CASE STUDY:
LED IN THE TOURISM SECTOR – SISONKE STIMELA PROJECT

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ABSTRACT

The Sisonke Stimela project began in the Sisonke District Municipality when the idea of rail tourism was conceptualised. The municipality had identified this project as one that would reduce poverty through employment creation. The initial project was modified several times as new challenges arose, including changing partnerships, high costs of restoring and maintaining rolling rail stock, and changing markets. Tourism seemed to be a reasonable way to provide employment to the area, which is naturally beautiful and historically interesting, and therefore assumed to be attractive to national and international tourists. Employment could be created directly through the train but also through auxiliary businesses such as crafts. The data for this case was obtained through formal and informal sources:

- an initial consultant’s report
- Gijima KZN documents
- presentations by the project’s founder
- formal and informal discussions
- observation
- literature and document review.

The case study was designed to present postgraduate students with a practical example of Local Economic Development (LED) that has the main focus on tourism. The case provides complex issues and challenges, all of which had to be integrated and functioning in order for the whole project to work. It also brought together industrial standards with rural ways of doing things. The intention of the case was not to answer the questions, but to decide on possible ways in which such a project could become sustainable and achieve its goal of employment creation in a very poor part of the country.

Key words: local economic development; avi, mission and rail tourism; rural development; job creation; poverty reduction; sustainable development; KwaZulu-Natal, South Africa.
BACKGROUND TO THE CASE

The Sisonke Stimela case study was prepared for readers to identify key local economic development issues and to suggest alternative solutions. Case studies provide the opportunity to examine a specific project from a variety of perspectives such as management, economics, poverty alleviation or marketing. In the case of Sisonke, its complexity allows readers to consider alternative options and projections for its sustainability over the next ten years. Readers could also suggest other solutions to the problems of unemployment in the area, or could identify relevant theories, for example, the challenges of niche markets and examine the relevance to the case. In addition, local economic development which depends on tourism has many challenges especially where the equipment costs and charges to tourists are very high. The Sisonke Stimela project identified employment creation as one of the main strategies to reduce unemployment, whereas other tourism projects focused on SMMEs as the main strategy. Such differences may be defined with the focus on SMME formation more as pro-poor, meaning the people are more directly the beneficiaries (Hill et al, 2006). Of interest in this case is the role of the municipality in fostering local economic development. This is consistent with the developmental needs of the country post-apartheid: economic development needed to be led by the new government (Rogerson, 2006).

The case questions are suggested at the end of the case study. The references are intended to provide additional sources of reading.

INTRODUCTION

This case study reviews a tourism project initiated by the Ingwe Municipality in KwaZulu-Natal in the context of Local Economic Development (LED). In this case, LED focused on employment creation, as the area had an extremely high unemployment rate. The project was threefold – leisurely travel in a beautifully outfitted train driven by a steam locomotive, a visit to a historic mission site and stops along the way to see the beautiful countryside and spot unique birdlife. The trip included the possibility of travelling to the edge of the Drakensberg mountains. The project originators’ vision was that domestic and international tourists would be attracted to the area and more than willing to spend money on the trip as the area is so rich in beauty, history and culture. Worldwide travellers already tour parts of the world to see steam locomotives and visit historic sites as missions or battlefields, so the idea of attracting tourists to this part of KwaZulu-Natal was very feasible.

The area has much to offer, but the poor infrastructure, particularly for up-market tourists, had made it unattractive in the past. Hence, travel by train was intended to provide infrastructure and comfortable access to places of interest. A large number of tourists coming to the area would provide greater opportunities for local economic development in the communities along the train route.

The name of the project is the Sisonke Stimela Express.

BACKGROUND

Ingwe Municipality is part of the Sisonke District Municipality in KwaZulu-Natal, and Sisonke is in full agreement with the tourism focus of the Ingwe Local Economic Development strategy, as the socio-economic demographics of both Ingwe and the whole district are similar. Sisonke District has an estimated population of 500,000, with its seat in Ixopo. It is the smallest in population of the 11 districts of KwaZulu-Natal. Figure 1 shows the location of the district in

12 In Creighton
KwaZulu-Natal in relationship to other districts. The Ingwe Municipality is near Ixopo, which has the added attraction of being the home town of Alan Paton, the world-renowned author of *Cry the Beloved Country*.

The Sisonke District tourism strategy highlights Mission, Rail and Avitourism as the three main economic focus areas. However, it was perceived and agreed by the municipalities that the key driver would be rail tourism, which would attract tourists to the area. The increase in tourists would create the potential for the other tourism opportunities. The strategy reflected a keen focus on rail tourism and the pivotal role it plays in other tourist activities.

Ingwe Local Municipality is largely rural, with three small towns: Bulwer, Donnybrook and Creighton. The population is estimated at 120 000, and the primary economic activity is agriculture in the form of dairy, timber and livestock, estimated at 38% of GDP. The local economy has been under stress, however, as the biggest source of employment creation suffered from severe structural weakening: the question of future land ownership and land redistribution has caused uncertainty in the larger commercial farms in terms of their future. For the small land owner, the question of the most effective use of the land remains under consideration. Thus, the need for diversification of the economy presented the municipality with a profound challenge.

After much investigation, strategising and discussion, the municipality selected tourism as a solution to diversifying the economy, creating opportunities for SMMEs and creating new jobs in the local community. The process of formulating the tourism strategy commenced in 2005 with the steam train component and was known as the Sisonke Shongololo Express.

**THE BEGINNING STAGE**

The project began with a vision that trains could be used in the area for visits to the mission at Centecow, for viewing the rich birdlife and for travelling to the Drakensberg. Trains seemed ideal: they attract an up-market, niche tourist market, the tracks already existed, even though they were unused, and travel by steam locomotive is considered to be quite romantic. The train brought all these attractions together, giving the project a competitive advantage. The Sisonke District fully agreed with this assessment.

The intention was to assemble a new train constituted of refurbished rolling stock which Transnet was no longer using, together with locomotives, which would also be supplied by Transnet. It was originally intended that the train would run from Johannesburg through Mpumalanga to the Kruger National Park area, across to the north coast of KwaZulu-Natal, down the length of the coast, up to Underberg and end in Creighton. This would make for a bush, game, coast and mountain trip, which would be highly attractive to tourists, particularly steam train tourists. In fact, it would be nothing short of a stunning steam train holiday.

The process began with the Ingwe Municipality having extensive discussions and negotiations with Tourvest, a tourism industry business then listed on the Johannesburg Stock Exchange (JSE), with specific reference to their subsidiary company, Shongololo, which manages the Tourvest tourist train interests. Tourvest was a natural selection as a partner. As a listed company they had the financial capacity to make this project work, and they had the technical skills and capacity to manage the tourism aspect of the project. It seemed as if they were the perfect partner for Ingwe, a municipality looking for long-term, sustainable job creation and
economic stimulus. The Company took a formal decision, based on its financial assessment of the project’s viability, to make a direct financial investment of R1,428 million to the project and to secure further financing of R8 million.

**Figure 2: Train routes in Sisonke**

![Train routes in Sisonke](source: Final Sisonke Express Business Plan)

All appeared to be ready for the project to begin. Once the financing had been secured, a major hurdle given the high initial investment needed to obtain the trains and prepare the tracks, a detailed proposal was developed. The extensive discussions with stakeholders continued and became more concrete as the project was moving from conceptual vision to practice.

The Municipality Building in Ingwe was restructured in the form of a train station. When tourists come for their train trip, they begin and end in a mock train station. This helps foster the ideal of steam train travel in an era when it was the main mode of travel. The building complements the visit to the Mission reflective of an important historical time.

**CHALLENGES**

As the project was being conceptualised, challenges arose. Transnet was re-structured and renamed from Spoornet to Transnet Freight Rail. Further, Transnet was no longer interested in its branch lines and was focusing only its efforts on the main lines. The situation was further exacerbated by the move away from passengers to freight. This was a challenge to the Municipality. On the positive side, Transnet has subsequently been very supportive all round, visiting the project and donating the rolling stock and has been a major contributor to the success of the project.

Another challenge came when Tourvest had to withdraw from the project after a management changeover. Tourvest was the major investor and a key role-player, and the withdrawal presented a major challenge to the Municipality. How could this exciting project continue without such essential support? To overcome this hurdle, the Ingwe Municipality was able to source a BEE partner, Insikayesizwe Travel and Tours as their new private sector partner, and also applied to Gijima KZN for funding. This application was successful, resulting in a financial contribution of R3.8 million. Insikayesizwe Travel and Tours was required to contribute R3 million as their initial investment.
A new challenge arose when Insikayaesizwe Travel and Tours was unable to provide the required funds. This caused the partnership to fail and the agreement to be terminated. Ingwe Municipality resolved not to take legal action.

This failed partnership represented a major setback to the Municipality. The question they had to answer was: should the project be shelved altogether? The vision of train travel and the outstanding opportunities it offered for local economic development still remained. The need for economic development was still as great as when the project had first been envisioned. After much deliberation, the Ingwe council rose to the occasion and agreed to pay a portion of the outstanding R3m themselves. Even more importantly, in May 2007, the Department of Local Government and Traditional Affairs reviewed the project for the KZN provincial government and decided that it must continue, and the Department of Economic Development decided to put in the outstanding cash to make the project a reality. The contributions by government and Gijima are reflected in Table 1.1 below.

<table>
<thead>
<tr>
<th>Source of Funding</th>
<th>Amount Contributed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gijima KZN</td>
<td>R3 800 000.00</td>
</tr>
<tr>
<td>Ingwe Municipality (project consolidate)</td>
<td>R1 500 000.00</td>
</tr>
<tr>
<td>Ingwe Municipality</td>
<td>R300 000.00</td>
</tr>
<tr>
<td>DED</td>
<td>R2 100 000.00</td>
</tr>
<tr>
<td>DED</td>
<td>R1 700 000.00</td>
</tr>
<tr>
<td>Sisonke</td>
<td>R500 000.00</td>
</tr>
<tr>
<td>Kwa Sani Municipality</td>
<td>R300 000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>R10 200 000.00</strong></td>
</tr>
</tbody>
</table>

The financial summary clearly indicates a government commitment to the process. The contributions of government and Gijima overcame the challenges that had arisen when the potential private sector partners withdrew.

At this time, the project consisted of public sector contributors but no private sector partner. It was still necessary to have a marketing company and service provider that could provide the services needed – dining and accommodation. The Municipality was eventually able to locate a new private sector business, October Wind, who entered into a service agreement with the Municipality in 2010, effectively leasing the rolling stock and the locomotive at a fixed monthly charge of R40 000. This travel business is about providing a luxury steam train service, and the Municipality needed an experienced company to provide that service and found one in the new service provider.
Yet another challenge arose regarding the use of the train tracks and branch lines. Ingwe had contracted Patons Express to be the operators of the Sisonke train. Patons Express, or Patons Country Narrow Gauge Railway, a Section 21 company located in Ixopo, operates a narrow gauge train that travels from Ixopo to Carrisbrooke. This NGO provides tourists with a varied, interesting trip through the land where Alan Paton lived. Patons Express is also part of the Sisonke Municipality Tourism Strategy. The challenge for Ingwe was that Patons Express had access permits to the train tracks with Transnet, but the Sisonke Stimela Express did not. The way around that challenge was to work with Patons Express: they operate Sisonke Stimela, thus obtaining access through these permits. Negotiations with Transnet continue today for new permits, with new requirements more suitable for Sisonke Express. A long-term solution is required.

Another factor which nearly saw the collapse of the project was when Transnet stopped subsidies on branch lines and decided to close them. Transnet would not contribute to the maintenance of these lines. This would effectively have destroyed the steam train tourism endeavours of the municipalities. However, Transnet Freight Rail is now once again putting money into upgrading and maintaining the branch lines and will do so until the end of 2011, after which the KZN Department of Transport will take over and outsource the maintenance. Another challenge was overcome by working with Transnet and eliciting increased cooperation.

Due to the exclusion of Tourvest, another challenge was having to modify the original train trip, which had been meant to travel to many areas in the country and instead became more restrictive in its reach. The revised plan envisaged steam train rides from the beautiful Victorian Pentrich station in Pietermaritzburg to Taylors Halt, Donnybrook, Underberg and Creighton. However, the Msundusi Municipality (Pietermaritzburg) was not able to deliver as planned. Msundusi Municipality was to have refurbished the Station with funds obtained from government, at an estimated cost of R500 000. These sections of the trip remain in abeyance as the funds are still not available, resulting in the station not being refurbished.

THE FINAL PROJECT

The new project became known as the Sisonke Stimela Express. On 17 September 2008 the tender to restore seven accommodation coaches and one power car was awarded to Rovos Rail at a cost of R5 900 000. On 23 September 2009 the completed units were delivered to the Creighton station.

On 21 April 2009 the Umgeni Steam Railway was awarded the tender to restore Locomotive GMAM 4074 at a cost of R2 600 000. In all, eleven coaches were sourced from Transnet Freight Rail and by 2010 all were refurbished by Rovos Rail at Capital Park Pretoria. The eleven refurbished cars include two lounge coaches, one dining coach, one kitchen coach and seven coaches for sleeping. Although not yet having a financial impact on Ingwe, the restoration work resulted in twenty one new permanent jobs at Rovos Rail.

Sisonke Express is the result of years of planning and overcoming setbacks that occurred along the way. At the end of 2010, the train was based at Creighton and was running a variety of trips from Creighton for two to three days. The train spends the night in Ncwadi and Donnybrook, visiting Sani Pass on the longer trips. There is a stop at Centecow to visit the Trappist Mission for a tour and luncheon.

In September 2010, the new service provider, October Wind, entered into a service contract with Ingwe Municipality. In turn, they engaged Signature Life Hotels to provide the hospitality services. In 2011, the financial repayment was to begin after being granted an appropriate grace period of twelve months, and Ingwe Municipality is to receive the fee of R40 000 per month for the use of the trains. Since this new arrangement was established, there have been three trips.
Photograph 3: The Mission at Centecow

A new market has been identified: corporations or large institutions who want to hold retreats, planning meetings, or holiday outings. Sisonke Express is ideally suited to such events given its luxury, pleasant surroundings and the opportunity to get away from day-to-day business concerns.

Source: Final Sisonke Express Business Plan

THE LOCAL ECONOMIC INTERVENTION

The project started as a Public-Private-Partnership (PPP). Circumstances led to the situation changing, which resulted in the private sector partner pulling out. While the private sector partner was replaced, the new partner turned out to be unsuitable from the perspective of technical skills, access to markets and financial liquidity. The new relationship is yet to be tested.

Gijima KZN played a very significant role in making this project a reality. Most importantly, despite the failure of the PPP, Gijima KZN allowed the project to continue by providing the needed funding. This is an important aspect of the project’s ability to get off the ground. The motivation for Gijima KZN to provide financial assistance was that the project was believed to have a realistic potential for succeeding in its objectives: to foster local economic growth in the area.

It is also significant that all four tiers of government have participated in the project. National government (Transnet), provincial government (DED), district government (Sisonke) and local government (Ingwe), and have all made a positive contribution.

In this case, government provided the initiative and environment for the business to be established, with the private sector taking the opportunity to make it a reality from a job creation and GDP growth-stimulation perspective. At the present time, the private sector’s involvement is through a service contract. This can be modified over time.

SIX PROPOSITIONS FOR SUCCESSFUL LED STRATEGIES

What makes an LED project successful? Gijima identifies six propositions for successful LED strategies. They are noted in Appendix B and can be used as the means of assessing a LED project both at the time of its inception and throughout the life of the project. When the project was being conceptualised, the Municipality used the following set of approaches that helped frame the project.
These approaches were developed by the Sisonke District, summarised as follows:

- Identify and build on the **competitive advantages** of tourism in the Sisonke District.
- Focus on tourism as **opportunity and market demand driven**. Supply-driven projects are not always effective.
- Promote the **integration** of Small Micro and Medium Enterprises (SMME), Community Based Tourism Enterprises (CBTEs) and Broad-Based Black Economic Empowerment (BBBEE) investors.
- Link **poverty alleviation** to tourism development through promoting initiatives to increase the competitiveness of the district tourism with the intention of stimulating tourism, enterprise retention, expansion and development, and job creation.
- Foster and build **practical partnerships** between the tourism business sector in the district, local and provincial government and civil society.
- The **strategy formulation must be participatory**, but action driven.
- Develop **achievable targets and outputs** which can be measured.

**THE FUTURE AND CASE QUESTIONS**

Ingwe Municipality did persevere and has remained committed to the project throughout all the challenges it faced as the project moved through the stages of conceptualisation to actualisation. The project has now been launched with the several trips, the upgrading of the mission and a plan to ensure a reasonable return on investment over time. Throughout these stages, Ingwe municipality has seen more than one management team, with changes occurring with each election. This project comprises a long-term plan and strategy. The question raised is if the long-term solution follows acceptable local economic development ‘best practices’? Another question raised is that since the return of investment is in the long-term, will the project help economic development in the short-term? The high unemployment rate continues to be of immediate concern for the people living in the area. The best practices used to evaluate the project were defined by Gijima KZN as noted above. In order to consider if best practices, whether in the form of principles or propositions in this instance, can be used as the means of evaluating this project.

Tourism can be created by large-scale projects such as the Sisonke Stimela Express with its reliance on up-market tourists. Alternatively, tourist projects can be large-scale but attract tourists interested in less costly trips, or small scale. The area may be suited to creating tourist opportunities for backpackers or day-visitors who could enjoy the natural beauty, history and culture without incurring the high costs of trains. Ooi and Laing (2006) discuss the implication of a backpackers’ tourist initiative in Australia, which include issues relating to the environment and integration of tourists with the local community, of relevance to an area like Sisonke.

Another question raised is that very few jobs have so far been created in the area due to the project, even though jobs have been created elsewhere in the country. The vision of this project sees employment and local businesses being developed over time, resulting directly from the project, or indirectly in the form of auxiliary opportunities. For example, a timber train used to run from this area to Durban once a day. It delivered millions of tons of timber each year to the site in Durban. However, Transnet ended this form of transport. Could the rail transport opportunity be re-established, and could this be a means of getting trucks off the congested roads, complying with the more stringent carbon emissions standards being adopted internationally and enabling small timber growers to have transport for their produce? Will this opportunity be exploited and, if so, by whom? This is another opportunity that could be linked to this endeavour, create jobs, reduce costs for business, reduce wear and tear on roads and generally add value to this project. What other opportunities, direct or indirect, exist?

Regarding avitourism, assuming there is a reliable market, it can be expanded in the area. This would help create more markets for the train. How will this be done? In other instances of tourism projects, training tour guides has resulted in permanent jobs and an expanded
knowledge base. The people in the area have the added benefit of combining their own indigenous knowledge of bird and animal life with more formal forms of knowledge. No doubt endangered species can be identified and seen from the train. Could a private company train guides? A Civil Society Organisation? A government department?

The area is rich in local crafts which can be marketed and employment created through co-operatives or SMMEs. How could local crafts be promoted and marketed? What training would be needed? How would quality of the crafts be established so as to be competitive? Would the increase in crafts help the Sisonke project by increasing the number of passengers, whether national or international? Would sale of the crafts be dependent on the train running regularly?

As noted above, many of the people earn their livelihoods through agriculture. Can one large project like Sisonke complement dairy and agriculture in the district?

What lies in store for the future of the project? What challenges remain? What is needed to guarantee its sustainability and ensure that the local economic objectives are achieved? What challenges do the communities face if tourism takes strong root in the area in terms of their cultural ways of doing things and their indigenous knowledge systems?

Now that this project is underway, it presents an opportunity for stakeholders to become involved in the next stages of its development. The partnerships conceived at the beginning have changed many times with the result that the people of the area may be less involved than originally intended. How would this be identified and corrected?

**CONCLUSION**

Tourism is frequently seen a major solution to the problems of poverty and unemployment. Under apartheid, tourism was not encouraged for the majority of the population, so the idea of it being a reliable source of employment or SMME creation is still relatively new. In the *White Paper: Development and Promotion of Tourism, 1996*, followed by a series of statements and guidelines, the government framed tourism around the concept of developing responsible tourism which would protect the culture and the environment and at the same time create sustainable livelihoods. Tourism would draw upon the country’s tremendous potential given its natural beauty, good infrastructure and developed attractions.

The problems of tourism particularly if it is dependent on a niche market or international tourists are such as to make local economic development somewhat elusive. Niche markets change and international tourists are limited by economic conditions in their own country. For LED to be sustainable, the effect of tourism on the local community would also have to be carefully considered. When, for example, emphasizing craft development, consideration has to be given to the crafters needing a market and the knowledge of what products will sell. Younger crafters often are more interested in other forms of employment which can make the craft die out over time.

Arguably the most important issue of the development of a large LED project such as the Sisonke Stimela Express is the need for harmony, a common vision and cooperation between all the stakeholders and partners. It is unlikely that any one partner alone can create that harmony without an on-going and very real process of discussion and agreed-upon modifications as the need arises.

A large-scale project such as Sisonke Stimela Express raises issues about the role of government in LED, if one large project is the best option for an area, and how it contributes to economic development both in the short and long-term. One assumption of LED is that participatory development is an effective LED strategy. Large-scale projects often, however unintended, may omit the participation of the people in the area. As one person in the area said, ‘Do we need food or trains?’
POSSIBLE CASE QUESTIONS

- Is this project sustainable?
- What are the key issues?
- Who are the major role players?
- What effect has the project had on the local economy?
- What should a five-year plan look like?
- When will the municipality see a ROI?
- What are the implications to the environment?
- What are the implications to the local communities and the way things are done?
- What are the implications of a pro-poor focus in the area?
- What are the implications of global/domestic economic trends on the availability of up-market tourists or corporate use of the service? Is the project creating another over-reliance on one focus area like agriculture?

SUPPORTING DOCUMENTATION AND WEBSITE ADDRESSES


Sisonke Express Business Plan, Ingwe Municipality (undated).

APPENDIX A
INTERVIEW WITH KEY PERSON

In a short interview to the following questions, Dudley Smith, Ingwe LED Manager commented as follows:

Q: Did you see a particular opportunity that stimulated you to start the business?
A: Yes. In 2001 the ‘Steam Safari’ a group of International Rail Enthusiasts came thru Creighton photographing steam trains. A conversation I had with the organiser of this endeavour stimulated the idea of ‘Rail Tourism’. I presumed that the low density of the branch lines would make an ideal venue for this tourist product.

Sisonke District Municipality has a narrow economic base, being mainly based on agriculture, so this needs to be expanded. Tourism has been identified as having the potential to achieve this. Rail, Mission and AviTourism (birds) have been identified as the potential ‘brands’ forming the comparative advantages which will be converted into competitive advantages, creating tourist demand in the region.

Q: Was market research done before launching?
A: Yes, but not necessarily in a formal sense.

Q: How was the business differentiated, if at all?
A: The business is differentiated through the selection of niche markets, being Rail, Mission and AviTourism.

Q: Was there a clearly defined business model?
A: Yes. Tourism would be developed around the unique factors of the area which were strong and had international appeal, and in conjunction with a large private sector tourism business.

Q: Was there a clearly defined corporate and business strategy?
A: No.

Q: Did you do a technical feasibility and financial viability study before you launched the business?
A: To a large degree this was done by the CEO and CFO of Shongololo. We were fortunate to have their experience and expertise which was of immeasurable benefit.

Q: Was there a detailed business plan before the business started?
A: Yes there was.
Q: *Had you clearly defined the amount and source of seed capital before you started? Were you successful in raising the finance?*
A: Yes and yes.

Q: *Are you decisive?*
A: Yes.

Q: *Did you have or hire general and strategic management skills and experience?*
A: We hired the skills to make the application to the Gijima Fund.

Q: *Was the organisation structure appropriate to the strategy?*
A: No. Assistance was necessary.

Q: *Did you have or hire financial management skills and experience?*
A: No neither.

Q: *Did you have or hire leadership and communication skills and experience?*
A: No neither.

Q: *Did you have or hire inventory management skills and experience?*
A: No neither.

Q: *Did you have or hire marketing skills and experience?*
A: No neither.

Q: *Did you have or hire contingency management skills and experience?*
A: Basil Karstad was hired on a temporary basis and he assisted in the procurement process.

Q: *Did you have a systemic approach?*
A: Yes.

Q: *Are you growth oriented?*
A: Yes.
APPENDIX B
SIX PROPOSITIONS FOR SUCCESSFUL LED STRATEGIES

Proposition 1
LED will not be successful in the absence of an appropriate asset base and infrastructure and associated service delivery.

Proposition 2
LED will not be successful in the absence of appropriate synergistic, integrating mechanisms.

Proposition 3
LED success is positively related to the extent to which a location is able to equitably distribute benefits and proceeds from economic activity.

Proposition 4
In under-developed areas, value creation and generative growth are important to kickstart LED.

Proposition 5
LED success is positively related to the embeddedness of the location in the value chain networks.

Proposition 6
There are systemic relationships affecting LED between assets and infrastructure, value chain embeddedness, distribution effectiveness, rent accrual and integrating mechanisms.

Source: An Institutional Framework for Local Economic Development (LED) in KwaZulu-Natal: pp. 6-8