

*Full Length Research Paper*

# The role of service delivery in local economic development: A case study of Mamelodi Township

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Accepted 23 November, 2011

**This study aimed to provide a better understanding of the relationship between service delivery and local economic development (LED). It investigated the extent to which service delivery in Mamelodi has contributed to employment and business development. It examined the local economic development theories and evaluated the historical development and evolution of LED in the world, Africa and South Africa. The study also determined, through assessment of available information, whether or not some of the areas in Mamelodi were receiving services from the municipality or local government to sustain local economic development. The method used in the study is deductive since it starts with reviewing literature on the relationship between service delivery and LED in the world and proceeds to Mamelodi Township. The study found that there is a strong relationship between service delivery and LED.**

**Key words:** Service delivery, local economic development, LED theories, Mamelodi Township, employment creation, sustainable development.

## INTRODUCTION AND BACKGROUND TO MAMELODI

Mamelodi is a large, historically black township in Tshwane. It is similar to most townships on the periphery of South African cities planned by the apartheid authorities as temporary or dormitory suburbs for black labour (Peeters and Osman, 2005). Its problems are typical of other townships that were planned as mono-functional residential areas, isolated from the central business district and job opportunities. There is also poor quality housing and a large component of informal settlements in Mamelodi. Many people in Mamelodi live in shacks; either in areas occupied illegally or on legalised plots, and are still waiting in the queue for a government house (Peeters and Osman, 2005). Mamelodi Township has been identified as one of the top 20 priority township development areas (CoT undated: 137).

This means that there is a diverse set of living standards in Mamelodi, ranging from well-built brick houses to small informal dwellings made of sheet metal and known as shacks. On the whole, the areas in the west of the

township mostly consist of brick houses and low-cost reconstruction and development programme (RDP) houses, built with large cement bricks. Moreover, an increasing number of informal shack dwellings have been erected in the east of Mamelodi (Peeters and Osman, 2005).

The City of Tshwane Metropolitan Municipality (CTMM) hereafter referred to as the City of Tshwane (CoT), is divided into five regions. This means that all challenges that face the poor regions are addressed through cross-subsidisation from more affluent regions. The CoT, like any other South African municipality, has an Integrated Development Plan (IDP), which outlines its objectives and ensures that service delivery is adequate to support LED. The IDP shows the programmes, projects and progress planned in terms of service delivery, LED and infrastructure investment since 2000. Many infrastructure-related projects such as roads, water and electricity were started in 2001 in Mamelodi. Significant progress has been made through these projects to upgrade the position in this poor suburb. However, this article shows that poor regions and suburbs still lag far behind when measured against the LED theories and strategies.

Tshwane's settlement pattern is characterised by the

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placement of low-income residential areas removed from economic opportunities and vital social amenities. Mamelodi is the only settlement area on the east and is bursting its seams. The CoT is trying to accommodate residents who seek to be closer to their areas of employment, due to the continuous eastward growth (CTMM, 2006).

Overcrowding and informal settlements in Mamelodi forced the CoT to expand north and south into the Metsweding district municipality (DM). The Metsweding DM and CoT work closely together to identify suitable land adjacent or as close as possible to Mamelodi. The acquisition of land and extension of services are done through cooperation of the CoT and the Metsweding DM (Metsweding DM, 2009). The programme to consolidate existing towns and residential complexes deals with informal settlements in and around existing towns. In most instances this programme implies the in-situ upgrading of settlements, while relocations may be required in some cases (Metsweding DM, 2009). The final draft 2009/10 IDP estimates that there are 1302 families in Mamelodi North and 155 families in Mamelodi South (Metsweding DM, 2009).

The study aims to provide a better understanding of the relationship between service delivery and local economic development (LED) by examining the LED theories and by evaluating the historical development and evolution of LED. The study also determines, through assessment of available information, whether or not the areas in Mamelodi are receiving services from the municipality or local government to sustain local economic development. Secondly, it evaluates the City of Tshwane's (CoT's) programmes used to enhance service delivery for LED in Mamelodi by using past research data and available information from Mamelodi. Subsequently, we discuss the theories of LED, followed by the historical development of LED; next, we examine the Tshwane Integrated Development Plan (IDP) and its implications for LED in Mamelodi. This is followed by the conclusions and some tentative recommendations.

## **THEORIES OF LOCAL ECONOMIC DEVELOPMENT AND NEOCLASSICAL IDEAS ON LED**

Rowe (2009) argues that LED is made up of complex concepts and therefore lacks a coherent body of theory. Moreover, he points out that LED theory is multidisciplinary and made up of a wide variety of disciplines. Therefore, it is imperative that a theory of LED be developed as there is a need to understand the practice of LED. It is also important to have a theory that underpins LED activities. Moreover, Beer (2009) highlights the fact that many LED programmes are based on one or more theories of economic development. The multiplicity of theoretical perspectives in LED can result in confusion among practitioners regarding the purpose and

justification for their programmes. However, all theoretical approaches have implications for LED practice.

Blakely and Bradshaw (2002) argue that the neoclassical economic theory does not directly concern itself with LED. However, under LED it can be applied to the competitive positioning and wealth generation in sub-areas of a large community. Therefore, this theory offers the equilibrium and mobility of capital concepts to LED. It indicates that if capital is allowed to flow freely, the economic systems can reach equilibrium. This will permit capital to flow from high-wage or -cost areas to low-cost or -wage areas, since the low-cost areas offer a higher return on investment. Less developed areas, such as informal settlements, can attract capital, because prices for property and labour are lower than in the overall market. If the neoclassical model works properly, all areas would gradually reach the state of equal status in the economic system. In other words, areas that are poor but close to the rich suburbs tend to benefit from resources generated in the suburbs. Therefore, those resources are used to bring development to the poor communities, which in the long term may have similar economic development.

St. Clair (2003) maintains that the neoclassical theory assumes that economic systems operate in a manner that leads to a natural equilibrium. This equilibrium occurs if resources, primarily labour and capital, are allowed to flow to and in some localities which already have the potential, to serve a wider area. The neoclassical theory is also viewed as antagonistic towards the interests of communities with economic potential beyond their economic utility. This theory also says little about the real reasons why some areas are competitive and others fail (Blakely and Bradshaw, 2002).

Beer (2009) gives examples of different cities that used the regional economic development theory. This theory maintains that regional economic development or LED, if properly implemented, can attract foreign and local investment. However, Beer (2009) maintains that proper service delivery is important, as it markets the region in which LED is to be applied. Beer (2009) uses San Diego, California, Sheffield in England, Winnipeg and Manitoba as examples of growth and regional theory. For example, Winnipeg had poor infrastructure services to support LED. With the implementation of the LED programme, adequate infrastructure services were provided and an improvement was seen in many economic sectors in the area.

Moreover, Le Heron (2009) argues that the main proposition embodied in regional growth and development theory is stimulated from several directions. The directions are, firstly, the recognition that national development and investments have major regional and local effects. Secondly, it shows that national scoping of regional problems in response to popular and political pressures can have an influence on the sustainability of LED.

Bingham and Mier (1993) indicate that growth and regional theory is divided into two schools of thought. These are the "development from above" school and the "development from below" school. The development from above school views LED as beginning from worldwide demand or critical innovation that filters down to national, sub-national, urban and hinterland units. The development from below school argues that local communities can take control of their own institutions to create the lifestyle desired by the local communities.

Tassonyi (2005) indicates that in the location theory of LED business leaders, civic societies and academic experts should be involved in LED planning. With their involvement and proper planning, the local context can become competitive. However, Blair and Premus (1993) highlight that the location in which industries chooses to operate has to be adequately prepared. They maintain that costs are minimised in areas that are prepared adequately for economic activities. With proper services such as water, electricity and roads, the cost of production is minimised. Industries will spend less money to get connected to the water lines, electricity and all other services that are crucial for their business operations. The location theory focuses on identifying areas which can minimise the cost of doing business and at the same time allow firms to maximise their profits. Based on this, it is imperative for the municipalities to ensure that areas under their jurisdiction are well maintained in order to attract businesses that will contribute to the sustainability of LED (St. Clair, 2003).

Attraction theory is based on location theory, and is mostly used by communities for economic development, while different communities all over the world have policies meant specifically to ensure that their areas are attractive for investors, new migrants, entrepreneurs, businesses and firms. It assumes that a community can alter its market position with industrialists by offering incentives and subsidies. This means that new activities will generate taxes and increase economic wealth to replace the initial public and private subsidies (Blakely and Bradshaw, 2002). St. Clair (2003) highlights that the attraction theory has been used most for LED, but that this is more of a methodology than a theory. Industrial attraction has been the subject of most literature on LED. The attraction theory is referred to as the theory of choice for most LED organisations or communities. This theory draws upon location, economic base and neoclassical theories for support and rationale. The centre for this theory is the proposition that the LED character can be sustained or modified through the use of incentives and subsidies to add new events.

### **ECONOMIC BASE, PRODUCT CYCLE AND CENTRAL PLACE THEORIES OF LED**

Blakely and Bradshaw (2002) indicate that the economic base theory maintains that a community's economic

growth is directly related to the demand for its goods, services and products from areas outside its local economic boundaries. The growth of industries that use local resources including labour and materials for final export elsewhere can generate both local wealth and jobs. LED strategies based on this theory maintain that the priority should be given to aid and recruit businesses that have a national or international market, instead of aiding firms that do not have a strong export base.

St. Clair (2003) argues that the economic base theory has gained significant acceptance in Missouri in the last few decades. This theory states that economies grow as those sectors that produce goods for export to other regions grow. Like Blakely and Bradshaw (2002), St. Clair (2003) emphasises that a strong export base allows domestic firms to grow. This growth takes place in sectors that export more goods than others. For example, if the agricultural sector exports more products, it is possible that the growth of this sector will be high in terms of its size and operation. Rutland and O'Hagan (2007) emphasise that the economic base theory is often the basis of LED.

Blakely and Bradshaw (2002) state that the product cycle theory was first proposed by Raymond Vernon in 1966. They indicated that product development must take place in areas with greater wealth and capital. The capital can assist in the process of developing new products. The local markets support this development by paying higher prices for products that have not yet become standardised. As products become popular, the prices fall and production becomes so routine that products become standardised over time. Such products no longer need to be produced by specialised persons and few good jobs are generated from it. When production no longer requires specialised skills, production can move to developing countries, where firms compete on the basis of price and not of unique products.

According to St. Clair (2003) the product cycle theory has been closely related to LED for 30 years and is the basis for much of the industrialisation that has occurred in non-metropolitan areas. It has been used to promote such concepts as entrepreneurship and home-based businesses. The theory relies on the concept of the cycle of product development, innovation, growth and standardisation. Innovation is the primary component of the theory and a concentration of resources to support innovation is necessary in the early stages (St. Clair 2003).

Blakely and Bradshaw (2002) indicate that the central place theory is based on the principle that each urban centre is supported by a series of smaller places, which provide resources such as industries and raw materials to the central place. These smaller places are in turn surrounded by even smaller places that supply raw materials. When inhabitants of a very small place need a specialised product or service, they must go to a central place, though they can find many less specialised products and services in their own community.

St. Clair (2003) indicates that the central place theory has had its advocates throughout recent history, because of its proposition that there is a hierarchy of places and that resource allocation should be based on this hierarchy. The central place theory has gone in and out of favour as resources have ebbed and flowed, but it has an application on a regional basis.

## **HISTORICAL DEVELOPMENT OF SERVICE DELIVERY FOR LED**

According to Bond (1998), LED as a discipline is still finding its roots, especially in African countries, as little was reported about it in the 1990s. Currently, it is important for each community or municipality to ensure that its economy grows through LED. Enhancing the local economy requires the involvement of the municipality and the communities under the control of such a municipality. Many researchers have explored the importance of LED, but little research has been done on the importance of service delivery for LED, especially in South Africa.

The World Bank (2009) indicates that LED has passed through three broad stages of development since 1960. It points out that it is through these stages that LED practitioners developed a better understanding of successful and unsuccessful programmes. The stages are the 1960s to early 1980s, 1980s to mid-1990s and late 1990s onwards. Moreover, each stage has its own focus and tools (World Bank, 2009). Therefore, it is believed that LED today is in its third stage.

Birkhölzer (2005) investigates the origins of LED by examining what used to be its definition. LED includes all economic activities that occur at local or regional level and have an impact on the localities. However, in traditional economic thinking, the locality existed more or less only as a space or place where other economic factors such as enterprises, industries, investors, authorities and others compete, use or exploit their natural and human resources.

Albuquerque (2004) indicates that there was not much literature on LED before 1960. He then points out that some economists maintain that the Fordist mass production model has contributed to the development of the term LED. Fordism is a period during which large-scale production by industries and factories developed. However, it is important that LED should not be confused with the Fordist mass production model. Albuquerque (2004) stresses that LED basically involves the local values of identity, diversity and flexibility, which have existed in past forms of production. This is not based on large-scale industry only, but on the general and local characteristics of a given area.

Busso and Kline (2007) highlight that LED started in the United States of America in the 1960s as a result of the deterioration of local neighbourhoods, which had begun

as early as the mid-1930s. This deterioration was addressed by the construction of much-needed infrastructure across the USA, including roads and highways. This new infrastructure created a single integrated market in the USA. This at the same time circumscribed the cities, thus disconnecting neighbourhoods from the regional economy. The LED movement accelerated in the early 1970s. This movement was driven in response to municipal or local governments realising that business and capital were moving between locations for competitive advantage.

Blakely (1989) indicates that after the Great Depression many policy makers in the United States agreed on creating jobs to solve economic problems. Many people and industries based in the communities and far from the main cities were affected badly by the Great Depression. It was immediately after this that the concept of LED was promoted in the United States. Blakely (1989) maintains that local government experienced a renaissance in neighbourhoods in the USA between 1960 and 1975. Central city revitalisation through the model cities' programme and due to a new urban thrust of the economic development administration led to this change. Urban renewal activities and other government programmes provided local governments with the first impetus to plan for the local economy in a systematic way.

Tassonyi (2005) also examines the origins of LED and shows that governments realised the development of local economies through the construction of industrial parks in the 1980s. They offered tax concessions and subsidies to achieve the intended results. It was then realised that the primary determinants of investments and location decisions were the quality of the physical, social and knowledge infrastructure of a region or locality. Therefore, it is imperative that local governments play a key role in ensuring that the infrastructure is in place to enhance access to information and the efficiency of the flow of information among people.

Currently, LED focuses on making the entire business environment more conducive to making business (World Bank, 2003). LED's focus was placed more on soft infrastructure investments, public or private partnerships, networking and the leveraging of private sector investments for the community and public wellbeing. The focus strongly targets inward investment attraction to add to the competitive advantages of local areas. The tools meant to achieve the focus include developing a holistic strategy aimed at growing local firms, providing a competitive local investment climate, supporting and encouraging networking and collaboration, encouraging the development of business clusters, encouraging workforce development and education, closely targeting inward investment to support cluster growth and supporting quality of life improvements (World Bank, 2003). The South African integrated development plans (IDPs) have a similar focus.

### Local economic development in Africa and South Africa

According to Nel (2000), LED is not a new phenomenon in Africa, but it has changed in as far as the increasing incidence of LED, its growing acceptability and the parallel increase in the importance of the development initiatives of various non-governmental organisations (NGOs) and community-based organisations (CBOs) are concerned. Nel (2000) also puts forward some of the most current formal LED strategies. These include, inter alia, financial support, training and employment. This highlights that building development is essential in terms of providing infrastructure and land by the municipality.

The Constitution of the Republic of South Africa (RSA 1996) and other South African Acts, such as the Municipalities System Act, place great responsibility on municipalities to facilitate LED. However, the schedule in the Constitution that identifies the functions of municipalities does not include LED. Therefore, it can be inferred that LED is a non-funded mandate for municipalities (DPLG, 2006). The Constitution gives the municipalities a mandate to facilitate the provision of services that allows for the development of local economies. However, it does not state clearly the role of municipalities in promoting LED.

Nel (1999) also argues that in South Africa LED came into being because of poor planning by the apartheid government, which led to some local communities being neglected economically. Therefore, this has led to LED receiving recognition from national and provincial governments, NGOs, the private sector and a limited number of local authorities as well as CBOs.

Nel and Binns (2001b), and Philander and Rogerson (2001), show that the evolution of LED in South Africa resulted from the emergence of globalisation. This has assigned new roles to the local governments around the world. Moreover, the post-apartheid era encourages both rural and urban LED. Philander and Rogerson (2001) specify that resources in terms of services provided by the local government can have a significant impact on LED as they attract businesses to municipal areas.

It is maintained that LED emerged in Africa due to economic problems, such as unemployment, slow economic growth and poverty. The failure of the central government also influenced the introduction of LED in Africa. It is indicated that in some African countries LED evolved due to the debt crisis, the imposed structural adjustment in some countries and large currency devaluations. Political and natural shocks, such as droughts, hindered the development of LED in many African countries. In South Africa the evolution of LED was influenced by the poor planning by the apartheid government in developing poor local communities (Nel, 2000).

However, municipalities were important role players in LED even before LED became popular. Before the 1960s

municipalities had to be involved, as cities were taking an entrepreneurial stance. Local governments are important, since they are developing an increasing understanding of the importance of health and economic vitality, which is directly transferred to communities in every way possible to ensure the economic wellbeing of the community. Nevertheless, it is argued that LED is a special economic self-help strategy invented for the disadvantaged social groups on a local or regional level (Nel and Binns, 2001a, b).

### TSHWANE'S INTEGRATED DEVELOPMENT PLANNING AND IT'S IMPLICATIONS FOR LED IN MAMELODI

Geyer (2006) points out that the integrated development planning (IDP) can integrate communities as well as ensure proper provision of services in the communities such as roads, markets, schools, electricity, water and sanitation. The IDP simply outlines the municipality's future service delivery and economic developmental plans. It is for this reason that the IDPs are aligned to the municipal budget. The municipalities have to ensure that areas under their administration contribute to national economic development and growth. The tool for ensuring an efficient contribution is through LED. To ensure that all municipalities succeed in LED, the Department of Cooperative Government and Traditional Affairs (CoGTA) has various governing acts and principles. The act that governs the drafting of an IDP is the Municipal Systems Act, No. 2 of 2000.

CoGTA (DPLG, 2006) defines the IDP as a process through which municipalities prepare a strategic plan. This plan contains short, medium and long-term development objectives, strategies and programmes for the municipal area. An IDP guides and informs budgeting, management and decision making related to service delivery and economic development in a municipality. The IDP process simply ensures that municipalities and communities work together in finding innovative and cost effective ways of addressing poverty and growing the local economy. In short, it ensures that poor areas or suburbs can be subsidised by rich areas with better services. This ideally happens through the direct participation of the communities in their own development.

According to the City of Tshwane (CoT), their IDP is a five-year strategic plan in the form of the annually revised CTMM or CoT IDP document (CTMM, 2006). Therefore, the IDP covers the planning for all areas in the CoT. This covers the budget allocation and expected revenues for all five regions of the CoT. It also covers the objectives of the municipality as well as the projects that the municipality intends to undertake during the five-year period.

CTMM (2005) indicates that in order to provide

**Table 1.** Mamelodi projects and budget to enhance service delivery for local economic development (LED).

Project	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
Redevelopment of hostels	0	5.000.000	7.000.000	12.000.000	14.000.000	18.000.000	18.900.000	19.800.000
Mamelodi substation	0	750	2.200.000	0	0	4.000.000	0	0
Major storm water system	0	0	250.000	275.000	926.000	18.000.000	20.000.000	20.000.000
Access to Mamelodi gardens stations	0	4.000.000	3.500.000	3.500.000	0	3.500.000	0	0
Access road to Mamelodi	2.000.000	5.640.000	9.000.000	0	0	0	1.844.867	1.932.767
Upgrading sewers in Mamelodi Phase 1	4.000.000	5.500.000	9.000.000	28.500.000	0	28.500.000	0	0
Upgrading sewers in Mamelodi Phase 2	3.126.941	2.400.000	16.000.000	14.000.000	0	14.000.000	0	0
Upgrading sewers in Mamelodi Phase 3	9.000.000	7.000.000	46.000.000	3.400.000	0	3.400.000	0	0
Mamelodi R5 link to Garsfontein Phase 1	0	0	3.000.000	0	4.000.000	0	0	0
Mamelodi R5 link to Garsfontein Phase 2	0	0	0	2.000.000	0	2.000.000	2.000.000	2.000.000
Water and sanitation bulk Bronberg	0	8.655.500	3.500.000	0	3.000.000	0	0	0
Mamelodi rondavels	126.000	1.000.000	374.000	1.000.000	1.000.000	1.000.000	0	0
<b>Total</b>	<b>18126941</b>	<b>39.945.500</b>	<b>99.824.000</b>	<b>64.675.000</b>	<b>22.926.000</b>	<b>92.400.000</b>	<b>42.744.867</b>	<b>43.732.767</b>

Source: CTMM. 2009: 120 to 129.

adequate service delivery for LED, R20 million was used in Tshwane townships, including Mamelodi. It is also highlighted that in 2006 the Serapeng road was launched. This road includes the rail bridge to cross the existing overhead electrified single railway line. The CTMM (2008) maintains that its roads and storm water division constructed a total of 38.8 km of walkways and cycle tracks in Mamelodi. This division also upgraded the internal roads and storm water infrastructure in Mamelodi. The CTMM (2008) indicates that a grant from the Gauteng Tourism Authority to do a feasibility study for Mamelodi rondavels was received in 2002. The grant amounted to R4 million and was used to finance the link to Garsfontein and to maintain water provision infrastructure. Table 1 shows a number of projects and their budgets to support LED for the 2002/03 to 2009/10 financial years.

The CTMM (2005) indicates that in the 2010/2011 budget, a total of R50.3 billion in the

Medium Term Expenditure Framework (MTEF) was allocated to the Tshwane Municipality. The hostel conversion programme will benefit from the R56.7 million allocated to hostels in Saulsville and Mamelodi. Each complex will receive R18 million in 2010/2011, R18.9 million in 2011/2012 and R19.8 million in the 2012/2013 financial years. However, the capital budget will be shared among the six regions as follows: Eastern Region including Mamelodi R677.4 million, Southern Region R464.6 million, Central Region R666.4 million, North East Region R733.3 million, North West R653 million and Southern Region R464.6 million.

Table 1 shows that the total spending in Mamelodi ranged from R18.1 million in 2002/03 to R99.8 million in the 2004/05 financial years. These LED projects are mostly infrastructure related and in some years no money was allocated, because the project was completed or not started yet.

Many other items such as low-cost housing, water provision and housing acquisition of land are not allocated to one area. For example, roads and storm water for low-cost housing was estimated at R340 million in 2011/12, R442 million in 2012/13 and R544 million in 2013/14. Some of these amounts will be spent in Mamelodi, but the specific allocations are not determinable (CTMM, 2011). The CoT intends to eradicate all 59 informal settlements within the next five years. Of the 59, 35 are on private land and a strategy will be developed to address the formalisation of these informal settlements before the end of 2011 (CoT, 2011a).

In terms of the Land Tenure Rights Act the formalisation process includes the provision of water, sanitation, roads and town planning services to proclaim townships. The settlements to be proclaimed in 2011/12 include Mamelodi Ext 20, Nellmapius Ext 6, Kudube Unit 3, Refilwe Block G, Olievenhoutbosch Ext 24 to 26 and more

**Table 2.** Proposed LED projects and budget for Mamelodi in the coming financial years.

Project	2011/2012	2012/2013	2013/2014
Marketing and trading stalls	1.000.000	1.000.000	1.000.000
Redevelopment of hostels	18.000.000	20.000.000	20.000.000
Upgrading sewers	0	500	2.000.000
Major storm water system x8	12.900.000	10.000.000	10.000.000
Access to Mamelodi Gardens Station	5.000.000	1.000.000	1.000.000
Access road to Mamelodi	500	1.000.000	1.000.000
Upgrading Sibande Street	1.000.000	25.100.000	25.100.000
Total	38.400.000	58.600.000	60.100.000

Source: CTMM 2011b: 76

than 16 extensions, school sites and portions in Soshanguwe. This shows that Mamelodi is only one of many developing areas within the CoT that competes for the limited resources and allocations for LED projects (CoT, 2011a). Table 2 shows the current and projected spending on projects of the CoT to provide services that support LED.

The CoT (2011b) indicates that in order to ensure economic growth and development through LED, marketing and trading stalls will be built. This will provide jobs that enhance the economy of Mamelodi. If all the projects are implemented the budget will be increased from R37.9 million in 2011/12 to R54.1 million in 2013/14. However, to ensure continued support of LED, adequate infrastructure services in Mamelodi will also be provided, and this is indicated by plans on improving access roads to Mamelodi, such as upgrading Sibande Street.

Housing plays an important role in LED, if all indirect contributions are considered. Although housing provision may seem to have little impact on LED, a careful analysis shows its importance for LED. There are many positive effects that occur during the construction of new houses. Many people are employed when new houses are constructed, thus alleviating unemployment. This occurred in Mamelodi at the time when new developments in terms of housing infrastructure took place. However, it is not only unemployment that is alleviated by housing provision, but also poverty. Emerging contractors in the area also get preference when tenders are allocated to construct such houses (CTMM, 2009). Therefore, many capital expenditures directly and indirectly affect the LED in Mamelodi.

## EVALUATING LOCAL ECONOMIC DEVELOPMENT IN MAMELODI

The CTMM (2009) indicates that during the 2007/08 financial year a number of projects were introduced with the aim of promoting LED. In Mamelodi, the Nellmapius Community Centre project was initiated, which created 65 temporary jobs. The CTMM (2009) states that to ensure

adequate service delivery to support LED, provision was made for the upgrading of internal roads and storm water infrastructure in Mamelodi.

The CTMM (2009) launched the Serapeng Road in Mamelodi as a way of ensuring that there is efficient transport infrastructure in the area. Goods can be transported on time with quality roads and people are able to travel to their place of employment with fewer difficulties (CTMM 2009). These projects have enabled the CoT to improve local labour content and skills transfer opportunities created by the project. Skills transfer was achieved in respect of paving, the construction of Loffelstein retaining walls and the laying of kerbs. The training of safety officers and the presentation of a safety induction course were also implemented as ways of ensuring that the unemployment rate in Mamelodi is addressed. The project has benefited Mamelodi and the surrounding communities: firstly, the road provides direct access for the developments south of the railway line to the Mamelodi Hospital, which is situated on the corner of Tsamaya Road and Serapeng Avenue. Secondly, it provides improved access to the public transport facilities, schools and sport facilities developed along the Tsamaya Road corridor. Thirdly, it provides more direct access from Tamara road to the N4 and the eastern suburbs. Lastly, it links the communities on opposite sides of the railway line (CTMM, 2009).

The Operational Budget-funded projects identified in the IDP include fixing of potholes in conjunction with the National Department of Public Works. This is a major way of empowering communities, including Mamelodi. The CoT also provides training and the necessary basic infrastructure for sustainable agricultural villages. The CoT also releases strategic land parcels of CoT-owned land for this purpose. Properties were identified as the first phase of the project in Rietvlei, Olievenhoutbosch, Marabastad, Garankuwa, Soshanguve, Mamelodi and Hammanskraal. The process will forge public-private partnerships (PPPs), joint ventures and managed development rights by wards, giving access to private sector funding and improving the skills base. The CoT will not only implement these projects with the preferred bidders,

but will implement them in partnership with state-owned enterprises like DBSA for the provision of bulk infrastructure. In addition, almost 1000 youth are temporarily employed in the Youth Greening Project to keep the city clean and environmentally sound (CoT, 2011a).

Other projects for Mamelodi include the rollout of solar water heaters in conjunction with Eskom. The communities are trained to carry out the installation and project management, and Mamelodi will receive 3500 in 2011 (CoT, 2011a). A multi-purpose community centre (MPCC) has been constructed in Mamelodi in collaboration with the city of Delft and will be launched in 2011 (CoT, 2011a). Local government is one of the decentralised structures in South Africa and plays a leading role in LED through municipalities. Decentralisation and citizen participation through the MPCC promote LED. The Safety Action Plan and Community Empowerment Centres form part of the MPCC to promote capacity building and development. The Expanded Public Works Programme (EPWP) introduced in July 2009 is the short-to-medium-term development programme of the CoT aimed at alleviating and reducing unemployment and poverty. The CoT plans to create 35000 temporary jobs in 2011/12 and 335000 by the year 2016 (CoT, 2011a). These government-created employment opportunities have to be supplemented by an equal or larger number of privately created jobs in Mamelodi.

## **SUMMARY OF THE MAIN FINDINGS, CONCLUSIONS, RECOMMENDATIONS AND AREAS OF FURTHER RESEARCH**

There is a definite relationship between service delivery and LED. This relationship does not occur only in specific areas, but in all countries that implement LED. There are many factors that influence LED such as the financial assistance to small businesses by private and public institutions. However, improving the infrastructure alone will still not draw industries and wealthy people to invest in Mamelodi, because the security situation is not conducive to this. At this phase in the development of South Africa the role of Mamelodi should rather be to provide the services demanded in Mamelodi. The IDP should not try to make Mamelodi competitive with the surrounding developed suburbs, as this will be the wrong allocation of resources. Mamelodi should instead be improved and developed, but as the low-income housing suburb it is.

The free movement of firms and industries to the areas of their choice is needed. Market forces and not regulations must determine the development of Mamelodi. Contributing economically beyond this in certain areas that need to be developed may not be the most efficient LED policy at this point in time and level of development of South Africa. Many low-income residential areas are needed in South Africa, and developing Mamelodi

beyond this will exclude many poor households. The LED needed in Mamelodi is defined as local people working together to achieve sustainable economic growth, and is broadly associated with issues of local control, use of local resources and locally determined interventions. The LED policy should be designed to create employment opportunities and to promote development within Mamelodi, based on economic intervention. Projects implemented in Mamelodi since 2000 have shown good progress in improving the economic situation as well as promoting LED. To ensure adequate service delivery to support LED in Mamelodi, roads and storm water infrastructure have been upgraded.

More funds have been allocated to Mamelodi for improvements in infrastructure and to enhance service delivery. Some of the funding is meant to continue to electrify residential areas and businesses, and to fund housing and water supply in Mamelodi. All of these service delivery efforts are meant to ensure that the environment in Mamelodi is efficiently prepared to promote LED as well as to improve the standard of living in the area. The informal settlements must be upgraded to an acceptable standard. Very low-income housing is needed, because this is all that is affordable for many poor people at this stage of their lives.

Further research into the LED situation in Mamelodi needs to be undertaken, particularly about which business activities and incentives for new businesses are economically viable. The CoT's plans for housing delivery in Mamelodi and the formula used to allocate funds for Mamelodi and other townships in the CoT should be based on economic principles. Research on LED in Mamelodi's poor areas is needed by all stakeholders. The fact that the CoT could not produce records of their successes and failures for this research shows how important reliable data is for the successful planning and development of Mamelodi and other similar townships in South Africa.

Therefore, it is recommended that more research be done on the LED strategies of service delivery in Mamelodi and how this has contributed to employment and business development. Statistics are also needed to determine the numbers of jobs created as well as the number of different institutions established due to improvements in service delivery. The effectiveness of investments in Mamelodi must be measured and compared to other areas to ensure that the limited resources are used economically and efficiently.

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