

Whittlesea: A socio-economic profile and LED strategy

Report

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1. INTRODUCTION

The broad aim of this study is to gather strategic data on Whittlesea which can be used to feed into development planning processes and inform strategic LED interventions such as demo projects.

The study was informed by five specific objectives:

- to provide a historical overview of development planning in Whittlesea, with particular reference to the effects of apartheid planning;
- to provide a demographic profile of the Whittlesea population focusing particularly on population size, the urban and rural breakdown, the gender composition, the age profile, the levels of education as well as household income and household expenditure;
- to provide an overview of the salient features of the Whittlesea economy, in terms of employment patterns and labour market features, its human and natural resource endowment, and its economic infrastructure;
- to look at Whittleseas' physical infrastructure, including water and sewerage, electrification, roads etc, and social infrastructure such as housing, schools, health care facilities, and other community facilities;
- to assess the network of development stakeholders, especially the TLC, political parties, government and others;
- to design an appropriate institutional framework for LED in Whittlesea, and propose concrete strategies and recommendations on the way forward

Research methods used consisted of documentary research and interviews. Documentary research was the primary means of attaining demographic data on Whittlesea, with use being made of the 1997 BKS Socio-Economic Survey of Whittlesea, the 1995 CSS's October Household Survey, and the DBSA's 1995 Statistical Macroeconomic Overview. Use was also made of a number of government and NGO planning and strategic documents, which addressed either the theme of LED generally or Whittlesea more specifically.

In-depth interviews and focus group discussions were also held with various role-players and stakeholdes in Whittlesea, including representatives of the TLC, political parties (ANC and SACP), SANCO, SADTU, the SBDF, entrepreneurs from numerous SMMEs, hawkers and informal traders, formal businesses in Whittlesea, consultants, and government representatives (especially from the Northern Region Department of Economic Affairs, Environment and Tourism).

2. WHITTLESEA IN HISTORICAL PERSPECTIVE

2.1 Introduction

Whittlesea is a small rural town lying some 35 km from the larger urban centre of Queenstown. The climate of Whittlesea is considered semi-arid, with long cold winters and short hot summers, and a mean annual rainfall of less than 500mm.

The town itself comprises of the four areas of Sada, Ekuphumleni, Madakeni and Whittlesea, as well as the outlying peri-urban areas of Shiloh, Dyamala and Emthabazo. Whittlesea is surrounded by another 36 villages which comprise the rural district of Hewu.

Settlement around Whittlesea commenced in the early 19th century with the establishment of the Shiloh Mission Station. A few decades later (in 1849), the town of Whittlesea was established by white traders. The following year a military garrison was established at Whittlesea and a magistrate posted to administer the area. In this sense the early development of Whittlesea complied with typical patterns of frontier settlement: evangelisation followed by military occupation and administration (DBSA, 1988).

The further development, or rather underdevelopment of Whittlesea, must be seen within the context of the 'native reserve policy' of the Union of South Africa (1910-1948), and the later separate development policy (apartheid) of the National Party (1948-1994). While the specificity's of the two policies differed, both had the same twofold aims of keeping Africans out of urban areas (which were by and large reserved for whites) and creating a reservoir of cheap, unskilled labour for superexploitation by white farmers, miners and industrialists. The net outcome of both policies was also similar - the devastation of the social and economic fabric of the communities who were forced to live in the overcrowded and underserved reserves.

2.2 The 'native reserve' policy-1910-1948

Let us firstly consider the period, 1910 -1948. In terms of the regulatory framework governing socio-economic development in Whittlesea, the most significant piece of legislation was the Natives Land Act of 1913, which basically reserved some 13% of South Africa's land area for the occupation by Africans. The 1936 Native Trust and Land Act in a sense acknowledged that this land earmarked for African reserves was too little, and made provision for additional land ('released areas'-RAs) to be acquired by the South African Native Trust -SANT (which later became the South African Development Trust-SADT) for 'purposes of native occupation'. But the concept of RAs never really came into fruition, largely as a result of resistance from white farmers to give up land for African resettlement, and the lack of commitment from government to address the issue and purchase land for this purpose.

At the same time the 1936 Native Trust and Land Act effectively tightened the terms by which Africans were allowed to reside in white rural areas, and had the net effect of forcing more people into the hopelessly overcrowded reserves. Rather than

addressing the issue and making provision for more land to be set aside for African occupation, the government in the 1930s and 1940s introduced the 'betterment schemes' which sought to move people away from farming land and into rural villages (DBSA, 1988). This rural villagerization strategy had the effect of creating hundreds of small localised villages throughout the Transkei and Ciskei. At the same time though, no services nor infrastructural facilities were provided to these villages. Given the declining natural resource base and low levels of agricultural production (due to primarily to overcrowding), levels of poverty, unemployment and landlessness soared. The cornerstone of these economies came to be migrant remittances - a pattern which still endures today.

2.3 The entrenchment of separate development - 1948-1994

Through their formalisation and institutionalisation of the policy of separate development, the National Party after 1948 entrenched and exacerbated these trends. The policy of keeping Africans in the 'native reserves' (soon to be called 'bantustans') and out of the 'white' urban areas was reinforced through influx control measures such as the Group Areas Act of 1950, the Prevention of Illegal Squatting Act of 1951, and the Urban Areas Amendment Act of 1952 (which made it a legal requirement for Africans living in urban areas to carry passes).

At the same time, the apartheid government established tribal authorities (in terms of the Bantu Authorities Act of 1951) staffed by chiefs and headmen who became salaried officials of government. Increasingly, tribal authorities were given extended powers of decision-making over matters such as the allocation of land, welfare and pensions. This tendency to reconstruct the reserves as self governing areas was cemented with the Promotion of Self Government Act of 1959 which in turn led to the formation of ethnically-based 'self-governed bantustans'. Following this, the Ciskei Territorial Authority was established in 1961. Further refinement of the concept of separate development came with the passing in 1970 of the Bantu Homelands Citizen Act (which stated the every black South African is a citizen of one or other of the ethnically-based bantustans) and the Bantu Homeland Constitution Act in 1971 which led to the establishment in the same year of the so-called independent state of the Ciskei, complete with its own Legislative Assembly.

2.4 Industrial decentralisation

In order to exploit surplus labour and at the same time promote the sustainability of the homeland populations (in order to lessen the pressure for movement to urban areas and the likelihood of dissatisfaction and resistance against the homeland system), the government instituted (selective) recommendations of the Tomlinson Commission and established border industries (deconcentration points) situated within 52 km of a homeland. On the recommendations of the Moolman Committee in 1960 tax incentives were offered to industries which were prepared to locate to these border areas. However this policy failed due primarily to failure to meet the infrastructural needs of industrialists, as well as because of social and political problems experienced at the four metropolises selected as border industry sites (see Wellings and Black, 1986).

This led government to restructure its industrial decentralisation strategy. The essence of the new strategy was that a package of incentives was provided to interested investors, and at the same time infrastructure was developed at a number of selected industrial decentralisation sites (growth points) by homeland development corporations (such as the Ciskei Peoples Development Bank) which were by and large set up for this very purpose. A total of eight functional regions were created (later nine), and a number of industrial decentralisation sites identified within each region. Both the former Ciskei and the central and Southern part of the Transkei fell in Region D, with corresponding growth points being Dimbaza and Whittlesea, and Butterworth, Umtata and Ezibileni respectively.

The particular incentives offered in a particular growth point were differentiated according to how attractive or otherwise and area was (see Dewar et al, 1984). Region D was accorded the highest development priority, and provided with some of the most 'attractive' incentives available. Among these were tax incentives, transport subsidies, rent subsidies, as well as the understanding that homeland governments would facilitate workplace relations conducive to the super-exploitation of employees. Included in this latter 'incentive' was the conscious repression and subduing of trade unions, together with the non-enforcement of employment standards.

2.5 The enduring legacies of the apartheid socio-economic development model

The results of the past 100 years of underdevelopment of Whittlesea have created deep and entrenched socio-economic problems. The structural and systemic nature of these problems means that their legacy will endure for the foreseeable future. Solutions and strategic interventions aimed at their relief must take both short term (immediate) and long term concerns into consideration. These will be visited in the final section of this report when we make recommendations towards LED and poverty alleviation strategies for Whittlesea.

What is important now is that we unpack the consequences of apartheid's socio-economic development model. Trying to come up with short and long term solutions to Whittlesea's problems will prove meaningless unless we get to grips with the underlying nature of the problems. In summary, the net effects and consequences of the 'native reserve policy' and apartheid development planning for Whittlesea and its surrounding hinterland have been the following:

1. Involuntary settlement patterns

Most of Whittlesea's urban population comprise of people who were forcibly resettled after being relocated from so-called 'black spots', white farming areas and urban areas as part of the apartheid logic that all African should live in 'their own areas' (ie. the 'reserves', 'bantustans' and 'homelands'). Sada was established as a resettlement area in 1963. In order to make land available for the establishment of Sada, the Department of Bantu Administration excised land from the Shiloh Location, with no compensation forthcoming for the expropriated land.

With Transkei's 'independence' in 1976, districts which were previously in the Ciskei were incorporated into the Transkei, resulting in the resettlement of tens of thousands of people in Ntabetemba, Zweledinga and Oxton (lying outside Whittlesea in R.A 72 and R.A 59). Given the absolute lack of resources and services in these areas, an increasing number of these resettled persons moved to Sada and Madakeni, an informal settlement which developed adjacent to Sada. Given the inability of Sada to accommodate the displacement of resettled persons, the South African Development Trust together with the Ciskei government established Ekuphumleni in 1983/84.

In this way, Whittlesea (Sada and Ekuphumleni) became part of the Ciskei's subregional urbanisation focus. Whittleseas' intention was to become a sub-regional service town for the northern Ciskei. However, with the Ciskei's reintegration into South Africa, questions remain as to the viability of this strategy.

2. Uneven development

The development of the broader sub-region of which Whittlesea is a part has been characterised by extreme unevenness and imbalances with respect to the distribution of wealth, resources, facilities and services. Firstly, Queenstown has been the focus of the sub-regions' socio-economic development, and has formed (and indeed continues to form) the commercial and service centre for the broad sub-regional rural hinterland. The close proximity of Whittlesea to Queenstown has detracted in a very direct way from the development of Whittlesea into a viable service town.

Secondly, within the Whittlesea area itself, vast disparities have come to exist as a result of apartheid development planning. Worst off are the 'dumping sites' such as Zweladonga, Ntabetemba and Oxton, where communities were resettled with no provision of facilities and services, and no thought given to how these communities might sustain themselves. Also adversely affected by historical development planning initiatives are the residents of the numerous rural villages in the area who were 'victims' of the 1913 Natives Land Act and the 'betterment schemes' and villagerisation programmes of the 1930s and 1940s. These initiatives have resulted in countless small localised villages characterised by low levels of resources (especially land and water), services and facilities. Finally, there have been disparities with regards the level of services within the town of Whittlesea itself, with less developed services being rendered to Madakeni and Whittlesea (as opposed to Sada and Ekuphumleni). However, these disparities within Whittlesea were nowhere near as extreme as between Whittlesea and surrounding rural areas.

3. Underdeveloped institutional capacities

The third main consequence of apartheid development planning has been the extremely fragmented institutional framework which has governed development in the area. For a start, what is ostensibly one spatial economy - the subregion (the broader Queenstown-Whittlesea area) - has historically been governed by three separate administrations, South Africa, the Transkei and Ciskei. That this has impeded

coherence and integration with respect to development planning and the institutional framework thereof is obvious.

Due primarily to their own political agendas and ideological persuasions, as well as their centralist and bureaucratic modes of governing, neither the South African nor Ciskeien governments had any interest in developing local level institutional capacity in Whittlesea. Before 1994 there was effectively no formal political representation in Whittlesea. Whittlesea, Sada and Ekuphumleni did not have elected town councils, and were instead administered in a top-down manner by township managers. Township managers were themselves primarily administrative officials. Decisions about land use control, rates and services tariffs collection etc were taken by the Department of Internal Affairs, and merely processed and administered by the township managers. It was only with the establishment of SANCO and the development fora in the early 1990s that communities in Whittlesea were able to begin challenging and contesting the authority of the township managers and the Department of Internal Affairs.

The rural areas around Whittlesea were administered by tribal authorities (Shiloh for example being represented by the Mziwoxolo Tribal Authority). Despite these chiefs and so-called tribal leaders being represented at government level, their positions like the township managers were primarily administrative. They did, however, have some decision-making powers vested in them, particularly with regards land use control (within the limitations of their jurisdictions). One of the unfortunate consequences of this is that it has resulted in deeply entrenched systems of patronage and confused allegiances which today disrupt attempts to establish democratic and accountable governance in the area.

Attempts to break these systems of patronage are limited by the fact that local government structures (TLC and TRC) are very much in their fledgling stage of development, lack the necessary skills and capacity, and are seemingly battling to assert their status and authority within their communities. Given its history, it is little wonder that social relations in Whittlesea have been quite adversarial in nature. Unfortunately, this has resulted in a certain volatility which continues to impede attempts to establish the levels of socio-political cohesion necessary for effective institutional development.

4. An underdeveloped local economy

Finally, we need to consider the effects which apartheid has had on the local economy in Whittlesea and the broader sub-region. Firstly, concomitant with the apartheid government's and capital's strategic use of the former homelands as reserves of surplus labour, the area has become characterised by high levels of migrancy and dependency on remittances. Indirect consequences have been the relatively high proportion of female-headed households in the sub-region (see following section of demography).

Due primarily to the shifting nature of capital accumulation in South Africa over the past few decades, labour market requirements for cheap, unskilled labour (as was

previously procured from the former homelands) has dropped sharply. This has been primarily due to greater levels of mechanisation in agriculture (from the 1970s onwards); restructuring and downsizing in the mining sector (which has recently seen large numbers of retrenchments); and the escalating importance of manufacturing and service industries in the South African economy (which both have more skilled labour requirements). New accumulation strategies generally require more high skill routes to increased productivity and international competitiveness. Consequently, levels of labour migrancy, the mainstay of the former homeland economies, are falling to all time lows.

While on a positive note this means higher proportions of the (male) economically active population at home to develop their local economies, questions remain as to how this historically-determined 'surplus labour' can be deployed. In Whittlesea and surrounding areas, formal sector employment opportunities are at an all time low. This has been further compounded by the closure of the (mostly Tiawanese-owned) factories which had relocated to Whittlesea to take advantage of the incentives (discussed above) resulting from Whittleseas' status as an industrial decentralisation growth point. While industrial decentralisation did create jobs, the point needs to be made they were jobs at a cost. One of these costs is the principal of fair labour practices. Employers who refuse to abide by minimum employment standards and negotiate with trade unions are employers the country doesn't need. Clearly the strategy of industrial decentralisation was artificial and by its very nature, short-lived from its inception. What areas like Whittlesea require are more long-term, sustainable industrialisation and employment creation strategies.

Whittlesea is very much a town without an economic base. It was originally established as a small administrative and trade centre, and then grew significantly (and artificially) with the resettlement of displaced communities. Industrial decentralisation gave some short-term relief, although at the same time gave the town a false sense of industrial importance. The other historical form of survival, migrant remittances, are also drying up. Solutions to Whittleseas' economic crisis are imperative.

3. DEMOGRAPHIC CHARACTERISTICS

Unfortunately, at the time of writing this report, the detailed findings of the 1996 national census have not yet been released. Unfortunately, the 1991 national census is also of little use since the former TBVC states such as the Transkei and Ciskei were excluded from the census. What are provided are a range of statistics from various sources, including the 1997 BKS Socio-Economic Survey, the CSS 1995 October Household Survey, Unisa's 1995 Socio-Economic Profile of South Africa's Nine Provinces, and the DBSA's 1995 Statistical Macroeconomic Review (which primarily uses CSS data such as the 1991 national census, the 1995 October Household Survey, together with its own secondary data). Use is also made of the Whittlesea TLC's statistics which they utilise for their own planning purposes.

While using different sources is advantageous in terms of the accuracy and reliability of the data, it has its downside in different sources use different study populations as

their denominator. In some cases (eg. the DBSA's Statistical Macroeconomic Review) the district Hewu is used, while for others (such as the 1997 BKS Socio-Economic Survey), the data is for the town of Whittlesea itself. In order to avoid any confusion which may arise as a result thereof, we will be explicit as to study population we are referring to.

3.1 Population size

What follows are estimates for the population size of the four residential areas that make up the urban settlement of Whittlesea.

Residential area	Population (BKS Survey)	Population (TLC)
Sada	20 581	18500
Ekuphumleni	20 866	17000
Madakeni	5057	9365
Whittlesea	201	1000
Total	51068	45865

It is difficult to say which of the above figures are more correct. For planning purposes, it is probably safe to estimate the size of Whittlesea's urban population at 50 000. What is more disturbing about the above statistics are the contrasting figures provided for Madakeni and Whittlesea, which the TLC estimate to be almost double (in the case of Madakeni) and five times more (for Whittlesea) the figures given in the 1997 Socio-Economic Survey. One reason for this may be the time lag between counts (October 1997 for the BKS survey and November 1998 for the TLC figures). Given that both Madakeni and Whittlesea are more informal settlements, it is these areas which would be susceptible to growth through migrancy into Whittlesea from the surrounding rural hinterland.

3.2 Population breakdown - urban/rural

The population size given for Hewu, the magisterial district of which Whittlesea is a part is 97 023 (DBSA Statistical Macroeconomic Review, 1995). This implies that over and above the urban based population of Whittlesea, some 50 000 or so people live in the 39 villages which make up the Hewu district. The average population size of villages in Hewu is between 1000-1500 per village. Shiloh village, which lies just outside Whittlesea is one of the largest villages in Hewu having a population of some 4000.

It is evident that Hewu has a disproportionately high urban population (approximately 50%) when compared to the rest of the former Ciskei which has an urban population of around 23% (see SALDRU/World Bank Statistics on Living Standards and Development, 1993).

3.3 Population by gender

Unfortunately gender breakdowns for the urban settlement of Whittlesea are currently unavailable. The DBSA (1995) calculates the gender profile of the district of Hewu to comprise 55 325 females, and 41 698 males. In other words approximately 43% of the Hewu district comprises male residents, and 57% female residents.

This is more or less in line with the 1993 Saldru/World Bank statistics which suggest that in the former Ciskei, the adult males comprise just 41% of the adult population, while adult females comprise 59%.

Reasons for this may have to do with the high male absentee rate in the area due to labour migrancy (in other words men are simply not counted in surveys). Also, health studies in the former homelands show that women tend to live longer than men (men are far more likely to suffer trauma related deaths as well as deaths from occupational diseases and migrant-related illnesses like TB). This is confirmed by the DBSA (1995) statistics which reveal that almost two thirds of the 65+ year Hewu population are women.

3.4 Population by age

The 1997 BKS Socio-Economic Survey gives the age distribution for the urban population of Whittlesea as follows:

Age	Percentage
0 years - 5 years	13%
6 years - 14 years	31%
15 years - 19 years	11%
20 years - 44 years	30%
45 years - 60 years	7%
61 years +	8%

It is evident that a large proportion (44%) of the Whittlesea population are under the age of 14 years. This is in line with the SALDRU/World Bank data which suggests that some 46% of the former Ciskei's population are children under the age of 14 years. This is also more or less consistent with the CSS's 1995 October Household Survey which provides evidence on the youthfulness of the African population in the Eastern Cape. According to the CSS, children under the age of 15 constitute 44% of the African population in the Eastern Cape, compared to 34% for the coloured population and just 21% among whites in the province.

The age distribution of the African population (and that of Whittlesea) is typically characteristic of an underdeveloped country, while that for the white Eastern Cape population is closer to the profile of a developed country. This reflects the levels of inequality and disparities in standards of living across racial groups in the province. The age distribution for Whittlesea suggests high levels of poverty and a high youth dependency ratio (the proportion of youths that need to be supported by adults).

Development planners need to take account of the youthful demographic profile of Whittlesea in terms of planning for the provision of educational facilities and employment opportunities.

3.5 Population by level of education

The 1997 BKS Socio-Economic Survey revealed the extremely low levels of education among the Whittlesea population. This is reflected in the following table:

Level of education	Percentage
< standard 3	57.0%
standard 3 - standard 5	14.4%
standard 6 - standard 8	20.6%
standard 9 - standard 10	5.2%
standard 10 +	2.8%

It can be seen that some 57% of Whittleseas' population have only attained standard 2 qualification or less. This means a literacy level of at best 35% -40% (using the commonly used literacy threshold qualification of standard 4), although such standardised literacy indicators are extremely problematic. Nonetheless the data does show the extent of the problem - the ravages of 'bantu education' and its remaining legacies. At the top end of the qualification scale, only 5.2% of Whittlesea's population have attained standard nine or matric, and only 2.8% have some form of tertiary qualification.

These statistics for Whittlesea are comparatively worse than those provided for the rest of the Ciskei (in the Saldru/World/Bank study) and the province (as seen in the CSS's 1995 October Household Survey). The Saldru/World Bank (1993) data gives the proportion of the Ciskei's population with below standard three education as 38%. The statistics are not so different to Whittlesea at the top end of the scale - 5.6% with standard nine or matric, and another 3.8% with some form of tertiary qualification.

The figures show that the former Ciskei region of the Eastern Cape and Whittlesea in particular, are comparatively far worse than the rest of the province. With regards the rest of the Eastern Cape, some 33% of the African population in the province has achieved a standard three or below education, and 17% have attained a standard 10 or higher. Once again, racial disparities in the province are evident - no whites have attained below standard 5 education and 61% have attained a standard 10 or higher.

3.6 Household income and expenditure

Unfortunately there have been no recent comprehensive studies of household income and expenditure in Whittlesea. The BKS 1997 Socio-Economic Survey states simply that 'more than 80% of households live below defined minimum subsistence levels'. In order to provide some indication of the breakdown of the Whittlesea community by household income, we made projections based on old data (DBSA 1988), derived to 1998 values and computed to calculate per capita incomes.

Income (monthly)	% distribution	Per capita income (annualised)
R 000 - R 175	15%	R192
R176 - R 300	35%	R451
R301 - R 500	15%	R768
R501 - R800	8%	R1248
R801 - R1200	10%	R1920
R1201- R1700	7%	R2784
> R 1701	11%	R3840

While the above figures are an estimation and might not represent a perfectly accurate picture, they do give some indication of the income categories into which most people fall. The proportion of people living below the 'minimum living level', varies according to the definition of the level. If one defines it as household income below R800/month (as defined by the Housing Board, for example) then it follows that 63% of Whittlesea's households live below the minimum level. If however, we take a slightly higher (and more realistic) minimum living level of R1200, then some 73% of households live below the level.

According to the BKS 1997 Socio-Economic Survey, the situation in the rural areas surrounding Whittlesea is far worse, with an estimated '90% of households living below minimum subsistence levels' (exactly what these are remain unsubstantiated).

The table also shows per capita incomes across the various income groups (calculated on an average family size of six persons). As can be seen, the per capita incomes for the lower income categories reveal conditions of desperate poverty. The mean per capita income for Whittlesea is calculated at R1211 (about US\$ 200), which is comparable to the per capita income for the poorest and least developed countries of the world.

According to both the DBSA (1988) and BKS (1997), food is the largest household expenditure item, accounting for some 65% of household income for the lower income categories, declining to 30% and below for high income categories such as civil servants, teachers, nurses etc.

What these figures reveal is that levels of affordability in Whittlesea remain extremely low. As will be argued in a later section, this has important consequences for cost-recovery oriented provision of services. But any projections as to future levels of income must be premised by a thorough examination of the Whittlesea economy, and its potential to create employment and generate and distribute wealth.

4. THE WHITTLESEA ECONOMY - SALIENT FEATURES

4.1 Employment and unemployment in Whittlesea

4.1.1 The jobs crisis

The economically active population comprises all workers - employers, employees, the self employed, and the unemployed - in the formal and informal sectors. Besides the Northern Province (which has an unemployment rate of 47%), the Eastern Cape has the next highest rate of 45.3% (Unisa, 1995). The national unemployment rate is calculated to be 32.6%, indicating the relatively high levels of unemployment (and by consequence poverty) in the province. Unemployment here refers to the expanded definition which includes people 15 years and older who, though unemployed, are available for work irrespective of whether they are taking active steps to find work. Definitions are important when it comes to counting people. The DBSA, for example, in its 1995 Eastern Cape Macroeconomic Survey, uses the narrow definition of unemployment. This definition includes people over the age of 15 years who are not in any type of employment, *but who are actively looking for a job* (have applied for jobs within a month of the survey). Such narrow definitions excludes those who have become disillusioned and given up looking for a job, or do so less often due to costs associated with finding a job (transport etc).

The Unisa statistics (1995) suggest that unemployment in the Eastern Cape is considerably higher in the rural areas (56.3% for rural and 32.4% for urban). It is also considerably higher amongst women, with the provincial unemployment rate being 50.4% for females and 40.2% for men. These figures are fairly close to those of the CSS's 1995 October Household Survey which put the unemployment rate at 53% for African females, and 42% for African men. The CSS data makes for interesting comparative analysis across racial groups in the province. For example, the unemployment rate for white males is only 5%, and that of white females 12%.

The unemployment rate in Whittlesea is contested. The Whittlesea TLC give the figure of 46%. By their own admission though, they acknowledge that this figure is a 'thumbsuck'. On the other hand, the 1997 BKS Socio-Economic Survey, using far more rigorous means to arrive at their rate, found that unemployment levels in Whittlesea (using the broad definition) are in excess of 60%. Unfortunately BKS are hesitant to provide a more specific figure. Some simple arithmetic (albeit a little reductionist) shows us that unemployment is more likely around the level of 70%. Firstly the 1997 Socio-Economic Survey tells us that little over 6000 people in Whittlesea are in gainful employment (either formal or informal sector). The breakdown of these figures are provided in the following sub-section. This can be arrived at by taking the size of the potentially economically active Whittlesea population to be 20 000 (based on calculations of those aged between 15 years and 60 years less an estimation of those unavailable for work (disabled, schooling, homemakers etc), and using an estimated population size of 50 000. This means that just over one third of Whittleseas' potentially economically active population are working - suggesting that upward of 67% of the potentially economically active population are unemployed.

4.1.2 Employment Patterns

The 1997 BKS Socio-Economic Survey provides a concise picture of current employment patterns in Whittlesea. These are reflected in the following table:

Employer	Number of jobs	% distribution
Whittlesea TLC	40	0.6%
Agriculture	260	5.0%
Industry	395	6.4%
Commercial/service sector	210	3.4%
Informal sector (hawkers, taxis etc)	1150	18.7%
Medical doctors (private)	4	0.1%
Dentists	1	0.1%
Hospital and clinics	250	4.1%
Education Department	1015	16.5%
Public Works Department	480	7.8%
Postal Services	45	0.7%
South African Police Services	70	1.1%
Department of Justice	29	0.5%
Private legal practices	5	0.1%
Migrant workers	1200	19.5%
Other	1000	16.2%
Total	6154	100%

Source: 1997 BKS Socio-Economic Survey

While there have been some changes in the past year with regards the number of jobs in the above categories, these changes shouldn't detract from the trends which are evident. The first trend which is evident is that the state (through the employment of teachers, nurses, police personnel and other civil servants) is the major employer in Whittlesea. This has some important implications, particularly with regards future employment patterns. Firstly, public service employment in Whittlesea is saturated - in fact oversaturated. If anything, public service employment in Whittlesea will decrease in the future. This has to do with the rationalising and restructuring of local government in Whittlesea, which will soon see the massive downscaling of the Department of Public Works in the town, and the absorption of (not all) their employees into the TLC. Unfortunately, the TLC organogram envisages a full staff complement of 177, in effect meaning a number of surplus workers who may need to be retrenched.

The other two important sectors which stand out as important employers are the informal or micro enterprise sector (which provides some 19% of current job opportunities in Whittlesea) and the migrant sector (which accounts for 20% of job opportunities). Most of the micro enterprises referred to above are survivalist in nature, and currently do not offer good prospects for expansion and further job creation. With strategic intervention (targeted financial assistance and business training), however, a number of these micro enterprises could be turned into viable and sustainable small businesses which can generate employment opportunities.

The extent to which Whittlesea is still dependent on migrant remittances is evident from the BKS statistic that 20% of Whittlesea's employed persons are migrants. Downscaling on the mines has seemingly not reduced the levels of labour migrancy - it has merely displaced the locality with an increasing number of migrants now heading to Cape Town rather than the Eastern Free State and the Witwatersrand. That Cape Town has the lowest levels of unemployment in the country means that labour migrants could continue finding employment for the foreseeable future. It seems then that old patterns are being reproduced. But labour migrancy is most often a survival strategy rather than a preferred option. Also, while it contributes to the subsistence of the family back home, it is no way to develop a local economy - with a braindrain of those with skill development potential, no value-added spin-offs (such as secondary job creation) for the local community, as well as numerous associated social and community problems (destroying the cohesion of the family unit etc, absentee household heads etc).

4.1.3 Future employment prospects

One of the most awesome pressures of having such a youthful population are the future job requirements which will have to be facilitated. But just how many jobs are needed if current levels of unemployment and poverty are not to be exacerbated? More importantly perhaps than just stating the extent of the problem, where are these jobs to be found?

To answer the first question, on our earlier assumption that the size of the economically active population in Whittlesea (less those unavailable for work) is 20 000, this means that Whittlesea is currently short of some 14 000 jobs. Let us now consider how existing patterns might unfold in the future. These are illustrated by way of the following table:

Projection	Population (at 1.8% growth)	Potentially economically active population	Existing number of jobs	Job shortfall
1998 (present)	50 000	20 000	6000	14 000
2003 (5 year)	54 665	21 866	6000	15 866
2008 (10 year)	59 766	23 906	6000	17 906
2018 (20 year)	71 440	28 576	6000	22 576

The above table illustrates that there is currently a job shortfall of 14 000 jobs in Whittlesea. In order to achieve full employment by the year 2003, some 16 000 jobs have to be created. In order to just maintain current levels of employment (so as not to further increase the already unacceptably high levels of unemployment), an additional 2000 jobs need to be created over the following 5 years. If these jobs are not created, unemployment will be around 70%.

By the year 2008, the economically active population will have grown to about 24 000. This means the creation of at least 4000 jobs just to maintain current levels of employment. In order to achieve full employment, an additional 18 000 employment opportunities must be found.

If no new jobs are created by the year 2018, Whittlesea will have an unemployment rate of around 80% and a shortfall of some 22 500 jobs. In order to maintain current employment levels (with an unemployment rate of about 65%), there will need to be at least 8000 new jobs created over the next 20 years.

The point needs to be made that these unemployment projections are based on a mean aggregate population growth of 1.8%, which is probably a fairly conservative estimate. The currently youthful age status of the population, as well as the fact that there is inward movement to Whittlesea from its even poorer rural hinterland, means that the real population growth could even be as high as 3%. This points to an even more severe jobs crisis than the scenario outlined above.

4.2 The Economic infrastructure

Economic infrastructure is taken here to mean the natural, physical and human resource endowment which currently exist in Whittlesea.

4.2.1 Natural resources

Whittlesea is not endowed with any redeeming natural resources, other than water supply via the Oxkraal and Waterdown Dams. Unfortunately, this water supply is currently not being put to good use (more will be said on possibilities of redeveloping the irrigation schemes).

Besides the (potentially) irrigated land, the land around Whittlesea is extremely arid and has low carrying capacity. It is presently overcrowded, and cannot sustain the population currently residing there. Livestock and crop production in villages surrounding Whittlesea is primarily to subsidise the cost of food, rather than for subsistence in its own right. Land for grazing is particularly scarce in areas immediately around Whittlesea, with commonage (in Shiloh for instance) constantly under threat from urban encroachment (from Whittlesea). In years of drought, crop production in the more arid areas in Hewu can be almost non-existent, with communities being forced to rely solely on migrant remittances and pension payouts.

As far as natural resources go, the only other resource worth mentioning is the soil (which has a high clay content). This soil is suitable for the manufacturing of bricks, which is currently happening through the operations of a growing number of informal brick-makers (this will be further discussed in our assessment of Whittlesea's LED possibilities and constraints).

4.2.2 Physical resources

- **a factory graveyard**

Due primarily to the industrial decentralisation policies of the apartheid government, Whittlesea is endowed with eleven factory buildings, all but one of which are standing empty or being used for non-industrial purposes. The factories were all owned by the former Ciskei People's Development Bank, which has now been integrated into the Eastern Cape Development Agencies (ECDA). As such, all factories are now owned by the ECDA. The details of these factories including erf size, building size, tenants, leases, values and leases are included as a table in Appendix 1. As is evident in the table, only three of the factories are currently being leased out - one to Eskom, one to Sada Cash and Carry, and one to Royal Textiles. The others are either lying dormant, or have been made available to the Hewu Development Forum for use as schools and a church. A number of the factories which have been standing empty have been vandalised.

Most of the now empty factories previously operated as textile industries, owned mostly by Taiwanese (and to a lesser extent South African) entrepreneurs who were drawn to the area by the incentives, not least of all the abundance of cheap, unorganised labour. At the height of industrialisation in Whittlesea, eight industries employed more than 1500 workers (interview: Mr Lee, Royal Textiles). Today, Royal Textiles is the only industry remaining. Companies like Golden Knitting (which leased a few factories in Whittlesea, and Ciskei Manufacturers (which had some 600 employees) and Edward Frank Manufacturers have relocated operations to other Southern African countries (Botswana, and the Export Processing Zones in Zimbabwe and Namibia). According to Mr Lee, the industries pulled out when it became apparent that incentives were to be withdrawn. A catalyst was the entrance of trade unions (previously suppressed by the Ciskeien Government) onto the industrial relations scene in the early 1990s, leading to protracted strike action against the atrocious working conditions in the factories.

A look inside Royal Textiles gives some indication of the kind of 'cheap labour' production which has gone on in Whittlesea for the past three or so decades. About one hundred and forty young to middle-aged women (from Whittlesea) sit behind hand knitting machines, carefully watched over by Taiwanese women who are employed as supervisors. The employees have no job security - they are all employed on contract basis, with contracts being renewed on the basis of demand. Their situation for the future is highly precarious - markets are saturated (Jet stores) and orders are not coming in. Employees get paid on a piece work basis, with wages generally varying between R45 to R200 every two weeks, depending on the quantity and quality of their output. Mr Lee (the owner) doesn't negotiate with a trade union on site. According to Mr Lee, workers 'problems' are addressed by the 'workers committee with the help of the TLC'. The TLC promised to 'improve labour matters' when Mr Lee recently threatened to join his former colleagues and set up shop in neighbouring Southern African countries. To this end the TLC and their so-called 'crisis committee' have been quite effective in ensuring industrial peace. How the

complicity of SACTWU (formerly active in the Whittlesea textile industries) has been gained remains unclear.

- **under-utilised small business complexes**

There are a number of small business complexes established by the Ciskei Small Business Development Corporation scattered around Whittlesea and surrounding areas. Sites include a fairly large centre in Sada (comprising of some 14 workshops), a complex in Ekuphumleni consisting of six workshops, a complex in Shiloh (consisting of 12 workshops), one in Zweledinga (comprising 5 workshops) and a few complexes in surrounding rural areas including Thornhill, Mitford and Rocklands.

Activities at the complexes include motor repairs, panelbeating, metalwork (security gates, window frames, burglar bars etc), dress making and sewing, and furniture upholstery. Total employment for all complexes is in the region of 130 people. Not all the premises are currently operating as businesses, especially the rural sites which were found to be occupied as schools, crèches etc. The complexes are in a varied physical condition - those in and around Whittlesea were generally in quite good condition while the more rural complexes were found to be in urgent need of repair.

Most of the SMMEs visited were found to be fairly self-sustaining, despite the total lack of any support base. Entrepreneurs complained of no financial support (eg. from the ECDA), and no non-financial support such as business, marketing, tendering and technical training. As a result, opportunities for expansion and employment creation were negligible. Businesses catered primarily for the local market, and as a result were constrained by the limited purchasing power of their clients. Of concern was the fact that none of the SMMEs were not sufficiently producing for state sector markets (sewing and dress making businesses for schools, hospitals, prisons etc|, metalworkers were not producing window frames and burglarbars for low cost housing projects etc). The only businesses which were producing for state markets were the brick-making businesses. They faced the opposite dilemma - of becoming too dependent on such markets which were by their nature temporary (the markets would end with the completion of the low cost housing projects).

- **non-functioning irrigation schemes**

The Shiloh Irrigation Scheme, which is situated on the alluvial terraces of the Klipplaat River and draws water from the Waterdown Dam, was started in the mid 1960s by the South African government but never really got going until it was revitalised by the Ciskeien Department of Agriculture and Forestry in the late 1970s. By 1982, after completion of the consolidation and integration process, the Shiloh Irrigation Scheme consisted of 394 ha of irrigated land comprised of 113 ha of food plots (0.25ha food plots provided to 455 land holders for subsistence and income generation), as well as a larger commercial farms (15 commercial farms of 4 ha each), a 132 ha group farm which was farmed on behalf of 272 members who had land occupational rights, and a 68 ha commercial dairy farm (Ardri, 1996:74). Just under half of the land made available for food plots was allocated to people who had lost

arable land when grazing land in Shiloh was excised for the development of Sada township and industrial complex.

The food plots contributed significantly to food security and household income of the plot farmers. According to Ardri (1996:viii), approximately 70% of the produce (maize, cabbage and potatoes) from the food plots at Shiloh Irrigation Scheme were sold to generate household cash income while the remaining 30% was consumed by the plot holder households. Unfortunately, the irrigation scheme ran at a net loss from its inception, with the managing parastatal, Ulimocor, being overstaffed and highly inefficient in providing effective farmer support services. As was the case with many of the former Ciskei parastatals, retrenchments were avoided for fear of losing political support - the bloated public sector was an important support base for the former Ciskeien government. Accordingly, within Ulimocor there was little pressure to rationalise and become more efficient.

With the coming to power of the new democratically elected ANC-led national and provincial government, steps were taken to transform the Ciskeien parastatals and put an end to their wasteful practices. This has meant the closure of the Shiloh Irrigation Scheme until the government has come up with a new policy framework around state-subsidised farming schemes. The new policy framework will also affect the planned establishment of another irrigation scheme - the Oxkraal Irrigation Scheme- which draws water from the under-utilised Oxkraal Dam, which lies just outside Whittlesea. It is indeed a travesty, given the levels of poverty in Whittlesea and Shiloh, that these irrigation schemes are not operationalised. Together, these irrigation schemes, if structured and managed efficiently, could provide income generating opportunities, employment and food security to the broader Whittlesea community. This will be discussed in more detail when we assess the LED potential in Whittlesea.

- **existing businesses**

Besides the empty factories and the small business complexes, Whittlesea has about twenty or so formal (registered) businesses, most of which are located in the centre of town. Most of these businesses are wholesale and retail stores (general dealers, cafes, bottle stores, a clothes store -Pep, a shoe store, a furniture store etc. Also located in the centre of town is a farmer's co-operative, two garages and a hotel. There are also a few businesses in Sada and Ekuphumleni including bottle stores, butcheries, cafes, a garage etc.

The shops in Whittlesea offer a very basic selection of necessities, and cater for the Whittlesea community and people from surrounding villages. Given that there is no bank in Whittlesea, many people tend to travel to Queenstown to do financial transactions and shop. These are usually the more middle-class Whittlesea residents (who have bank accounts and can afford the R12 return taxi fare to Queenstown). As a result, consumers in Whittlesea are over-represented by poorer residents from town and surrounding villages. Given their limited purchasing power, this impacts directly on the sustainability and growth potential of Whittlesea businesses. This in turn impedes the establishment of more upmarket shops which appeal to middle-class

consumers. This reinforces the tendency for middle class consumers to shop in Queenstown.

This may be set to change with the proposals to build a more upmarket shopping complex in Whittlesea, although nothing has yet been finalised. Importantly though, the idea of a more upmarket shopping complex in Whittlesea will only work if one or more of the financial institutions agree to establish a branch.

Other than these formalised businesses, there are also a number of informal traders (hawkers) in the centre of town. Most sell fruit and vegetables, others cigarettes, sweets, and meat, while others offer some service or another (such as shoe repair). The hawkers complain of the lack of facilities at their disposal (public toilets, and especially a hawker's shelter). This may also be set to change with plans to develop a formalised hawker's shelter.

4.2.3 Human resources

As has been alluded to in our earlier discussion of the educational profile of the Whittlesea community, Whittlesea has an extremely high proportion of illiterate and semi literate residents, and very few with any formal post school training (less than 3%). This does not, however, necessarily imply that the community doesn't have any technical and applied skills (which are generally acquired on the job or through informal apprentice-type training).

In fact the 1997 BKS Socio-Economic Survey found a wide range of skills in the Whittlesea area. Among these are the following: sewing; gardening; baking; carpentry; weaving; knitting; mechanical repairs; bricklaying; brickmaking; painting; plumbing; plastering; farming; radio repairs; hairdressing; welding; electrical repairs; machine operator; shoe repairs; furniture upholstery; panel beating; sheep shearing; candlemaking; and fencing. fairly wide range of practical skills which could potentially form the basis for a SMME development strategy.

The above skills refer to more technical and practical skills, and do not make mention of the skills which reside in the more professional categories of employees in Whittlesea. Here we can include administrative skills; financial management and bookkeeping; human resource management; leadership skills; interpersonal skills; as well as more specific skills like teaching, health care etc. We need to note, however, that while there are such administrative, management and professional skills evident, they are nowhere near required threshold levels. This has, as a result, often impeded the effective functioning of organisations such as the TLC, and enterprises such as SMMEs.

Furthermore, while there are skills in Whittlesea, they are not necessarily the kind that attract manufacturing capital. What might be attracted are branch segments of manufacturing capital - the branches that require labour intensive, low skill input. Here Whittlesea is fairly well positioned in the labour market, with its abundance of unskilled labour and the low market value of labour (evidenced in the low wage levels at Royal Textiles and a result of the high levels of unemployment and general poverty

of the area). The question is, should our LED strategy be premised upon attracting capital with labour-intensive, low wage-low skill production processes?

5. THE PHYSICAL AND SOCIAL INFRASTRUCTURE

5.1 Physical infrastructure

The following table illustrates the current level of service provision to the four residential areas that comprise Whittlesea.

Services	Sada	Whittlesea	Ekuphumleni	Madakeni
water	full reticulation	communal taps and house connections	full reticulation	full reticulation for 950 sites (approved)
sewer	full waterborne system (not yet complete)	waterborne service to 70% of sites	full waterborne system	full waterborne system for 950 sites (approved)
roads	gravel	gravel -main road to Queenstown and Seymour tarred as is the road to Hewu Hospital	gravel - with tarred ring road	gravel
electricity	serviced - streetlights, residential, commercial/ industrial	serviced - streetlights, some residential, commercial	serviced - streetlights, residential, commercial	currently not electrified - will be serviced after completion of low cost housing project
stormwater	gravel/open drains	gravel/open drains	piped system and lined channels	open drains

Source: BKS, 1997

There has been significant improvement in the level of physical infrastructure in Whittlesea over the past three or so years. It was only really Ekuphumleni which had adequate physical infrastructure (waterborne sewerage, reticulated water system etc). The other residential areas of Whittlesea, Madakeni and to a lesser extent Sada had extremely basic levels of infrastructure. Residents in Whittlesea for example had to rely on the bucket system for sewerage disposal; residents in Madakeni had to collect water from communal taps and use pit latrines; parts of Sada were similarly serviced by the bucket system and communal standpipes.

5.2 Social infrastructure

• Housing

At the time of South Africa's democratic transition, the formal housing infrastructure in Sada and Ekuphumleni was hopelessly inadequate for the thousands of displaced resettlement camp residents (from Zweledinga, Ntabetemba etc) who had moved to Whittlesea in search of something better. Most of these displaced communities were living in temporary mud-block dwellings or corrugated and plastic shacks in Madakeni and Whittlesea.

A housing strategy was finalised in 1995 and applications for capital subsidies made to the Provincial Housing Board. Application was approved for the first low-income housing development, Whittlesea Extension 4, which entails the building of 815 'RDP houses' for informal shack dwellers in Madakeni and Whittlesea. Money has been made available to Building Industries Federation of South Africa (BIFSA) to train 'emerging contractors' with 38 such contractors having been trained.

Reports on the project varied but all respondents agreed that the project was not running smoothly. The TLC blamed contractors and the ANC branches for 'political interference' in the implementation of the project, while contractors and consulting engineers accused the TLC of not attending meetings and generally showing disinterest in the project. There have also been accusations levelled at the Urban Development Forum and the housing committee of maladministration of the housing lists - 'houses for pals'. There are also accusations of building contractors being awarded contracts by the TLC ('jobs for pals') by virtue of their relationship to the TLC. One case in point is Mr Hlebani who is deputy chair of the Whittlesea Urban Development Forum (which has a very close relationship with the TLC) winning numerous tenders including building tenders and the refuse removal tender.

Other than the Whittlesea Extension 4 project, there are also a number of other housing projects in the pipeline. These include the low cost housing development in Madakeni (where 950 serviced sites are to be developed); the Whittlesea Extension 2 project involving the development of 224 sites; and the further development of Ekuphumleni (Extension 2 and Extension 3, developing 900 serviced sites respectively).

• Health

Health facilities in Whittlesea include a 250-bed hospital which employs 5 doctors, 1 dentist, 140 nurses and 75 administration and service workers. There are also 3 clinics situated in the Whittlesea - in Whittlesea itself, in Sada and in Ekuphumleni, as well as a family planning clinic. There are an additional three private doctors practising in Whittlesea. It is therefore evident that besides dental services, which are undercapacitated, Whittlesea appears to have a fairly comprehensive health infrastructure in place. This is not exactly the case for the rural villages which make up Hewu. Although health facilities have greatly improved over the past few years (particularly primary health care), there are still not enough clinics in the rural areas.

Also, despite better health infrastructure being put in place, levels of poverty are still as extreme as in the past. This is evidenced, for example, in the continuing high incidence of tuberculosis and of nutritional illnesses such as marasmus and kwashiorkor. A look at the nutritional submissions for Hewu Health Services for 1998 reveal fairly high incidences (a few cases each month) of Kwashiorkor and/or Marasmus at clinics such as Ekuphumleni, Whittlesea, Thornhill, Cimizele, Hackney Kamastone, Rocklands, Springrove, Centergate, as well as in the two mobile clinics in the area. The statistics reveal an even higher incidence of failure to gain weight for children under five years. These are poverty-related illnesses - no level of health infrastructure will combat them. Hewu resident's health status will only reach acceptable levels when their generally quality of life of people improves, particularly with respect to employment levels, household income and food security.

- **Education**

There are some 30 schools in broader Whittlesea, most of which are situated in Sada (17), and Ekuphumleni (11). Most of these schools are primary schools. In addition there is one primary school in Whittlesea itself, and a pre-primary in Madakeni.

Yet this relatively high number of schools does not necessarily translate into a good educational environment. According to BKS, (1997:13), the schools in Whittlesea are characterised by overcrowding, with pupil:teacher ratios of 50:1. Also lack of basic facilities and resources (libraries, photocopy machines etc), low staff morale and poor pupil attendance contribute to high failure rates and high pre-matric drop-out rates. A further catalyst in students leaving school before completing matric is the perceived need to join the job market as soon as possible and contribute to their families' subsistence. Also, typical in communities characterised by high levels of unemployment, pupils see others completing their matric and still not finding a job, which undermines the logic that schooling will necessarily secure you a better future.

The same is true for the only tertiary education institution in Whittlesea - the Masibulele College of Education - which trains primary school teachers. While the college has more than 700 students and employs more than 50 teachers, only half of the graduates each year are able to find jobs (BKS,1997:13). Once again this obviously undermines the logic that education is virtuous and something which should be valued.

The situation in the rural villages which make up Hewu is more dire. Many only have primary schools, or secondary schooling up to standard eight. Some (such as Mabheleni) have no schools at all. Where there are high schools, they are often staffed by underqualified teachers, and face similar problems (as discussed above) of low staff morale, poor attendance, lack of resources etc.

- **other facilities**

Other facilities in Whittlesea include crèches and day-care centres (of which there are eight); a post office; and a police station.

A few years ago, the only community facilities that existed in Whittlesea were a run down sportsfield and the Ekuphumleni Community Hall. The past year or two has seen the upgrading of community facilities in Whittlesea. These include the renovation and upgrading of the sportsfield in Sada (funded by the Department of Sport and the Stormberg District Council), and the Sada Community Hall (recently completed). In the pipeline are the development of a community resource centre (funded to the tune of R1.5 million by the European Union), and a privately financed shopping centre (with committed finance of approximately R3 million).

Of disappointment to Whittlesea community leaders was the decision taken recently to establish the Northern Regions' Youth Centre in Dordrecht. It had been hoped that the centre was to be located in Whittlesea. The community leaders together with the youth point out that there are currently too few recreational facilities for the youth in Whittlesea. This contributes both to crime, as well as to the youth leaving Whittlesea for larger urban centres.

The distribution of community facilities in the villages surrounding Whittlesea is far from satisfactory. Only two villages in Hewu have community halls (Kamastone and Ballpoint), and facilities for the youth are non-existent.

6. THE DEVELOPMENT NETWORK

This section will look critically at the institutional infrastructure in Whittlesea, and examine the relationships between the various players in the development network.

6.1 The TLC

The Whittlesea TLC was established in November 1995. It comprises of eight councillors, four of whom are ward councillors and four elected on the basis of proportional representation. All eight councillors are members of the ANC, with four also belonging to the SACP. Three councillors are from Sada, four from Ekuphumleni, and one from Madakeni. The TLC is managed by the town clerk, Mr Mkhululi Mbaba, and has approximately 60 employees.

The last two or so years have witnessed a deteriorating relationship between the TLC and other Whittlesea community structures. Mr M Kapayi, ward councillor for Whittlesea/Madakeni, argues that the cause of the conflict is a 'power struggle' between ANC branches in Whittlesea. The ANC branches of Sada and Ekuphumleni want the present council removed from office. According to Kapayi, the branches of Whittlesea and Madakeni are in support of the TLC, and for this reason have broken from the ANC Zone (the integrated ANC structure in broader Whittlesea).

The conflict has seen protest marches in Whittlesea (both to demand the Mayor and the councillors step down and another in support of the councillors), as well as violent clashes which saw six ANC youth league members shot and seriously injured by supporters of the current mayor (Mr M Ciko), as well as revenge attacks which saw three houses belonging to family members of the mayor burnt down.

Representatives from the ANC branch in Sada suggest that the conflict has less to do with a 'power struggle', but rather centres around community protest at the 'inefficiency, maladministration, self-enrichment and corruption' of the current TLC. Many of these allegations have recently been corroborated by a government investigation commissioned by the provincial Local Government and Housing MEC Sam Mazosizwe. Following the findings of this investigation, the TLC now faces a full probe by the Heath Commission's Special Investigations Unit. Allegations to be investigated by the Heath Commission's Special Investigations Unit include councillors overpaying themselves, corruption involved in the sale and allocation of RDP houses, and the misuse of project funds and council properties, equipment and vehicles.

The town clerk, Mr Mkhululi Mbaba, is at the heart of the allegations of maladministration and mismanagement. The provincial Local Government and Housing Report recommends that he be immediately suspended and charges of fraud laid against him, and accuses him of 'failing dismally to guide, advise and lead the TLC' (Daily Dispatch, February 1999). That Mbaba is very much at the centre of the Whittlesea TLC's problems was confirmed by a number of independent sources interviewed for the purposes of this study. Descriptions of Mbaba - 'lazy...uncommitted... evasiveintelligent but does nothing' suggests a basic lack of commitment to both his job and to the Whittlesea community more generally.

It is clear that the current TLC does not have the capacity, leadership or will to manage development in Whittlesea. There are no proper financial and budgeting systems in place, rates and taxes are not being paid or collected, and there is no formalised strategic plan of action. As a result, consultants (planners and consulting engineers) are driving the development process. This is reflected in the steering committee which has been established to facilitate a development planning framework for Whittlesea. The committee, comprised of the town clerk, his deputy, the councillors, Setplan, BKS Engineers, Telkom, DWAf, and the provincial Department of Housing and Local Government, is very much driven by the consultants (especially BKS). Consultants also drove the Whittlesea Extension 4 housing project, with the TLC consistently failing to show up at meetings (Mbaba says it's because they were not wanted at the meetings).

The Integrated Development Planning process is also behind schedule largely because of the inability of the TLC to draw representative structures into the process. Until problems within the TLC are sorted out, and consensus built around issues of representivity, continuing with the IDP and LDO process will be something of a waste of time. There are currently two development structures in place - the Whittlesea Urban Development Forum, and the interim structure which has been established by the Whittlesea ANC Zone which doesn't recognise the development forum. These

kinds of issues have to be sorted out as a matter of urgency. This may require some heavy-handed intervention on the part of government (provincial Department of Housing and Local Government). The 'conflict' in Whittlesea and the inability of the TLC to manage and facilitate development is seriously impeding current development initiatives (most of which are government funded). Furthermore, both the private sector and Development Finance Institutions (DFIs) such as the DBSA and IDC are less likely to invest in areas which are perceived as conflict-ridden, and where the TLC is perceived not to have sufficient capacity to manage development and secure repayments for loans.

6.2 The development forum

A development forum was established in broader Whittlesea in the late 1980s, to think of innovative ways of establishing development projects in Whittlesea and surrounding villages. Since then it has not been very active, and reconstituted itself in 1996 as two separate organisations - the Urban and Rural Development Forums. This was so as to work with the representative institutions - the Whittlesea TLC and the Hewu TRC. Also, it was argued that the kinds of issues the two organisations dealt with was different - the TLC dealt primarily with housing while water, electricity and health were the kinds of issues which most affected rural dwellers (and therefore their representative organisations). Both forums are comprised of members from political, civic and developmental committees which make up their communities.

The Whittlesea Urban Development Forum has a close relationship with both the TLC and consulting engineers, BKS. The TLC allows the Development Forum to use fax and photocopy facilities, while BKS pay for both the salary of a full-time administrative officer and the telephone bill.

The Urban Development Forum has failed in its principal aim of representing the developmental interests of the Whittlesea community. Two factors account for this: its close relationship to the TLC (which is failing to lead the development process in Whittlesea); and secondly its lack of representivity with regards its modus operandi. The Development Forum is accused of being a 'two-man show', comprising its chairperson Mr M. James and its deputy chair, Mr S Hlebani. Community-based organisations in Whittlesea suggest that the development forum is not sufficiently transparent nor accountable to community structures. Women are also insufficiently represented in the forum.

As a result, the ANC Zone has established an alternative development forum which is 'more representative and can fit in with the planned IDP and LDO process' (author interview). Organisations said to be in support of the new structure are the Hewu Builders Association, the taxi associations, the Chamber of Business, the Hawkers Association, the ANC, PAC, and Disabled Persons of South Africa (DPSA).

Clearly if the IDP and LDO process is to be kick-started, the issue of the representivity, transparency and accountability of the current development forum must be addressed. This may involve its replacement or integration into the new development structure being set up by the ANC Zone.

6.3 Political organisations

There are a number of political organisations represented in Whittlesea, although the political strife in Whittlesea is not about conflict between political parties (or ideologies), but rather between factions of one party, the ANC, which has an estimated 98% of the community support.

On the other hand the PAC has, 'at most not more than a few hundred members' while the UDM quite literally has only a handful of supporters. Approximately half the ANC members are also SACP members. Political organisations (like the ANC and SACP) as well as civic organisations such as SANCO, are divided into branches (one for each residential area) and zones (representing the whole of Whittlesea and consisting of representatives from the branches).

The conflict within Whittlesea comes out of the Sada and Ekuphumleni ANC branches, which are by far the strongest and most representative (these two residential areas house more than 75% of the population), withdrawing their support for the TLC and lobbying for their disbandment. Some councillors say this has to do with Mr Ciko ousting the Ekuphumleni ANC chairs' wife in the 1996 mayoral elections. ANC Zone representatives say it has more to do with the inefficiency and corruption in the TLC (as is corroborated by the provincial Department of Housing and Local Government report).

What is evident, then, is that the Whittlesea TLC has lost the support of the Whittlesea ANC Zone (which represents the ANC in Whittlesea), and following this the support of the regional and provincial ANC structures. Whether it has some support in the Whittlesea and Madakeni ANC branches, and the support of elements within SANCO and the SACP even in Sada and Ekuphumleni (as it claims), is not central to the issues of the moment. The issue is that there are very real indicators of mismanagement, corruption and maladministration by the TLC. In such a context, the relative community support the TLC may or may not still enjoy becomes irrelevant.

6.4 Government

In line with the policy of streamlining operations and devolving authority to local government, the past few years have seen the relocation of a number of government departments from Whittlesea to the regional capital of Queenstown. The only departments remaining are the Department of Social Services, the Department of Agriculture and the Department of Home Affairs. While the Department of Public Works is still represented in Whittlesea, it is busy downscaling its operations and transferring responsibilities and staff to the TLC.

At the same time government has been fairly active in providing social and physical infrastructure in Whittlesea, in respect of housing, electrification, water and sewerage, upgrading schools and clinics, and building community facilities such as community halls and sports facilities. This said, much work still needs to be done in the rural villages in Hewu, where the most basic social and physical infrastructure is lacking.

Also, not enough government intervention has been forthcoming with respect to facilitating economic development possibilities in and around Whittlesea (around LED strategies, job creation etc). While it is accepted that it is primarily the TLC who should drive the LED process,

Our research also points to problems of co-ordination and representation at the local level. Development steering committees were found to be primarily driven by consultants, with local structures lacking both the capacity and will to fully participate (especially the TLC), and government only being partly represented (by Local Government and Housing, who did not always attend meetings). Other regional government offices (Agriculture and Land Affairs, Health, Economic Affairs, Environment and Tourism, Public Works etc) need to make a more concerted effort to make strategic input in local developmental initiatives. Obviously problems of capacity and overcommitment will not allow every relevant government department to attend every development steering committee meeting in every town in their region. At the very least though, departments need to stay informed about the activities other departments and development agencies so as to facilitate integrated planning and intervention.

Three recent developments promise to alleviate some of the problems highlighted above. The first is the Northern Region Government Co-ordinating Committee, an initiative of the northern region DEAET and chaired by the head of the region's SMME Desk, which draws representatives from all government departments represented in the region, as well as the Stormberg District Council. The idea behind the structure is to keep each other informed about one another's activities, particularly with regards LED activities.

The second is the Regional Directors Forum, at which all regional directors meet monthly to discuss issues of mutual concern, and facilitate co-ordination and avoid duplication in each others work. This structure is not working as well as it could, since directors are themselves often overstretched and do not have the time to report on the discussions of meetings to their line directorates.

The third development which will hopefully better co-ordinate the activities of government around LED is the Greater Queenstown Local Economic Development Initiative. Unfortunately there has been too much talk about this initiative for some time with nothing coming out of it, causing a number of parties to become a little disillusioned with the process. Problems causing its delay were the disintegration of the Queenstown LBSC, as well as disagreements over who should drive the process - DEAET or the Queenstown TLC (and by association the DBSA). If the Queenstown TLC were to drive the process, this might have very real implications around the issue of demarcation and the inclusion (or non-inclusion) of towns such as Burgersdorp, Cofimvaba, Cala, Molteno, and of course Whittlesea. This said, the regional office of DEAET appear to be serious about resuscitating the initiative, and are in the process of identifying relevant stakeholders who could contribute to developing strategies and accessing resources for LED.

7. TOWARDS AN INTEGRATED LED STRATEGY

7.1 Defining local economic development

Local economic development is primarily about enabling a local community (and particularly poor and marginalised groups within the community) to use existing and available resources to the optimum, and to take full advantage of any economic opportunities which may arise through developmental interventions. It is about extending access to resources (land, water etc) and services (electrification, small business support etc), and increasing ownership of assets (particularly productive assets).

7.2 Towards an appropriate institutional network

The facilitation of LED assumes a particular institutional framework. We cannot rely on the market to distribute resources, assets and services in way that facilitates LED (according to the above definition). We cannot rely on the market to redress the imbalances and social deficits inherited from apartheid. The state has a key role to play in establishing appropriate organisations and structures, developing them to required capacity thresholds, regulating their activities, and ensuring their long term sustainability.

What follows is a proposed set of institutional arrangements through which LED can be facilitated, and the identification of organisations and institutions that potentially have some role to play. Clearly, it would be foolish to assume that all of the following organisations could find an institutional home in Whittlesea. In all probability- most will be based in Queenstown. What is important is that the services they provide are accessible to businesses, individuals and groups in Whittlesea.

1. Financial services - provided by Development Finance Institutions

One of the most pressing problems faced by SMMEs in Whittlesea is accessing finances. The private banking sector considers them too risky, and DFIs have not yet made a serious commitment to the sub-region. DFIs such as Khula (working through Retail Financial Intermediaries) and the ECDA need to be more proactive in ensuring funds find small and micro enterprises in poverty-stricken areas such as Whittlesea. Khula should be more active in facilitating formal banks to get more involved in small business financing through their credit guarantee schemes. Representatives from the Northern Region SMME Desk complained that banks in Queenstown did not even know about Khula. A DFI such as the Industrial and Development Corporation (IDC) could also play an important role in providing subsidised loans to medium companies, and equity finance to larger companies that want to set up in Whittlesea. Some of the industries which could possibly be established in Whittlesea fit neatly into the IDC's existing low-interest schemes including the SME scheme, the orchards scheme (for agribusiness), and the jobs scheme (for employment creation). A DFI such as the Land Bank could also possibly have an important role to play in providing finance around the irrigation schemes.

As has been recently shown in the Ecsecc-commissioned assessment of DFIs operating in the Eastern Cape (see Murray, 1999), DFIs are generally underfinancing the Eastern Cape and so-called high risk areas like Whittlesea in particular. The challenge is to turn this situation around, prepare and submit carefully thought through funding proposals, and force DFIs to operate in line with their new mandates. Given the low levels of strategic capacity in the area, consultants, NGOs, and the DFIs themselves should be brought aboard to help prepare financing packages, business plans etc. Government could also lobby and put pressure on the DFIs if they are not prepared to direct finances to Whittlesea (although this might be seen as 'political interference' in their operations). While the ECDA currently has enough of its own problems to deal with, it (a provincial DFI) could have an important role to play in providing finance to underdeveloped areas like Whittlesea, and especially to marginalised social groups within these areas.

2. Non-financial support services - provided by a Local Business Service Centre (LBSC)

Financial assistance for SMMEs will do little unless accompanied by a range of non-financial support services, including access to business information, counselling, advice, and training services. This is in line with the Department of Trade and Industries' National Small Business Strategy which sees SMMEs as critical in facilitating local economic growth and at the same time redressing imbalances and promoting equity. Accordingly, the DTI has set up Ntsika Enterprise Promotion Agency (Ntsika) to co-ordinate the establishment of organisations (Local Business Service Centres) which provide the above services.

Unfortunately, as is reflected in the Ecsecc evaluation of LBSCs in the province (see Murray and Sycholt, 1998), LBSCs are currently not very effective in providing support to SMMEs, and are undercapacitated and struggling with problems of acquiring core funding (Ntsika only funds specific programmes rather than operational expenses). Also, the Ntsika model prescribes that LBSCs have a rather narrow focus on SMMEs, rather than on LED issues and poverty alleviation strategies more generally. As a result they are less disposed towards supporting community-based initiatives such as co-operatives. The Ntsika model was also found to be urban biased, with little thought given to rural production (especially agriculture) and their associated needs.

It is rather ironic that while they are trying to impart basic business management skills, LBSCs themselves are often characterised by weak management and leadership capacities (both at management and board levels). This is both a symptom of their financial vulnerability (accordingly cannot attract skilled managers) and the more general absence of management skills in the Eastern Cape (especially the rural areas). This in part accounts for the closure, by Ntsika, of the Queenstown LBSC, in a shroud of allegations of mismanagement and corruption. The Northern Region DEAET is positive about current initiatives to resuscitate the LBSC, although there is uncertainty as to its geographical operating zone - Queenstown, Greater Queenstown, or the entire Northern Region. In order to rationalise overheads and operating expenses and to ensure that the LBSC operates at optimum capacity, we recommend that the LBSC

provides services to Greater Queenstown (which includes Whittlesea), and assists other already existing LBSCs in the North Region (such as Cala/Xalanga and Aliwal North). We further strongly suggest that the LBSC (when it is established) diversifies its mode of operations to take on functions which are not SMME specific, such as organisational development activities with farmers associations, hawkers associations and other business associations, as well as facilitate a closer working relationship with TLCs in the region. This latter activity might conceivably involve running workshops with the different TLCs in the Greater Queenstown area to examine ways that they can facilitate LED in their towns.

3. Technical training - provided by Manufacturing Advisory Centres

Manufacturing Advisory Centres are the outcome of a joint venture between Ntsika, the CSIR and the National Productivity Institute (NPI), and funded by the Danish International Development Assistance (Danida) and the Department of Trade and Industry. The aim of MACs is to improve the performance of SMME manufacturers (businesses with under 200 employees) through the provision of advisory and training services. As such, technical support is provided to SMME manufacturers in areas such as business management skills, product and process improvement, quality and design improvements, technology upgrading, human resource development and training etc. Information support is also provided on markets, tender opportunities, and product standards. Another important function of MACs is to facilitate clustering and co-operation among firms, foster big-small business linkages with regards to outsourcing and subcontracting, as well as to assist SMME manufacturers become more export-oriented. The special focus of MACs are previously disadvantaged entrepreneurs and businesses, especially manufacturing enterprises owned and run by women (Permac Information Brochure).

So far two pilot MACs have been established, in Port Elizabeth and Durban. While it is too early to fully assess and understand their impact, indications are that the scheme has merit. While the ultimate aim is for a number of MACs to be established across the country, questions remain as to the criteria which will be used to assess how many MACs will be established in each province, where they will be established etc. Indications are that they will be established in areas characterised by a large number of manufacturing SMMEs, which suggests that they will be situated in the larger urban metropolises. Satellite MACs will then be established in outlying regional centres (such as Queenstown) which can (in theory) draw expertise from the core MEC (in this case in Port Elizabeth). The sum of R300 000 has been approved to establish a satellite MAC in Queenstown, but the level of involvement of agencies such as Danida and the CSIR and how ongoing operating expenses are to be paid remains unclear.

4. Tender advice - provided by a Tender Advice Centre

The idea of establishing tender advice centres (TACs) has arisen from the recognition that SMMEs (particularly previously disadvantaged businesses) are currently not plugging into state sector markets. This is a result of both the lack of information about tendering opportunities, and the lack of knowledge about compiling company

profiles, application procedures, budgeting etc. Tender Advice Centres are being established to overcome these impediments to servicing state sector markets. With the appropriate tender and marketing support, women's sewing projects, baking projects, and community projects such as piggeries, chicken farming etc could service local hospitals, prisons etc (if the quality of the product is adequate); Whittlesea-based welders and metal workers could supply window frames and burglar bars for the mass housing projects (which is currently not happening); furniture manufacturers around Queenstown could supply office furniture for all provincial government departments etc.

It is currently unresolved whether specialised TACs need to be established across the province (servicing geographically-defined niche markets) or whether this service should be undertaken by a LBSC (in order to minimise institutional overheads). There is also a school of thought which advocates that TACs should become more involved in marketing more generally, rather than focus on state sector markets in the narrow sense. In other words TACs should become Tender and Marketing Advice Centres, which can also link SMMEs to private sector (particularly export) markets and DTIs industrial support measures such as the Export Marketing Finance Scheme.

5. SMME associations - such as the Small Business Development Foundation

One of the least developed areas of institutional support for SMMEs has been around interest representation. While specific sectors, notably taxis, hawkers and to a lesser extent emerging contractors in construction have been organised in associations, it has been left up to business chambers and chambers of commerce to represent the interests of SMMEs. Because business chambers tend to represent medium and larger businesses, as well as more established (as opposed to emerging) businesses, their ability to represent the needs and interests of SMMEs has been extremely limited. That there is no voice for small businesses in the province has been exacerbated by the recent collapse of the Provincial Small Business Council (and the National Small Business Council).

Recently, there have been some exciting developments in the Greater Queenstown area with the establishment of the Small Business Development Foundation (SBDF). The SBDF, which was established in February 1998, promises to be a voice for SMMEs and community-based projects in the Greater Queenstown region. As such it is their intention to have representation on the boards of all institutions and organisations providing services to SMMEs, including the Greater Queenstown LED Initiative (when it is kick-started), the LBSC (when it is resuscitated), the MAC and TAC (if they get off the ground), as well as development finance institutions like the ECDA.

The regional DEAET SMME Desk is upbeat about the SBDF, and wants a branch of the SBDF in all towns in the region. Already 'branches' or 'sister organisations' have been established in Whittlesea (the Whittlesea Small Business Council) and Hewu (the Hewu Rural Small Business Organisation). An amount of R170 000 has been allocated to the SBDF, to be used mostly for programmes but also partly for operating costs. While it is premature to predict whether the SBDF will be effective as a

representative organisation for SMMEs in the region, the concept in itself has merit. The challenge will be in establishing working relationships with existing associations such as taxi associations, hawkers associations, and the business chambers. Also details still need to be worked out regarding questions of representivity and accountability, and the nature of the relationship between officials and members. Furthermore, since the SBDF also plans to provide information-sharing and referral services to members, questions need to be addressed on institutional demarcation and potential functional overlaps with LBSCs. The final concern relates to sustainability and ongoing operational costs. While DEAET are presently committed to funding the SBDF, there is no guarantee that this funding will continue indefinitely. The SBDF thus needs to look at alternative funding strategies including the National Development Agency (currently the TNDDT), other donor support, as well as cost recovery strategies (such as membership fees).

7.3 Institutional co-ordination

Establishing appropriate institutions is only half the job. The real challenge lies in co-ordinating the activities and strategies of the various organisations referred to above, and in ensuring that they function effectively and in line with their mandates. For some time there has been talk of an 'LED Initiative' for Queenstown, but no substance has been put to proposals and no strategy for operationalising the initiative has been forthcoming. What follows is such a strategy.

It is proposed that the co-ordinating body be the Greater Queenstown Local Economic Development Initiative (GQLEDI). The GQLEDI should be registered as a Section 21 company, and therefore able to act as an independent legal person and enter into contractual arrangements. While the regional DEAET office should drive the process of establishing the initiative, once GQLEDI is up and running it is the Board of Directors together with its executive management who should undertake strategic and operational decisions.

The Board in particular is crucial to the efficacy of GQLEDI. How well the Initiative functions and how well it can play a co-ordinating role, depends ultimately on how representative the Board is. It is proposed that the Board of Directors should comprise representatives from all the LED stakeholders in Greater Queenstown, including the following: the LBSC (when it is up and running), the MAC and TAC (when they are functioning), the SBDF, the Queenstown Chamber of Business, a TLC/development steering committee representatives from the towns which make up Greater Queenstown¹, the Stormberg District Council, the regional DEAET office, the Presidential Projects Team, the Department of Trade and Industries' Ntsika, relevant development finance institutions such as the ECDA and perhaps the IDC (and even Khula or its localised RFI, the DBSA, Land Bank etc), and other relevant parastatals and institutions (such as Cimec).

Clearly not every organisation (CBO and NGO), TLC and TRC in Greater Queenstown can be represented on the Board, which should comprise of no more than

¹ That is Queenstown, Whittlesea, Burgersdorp, Cofimvaba, Cala, and Molteneo

15 representatives. It is important to note that many LED stakeholders in the area will already be represented by organisations proposed for the Board of the GQLEDI, and therefore will not need direct representation. For example, the CSIR might conceivably already be represented on the board of the MAC, and will thereby receive report backs about the affairs of the GQLEDI. A sewing project in Hewu might conceivably be (indirectly) represented by the SBDF, the Whittlesea TLC by a representative of the Whittlesea Development Steering Committee etc. While it is important that all LED stakeholders in Greater Queenstown feel that their needs are represented in GQLEDI, what is perhaps more important is that the board has the necessary strategic capacities to plan and direct LED for the Greater Queenstown area, and in this respect should include relevant strategic interests (such as government, Ntsika, DFIs, Cimec etc).

Local level representation will come through localised structures which in some cases may already exist. Here we are referring to localised LED Committees, RDP Committees or Development Steering Committees (as the committee is called in Whittlesea). Where such committees are not yet in place (such as in Hewu), they need to be established. Such committees should bring together key stakeholders in a given town or district, such as development forums, the TLC/TRC, SMMEs or their representative organisation, hawker, taxi and farmer associations, chambers of business, civic organisations, women's organisations, NGOs, CBOs, consultants, government departments etc. The aim of such committees should be to plan, evaluate and report back on LED interventions in their towns and districts, as well as to serve as a structure which can represent the interests of the town among the various LED service providers (LBSC, MAC, DFIs, SBDF etc), and in broader fora such as the Greater Queenstown LED Initiative. It is envisaged that the GQLEDI can play a key role in developing institutional capacity in these committees to facilitate high levels of participation so as to ensure that they don't become consultant-dominated (as is currently the case with the Whittlesea Development Steering Committee).

The role of GQLEDI then will be of co-ordinating all LED activities between outside agencies (government, DFIs, private investors etc), the various service providers (LBSC, MAC, DFIs, SBDF etc), and local level structures such as TLCs, TRCs and the LED Committees. This will involve determining the service provision mix for particular areas, ensuring co-ordinated service provision (financial, training, counselling, tender advice, marketing etc), and developing organisational capacity in the relevant LED institutions. Because it is mostly a facilitative body, the GQLEDI will not require a massive staff complement, and could probably survive on a skeleton staff of a chief executive, two project officers and an administrative assistant/secretary. Whether it should be DEAET who should cover operational overheads is open to debate, although innovative funding strategies such as private sector companies funding certain positions or secondments (from the private sector, universities, DFIs etc) should be considered.

7.4 LED Strategies for Whittlesea

Appropriate LED strategies should be built around two fundamental premises: (1) identifying local resources which can form the basis for coherent, integrated and sustainable LED strategies for the sub-region, and (2) identifying and seeking ways to harness outside resources (government, DFI and private sector) which can add value to economic activities developed around local resource endowments.

1. State-led infrastructure development

As has been alluded to earlier, a central component of LED is poverty alleviation. A strategy of state-led infrastructure development for Whittlesea and surrounding villages will fulfil the two-fold objectives of basic needs provision (improving people's quality of life), as well as creating economic opportunities for SMMEs and individuals. Over the past few years the government and parastatals (such as Escom) have made reasonable interventions in Whittlesea (around housing, water, sewerage, electrification etc). This said, there is still much room for improvement, particularly in rural villages surrounding Whittlesea (where the social and physical infrastructure is far from adequate).

Perhaps most worrying though, is that there has been virtually no investment in institutional infrastructure (training and organisational development for the TLC, development committees etc). Partly as a result of this, the LED spin-offs of social and physical infrastructural interventions have been few (apart from temporary employment opportunities and some sub-contracting opportunities for emerging contractors). Government needs to play a more decisive role in ensuring that the LED spin-offs of its interventions are maximised. In so doing, it needs to give greater consideration to the institutional aspects of infrastructure development, and not only intervene in times of crisis (as has currently been the case). That Whittlesea lacks institutional capacity has a number of negative implications, not least of which is the perception (among private investors and DFIs such as the DBSA) that Whittlesea is 'badly managed' and is a high risk investment area.

If the government is serious about addressing problems of poverty and unemployment in Whittlesea, it needs to further extend its physical and social infrastructure development programme in Whittlesea and Hewu, and at the same time put far more emphasis on developing the appropriate institutional arrangements which can maximise the developmental impact of its interventions. Playing a decisive role in developing the kind of institutional network described in section 7.3 above should go some way in remedying the situation.

2. Attracting outside industrial investment

Currently there is one remaining manufacturing investor left in Whittlesea (see sub-section 4.2.2 for a case study of Royal Textiles). On the one hand it could be argued that he is sustaining 140 families through his factory. On the other it could be argued that he is exploiting vulnerable and marginalised labour with his labour practices

seemingly contravening the country's labour laws (such as the Labour Relations Act) and the Constitution (with regards freedom of association, rights to form and join trade unions etc). The question is, do we want more 'Mr Lees' in Whittlesea? Should our LED strategy be (even partly) premised on attracting such investors?

These debates are not new. For years industrialising countries have been grappling with the pros and cons of corporations and companies from the core (and the newly industrialising countries of South East Asia) relocating production (or branch segments of production) to peripheral capitalist economies to take advantage of cheap labour costs (a process that the French regulation theorist Liepitz calls 'bloody Taylorisation'). Patterns are usually the same - the employment of the most marginal groups (women and sometimes even children) in low skill, labour intensive production. In most cases the governments of peripheral economies have complied with the requirements of these 'world market industries', and have even established EPZs (export-processing zones) with a package of incentives geared towards export-oriented production. Is this the way forward for peripheral sub-regions like Whittlesea?

In assessing the virtues of such LED strategies, one needs to carefully weigh up the benefits that will accrue to the host economy. Four fundamental questions should be asked:

- Are the investors committed to remaining for the medium-to-long term, or are they 'fly-by-night' investors looking for quick, easy returns on their productive investments? Generally-speaking, world market export-oriented industries are notoriously 'flighty', and always looking for more lucrative investment opportunities (of which there are many given the abundance of incentive packages offered by different EPZs and IDZs in Southern Africa).
- Are the investors committed to sound labour practices? Many world market industries are simply looking for the cheapest, most vulnerable labour to exploit, and have often made demands that basic fundamental labour legislation doesn't apply (eg. in EPZs in Zimbabwe). This is, however, not true of all world market industries, particularly those with public images to protect (eg. Nike). Minimum labour standards and rights should never be compromised.
- What are the economic advantages that accrue to the host economy? Other than direct employment, are there other benefits that result from the investment? Here we are talking about backward and forward linkages - other business opportunities that become available for locally-owned companies. Such linkages could be production related through sub-contracting and outsourcing opportunities (especially for SMMEs), or related to other aspects of the business cycle (transport, shipping, marketing etc), or could involve indirect linkages such as infrastructure development (houses, roads, skills training centres etc).
- Finally, will there be skills transfer and skills development as a result of the investment? Are the labour requirements of production only unskilled or is there scope for training and skills development within the host communities?

It is useful to consider the apartheid government's industrial decentralisation strategy against this framework. With regards question one, the industries that were attracted to Whittlesea as a result of the incentives were after short term profits, and were never committed to any long term investment in Whittlesea. Secondly, it is clear that the industries were looking for cheap, vulnerable labour to exploit. This was facilitated by the Ciskeien government's suppression of trade unions and failure to enforce minimum employment standards. Thirdly, the development of linkages was virtually zero (other than some infrastructural development and transport linkages). There was very little secondary (indirect) employment created as a result of the incentive-led industrialisation. Finally, in response to question four above, the production processes in all the industries were all built around unskilled labour, and little was done to develop the skills base of the area. In summary, all that the incentive-based industries gave to Whittlesea was temporary employment. All they left behind were empty factories.

Questions remain on how to fill these factories. The possibility of export-oriented manufacturing capital locating in Whittlesea should not be completely discounted. There is an abundance of cheap labour, there is basic infrastructure in place (including almost 20 000 square metres of factory space), rental for factory space is cheap (R2/square metre), and Whittlesea is only two hours drive away from the nearest port (East London). But to build an LED strategy on the assumption that outside manufacturing investors can be attracted would be both naive and foolish. Firstly, the merits of export-oriented industrialisation strategies are greatly exaggerated. For example, three years after their establishment, Namibian Export Processing Zones (which offer outside investors a tremendous incentives-package) have created little over 1500 jobs. Secondly, any strategy to attract manufacturing capital to Whittlesea must face up to the fact that a number of areas within the province -Industrial Development Zones (eg Coega and East London)- have been designed for this very purpose, and will most likely prove to be a more favourable (provincial) investment alternative for export-oriented manufacturing capital.

3. Agro-investment in high-value crop production

What seems a more viable option for attracting outside investment to Whittlesea is high value crop-production. A recently launched pilot project in sugar-beet production at the Tyefu Irrigation Scheme in Peddie holds lots of promise for Whittlesea. Thus far the German State of Lower Saxony has committed R50 million towards the establishment of a sugar refinery in Cookhouse, as well as technical backup. The sugarbeet project 'promises a R44 million a year profit, and will create employment opportunities for some 200 commercial farmers and 1500 emergent farmers' (Daily Dispatch, 04 November 1997). More recently both the IDC and Land Bank have pledged their support to the project.

While Whittlesea has not been specifically earmarked for sugar-beet production, the irrigation schemes (Shiloh and Ockraal) are thought to have great potential. The irrigated land also has potential for other annual crops such as barley (to be supplied to South African Breweries for the making of beer), as well as hemp (for downstream

flax production). There has also been much talk in the Eastern Cape of the production of other high value crops such as a paprika, olives and artichokes. Where emergent farmers currently lack capital and expertise, the possibilities for joint ventures and technical assistance in high value crop production appear very good.

Given the income-generation and employment creation potential of these agro-investment opportunities, both the Shiloh and Oukraal Irrigation Schemes need to be redeveloped as a matter of urgency. Note should be taken of the previous failings of state-supported irrigation schemes, with Ulimocor (the parastatal that ran the scheme) being hopelessly oversubscribed and cost-inefficient. In line with the recommendations of the recent (1997) Ardri assessment of state irrigation schemes in the Eastern Cape, the schemes should be more cost-recovery oriented, with farmers (rather than the state) having to accept responsibility for maintaining in-field irrigation equipment. State support should rather be in the form of farmer support - marketing, financial support (through the Land Bank), extension services etc. Also, importantly plot sizes should be increased from the previous size of 0.25 ha to at least 2 ha, which would make the farming venture far more economically and commercially viable. This would also result in less dependence on state subsidies.

4. SMME cluster development

One strategy for utilising the currently empty factories would be to earmark them for SMME use. If an appropriate institutional network of SMME service providers (LBSC, DFIs, MAC, TAC etc) is put in place, there is no reason that the SMME sector shouldn't experience some growth. If these developments are tied to particular industrial clusters, growth in the SMME sector could be really significant.

The most obvious clusters are in the timber products industry, given the close proximity of both cultivated plantations and natural forests around Hogsback, Seymour, Balfour, Queenstown, Elliot etc. Besides establishing a sawmill, a number of small and medium enterprises could be developed producing timber products such as office furniture, household furniture, coffins, window frames, doors etc. As has been alluded to earlier, the existence of a Tender Advice Centre might conceivably facilitate production for state sector markets, for example for housing projects, office furniture for provincial government etc.

One problem which may emerge is competition between towns in the Greater Queenstown sub-region, including Queenstown itself, which may also want to exploit opportunities in the timber industry. The same might be true with some of the agro-industrial products such as sugar-beet, hemp etc (especially given the proximity of the Ncora Irrigation Scheme), as well as brick-making (discussed below). This is a further motivation for the Greater Queenstown LED Initiative, which will be ideally suited as a representative institutional structure to intervene and resolve disputes which might arise between towns over access to economic opportunities and markets.

Another opportunity for cluster development in Whittlesea is brick-making. A recent brickmaking report prepared for the Northern Region DEAET which investigated 20 brickmaking businesses in Whittlesea found 'reasonable soil quality' (appropriate

percentage of clay). At the same time though, none of the bricks were made according to SABS sizes, they had a low crushing strength, and 'had a rough surface and appearance'. As a result, although bricks were being used in the local RDP housing project, the bricks did not have commercial viability. To this end the DEAET have intervened and together with Permac (in Port Elizabeth), and established Brick companies such as Corobrick, EP Brick, Kei Brick etc, are providing technical advice and assistance to informal rural brickmakers in the Northern Region of the Eastern Cape (including Whittlesea). More recently both the Presidential Project Team and Alpha Cement have lent their weight to facilitate quality control in the Northern Region brick industry, and to help transform the informal businesses into commercially viable and sustainable businesses.

Once bricks are being made according to SABS standards, the problem of marketing will still need to be addressed (to convince companies such as Stocks and Stocks to buy the product). Also, an environmental impact assessment is needed to ascertain the damage that the bulldozing of soil from the banks of the Klipplaat River is having on the river's eco-system.

Agro-industries (already discussed above) might also afford cluster development opportunities for SMMEs. Examples might be the making of oil from paprika, the bottling or canning of artichokes, wool and mohair clusters (the viability of which is currently being investigated by the CSIR), or perhaps even flax and textiles production (from hemp). These kinds of opportunities are still very much in their planning stages, but what is important is that Whittlesea is proactive in ensuring it gets a share of opportunities if and when they present themselves.

Finally, another cluster development which might be worth investigating is arts and craft production. Such a development can utilise both traditional skills and techniques such as beadwork, grassweaving, basketry, carving etc, as well as more contemporary techniques (such as silk-screening, textile painting, dying, etc). Linkages could be made with other arts centres such as Dakawa in Grahamstown (to facilitate skills transfer). Due to the lack of local and regional demands for such products, SMMEs involved in art and craft production will require significant marketing support, targeting markets in East London, other South African metropolises and overseas countries.

8. CONCLUSION

This study has shown that the effects of 'native reserve' and apartheid planning on Whittlesea are deeply entrenched and has resulted in systemic and structural deficiencies, the legacies of which are set to endure for the foreseeable future. Firstly, vast disparities have come to exist within the Whittlesea-Queenstown sub-region. Historically, Queenstown has been the focus of the sub-region's socio-economic development, and continues to be the commercial and service centre for the sub-region. At the bottom of the heap (with Whittlesea lying somewhere in-between) are the former 'dumping sites' of Zweledinga, Ntabatamba and Oxton, as well as the numerous rural villages which make up Hewu, with extreme levels of unemployment and poverty (reflected in the incidence of nutritional diseases such as Marasmus and Kwashiorkor), and lacking in the most basic of services and infrastructure.

Whittlesea itself grew dramatically as a result of the influx of displaced communities from the surrounding resettlement sites and poverty-stricken rural villages. By 1988 the population of Whittlesea was 37 000, today it is somewhere around 50 000. Reflecting the poor social infrastructure which has characterised Whittlesea, less than 40% of the adult population of Whittlesea are literate (based on standardised literacy indicators). Almost three quarters of households live below minimum living levels (taken as R1200), with the annual per capita income being about R1211 (which is comparable to the poorest country in the world). Unemployment (using the broad definition) is the highest ever at around 70%, compounded by the recent closure of numerous (mostly Taiwanese-owned) industries which had been based in Whittlesea to take advantage of industrial decentralisation incentives. Just to maintain current levels of employment (and unemployment) some 4000 jobs need to be created over the next 10 years. To achieve full employment, an additional 18000 employment opportunities must be found.

The situation in surrounding rural villages is worse. Levels of education are lower even than Whittlesea, as are levels of household income. Unemployment is around 80%-90%, and ongoing retrenchments on the mines and escalating unemployment in Queenstown mean less opportunities for employment through migrancy and commuting. The area is too arid and overcrowded for viable subsistence farming. The rural population of Hewu is dependent on migrant remittances (now mostly from Cape Town) and pensions.

So what is to be done? Currently Whittlesea has no real economic base, and perhaps most disturbingly, no appropriate institutional arrangements in place to facilitate the planning and implementation of local economic development and poverty alleviation strategies. This does not mean the situation is hopeless. As was suggested in this report, there are economic and employment-generating opportunities up for the taking, but they require levels of planning and innovation currently beyond the capacity of organisations and institutions in and around Whittlesea. Hopefully this report goes some way in pointing to the kinds of institutional networks which need to be developed before any such opportunities can be realised.

9. RECOMMENDATIONS

9.1 Local Economic Development will not proceed in Whittlesea under the leadership of the present TLC. The TLC occupies a central place in facilitating, implementing and managing developmental interventions. Clearly, as the study has shown, the present TLC has neither the capacity nor the will to address Whittlesea's problems, and does not have sufficient community support to make LED an integrative, participative process. The first step therefore is to put in place a more committed TLC which enjoys widespread community support.

9.2 Once a representative TLC is in place, training and capacity building programmes should be undertaken to bring the TLC to the minimum capacity threshold required for the local level management of development interventions and service delivery. Having a TLC with appropriate skills and capacities is absolutely essential to facilitate the consolidation and possible extension of the Whittlesea urban complex (to include areas like Shiloh and Zweledinga), as well as to realise the kinds of LED strategies proposed in this report.

9.3 Thought should also be given to alternative forms of local level management in Whittlesea. A number of respondents mentioned the option of Whittlesea being managed by the Queenstown TLC, although this proposal didn't have widespread support in Whittlesea. Other options might be to second individuals with extensive managerial experience (from government, the private sector, DFIs such as the DBSA etc) to temporarily manage the TLC (at CEO/town clerk level).

9.4 While the Hewu TRC did not stand accused of impartiality and corruption (as was the case with the Whittlesea TLC), the study found similar weaknesses such as the lack of basic administrative, managerial and leadership capacity. As with the TLC, the TRC needs serious training to build capacities to minimum threshold levels. The recently undertaken skills audit (facilitated by Ecsecc) should go some way in identifying areas in which the TLC and TRC are undercapacitated.

9.5 Both the TLC and TRC were found to lack motivation and innovation around LED issues. Neither were clear of their role in LED, and had little to no contact with major LED stakeholders such as the Northern Region DEAET. Following this, therefore, an important component of any training programmes the TLC and TRC undertake must be strategic planning training around LED and poverty alleviation.

9.6 In all fairness though, it is perhaps asking a bit much of the Whittlesea TLC and Hewu TRC to be more proactive in facilitating LED when there is currently no institutional support network in place. This is the single most important recommendation of this report. Economic opportunities in Whittlesea and surrounding areas will not be realised unless the necessary institutional arrangements are put in place. It is suggested that the regional DEAET takes the initiative in establishing such an institutional network.

9.7 Details of an appropriate institutional network are described in section 7.2 of this report. In summary, it comprises a network of LED service providers including DFIs

(such as the ECDA, Land Bank, Khula etc), an LBSC, MAC, TAC, as well as a representative association of SMMEs. These institutions (or branches thereof) do not necessarily have to physically be based in Whittlesea - what is important is that the services they offer are available, accessible and affordable to SMMEs, projects, organisations and individuals (particularly from marginalised social groups such as women, disabled persons etc).

9.8 Crucial to the effective functioning of such organisations and institutions is a co-ordinating structure which regulates their activities and operations, and ensures that services are made available to all communities in the Greater Queenstown sub-region. It is proposed that the Greater Queenstown LED Initiative is established as a matter of urgency, with a Board of Directors comprising of representatives from all LED stakeholders in the Greater Queenstown area, and from relevant strategic institutions (Ntsika, government, DFIs, Cimec etc). The Greater Queenstown LED Initiative should be tasked with co-ordinating all LED activities in the sub-region, determining the service provision mix for different towns and areas, and for facilitating organisational development training in relevant LED institutions.

9.9 The final piece in the proposed institutional network are the locally-based LED Committees. Already in some towns there are Development Steering Committees (such as Whittlesea), in others RDP Committees, IDP/LDO Committees etc. Such committees need to be consolidated and/or expanded to bring together all key stakeholders such as development fora, TLC or TRC, SMME associations (hawker, taxi, farmer etc), business chambers, civic organisations, womens organisations, organisations of disabled persons, as well as relevant government departments and consultants. These committees should plan and co-ordinate LED interventions at the local level, as well as work closely with the Greater Queenstown LED Initiative (and have representation at Board level).

9.10 Finally, a number of concrete LED strategies are proposed. Firstly, the state should continue with its programme of social and physical infrastructure development. The role of the state in redressing the previous underdevelopment of Whittlesea and surrounding hinterland becomes even more crucial when considering the reluctance of both the private sector and DFIs (such as the DBSA) to invest in areas like Whittlesea (in line with their risk management profiles). This has to do with the perceived low levels of affordability of the community, as well as the lack of confidence in the TLC to manage projects on a cost recovery basis. The role of the state, therefore, in playing a direct role in poverty alleviation in Whittlesea through infrastructure development and subsidised service provision (social expenditure) needs to be further extended.

9.11 The study found that one of the most neglected areas of state assistance in Whittlesea was around institutional infrastructure development (organisational development of TLC/TRC; establishment of LED institutions and SMME service providers etc). The state needs to focus more on the institutional aspects of development in Whittlesea. This in turn would facilitate more LED spin-offs and opportunities from expenditures on social and physical infrastructure development.

9.12 Secondly, government and other LED stakeholders need to be realistic about the likelihood of attracting manufacturing capital to Whittlesea. With little competitive advantage on offer, and so much competition from provincial IDZs and Southern African EPZs to attract export-oriented manufacturing capital, the likelihood of such investment in Whittlesea is slim, but should not be completely discounted. What is important though, is that such investment (if it can be secured) must be on terms which are favourable to the host economy (in terms of employment creation, backward and forward linkages, skills transfer etc).

9.13 One of the most viable options for attracting outside investment to Whittlesea is in high value crop production. Possibilities are in sugar-beet, barley, hemp, paprika, artichokes etc. Many of these crops have good agro-industrial possibilities (with possibilities of linkages), and potential for employment creation and income-generation (for emerging farmers). Given its irrigation potential, Whittlesea seems well placed to benefit from recent developments to kickstart agro-industry in the Eastern Cape. In this respect, the Shiloh and Oukraal Irrigation Schemes need to be redeveloped as a matter of urgency, noting the previous failings of state-assisted irrigation schemes in the former homelands.

9.14 Also with potential is the development of SMME clusters which could possibly utilise the empty factories in Sada. With the appropriate institutional support, cluster developments around the timber products industry, agro-industrial products, brick-making (which is already in its formative stages), and arts and crafts might be initiated.

9.15 Finally, the question of towns in the sub-region competing for scarce resources and opportunities needs to be addressed. Whittlesea is not the only desperate town in the area. Other towns will also be looking to exploit opportunities in agro-industries, or in cluster developments around timber products, brick making etc. Indeed the regulation of such competition is a further motivation for the establishment of the Greater Queenstown LED Initiative.