Local Economic Development and Urban Poverty Alleviation: The Experience of Post-Apartheid South Africa

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ABSTRACT

Urban poverty is a policy issue of growing significance in post-apartheid South Africa. In terms of the new Constitution the developmental role of local governments is given considerable attention. Against a background analysis of the best practice of local anti-poverty strategies in the developing world, this paper reviews the experience of eight case studies of local economic development (LED) initiatives. The case studies review a cluster of research findings from South African metropolitan areas (Midrand, Port Elizabeth, inner-city Durban, Khayelitsha and Winterveld) followed by issues from secondary cities (Nelspruit, Harrismith) and small towns (Stutterheim). A key conclusion from the experience of post-apartheid South Africa is that LED practitioners are currently struggling to find means to integrate their LED initiatives with the task of poverty alleviation. © 1999 Elsevier Science Ltd. All rights reserved.

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INTRODUCTION

Over the past decade, local economic development (LED) has assumed major importance as a policy issue in many developed countries of Europe, North America and Australasia (Harvey, 1989; Leitner, 1990; Syrett, 1995; Clarke and Gaile, 1998). Increasingly, the potential for LED is acknowledged as a critical sphere for policy development in the developing world, not least in South Africa (Rogerson, 1995, 1997). In several policy documents and statements, considerable significance is attached by national government to the role of LED in contributing towards reaching the objectives of reconstruction and development in post-apartheid South Africa (see South Africa, 1997a, b, c). In particular, the White Paper on Local Government emphasizes the vital need to foster a culture of developmental local government in South Africa, including the promotion of local economic...
development (South Africa, 1998). The White Paper advocates a paradigm shift for local government in South Africa in order to ensure that it serves all the country’s citizens as opposed to a small privileged minority (Cashdan, 1998; Pieterse, 1998a).

International experience suggests that LED is a slippery concept and one which is sometimes difficult to precisely define (Syrett, 1995; D’Arcy and Guissani, 1996). Likewise, in South Africa LED has been interpreted in different ways resulting often in a considerable degree of policy confusion (Rogerson, 1997; South Africa, 1997c; Cashdan, 1998). Nevertheless, there is an emerging consensus that, among its core elements, LED would include sets of initiatives designed both to promote growing local economies as well as to address poverty alleviation. The White Paper makes clear that whilst local government in South Africa is not directly responsible for job creation, none the less it can play an important role in promoting job creation, boosting the local economy and alleviating poverty (South Africa, 1998). The aim in this article is to examine the specific role of local economic development initiatives for urban poverty alleviation in South Africa.

Recent research highlights that urban poverty is a policy issue of growing significance in post-apartheid South Africa (May, 1998; Rogerson, 1998a). The findings of a major national investigation conducted into poverty and inequality in post-apartheid South Africa show that the most of the poor, as measured in money terms (defined as households who expend less than R 352,53 per adult equivalent [1 US $ = R 6.10]), are located in rural areas of South Africa (May, 1998, p. 27). Nevertheless, with the march of urbanization and the collapse of discriminatory controls on access to South African cities, a rapidly increasing share of the poor are situated in urban rather than rural areas of the country (Rogerson, 1998a). Although the poverty rate (the percentage of households classified as poor) for all South African urban households is 24.4%, the current extent of urban poverty varies markedly across different types of urban settlement (Rogerson, 1998a). In absolute terms the greatest burden of poverty occurs in the shackland or informal settlements of South Africa’s major metropolitan areas (Rogerson, 1998a). In relative terms, however, it is evident that poverty rates are severest in South Africa’s small towns and secondary cities.

Addressing the challenge of urban poverty in South Africa will demand the mainstreaming of policy interventions at all three tiers of government, viz., national, provincial and local (cf. Wekwete, 1998). The essential goal in this investigation, however, is to concentrate on issues of local level interventions for urban poverty alleviation in South Africa. At the heart of the research was a series of detailed case studies commissioned by the South African Department of Constitutional Development of how various municipalities presently (1998) are coping with the interlinked issues of LED and poverty alleviation. The key findings from these case studies are presented here against a background review of international debates and experiences of attempts to link LED or municipal intervention with anti-poverty strategies in urban areas. More specifically, this discussion focusses on the relevance of developing countries’ experience of municipal initiatives for poverty alleviation in terms of ‘informing’ or providing pointers for LED planning in post-apartheid South Africa.

POVERTY ALLEVIATION AT MUNICIPAL LEVEL: INTERNAIONAL DEBATES

In this section a policy framework is presented for addressing poverty in terms of the concepts of the assets of the poor and vulnerability to poverty. Second, the major directions in local level initiatives for poverty alleviation in the developing world are analysed.
The asset vulnerability framework

The asset vulnerability framework provides a useful conceptual base for approaching an understanding of anti-poverty policy formulation (Moser, 1998). International research highlights that poverty is not always a static condition among individuals, households or communities (Moser, 1996). Instead, it is recognized that while some individuals or households are permanently poor, others become impoverished, as a result of general life-cycle changes, specific events such as the illness of a main income earner, or a deterioration in external economic conditions (Rakodi, 1995). Accordingly, because individuals and households are moving into and out of poverty, researchers suggest the adoption of the dynamic concept of vulnerability in order to understand these processes of change (Rakodi, 1995; Moser, 1996, 1998; May, 1998). Vulnerability is closely linked to asset ownership. It is appreciated that vulnerability to poverty is countered by the asset bases of the poor and by the management of their complex asset portfolios, particularly in times of crises (Moser, 1996, 1998).

The definition of the asset base of the poor has been much disputed (Moser, 1998). Nevertheless, at least four broad categories of assets have been identified: human capital (such as labour, education, health), social and institutional assets (household relations, trust, access to decision-making), natural resources (land, water, common property), and, human made assets (housing, productive infrastructure, social infrastructure) (May, 1998, pp. 7–8). Overall, the more assets that individuals, households and communities have or secure access to, and the better these assets are managed, the less vulnerable they are; the greater the erosion of their asset base the greater their insecurity, and associated poverty (Moser, 1998).

From the perspective of this asset vulnerability framework, therefore, poverty is characterized by not only a lack of assets and the poor's inability to accumulate an asset portfolio but also by an inability to devise an appropriate coping or management strategy (Rakodi, 1995; Moser, 1996). The key issues in anti-poverty strategies are therefore to build up the asset base of the poor and to expand better their capabilities to manage their existing package or portfolio of assets (Moser, 1998). This asset vulnerability framework for dealing with poverty provides a conceptual base for understanding and applies equally at all levels of policy analysis from that of national government down to the operations of local government.

Local level approaches

Although it must be acknowledged that the planning of coherent local economic development strategies is not generally well-advanced across the developing world (Rogerson, 1995), there have been a number of significant municipal or level government initiatives towards poverty alleviation (Stren and Gombay, 1994; Vanderschueren et al., 1996). The importance of these municipal approaches to poverty alleviation must be understood against the background of the two conventional policy directions of poverty alleviation programmes: policies that emphasize poverty alleviation through macro-economic growth and approaches that centre upon specific community level programmes that are targeted at the poor (Wegelin and Borgman, 1995; Wegelin, 1996). Broadly speaking, municipal interventions towards poverty alleviation are seen as functioning at a meso-scale of analysis. Poverty reduction measures operating at the municipal level are targeted to strengthen and complement (rather than replace) those other poverty strategies which are implemented at macro- (national government) and micro-levels (community approaches promoted by NGOs or CBOs) (Vanderschueren et al., 1996, p. 4).

The potential significance of meso-scale anti-poverty approaches is based upon, inter alia, municipal level responsibilities for the provision and coordination of
local services, for the facilitation of community poverty initiatives, for the issuance of building permits, and for local licensing of commercial and transport activities (Wegelin, 1996). It is argued that municipalities are strategically well placed to undertake local long-term planning in the area of poverty alleviation in association with the private sector, NGOs and CBOs. Moreover, it is a function of local governments to generate and manage local projects whose aim is to address inequalities between citizens as they are the key authority to mediate the public good. Overall, across the record of experience in the developing world towards poverty alleviation measures by local government, five broad intervention areas are identified (Stren and Gombay, 1994; Wegelin and Borgman, 1995; Vanderschueren et al., 1996; Wegelin, 1996; Anzorena et al., 1998). These areas of municipal policy intervention relate to:

- regulatory frameworks,
- access to municipal services,
- employment creation,
- security and protection from crime and natural disasters,
- coordination and integration.

Before presenting the key themes in each of these separate areas of municipal action, it must be stressed that these intervention areas have many degrees of interconnections and should be considered as part of an integrated policy framework at the municipal level. Indeed, Stren and Gombay (1994, p. 15) argue that, whilst overlaps exist between these different areas and that none can be dealt with independently of others, “a medium- to long-term strategy which approaches these areas holistically may succeed in alleviating some of the more pernicious manifestations of urban poverty”.

Regulatory frameworks. In the developing world the question of regulatory reform is of central importance for municipal anti-poverty programming. It is recognized that the regulatory framework that shapes the lives of the poor is established by both central and local governments and is designed to apply nationally and locally. Essentially, the regulatory framework sets the parameters for development in general but more specifically for the municipal environment. The regulatory framework comprises a wide sweep of laws, including local government laws, ordinances, legislation and regulations related to town planning, public health, building and land development (Vanderschueren et al., 1996).

Across the developing world experience, a key finding is that existing regulatory frameworks tend to reflect a colonial legacy of administration and tend to stifle rather than promote development. Often the rules and regulations prescribe high social and physical infrastructure standards which cannot be implemented and enforced city-wide as a result of resource constraints. For the majority of the poor, this array of legislation, rules and regulations is neither functional nor beneficial and, in many instances, becomes a framework for harassment of the poor. Accordingly, the international record points to the need for regulatory reform in virtually all sectoral areas of municipal responsibilities that impact upon the poor. In most cases the required trajectory of regulatory reform is towards less prescription and proscription, and instead toward more flexibility and simplicity as well as increased transparency in matters of enforcement (Wegelin and Borgman, 1995). Three specific policy areas where regulatory reform can assist in strengthening the asset base of the poor relate to improving land management, shelter and urban agriculture.

Lack of access to land is a major blockage which prevents the poor from meaningful participation in the urban economy (Moser, 1996). In many developing world countries, however, access to land is highly constrained by a mixture of
antiquated land legislation, a confusing and expensive institutional framework, unnecessarily costly land registration procedures, and high standards associated with land development (McAuslan and Farvacque, 1991). Indeed, as a result of bureaucratic controls, the land market is often distorted and dysfunctional which impedes access to land for the poor. Even where certain land is specifically targeted for the poor, more affluent groups often exert an influence and “hijack” the policy process in order to develop land for commercial gains (Vanderschueren et al., 1996). Improved land management procedures, therefore, can be an important step in providing an “enabling framework” for poverty alleviation (Stren and Gombay, 1994, p. 19). Indeed, Vanderschueren et al. (1996, p. 16) assert that a first “prerequisite for urban poverty reduction interventions is to make the land market work efficiently and effectively”. Achievement of this goal will demand the removal of, or minimization of, the legal and administrative rules and regulations that are imposed by both central and local governments (Wegelin and Borgman, 1995). More specifically, it requires regularization of land tenure and the simplification of registration processes, particularly to improve access of the poor to serviced land and finance.

Improving land management is only one component in enhancing the poor’s access to improved shelter. Housing is a critical element in the survival strategy of the poor, providing them with socio-economic stability as well as a source of asset creation and savings. Moreover, in urban areas, housing is an important productive asset that can cushion households against severe poverty, providing an access point to the urban economy, particularly through the establishment of home-based enterprises (Moser, 1996, 1998).

Although many of the intervention points for enhancing access of the poor to improved housing are at central rather than local government level, it has been argued that local government has an important supportive role to play through several defined action areas (Zaaijer and Sara, 1993; Wegelin and Borgman, 1995). First, municipalities could cooperate with central government agencies to prepare a local housing sector programme in which low-income housing demand and supply are viewed as part of aggregate housing demand and supply. Second, municipalities together with national government, may modify appropriately the regulatory framework that affects land supply, and building or planning regulations. Third, municipalities can play a catalytic and facilitative role in assisting in enhancing the poor’s access to housing finance. Fourth, in the provision of basic infrastructure and services, local governments can encourage the use of community resources and, in poor neighbourhoods, of their labour. Lastly, it is necessary that efforts be made to expand housing delivery in the form of rental housing as well as home ownership. In this regard, municipal governments must review policies which discriminate against rental housing stock within urban land markets in order to ensure that the urban poor have access to affordable housing (Stren and Gombay, 1994, p. 21).

In addition to the housing sector, the performance and prospects for urban agriculture is inseparable from those of improved land management. Over the last decade, a mounting body of literature confirms the role of urban agriculture as an important survival strategy for the poor, in terms of augmenting household incomes and nutrition (Freeman, 1991; Rogerson, 1992; UNDP, 1996). It has been argued that municipal actions to promote rather than discourage the activity of urban agriculture can be undertaken at relatively little cost and that incorporation of urban agriculture into urban land use management planning can be an important anti-poverty initiative (Smit and Nasr, 1992; May and Rogerson, 1995; UNDP, 1996).

Access to municipal services. A major step forward towards expanding the asset base of the urban poor is to enhance their limited access to the full range of
municipal services, which would generally include water supply, sanitation, refuse removal, drainage, flood protection, local roads, public transport, street lighting and traffic management. The limited access of the poor to such services is often aggravated by a tendency for design and service standards to be unaffordable or not planned to allow for incremental upgrading as poor communities improve and expand their willingness to pay for services.

In terms of anti-poverty strategies, different issues clearly emerge in relation to different types of municipal service. In terms of water, the tendency is that relative to higher income groups, the poor have lower levels of access, poorer quality of water delivery and often pay higher unit charges for water because of the costs of informal water vendors. In rectifying this imbalance in access to water, a key issue relates to water pricing and the design of tariff structures to ensure equity (Goldblatt, 1997a, b). Another important area for intervention concerns the involvement of communities in the planning and maintenance of water distribution systems in order that supplies be better targeted to the needs and demands of the community (Goldblatt, 1997b; Anzorena et al., 1998).

The issues of sanitation and solid waste management again surround imbalances in quality and quantity of services. In sanitation, the constraints on public provision of services are largely a mixture of financial and institutional inability to adequately operate and maintain existing systems into low-income areas. Beyond issues of pricing and cross-subsidization, the major poverty thrust is to shift away generally from a supply-side approach to delivery and instead adopt a more demand-driven approach with less government involvement and community-based solutions (Stren and Gombay, 1994, p. 28). In terms of solid waste management, the guidelines for anti-poverty planning are clearer. Improved solid waste management can be effected by re-designing waste collection systems to incorporate and recognize the positive role that can be played by the large networks of informal waste recyclers, garbage pickers and scavengers. In several cities of the developing world-Bandung, Indonesia, Cali and Bogota, Colombia, or Kampala, Uganda-municipal action has resulted in recycling initiatives and solid waste collection programmes that have incorporated the activities of the informal economy of waste collection (Poerbo, 1991; Pacheco, 1992; Bartie, 1996; Guerrero, 1996). In several Asian cities, emphasis is upon innovative community-based waste management programmes, involving the informal economy (Furedy, 1992).

In the transport sector, the availability of transport has an important impact on access to employment opportunities. For the poor, the key issues are again those of access of transport and costs. In developing a pro-poor transport programme various suggestions for municipal action have emanated from the best practice experience of the developing world, inter alia, promoting appropriate measures to ensure proper service and regulate routes through a well-thought system of transport licensing, facilitating the development and monitoring of effective informal transport systems, and offering support, whenever possible, to non-motorized forms of transport, including developing greater knowledge about the potential for bicycles to be a part of a long-term urban transport solution (Rabinovitch, 1992; Wegelin and Borgman, 1995; Vanderschueren et al., 1996; Gbezo, 1999).

Finally, there are several possible options for municipal intervention to address inequalities in the spheres of primary health care, education and vocational training which would greatly strengthen the poor’s human capital and hence long-term labour productivity and incomes (Moser, 1996, 1998). The international experience underscores the need for municipalities to expand access to primary health care in low-income areas by integrating its provision with that of other infrastructure that impacts upon human health (such as water supply, sanitation, solid waste disposal, improved roads, drainage). In addition, because access to primary health care is again often constrained by a conflict between provision standards and financial constraints, it is argued that “standards should be modest, with strong emphasis on
preventive measures, including information campaigns in conjunction with the provision of sanitation services (Wegelin and Borgman, 1995, p. 145). The anti-poverty measures suggested in respect of primary education and vocational training, to some extent, parallel those regarding health (Stren and Gombay, 1994; Vanderschueren et al., 1996). It is argued that municipal investment in education should focus on primary schools and the quality of teachers, equipment and environment. Such investments should be integrated with the provision of other services, such as health care and infrastructure upgrading. In addition, local governments can play an important coordinating role in supporting NGO activities in education and training. Moreover, in the sphere of vocational training, municipalities can increase access of the poor to resources and appropriate equipment through cooperation with the private sector (Stren and Gombay, 1994; Vanderschueren et al., 1996).

**Employment creation.** For the poor, their greatest asset is their capacity for labour (Moser, 1996, 1998). Accordingly, municipal actions towards employment creation can represent important options for poverty alleviation. Indeed, it is stressed that “employment generation as the means for alleviating urban poverty has historically been one of the major strategies for alleviating poverty in the developing world” (Stren and Gombay, 1994, p. 16). A range of local government interventions in the developing world experience have facilitated job creation and assistance to poor communities. The key area for policy consideration relates to the activities of the survivalist informal economy, including a range of home-based enterprises, and of micro-enterprise activities (Rogerson, 1999).

In the developing world context, Stren and Gombay (1994, p. 40) stress that the “research literature scarcely touches on either the actual or potential role” of municipalities in regard to sustainable informal and micro-enterprise activities. The existing support or policy interventions can be both direct and indirect (Dawson and Jeans, 1997). Direct support can include measures to improve the built environment for such activities, including the facilitation of small business hives, incubators or nurseries, or making available premises for use as local business information, support or advice centres. The provision of formal markets can be another important poverty-reducing strategy in many developing world contexts. In addition, examples exist of municipalities affording direct support for the start-up of micro-enterprise through resourcing of and assistance to business support agencies (Vanderschueren et al., 1996; Rogerson, 1999). From the Latin American experience, successful examples exist of catalytic impacts upon job creation which were made by municipal involvement in the working of Social Investment Funds (Stren and Gombay, 1994, p. 36). An important direct means of support for job creation is through the means of public procurement programmes which have been utilized very positively to target and assist labour-intensive forms of production with major employment creation spin offs (Tendler and Amorim, 1996).

Finally, in terms of indirect support for job creation, there are many examples of local governments in the developing world providing a more facilitative environment for the functioning of both survivalist and growing micro-enterprises (Stren and Gombay, 1994; Rogerson, 1999). Forms of policy intervention range from the development of a local information base, zoning changes, marketing support and promotion, facilitation of periodic markets, and, assistance for development of appropriate vocational training. Further, given the market constraints that limit the expansion of many growing enterprise, municipal intervention to facilitate or support programmes for extending business linkages between formal enterprise and growing micro-enterprise are another critical sphere for policy intervention towards job creation (Grierson and Mead, 1994, 1995). Another similar kind of intervention is the establishment of local technology centres or the promotion of
access to existing technology centres that allow micro-entrepreneurs to enhance their technologies, to innovate new products or to enhance product qualities (Dawson and Jeans, 1997).

The experience of the successful industrial clusters across the developing world points to the critically important role that local governments may assume in employment creation (Advani, 1997; Nadvi and Schmitz, 1997; Schmitz, 1998; Rogerson, 1999). Support for the enrichment of these clusters has involved the development of a variety of support structures and of specialised and sectorally focussed types of intervention which have been assisted by the activities of proactive local governments (Schmitz, 1995). A key theme is support for the nurturing of patterns of networking and inter-firm cooperation among local enterprise and the strengthening of the collective efficiency of small firm clusters (Nadvi and Schmitz, 1997; Schmitz, 1997, 1998). Despite the prominence that is accorded to these success-stories in local government intervention for job creation in the developing world, the weakness and lack of capacity of local governments is a critical gap for maximizing entrepreneurship and the prospects of job creation in the informal and micro-enterprise economy, particularly in urban Africa (Mccormick, 1997; Rogerson, 1999).

Security and protection from crime and natural disasters. The asset base of the poor may be eroded dramatically by the negative consequences of crime, violence or by the impact of disasters such as floods or environmental hazards (Moser, 1996; Moser and Holland, 1997). Security and protection for the poor are, therefore, critical dimensions of all survival strategies, particularly in what are generally hostile urban settings (Stren and Gombay, 1994). Security relates to both individuals and their property, while protection is interpreted more broadly to encompass protection from environmental disasters such as floods, fires or pollution. A key theme in the developing world is violence against women and children, particularly in the marginal areas of cities (Moser, 1996; Moser and Holland, 1997).

Improving the access of the poor to the judicial system and to the services of the police forces is therefore acknowledged as an element in anti-poverty strategies that can be impacted at the municipal level (Wegelin and Borgman, 1995; Wegelin, 1996). Examples of best practice municipal interventions concerning improving the poor’s security and access to justice are found in the experience of municipal programmes in Latin America. Emphasis is upon multiple interventions and action areas to address violence, including law enforcement, education for peace and projects in social development (including micro-enterprise development) (Stren and Gombay, 1994; Guerrero, 1996). In addition, successful municipalities are those which have involved the community more directly in policing and judicial matters as well as furnishing a more productive environment in which people can live (Wegelin and Borgman, 1995).

The poor often are the group most vulnerable to environmental degradation (Hardoy et al., 1992). They live on the most marginal land often in overcrowded conditions. Lack of access to sewage, sanitation or waste disposal can have a deleterious upon on the poor, who can least afford to bear these costs. The poor are also those most at risk in cases of major flooding, fires, earthquakes or other hazards (Hardoy et al., 1992). Protection of the poor from environmental degradation is thus a key element in anti-poverty strategies at the local level. The most important step is for municipalities to become more aware of environmental risk and its incidence among different groups in the population and to prepare contingency programmes for emergency relief and measures for disaster prevention (Stren and Gombay, 1994; South Africa, 1999).

Coordination and integration. The last core activity for municipal intervention towards local poverty alleviation relates to issues of monitoring and coordination
of development actions taking place within local government jurisdictions (Wegelin, 1996). It is stressed that effective actions by municipalities to address urban poverty necessitate not only a good knowledge of the state and incidence of poverty within their jurisdictions but also a need to monitor and integrate the activities of both NGOs and private sector organizations. Stren and Gombay (1994) admit that few municipalities in the developing world currently have the capacity to undertake such a monitoring role. Nevertheless, the need to develop local knowledge bases and local poverty profiles or assessments is seen as critical for the establishment of local poverty monitoring systems (Vanderschueren et al., 1996; Wegelin, 1996).

LED AND URBAN POVERTY: SOUTH AFRICAN CASE STUDIES

In this section, the key findings are presented of several case studies that were specially prepared on local government initiatives and urban poverty alleviation in South Africa (Abrahams, 1998; Bond, 1998; Bond and Mncwabeni, 1998; Bukula and Memani, 1998; Dynatyi and Frater, 1998; Khosa and Naidoo, 1998; Maralack, 1998; Mncwabeni and Bond, 1998; Simone, 1998). The major themes in each of these case studies are summarized below. Overall, the geographical range of studies includes examples which are drawn from South Africa’s metropolitan areas, secondary cities and small towns (see Fig. 1). In addition, the scope of coverage of the cases encompasses material that is drawn from the experience of urban poverty alleviation in seven of South Africa’s nine provinces (only Northern and Northern

![Fig. 1. Location of South African LED case studies.](image-url)
Cape provinces are omitted). Lastly, the range of studies captures and spans a variety of local economic circumstances from situations of healthy growth to economic stagnation. The presentation of these studies is organized in terms of a descending hierarchy which begins with a cluster of research findings from South African metropolitan areas (Midrand, Port Elizabeth, inner-city Durban, Khayelitsha and Winterveld) followed by issues from secondary cities (Nelspruit, Harrismith) and small towns (Stutterheim).

In essence the eight case studies provide detail on different facets of poverty alleviation and LED in post-apartheid South Africa. The ‘local’ nature of each of the studies demands that the specificity of each case be presented separately. In broad outline the studies refract different themes that thread through the national experience of poverty alleviation in the urban setting (see May, 1998; Rogerson, 1998a). The first study of Midrand is of the record of poverty alleviation through LED initiatives in one of South Africa’s most economically successful and prosperous municipalities (Hodge, 1998). In Port Elizabeth, the second case study, a top-down LED initiative is a focus of contestation with proposals for an alternative bottom-up LED strategy. At the heart of the conflict over LED approaches is the implementation of proposals for a major new port development as part of the national government’s programme of Spatial Development Initiatives (Jourdan, 1998; Rogerson, 1998b). The third study is centred on an urban renewal initiative in the coastal city of Durban and deals with the implementation of measures to address the needs of informal street traders, who form one of the largest category of people operating on the margins of survival in South African cities (May, 1998; Rogerson, 1998a). The fourth study shifts attention to Khayelitsha in metropolitan Cape Town, a city which has recognised that one element of becoming a globally competitive city is the imperative to address urban poverty (Wolpe, 1999). The study in Khayelitsha teases out the relative strength of civil society-based organizations in LED as compared to the ineffectiveness of local government. The weakness of local government as development facilitator is once again an important theme that runs through the fifth case of Winterveld, a large informal settlement area near Pretoria. This study highlights the issues of dealing with urban poverty in areas of informal settlement, which are core areas of poverty within South African urban areas as a whole (see Rogerson, 1998a). The sixth study turns to one of South Africa’s boom municipalities, Nelspruit, and investigates a set of controversial LED initiatives that centre on the introduction of a new public–private sector partnership for infrastructure provision. The role of public–private sector development partnerships is continued and forms the axis of discussion in the seventh case of Harrismith. Finally, in the last case study, attention turns to challenge certain of the myths which have emerged around the LED experience in the small town of Stutterheim, often cited as South Africa’s model for LED planning (see Nel, 1994; Fox and Nel, 1996; Nussbaum, 1997).

Midrand, Gauteng (Source: Bukula and Memani, 1998)

In terms of addressing the local issue of poverty alleviation, the city of Midrand, situated at the hub of South Africa’s economic heartland, enjoys a privileged situation. For the past decade, Midrand has consistently been one of the fastest expanding South African cities as measured by indices of economic growth and of new investment. Building upon a strategic location, midway between Johannesburg and Pretoria, the city of Midrand has emerged as the focal point for new high-technology enterprise as well as an important decentralized office node within the Witwatersrand. With a positive image, low crime rates and an aggressive campaign of infrastructural upgrading, Midrand has been marketed as ‘the city of the future’ both to new foreign investors and to local industrial and commercial companies fleeing from the disadvantages of metropolitan Johannesburg.
Despite the glitz and hype of Midrand’s image-makers, the city faces a serious development challenge of confronting a legacy of racial and economic division. The majority of Midrand’s population are poor and live in Ivory Park, a 1200 ha informal settlement, which was incorporated into the city only after the 1994 elections. In total, Ivory Park’s population is estimated at 225,000 which accounts for 80% of Midrand’s entire population. Under the former Transvaal Provincial Administration, Ivory Park was furnished with only rudimentary services and apartheid planning kept the settlement economically and socially isolated from the rest of Midrand. Indeed, Ivory Park was not even proclaimed as a residential area until as late as December 1997 and thus denied any access to government resources. As one interviewee remarked: “Apartheid worked in Midrand better than anywhere else in South Africa”. The new local government in Midrand therefore has to overcome this legacy of apartheid planning and seek to integrate Ivory Park into the city’s economic and social fabric.

In confronting the development challenge of Ivory Park, Midrand has had to modify its former local economic development (LED) approach which was aggressively centred around place promotion and business recruitment. This old model of LED accorded scant consideration to the integration of the city and to the problems of Midrand’s poorer communities, particularly as regards infrastructural backlogs. Moreover, the local government inherited an institutional history of organisation to serve the interests of the city’s wealthier inhabitants.

The re-orientation of Midrand’s LED activities was precipitated by the shift towards the culture of developmental local government. Under the changing roles for local government in South Africa, a new development framework for Midrand arose out of an intensive process of public participation. A new development vision emerged for Midrand which, for the first time in the city’s history, acknowledges the needs of the city’s poorer residents. Based on the new development vision, the Midrand Development Framework identified three priority objectives for development:

- broadening of democracy, by making Midrand and all the city has to offer accessible to all its citizens;
- fostering economic development and job creation through the development of a sustainable local economy; and
- fostering sustainable and integrated environment management to improve the citizens’ common future.

Overall, the new vision and development framework for Midrand was premised on the principle that poverty could be alleviated through means of employment creation and that the way to create jobs was through a major initiative for building infrastructure and thus improving living conditions in poorer residential areas.

Although the Midrand Metropolitan Local Council is the primary agent for economic and social development in the city, the core responsibility for implementing local development projects, especially in respect of the upliftment of previously disadvantaged areas, has been devolved to a Section 21 Company known as MidDev. The mission of MidDev was translated into an 11 point development strategy, which embraced a number of elements with a direct targeted focus on the social and economic upliftment of poor communities. Key foci in MidDev’s work have been upon partnership building and on issues of environmental sensitivity. The operations of MidDev fall under the direction of a multi-stakeholder board of directors, which comprises representatives from local government, business and the community. In addition to its participation in MidDev, the private sector works with the Midrand authority in projects which are geared to enhance the city’s growth prospects, such as the construction of new traffic interchanges. Lastly, another significant actor supporting Midrand’s new development initiative is the Youth Development Theatre Project, which grew out of groups of unemployed and
out-of-school youth in Ivory Park and the surrounding areas. Through its theatre and drama activities this youth group has played a highly effective role in assisting the Council with the dissemination of information about its activities and in raising community awareness of issues such as the Masakhane campaign, environmental matters, crime or AIDS.

Financing for new investment projects has been secured from a variety of sources, inter alia, the Council, local corporations and Gauteng Province’s urban regeneration fund, the Vusani Amadolobha Fund. Since its inception MidDev has undertaken several development projects which focus primarily on infrastructure development and contain a strong emphasis on job creation for local people. The overall picture is highly promising and there are strong signs that Midrand’s new LED initiatives are yielding positive outcomes for poverty alleviation. New infrastructural upgrading has been achieved and, significantly, payment for services has risen dramatically from 3% to nearly 70%. Less successful has been the creation of job opportunities, albeit some progress has been made in this respect. Overall, it is revealing that based upon its achievements, the provincial Department of Local Government and Development Planning voted Midrand as number one municipality in the delivery of infrastructure development in Gauteng.

Port Elizabeth, Eastern Cape (Source: Bond and Mncwabeni, 1998)

Of all South Africa’s metropolitan centres, the city of Port Elizabeth exhibits the highest recorded share of poor populations, with the worst levels of poverty occurring in the city’s informal shackland settlements. It is against the backcloth of Port Elizabeth’s severe poverty problem that the current directions of the city’s LED strategy are critically assessed.

At the heart of Port Elizabeth’s contemporary LED planning is the support given for the construction of the Coega port and Industrial Development Zone (IDZ), 25 km north of the city. These two projects are anchors for the envisaged Fish River Corridor, one of the unfolding programme of Spatial Development Initiatives that have been launched since 1995 with the aims of promoting new investment and restructuring for the inherited apartheid space economy. The Coega Initiative, which involves a major new deep-water harbour, a zinc smelter, other associated beneficiation industries, infrastructure for heavy industry, and an IDZ, is a highly ambitious programme to re-industrialize a part of South Africa that suffered enormous job losses and manufacturing decay during the 1980s.

It is argued, however, that there are dangers implicit in the top-down planning of such kinds of LED. Indeed, unless there are specific public investments which are aimed at meeting the basic needs of the poor, there will occur a transfer of resources from low-income areas to areas of high but polarized growth. The case for Coega is contested on the grounds of its appropriateness from a public interest perspective or from the standpoint of whether public or private funds should drive such a large port investment. In addition, question marks are placed on the case for a new port in terms of South Africa’s existing deepwater facilities. Other uncertainties surround the challenge of a strong labour movement in the Eastern Cape and the potential for labour mobilization should Coega’s new industrial zone be premised on cheap labour. Finally, there is lack of clarity on the mix of potential investors and the concessions that might be granted to promote Coega.

A further challenge is posed to the Coega initiative by the emergence of an alternative proposal for the use of Coega’s land and resources and by increasing acknowledgement of the negative externalities that are associated with the proposed Coega industrial activity. More specifically, it is argued that the Coega Initiative threatens enormous damage to local eco-tourism, fishing, agriculture and public health. In terms of eco-tourism and recreation, the proposed Greater Addo Park, the beaches, estuaries, islands and whales would all be adversely affected by
the Coega IDZ and harbour. Disruptions and negative effects are furthermore likely as regards the fishing industry in Algoa Bay. Air pollution emissions from heavy industries situated at Coega threaten the valuable Eastern Cape citrus industry, as well as vegetable production and local animal products. In addition, the spectre is raised of negative public health impacts of growing toxins from pollutants emitted at Coega. Finally, in terms of Coega’s viability, there remain important and so far largely unresolved issues concerning the use and pricing of water and electricity.

A feasible, multiple-use alternative strategy for Coega’s space and environment has been put forward. At the core of this alternative “agro-tourism” focussed LED strategy for Coega are a set of projects which are proposed, inter alia, for a new casino, recreation and hotel complex, mariculture (abalone and oyster aquaculture), a salt works, and an expanded zone of irrigated agriculture. It is unlikely that any of these alternative income and employment generating projects are feasible if the IDZ and Coega harbour go ahead.

Another alternative LED vision for Port Elizabeth would be a “bottom-up” approach which would centre upon enhancing infrastructure investment in low-income communities. Improvement in infrastructure offers the most direct way of enhancing LED in Port Elizabeth through its multiplier effects on job creation, the creation of a facilitative environment for the activities of the small, medium and micro-enterprise (SMME) economy (particularly of home-based enterprises), and through productivity gains as a result of an improved working environment and better health. The key to unlocking these potential local benefits of a programme for infrastructure investment in Port Elizabeth is the pricing system. A basis for cross-subsidies is to be found in the Constitutional responsibilities of provision for at least a basic minimal amount of water/sanitation (50 l/person/d) and electricity (20 kW h/capita/month) as a lifeline amount with higher volume consumption attracting much higher (and rising) tariffs. It is argued that a technically feasible and inexpensive approach would be to have the free lifeline amount provided through metered taps and metered electricity hookups, with technical systems in place to reduce the amount consumed to the lifeline minimum in the event of non-payment or usage amounts higher than that minimum. A universal lifeline supply is suggested as an alternative approach to meeting the needs of the poor as it better targets subsidies to those with low consumption. Overall, it is contended that there is considerable scope for cross-subsidization in water and electricity tariffs structures in the Port Elizabeth municipal area. Nevertheless, opposition to such a proposal and more broadly to a demand-side management approach to service delivery is evident in alternative proposals for the privatization of water services.

In the final analysis, it is concluded that there are weaknesses in Port Elizabeth’s existing LED strategy, which is top–down and centred on the Coega initiative. A combination of other activities, such as the agro-tourism option that has been put forward, might provide greater long-term benefits and sustainable resource use at Coega. More importantly, a bottom-up LED strategy, which would be driven by the provision of basic needs infrastructure and require strategies of cross-subsidization offers the best prospect of addressing the needs of the poor citizens of Port Elizabeth.

Durban Inner-City, KwaZulu-Natal (Source: Khosa and Naidoo, 1998)

Over the past two decades the streets of Durban, as is the case of other South African cities, have been transformed by the phenomenal growth of informal trading. In particular, attracted by accessibility and market opportunities, the inner-cities of South Africa’s largest urban centres, have been radically reshaped by the struggles of communities of street traders to win a space to practice their
survival means of livelihood. Many, if not the majority of these survivalist informal enterprises, are operated by women traders. The dramatic increase and activities of street traders since the early 1980s have forced South African local governments to re-assess their attitudes towards informal trading, particularly in light of the potential contribution that it could make to address problems of unemployment and poverty. The stance of officialdom towards informal trading has shifted from repression to accommodation and, in some instances, even to the promotion of informal trading.

In Durban, the Warwick Avenue area of the inner-city is a typical example of an enclave where ordinary people's (primarily women) trading activities recently have reshaped the urban landscape beyond recognition. This area functions as the primary metropolitan transportation node in Durban and contains the city's highest concentration of informal traders. Importantly, the Warwick Avenue area is the site of a broad Urban Renewal Programme in Durban and the focal point for the city's regeneration over the next three years. In this case study a critical appraisal is offered of the Urban Renewal Programme as part of broader Local Economic Development planning in Durban. It is an example of how urban regeneration, in content and process, may impact with far-reaching consequences upon the work and lives of the urban poor.

At the heart of the Urban Renewal Programme is a commitment to increase market opportunities for street traders in the Warwick Avenue environs. More specifically, the programme's stated objectives include, inter alia, enhancing economic opportunities for employment for the marginalised and poorer sections of the community, upgrading the quality of the area and local physical environment, integrating the area more closely into the fabric of the city, and to expand the range of services and facilities to residents, traders, businesses, commuters and public transport operators in the area. Detailed interviews with traders, civil society organisations and delegates at a local workshop on LED challenge some of the key underpinnings of the Urban Renewal Programme. First, whilst local officials argue that the programme is community-driven, the evidence suggests that the level and nature of the consultation with key stakeholders was extremely limited. Second, there is scant support for the claim that SMMEs will be major beneficiaries in the large-scale projects for regeneration. In addition, the job-creation impact is likely to be minimal, other than temporary jobs. Third, claims by proponents of the Urban Renewal Programme that it was developed within an integrated development planning process are overstated. Moreover, the fundamental regeneration of the Warwick Avenue area has important implications for informal traders as in future they may be required to operate more formally, with associated increases in the costs of informal trading. Finally, and most importantly, the view is challenged as to which groups in the city will benefit from the Urban Renewal Programme. Although the project's supporters espouse that it will result in overall benefits for the majority of people living and trading there, this perception is open to debate. Indeed, it is argued that the benefits to the community of poor women street traders are likely to limited as compared to the resources that will flow to private sector contractors and consultants. Although women traders potentially could benefit through improved infrastructure provision, other support services, such as improved access to credit and skills training must be provided in order to ensure that they realise those potential benefits.

The Durban case study conceives the Urban Renewal Programme as a LED initiative. At its heart the programme aims at modernising part of Durban inner-city, refurbishing transport networks, upgrading the physical environment and hopefully creating improved conditions for informal traders. Although the Urban Renewal Programme may offer indirect benefits for poverty alleviation, it is not an initiative which is explicitly addressing poverty, notwithstanding that the areal focus is dominated by the urban poor. Moreover, claims of this being
a community-driven planning process must be disputed. Despite certain positive
changes which have been made in the planning process, the voices of informal
traders are not being adequately heard. In general, there was limited consultation
with affected groups of informal traders in the conceptualisation, design and
implementation of this urban regeneration project. Another shortcoming is the lack
of institutional support services and resources to ensure that potential opportuni-
ties for the SMME economy are realised.

Overall, the experience of inner-city Durban suggests that there still exist a legis-
lative maze which needs to be radically changed in line with the tenets of the new
Constitution before a truly facilitative environment for survivalist street traders can
be created. The challenge for LED planning in South Africa’s inner cities is to
construct a legislative framework which can balance the interests of both formal
and informal businesses, the emerging SMME economy and established enterprise.
In the case of Durban, at least, the current legislative milieu cannot adequately
respond to the needs of the urban poor and to the world of informal trading.

Khayelitsha, Western Cape (Source: Dyantyi and Frater, 1998)

Khayelitsha is a large, predominantly informal settlement which is located some
30 km from the centre of Cape Town. Established only in 1983 the township has
burgeoned in size with current population estimates ranging widely from 350,000 to
900,000 persons. The genesis of Khayelitsha was as a dormitory settlement and
labour reservoir; as such there is virtually no significant formal economic base of
the town. Institutionally, the settlement of Khayelisha is situated as part of the
Tygerberg substructure of Metropolitan Cape Town. Quite clearly, the settlement
manifests a poverty profile in terms of high levels of unemployment, major housing
and infrastructural deficiencies, and meagre income levels. Accurate statistics
notwithstanding, it is evident that Khayelitsha represents a major locus of poverty
in metropolitan Cape Town.

In terms of local economic development activity in Khayelitsha a picture
emerges that there is no single coherent initiative, instead a plethora of initiatives
which have been pursued by a range of actors. Indeed, it is clear that a wide array of
institutions have been involved in poverty reduction programmes in Khayelitsha.
Until recently, the local authority has been relatively ineffective as a development
facilitator. This has created a space in which civil society based organizations, most
notably the Khayelitsha Development Forum, and a wide range of NGOs have
become actively engaged in projects and processes geared towards poverty allevi-
ation. These organizations have been involved in a series of social and economic
initiatives, many of which have embraced high levels of community participation.
In fulfilling their aims of poverty reduction, many of these local initiatives are
contributing to increasing the well being of the people of Khayelitsha, increasing
their productive potential and sometimes opening up job opportunities.

Civil society and NGOs operating in Khayelitsha have been the prime drivers of
local development activity. The resources available to these organizations are
limited, however, particularly if set against the enormity of the task of poverty
alleviation in Khayelitsha. In addition, their mandates are often narrow and
insufficient to carry through a comprehensive LED strategy for Khayelitsha.
Indeed, it is argued that the diversity of these initiatives and the lack of an overall
coherent strategy has meant that many of them are narrow in their objectives.
Coordination and management of these initiatives is furthermore limited. Most
importantly, such initiatives fail to confront the structural problems that underpin
poverty in Khayelitsha which relate to its history of spatial, cultural, social and
economic marginalization from the rest of Cape Town.

These findings point to the important future roles that can be assumed by local
government. In Khayelitsha in addressing the broader structural environment of
poverty. The involvement of the local authority will increase as a consequence of a capacity building process which will shortly begin. At present, there is an encouraging willingness on the part of the local authority to recognize the important contributions made by civil society and to allocate resources to further build that capacity and involve them in a development process. It is argued that the improvement of people’s lives through LED in Khayelitsha rests with a partnership between representative community-based structures and the local government. Indeed, the role of local government will be critical to ensure that such new partnerships are formed and that development programmes are implemented in which the process is owned and endorsed by the people of Khayelitsha.

In terms of expanding local job opportunities in Khayelitsha, key issues will be the rate of inward investment and critically, the initiatives and support structures offered to the local SMME economy. Possible intervention strategies that might be pursued by local government include facilitating the establishment of a Local Industrial Park, the creation of cooperatives, promoting business and technical training programmes by NGOs and seeking to support the enhanced access of SMMEs to retail finance intermediaries. Overall, despite Khayelitsha’s marginal spatial location within metropolitan Cape Town, it is argued that SMMEs can expand from a base of the Khayelisha local market to develop market opportunities throughout the Cape Town Metropolitan area.

Winterfeld, North West Province (Source: Simone, 1998)

The settlement of Winterfeld is a peri-urban area located 40 km northwest of Pretoria and sprawls over a total expanse of 120 km². In functional terms, Winterfeld is an integral part of the Greater Pretoria Metropolitan Area, albeit in institutional terms the settlement is now a part of North West Province. Current population estimates range from 170,000 to 240,000. Key features of the local population dynamics are a trend towards depopulation of Winterfeld, particularly by those persons in formal employment, and a significant element of long-term immigrant populations, particularly from Mozambique, Zimbabwe and Malawi. Although the settlement of Winterfeld exudes a rural feel, the fate of the community is inextricably woven into that of the urban economy of Greater Pretoria.

For the most part Winterfeld is an area in economic decline and a community that experiences high levels of poverty. A significant proportion of local residents (40%) indicated a desire to relocate from Winterfeld to one of the better serviced townships of Pretoria. Unemployment estimates suggest that over 80% of residents are unemployed, albeit a large number of these are working in a range of informal economic activities in the area, which include motor-car repair, spaza (informal) retailing, manufacture of burglar bars, shoe repairs and the production of coffins. Winterfeld’s informal economy also encompasses a notable sphere of illicit and criminal activities. Given its past history as farmland, it is remarkable that only a limited amount of informal cultivation occurs in Winterfeld. Overall, economic life in Winterfeld is dominated by households and individuals searching for survival activities within a context of the informalisation of local socio-economic processes. Potential areas of opportunity for LED projects exist in terms of eco-tourism and possibly of urban agriculture. The development of such opportunities will be contingent upon the existence of integrated planning and administrative bodies which are able to provide the necessary inputs and support, administer land reform and land use policies, structure viable marketing relationships and transport, and generate an integrated framework for taxation, rates, investment and redistribution. As the basic elements of such a framework are not at present in evidence for Winterfeld, an unpromising outlook emerges.

It is evident that the presently constituted local government in Winterfeld is not a vehicle for local economic development activity in the area. The council lacks
local credibility as it is largely staffed by individuals on secondment from and accountable to the North West Provincial Government. Moreover, the actions of certain local councillors have not contributed towards improvement of the image of local government, with some councillors known to have criminal backgrounds. The complexities of local politics are not made easier by the severe financial crisis that is faced by the local authority. It is argued that against a background of the basic inability of the local authority to competently manage its financial affairs, it is difficult to conceive how it might drive a long-term initiative for LED. Indeed, whilst the participation and potential leadership of the Winterveld local authority might be critical to any future LED initiatives, it is suggested that administrative and fiscal authority would have to be concentrated in a local development corporation or trust which would be subject to continuous financial controls. Critical sets of management issues that must be confronted for overall development of Winterveld include the need to strengthen security of land tenure and to facilitate an appropriate system of land management.

Overall, there are critical question marks on the viability of the Winterveld local authority and of the entity of Winterveld as a whole. Indeed, it is observed that a rationalization of borders on both provincial (Gauteng and North West) and municipal levels may be a necessary pre-requisite in order for the development and institutionalization of planning processes to address the issues of economic growth and poverty reduction in Winterveld. Although the economic and social fabric of Winterveld is clearly dying, development institutions must, nevertheless, seek to grapple with a transition process whose outcomes appear bleak.

Nelspruit, Mpumalanga (Source: Maralack, 1998)

In some respects, Nelspruit, Mpumalanga is one of South Africa’s lucky municipalities. Over the past 15 years the city’s economy has boomed variously as a result of a prosperous regional agriculture, new public investment associated with its capture of the status as provincial capital, and the opening up of the border with Mozambique. In the immediate future, Nelspruit stands to be one of the prime beneficiaries of the spin-offs that will be associated with the Maputo Development Corridor. Despite these economic strengths, Nelspruit is a classic South African city in terms of its urban structure. On the one hand, there is a previously ‘white’ developed core which is well-serviced and provides numerous opportunities for this section of the population. On the other hand, the undeveloped periphery supports a large black population that has very little access to basic services and opportunities. Taken together this juxtaposition of affluence and poverty means that the city of Nelspruit is marked amongst the highest levels of racially based inequalities anywhere in the world. Indeed, despite a healthy economy, Nelspruit suffers from endemic poverty.

The fortuitous circumstance of a thriving local economy meant that the Nelspruit municipality was never seriously compelled to enter into the business of boosterism in order to secure new growth and investment. Nevertheless, the local municipality has been forced to confront the challenges of poverty and inequality, particularly as regards the unevenness and inequalities of infrastructure provision. The Nelspruit Town Council accepted that all new projects must simultaneously promote inclusive strategies for economic growth through supporting the strengths in the local economy in both core and peripheral areas. Moreover, due regard must be paid to eradicating inequalities through poverty alleviation programmes and in facilitating the provision of basic services, such as housing, water and sanitation.

The approach which was adopted in 1996 by the Nelspruit Town Council towards infrastructure provision was that of a concession scheme termed the Delegated Management Approach. This innovative, albeit hitherto untested, approach in South Africa was to be applied to provide water and sanitation services
to the town’s residents, businesses and industries. With support from the Development Bank of Southern Africa, the local authority proposed a public–private partnership to deliver water and sanitation services. The proposal to enter into a public–private partnership was grounded on considerations of the financial inability of Nelspruit local authority by itself to supply or upgrade the local backlog of water and sanitation services and of the potential of the Delegated Management Approach to provide services as speedily and efficiently as possible. Key features of the proposed agreement were that the local authority would set the minimum standards and process of water and sanitation provision in accordance with national government policy, the concessionaire would be responsible for metering, billing and revenue collection, and that although the concession company would carry the financial risks of revenue collection, the council retained control of regulating the tariff structure.

It was projected that, over a period of time, this delegated management approach would eradicate the backlog of services in the peripheral areas. Indeed, with that goal in mind, areas such as KaNyamazane, which is situated in the former KaNgwane Homeland, were to be targeted in the first phase of delivery. The improvement in the provision and quality of services in Nelspruit was planned to dovetail with the Maputo Development Corridor, thus further boosting investment opportunities in the town. Overall, the project, it was argued, would solidify Nelspruit’s upward economic trajectory and further create important new employment opportunities. Moreover, in providing desperately needed services, it would contribute also firmly towards goals of poverty alleviation especially by creating new opportunities in Nelspruit’s previously marginalized areas.

In December 1996 the Nelspruit Town Council estimated that the delegated management scheme would be operational by July 1997, a date later revised to early 1998. Nevertheless, after more than two years of planning and consultation the Delegated Management Project has been suspended and decisions about its future implementation remain uncertain. This stalemate has arisen despite the local authority’s agreement in September 1997 with a consortium of local and international firms to deliver the required water and sanitation services. Resistance towards the project was based upon a coalition of interests and the emergence of an alliance between local and national groups. The main opponents of privatization were the ANC Youth League, SANCO, COSATU and the South African Communist Party. Their opposition to Nelspruit’s privatization initiative was as a result of its status as pilot project that, if successful, might be extended on a nationwide basis.

Although the local economic development initiative in Nelspruit was, therefore, conceived at local level by local players, it has raised sets of issues which have been the focus of contestation at extra-local levels. The brief history of the Nelspruit Delegated Management Approach to Water and Sanitation points to the costs that can result from ignoring complex relationships that exist between actors and agendas in the state and civil society at various levels. Despite a common goal of affordable and efficient service provision and a commitment to enhance the quality of life for Nelspruit’s economically marginal areas, this project reached an impasse. It is argued that a key factor behind the stalling of this project was that a consistent, sustained and credible consultative process was never established in Nelspruit. Indeed, the Nelspruit local authority failed to establish a specific institutional structure which would enable them to deal with issues related to LED in general and controversies surrounding the water and sanitation scheme in particular.

Harrismith, Free State Province (Source: Abrahams, 1998)

The Free State town of Harrismith represents a case study on strategies for LED and poverty alleviation which is set against the backdrop of unpromising economic
circumstances. As a result of downturns in agriculture and mining, the Free State provincial economy is in a serious state of stagnation and even decline. During the 1980s, however, the Harrismith economy grew steadily as a result of several factors: positive agricultural conditions, the spin-offs from generous regional industrial development incentives, and of the development of the QwaQwa Homeland. In particular, industrial growth occurring at Phuthaditjhaba, 40 km away, and the expansion of the homeland civil service greatly boosted the economy of Harrismith, where many of the professional, construction and civil service employees chose to live.

Since the closure of Frame Textile Mills in 1989, which resulted in 1200 job losses in the town, the local economy of Harrismith has not performed well. After Frame’s closure, many other companies either downsized or relocated, thus throwing the local Harrismith economy into a state of severe crisis. A major wave of factory closures occurred at Phuthaditjhaba as a result of changes in the regional industrial development incentives in 1991. In addition, the new political geography of post-apartheid South Africa ended Phuthaditjhaba’s privileged status as ‘capital’ of QwaQwa, resulting in retrenchments in the civil service with a further negative knock-on effect for the Harrismith economy. More recently, there is evidence of an exodus of farm workers into informal settlements into Harrismith, adding further to the unemployment problems in the local economy.

Despite a growing local economic crisis, local government in Harrismith has been slow in developing an explicit LED strategy and vision for the economic revival of the town. The major LED activity involved support for place marketing in an attempt to secure external investment and job creation, particularly in the industrial sector. Nevertheless, other unstated LED activities were undertaken by Harrismith’s local authority through the formation of range of partnerships with the private sector, the community and other government agencies both for service delivery and for economic development.

In 1997, key local stakeholders in the Harrismith area came together and formed a Section 21 development company, which is comprised of the three stakeholder groups in the town — the local authority, the private sector and civil society. The Harrismith Development Partnership (HARDEP) represents the application of public–private partnerships as the basis for development programmes in a small town. It must be acknowledged that whilst HARDEP was not initiated by local government, the local authority has been a willing and supportive partner throughout its formative process. Although HARDEP has not so far initiated any development projects, the partnership has a broad vision which is targeted at improving the quality of life of residents in the greater Harrismith community through the provisioning of development resources for projects. HARDEP has identified six core performance areas, within which partnerships will be created with interested stakeholders variously to promote community development, business development, agricultural development, tourism development, training and education, and job creation and labour relations.

In terms of the formation of HARDEP, the town of Harrismith was fortunate in securing external financial resources through the USAID programme. In addition, the town was equally fortunate in having a local champion and catalyst for the promotion of HARDEP. Essentially, HARDEP will be a facilitator of development rather than an implementor of capital projects. Its projected role is to support, guide and facilitate a broad range of initiatives, which it is hoped will result in both job creation and poverty alleviation. In this respect, it is argued that there is need for greater clarity on the role of the public–private partnership as opposed to that of Harrismith local authority. Currently, despite a number of ad hoc LED initiatives Harrismith lacks a coherent and coordinated development vision. The Integrated Development Planning Process which is being piloted in Harrismith offers an
opportunity for such an LED vision to emerge and which hopefully will take
cognisance of the poor and develop strategies that target them.

Overall, the transferability of partnerships, such as HARDEP, to other South
African towns will depend on how successful the organization is in the immediate
future. At present, assessments are premature. Nevertheless, if partnerships gain
political support from key stakeholders, are established as strong institutions, and
are furnished with necessary technical and financial support, their chances of
success in LED activities are promising.

Stutterheim, Eastern Cape (Source: Bond, 1998; Mncwabeni and Bond, 1998)

The Eastern Cape town of Stutterheim has been widely acclaimed in South Africa
for its achievements since 1990 in local economic development. Indeed, often the
town is seen as the role model for similar initiatives by other South African
municipalities and local civil societies. Its leading status in terms of LED thinking
in South Africa stems from the dramatic turnaround in fortunes from a town that
was wracked by violence, consumer boycotts, poverty and tension, to one in which
black and white residents created a new partnership, working together meaning-
fully in advancing the town’s social and economic development. In short, Stutter-
heim was seen as a microcosm of everything that was wrong in apartheid South
Africa and offered through its LED initiatives signposts of a better post-apartheid
future.

The case study of Stutterheim dispels a number of the myths that lie behind the
town’s LED experience and suggests that under close scrutiny, Stutterheim’s much
acclaimed achievements need to be re-assessed in a far more critical light. The core
argument is that from a poverty perspective the mythical status of Stutterheim as
South Africa’s premier LED success story is difficult to comprehend. If viewed from
below, through the eyes of the distressed condition of the town’s low income-
population, much of the gloss on Stutterheim’s achievements begins to fall away.

From a poverty perspective 10 shortcomings or distressing markers of the
Stutterheim LED experience are discerned. First, after an initial movement towards
ending the apartheid urban form, Stutterheim has been re-segregated. The town
essentially comprises a mainly “white” area, a mainly “coloured” area, and an
African township with at least three other close-by African townships and many
other neighbouring rural villages — together representing more than 75% of the
Stutterheim community — effectively left out of resource distribution, local demo-
cracy and planning for future development. Second, the re-segregation of the town
of Stutterheim is also well advanced with early 1990s notions of a buffer zone to
separate low — income black people from white residential areas now replaced by
divisions marked along class-residential lines which has the same effect. Third, the
much prided LED activities of Stutterheim, particularly those coordinated by the
Stutterheim Development Forum, have never managed to develop beyond a num-
ber of small discrete projects, many of which have proved to be unsustainable. In
addition, programmes of skills training left people still unemployed or forced to
leave the Stutterheim area in search of employment opportunities.

Fourth, the privatization of water in Stutterheim has been carried out in a man-
ner such that a large foreign enterprise successfully “cherry-picked” the lucrative
white and coloured areas, which receive dependable water supplies, but which left
much of the official Stutterheim township (Mlungisi) unserved and the unofficial
neighbouring townships entirely un-reticulated. Fifth, the ability of those fortunate
township residents who are incorporated into Stutterheim to pay their bills is so
limited that 61% of Mlungisi’s residents have been declared “indigent” for the
purposes of payment of municipal services. Sixth, water service cut-offs were
extended to 20% of Mlungisi’s residents at end-1997 in a manner that was probably
both unconstitutional and illegal. Seven, as compared to a national figure of 27%,
the overall ratio of municipal services payments in arrears to payments due was 112% in Mlungisi in January 1998 (due to accumulated areas). Eight, there has been no effort, as yet, made by the Stutterheim council to price basic services in a socially just manner, to repair water and electricity lines and thus to save resources lost to apartheid-era leaks and faults, or to carry out features of a demand-side management approach to service provision. Nine, there has been a general failure in Stutterheim LED planning to link the provision of infrastructure to creating opportunities for job creation, public health provision, gender equality or geographical desegregation. Finally, local capital spending is in decline and there has been little in the way of a transformation in the local municipal budget.

Overall, it is concluded that the Stutterheim record of LED is not to be applauded. The town is diagnosed as in the throes of a developmental crisis which can be resolved only if enormous changes occur in local planning and consultation processes, institutional forms, power relations and methods of municipal budgeting. Given the shortcomings in the Stutterheim LED experience in addressing the basic needs of the poor, it is argued that the particular myth of Stutterheim as a developmental success story is certainly open to revision.

CONCLUSION

Until the closing years of apartheid, local government in South Africa had not been strongly concerned with issues of economic development and strategies of poverty alleviation were not even considered on the policy agenda (Rogerson, 1997). Under the post-apartheid frameworks, new local government in South Africa is required to be innovative in promoting both the economic and social development of localities, including poverty alleviation. Indeed, for some observers, developmental local government as an official policy objective and broad strategic framework represents the beginnings of a new wave of post-apartheid urban reconstruction (Parnell and Pieterse, 1998).

It is evident from these eight South African urban case studies on LED and poverty alleviation that a wide range of LED approaches currently are being attempted. Moreover, as Cashdan (1998, p. 20) observes “there is a great deal of confusion about the intended aims and outcomes”. The international experience suggests that are relatively few instances in the developing world of explicit LED interventions towards poverty alleviation (Zaaijer and Sara, 1993; Rogerson, 1995). This international experience sadly is confirmed in the South African record of urban poverty alleviation as demonstrated in the case studies presented in this article. At local government level in South Africa there are few functioning programmes or interventions that are directly targeted at poor communities. Indeed, the essential policy direction appears to be a reliance on market forces to allow the benefits of trickle-down to reach poor communities. Overall, the most compelling conclusion from the South African case studies is that the country's LED practitioners are struggling to find concrete ways to integrate their LED initiatives with explicit anti-poverty strategies (Pieterse, 1998b). Few municipalities are conscious of how their LED strategies can be designed, structured and monitored to ensure a systematic strengthening in the assets of the poor and a reduction in their vulnerability. Two factors underlie the dearth of explicit anti-poverty strategies. First, is the false assumption that economic growth in itself is good and will automatically filter down benefits to the urban poor. The second is a lack of detailed information concerning audits or profiles of urban poverty that might permit the formulation of coherent local anti-poverty strategies (Pieterse, 1998b).

The case studies indicate that more important than explicit LED measures towards poverty alleviation are a series of implicit LED anti-poverty initiatives. The discussion on the experience of the developing world as a whole suggests that
municipalities are increasingly the site of a number of important functions, such as housing, land use, service provision and even the practice of local justice. In several of these policy areas innovative programmes can be discerned which bring municipalities into action on behalf of the poor. The five key areas identified where municipal or local level initiatives can make a difference in terms of poor communities relate to those of appropriate regulatory frameworks; improving access to municipal services; assistance towards employment creation (especially the SMME economy), enhancing security and protection from crime and natural disasters; and, augmenting local policy coordination and integration (cf. Wegelin, 1996). The evidence from the case studies on urban South Africa shows that whilst some small steps have been taken towards making improvements in these five critical policy areas, much more work remains to be done. In particular, the link between LED and poverty alleviation is not clear in many planner’s minds and needs to be reinforced (Cashdan, 1998). In this respect, South African local governments perhaps can learn a great deal from the best practice of cities in the developing world where innovative municipal actions have improved the lives of the poor, expanded their asset base, and reduced their vulnerability.

A worrying finding from the international experience is that the operations and potential success of these implicit anti-poverty initiatives can be undermined by issues of capacity within local governments, legal constraints on the range of their initiatives, and most importantly, by financial weakness. It is clear from the case studies of the South African experience that these are very real threats to the formulation and implementation of successful anti-poverty initiatives in urban areas. In several examples attention was drawn to weaknesses in the capacity of local governments in post-apartheid South Africa to function as development facilitators, to structural constraints on their operations, and in particular, to resource constraints. Although these threats to implicit anti-poverty initiatives are felt across all levels in the South African urban hierarchy, they are particularly severe in dealing with poverty in the country’s small towns and informal settlements.

In final analysis, whilst both explicit and implicit LED anti-poverty measures so far have been limited in South Africa, the international experience shows that “there is no intrinsic reason why municipal governments cannot play a much more active role” in terms of poverty alleviation (Stren and Gombay, 1994, p. 55). Nevertheless, it must be reiterated that local governments on their own cannot solve the complex problems of poverty and erase the legacies of four decades of apartheid planning. That said, those South African municipalities with sufficient financial resources and capacity are in a good position to respond to issues of poverty. In particular, because of their new responsibilities, local governments are in a special position to make changes in regulations and planning strategies in order to assist the poor, or at minimum, to alleviate some of the conditions which reinforce the poverty of the citizens in their jurisdiction. Local governments are also well suited to the task of coordinating the various actors involved in a local context in order to ensure that interventions implemented by private sector, government or NGOs fit into existing networks or to expand them in a coherent and efficient manner to suit local conditions. Finally, a critical future role of local governments in South Africa must be that of monitoring the situation of poverty in their jurisdiction.

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