba-Phalaborwa Local Municipality. The study used secondary data from scholarly articles, previous research studies conducted on the same or similar topics, as well as experiences on global, continental, country, provincial and municipal levels. The research also focused on the current state of the economy of Ba-Phalaborwa and its growth from previous years as well as the level of unemployment of the local residents of BPLM.

The researcher requested a municipal representative who deals with the development and implementation of the LED strategy to give a summary of the impact that LED projects have on the reduction of income poverty. The researcher believed that the LED coordinator's participation is very important because they have access to the reports that consist of the required information that can be useful to the researcher to discover whether the projects contribute towards income poverty reduction and whether creating additional projects will reduce unemployment and contribute towards the municipality's economic growth. The researcher obtained all this information through a telephonic interview with the municipal representative, who is a LED coordinator, and the researcher requested the LED coordinator to identify other local officials (traditional leaders, councillors and NGOs managers) who are involved in planning and implementing LED initiatives who can be interviewed.

The researcher requested the participation of the project leaders as they assisted in providing information about the sustainability of the projects, looking at their life span, profit generated and the challenges encountered in running the projects. The researcher used a telephonic interview for all the project leaders of the sampled projects.

The research investigated whether the initial problem of income poverty within the households of the participants has been reduced since joining the projects by engaging with participants. The most important people in this study were the people working in the projects. They assisted the researcher to compare the income status of their households before and after joining the projects. The researcher gave the participants semi-structured questionnaires for them to complete, to attain the required information.

## **1.5. SIGNIFICANCE/IMPORTANCE OF THE STUDY**

The study seeks to compliment and expand on other areas of research that have shown interest in LED. The study investigated the contributions of LED projects towards income poverty reduction in BPLM. Moreover, there has never been any study that has previously been conducted on LED and income poverty reduction in this particular municipality, and therefore this study will fill that gap. The findings of the study assisted in terms of understanding the current status of LED projects that have been implemented.

The study's findings also assisted in discovering the factors that influence the sustainability of LED projects. Moreover, other findings assisted in identifying the causes and the challenges of income poverty and measures to be taken to reduce income poverty where LED is involved. The study also raised questions for further research on LED and income poverty reduction, particularly in resource-scarce municipalities that are strategically located in mining towns.

The researcher believes that this study served as a window that shows that there is potential in LED projects in terms of reducing income poverty within the local communities and further contributes towards improving the economy, without the high level of dependency on the mines or government aid such as social grants, especially given that the majority of the population is trapped in income poverty as a result of unemployment and low- and unstable-income levels within communities.

The study further raised awareness regarding the significance of exploring and utilising existing local resources and skills available to the community's disposal to generate income and create employment for themselves by planning and implementing projects. The study was conceptualised from the context that LED projects should contribute towards socio-economic development by reducing income poverty, and creating job opportunities with the possibility of adding value to the body of knowledge related to LED in the BPLM area.

## **1.6. LIMITATIONS OF THE STUDY**

This study solely focused on the contribution of LED projects in South African local government, with specific reference to BPLM. The chosen case study restricted the horizons of the investigated matter. The discussion, and clarification of concepts in this study were operationalized within the parameters of the topic, which hindered the researcher to engage and entertain ongoing debates on LED and other matters connected therein. Moreover, this

study was conducted within BPLM, and there results thereof, solely reflects on the challenges of LED projects in the municipality and the proposed recommendation are solely application and relevant to BPLM.

## **1.7.CLARIFICATION OF KEY TERMS**

### *Local economic development*

Nel and Rogerson, in Seduma (2011), define Local Economic Development as a “method used by the municipalities together with the local communities for the use of current resources effectively and create a collaboration with the private sector to stimulate economic activities in a conducive environment”. According to Trousdale cited in Meyer (2014) LED is defined as a participating process where people from all sectors (Public and Private) within a local community, work together to activate and stimulate activities that will enhance the local economy, with the aim of ensuring a resilient and sustainable economy.

### *Income Poverty*

“In virtuously economic definition, income-poverty is defined as when a household’s income is unable to meet and sustain the basic needs of the family across the globe”. “Naturally, income poverty is measured concerning on a household level not individually and is constantly adjusted according the number of the household members” (Selmar & Baltes, 2001:67).

### *Local government*

According to section 151(1) of the South African Constitution (1996), “Local government is the sphere of government that is close to the people. Local government is mandated by the constitution to govern the use of local resource, provide quality services and grow the local economy” (The constitution of RSA, 1996).

### *Development project*

Development projects are projects that are the most common contributors to the growth of the economy and in most cases, they also involve the improvement of educational facilities, local infrastructure, provision of new skillsets, and the discovery and use of natural resources (Mokgokong, 2010).

### *Municipality*

The Constitution of the Republic of South Africa, 1996, indicates that “the local sphere of government consists of municipalities that must be established for the whole of the territory of

the Republic of South Africa. A municipality has the right to govern, on its initiative, the local government affairs of its community, subject to national and provincial legislation as provided for in the Constitution” (Selaelo, 2012).

### *Sustainability*

“Sustainability in general is the ability to preserve a definite state or process. This term is presently and regularly used in association with living and human systems. Over the years this term evolved to turn into a multifaceted word that can be utilised in nearly all aspects of living on earth. The Brundtland Commission in 1989 expressed what has now become a generally acknowledged meaning of sustainability, which is defined as “meeting the needs of the current generation without compromising the needs of the future generation” (Selaelo, 2012).

## **1.8. CHAPTER LAYOUT**

### *Chapter 1*

This chapter focuses on outlining the introduction and background to the study, the problem statement, the significance of conducting the study, the aim and objectives, the description of the research methods of the study, and definition of concepts. This is to ensure that the reader of the research report has a clear picture when proceeding to the subsequent chapters

### *Chapter 2*

This chapter offers a review of the literature and the theoretical background of the study. The chapter utilises primary and secondary sources related to the topic mutually. The focus of the literature review provides a comprehensive review of applicable literature such as the relevant scholarly articles, journals, and books on the subject, monographs, and dissertations that were published nationally and internationally.

### *Chapter 3*

This chapter focuses on the research design of the study; it outlines how fieldwork was approached to collect data for this study. The approaches that was used for this research include specific procedures, research population, sampling, instrumentation, and data collection.

### *Chapter 4*

This chapter focuses on how the collected data was analysed, as well as the interpretation and the emerging findings of the study. This chapter will present and elucidate the responses of the

participants through charts and tables. Consequently, this chapter will present the wide-ranging findings from the collected data

### *Chapter 5*

This chapter provides a summary of each chapter; it will further provide a summary of the findings as well as the conclusion or results of the study and recommendations for further study. Finally, the recommendations for the future will also be provided.

## **1.9. CONCLUSION**

This chapter covers the introduction and explains the background of the study, statement of the study problem, research objectives, significance of the study and chapter overview. In the next chapter, both the theoretical and conceptual frameworks are discussed as part of the literature review. The general overview of LED projects and their contributions towards income poverty reduction in developing countries are discussed.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1. INTRODUCTION**

This chapter deals with literature review, which aims to provide the theoretical framework of the study and contextual background on LED as a tool to reduce income poverty in South Africa through projects, particularly within the local government sphere. Assuming that LED is significant for the reduction of income poverty, South African local government needs to focus more on building capacity. South African local government also needs to spend more resources on turning around the economic and development directions to one that is prosperous and beneficial for local communities. The Constitution of the Republic of South Africa (1996), in section 152 advocates for the foundation and implementation of LED. Amongst others, the objective of local government is to promote social and economic development and ensure the encouragement and involvement of communities and community organisations in the local government affairs (Mokoena, 2019). Literature presents a global notion that LED is designed to promote economic growth. However in the African context, LED goes deeper than just promoting economic growth, but also prioritise income poverty reduction and more inclusion of previously marginalised groups. Furthermore, literature recognises challenges such as lack of capacity, lack of skills and lack of resources that hinders the implementation of LED in Africa.

The impetus that lay the foundation of this study is that of bringing about transformation of local economies through effective implementation of the LED projects within local municipalities. LED projects are designed to promote the growth and development of communities. However, issues associated with adequate capacity, requisite skills and resources seems to pose a serious challenge, particularly in remote areas. Local government is characterised by accountability and service delivery failures, poor governance, weak institutional capacity, and instability (Auditor-General: Maluleke, 2022) Looking at the Auditor-General's latest report only 16% of South Africa's 257 municipalities have been given a clean audit by the auditor general for the 2020-21 financial year, with the overall standard of financial management having regressed in the past five years (Consolidated general report on local government audit outcomes, MFMA 2020-21).

Even though Limpopo had made great improvements over the past five years, the province's financial health continued to deteriorate. Municipalities such as Ba-Phalaborwa, Musina, Mopani, Thabazimbi and Modimolle-Mookgophong are deemed to be in a vulnerable financial position and have been in this state for the past five years. Both the national and provincial government are charged with the responsibility to assist municipalities in terms of transforming their capacity, especially in administration, planning, budgeting, and providing adequate resources, without considering the matter of autonomy of the local government, so that coalition between the three spheres of government may be active (Khenisa, 2020). Therefore, this chapter presents literature review based on the investigated matter.

### *The significance of a literature review*

The success of good research is fundamentally dependent on a broad, relevant and well-constructed literature review that is related to the study. Winchester & Salji (2016) outline that it is essential to conduct a literature review for developing a research idea, to consolidate what is already known about the topic and to also enable the researcher to identify any knowledge gaps and how the research could contribute to further understanding. A literature review is an account of previous relevant publications by other researchers on a topic that is similar to the study, and it further helps researchers to find valuable sources and references relevant to the study. As explained by Randolph cited in Sajeevanie (2021) "Conducting a literature review is a means of demonstrating an author's knowledge about a particular field of study, including vocabulary, theories, key variables and phenomena, and its methods and history" (p.2). A conceptual framework flows from the literature review, which will guide the possible methods to gather the data that will assist to answer the research questions.

### *Conceptualizing and contextualizing LED*

LED is a multidimensional framework, and therefore scholars from different schools of thought have attempted to break the ambiguity around this concept. Moreover, Nel (2001 cited by Clarke 2016) confirms that there is not a single definition of LED that is universally accepted; as a result, the approach towards its implementation will differ from one individual to the other and from one institution to the other. Over and above that, there are different explanations and descriptions from various studies of how the LED projects contribute towards reducing income poverty within local communities.

COGTA defines LED as a method of developing the economy that permits and inspires local communities to collaborate in order to have a successful economic growth and development,

which will bring economic benefits and improve the lives of the local people. Mokate, cited in Garidzirai, (2017) describes LED as an instrument used to reduce joblessness and income poverty, whereas Koma (cited in Maloka, 2014) argues that “LED is a multi-dimensional and multi-sectoral approach where resources, abilities, and notions of stakeholders at a local level have collaborated in an attempt to improve local economies and innovatively respond to global and national economic changes to accomplish job creation, redistribution of wealth and poverty reduction”. LED is further described as an ongoing process of responding to the poor economy and high unemployment rates as opposed to a single project or activity with a lifespan and timeframe (DPLG, 2005).

LED is a developmental strategy that involves the establishment of new institutions, enterprises and developmental projects. Another objective of LED is to ensure capacity improvement for the unemployed and poverty-stricken people in the local communities as well as knowledge transfer. LED also prioritises the provision of quality services and identification of new markets for local businesses. In essence, LED is all about creating a conducive environment where local business and livelihoods can thrive.

## **2.2. THEORETICAL FRAMEWORK**

There are various approaches or theories that exist that seek to support the foundational designs and implementation of LED and its programmes. It is in the best interest of any local economy to be built on a stronger foundation, which is also supported by a certain effective approach or theory. Some of the LED theories include, but not limited to; Market-led Theory also known as the traditional Theory; Entrepreneurial/pro-market Theory; Human Resource Development Theory; Urban efficiency Theory; Pro-poor growth Theory; and Participatory Theory, which is the Theory adopted in this study.

### **2.2.1. The Participatory Theory**

The rationale behind the emergence of the participatory theory is that the participation and involvement of beneficiary groups develop and strengthen the capabilities of beneficiary groups in development initiatives. This is empowering, and leads to self-transformation and self-reliance thereby ensuring sustainability (Dinbabo cited in Mashamaite & Lethoko, 2018). In this context the Chinese philosopher, Lau Tse, argues that the principles of the participatory approach includes (Dennis cited in Mashamaite & Lethoko, 2018):



- Inclusion - of all people, or representatives of all groups who will be affected by the results of a decision or a process.
- Equal partnership - recognizing that every person has skill, ability and initiative and has an equal right to participate in the process, regardless of their status.
- Transparency - all participants must help to create a climate conducive to open communication and building dialogue.
- Sharing power - authority and power must be balanced evenly between all stakeholders to avoid the domination of one party.
- Sharing responsibility - similarly, all stakeholders have equal responsibility for decisions that are made, and each should have clear responsibilities within each process.
- Empowerment - participants with special skills should be encouraged to take responsibility for tasks within their specialty, but should also encourage others to also be involved to promote mutual learning and empowerment.
- Cooperation - is very important; sharing everybody's strength reduces everybody's weaknesses.

Adoption of the participatory theory is crucial for the matter that is investigated in this study, which is the contribution of LED projects towards income poverty reduction. The African Development Bank cited in Mlambo et.al (2019), debates that development can only be achieved if people are included in the planning, implementation and monitoring of developmental policies. The participatory theory emphasizes that LED programs should include projects that could lead to job opportunities and income poverty reduction. The theory debates that for LED to be sustainable and achieve its goal of reducing income poverty, communities must not be given projects to manage; but involved with other stakeholders in the planning process and decision making. Participation will ensure that communities have a foundation to ensure the success of these projects and feel a sense of ownership towards them.

The participatory theory acknowledges that municipalities are the implementing agents of LED initiatives but encourages the involvement and participation of local communities which should be open and transparent (Mashamaite, 2014). Mashamaite, (2014) further indicated that the involvement of local communities will ensure cooperation on all LED development and implementation matters. It is of great importance to note that LED has been endorsed as a

mechanism that can be used to develop the local economy and reduce income poverty. The African Development Bank outlines that participatory development is a practice through which role players can influence and control development initiatives, decisions and resources that affect them (Kahika & Karyeija, 2017). The participatory theory maintains that for LED to achieve its objectives, there should be stakeholder involvement, consultation, engagement, transparency and institutional accountability. Mlambo et.al, (2019) supports the notion by emphasising that LED to become successful, the community must be consulted at all times and information must be shared and readily accessible to the public. They further indicated that the partnerships and collaborative decision making and empowerment must be mandatory.

From LED`s perspective, linking participatory and collaborative theories is important in order to ensure that communities and various institutions work collectively towards the goal of inclusive community development (Tam, 2019). Collaborative theory believes that local municipal leaders and local communities can work together on service delivery and LED matters provided that there is cooperation and coordination as well as a clear indication of roles to avoid duplication of activities. This theory encourages authorities to effectively and efficiently serve the community at all times. Markle et.al (2017), outlines that this theory believes that local communities should be given a platform to express their views on development related matter, to ensure positive outcomes and overcome boarders preventing cooperation. Furthermore this theory is mainly concerned with the local communities, both public and private institutions working together to accomplish repeatedly economic growth that provides economic benefits, quality of life and community development. (World Bank cited in Mlambo et. al, 2019).In a nutshell both participatory and collaboration theories are perfectly suited for LED, as they maintain the importance of local people, public and private institutions working together for effective use of resources for sustainable economic growth and income poverty reduction.

Participatory processes in the planning phase of LED projects must be designed in a way that makes the local community recognise that their inputs can have an effect on their success. This can be achieved by including them in the decision making process which will result in a relationship based on trust and mutual understating. Furthermore community members feel disheartened when they are asked to be involved, after having witnessed other process where they were not included in the final decision. Local communities are more easily mobilised when administrative decisions are going to change or develop their lives to a great extent. Local, regional and national planning for LED and all its programmes and projects should not

be separated from the wishes of citizens. Through citizen participation in all phases of LED planning, all stakeholders are able to enjoy multiple benefits and achieve the intended goal of reducing income poverty, unemployment and grow the local economy.

### **2.3. DEFINING LED**

LED is a multidimensional framework, and therefore scholars from different schools of thought have attempted to break the ambiguity around this concept. Moreover, Nel (2001 cited by Clarke, 2016) confirms that there is not a single definition of LED that is universally accepted; as a result, the approach towards its implementation will differ from one individual to the other and from one institution to the other. Over and above that, there are different explanations and descriptions from various studies of how the LED projects contribute towards reducing income poverty within local communities.

Traditionally, LED has to do with the process that involves the government's role, businesses, institutions, communities, and civil society organisation to collaborate in terms of bringing about strategies to stimulate and transform government and local communities (Khambule & Gerwel-Poches, 2019:41). In light of the foundation of LED, it should be utilised as a tool to stimulate hidden potential local resources, business ideas, skills, creativity, innovation and help local communities to reduce or balance issues relating to income poverty (Woldesenbet, Worku & Gichamo, 2020). Oftentimes, LED is viewed as a tool that forms relations of communities, government, level of evaluations of community situations and development so as to bring about local economic expansion (Hatcher & Hammond, 2018:28).

Mokate cited in Garidzirai, (2017) describes LED as an instrument used to reduce joblessness and income poverty, whereas Koma cited in Maloka, (2014) argues that "LED is a multi-dimensional and multi-sectoral approach where resources, abilities, and notions of stakeholders at a local level have collaborated in an attempt to improve local economies and innovatively respond to global and national economic changes to accomplish job creation, redistribution of wealth and poverty reduction". LED is further described as an ongoing process of responding to low economic- and high unemployment rates as opposed to a single project or activity with a lifespan and timeframe (DPLG, 2005).

LED is an idea that has been perceived as an important strategy to address income poverty reduction, joblessness, and disparities in the previously marginalised groups. According to Blakely and Leigh (2005), LED has progressed from merely being referred to as growth domestic product (GDP), which is an economic term that did not enumerate the distribution of

income and South African people's well-being. The transformation of LED philosophies became the premise of human components over the past years in which development is not seen only as economic, but multi-dimensional, where it embraces other aspects of growth and development such as social cohesion, equity, access to basic needs, employment, and income poverty reduction (Blakely & Leigh, 2005). Consequently, LED does not connect economic aspects only, but also connects the human aspects of development at a micro-level (Helmsing, Kanyane & Malefane, cited in Maloka, 2014).

According to Cunningham and Meyer-Stamer (2005), LED is regarded as a mindful method where well-developed institutions bring local communities to work together to fight socio-economic development challenges. LED also encourages integrated development between the local sphere of government, local communities, businesses, NGOs and any other relevant stakeholders (Helmsing, Kanyane & Malefane, cited in Maloka, 2014). Rodriguez-Pose and Tijmastra (2009) refer to LED as a strategy that is territorial and centred on indigenous elements such as local socio-economic factors and institutional structures from a human resource point of view. LED is a socio-economic strategy that practices the bottom-up approach outlined in the Provincial Growth and Development Strategy that assists in creating an enabling environment for businesses to access the market and make profits (Maloka, 2014). Phago and Tsoabisi, cited in Maloka (2014), argued that the constitutional mandate of local government is to ensure that local communities are developed.

LED is a developmental strategy that involves the establishment of new institutions, enterprises, developmental projects, and institutional arrangements of local economic activities, administrative design and coordination of local development policies with the ultimate aim to transform local economies (Hatcher & Hammond, 2018). Another objective of LED is to ensure capacity improvement for the unemployed and poverty-stricken people in the local communities as well as knowledge transfer. LED also prioritises the provision of quality services and identification of new markets for local businesses. In essence, LED is all about creating a conducive environment where local business and livelihoods can thrive

#### **2.4. INTERNATIONAL PERSPECTIVES ON LED**

Governments across the globe are affected by similar socio-economic challenges such as inequality, joblessness, inadequate delivery of basic services and increasing levels of income poverty (Koma, 2014). These challenges are worsened by global trends and new factors such as globalisation, urbanisation, competitive markets and technological revolution (Horn &

Lloyd cited in Koma, 2014). The influence of these factors forced countries to develop strategies which can be utilised to improve their economic status. Various third world countries also face harsh socio-economic challenges such as lack of entrepreneurial culture, unfair distribution of resources and market failures (Abeten, 2012 cited in Mokoena, 2019). As a result of the mentioned challenges, government is left with a huge task of creating jobs, reducing income and growing the economy. Therefore, there was a need for feasible, sustainable and innovative policies and legislations that can address persuasive issues of poor delivery of service, joblessness and high income poverty levels faced by local communities. In attempt to solve these socio-economic issues many third world countries adopted one of the most popular strategies named LED, which had proved to be working for first world countries.

The LED approaches emerged in the early 1960s in the European continent and later was adopted by other third world countries (Rodriguez-pose cited in Mashamaite, 2014). LED has been globally accepted as an important strategy to ensure the achievement of local economic growth. The development and acknowledgement of LED strategy is relevant for the new focus of socio-economic challenges as well as the growth of globalization (Christian & Rogerson, 2015). The primary objective of LED is to improve the local economy through creation of jobs, providing adequate basic service, address inequality and global market competitiveness by ensuring that there is intergovernmental relations. Moreover, LED encourages the public sector (local government), private businesses and community groups to collaborate and play an active role as opposed to a passive part in local economic growth (Jili, et al, 2017). Akudugu & Laube (2013) confirm that “LED becomes more effective when local stakeholders and authorities form partnerships with national planning agencies and international donors to jointly designing and implementing initiatives aimed at improving the local economy”.

Concerning past records and initiatives, first world countries such as Britain indicate that there are many successful approaches towards LED planning and implementation. Mukwarami et al. (2020) identifies three relevant approaches that the British government prioritises, namely the prestige school, progressive-entrepreneurial stages, and high-technology-led innovation policies. In Britain, LED has been operating in a progressive entrepreneurial stage that pursues to readdress the benefit of economic growth by rehabilitating inner-city areas (Jili, et al, 2017). There is evidence in the British model that shows how the emphasis of LED has been on high-tech-led innovation to boost economic revival has been successful rather than focusing socio-economic challenges (Mukwarami et al, 2020). In reality, the British three relevant approaches

may partly work for third world countries, especially if such countries have the requisite skills and experience to emulate and imitate the British approaches as identified.

In countries of East Asia and the Pacific, such as Cambodia, Korea, Singapore and Vietnam, the utilisation of institutional frameworks to develop and implement improved LED programmes has become a norm (Rogerson cited in Mlambo et al, 2019). The LED programmes were purposefully intended to provide the basic needs of a specific group of people within local communities. In Cambodia, there is a non-governmental organisation named Association of Cambodian Local Economic Development Agencies (ACLEDA), which promotes socio-economic initiatives that will assist the poor people of the community to improve their standard of living and ensure that they are provided for in their basic needs (Rogerson, 2014).

(Mokoena, 2019) believes that from the global perspective LED strategy was developed to improve the economy, however in the African context, the strategy concentrated predominantly on income poverty reduction and the inclusion of previously marginalised groups. Many African countries were colonized by western Europeans, and introduced centralisation, Macroeconomic and sectoral management approaches to development. The centralisation approach resulted in public policies that create inequalities in terms socio-economic challenges such as access to basic services, income generation and employment. The macroeconomic approach to policies practise the top-down approach, these policies were unsustainable from an infra communal outlook, supply-driven and generally without timeframes of delivery. Various African analysts questioned these traditional approaches towards development, specifically their capability to ensure sustainable development.

Post-independence years, African countries came up with decentralization approaches which are in line with democratic legitimacy, where elections of local councils within local government takes place is mandatory. The main concentration of these decentralization approaches were on political and administrative issues and neglected the economic and financial challenges. As a result the economy became stagnant and raised lack of economic growth issues such unemployment and income poverty. African countries had to re-strategies upon the realisation of the socio-economic challenges, the new strategies had to include LED which placed local government at the forefront of economic growth, since they are closer to the people. Urbanisation and globalisation are two factors that increased the high demand of LED and other financial issues in Africa. The urbanisation rate in Africa is 40%, which makes

it the least urbanised continent. Globalisation is the second factor giving rise to LED, which is linked to the context of economic development across the states.

The African continent adopted and merged LED with community development and together, these strategies focused mainly on poverty reduction and inclusion of previously marginalised groups through short term social goals rather than broad-based long term economic goals. African countries gladly adopted LED as a survival strategy and remedial measure to deal with social issues rather than development that is sustainable. Only few developed African countries that are diversified, associated with first world countries and have an urbanised economy implement LED successfully whereas underdeveloped countries are experiencing different implementation process of LED challenges such as a lack of human resources, and limited financial, institutional and technical capacity” (Mpanza, 2019). Mpanza (2019) further outlined that Africa does not have an enabling environment for development, and therefore the slow progress in implementing LED. A UN Habitat Study (quoted by Simone in Reddy and Wallis, 2019) indicated that many African countries face extensive insecurities when it comes to tenure, sustainable livelihoods and personal safety, which resulted in the local people being unwilling to contribute their efforts and assets into taking ownership and have a sense of belonging.

African countries such as Mauritius, Namibia and Mozambique, which have successful LED programmes, have the best practices in the development and implementation of LED (Rogerson, 2014). He further indicates that the mentioned countries, with Mauritius as the best, showed a rapid economic growth triggered by pro-investment government strategies and the protestation of the manufacturing sector (The World Bank, 2018). Mauritius launched the export-processing zone programme in 1966 as one of the development strategies to grow the economy and as a result it represents the biggest manufacturing sector with more than 60 operational enterprises that contribute 40% of the country’s economy to this day (The World Bank, 2018). The programme is successful because of the well-designed special incentives for various manufacturing enterprises, export incentives and the liberal taxation system (The World Bank, 2018).

Namibia is one the African developing countries that is excelling in the implementation of LED. In 2009, the Government of the Republic of Namibia published the White Paper on Local and Regional Economic Development. One of the key requirements of the White Paper was the establishment of the Local Economic Development Agency (LEDA), which was launched

in 2011. LEDA is made to provide the following services: Capacity Building, LED Strategy Development, LED Strategy Implementation, Networking and Funding (The White Paper on Local and Regional Economic Development, 2009).

Through LEDA the Namibian economy score increased from 45.0 to 60.9 to date, which makes it the 96<sup>th</sup> freest in the 2020 index. Among the 47 countries in the sub-Saharan African region, Namibia ranked number 7, which places its overall score above the regional average and slightly below the world average. After a two-year absenteeism in the moderate free category, Namibia climbed back up in 2020. Namibia's GDP had remained good for the previous five years, but dropped in 2018 due to lesser government spending and less demand for Namibian exports to South Africa (Index of Economic Freedom, 2020). In Mozambique, escaping poverty was difficult with natural disasters, HIV/AIDS and other hardships that put severe strains on people's ability to generate a decent income. The International Labour Organisation together with the government of Mozambique launched the LEDA-Sofala, which focuses on finding means to reduce people's helplessness to such hazards by connecting social protection and economic development. The government of Mozambique is also implementing the privatisation of state corporations with designed investments incentives that vary from province to province. Industrial free zones are being set up in Maputo, Beira and Nacala to assist in creating jobs. These industrial free zones are assisting the country to recover economically by attracting foreign investments at the highest rate that the country has ever experienced (The International Labour Organisation, 2007).

Mozambique's track record for high growth rates was largely disrupted in 2016 when the unreported external borrowing came to light. When the undisclosed debts were revealed, they dented the country's economy, amplified debt levels and reduced more than half of the economy's average growth (The World Bank, 2020). The economy further deteriorated in 2019 when cyclones Idai and Kenneth caused enormous damage to infrastructures and livelihoods. The country's economy is anticipated to experience huge external and fiscal financing gaps between 2020 and 2021 (The World Bank, 2020).

## **2.5. SOUTH AFRICAN PERSPECTIVE ON LED**

South Africa is one of the African developing countries that is still battling with many socio-economic and developmental challenges that are the consequences of a politically-sanctioned racial segregation heritage. Those challenges range from high rates of unemployment, income poverty and poor service delivery, which mainly affect the rural areas. The apartheid



segregation policies uprooted the majority of the South African population from their original economic benefits, which resulted in the broadening of the economic gap between the rich and the poor.

In post-apartheid South Africa, the new democratic government developed new policies with the hope of remedying the past injustices that were created by the apartheid government (Biyela & Nzimakwe *et al.*, 2018). LED was one of the most widespread strategies that was adopted which focused on local community based development (Christian, Lawrence & Rogerson, 2019). Christian, Lawrence & Rogerson, (2019) further indicated that LED planning was adopted immediately after the new democratic government which prioritised a local community-based development than spatially focused strategies such as infrastructure development. The new constitution of the Republic of South African (1996) all the local governments of South Africa at the forefront of addressing both social and economic challenges faced by the local communities (Nel & Rogerson cited in Mashamaite & Madzivhandila, 2014). This objective was emphasised and validated in the mandate for ` development local government` that was presented in 1998, which aligned the obligation for LED to be a fundamental factor of decentralized local government planning process (Mashamaite & Lethoko, 2018). The South African local government sphere has been given a great responsibility of planning and implementing LED, to develop democratic and socio-economic local communities as a sphere that is closer to the people (South African Local Government Association (SALGA), 2015).

The Constitution of the Republic of South Africa (1996) states that both local and district municipalities should be accountable for the socio-economic development of their local communities and contribute towards the creation of wealth through the attraction of investors and employment opportunities. The White Paper on Local Government (1998) further supports objectives and responsibilities of local government outlined by the Constitution of the Republic of South Africa (1996). It indicates that local government should be dedicated to collaborate with the local people and institutions within the community to work towards a sustainable social-economic development and improving the quality of life. The Constitution of the Republic of South Africa (1996) together with The White Paper on Local Government (1998) promotes the notion that municipalities must play a leading role in job creation and income poverty reaction through LED. Hence, practical and sustainable LED programmes and projects are needed to develop local economies and reduce socio-economic challenges of joblessness,

income poverty and poor basic services in local areas (Koma cited in Mashamaite & Letoko, 2018).

Other scholars such as Meyer (2014) argues that the responsibility of local government is not to create employment for local communities but to create an enabling environment for economic development through effective and efficient provision of basic services. This argument is supported by Mashamaite & Madzivhandila (2014) who indicates that the primary objective of local government is ensure that residents and private business have a conducive environment to develop the local economy. In essence, municipalities are responsible for creating a favourable environment for private industries to be sustainable and excel in order to reduce income poverty, joblessness and improve the people standard of living. Without a question, since the new democratic government, South African local government has contributed significantly towards socio-economic development (Maloka, Mashamaite & Ledwaba, 2014). However, Local governments face numerous challenges when planning and implementing LED.

Commonly, South African municipalities faces many significant challenges that affect the development of local communities. Houghton et al. (2013) outlined various challenges that hinder the implementation of LED programmes and projects such as shortage of financial resources, corruption, and lack of technical skills, economic collapse and poor administration capacity. LED projects were initially intended to assist local communities to generate income, acquire skills and reduce income poverty by subsidising the low income that unskilled groups within the local communities receive, but they do not contribute towards the growth of the local economy (De Beer & Swanepoel, 200). Kemp (2004) believes that the problem with many projects is that they fail within a short period, the projects cost a great deal of time and money, produce little or no deliverables as a result of poor management which prevents them to reach their goals.

Kamara (2017) believes that poor performance of LED projects South Africa is linked to shortage of resources, lack of capacity and limited experience by authorities to plan and implement LED. Additionally, there are other factors which hinder the success of LED projects such as Nepotism, political interference, poor political leaderships, corruption, nepotism and lack efficient bureaucracy (Khambule, 2018). These challenges and limitations of LED projects have weakened the credibility and importance devoted to LED as a developmental strategy for local communities. These deficiencies and limited successes of LED have undermined the

credibility and significance attached to LED by local government in South Africa (Kamara, 2017). The above mentioned various challenges disturb municipalities to plan and implement an effective and prosperous LED. Therefore, it is imperative to acknowledge and try to find solutions for these LED challenges in order for it to prosper. In addition, LED programmes should focus mainly on job creation and income poverty reduction in order to develop the local economy and improve the lives of local people.

## **2.6. LEGISLATIVE FRAMEWORKS REGULATING LED IN SOUTH AFRICA**

South Africa was characterised by segregation and inequality prior to 1994 during the apartheid regime. The apartheid regime ensured that development was mainly focused in certain areas and localities where white people were given preference, leaving the majority of black South Africans marginalised and voiceless (Malele & Moyo, 2018). Subsequent to the first democratic elections in 1994, the South African government developed comprehensive legislations and policy frameworks that are designed for the implementation of LED (Malele & Moyo, 2018). The new policies were developed to promote inclusive development, where everyone is required to be involved in all aspects of development from the planning to the implementation phase. There are numerous policies and legislations that have an effect on LED initiatives, however for the purpose of this study only twelve policies and legislation are deliberated below

### **2.6.1. The Constitution of the Republic of South Africa (1996)**

The Constitution of the Republic of South Africa (1996) obligates local government to be at the forefront of LED initiatives and be responsible for the planning and implementation thereof. Section 152 of the constitution further compels local government to promote socio-economic development to create business and job opportunities for local communities (Ngcobo, 2021). Furthermore, the section encourages municipalities to collaborate with relevant stakeholders within their jurisdiction to provide sustainable development to the people (Mashamaite & Lethoko, 2018). Section 153 outlines that municipalities also have objectives towards structuring and managing its administration, budgeting and planning processes to prioritise basic needs of local communities. The constitution also mandates the local government to advocate the Bill of Rights which reflects values of the nation which are human dignity, equality and freedom, and uphold the preserved principles of the constitution (SALGA, 2015).

### **2.6.2. The South African White Paper on Local Government (1998)**

The white Paper on Local Government (1998) categorise three key developmental objectives that local government must achieve, which are delivery of household infrastructure and services, development of civil and cohesive local communities , and endorsement of LED and community participation. In nutshell, the white paper on Local Government advocates for local government to be developmental in nature and their suggested methods that can be used by municipalities to achieve their goals, such as Integrated development planning and budgeting, performance management and collaborating with local communities and other stakeholders. It further recommends that municipalities take responsibility for the success of LED programmes, contribute towards job creation and provide an enabling environment for business development by promoting procurement of goods and services from local companies, local investment planning and support for small business sectors. This has partly addressed issues relating to income poverty and inequality within the local government. Therefore, it can be said that, the White Paper on Local Government does address issues of LED contributing towards the reduction of income poverty (Asher & Novosad, 2020). For instance, promoting the development of small business in road construction, which, in turn creates job opportunities to balance the income poverty in the local communities.

### **2.6.3. The Local Government: Municipal System Act (30 of 2000)**

The Local Government: Municipal System Act (30 of 2000) requires municipalities to endorse socio-economic development, provide affordable basic services and encourage local community participation in their own development. The Act gives guidelines, mechanisms and procedures that are required to empower municipalities to accomplish their objectives (Maloka, Mashamaite & Ledwaba, 2014). The Act promotes integrated development planning procedures within municipalities for the development of Integrated Development Plan (IDP) which contributes towards the achievement of local government objectives outlined by the constitution of the Republic of South Africa, (1996). Section 25 of the Local Government: Municipal Systems Act (32 of 2000) indicates that the elected municipal council must adopt a strategic plan that will be inclusive of all developmental plan of municipality. The IDP is a 5 year strategy that outlines all the municipal council development priorities and goals including LED. All South African municipalities are mandated to develop a LED strategy that will be integrated within the IDP.

#### **2.6.4. The Integrated Sustainable Rural Development Strategy (ISRDS) (2000)**

The ISRDS of 2000 focuses on transforming the poor rural areas of the country into economically sustainable regions that contributes substantially to the growth of the nation's Growth Domestic Product (GDP). Furthermore, it endeavours into coordinating the programmes and projects that were already in existence for improving the impact economy on a temporary basis. ISRDS of 2000 additionally outlines that every programme or project associated with development must be initiated with the background of all South African province's socio economic statuses considered whether poor or not. This strategy also correspondingly outlines the relation connecting social, economic and physical factors that contribute the development of South Africa's economy. It further outlines that every endeavour that contributes towards the implementation of LED policies & programmes should put to mind socio-economic challenges that are linked to income poverty and unemployment across the country. ISRDS further outlines that considering these socio-economic challenges will help understand their impact on the growth of the country's economy.

#### **2.6.5. The LED Guidelines to Institutional Arrangements (2000)**

Patterson cited in Mashamaite (2014) outlines that the LED Guidelines to Institutional Arrangements (2000) and the draft LED policy focus mainly on a local community-oriented method, placing emphasis on LED as pro-poor oriented by placing previously disadvantaged groups of people, as well as marginalised towns and regions at the centre. Preferably municipalities should solely focus on supporting local initiatives that contribute towards creating employment while simultaneously take into consideration the evolving global economy. The DPLF launched the Local Economic Development Fund (LEDF) in the year 1999, to assist carry out programmes and projects that contribute towards income poverty reduction. Many municipalities benefited from LEDF, over R1.5 million was awarded to municipal projects that were developed to provide the local people with employment and reduce poverty. Various Municipalities applied for LEDF to initiate and develop projects related to tourism, skills development, infrastructure and agri-industry. Sadly, LEDF was unsuccessful in delivering the main goal of LED which is grow the local economy and eventually the country. Instead LEDF produced a number of small and unsustainable projects spread across South Africa that are associated with challenges such as nepotism, poor leadership skills and corruption.

When LEDF was introduced there was poor understanding of what LED is and its mandate, there were also challenges of capacity in implementing it at the municipal level. Additionally LEDF had a number of conditions that made it not conducive to access it and little guidance was given to municipalities on how to meet those conditions. Though municipalities were provided with financial assistance, other aspects of business were neglected such as lack of assistance in strategic planning, stakeholder involvement and monitoring & Evaluation of the initiated projects. These challenges resulted in poorly managed projects reliant on the funds to secure a future instead of creating long-term sustainable LED (Atkinson & Ingle cited in Malele & Moyo, 2018). As such, this has partly contributed to the increase of income poverty, rather than the reduction thereof.

#### **2.6.6. The South African Municipal Systems Act (32 of 2000)**

The Municipal Systems Act (Act no 32 of 2000) gives guidelines and procedures concerning what methods or plans can be introduced to ensure that adequate services are delivered to the communities at large. Therefore, it is a legal obligation for municipalities to include their communities in matters that affect them. In this case, the matter is associated with reduction of income poverty through LED projects. The impact of this matters can affect them either directly affects the lives of members of local communities. Therefore, it is required of residents to work in cooperation with the municipalities to provide valuable, informed decisions in the administrative government of the municipalities as a whole. The systems Act, further outlines that municipalities should involve the local people in the planning process of service delivery through public participation processes where all municipal stakeholders are required to be fully represented.

In using LED as a tool to minimise income poverty, municipalities are also required to provide basic services in an efficient and effective manner to the local people and promote sustainable development through Integrated Development Programmes (IDP). This means including public participation as well as cooperative governance as a focal point in the process of service delivery within municipalities. Through section 5(2) (a), the legislation demonstrates that when the public exercises their democratic rights, they also have the responsibility to observe municipal techniques and processes (Theron *et al.*, 2005). These municipal duties, objectives and responsibilities are mandated by the Constitution of the country. LED is mainly focused on empowering the local people and institutions with skills to accomplish sustainable economic growth and improving the quality of life of the poor. The very same Municipal Systems Act

obliges local government institutions to develop IDPs to guide their overall ways of delivering quality services, and also such municipalities ought to make use of the LED departments to address issues of income poverty within their area of jurisdiction.

#### **2.6.7. The National Framework for Local Economic Development (2018-2028)**

It is important to note that, a new draft has been put into place with a timeframe from 2018 to 2028 of the National Framework for Local Economic Development in South Africa. The National Framework for Local Economic Development (NFLED) indicates that the LED policy development is closely linked to the improvement of local government performance in delivering quality services and improving the local economy. This framework is aimed at promoting a strategic method of contributing towards the growth of the local economy and moving away from constricted municipal duties that are focused only on government's inputs into ad-hoc projects. However, DPLG outlines the fact that LED is not clearly included in the schedule of the municipal responsibilities and might be interpreted as an unfunded mandate for local governments (DPLG, 2006). Nel (2001) states that community-based organisations (CBOs) are established by non-governmental organisations (NGOs) as key coordinators of LED initiatives by providing the necessary expertise and networking for donor assistance on localised LED, which in turn will somehow address the issues of poverty and inequalities through the framework.

#### **2.6.8. The National Development Plan Vision 2030 (2012)**

In terms of the National Development Plan (Vision 2030) (NDP, 2011), by 2030, government should encourage the creation of partnerships with communities to establish a good platform for the provision of adequate social services, social security and develop people's capabilities to eliminate poverty and reduced inequality. The country is expected to develop and build inclusive societies leading the economy to create more sustainable jobs. The NDP (2011:1) presents a long-term vision statement of charting a new growth path for South Africa, stating that by 2030, the country should have eliminated poverty and reduced inequality through creating jobs and improving livelihoods, expanding economic infrastructure, ensuring that there is a transition to a low carbon economy, creating an inclusive and integrated rural economy, improving quality of education, providing training and encouraging innovation, providing quality healthcare, building a capable state, enhancing accountability and transforming society. The NDP further highlights the creation of 11 million jobs by 2030, promotion of EPWP and CWP, low cost of doing business, provision of low household costs,

matching the unemployed to jobs, providing tax subsidy to businesses, rewarding the setting up of new businesses and increasing value for money for tourists. With the vision of the NDP, LED projects play a crucial role into contributing to the reduction of income poverty, particularly in remote areas, through enhancing training, public accountability, since some sort of public participation is considered through LED initiatives.

#### **2.6.9. The Comprehensive Rural Development Programme Framework (2009)**

The Comprehensive Rural Development Programme Framework (CRDPF) is aimed that there's effective way in which, the government and private development initiatives provide effective response against poverty and food security, maximising the use of natural resources to create vibrant, equitable and sustainable rural and urban communities, improving standards of living and welfare, integrating development and social cohesion through participatory approaches, redistributing 30% of agricultural land, creating business opportunities, agrarian transformation and improved land reform based on section 25 (4) of the Constitution of the Republic of South Africa, 1996 (1996), which identifies a three-pronged land reform aimed at: tenure reform, restitution and land redistribution. Moreover, the land issue is very critical and the LED projects takes place on land, which means to address income poverty, adequate land for agricultural activities ought to be provided and permitted to promote the development of local economies.

#### **2.6.10. The New Growth Path (NGP) (2012)**

Government adopted the New Growth Path as the framework for economic policy and the driver of the country's job strategy. The NGP and NDP have common goals, but dissimilar ways of attaining them. The NDP was developed by the National Planning Commission (NPC) and the NGP by the Economic Cluster under the Minister of Economic Development. The NGP is developed to deliver imaginative, bold and effective methods that can assist in creating many employment opportunities that are needed in South Africa. This framework must also lay out a dynamic vision of how the government and the people should work together to achieve development in the democratic, cultural, social and economic aspects of life over time. This strategy identifies crucial opportunities of job creation and also outlines changes in the organisation and structures of production that can produce a more comprehensive economy in the long run. Considering the fact that, the reduction of income poverty will also remain in the long run, traditional and institutionalised LED policies towards reducing income poverty should be redesigned and restructured to meet the needs of the local communities.



### **2.6.11. Integrated Development Planning Process**

Integrated development planning is a procedure whereby municipalities prepare a strategic development plan for a five-year period. These strategic plans are reviewed on an annual basis. This process is meant to arrive at decisions on issues pertaining to municipal budget, land management, LED, and institutional transformation in a consultative, systemic and strategic manner. IDP is also supposed to guide the activities of any institution from other spheres of government, corporate service providers, NGOs and the private sectors within the municipal area. Moreover, as a result of this process an IDP is developed and formulated and serves as a principal strategic planning instrument that guides and informs all planning, budgeting, management and decision-making in the municipality. This IDP is a legislative mandate and it supersedes all other plans that guide development at a local government level. LED is one of the crucial core elements of an IDP. It is commonly known that an IDP is used as a communication tool to ensure that the local governments work together with the community members to identify as well as prioritise their needs. The IDP further strengthens the culture of public participation and entrenches the modes of decision-making, administration and service delivery. Therefore, Mpehle cited in Garidziria (2017) argues that despite the government's introduction of these policies to address the imbalances of the past, there are still gaps in the level and quality of service delivery. He further outlined that even though there are changes visible in certain communities, generally, service delivery throughout the nine provinces of the country is perceived to be proceeding at a slower pace, minimal and not adequately visible. Scholars such as Ramafamba et.al, (2012), Koma (2014) and Shilangu (2019) argue that basic service delivery is an important condition and enabling environment for LED. For the purpose of contributing to the income poverty reduction, an LED is an essential tool capable of identifying income gaps, and bridge them through business development, rearrangement of local development policies.

### **2.6.12. The National Spatial Development Perspective**

The National Spatial Development Perspective (NSDP) makes provision for future development of the national space economy and recommends optimum alignment between infrastructure investment and development programmes within localities. It shows spatial direction in terms of where projects should be implemented in an attempt to attract investments. This will ensure that LED projects have access to economic injections from different kinds of investors and also from other already existing enterprises. Mhlongo (2017) indicated that South

Africa has many well-developed policies that are rolled out, but fails to implement them to achieve the desired results. Mhlongo (2017) further outlined that corruption, lack of continuity in government policies, as well as inadequate human and material resources are some of the implementation problems that often lead to implementation gaps, i.e. the widening of the distance between stated policy goals and the realisation of such planned goals. Since, implementation of policies remains a challenge, a municipality may opt for unscheduled response towards the income poverty reduction, such as seeking external financial assistance and LED consultants to handle issues of local development policies.

#### **2.6.11. The relevance of the policies towards LED**

In a nutshell, South Africa's public policy approach since 1994 has been robust and forwardlooking. The policy process has been stretched over all areas of governance. Many policies have been translated into law, regulations and institutions which aimed explicitly as serving the public good. The key is narrowing the gap between the institutions of governance and people's needs. Mashamaite and Lethoko (2018) argues that despite these constitutional mandates, the South African local government is still experiencing challenges in terms of effectively endorsing and implementing LED strategy to address the socio-economic issues of income poverty, unemployment and the stagnant economic growth and development of local communities. The failure to promote LED and to provide basic services as expected has since put local government under severe public scrutiny.

### **2.7. THE KEY DRIVERS OF LED IN SOUTH AFRICA**

The negative effects of globalisation, inequality, unemployment, and income-poverty within local communities have driven the need for South Africans to embrace the LED strategy (Triegaardt, cited in Maloka 2014). Globalisation opened a widespread selection of new prospects for economic growth and development and it is viewed as the country's capacity to enhance prospects for socio-economic growth in many developing countries (Lawal cited in Shilangu, 2019). The increasing importance of local-based development in the global economy and decision-making process within the local government sphere has paved the way for LED (Triegaardt, cited Mashamaite & Madzivandila, 2014). However, in South Africa, the triple threats of income-poverty, unemployment and inequalities within local communities persist, which then raise debates on whether the implementation of LED in the country has lived up to its expectancy in the past 25 years of democracy (Maloka, Mashamaite & Ledwaba, 2018).

The policies and strategies that were developed post catastrophes of apartheid, which were meant to provide significant income-poverty reduction, joblessness, disparities and the improved provision of the basic needs for underprivileged societies in South Africa, outlined the need for pro-poor policies and methods of developing local communities (Maloka & Mashamaite & Ledwaba 2014). The unspeakable rise in income poverty and unemployment has emphasised the need to consider methods that will assist in promoting the economic development of local communities (Bogopane, cited in Asher & Novosad, 2020). However, income poverty and unemployment continue to persist in many local communities particularly those in rural areas (Letsoalo & Moyo, 2018). The socio-economic inequalities have always taken priority in the development agenda in South Africa since the abolishment of apartheid.

Before 1994, the apartheid regime created an unequal society and deprived the majority of the people of economic opportunities in their own country (Malele & Moyo, 2018). The apartheid conditions compromised people's rights to enjoy available economic and employment opportunities that were available and can assist them to move out of income poverty (Kostadis, 2017). Currently, the South African government is facing the biggest enemy of economic growth, which is corruption. Corruption affects all people, especially the poor, and it threatens sustainable economic development, ethical values and justice of the country. The international perceptions of corruption have damaged the country's reputation and have placed South Africa on junk status where local and foreign direct investment, flows to the stock market, global competitiveness and economic growth have depreciated. Corruption has ultimately distorted the development and the upliftment of the people (World Investment Report, 2018). The president of South Africa, Mr Cyril Ramaphosa, wrote a letter to the leading party outlining the impact of corruption on the people of South Africa. The President indicated that "Corruption is an unforgivable betrayal for the millions of South Africans who are being negatively affected by the impact of COVID-19, experiencing hunger daily, hopelessness and joblessness."

Public money that is acquired through tax is for government services and projects (World Investment Report, 2018). South Africa has been going through what is called 'state capture', which is driven by a political project to 'repurpose' government institutions, especially state-owned enterprises, to achieve a radical economic transformation (Chipkin & Swilling, 2017). As a result of the state capture, the government launched a Judicial Commission of Inquiry also known as the Zondo Commission to resolve state capture allegation matters. The Zondo Commission resumed its work by August 2018. The president of South Africa has outlined that

the commission has cost the taxpayers over R700 million, which could have been used to create employment for the people to reduce income poverty and providing the people with sufficient services (<https://www.fin24.com> › Economy › South-Africa › Ramaphosa).

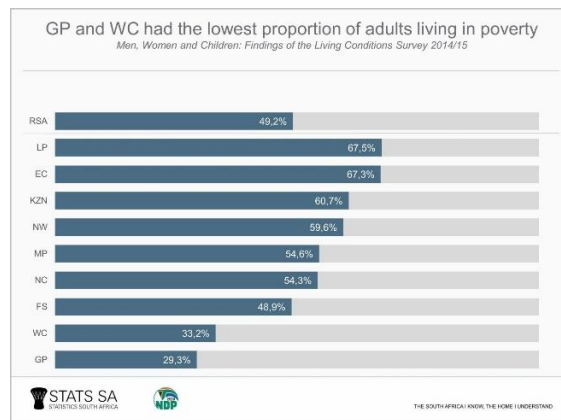
According to Chipkin and Swilling (2017), all government money (taxes collected, bonds issued, income from government investments and other means of financing government expenditure) is supposed to be used for providing grants to the poor and disabled, quality education, functional hospitals, safe roads, and the supply of sufficient power and clean water and to ensure the personal security of citizens. As a result of corruption and bad management practices, the nation's wealth depreciates, the money meant to improve people's lives is channelled away from projects that can assist to achieve that, and many people in the country are dependent on the government for support (World Investment Report, 2018). To deal with the impacts of corruption, powerful and inclusive pro-poor policy interventions are needed to create socio-economic opportunities for the local communities and private businesses to improve the living conditions and to overcome the challenges of income poverty, unemployment and inequalities (World Investment Report, 2018). Theoretically, LED is regarded as an ideal remedy for socio-economic challenges faced by historically marginalised groups, the biggest question remains on the challenges of implementation for most municipalities (National Development Plan, 2030).

## **2.8. PROVINCIAL GOVERNMENT'S ROLE ON LED: LIMPOPO PROVINCE**

South Africa, like most developing countries, experiences a strong geographical dimension to the incidence of income poverty. Most provinces are made up of rural areas, where most of the poor people reside. Limpopo is one of the rural provinces that has a high number of income poverty as a result of the poor economy. The rural provinces lack proper economic infrastructures that could award the people with economic opportunities. According to Netshakhuma cited in Garidzirai et.al (2019), Limpopo consists of mainly the former homeland areas, and therefore the rate of income poverty is extremely high. Letsoalo and Moyo (2018) support Netshakhuma cited in Garidzirai (2019), by emphasising that Limpopo has a strong rural basis and high rate of poverty.

Limpopo is dominated by the mining sector, which contributes 25% to the provincial economy (Letsoalo & Moyo, 2018). The province is rich with minerals such as copper, asbestos, coal, iron ore, platinum, chrome, diamonds, phosphate and gold (Rakgoale, 2017). Despite the wealth and economic growth rate, Limpopo still remains one of the poor rural provinces in

South Africa (Biyela & Nzimakwe *et al.*, 2018). The stats below outline the level of poverty in all the provinces of South Africa, with Limpopo being the number one province with the highest number.



Limpopo Provincial Government (LPG) has been showing strong commitment towards the fight against income poverty and safeguarding the poor and the most vulnerable communities by ensuring access to resources such as social grants, improved nutrition and social services (Maloka, Mashamaite & Ledwaba, 2014). Mashamaite (2014) further indicated that access to economic opportunities such as increased income, skills development, quality education and employment can also ensure the reduction of poverty and expand the provincial economy. LPG used LED as one of the crucial strategies towards income poverty reduction by mandating the Department of Local Economic Development, Environment and Tourism (LEDET) to promote economic development and growth within the province. LEDET is mandated to play a leadership role in issues pertaining to job creation and income poverty reduction as well as economic growth. LPG established an agency named Limpopo Economic Development Agency (LEDA). LEDA is a policy implementing arm of the province and LEDET.

LEDA focuses on deepening its consultation efforts within communities where the agency has existing or intended businesses and also where community education and approval are requisites for harmonious implementation and equitable distribution of benefits, where practical and possible (LEDA Annual Report, 2019). These are particularly resonant in the agency's public participation outreach programmes for the establishment of special economic zones in Tubatse and Musina/Makhado, the alignment of the agency's development agenda with local economic development strategies of municipalities, and resource and skills audits within these stakeholder groupings as a joint planning and risk management intervention (LEDA Annual Report, 2019).

An evaluation of the Limpopo Enterprise Development Programme (LEDP) report was released on 25 October 2018, prepared by Wits Business School (WBS) together with evaluation specialists from the Centre for Learning on Evaluation and Results-Anglophone Africa (CLEAR-AA). The evaluation was commissioned by the LEDET to assess the quality of implementation and effectiveness of institutional arrangements to deliver LEDP. The report outlined the following findings:

- i. LEDET does not monitor/regulate how the grant for economic development (ED) is spent by LEDA;
- ii. LEDA uses a large portion of the funds allocated as subsidy for programmes such as transport, housing and mining;
- iii. Most of the financial allocation from LEDET for economic development is spent on salaries and other overheads;
- iv. LEDA is the least effective agency in providing non-financial support;
- v. LEDA is the least impactful agency.

The report did not only outline the findings, but also provided recommendations that could assist in improving the effectiveness and efficiency of LEDA. The report recommended that LEDET should place its focus on its roles of policy development and effective monitoring. It further outlined that non-financial support should be moved from LEDA and a service-level agreement (SLA) should be signed with SEDA to implement those non-financial support programmes.

## **2.9. LOCAL GOVERNMENT`S ROLE ON LED: BPLM**

Across the globe, local government has experienced a policy shift and decentralization of power as they are required to play a lead role in achieving developmental obligations (Nel cited in Mashamaite & Lethoko 2018). Local communities have shifted from been a national government`s responsibility to a local government`s responsibility because it is a sphere of government that is closer to the people (Koma, 2014). Local government, particularly in third world countries have taken a lead role in developing local communities and endorsing LED due to factors such as joblessness; low income, poverty, inequality and urbanisation. The Constitution of the Republic of South Africa (1996) mandates local government to ensure socio-economic development of the local communities.

Numerous Scholars such Qongo (2013) and Mashamaite & Lethoko (2018) outlined LED as a local government strategy that focus job creation and local economic growth through collaborating with private business, NGOs and the community itself. This insinuate that local government is the main actor in LED planning and implementation. Marais & Botes, (2007) outlined that, in 1999, the national government of South Africa established a LED fund that is managed by local government to assist in creating an enabling environment for the implementation of LED initiatives such as LED projects. Even though it was the provincial government that was responsible for short-listing, approving, monitoring and supporting the implementation of these projects, it was the local government that had to oversee how funds were utilised for these projects as well as monitoring their progress and giving technical support (Marais & Botes, 2007).

COGTA is responsible for the overall usage of LED fund, and for monitoring and providing technical support to projects. BPLM as one of the South African municipalities is required to develop and implement an LED strategy. The BPLM`s previous economic analysis and conditions are not conducive enough to reduce income poverty, job creation and maintenance of economic infrastructure (BPLM:LED strategy, 2019).In attempt to address the mentioned socio-economic challenges the BPLM faces, the developed LED strategy focused on the following objective namely:

- Capture and maximise implementation of planned economic initiatives and development needs within the BLPM.
- Develop an economic competitiveness on existing opportunities.
- Align the reviewed LED strategy to the BPLM IDP and procedures.
- Integrate the principles of the BPLM Development Charter and Spatial Development Framework.
- Serve as a strategic guideline to the realisation of the municipal integrated strategic objectives for the Ba-Phalaborwa Municipal area.
- Realise the potential economic development goals, encourage and retention of private sector investment, job creation, and sustainable livelihood.

BPLM: LED strategy (2019) indicates that in order to achieve the outlined objective, the issue of institutional capacity must be prioritised when it comes to LED. It indicates that the municipality must assess the current capacity to check if there is a need to improve through re-skilling or recruit new skilled personnel to implement these objectives.

## **2.10. THEMES: RESEARCH OBJECTIVES**

Themes are a categorisation of answers that seek to answer the research questions. Key themes provide a natural structuring principle in a literature review, as do categories based on relevance to research questions, academic position, theoretical paradigm and chronology.

### **2.10.1. Theme 1: The types and characteristics of LED projects**

In most rural areas, LED projects started off as self-initiated or poverty- alleviating projects, where underprivileged people create means to improve their lives through self-employment using locally-available resources (Netshakhuma, cited in Charles, 2019). Charles (2019) further outlined that the purpose of these projects is to generate income in order to afford basic services. Local Government therefore intervenes in the initiation stage by partnering with the individuals to expand those projects through the provision of funds (Country Projects – Self Help Africa, 2018).

The members of these projects contribute skills and labour, while the government contributes the required resources such as finances, equipment, infrastructure and land as well as opportunities to access the market (<http://www.businessdictionary.com/definition/self-help-project.html>). Additionally, LED projects must also assist in reducing income poverty within local communities, ensure that the local people are self-reliant, empowered and developed. Netshakhuma cited in Letsoalo & Moyo (2018) outlined that LED projects can be divided into three categories, namely:

- i. Target direct transfers or subsidies to the marginalised and vulnerable people within the communities.
- ii. Increase access to basic social services such as education, health and nutrition; and
- iii. Increase productive use of the assets and the resources that the local poor people own.

The rural communities mainly practice the first category of the LED projects which focus on target direct transfer or subsidies to the marginalised and vulnerable people within the communities. The typical projects practised are agricultural-based projects associated with farming. Only in the recent years the shift also moved non-agricultural projects such as tourism.

- *Agricultural-based projects*

Letsoalo and Moyo (2018) outlined that LED agricultural-based projects are the most important projects across the globe especially in third world continents such as Africa. They further



indicated most rural areas engage in agricultural activities such as farming community gardens, keeping large or small livestock and poultry production. Charles, (2019) points out that agricultural projects are mainly practiced for food production used for consumption and fewer for commercial. This means that rural areas depends greatly on agricultural projects to survive and earn an income. Agricultural projects are also viewed as the greatest remedy for reducing income poverty in the rural areas. This statement is supported by Charles (2019) when indicated that agriculture create jobs in the rural areas of most developing countries. He further outlined that agricultural projects contribute towards income poverty reduction not only in the rural areas but also in the urban areas through job creation, increased wages and improved farm income.

### *Community gardens*

The concept of Gardening is a famous concept that has been endorsed in the rural areas with high poverty rates in SA and globally. Its endorsement derive from the believe that it has a potential to reduce poverty. Mkhize cited in Letsoalo & Moyo (2018) supports these notion by mentioning that gardens have over the years became a significant method used by rural people to provide for their families and reduce poverty. The gardens are seen as a sustainable and realistic way to increase food access and availability, as well as reducing the cost of food. Community gardens are associated with subsistence farming and they are usually practised in the rural areas by women. These projects are started off as vegetable garden projects in their community and their main aim is to improve the diets of community members and reduce expenditure (Chauke, 2016). Community members tend to organise themselves effectively and expand the gardens by working together with the local government in acquiring land in order to produce surplus production that could be sold (Nkosi *et al.*, 2014). Through the expansion of these gardens, new jobs are created for other community members to such an extent that the impact in the community is evident through the improvement in the household incomes (Malele & Moyo, 2018).

### *Livestock farming*

Livestock products have proven over the years to be a distinctive agricultural produce, with approximately three out of five rural households owning different kinds of domestic animals such as cattle's, goat's pigs and sheep's. Livestock production have multiple traits that proved that they are important contributors to sustainable rural development and income poverty reduction (Food & Agricultural Organization of the United Nations, 2014). Livestock offers

products that in high demand and marketable such as meat and dairy that households can produce on a small-scale. These products are commonly of higher value and not threatened by unfriendly weather condition and life-threatening harvesting periods than crops (Food & Agricultural Organization of the United Nations, 2014).

Many livestock famers make profit straight from the cumulative market demand for livestock products. Furthermore, the disadvantaged rural people also benefit in the sense that livestock growth/increase makes the demand for labour, ensures sustainable trade balance, increase food security through consistence supply, growth to the feed and processing industry and can result in reduced prices for food that are originally from the animals.

### *Poultry production*

Poultry production is one of the most important agricultural projects that is practised in low-income food-deficit rural areas; it is viewed as an appropriate project that can assist in providing the fast-growing human population with job opportunities and additional income to the generally poor people. Small-scale poultry farming is also not capital intensive with relatively quick production cycles compared to other livestock farming. Poultry farming contributes significantly to food security, poverty reduction and employment to the underprivileged groups in the rural areas. The large number of poultry famers produce either meat or eggs and live chickens, with specialised broiler or layer genotypes. Chickens are by far the most common species.

However, there are a number of challenges that are facing poultry farming, such as poor management conditions and poorly developed marketing structures for the products. Therefore, the local government partners with small famers and provides them with the required set of skills for poultry management through training and education. The local government also provides poultry farmers with funding for the required resources taking into account the economic circumstances and socio-cultural context within which the beneficiaries live. In addition, they assist with improved marketing system for the benefit of both family poultry (FP) keepers and consumers.

- ***Non-Agricultural Projects***

Non-agricultural projects are defined as projects that are non-farm based such as Tourism sewing, baking etc. Developmental projects have been associated with agriculture or farming sector but over the years the focus began to move to non-farm sector because of its potential

for absorbing a higher number of labour than agriculture, which can reduce income poverty, urban-rural migration and equitable distribution of income challenges.

### *Tourism projects*

Crafting is closely associated with tourism and it refers to woven products using local raw materials that can be sustainably harvested from the grasslands and wetlands and can be used in the construction and interior decorating of accommodation and tourist centres, for example thatching, cladding window blinds and floor mats (Malele & Moyo, 2018).

Creating and selling crafts and jewellery for tourists visiting nearby conservation areas, is a popular income-generating opportunity for people living in rural communities. The local government usually contributes towards these kinds of projects by providing the required skills and opening the market for the crafters because they usually experience challenges in consistent sales and a sustainable income (Letsoalo & Moyo, 2018).

### *Characteristics of LED projects*

LED projects are initiated and developed by individuals or groups in the communities working together with the local municipality (Malele & Moyo, 2018). LED projects are managed by these individuals or groups at the local community level and the municipality gives continuous financial support for the sustainability of those projects (Makapela, 2011). The development objective of the LED projects is to establish an effective and sustainable instrument to improve the living conditions and the economic status of disadvantaged local communities (Letsoalo & Moyo, 2018). Communities are usually involved in a wide range of LED projects, and make their own commitment to manage the project given all that it takes to run them. Training programmes for these projects are arranged by the municipalities for the project managers to be trained on how to sustain projects.

The majority of LED projects are undertaken on a part-time basis so that people can continue with other activities (Letsoalo & Moyo, 2018). LED projects are supposed to supplement an existing income, but they can also be the source of sole income. The profit made from these projects is shared among members according to labour inputs and they are not legally taxed. LED projects often operate on the periphery of the formal sector; they function in an environment characterised by poor infrastructure and sometimes the environment in which they exist is not conducive to generating income.

The majority of the participants in these projects are women. Blewitt cited in Makapela (2011) stated that the roles that women play in communities include women who act as agents of change and women who have skills and leadership qualities that influence people's ability to survive and recover. When empowered, women's initiatives and creativity create capacity and solutions for grass-roots problems. An interesting aspect noted by Green cited in Masuku (2018) is that a male member in a female income generating group can help the group to access support that would otherwise have been unobtainable.

### **2.10.2. Theme 2: The benefits and challenges of LED projects**

There is no doubt that LED projects offer tremendous positive benefits to the disadvantaged people in the local communities at large, especially the rural areas, especially when they are implemented successfully and properly overseen (Masuku, 2018). While the LED projects have benefits, they also face challenges that can lead to failure to achieve their intended objectives (Masuku, 2018).

#### ***The benefits of LED projects in South Africa***

The South African government considers LED as an important tool to deal with income poverty as it provides the disadvantaged groups with employment opportunities through projects within the local communities using local resources (Sienkiewicz, 2014). These projects provides a practical solution to job creation and income poverty reduction, which will improve the economy and the overall sustainable development of the country. This notion is support by Charles (2019) who outlined that LED projects create a social safety net by creating jobs and provide income, predominantly for people who are unemployed or get a low income.

Koma (2014) outlined that LED projects provide a basis for human resource development and building of new institutions for sustainable development as well as linking both the developed and underdeveloped areas within the local municipalities. He further outlined that the most vulnerable groups of people within the communities are empowered with skills through LED projects that enable them to have additional income to afford their basic services and needs. LED projects do not only assist the local communities with job opportunities and additional income, they also ensure that they have access and authority over the local resources, which give them a sense of ownership (Meyer, 2014). Malele and Moyo (2018) identified the following benefits that LED projects can contribute towards individuals, households, the entire local community as well as the municipality:

- i. LED projects can assist in providing primary financial benefits such as job creation and additional income for those with low income so that they can afford their basic needs and services.
- ii. Agricultural LED projects can lead to better health and nutrition.
- iii. Participation in the LED projects can improve self-esteem and sense of ownership of the disadvantaged people within the local community by having authority over the resources and being included in the decision-making processes.
- iv. LED projects can strengthen social networks and prevent isolation, which will result in social cohesion among the community members as they will be working together.
- v. LED projects can provide new skills to unskilled people, through training and sharing of ideas.

### ***The challenges associated with LED projects in South Africa***

Evidence from the literature advocates that LED projects face many challenges that have resulted in their failure (Malele & Moyo, 2018). Often, existing projects are not designed well enough to address the major gap of unemployment and enhance the economy of the local municipalities (Chitiga-Mabugu *et al.*, 2013). Malele and Moyo (2018) outlined the following challenges that prevent the LED projects to achieve their intended developmental goals.

- i. The LED projects do not grow enough to become visible economically.
- ii. The commitment from the participants in these projects is insufficient because the income is not enough, so they lack motivation.
- iii. Transparency in decision-making regarding funds and costs is a great challenge as it results in mistrust between the participants and municipal management.
- iv. Corruption is one of the most disturbing challenges as it involves mismanagement of funds, nepotism and bribery.
- v. Although many of the beneficiaries of LED projects are survivalist in nature, they also do not earn enough income to become a sustainable tax source.

The above-mentioned challenges result in municipalities failing to effectively implement, manage and sustain LED projects that are developed to create jobs, reduce income poverty and provide the local people with new skills (Malele & Moyo, 2018). Thobejane (2011) supports

Malele and Moyo (2018) by indicating that the White Paper on Local Government (1997) clearly stipulates that the local government is not accountable for job creation, rather it is liable for guaranteeing that socio-economic settings are favourable for investors to bring business prospects that will lead to job creation. Hence, municipalities should let the private sector take over the management of these projects to ensure their sustainability and contribution towards income poverty reduction.

Mahlo (2017) argues that municipalities drive LED initiatives for the benefit of their jurisdiction and local communities. Municipalities' focus on local jurisdiction can also pursue LED initiatives to improve their economic competitiveness. Mahlo (2017) further alluded that while authority is awarded to various investors such as private businesses, CBOs, NGOs, and other spheres of government, municipalities remain the main driver of LED programmes and projects in the country.

### **2.10.3. Theme 3: The factors that influence the sustainability of LED projects**

Regarding factors enhancing the sustainability of LED projects, Hayuma cited in Malele & Moyo (2018) pointed out that for a project to be sustainable, it must address the needs and aspirations identified by the beneficiaries and this can only come about through genuine participation of these primary stakeholders, proper monitoring and evaluation, and access to the market.

- ***Participation***

The local people within the community are the main beneficiaries of LED projects, and therefore they should be included in all the stages of these projects from the planning phase to the implementation phase (Madzivhandila & Maloka, 2014). The Integrated Sustainable Rural Development Strategy (ISRDS) (2000) indicated that beneficiaries are required to participate in the selection, execution, supervision and financing phases of the projects to ensure that investments respond to the prioritised basic needs, while generating income and increasing accountability. Public participation is also promoted as an important aspect of the democratic philosophy, and can be found in the Constitution of 1996, section 195 (1), which indicates that "Public Administration must be governed by democratic values and principles enshrined in the constitution including..., people's needs must be responded to and the public must be encouraged to participate in policy making." (Netshakhuma, 2006). Madzivhandila & Maloka (2014) outline that participation by the local people is very important in all the stages of LED projects, as it ensures optimal benefits for them. Netshakhuma (2006) put emphasis on the

participation of local people by indicating that it provides the beneficiaries with various skills such as negotiation, debate, facilitation and decision-making skills. The author further indicated that the participants in the projects are more likely to become active change agents and self-confident to improve their living conditions and address the issues of social vulnerability within their communities. Masuku *et al.* (2016) revealed in his study that even though participation is viewed as one of the most important aspects of ensuring sustainability, many people based in the rural areas are not involved in the LED projects within their local municipalities. The authors also outlined the fact that the reason people are not participating is because they are not aware of those projects due to communication breakdowns between them and the municipality.

- ***Monitoring and evaluation (M&E)***

Monitoring and evaluation (M&E) can be effective tools to enhance the quality of project planning and management (Velence, 2016). Monitoring helps project managers and staff to understand whether the projects are progressing (Makapela, 2011). The South African local government and other various sectors globally have acknowledged the importance of effective supervision within income-generating businesses. Supervision is essential during the planning and implementation of the projects as it assists in determining their success and sustainability (Velence, 2016). According to Tango International (2009), the effectiveness of the M&E process ensures sustainability in multiple ways as it assists in identifying the strengths and weaknesses during the implementation of the project, which makes it easy to implement needed adjustments.

Makapela (2011) outlined that M&E can assist projects to survive changes in the operating environment and it can establish reliable indicators of sustainability. Esman & Krishna, cited in Makapela (2011), strongly emphasise that continuous M&E is important in the projects which is supported by Makhomisa (2016), who argues that M&E assists local government to deal with challenges that the projects encounter before they expand and become difficult to manage. The author further indicated that M&E improves effectiveness of the people who are involved in the projects.

- ***Access to markets***

For any income-generating business to grow and remain sustainable, it requires widespread, available and accessible markets in which the business can operate its product and/or service (Nghonyama, 2011). Local economic growth can be successfully stimulated through the

number of exports by the local communities and as well as the visible and level of import exchanges received in the communities (Maloka, 2014). The elements of import and export have a demeanour on the level of purchasing power of the local people through the generation of multiple income from outside the community (Nghonyama, 2011). Making markets work for the small-scale producers/manufacturers is vital in securing viable LED. The author further indicated that the increased purchasing power can improve the level of self-sufficiency with the local disadvantaged people. Ackron (undated) in Nghonyama (2011) argue that businesses owned by local communities can be more competitive, if local government can serve as middle-man to ensure that they get the necessary sectoral support by local markets.

### **Factors threatening the sustainability of LED projects**

LED projects are experiencing various major challenges that are associated with sustainability in many developing countries. Recent literature indicated that while the implementation of these projects is improving rapidly, their sustainability is rather disappointing. The challenges threatening the sustainability are often the inverses of the above-mentioned benefits that enhance sustainability.

- *No or limited access to markets*

The main challenge threatening the sustainability of LED projects, according to the Public Service Commission, cited in Nghonyama (2011), is finding proper stable markets for their products and/or services. The author further outlined that these projects often fail to break out beyond small marketing outlets that are based within and nearby communities. LED projects fail to sustain themselves because of their inability to find new good market opportunities; they are often content with the same familiar set menu of enterprises such as farming of poultry and gardening (Nemanashi, 2010). Often LED projects focus so much on the input side of an enterprise that market access is neglected. The author further emphasised that LED projects fail to expand and convert to macro-projects because the agricultural market is narrow or flooded. Previous literature provides evidence regarding this challenge, where Netshakuma (2006) discovered that in Thulamela Local Municipality, LED projects are faced with the issue of limited markets, as products and services are provided at the local level.

Kayamadi (2008) supports Netshakuma by indicating that most LED projects sell their services and products to the local people and informal businesses within their communities. The researcher further outlined that it is only a handful of projects that export their products and get more lucrative contracts with big companies/businesses, thereby enhancing external money



flows. Agricultural LED projects in Thulamela Local Municipality come across major challenges of limited demand, which results in an over-supply of some of the products during the peak production time. In addition, these projects have difficulties penetrating the peripheral markets because of long distances and poor road infrastructure that result in expensive transport costs, which affect profits.

- ***Assessing the business sense of projects***

The success and growth of LED projects in South Africa largely depend on the human capital of their project leaders (Leboe, 2017). Masuku *et al.* (2016) alluded that many local municipalities that are located in rural areas have numerous LED programmes and projects; however, the community responds poorly towards them due to the lack of business skills. Koma, cited in Masuku *et al.* (2016), noted that one of the characteristics of rural areas in South Africa is inefficiency and lack of entrepreneurial skills. Many LED projects are experiencing an issue of inadequate business sense, which impacts negatively on their sustainability (Marais & Botes, 2007). They further identified various reasons that result in the failure of LED projects, specifically in the business sense area.

Firstly, government officials who are appointed to lead the LED projects are not equipped with the required capacity to plan them efficiently from an entrepreneurial perspective, which results in poor financial stability and sustainability of these projects. Secondly, most LED projects do not have a formal business plan in place. Marais & Botes (2007) stressed that although some projects have projects plans, the plans do not cover all aspects of business; their main concentration is on the implementation process side of the projects where spending of funds is involved. They further outlined that many project plans were not drafted by business experts, and therefore they do not cover other business aspects such as risk management strategies and marketing plans.

In most cases, local municipalities source external service providers/consultants to draft their projects plans, which results in those plans not being linked to the real needs of the local communities. Business planning of many funded LED projects is inadequate, and therefore it is questionable how government released funds for this.

- ***Political interference***

Politics pose a threat to various developmental strategies of local government, including LED. Local municipalities are mainly operated by politicians who often interfere with programmes

and projects meant to be driven by the local people. According to Masuku *et al.* (2016), political control and interference can hinder the growth and sustainability of development projects. Politicians want to look good and gain favour by using the allocation of LED funds to their own election campaigns and directing money to areas where they can get the greatest political support instead of focusing on areas that have the greatest need. The local people are not motivated to actively participate in LED projects because some municipalities politicise them, which consequently leads to failure (Masuku *et al.*, 2016).

Many LED projects are allocated to ward councillors to decide on where they should be located and who should participate in them. Masuku *et al.* (2016) outlined in the study that people fail to participate in poverty alleviating projects within their communities because of the incompetence of councillors to mobilise information. It was discovered that numerous projects are usually prioritised and implemented during election periods to motivate the local people to vote for the political principles and improve their outcomes. Leboe (2017) supported Masuku *et al.* (2016) by indicating that most visible and sustainable projects that generate immediate and stable income are used prior to elections to gather voters. In the study conducted by the Department of Social Development in 2008 at Mbotyi rural community, it was discovered that the local traditional leader (chief) and the ward councillor had a great influence on the recruitment of people who should participate in these projects, which results in nepotism.

According to Cunningham and Meyer-Stamer (2005), LED is not made of a variety of networks and it does not involve different stakeholders as regulated; instead, it is dominated by politicians, specifically elected officials, in executive positions. The authors further outlined that these high profile politicians use LED to advance their political ambitions and careers. Leboe (2017) discovered in his study that in most municipalities, LED is not used to achieve developmental objectives and reduce poverty, but rather driven by politicians to follow a political logic of power accumulation. LED initiatives have many challenges other than lack of social capital. The biggest challenge that is currently contributing towards the failure of these initiatives is the political structure that is oriented towards power struggles other than developing the local communities (Leboe, 2017).

#### **2.10.4 Theme 4: The causes and effects of income poverty**

Poverty is a multidimensional concept that seeks to measure levels of deprivation encountered by a person, household or community (Development Initiatives, 2016). Deprivation can be measured by lack of resources (e.g. income and/or assets), capabilities (e.g. skills and/or

knowledge). The Development Initiative (2016) outlined that a great deal of literature concentrates mainly on the indicators of deprivation, such as income, food and access to housing. These indicators can often be subjective and may not reflect a full-scale measure of unmet basic needs within various social contexts. There are five dimensions of poverty, namely low household income, limited education, lack of health insurance, concentrated spatial poverty and unemployment (The World Bank, 2016). The World Bank (2016) further alluded that on the basis of the mentioned dimensions, there are different means to identify types of poverty, such as absolute, relative, situational, generational, rural and urban poverty.

As it outlined that poverty is multidimensional, this study focuses on income poverty with a belief that if income poverty is reduced, it will impact on reducing the other dimensions of poverty. Income poverty measurements commonly practise the physiological deprivation model to assess lack of access to economic resources such as income and job opportunities to satisfy basic needs (The World Bank, 2016).

### ***The causes of income poverty in South Africa***

Lack of education: is one of the main causes of income poverty. It is defined as a state where an individual has a below-average level of common knowledge about basic things that are needed in their daily life (Awan *et al.*, 2011). Quality education of individuals is the necessary and important component of human capital that makes them productive and raises their standard of living. Human capital is required for the effective utilisation of physical and natural capitals, and technology and skills (Awan *et al.*, 2011).

Inequality and marginalisation: Inequality is the systemic barrier that leaves certain groups of individuals without a voice or representation within the community (The European Anti-Poverty Network (EAPN), 2016). Many developing countries are experiencing high levels of inequality, which result in increased rates of poverty, specifically income poverty (The EAPN, 2018). The EAPN (2016) further outlined that inequality can be experienced in gender, disability, ethnicity and remote areas. Gender: Women usually experience higher levels of poverty than men do, as they are less likely considered for high paying job opportunities, have lower pensions, are usually involved in unpaid responsibilities and are paid less for the same job as men (Maloka, 2013). Disability or ill-health: Disabled and mentally ill people have limited abilities to access employment and increased day-to-day costs (Maloka, 2013). Minority groups: Religion, sexuality (gay and lesbian), ethnic minorities and migrants suffer a particular form of discrimination, from fewer chances of employment to living in worse

physical environments and having poorer access to essential services (Maloka, 2013). Remote area: In the vast majority of developing and transitional countries, rural poverty (whether measured by income/consumption data or other indicators) has been and remains at a higher level than urban areas. Remoteness is a key factor of poverty as it limits access to markets, increases the price of inputs and makes both social and economic services less accessible (Maloka, 2013).

The European Anti-Poverty Network (EAPN), (2016) believes that the general cause of poverty is the result of how the community is organised and how resources are distributed, such as economic resources, health and social services, quality education and cultural services. These countries are usually affected by inadequate minimum income levels and poor access to services due to poor implementation of strategies that are intended to improve the standard of living (The EAPN, 2016). The EAPN (2016) believes that government is most likely responsible for the redistribution of wealth through tax and other systems such as grants, which means that the strategies on how to eradicate poverty lie with the public sector.

### ***The effects of poverty***

Income poverty stretches throughout the world, affecting 50% of the population. The World Bank, (2018) revealed that many people in the world live in poverty, 65% of the world live on less than 30 dollars per day, two –thirds live on less than 10 dollars per day and every tenth person lives on less than 1.90 dollars per day Its effects negatively impact people at different levels. In order to understand the effects of income poverty, the causes had to be outlined first. Distinctively linked to different causes, the effects of income poverty are continuously revolving with one result leading to another cause, which leads to another consequence.

- ***Food insecurity***

No matter the circumstance, the lack of healthy food and proper nutrition can have lifelong impacts in people's health (Madzivhandila, 2016). Madzivhandila (2016) further outlined that the effects of income poverty are more than just missing a meal – people struggle with chronic food insecurity, hunger and malnutrition. When families do not have food, their health and livelihood suffer, trapping them in a vicious cycle that affects one generation after another (Madzivhandila, 2016). The only way to combat the problem is to break the cycle of poverty and build strong communities. This enables every person to have enough nutritious food to live a healthy and productive life (Madzivhandila, 2016).

- ***Psychological welfare***

There is also a wide range of negative psychological effects caused by income poverty. Children are at a greater risk of behavioural and emotional problems, which could include impulsiveness, difficulty getting along with peers, aggression, attention-deficit/hyperactivity disorder, and conduct disorder (Kostadis, 2017). There may also be intense feelings of anxiety, depression, and low self-esteem. Parents may face chronic symptoms from the effects of poverty, such as stress and depression. Married couples may also feel marital distress and exhibit tougher parenting behaviours.

- ***Crime***

Kostadis (2017) outlined that in the simple economic theory of crime, originally introduced by Becker (1968), individuals are more likely to become involved in criminal activity when they experience a negative income shock. This reasoning is framed in terms of an opportunity cost model; as income levels decline as a result of unfavourable conditions, engaging in crime becomes more opportune relative to participating in more ‘peaceful’ economic activities (Grossman & Seter cited in Kostadis, 2017).

While the theoretical foundations of poverty and crime have been well established, the empirical basis for such an argumentation is considered speculative at best (Burke *et al.*, 2015; Dell *et al.*, 2014). One plausible explanation for this omission is the endogenous relationship between poverty and crime: deteriorating economic conditions may favour criminal activity, since more people are likely to engage in crime as an alternative source of income, while higher levels of crime may undermine economic stability, investment and productivity (Kostadis, 2017).

#### **2.10.5. Theme 5: The contributions of LED projects towards income poverty reduction**

There have always been instances in the history of various societies whereby individuals have come together to achieve certain goals. This has been common mostly in traditional societies even though it served a temporal need. For example, in most developing countries, local communities who are facing a common issue of development such as income poverty had to participate in municipal initiatives such as LED projects to address them. In most instances, individuals or households whose income or consumption is found below the poverty line are defined as poor and LED projects are geared towards improving their living conditions (Dye, 2011). LED projects have been identified as one of the most effective LED initiatives for

income poverty reduction and are seen as an opportunity for the poor to participate in the local economy. These projects are able to assist poor people to address their socio-economic needs in a decent manner and improve the economy of the local community. The community members are often the leading role-players in the implementation of these projects (Dye, 2011).

However, there has been criticism with regard to LED projects, where other authors stated that the success and the effectiveness of anti-poverty interventions are based on political considerations that affect the amount of state expenditure on income poverty to the detriment of other objectives of the income poverty reduction programmes, such as employment and income creation (Dye, 2011). There is also the key argument that it is not the primary role of a local municipality to drive LED, but rather to ensure basic services are delivered for business to thrive and to create an enabling environment for local development. So, the local municipality should play a supportive function rather than a service provider function. Poverty and socio-economic inequality are often structurally embedded in society, which means that specific localised projects could have limited impact.

## **2.11. CONCLUSION**

Muuzale (2012) indicated that LED emerges in many forms and its success depends on both the type of initiative and the economic environment within which it operates. It has also highlighted the legislative setting and policy concept of LED in South Africa in order to foster an understanding of government's commitment to LED. The policies and programmes are mechanisms to attentively authorise the government responsibility towards development, as opposed to past neglect.

It is evident that, LED projects were established to counter the effects of apartheid policies, tendencies and practices, which focused mainly on favouring the minority South Africans. The existing government policies indicate that LED projects should satisfy the needs of the beneficiaries who cannot independently provide for their needs. However, there are still challenges that are faced in implementing LED projects in communities. It must be noted that it is not always possible to implement LED projects that would satisfy all beneficiaries, even though ideally that should be the case.

## **CHAPTER 3**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1. INTRODUCTION**

This section outlines the research design and methodology that the study adopted to resolve the identified research problem. The chapter outlines and explains the research design and justification used in this study. It additionally delivers a detailed discussion of the measures that were followed and gives a narrative of how the relevant data was collected and analysed. It additionally reveals in detail the processes followed and describes how data pertinent to the research questions was collected and analysed.

#### **3.2. STUDY AREA**

According to the Constitution and the Local Government: Municipal Structures Act, Baphalaborwa is constituted as a local municipality that falls under category B, where the legislative authority and municipal executive power/authority are shared with other municipalities (BPLM: IDP, 2018-19 cited in Koma, 2014). BPLM is situated within the Mopani District Municipality in the Limpopo Province. According to the community survey conducted by Statistics South Africa in 2011, the local municipality had a population size of 150 637 (Statistics South Africa, cited in Koma, 2014). The municipality is a tourist destination and further serves as the gateway to the major tourist attraction points in Limpopo, with the Kruger National Park gate right in the CBD, as well as the Phalaborwa Copper Biggest Mine Pit, Home of Amarula and Mopani Worms' Hub (BLPM:LED strategy, 2018-2019).

#### **3.3. RESEARCH PARADIGM**

Research paradigm is linked to three types which are ontology; epistemology; and research methodology. Based on ontology, this study believes that LED projects are key to reducing income poverty within the selected municipality. The epistemological stance in this study is concerned with all various LED projects, methods and its implementation. The researcher has acquired data which indicates the foundational knowledge of LED projects with the ultimate aim in ensuring the reduction of income poverty in BPLM. Moreover, research methodology principles of both qualitative and quantitative were followed during data collection. Thus, this helped the researcher to investigate, generate and demonstrate the link between LED projects and its contribution to reducing income poverty. In addition, the research philosophy is inclusive of (1) Positivism, (2) Interpretivism, (3) Pragmatism, were considered. However,

since this study involves both qualitative and quantitative research methods, pragmatism was chosen as it makes use of both interpretivism and positivism. The researcher believes that combining both interpretivism and positivism helps establish a strong research position given the nature of the investigated matter, so as to help provide more answers to the designed research questions.

### **3.4. RESEARCH APPROACH**

According to Haradhan (2017) there are three research approaches that can be used to conduct research such as qualitative methods, quantitative methods, and mixed methods. This study is both qualitative and quantitative and therefore mixed method in nature so as to address the research questions on LED projects contributing to the reduction of income poverty within the selected municipality.

#### ***Mixed method***

It is crucial to first indicate that qualitative research method is interested in exploring and describing the phenomenon as provided for in the nature setting of the study. Therefore, a qualitative research method was chosen for the fact that it helps in attempting to interpret, describe, and make sense of a phenomenon so as to associate it with the meanings the researcher brings (Eyisi, 2016). Moreover, qualitative research helps in designing the potential to formulate great descriptions of the chosen matter, thought, and provide reasons why a phenomenon has occurred over time. Secondly, quantitative research method helps to generate data in a numerical order. In turn, this helps the researcher to design a structured format of data that can be analysed using graphs, tables, figures, percentages, variables and other descriptive and inferential statistics.

#### ***Explanatory sequential mixed method***

The researcher choose explanatory-sequential approach which is a *sequential* approach and is used when the researcher is interested in following up the quantitative results with qualitative data. Thus, the qualitative data is used in the subsequent interpretation and clarification of the results from the quantitative data analysis. The reasercher first collected and analyzed the quantitative data. Qualitative data was collected in the second phase of the study and are related to the outcomes from the first, quantitative, phase.



### **3.5. RESEARCH DESIGN**

Research design is the blueprint for how a study collects, observe, measure and deal with the data analysis. In simple terms, it is the foundational research plan. Various research designs exist such as the remedial study, historical study, methodological study, empirical study, constructive study, explanatory study, and descriptive study (Robson & McCartan, 2016). Since this study adopted both qualitative and quantitative research methods, the empirical study as known as case study was chosen to support the two research methods. The empirical evidence associated with the contribution of LED projects in reducing income poverty within the selected municipality was gathered and analysed using both qualitative and quantitative research methods. With quantitative research method, the researcher gathered information through numerical data, which helped her quantify behavior, opinions and variables concerning the investigated matter. Lastly, the qualitative research method allowed the researcher to gather empirical evidence through meanings, thoughts, attitudes, views, ideas, perceptions, words, and opinions. Semi-structured questionnaires with close ended questions and telephone interviews were used to gather data, and the empirical evidence were analysed both qualitatively and quantitatively.

### **3.6. TARGET POPULATION**

Simon (2016) defines population as a collective or sum of every subject, object or participants that adapt to a set of specifications. The population if this study was Ba-Phalaborwa local economic project participants and municipal officials who deal with LED, of every race, age groups, educational status, socio-economic status and residential areas, who are participating in the sustainability of LED in Ba-Phalaborwa Local Municipality.

These standards stipulate the features that individuals in the population need to have in order to be involved in the study (Simon, 2016). The admissibility standards in this study were that the participants had to be a:

- South African citizen
- Permanent residence at Ba-Phalaborwa Local Municipality; and
- Participant in Ba-Phalaborwa local economic development projects

### **3.7. SAMPLING METHOD AND PROCEDURE**

This study had a sample size of 28 participants. Since it is impossible to study an entire population in the study area, the study relied on sampling procedures to acquire a small, but carefully selected sample to represent the population, and by studying the sample we may fairly generalise our results back to the population from which they were selected (Bless & Higson-Smith, 2003). Both purpose and stratified random sampling techniques were employed. In the context of this study, semi-structured questionnaires with close-ended questions (Appendix B) to help determine whether the LED projects do contribute to the reduction of income poverty or not were randomly distributed to the identified 22 participants (5 employees from each of the identified LED projects, and 2 employees from the fifth project at BPLM). Therefore, the stratified random sampling was suitable for the five projects whereby two different groups of employees were split into strata.

As the sampling method and procedure is concerned, 5 project managers/leaders of each project were purposively sampled for interviews with open-ended questions (Appendix C) that were done telephonically due to COVID-19. The country was on national lockdown during the period the researcher collected data. In addition, 1 municipal official who deals with LED projects also formed part of the interviews through Microsoft Teams due to the national lockdown regulations (Appendix D) to help the researcher discover the sustainability of the LED projects. Purposive sampling uses the judgement of an expert in selecting cases or it selects cases with a specific purpose in mind. It is considered to be one of the most useful types of non-probability sampling methods (Wagner, Kawulich & Garner, 2012). For the purpose of this study, five identified LED projects within Ba-Phalaborwa Local Municipality are:

- Ba-Phalaborwa Flee Market: deals with crafting woven products such as baskets, table mats, lampshades and vases, bead products using local raw materials from the grasslands and wetlands, to sell to tourists.
- Community Work Programme: is a programme that was developed by the South African government to provide an employment safety net for people with no or minimal skills; it serves as a supplement to livelihood strategies by ensuring that basic levels of income security are provided to the people.
- Bolanoto Tourism: serves as an information centre for tourists about the tour sites in Ba-Phalaborwa. It provides tour guides within the area to identify tour sites such as the Kruger National Park and it also sells indigenous/traditional clothes, crafts and foods.

- Malomanama Brick-making: is a brick production project that is aimed at producing sun-dried bricks of much greater strength to sell to local construction companies and local people.
- Seloane Agri-project: produces livestock (cattle, pigs, sheep and live chickens) and sells to the butcheries and local people for profit, where they are killed and the meat is sold to the localities and events in the local and neighbouring areas. The farmers also produce dairy products such as milk, and sell them to the local markets and local people. The project also sells eggs produced by the chickens to supermarkets across Limpopo.

In this study, the researcher used purposive sampling to select the LED projects that Ba-Phalaborwa Local Municipality developed. There are only five LED projects with an average of 10 to 20 employees per project in the municipality, and since there is a limited number of these projects, the researcher featured them all in the study to reach a solid conclusion. The researcher also used this sampling to choose the participants as per her judgement, keeping in mind the purpose of the study.

### **3.8. DATA COLLECTION TOOLS**

In any research, data collection is key as it forms an integral part of the research process. Therefore, data was collected from both primary and secondary sources. Primary data was collected and generated through the use of distributed questionnaires and telephone interviews with the selected participants of this study. Secondary data was collected through existing literature, which helped the research to combine the data and make meaningful interpretations, analysis and conclusions. The sought data, therefore, related to the biographical information of the participants, and their views, attitude, perception, behaviour, judgement, and opinions.

#### **3.8.1 Literature survey**

For the purpose of this study, data was collected from various documented sources. This included, but, not limited to, government policies, associated with LED, academic journal articles, books, IDP of the selected municipality, In addition, data was collected by reviewing, analysing and synthesising the literature through documentation such as the BPLM annual financial reports, statements, budgets and LED projects reports, and LED plans and strategies. In this regard, the data was analysed through document and thematic analysis, which helps presents the data in words, perceptions, views, and opinions so as to draw meaning conclusions.

### **3.8.2. Questionnaires**

The researcher used semi-structured questionnaires with closed-ended questions to obtain the required information from the participants working in the identified five LED projects in BPLM. The study required both factual and opinion data from the participants in the LED projects. The questionnaire was randomly distributed to employees of the five LED projects of the municipality. The collected data helped the researcher to design a structured format of data presentation and analysis in a numerical order, facts, demographic profile, tables, figures, percentages, and measurement of the variables associated with the LED projects in reducing income poverty within the selected municipality.

### **3.8.3. Interviews**

Interviews were conducted telephonically so as to gather valuable information from the five project leaders and one municipal official. The interviewees provided their personal experience, views, comments, perceptions, ideas, and attitudes towards the LED projects and its role in reducing income poverty within the investigated municipality. The thematic analysis was employed to analyse interviews, since it helps to presents the data in words, themes, percentages, perceptions, views, and description of the investigated matter.

## **3.9. DATA PRESENTATION AND ANALYSIS**

The process of data analysis involved organising and outlining logical order to the large amount of data that was collected.

The qualitative data in this study was analysed through the method of thematic and document analysis. The thematic analysis followed two steps (1) Describing the qualitative data into words, and (2) Turning the data into themes. The document analysis followed the following steps: (1) stating the research problem, and (2) retrieving the document and analysing the content of the documents by understanding what they mean for this study by providing information that could assist the researcher to achieve the objective of the study. Quantitative data analysis was coded in numerical representation using Microsoft Excel 2013. Microsoft Excel 2013 software was used to capture and analyse data through various functions such as calculating frequencies, descriptive statistics, and generating graphs, charts, and tables.

### **3.10. DATA QUALITY CONTROL**

Issues of research integrity, quality, validity, and reliability of the data captured throughout a study is crucial. The data generated, captured, stored, and processed ought to be trusted and relied to the end point of its publication. Therefore, it is important to ensure data quality control through collection, storage and analysis of such data so as to make informed decisions and conclusions (Keeble, 2016). For the purpose of this study, the researcher used the application of the pilot test technique. This techniques helped the research to verify the data provided through questionnaires during data collection and after data collection. The researcher was able to achieve the verification of the data based on the investigated matter within BPLM, because it was possible to track text errors, and corrections from both the interviews and questionnaires were handled. Most importantly, the research supervisor monitored the data to his best level of abilities. Therefore, the researcher guarantees than another research would generate similar results based on the same research questions and methods used in this study.

### **3.11. ETHICAL CONSIDERATION**

In this study, approval to conduct the study was obtained from UNISA Research Ethical Committee. An additional approval was obtained from the BPLM. This helped the researcher to ensure that participation was voluntarily and that no amount of remuneration would be provided for those that chose to participate in the research. Informed consent was clearly explained, and participants fully understood their role in the study. In terms of ensuring anonymity and confidentiality, all the participants were numerically labelled so that they remain anonymous. Privacy, avoidance to harm, and honesty was ensured through providing the participants with details on how long they are given to respond to the distributed questionnaires, and how interviews were ought to be conducted.

### **3.12. CONCLUSION**

This chapter presented the research design and methodology adopted and followed throughout the study. The researcher outlined and explained all the research approaches, procedures and techniques used to conduct and collect data based on the investigated matter within BPLM. The following chapter, presents the research findings, data analysis, and interpretations thereof

## **CHAPTER 4**

### **RESEARCH FINDINGS, DATA ANALYSIS AND INTERPRETATION OF RESULTS**

#### **4.1 INTRODUCTION**

This chapter deals with the research findings, data analysis, and data interpretation of the findings. This study was conducted within the Ba-Phalaborwa Local Municipality in Limpopo Province. The LED department was the main focus where the findings were drawn through the use of semi-structured questionnaires and interviews. Data analysis helped the researcher to deduce meaningful themes and statistics based on the investigated matter. This was done so as to study and present the contents related to LED projects in helping the municipality handle or rather play a crucial part in income poverty reduction.

For data collection, this study employed two data collection method tools. First, the researcher designed the semi-structured questionnaire with closed-ended questions for 22 employees of the identified LED projects currently initiated by the municipality. Secondly, the researcher made use of telephone interviews with additional 5 managers of each project and 1 municipal official working within the LED section of the municipality. Therefore, the data to be presented in this chapter emanates from a sample size of 28 participants.

#### **4.2 RESEARCH FINDINGS**

The main thrust of this study was to investigate the contributions of local economic development projects towards income poverty reduction, a case study of Ba-Phalaborwa local municipality. Data analysis and interpretation was motivated and influenced by both existing literature and practical consideration on LED projects and income poverty. No specific study has been conducted under the selected municipality which solely focuses on the investigated matter. This makes this study important, particularly, because it seeks to address issues of income poverty through LED projects. Amongst other findings, this study reveals that, a large proportion of the sample size are of the belief that, LED projects are designed to contribute towards the reduction of income poverty at BPLM. Moreover, the study shows that, oftentimes, the LED projects suffer from efficient funding, which led to one of the identified projects to close down due to harsh lockdown restrictions initiated by government in March 2020. As a result, numerous people were left without any source of income. However, the BPLM has partnered with local businesses to ensure that, the remaining projects remain operative and afloat.

### 4.3. DATA COLLECTED THROUGH SEMI-STRUCTURED QUESTIONNAIRES

This section focuses on the data collected through semi-structured questionnaires with closed-ended questions from the employees of the identified LED project of the municipality. The questionnaire was designed to also accommodate the biographical profile of the participants, so as to reveal whether or not gender, age, marital status, education or qualification, and ethnic group have any effect on the role of each participant in dealing with LED projects within the municipality with the ultimate aim of reducing income poverty. First, the presentation of results and interpretation of the data is done according to the structure in the questionnaire (Appendix A). Second, additional section based on the conducted interviews is presented according to the designed questions and the answers provided by the selected participants.

#### 4.3.1. Demographic profile of the research participants

This section discusses the demographic profile of these research participants in order to shed more light on the kind of people who get involved in LED projects. For the purpose of clarity, the selected volunteers will also be referred to as participants, and the selected local economic development projects will be referred to as LED projects.

##### *a) The gender of the participants*

In terms of the gender composition of LED project participants, there are more female participants than male participants in general. This finding is consistent with the studies on gender-based LED project participants in South Africa, which demonstrate a typical African profile, in which women dominate in project participation. This is because women participate in those projects to supplement their income or the income brought by their spouse, who might have migrated to the cities (Maloka, 2013).

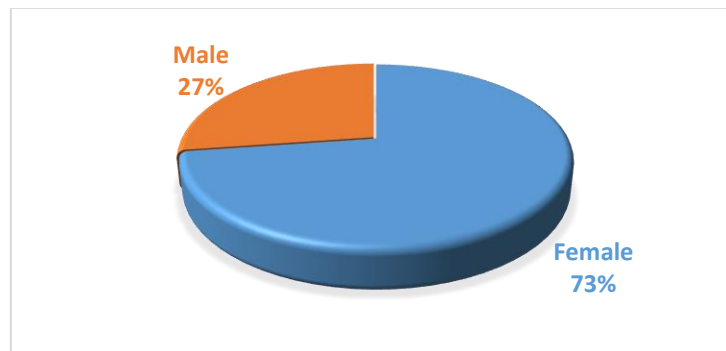


Figure 4.1. The Gender of the participants

The above figure indicates that, 73% (16) of participants are female, while 27% (6) of the participants are male. The high number of females also shows that, there could be a possibility of many households managed by women alone as compared to their male counterparts, and Nswosu (2018) found that, such households are vulnerable to poverty. Kamer (2020) supports Nswosu's notion, but indicates that as of 2018, 37.9% of the households in South Africa were solely dependent on women than men, which amounted to a total of approximately 6.1 million. He further outlined that, provinces with larger portions of rural areas such as the Eastern Cape with 46.9% and Limpopo with 45.8% were more likely to share a large number of female-headed households than urbanised provinces such as Gauteng with 29.8%. The involvement of females in LED projects corresponds with a statement made by Maloka (2013) that, women seem to be in the majority, as far as development projects are concerned, due to the following reasons. Firstly, their labour does not receive expected attention and sometimes becomes marginalised in the process of development; and secondly, they have no equal access to the labour market. Thirdly, they are predominantly employed in the labour-intensive, unskilled jobs with less security of tenure and lower wages, while their male counterparts have access to capital-intensive jobs with great stability and higher wages. The researcher assumes that, these women have resumed the role of acting household heads in the absence of their partners who migrated to the urban and semi-urban areas, which have better economic conditions to seek formal employment (Makhomisi, 2016).

Rahayu (2019) presented a paper at the Community Development Conference at Dundee, Scotland, which indicated that, LED projects are a practical solution to empowering women, and can also be viewed as one of the strategies to strengthen women's positions in the community. It was further outlined that, involving women in projects should be a significant policy for government and other development organisations, because women as participants can drastically change their own lives and the lives of the young in their households. Therefore, this study reveals that, income poverty often affects women more negatively as they ought to provide for their households. The LED projects becomes a critical initiative in involving women so as to reduce the problem of income poverty within the BPLM.

#### ***b) The age group of the participants***

Literature on the age group of the participants indicates that, most LED projects consist of participants who are between 35 and 50 years as compared to below 35 to 18 years of age of the youth. The activeness of the middle-aged group could be attributed to a variety of factors



such as unemployment, lack of skills and low income. Figure 4.2 below shows the age group of the participants in the LED projects in question and clearly indicates the majority of participants to be over 50 years of age.

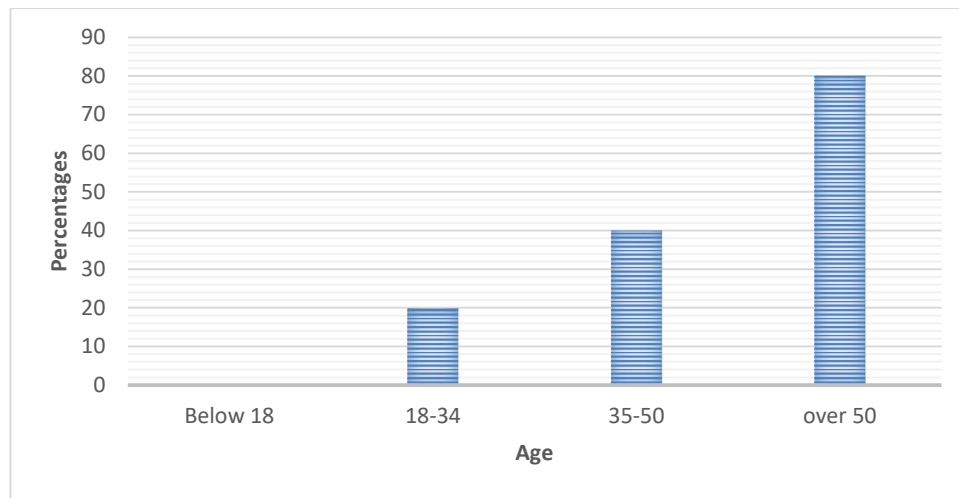


Figure 4.2. The age groups of the participants

The most significant factor that, influences the social, economic and political lives of the population is age. In this study, findings of age analysis show that, the majority, with 80% of the participants involved in LED projects, are in the age group of over 50. The activeness of this generation in LED projects could be assumed that, they do not want to work for other people, the willingness to learn new skills while providing for their families, and having no hope or having previously had difficulties in getting employment opportunities in the formal sector and, as a result, having resorted to LED projects to earn an income for themselves. The quarterly Labour Force Survey (Statistics South Africa, 2021) shows that, 34.9% of the adult working-age group population is unemployed. If you add the discouraged work seekers the expanded unemployment rate is 46.6%. Sen, cited in Nkosi (2015), indicated that, the age factor can determine whether an individual can earn an income through formal employment and he further alluded that, old age can reduce an individual's ability to work and earn an income. Therefore, the researcher concludes that, the youth, especially those who are educated, are not interested in participating in LED projects. Nkosi (2015) believes that, lack of participation in projects by the youth could be the results from the fact that, the types of the projects offered are not appealing to them. The youth is mainly interested in innovative and technological projects that, do not require hard labour.

**c) *The marital status of the participants***

This section outlines the role of the participants in their households by indicating their marital status. Literature by Maloka (2013) indicates that, mainly heads of households partake in LED projects in order to provide for their dependents; it further indicates that, most household heads are single women.

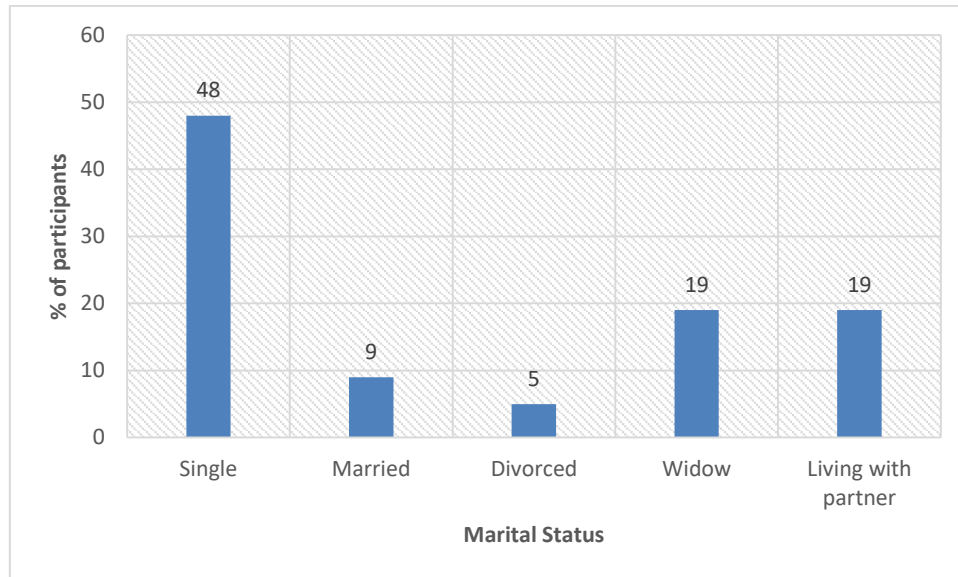


Figure 4.3 the marital status of the participants

Most of the participants are single, as the figure above illustrates that, 43% of the participants are single, while 29% are married, 14% are divorced and 14% are widows. This is a clear indication that, the majority of participants who are engaged in the LED projects are the household bread winners. The marital status of the participants is an important factor that, has an effect on their decision to participate in LED projects. Households of the participants that, are married are likely to have acceptable income that, can sustain their basic needs rather than single-headed households, and therefore most participants of LED projects are single and widowed (Makhomisani, 2016). Therefore, it can be concluded the majority who often seek to fight income poverty are single women as compared to their male counterparts, most households are led by single women.

**d) *The ethnicity of the participants***

As highlighted in Chapter 2 by the literature, Africans constitute a large proportion of individuals engaged in LED projects in South Africa, particularly within rural areas. LED projects are largely the main focus in urban townships, informal settlements and rural areas.

This is because unemployment and income poverty are extensive in urban townships, informal settlements and rural areas. Individuals who participate in these projects are a response to these socio-economic challenges (Maloka, 2013).

Of the respondents, 100% are Africans. These results indicate that, Ba-Phalaborwa Local Municipality is a typical South African small town dominated by the African population. Therefore, the engagement of Africans in the LED projects is an attempt to escape unemployment and income poverty. The results are in line with one of the LED key principles, which outlines that, “LED must target previously disadvantaged people, marginalized communities and geographical regions, black empowerment enterprises and SMMEs to allow them to participate fully in the economic life of the country” (Department of Provincial and Local Government, 2007). This would indicate that, issues of income poverty affect Africans in BPLM, which is the main reason to design the LED projects to address income poverty.

*e) The educational level of the participants*

LED project participants are usually characterised by possessing low skills and insufficient education (Makhomisani, 2016). The literature reveals that, the majority of South Africans who participate in LED projects possess little education and low formal skills in business. Therefore, individuals with at least primary and secondary education are more likely to participate in LED projects than more highly educated individuals with tertiary education (Seanego, 2013).

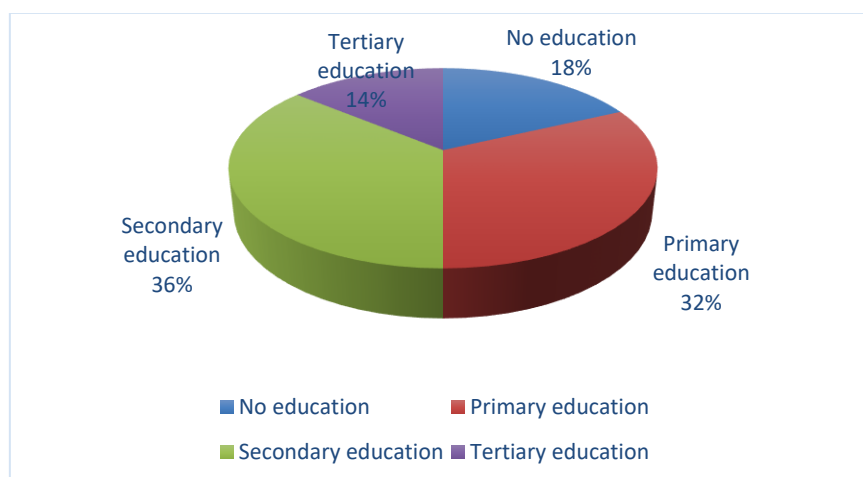


Figure 4.4. The educational level of the participants

The figure indicates that, 36% of the participants have secondary education, which can be matric or grades lower; 32% have only primary education, and 18% have no education per se.

The research concludes that, it is only participants with no qualifications and skills who have interest in LED projects because their chances of formal employment are very low. LED project participants are usually characterised by having low/no skills and inadequate education (Maloka, 2013). Therefore, individuals with at least primary and secondary education are much likely to participate in LED activities than more highly educated individuals with tertiary education. The participants with tertiary education are only 14%, which shows that, people with qualifications and skills prefer formal employment or have other options.

#### **4.3.2 Types and characteristics of LED projects at BPLM**

This section reports on the types and characteristics of LED projects that, are found within the study area. The types and characteristics should be taken into consideration because it is very important to know what LED projects are and what they deal with. This section provides an analysis of the types and characteristics of LED projects looking at the duration that, they have been operating, the nature of the projects, as well as the reasons the participants join the projects. The number of participants in each project, the resources required and the stakeholders involved are revealed. For the purpose of this study, five identified LED projects within Ba-Phalaborwa Local Municipality are:

- **Ba-Phalaborwa Flee Market:** deals with crafting woven products such as baskets, table mats, lampshades and vases, bead products using local raw materials from the grasslands and wetlands, to sell to tourists.
- **Community Work Programme:** is a programme that, was developed by the South African government to provide an employment safety net for people with no or minimal skills; it serves as a supplement to livelihood strategies by ensuring that, basic levels of income security are provided to the people.
- **Bolanoto Tourism:** serves as an information centre for tourists about the tour sites in Ba-Phalaborwa. It provides tour guides within the area to identify tour sites such as the Kruger National Park and it also sells indigenous/traditional clothes, crafts and foods.
- **Malomanama Brick-making:** is a brick production project that, is aimed at producing sun-dried bricks of much greater strength to sell to local construction companies and local people.
- **Seloane Agri-project:** produces livestock (cattle, pigs, sheep and live chickens) and sells to the butcheries and local people for profit, where they are killed and the meat is sold

to the localities and events in the local and neighbouring areas. The farmers also produce dairy products such as milk, and sell them to the local markets and local people. The project also sells eggs produced by the chickens to supermarkets across Limpopo.

**a) The project lifespan**

The data revealed that, the majority of the projects within the study area have been operating for more than four years (see Figure 4.5).

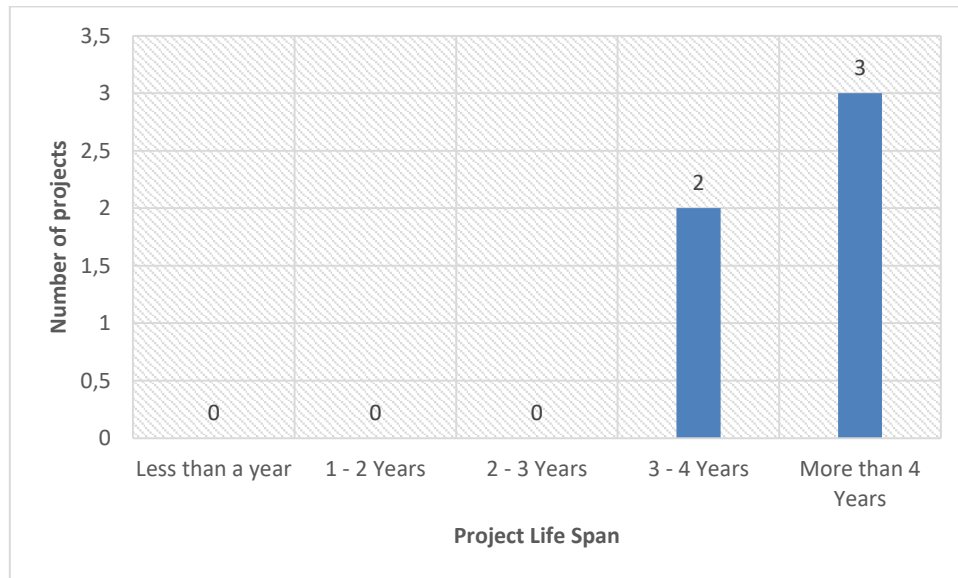


Figure 4.5. The project life span

However, it seems that, one of the projects that, has been operating for more than four years recently collapsed. The municipal official outlined that, “Malomanama Brick-making closed down after operating for 5 years during the national lockdown due to COVID-19”. The literature has shown that, most projects only operate for a year or two because they are not sustainable and collapse easily because of various challenges such as improper structure, planning, and lack finances. As a result, this makes the municipality to partly fail in playing a critical role in reducing income poverty through the LED projects.

**b) Type of the LED projects that, designed to address income poverty at BPLM**

Research on the types and characteristics of LED projects outlines that, there are different types of LED projects being practised in different economic sectors in order to address the issue of income poverty in local communities. These types of LED projects are very important and they should be taken into consideration at Ba-Phalaborwa Local Municipality. Addressing income poverty should not only be done through LED projects, as income poverty escalates beyond

the scope of LED projects. The findings already revealed that, one of the identified projects had to shut down due to Covid-19, and other issues related to funding, planning, management, and the administration thereof. This is a scientific sign that, LED projects need proper planning and financial management, so as to contribute towards the reduction of income poverty at BPLM.

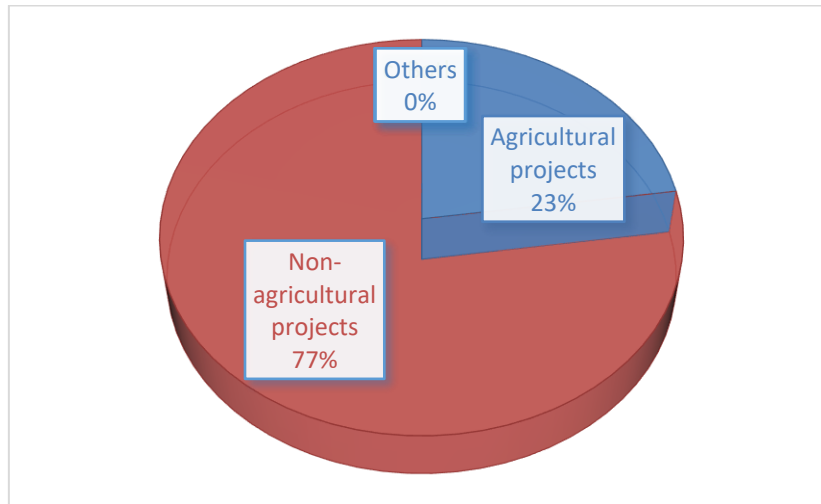


Figure 4.6. The types of LED projects

Figure 4.6 indicates that, 77% of the participants are engaged in non-agricultural projects, 23% are engaged in agricultural projects, whereas none of the participants are engaged in both agricultural and non-agricultural projects. The findings show that, BPLM is dominated by non-agricultural project participants, which confirms the statement illustrated in the IDP that, Ba-Phalaborwa is dominated by the mining and tourism sector. Rantso (2016) outlined that, previously developing countries relied on agriculture as their main source of livelihood and receiving income for many poor people; however, over the years, there has been a decline in agricultural productivity, which results from unfavourable agro-climatic conditions. He further indicated that, many people are turning to non-farm activities as a means of making a living. Therefore, non-farm incomes are used to provide the means of sustenance for many people. As the findings reveals the dominance of non-agricultural projects within the municipality, therefore, there's a need to transform agricultural projects to balance the issue of income poverty, as such projects requires less training an skills. Most of these skills can be transferred and taught without any formal school.

**c) The types of agricultural projects designed to reduce income poverty at BPLM**

As explained in the literature review of the study, LED projects are categorised as agricultural and non-agricultural projects. The agricultural projects mainly focus on farming, either subsistence farming or commercial farming. The agricultural projects consist of either crop or livestock farming, whereas others consist of both. Figure 4.7 demonstrates the kinds of agricultural projects practised in the study area.

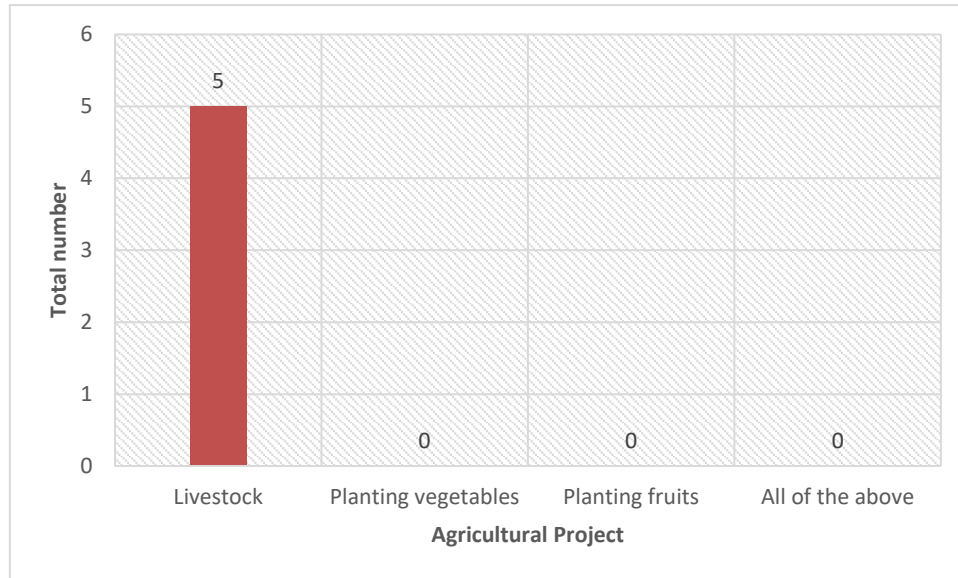


Figure 4.7. The types of agricultural project/s

The figure above indicate that, 100% of the participants of agricultural projects embark on livestock agriculture. Oduniyi *et al.*, (2020) indicated that, 80% of the South African agricultural land is appropriate for livestock farming and it contributes 40% of the agricultural sector income. Livestock farming has formed a basis of human wellbeing through its contribution to the household's food security, as well as social and economic status over the years (Oduniyi *et al.*, 2020). Makhomisana (2016) believes that, rural people practise livestock farming because of its adaptability rather than crop farming. Makhomisana further illustrated that, livestock's versatility makes them essential to the survival of millions of people in rural areas. Meat and dairy are excellent sources of protein, vitamins and minerals, and when managed correctly, livestock contributes to important ecosystem functions such as soil fertility. Crop farming is also much more prone to high risks such as droughts, pests, hail, etc. Therefore, the municipality use the livestock agriculture project to respond to the reduction of income poverty. Livestock remains crucial within the municipality as certain businesses supports these projects by purchasing and order some of the livestock as a means to reduce income poverty.

*d) The types of non-agricultural projects contributing towards income poverty at BPLM*

Chapter 2 provides evidence that, outlines that, developing countries formerly utilised agriculture as the main source of generating income; however, due to unfavourable agro-climate conditions, which result in a decline in agricultural productivity, they turn to non-agricultural activities such as sewing, crafting, beads making, tourism etc. Figure 4.8 below illustrates the non-agricultural projects that, are practised in the study area:

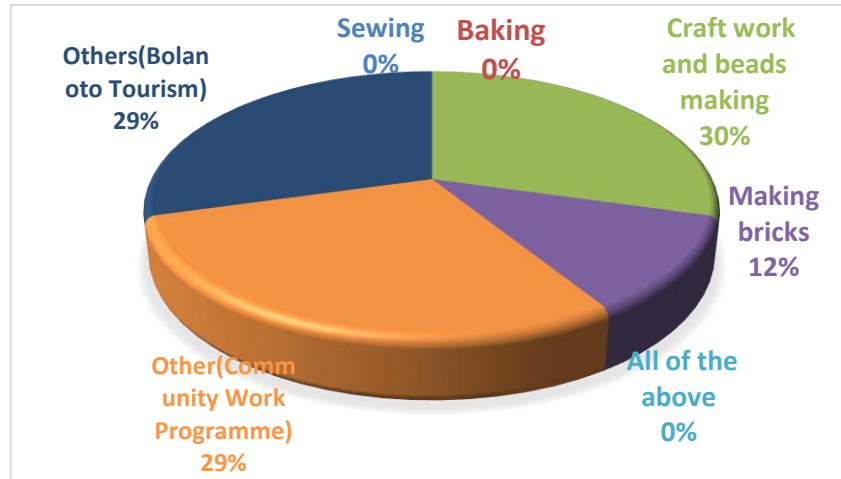


Figure 4.8. The types of non-agricultural project/s

The figure above illustrates that, 30% of the participants are involved in craft work and beads making. This project produces products which are sold to tourists, local retail outlets as well as exporting them to international markets. Maloka (2013) indicates that, handicraft projects have an overall positive impact on the participants, their families and communities, particularly the ones in the rural areas, those with little or no formal education and other marginalised people. In this study, 29% of the participants are involved in Community Work Programme (CWP). For purposes of comparison, Expanded Public Works Programme (EPWP) - and CWP-based projects in KZN discovered that, they have an impact on the beneficiaries and households by providing employment and adequate income that, is above the poverty line. They give poor people skills to be able to support themselves. In BPLM, 29% of the participants are involved in sewing projects. Kaeane and Ross (2014) indicated that, they discovered that, sewing projects assist illiterate people to gain skills and be able to look for jobs like educated people, to remove people from townships, get skills and open own businesses. Moreover, the BPLM has 12% of the participants involved in the brick-making project. The brick production projects are aimed at producing sun-dried bricks of much greater strength to build houses and sell the



bricks to the local people. These projects indeed have proven to play a critical role in addressing issue of income poverty within the municipality.

*e) The required resources for the municipal projects to address income poverty at BPML*

This section presents the data on the resources that, are required to operate the LED projects within the study area. The resources that, are required for the projects are very important to be identified and taken into consideration because the stakeholders should be aware of the things that, are needed to ensure that, the projects run smooth in order to contribute to the reduction of income poverty within the municipality. Most, important requisite resources such as finance, material, human resource and proper project implementation is key to ensuring effective contribution to income poverty reduction at BPLM. Below, figure 4.9 provides the necessary data as collected:

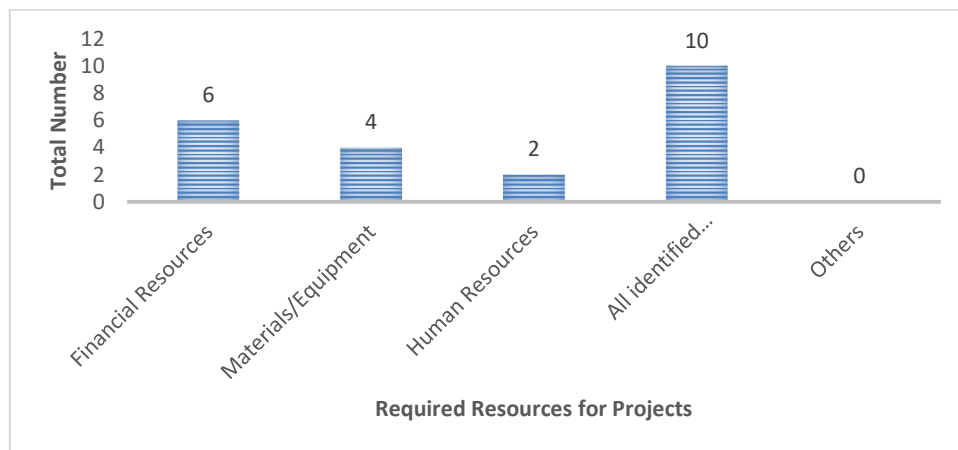


Figure 4.9. The required resources for the project/s

Figure 4.9 illustrates that, all the projects need resources in order to operate effectively and efficiently. It also shows that, 10 of the 22 participants believe that, the projects need financial, material and skills resources all together in order to operate successfully. In addition, 6 of the 22 participants believe that, the projects only require finances, which is safe to conclude that, the other resources are available, whereas 4 of the 22 projects participants believe that, the projects only require material/equipment and only 2 of the 22 participants believe that, the projects require human resources. The findings indicate that, LED projects do not have sufficient resources and this might make it difficult for the projects to grow or expand and may be the reason behind their collapse, and yet, failing to contribute effectively to the reduction of income poverty at the municipality. Therefore, without adequate and balanced project

resources, the municipality cannot contribute towards income poverty reduction within their local community.

### 4.3.3. The benefits and challenges of LED projects at BPLM

Nkosi (2014) indicated that, LED projects have both benefits and challenges that, have an impact on income poverty of a local community. LED projects provide community members, especially women, with an income, and access to productive assets such as employment, additional income, training and skills development, and these activities build capable local community to fight income poverty. The National Development Agency published a policy brief in 2013, which indicated that, LED projects create opportunities for local communities to optimally use the resources available to generate income and become more self-reliant as well as to reduce state and aid dependency.

#### *a) Common benefits of LED projects associated with income poverty reduction*

The literature on LED projects outlines that, there are various reasons and benefits that, results in people joining LED projects. The reasons includes amongst others, unemployment, low income, lack of skills, retrenchments, market opportunity and inheritance from family. Figure 4.10 illustrates the reasons that, encourage people to join LED projects the so called push and pull factors

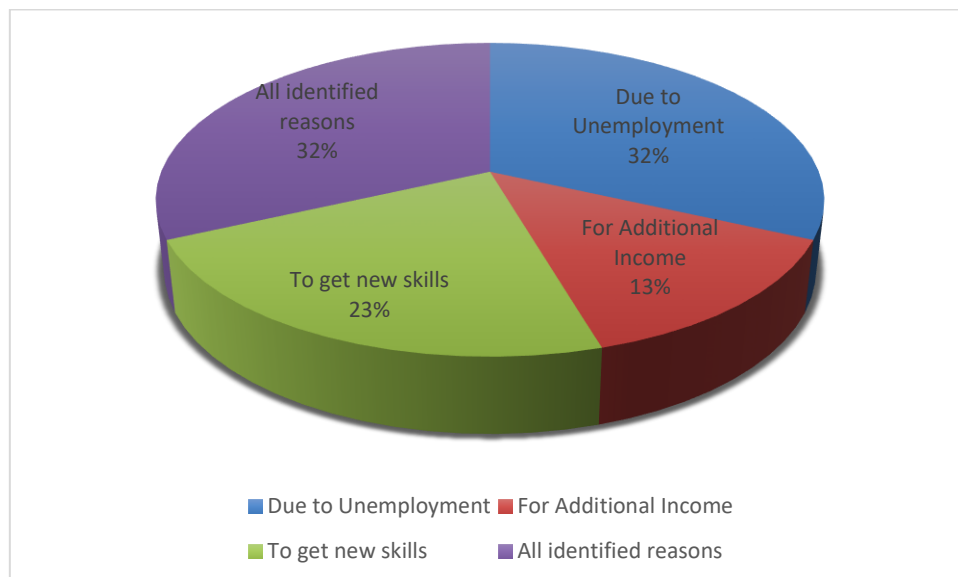


Figure 4.10. The reasons for joining the project/s

Figure: 4.10. Indicates that, 32% of the participants joined because of all the mentioned reasons (unemployment, additional income and getting new skills) and it also shows that, 32% of the

participants maintained that, the reason they joined the projects is because of unemployment, whereas 23% of the participants joined the projects to acquire new skills. These results mean that, large percentages of the participants join the projects to earn money and learn new skills, which supports the literature that, the integral requirements of the LED projects are the ability to create employment and generate income. McGrath, cited in Menyuko (2011), produced evidence that, the very small and micro-enterprises are seen as an important generator of employment and of poverty alleviation in a country where increasing numbers are likely to find their future work in small and informal enterprises. Unemployed community members often come together to start projects aimed at generating income. As the case may be, projects under BPLM are designed to absorb the unemployed and create an environment that, is conducive enough to contribute towards the reduction of income poverty.

***b) The training provided during the LED projects to address income poverty***

This section presents the data on the training received by the participants of the LED projects that, are being practised within the study area. It is very important to determine the skills that, are required to ensure the success of the projects, so as to create sustain LED project to continue address income poverty within the municipality.

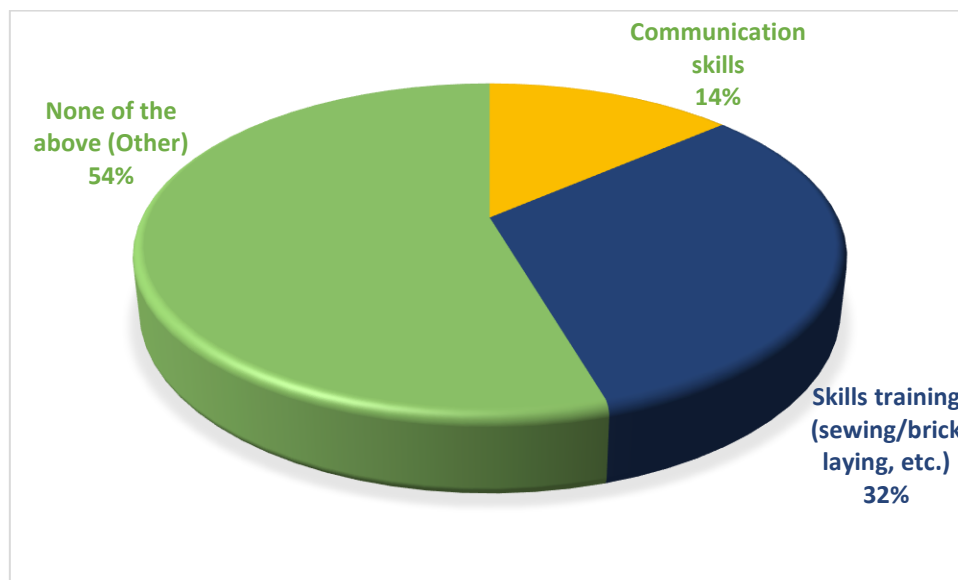


Figure 4.11. The training provided after joining the project/s

The participants who are engaged in the projects all receive training. The training provides the participants with new skills, which may be utilized to start new projects to boost the local economy and reduce income poverty at within the municipality. The figure above, indicates that, 54% of the participants did not receive any of the identified skills training, however they

have received other forms of training, 32% received skills training (sewing/bricklaying) and 14% received communication skills. Provision of skills helps to ensure that, the activities of the projects are progressing effectively and efficiently. Hurley, cited in Maloka (2013), outlined that, “focusing on training and skills improvement for people as well as managerial abilities can be very efficient and effective in contributing as a key factor for income poverty reduction, but this requires a long-time perspective”. At present, training is a fashionable answer to many income poverty problems, since the National Youth Development Agency (NYDA) is obligated to sponsor small businesses. It is concerning that, more than half of the project participants did not receive any training related to the projects once involved in the project. As a result, this threatens the nature of the LED projects in playing a critical role in the reduction of income poverty within the BPLM.

***c) Skills improvement acquired through the LED projects to address income poverty in the long-term at BPLM***

This section provides an analysis of the level of skills improvement experienced by the participants after joining the LED project. The analysis is based on the perceptions of the participants on the contribution of LED projects towards income poverty. This was measured through various indicators such as employment creation, skills development, participation, social cohesion and LED projects as a means to economic redistribution.

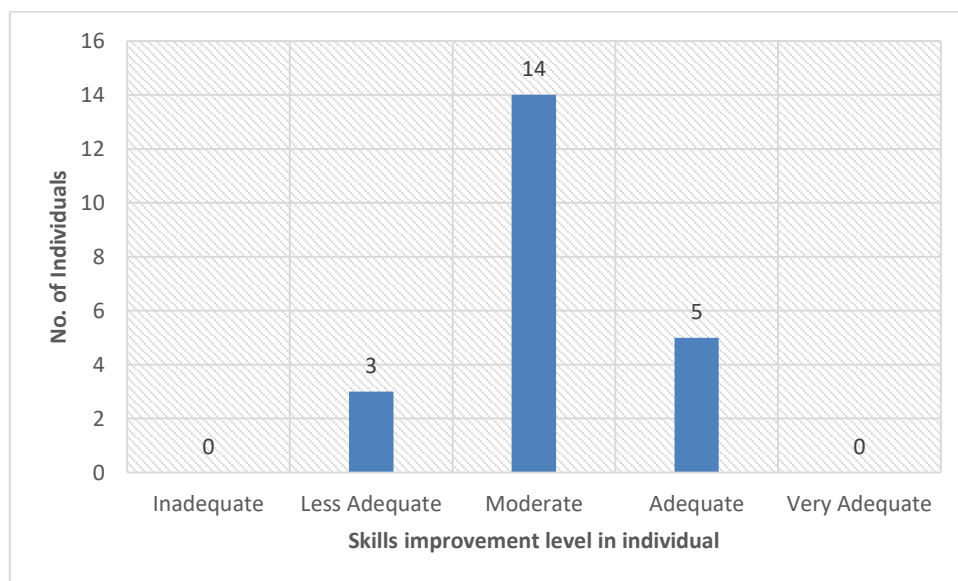


Figure 4.12. The skills improvement after joining the project/s

The figure above indicates that, 14 of the 22 participants acknowledges that their skills have moderately improved since joining the project. In addition, 5 of the 22 participants believe that, their skills have improved adequately since joining the projects, whereas 3 of the participants indicated that, their skills had not improved at all. The researcher can conclude that, the participants have gained skills from the projects based on the provided date, which may be used to create some sort of additional means of income if used outside the project. In turn, this may create additional income for those who can effectively incorporate the skills in the community to solve existing problems in other projects that, may require their skills. Charles (2019) believes that, LED projects are meant to equip beneficiaries with business skills through skills-development training funded by the local municipality.

#### 4.3.4. Causes and effects of income poverty at BPLM

Swanepoel (2007) indicates that, unemployment is both the cause and effect of income poverty in developing countries, because without a job a person has no income to take care of their social and basic needs. This section aims at identifying the causes and effects of income poverty focusing on issues of employment status, income received and the number of dependents of the participants. It is well known that, unemployment has disturbing consequences.

##### a) *The employment status of the participants*

Scholars who previously studied LED projects outlined that, these projects were established specifically to target unemployed and reduce income poverty. They are used to provide a safety net for the unemployed, which means that, most people who participate are seeking employment, so as to contribute to the ongoing fight against income poverty within the municipality.

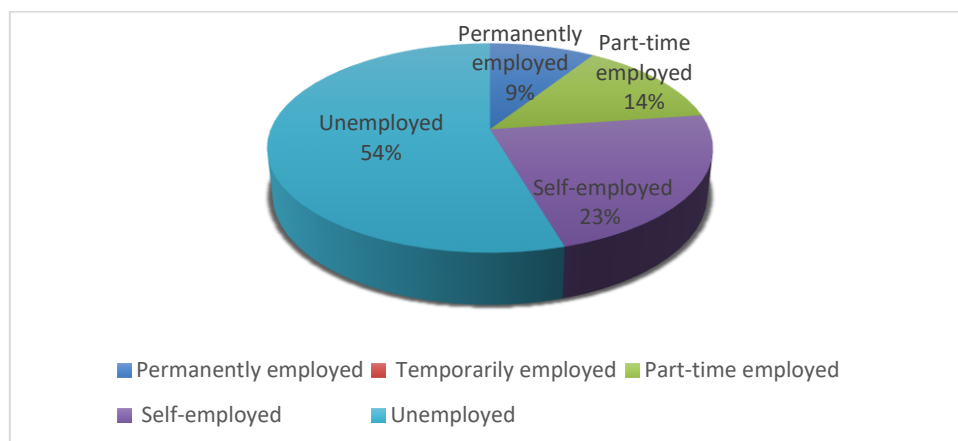


Figure 4.13. The employment status of the participants

The findings of the results show that, 54% of the participants are unemployed, whereas 23% are self-employed, 14% are part-time employed and only 9% are permanently employed (see Figure 4.13). Considering the issues of age, most participants' became unemployed or retrenched due to shutting down of the mines within the municipal area of jurisdiction. According to Ba-Phalaborwa Municipal IDP (2015:39), a total of 2 475 and 1 600 people, respectively, were left unemployed after the downsizing of both Murchison Mine and Phalaborwa Mining Company between 2002 and 2015 (Phalaborwa Mining Company, cited in Rakgoale, 2017). As a result, many people were left without income. The researcher concludes that, as a result, these participants were forced to seek new ways to earn an income. The lack of sufficient jobs in the formal sector and lack of skills resulted in participants turning to LED projects as a practical option to earn an income (Nkosi, 2015).

***b) The participants' other forms of income***

Oftentimes, certain participants of LED projects are without stable income. The lack of stable income makes it difficult to contribute financially to their immediate families. The NDA briefing policy (2013) indicates that, many participants of LED projects are often faced with various challenges in their own unique setting, including lack of income opportunities – such challenges often require participants to find alternative sources of income.

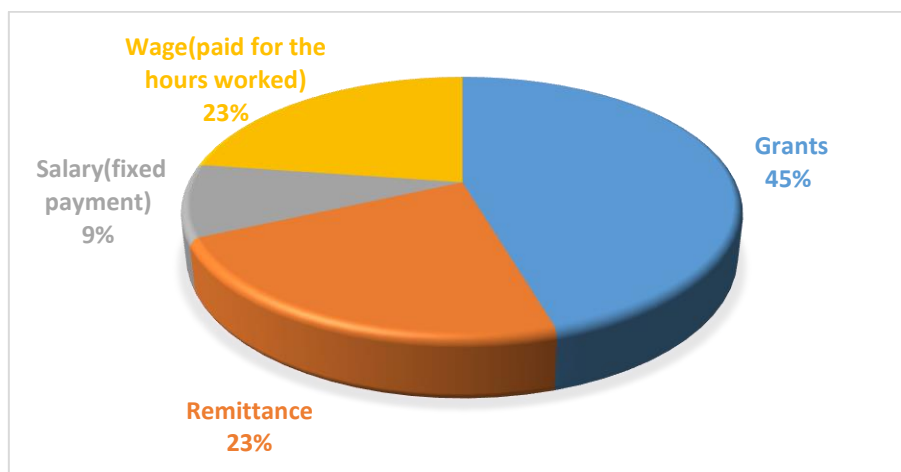


Figure 4.14. The participants other forms of income

The findings show that, all the participants have alternative sources of income. According to the figure above, the majority of the participants (45%) outlined that, they receive income from government's social grants. The participants outlined that, social grant received from government like disability, old age and child support grants are very important surplus income

While developing countries generally favour government grants to society’s most vulnerable populations, Dye (2011) writes that, they also worry that, welfare programmes foster dependency and a sense of entitlement among the people who receive them. In addition to the findings at BPLM, 23% of the participants, however, receive remittance, where they get money from their spouses and immediate families, which assists in reducing the financial pressures in their households. Almost a quarter (23%) of the participants receive income in a form of wages, some of the participants reported that, they worked part-time as gardeners and some as domestic workers or house maids. Only 9% of the participants receive a fixed salary. Therefore, according to these findings the participants are partly affected by the high level of income poverty within the municipality.

***c) Total household monthly income excluding income from the projects***

Literature indicates that, most participants of LED projects receive an income that, is below the poverty line. This section is important for the study because it outlines whether the participants were trapped in income poverty before joining the projects.



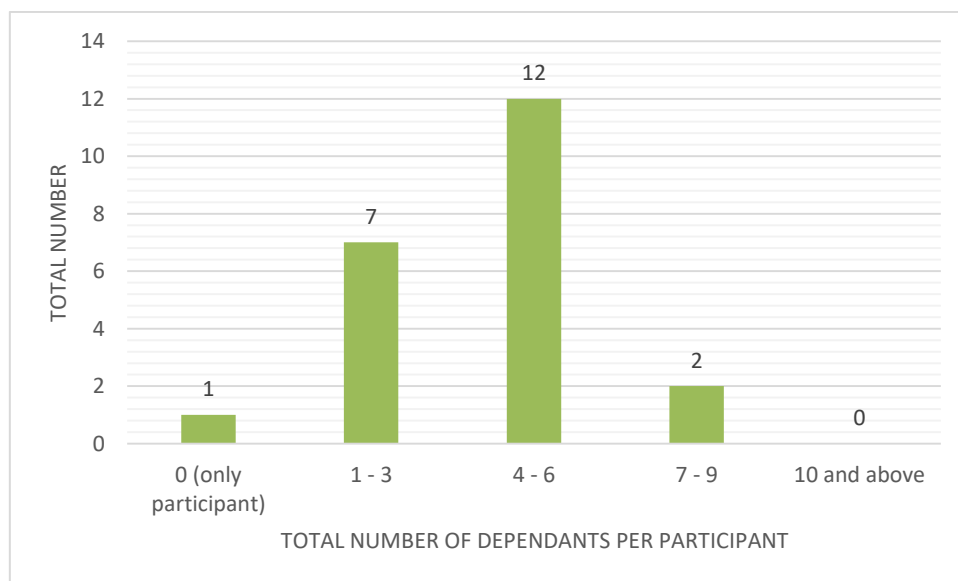
**Figure 4.15. Total household monthly income excluding income from the projects**

The figure above indicates that, 14 of the participants receive a total monthly income of more than R 2001; three receive between R1 501 and R2 000; 3 participants receive between R500 and R1 000; whereas 2 of the participants receive R1 001 to R1 500. The data proves that, most participants in LED projects earn an income that, is above the poverty line, considering the

new national minimum wage in terms of a notice as published in the Government Gazette and signed by the Minister of Employment and Labour in March 2020, which stipulate that, a person should atleast earn R20.76 per hour. Statistics South Africa (Stats SA) reviewed its national poverty line on 13 August 2020; when calculated based on the cost of living, the food poverty line (FPL), should amount to R585, and the lower-bound poverty line, should amount to R840, and the upper-bound poverty line, should amount to R1 268. Therefore, the participants from the LED project at BPLM shows a significant match to balance the income poverty stipulated categories.

***d) The total number of dependents of participant's seeking to stay above the income poverty line***

This section presents the data on the dependents on the income received by the participant of the LED projects. This section is important because it helps to determine whether the income received is enough to purchase the basic needs and provide for all the dependents.



**Figure 4.16. Total number of dependents**

According to the study, the majority constituting 55% of the participants live in households that consist of four to six individuals. Moreover, 31% of the participants' households consists of one to three, and only 9% of the participants' households consists of more than seven individuals living in a household, as well as 5% of the participants who did not have any dependents living in the household. The majority of people who participate in LED projects have many immediate dependants depending on them, be it children or extended families, which is usually strainers towards their income and as a result they join the projects to



supplement the household income. Therefore, the participants in all of the identified LED projects are of the belief that, getting involve in these projects is key to contributing to the reduction of income poverty within the municipality. It is crucial to note that whenever, these participants are impacted by the shutting down of the LED projects, it does not necessarily affect one individual, but all other who depend on their income. The municipality, should strive towards the sustainability of these LED projects, so as to keep the participants active in the job market.

*e) The sufficiency of the household income in addressing the overall income poverty at BPLM*

This section is of importance because helps to determine whether the income received by the participants remains adequate to sustain their day-to-day lives. Which, in turn, assisted the researcher to determine whether or not income poverty is the main reason for people to join the LED projects.

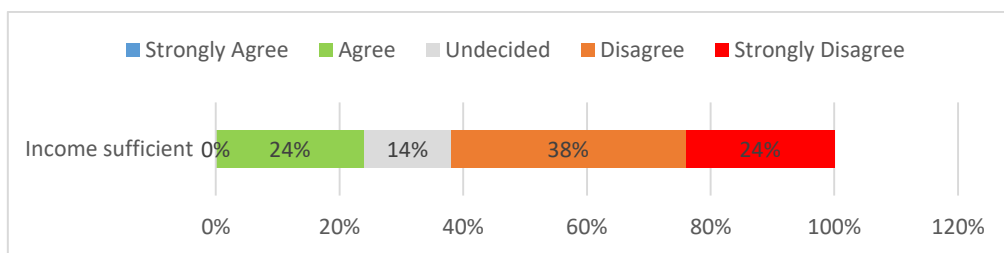


Figure 4.17. The sufficiency of the household income

From figure 4.17, it can clearly be seen that, the majority of respondents do not agree that, their income is sufficient for their household. None of the participants shows no strong agreement to issue of sufficient household income, while 24% of the participants agree that the household income is sufficient enough to reduce income poverty. On the contrary, 62% of the participants disagree with the claim made by the 24% of the participants that the household income remain sufficient to contribute towards the reduction of income poverty at BPLM. While, on the other hand, 14% of the participant remains unsure of both the claims made by the two separate groups of the participants. These results support the notion of Kaeane and Ross (2014) that, LED projects are another of the government’s poverty alleviation efforts. The majority of participants join the projects to receive income because they are unemployed and some need to supplement their low incomes that, are received in the form of grants, remittance and wages.

#### 4.3.5. The contributions of LED projects towards income poverty reduction

##### *a) Income received from projects*

This section presents the data on the income received from the LED projects that, are being practised within the study area. It is vital to analyse the income received from the projects, because it helped to discover the purpose of the study, which is to investigate the contributions of income-generating projects towards income poverty reduction.

Table 1: Income received from the project

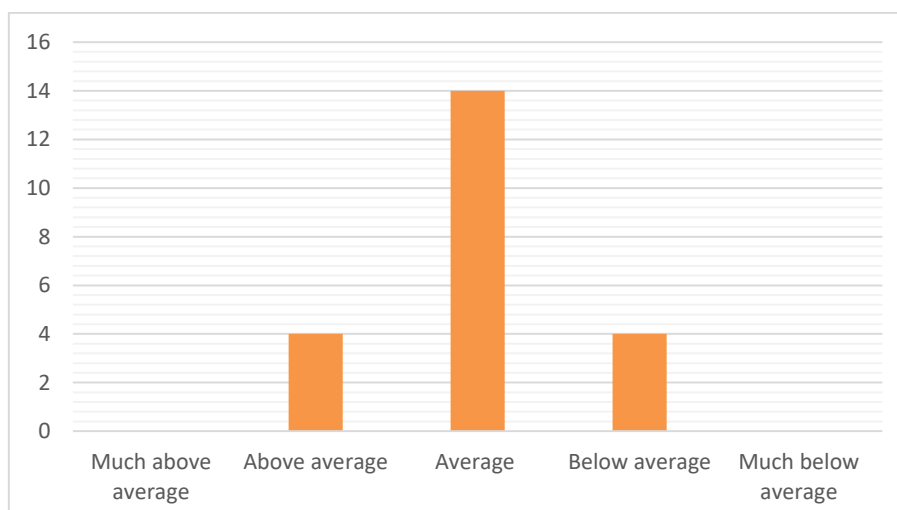
<b>Participants</b>	<b>Receive income</b>	<b>How often does the respondent receive income</b>	<b>How much does the respondent receive</b>
1	Yes	Weekly	R 500-R 1000
2	Yes	Monthly	R 2001 and above
3	Yes	Monthly	R 2001 and above
4	Yes	Weekly	R 500-R 1000
5	Yes	Weekly	R 500-R 000
6	Yes	Monthly	R 2001 and above
7	Yes	Monthly	R 2001 and above
8	Yes	Monthly	R 2001 and above
9	Yes	Monthly	R 2001 and above
10	Yes	Monthly	R 2001 and above
11	Yes	Monthly	R 2001 and above
12	Yes	Monthly	R 2001 and above
13	Yes	Monthly	R 2001 and above
14	Yes	Weekly	R 500-R 1000
15	Yes	Weekly	R 500-R 1000

16	Yes	Monthly	R 2001 and above
17	Yes	Monthly	R 2001 and above
18	Yes	Monthly	R 2001 and above
19	Yes	Monthly	R 2001 and above
20	Yes	Monthly	R 2001 and above
21	Yes	Monthly	R 2001 and above
22	Yes	Monthly	R 2001 and above

The table above depicts that, all the participants receive income from the various projects. The table also outlines that, 29% of the participants receive income on a weekly basis, whereas 71% receive payment on a monthly basis. The participants who receive income on weekly basis receive between R 500 and R 1000, which amounts to more R 2000 on a monthly basis, whereas the participants who receive income on monthly basis also receive more than R 2000. According to the Cingano, (2014), the basic measurement of economic impacts of projects is their contribution to income and the value and costs of income generated.

***b) Level of income satisfaction***

This section presents the data on the level at which the income received from the projects reduces the income poverty of the participants of the LED projects that, are being practised within the study area. This section is vital because it provides evidence of the level at which the income-generating projects contribute towards income poverty reduction.



#### Figure 4.18. The income received from the projects satisfy the participants

Figure 4.18 depicts that, 14 of the participants remain on average with the level of satisfaction of the amount of income received from the projects; 4 were above average; and 4 were below average of being satisfied. This means that, most of the participants are averagely satisfied with regard to the income received from the projects. Even though the income received from the projects varies. The findings, therefore, suggests that, the participants are satisfied, and they believe that, LED projects do contribute towards income poverty reduction.

### **4.4. DATA COLLECTED THROUGH INTERVIEWS**

#### **4.4.1 Interview results from municipal representative**

A manager in the strategic planning and management unit was interviewed as a representative of the municipality. They are responsible for developing, implementing and reviewing both the IDP and LED among other strategies/policies. From the interview, the following were noted and recorded as the findings drawn so as to make meaningful analysis in words, realities, attitudes, opinions, and themes:

- The municipality, together with the traditional council of Ba-Phalaborwa Local Municipality, partners with, monitors and provides support and resources to LED projects in the area.
- The municipality has 57 registered participants in their LED projects, excluding 2 000 participants registered on their database for community work programmes.
- Two of their five project managers have formal post-matric qualifications, whereas the other three do not, but have been provided with the necessary training to carry out their tasks.
- The project leaders are selected based on the number of years participated in the project,
- The stakeholders in the municipality's projects are the community members, traditional council, local supermarkets and SMMEs, who are the biggest stakeholders.
- The stakeholders have various roles in the projects such as decision-making, recruitment, financial assistance and provision of market.
- One challenge noted is that, the municipality does not generate income from the projects and has to supplement them from time to time.

- Some challenges also noted in the projects are:
  - Projects are not making enough money to survive;
  - There employees do not stay in the projects for too long; they always leave for better opportunities, which results in high recruitment and training costs;
  - The projects do not have access to bigger markets;
  - Most projects use old infrastructure as they cannot afford to upgrade.

#### 4.4.2. Interview results from project managers

Telephonic interviews were conducted with five project managers and their responses are depicted and summarised below:

##### LED projects start date

Project manager 1	2010	Agricultural project
Project manager 2	2017	Non-agricultural project
Project manager 3	2016	Non-agricultural project
Project manager 4	2008	Non-agricultural project
Project manager 5	2018	Non-agricultural project

##### Role as a manager in the project

Project manager 1	<ul style="list-style-type: none"> <li>• Manage water, feeds, health of the stock and the buying and selling of the stock</li> <li>• Handle the finances of the projects, work together with the municipal representative on pricing the products</li> </ul>
Project manager 2	<ul style="list-style-type: none"> <li>• Handle the HR of the project, ensure that, the project has sufficient</li> </ul>

	<p>workers, and monitor the number of days they reported for work.</p> <ul style="list-style-type: none"> <li>• Serve as mediator between the Municipality and the traditional council in matters pertaining tourism</li> </ul>
Project manager 3	<ul style="list-style-type: none"> <li>• Responsible for buying materials</li> <li>• Receive orders and deliveries thereof</li> </ul>
Project manager 4	<ul style="list-style-type: none"> <li>• Responsible for recruiting the participants and registering them in the municipal database</li> <li>• Ensure that, basic training is provided to those who need it</li> <li>• Get the required materials and monitor the use of it</li> <li>• Ensure that, the products are marketed to the local community and neighbouring communities</li> </ul>
Project manager 5	<ul style="list-style-type: none"> <li>• Responsible for the recruitment of the workers according to the schedule on the database</li> <li>• Locate them in various projects around the area according their location</li> <li>• Monitor their work schedules because they work shifts</li> <li>• Handle the workers' transportation</li> <li>• Handle the materials used</li> </ul>

### Why be involved in this project?

Project manager 1	<ul style="list-style-type: none"><li>• Part of the group that, started the project before the municipality partnered with them</li></ul>
Project manager 2	<ul style="list-style-type: none"><li>• Had a learnership with the municipality in the tourism branch and was offered this opportunity upon completion</li></ul>
Project manager 3	<ul style="list-style-type: none"><li>• Was unemployed and needed an income after being retrenched from the previous job</li></ul>
Project manager 4	<ul style="list-style-type: none"><li>• Was recruited after they saw her work of sewing and beads making</li></ul>
Project manager 5	<ul style="list-style-type: none"><li>• Needed a job after being retrenched from the mine</li></ul>

### Financial assistance received by the projects

Project manager 1	<ul style="list-style-type: none"><li>• The municipality and private businesses</li></ul>
Project manager 2	<ul style="list-style-type: none"><li>• Government (municipality, LEDET and the traditional council)</li></ul>
Project manager 3	<ul style="list-style-type: none"><li>• The start-up capital was funded by PMC (private company). The government provided a certain amount on an annual basis</li></ul>
Project manager 4	<ul style="list-style-type: none"><li>• The government and private businesses and income from the sales</li></ul>

Project manager 5	<ul style="list-style-type: none"> <li>• Government</li> </ul>
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Trainings offered to the participants in the project

Project manager 1	<ul style="list-style-type: none"> <li>• Induction programmes (showing new participants around the farm and educating them about the livestock and their schedules)</li> </ul>
Project manager 2	<ul style="list-style-type: none"> <li>• Learnership offered by the municipality through Mopani South College</li> </ul>
Project manager 3	<ul style="list-style-type: none"> <li>• No formal training was offered</li> </ul>
Project manager 4	<ul style="list-style-type: none"> <li>• Project management training to new recruits</li> </ul>
Project manager 5	<ul style="list-style-type: none"> <li>• There is no formal training provided</li> </ul>

Benefits of being in the projects

Project manager 1	<ul style="list-style-type: none"> <li>• Workers learn new skills that, they can apply at their own homes or start their own farming business and earn an income</li> </ul>
Project manager 2	<ul style="list-style-type: none"> <li>• They acquire work experience and qualifications as well as an income to sustain themselves</li> </ul>
Project manager 3	<ul style="list-style-type: none"> <li>• Having an extra income</li> </ul>
Project manager 4	<ul style="list-style-type: none"> <li>• People on the projects learn new skills, some leave the projects to open businesses</li> </ul>



Project manager 5	<ul style="list-style-type: none"> <li>The workers receive an extra income</li> </ul>
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Do the projects generate sufficient income?

Project manager 1	<ul style="list-style-type: none"> <li>The income received is not stable; it fluctuates</li> </ul>
Project manager 2	<ul style="list-style-type: none"> <li>The projects receive enough income to keep it afloat</li> </ul>
Project manager 3	<ul style="list-style-type: none"> <li>Did not make enough money; it operated at a loss. Therefore, it closed down.</li> </ul>
Project manager 4	<ul style="list-style-type: none"> <li>The income is more than enough</li> </ul>
Project manager 5	<ul style="list-style-type: none"> <li>The only income received is from government as it is an NPO</li> </ul>

Is the project still functioning and delivering its intended benefits?

Project manager 1	<ul style="list-style-type: none"> <li>The project is still operating, but is not delivering the intended benefits to a satisfactory level</li> </ul>
Project manager 2	<ul style="list-style-type: none"> <li>The project is operating, but it can do so much better if it is nurtured and grown into a profit-driven business. It can create more jobs for the community</li> </ul>
Project manager 3	<ul style="list-style-type: none"> <li>Sadly, the project closed down due to financial challenges</li> </ul>

Project manager 4	<ul style="list-style-type: none"> <li>The project is still operating very well and will be expanding soon and create new job opportunities</li> </ul>
Project manager 5	<ul style="list-style-type: none"> <li>The project is still operating, but the recruitment process should be improved, and people must be educated about the projects</li> </ul>

Recommendations from project managers

Project manager 1	<ul style="list-style-type: none"> <li>The project should expand and look into crop farming</li> </ul>
Project manager 2	<ul style="list-style-type: none"> <li>This project should be turned into a formal business and expanded; it can partner with SANPARKS too</li> </ul>
Project manager 3	<ul style="list-style-type: none"> <li>The project needs to be re-opened, but at a better location, with big and quality equipment to get enough workers in order to produce big quantities</li> </ul>
Project manager 4	<ul style="list-style-type: none"> <li>The municipality can introduce fundraising gallery shows and competitions</li> </ul>
Project manager 5	<ul style="list-style-type: none"> <li>Educate people about the projects and possible permanent positions for people who have been participating for long in these projects</li> </ul>

#### **4.4.3. Summary of the interviews**

In summation, the municipal official who is responsible for the planning and implementation of LED projects indicated that, the municipality works together with other public and private institutions within the area to strengthen LED projects and contributes towards the income poverty reduction. The interviewee further indicated that, the participants are registered within the municipal database for the purposes of additional projects that, may require the skills of the participants. The official outlined that, LED projects encounter various challenges, but the ultimate one is finances. From the interviews with the project managers, the researcher discovered that, all the projects have been operating for two years and one of the projects closed down due financial issues during the national lockdown. It was indicated that, the projects provide not only financial benefits for the participants, but also the opportunity to learn new skills, and contribute towards the reduction of income poverty at BPLM.

#### **4.5. RESEARCH DISCUSSIONS AND CONCLUSIONS**

The data shows that, only a few participants had employment other than participating in the LED projects, whereas the majority were unemployed. It can be concluded that LED projects contributed enormously towards the improvement of the participant's lives through job creation and income poverty reduction within their municipality. The LED projects chosen for this study are located within an area that is experiencing income poverty. The main challenge with income poverty is that it can be passed down from generation to generation meaning that it can be hereditary. Participants in these projects are given prospects to acquire skills sets and employment opportunities with the hope of attempting to discontinue the chain of income poverty their households. The research illustrates that majority (90%) of the projects participants are capable of meeting their basic needs ever since taking part in the LED projects. The participants outlined that the income they receive from the LED projects referred to in Table 1 serves as an addition to the income received from other sources such as grants and remittance and contributes greatly to increasing their ability to access basic needs and services as well as reducing income poverty. Merely 10% of the participants illustrated that sometimes they are unable to meet all their basic needs with the household income they receive on a monthly basis. They further mentioned that income is not enough to satisfy their needs all throughout the month and it is affecting their standard of living and of the dependents that are solemnly relying on the income from the projects for survival.

This then concludes the analysis of the results from both the questionnaire and interviews managed to answer the critical research questions of the study at BPLM. Therefore, the following presents the research summary, recommendations and the conclusions of the study.

## **CHAPTER 5**

### **FINDINGS, RECOMMENDATIONS AND CONCLUSION**

#### **5.1. INTRODUCTION**

This study sought to investigate the contribution of LED projects towards income poverty reduction. The contribution was investigated through the specific objectives that were derived from the aim. This chapter provides an overview of the preceding chapters, a summary of the findings of the research based on the analysis of the data that was collected in Chapter 4, as well as important recommendations that could be used for future research to ensure that income poverty is reduced through the contribution of LED projects. This chapter also draws a conclusion for the entire research study.

#### **5.2. OVERVIEW OF THE CHAPTERS**

This study comprises five chapters. Chapter 1 consisted of the introduction and background of the study. This chapter assisted in providing a foundation for all the chapters; among the topics that were deliberated were the statement of the problem, the research questions, the aim and objectives that directed this study, as well as brief descriptions of the study area. The research design and methodology were also outlined and key concepts were defined. Last, but not least, the significance of the study and ethical considerations were clarified.

Chapter 2 delivered a review of the literature relating to the contributions of LED projects towards income generating projects looking at the global, continental and South African context. This chapter also outlined the theoretical framework of the study referencing from previous scholars; the theory was based on the origin of LED and its legislative frameworks. In conclusion, this chapter derived themes of the study based on the objectives and main aim of the study that aimed at responding to the research questions.

Chapter 3 mainly outlined the methodology that the research decided to implement on the study. It delivered a detailed description of the research design, target population, data required, and the units of analysis used, sampling design, the description of the study area and the projects, data collection methods, as well as the analysis procedures. This chapter included the validity and reliability of the concepts used as well as the data collection process and analysis

thereof. Last, but not least, it delivered a summation of the limitations of the study and ethical considerations.

Chapter 4 presented the research findings, analysis and interpretation by the researcher. The analysis was founded on the participants of the projects, the project leaders and the municipal official who took part in this study. The data in this chapter was collected through semi-structured questionnaire from the participants and telephonic interviews with the project leaders and municipal official. This chapter presented the findings in the form of tables and figures/graphs.

Chapter 5 outlines an overview of the entire study through the preceding chapters. The chapter further outlines a summary of the findings and indicates important recommendations that can be used to achieve the aim of this study, which is to investigate the contribution of LED projects towards income poverty reduction. The recommendations are drawn from the findings in Chapter 4. Lastly, the chapter makes a conclusion of the study.

### **5.3. FINDINGS OF THE STUDY**

#### **Demographic profile of the participants**

A literature review was done to discover who is likely to participate in LED projects. The literature identified that it is most likely unemployed women who participate in these projects. Figure 4.1 to Figure 4.5 in Chapter 4 provide a visual analysis of the results and the following conclusions can be drawn: Unemployment middle-aged single women with low-educational skills and qualification are the majority of the participants in these LED projects. Women's participation in LED projects is of importance throughout developing countries. Women take part in the projects to bring additional income, which can be used to supplement whatever income that is brought by their spouses; however, in some circumstances, women involved in these projects are breadwinners of their families (Biswalo & Baartjies, 2001).

#### **To study the types and characteristics of LED projects**

A literature review was done to identify the types of LED projects that are practised globally, continentally and in South Africa. According to Rantso (2016), many people take part in rural non-agricultural projects to diversify their livelihood alternatives. According to Ellis, cited in Rantso (2016), non-agricultural projects ensure diversification of income among rural households. He further outlined that people generate income from various activities such tailoring, carpet making, carpentry and weaving. Various projects were discussed in detail in

Chapter 2. The study indicates that the types of LED projects that are in Ba-Phalaborwa Local Municipality are non-agricultural projects; only one agricultural project was identified. The researcher assumed that the reason that there are fewer agricultural projects is due to environmental and climate challenges. BPLM consist of four mines, which might have a negative impact on the environment. Pilusa (2010) outlined that Ba-Phalaborwa has a great deal of air pollution. The pollution emits from the mines and can be noticed during winter through dusty air and bad odour. Water pollution comes from the acid trenches and when it rains the water in the trenches flows into the Selati River that runs through Phalaborwa.

### **To outline the benefits and challenges of LED projects**

Literature outlined that there are various benefits and challenges experienced by LED projects as well as the participants. Nkosi, cited in Niesing *et al.* (2016), outlined that LED projects are one of the poverty alleviation programmes that empower poor people with skills to tackle their socio-economic challenges and realise their potential. The findings of this study from the interviews with the project managers indicate that participants do not only get financial benefits from the projects, but also gain new sets of skills that could assist them to open their own businesses in the future as well as enhancing social cohesion within the community.

The findings clearly outlined the challenges experienced by the projects; Figure 4.5 shows that 36% of the participants have secondary education, which can be matric or grades lower, 32% have only primary education, and 18% have no education whatsoever and the municipal official indicated that “2 of their 5 project managers have formal qualifications, whereas the other 3 do not but have been provided with the necessary training to carry out their tasks”. The above findings support Chitiga-Mabugu *et al.*, cited in Niesing *et al.* (2016), who illustrate that there are various possible challenges that lead to the failure of many LED projects, such as lack of business management skills, lack of resources and lack of skilled labour.

### **To discover the factors that influence the sustainability of LED projects**

LED projects have a positive effect on reducing income poverty and economic growth even though they hardly develop into sustainable businesses (Niesing *et al.*, 2016). Factors such as insufficient resources, poor planning, monitoring and evaluation of the projects, lack of skilled labour and limited/no access to markets lead to closure of these projects (Niesing *et al.*, 2016). The findings supported the literature where the project leader of the brick-making project indicated that the project closed down due to financial reasons and yet the income participants received from the project made a huge difference in their lives.

Niesing *et al.* (2016) outlined that most existing projects are not well designed to deal with the gap of entrepreneurial training that is required to equip participants to become active contributors to the growth of the economy. He further emphasised that the inadequacy of the design of these projects results in their lifecycle being less than ten years. This notion is further supported by the findings where Figure 4.12 clearly stipulates that 54% of the participants did not receive any form of training since joining the projects.

### **To identify the causes and effects of income poverty**

Unemployment, low income and lack of skills are seen as the most alarming causes of income poverty in the majority of developing countries globally (Maloka, 2013). Fakude, cited in Makhomisani (2016), indicates that 40% of the population are unemployed and depend on social grants as well as the informal sector to survive. The findings from the study support the notion of the literature where Figure 4.5 clearly indicates that most of the participants in the LED projects have low or zero educational levels. Figure 4.14 shows that a high number of the participants are unemployed, and Figure 4.15 clearly stipulates that the participants depend on social grants and remittance for survival.

## **5.4 RECOMMENDATIONS THAT CAN BE USED TO ENSURE THAT LED PROJECTS CONTRIBUTE TOWARDS INCOME POVERTY REDUCTION**

The following specific recommendations among others should be considered in the efforts to sustain LED projects as a measure to reduce income poverty for rural communities.

### **Demographic profile of the participants**

The municipality should consider recruiting the youth with professional skills and let them come up with innovative projects that can excite them. If the youth are actively engaged in these projects, they can take on ownership and expand as well as becoming lifelong contributors to the growth of the local economy and reduction of income poverty.

### **To study the types and characteristics of LED projects**

The researcher recommends that the municipality should look more into projects that will interest the youth and projects that are related to technology and innovation. The identified LED projects should be provided with more resources to ensure effective implementation. The municipality should find ways of increasing the budget for LED project purposes only, and this can be achieved by strengthening partnership with private sectors and international donors to



get more funds. BPLM should prioritise LED projects as core functions of the municipality in order for them to be effective and efficient.

### **To outline the benefits and challenges of LED projects**

Project members and managers should be empowered with both the technical and business skills to identify and establish their needs, which would enable project members to plan, budget and implement activities of the project according to the planned activities. BPLM must prioritise providing critical skills such as financial management, business management, and project management to the participants through training. This will enable the participants to be self-reliant and most importantly it will assist in expanding and sustaining the projects. The training provided to the participants should be on an on-going basis on all the stages of the projects.

### **To discover the factors that influence the sustainability of LED projects**

Project members should be involved in setting goals, formulation and designing of implementation strategies for the proposed project activities, so that all project members are involved in initiating the work of the project as well as assessing the on-going progress. The project management and project participants should monitor the work and provide progress in the management activities of the project. Government officials should be more involved in the projects; they should plan together with the project members on the activities and implementation of the project.

LED project beneficiaries should do some horizontal learning visiting and learning from other successful LED projects, in neighboring municipalities or other municipalities in the province. The project participants must be motivated in the form of incentives, promotions and training so that they can develop a sense of ownership over the projects and go an extra mile to ensure that the projects succeed. A sense of ownership will allow them to take initiatives from the initiation stage.

On the basis of the findings of the study, the researcher wishes to recommend that:

Future research should involve the community development practitioners who are initiators of the projects to test the validity of these findings. Funders of LED projects should also form part the future research study.

## 5.5. CONCLUSION

The purpose of this study was to investigate the contribution of LED projects towards income poverty reduction; looking at the fact that South Africa is still recovering from the past injustices of the apartheid regime. The apartheid regime resulted in the inequitable distribution of resources, social change, migration patterns, growing subculture of violence and changes in the traditional roles of women and men, it had negative effects on social life and economical life, and all these factors resulted in poverty, especially income poverty.

Kine (2013) indicates that “Post-1994, the South African government developed a neo-liberal macro-economic agenda that seeks market-driven economic expansion and growth, facilitating market expansion, with local government having a key role to play in stimulating economic development through investment in infrastructure to crowd in private investment and boost short-term economic performance”. With the agenda in place and supporting policies to redistribute economic resources and reduce income poverty, many people are still trapped in unemployment, low income and poor skills. The challenge that is facing the current government is corruption, which costs taxpayers millions, which could have been used to address both social and economic challenges.

The study formulated specific working objectives to operationalise the main purpose of conducting it, which are, to study the types and characteristics of LED projects, to outline the benefits and challenges of LED projects, to discover the factors that influence the sustainability of LED projects, to identify the causes and effects of income poverty, and to recommend approaches that can be used to ensure that LED projects contribute towards income poverty reduction. From the findings, we can draw the conclusion that LED projects do contribute towards income poverty reduction to a certain (minimal) level. The main challenge faced by these projects is the sustainability thereof or their life, as well as their scale and growth. The question is whether they going to grow and start operating like a fully operational business and bring income without the government having to subsidise them? These projects need to be operated like businesses and there should be partnerships formulated with other stakeholders such as private business, NGOs and donors.

There were numerous research studies conducted in South Africa regarding LED projects, which presented vital information with regard to their contribution towards income poverty and their sustainability as well as suggestions to improve these projects. Irrespective of these studies and recommendations, it is still not clear whether they are taken seriously and have

been implemented. It was clear that participants involved in these projects are anticipating changes or improvements within their projects, and hopefully this study can serve as a new direction for future research.

In light of the above, it is hoped that the recommendations made will be food for thought for future researchers and policymakers. It is hoped that Ba-Phalaborwa Local Municipality implements the above-mentioned recommendations, so that the LED projects can be effective and efficient in contributing towards reducing income poverty within the local area. IDPs should become more than just instruments of democracy but should now become vehicles of delivery.

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**Appendix A**

**CONSENT TO PARTICIPATE IN THIS STUDY**

I confirm that the person asking my consent to take part in this research has told me about the nature, procedure, potential benefits and anticipated inconvenience of participation.

I have read (or had explained to me) and understood the study as explained in the information sheet.

I have had sufficient opportunity to ask questions and am prepared to participate in the study.

I understand that my participation is voluntary and that I am free to withdraw at any time without penalty (if applicable).

I am aware that the findings of this study will be processed into a research report, journal publications and/or conference proceedings, but that my participation will be kept confidential unless otherwise specified.

I agree to the recording of the .....

I have received a signed copy of the informed consent agreement.

Participant name & surname.....

Participant signature.....Date.....

Researcher's name & surname.....

Researcher's signature.....Date.....



Households Survey Questionnaire for Ba-Phalaborwa Local Municipality-2020

The questionnaire is designed to survey households for the research project, titled:

**The contribution of Local Economic Development projects towards income poverty reduction: A case Study of Ba-Phalaborwa Local Municipality, Limpopo Province**

This research project is registered with the Department of Development Studies, University of South Africa

Please assist by providing information required in this questionnaire. The questionnaire is designed to collect information on the opinions of the people.

Your identity is guaranteed to be protected

## **Appendix B: Questionnaire for participants**

### **INSTRUCTIONS**

Please use a pencil or black pen to mark your responses by placing a cross (X) in the appropriate column, or by writing down the information, wherever required.

#### **Household survey questionnaire**

##### **Section A: Demographic profile**

<b>1. What is the gender of the respondent?</b>	
(a) Male	
(b) Female	

<b>2. What is the age group of the respondent?</b>	
(a) Below 18	
(b) 18-35	
(c) 35-50	
(d) Over 50	

<b>3. What is the marital status of the respondent?</b>	
(a) Single	
(b) Married	
(c) Divorced	
(e) Widow	

<b>4. What is the race of the respondent?</b>	
(a) Black	
(b) Coloured	
(c) White	
(d) Indian/Asian	

<b>5. What is the ethnic group of the respondent?</b>	
(a) Sepedi	
(b) English	
(c) Xitsonga	
(e) Other	

<b>6. What is the highest education level that has been completed by the respondent?</b>	
(a) No education	
(b) Primary school	
(c) Secondary school	
(d) Tertiary education	

<b>7. How many members of the household are employed, excluding the respondent?</b>	
(a) 0	
(b) Parents	
(c) Children	
(d) Spouse	
(e) Others, please specify	

**Section B: What are the benefits and challenges of LED projects?**

<b>1. What kind of training did the respondent receive?</b>	
(a) Leadership skills	
(b) Financial skills	
(c) Communication skills	
(d) Fundraising skills	
(e) Skills training(sewing/brick laying)	
(f) None of the above	
(g) Others, please specify	

<b>2. How did the standard of living of the people improve within the household after joining the project(s)?</b>	
(a) Inadequate	
(b) Less adequate	
(c) Moderate	
(d) Adequate	
(e) Very adequate	

**Section C: Causes and measures of income poverty**

<b>1. What are the sources of income in the household excluding the projects?</b>	
(a) Grants	
(b) Remittance	
(c) Salary	
(d) Wage	
(e) All of the above	
(f) Other, please specify	

<b>2. What is the household's total monthly income?</b>	
(a) Less than R400	
(b) R401-R600	
(c) R601-R800	
(d) R801-R1 000	
(e) R1 001 and above	

**3. How many people (excluding the respondent him-/herself) are financially dependent on the income?**

(a) 0(only the dependent)	
(b) 1-3	
(c) 4-7	
(d) 7-10	
(e) More than 10	

**4. Is the income received in the household sufficient to purchase basic needs of the respondent?**

(a) Strongly agree	
(b) Agree	
(c) Undecided	
(d) Disagree	
(e) Strongly disagree	

**5. What does the respondent think are the causes of income poverty?**

(a) Unemployment	
(b) Low income	
(c) Poor business opportunities	
(d) No access to the market	
(e) All of the above	
(f) Others, please specify	

**SECTION F: The contributions of income-generating projects towards income poverty reduction**

**1. Does the respondent receive income from the project?**

(a) Yes	
(b) No	

**2. If yes, how often does the respondent receive the income?**

(a) Everyday	
(b) Every week	
(c) Monthly	
(d) Others, please specify	

**3. How much do you earn on average per month/per week/per day?**

(a) Less than R400	
(b) R401-R800	
(c) R801-R1 000	
(d) R1 001-R 1200	
(e) More than R1 201	
(f) More than R400	





## **Appendix C**

### **Interview questions for municipal representative**

#### **1. Generic questions**

- (a) What position do you hold in the municipality?
- (b) How does the municipality understand its mandate regarding growing the economy of Ba-Phalaborwa Local Municipality through local economic development?
- (c) What is the role of the municipality in the local economic development projects?
- (d) Do you have partnerships with other institutions be it public or private with regard to LED projects? If yes, please name them.

#### **2. Strategic questions**

- (a) How many participants are employed by the projects?
- (b) What professional skills (work experience) do the project leaders possess?
- (c) Who are the stakeholders of the projects?
- (d) What are the roles of the stakeholders in the project?
- (e) Does the municipality generate income from the projects?
- (f) What are the problems that are encountered by the projects?

#### **3. Recommendations**

- (a) What do you suggest should the municipality do to ensure that the LED projects contribute towards income poverty reduction?
- (b) Lastly, do you have any questions for me relating to the interview?

**Thank you for your time and participation!!**

## **Appendix D**

### **Interview questions for project manager**

#### **1. Generic questions**

- (a) What is your role as a manager of the project?
- (b) In which year did the projects start?
- (c) Why did you choose to be involved in this project?
- (d) Where does the projects get financial support from?
- (e) What kind of trainings are offered to the participants in the project?
- (f) What are the benefits from the projects?

#### **2. Recommendations**

What can you recommend to ensure that the project grows and contributes towards the reduction of income poverty?

Lastly, do you have any questions for me relating to the interview?

**Thank you for your time and participation!!**