ABSTRACT
The eThekwini Integrated Development Plan is a five year plan which consists of strategies that the Durban municipality intends on adopting to drive development in the city. It outlines programs concerning the way the municipality wishes to achieve its objectives of transforming Durban into Africa’s most caring and livable city by the year 2020 (eThekwini Municipality, 2010: 5-6). The 2010/2011 IDP focuses on transforming the municipalities’ vision and plans of the city into implementation and action by considering financial intervention possibilities and sound accounting practices for purposes of job creation by using a host of developmental variables. This review is the final review which realizes that the previously, the municipalities strategies, implementation and action have not reached its desired effect (eThekwini Municipality, 2010: 200). Hence there has been a revision of its eight point plan to achieve optimal efficiency. This paper, attempts to assess whether the IDP 2010/2011 has the potential of achieving economic growth and development in Durban. Although the document outlines an eight point plan to guide their actions towards achieving their desired outcome, the paper will further assess one of these plans by assessing whether its Economic Development Strategy would result in economic growth and development in the city. The paper therefore will discuss these issues in terms of development, finance and sound accounting practices that are required to consolidate the efforts of the Ethekwini Municipality in terms of economic development, growth and the creation of jobs.

INTRODUCTION
This paper will outline the goals and characteristics of the Economic Development Strategy’s program and compare it to the city’s economic development requirements. However, before this is undertaken, it would be appropriate to briefly explain the IDP (Integrated Development Plan) 2010/2011, which will assist in understanding the arguments posited throughout this paper.

The IDP 2010/2011 review is the final review of the five year IDP plan. Whilst the document has undergone five years of evaluation and changes, its goal is still consistent with making Durban the most caring and livable city in Africa by the year 2020 (eThekwini Municipality, 2010: 6). The document begins by identifying the challenges that the municipality faces in the development of Durban. The most prominent amongst these are: high levels of poverty; weak economic growth and a strong rate of unemployment; poor levels of literacy amongst the Durban community; and poor access to community and household services (eThekwini
Municipality, 2010: 6). The eight point plan consists of eight different development areas that guide the municipality’s delivery on their vision for the city. This plan consists of: Sustaining Durban’s natural and built environment; developing the economy and job creation; health, safety and environment security; develop the quality of the living environment; empower citizens; celebration of cultural diversity; good governance; and achieving financial sustainability (eThekwini Municipality, 2010: 10). These eight plans of action ensure that the municipality keeps it development in line with the key choices identified. Whilst the different plans of actions have been outlined the paper will only be evaluating the municipality’s plan of action concerning its strategy for Economic Development and Job Creation.

The Economic Development and Job Creation plan of the IDP, as indicated, is just one of the eight plans of action. This plan seeks to promote economic growth, in order to simultaneously increase the material well being of citizens of the eThekwini region. From this, the plan has identified a few desired outcomes, which are, to achieve: good economic growth; creation of sustainable jobs; to alleviate poverty; to attract investment into the region; to uplift the skills of the regions citizens; and to increase competitiveness both locally and globally (eThekwini Municipality, 2010: 55). The municipality has embarked on the creation of an Economic Development Strategy that outlines programs to be implemented in order to achieve the above mentioned goals, which ultimately contributes towards he municipalities overall goal of transforming Durban by 2020 into Africa’s most concerned and habitable city (eThekwini Municipality, 2010: 56). An attempt will be made to evaluate the most prominent of these programs which will allow us to assess whether this strategy has the potential of achieving both economic growth and development in the city.

The first program involves the stimulation of key sectors in Durban that are previously known for achieving economic growth and job creation. The municipality has recognized the importance of supporting these sectors so that they are adequately equipped to compete in the global market, hence it has embarked on enhancing the competitiveness of these sectors by providing: the development of industrial clusters; enhancing the skills to accommodate for the required skills of these industries; provision of best practice programs and training; and so on (eThekwini Municipality, 2010: 57). When ‘sectors,’ are referred to, it is meant as referring to: the automotive sector; chemicals; tourism; furniture; textile and clothing; logistics and maritime; fashion; metals; and creative arts (i.e. filming industry) (eThekwini Municipality, 2010: 57). Whilst this program speaks of the development of industrial clusters and so on, one of its aims that need to be emphasized is the provision of skills development.

The municipality has created a sector skill alignment, which refer to the integration of the city’s tertiary institutions and industries such that tertiary institutions are aligned with the needs of industries in order for them to be competitive. In addition, one of the most striking features of this alignment is its priority of developing the skills of previously marginalized groups (eThekwini Municipality, 2010: 57). The program also focuses on developing existing transport and logistics infrastructure of the city, to enhance the movement of goods and service, both, within and out of the city (i.e. create transportation efficiency). This will be achieved mainly through the development and expansion of the city’s port (eThekwini Municipality, 2010: 58). The improvement of transport infrastructures is believed to maximize the economic and employment opportunities, especially that of the port. It is also stated that presently, the port is the employment creation opportunity (eThekwini Municipality, 2010: 202). The municipality basically wishes to build on the strengths and opportunities that Durban has, such as the busiest port is South Africa, and the countries second biggest manufacturing base, top tertiary institutions to equip and uplift the city’s skills base for industries, and the information and communication industry, along with other service industries (eThekwini Municipality, 2010: 206).
The second program focuses on facilitating and promoting investment in the city. This program embarks on a mission to attract more foreign investment into the city, whilst also increasing the city’s investment in domestic businesses (eThekwini Municipality, 2010: 60). The desired outcomes of this will be job creation and an increase in the municipality’s revenues that would be utilized in further basic infrastructure and the delivery of service developments. This program also focuses on providing new technologies for industries to utilize in their production of goods and services, and focuses on the creation of an export-led based local economy (eThekwini Municipality, 2010: 60).

In the year 2008, the Gross Domestic Product of Durban showed that Durban’s manufacturing, trade, community services, chemicals and transport are still the most significant sectors since they brought the most revenue into the city (manufacturing: 22%; trade: 17%; finance: 21%; transport: 17%; and community services: 16%) (eThekwini Municipality, 2010: 200). As citizens, it has to be acknowledged that the success that the manufacturing industry brought into the GDP of Durban was due to mainly the chemical and automotive industries. Hence we need to recognize the importance of these industries and their potential to bringing further revenue, employment, investment and global competitiveness into the city (eThekwini Municipality, 2010: 201). It has also to be realized that Durban is more reliant on its manufacturing sector than any of South Africa’s other cities. Hence before any assumptions are made or for that matter an attempt to promote quick fix solutions by transforming Durban from a manufacturing sector to a service sector, it has to be understood what role the manufacturing industry plays in the city (Freund & Padayachee, 2002: 107).

Whilst manufacturing plays a crucial role in Durban, due to external pressures both globally and domestically, Durban’s manufacturing sector has experienced a significant decline in both growth and employment. However, as said, before obliviously abandoning or rather moving away our focus from manufacturing towards services, we need to ask ourselves whether the city’s manufacturing industries have the potential to respond to environmental changes (Freund & Padayachee, 2002: 107). I certainly believe that they do, provided that they engage in a shift from import based industries towards export based industries with innovative ideas and products to compete globally. The success of Durban’s manufacturing industries largely depends on their ability to compete globally (Freund & Padayachee, 2002: 108-112). Due to changes that globalization has brought into the economy such as rapidly evolving consumer preferences; rapid increase in competition amongst organizations; etc, there has been a shift towards knowledge intensive capitalism whereby organizations need to recognize the importance that human potential and skills play in their future. In order to produce innovative products and processes, organizations require a workforce that has strong technical and creative skills, which would be able to contribute towards the production of innovative products (Freund and Padayachee, 2002: 112).

The municipality recognizes that people are the city’s greatest asset. Due to the historical injustices, whereby the previous government reserved formal education for white folk, and invested a small amount in the skills development and education of other groups, the municipality recognizes the need for the development of these groups. Statistics prevail that only 16% of the city’s adults are functionally literate, 38% of adults have matriculated, and a mere 8% have tertiary education (eThekwini Municipality, 2010: 220). Job losses due to the inability for manufacturing industries in Durban to compete globally are still a major problem (especially in labor intensive sectors such as clothing for example). In addition, due to this, the demand and opportunities for unskilled work is declining. As indicated, for Durban to compete globally, access to a skilled workforce and a transformation to an export led producer are crucial (Freund and Padayachee, 2002: 115). Export led production and a skilled workforce is another factor that can also give Durban a better advantage over Gauteng.
Province and transform it into South Africa’s leading city. It has to be recalled that, Durban acts as a gateway for Gauteng since it is the city’s most accessible port, hence promoting export manufacturing would allow Durban to create direct links with international traders in Europe and the East. It is very competitive along the Indian Ocean, and has the opportunity of becoming South Africa’s primary branch by trading along the Indian Ocean Markets (Freund and Padayachee, 2002: 116).

To further understand the need for skills, export based manufacturing, and the belief that the Economic Development Strategy’s ability of promoting economic growth and development concerning the two programs that have been outlined, it will be important to now look at issues around Durban’s clothing sector. The clothing sector is currently known as one of Durban’s major weaknesses, which experienced very low growth rates and a rapid decrease in employment. The problem surrounding these factors is the clothing sectors inability to compete globally with countries like India and China. This exists due to the continuation of many of our clothing industries mass production of products to serve low end markets that places them in a position where they cannot compete with the prices of these low end clothing products from China and India (Freund and Padayachee, 2002: 118). Lower end clothing producers have literally been ‘wiped out’ due to the penetration of cheaper imported products. However, a belief by the inhabitants of the city is that the Economic development Strategy has the ability of uplifting these industries to make them compete globally. By enhancing the worker skills, our clothing sectors would be able to serve a higher end market, which would allow for customer demands to be met. It was noted that those clothing industries that have survived in Durban, are those that have experienced higher productivity and turnovers due to access to a higher skilled workforce that allowed them to escape the competition of low end products by producing higher end products (Freund and Padayachee, 2002: 119). Higher skilled workers, and updated technology, assist these organizations in keeping in line with global clothing trends, which ultimately allows them to compete globally and experience growth (Freund and Padayachee, 2002: 120).

In addition, the failure to meet delivery times was another factor in the demise of many clothing manufacturers. However, with the development of the port, and infrastructure in general, clothing manufacturers would be enabled to respond quickly with efficient access to their supply chains and global trade partners (Freund and Padayachee, 2002: 120). Hence, it must be noted that the economic development strategy is able to make Durban industries more competitive which would enhance economic growth and development by focusing on: the development of infrastructure (i.e. especially port); export based production; supporting manufacturing rather than disregarding it and development (i.e. job creation, skills development, and widen access to both skills and jobs to disadvantaged communities). Besides the opportunity presented for manufacturing industries through the upliftment of skills, the development of the infrastructure (port, etc.), export production also opens up opportunities for small, medium, and micro enterprises to operate, whether individually or in networks (Freund and Padayachee, 2002: 115). This would be further discussed when assessing SMME’s.

The development and expansion of the city’s port would assist in overcoming traffic, congestions, and stalling delivery; which all jeopardize the products of Durban industries (Maiden, 2003: 2). Another reason why the port experiences these problems is due to the presence of outdated and dilapidated equipment due to negligence in investment. Hence by investing to provide new technologies for this sector, the port would be able to eradicate the above mentioned challenges and ensure optimal efficiency (Maiden, 2003: 2). Even if, it had been considered, the reasons for the failure of automotive Original Equipment Manufacturers in Durban, it is noted that their failure was largely based on their inability to access global labour markets. However, with the development in the city’s port, the Economic
Development Strategy allows these OEM’s to improve their access and connectivity with global markets, which would ensure their long term sustainability (Freund and Padayachee, 2002: 126).

Concerning the financial sector, the problem facing Durban regarding financial institutions is that the city is regarded as a branch economy due to the lack of major companies. In addition, there has been a drain of Durban’s large companies’ headquarters, whereby majority of the city’s large companies have moved their headquarters out of Durban into Johannesburg since the 1950’s (Freund and Padayachee, 2002: 137). Even though Durban may have the presence of many major companies, the dilemma is that these companies’ headquarters are situated elsewhere in South Africa (i.e. mainly Gauteng) (Freund and Padayachee, 2002: 137). The only two major companies that have their headquarters in Durban are T and N Holdings and Unilever. Hence put simply, although Durban experiences the presence of many large national and international companies, it is a place for the ancillaries of these companies and not their headquarters. Having said this, it is important to note that Durban’s characteristic of being a branch economy had a tremendous impact of developing Durban as a financial centre (Freund and Padayachee, 2002: 138). Due to the absence of headquarters in the city, the city also experiences the absence financial institution headquarters, because financial institutions have set up their headquarters in those cities that are home to the headquarters of large business. Besides being a branch economy concerning the presence of large businesses, Durban is also recognized as a secondary financial centre, with Johannesburg and Cape Town being further up the ladder (Freund and Padayachee, 2002: 138).

It must be pointed out however, that, the innate risk that Durban and the Ethekwini municipality will have to confront and deal with decisively is the all embracing fact of rampant corruption within all sectors of the local economy. This is exemplified by the reality that the city in 2012 ‘2013 was rocked by the Manasse Report that outlined massive corruption within the municipality running into billions of rands that have to this day not been accounted for and no action against the culprit involved have been taken. Politicians and senior members of the municipal bureaucracy were and are involved.

“Another factor in terms of consolidating growth, economic development and general development is the necessity for the city to invest and recruit personnel that possess financial skills, in order to apply sound accounting practice which is sorely lacking in the city and in fact all municipalities throughout the country which stymies growth, development and success, on the basis that service delivery is haphazard and audit opinions are ignored or are non – existent (Karodia, 2008). The Durban or Ethekwini municipality will have to invest sizably in respect of accruing the necessary financial expertise in order to efficiently run the municipality in order to secure development. By the same token, it would have to conduct regular internal and external audits following acceptable accounting practices. There can be no compromise in respect of these crucial variables, if the city has to become a winning city for development, economic growth and for purposes of creating employment opportunities.

The Economic Development Strategy’s plan concerning the development in Durban’s transport facilities, especially the airport could very well make Durban a primary rather than a secondary branch of other cities. The construction and development of Durban’s airport, in which development revolves around creating attractive facilities, could lead to a decline in the attraction for businesses and tourists in Johannesburg, and could result in Durban becoming a main access point for travel in South Africa (Freund and Padayachee, 2002: 30). In addition, as stated previously, a major weakness that prevails in the development of Durban lies in the lack of human skills, and a less innovative workforce. Whilst many believe that there is not much that the city can do about this, it has to be reinforced that the Economic Development Strategy could result in the skilling of the workforce which will allow the city to be advantageous in transforming and attaining a more competitive nature (Freund and
Padayachee, 2002: 34). Thus, besides the impact of the development of the city’s transport infrastructure such as the airport for example, equipping the workforce with the required skills could also be an attraction for large companies and financial institutions to set up their headquarters in Durban.

The third program of The Economic Development Strategy worth assessing is its scheme on developing important nodes and corridors of the city. This program aims to improve the spatial aspects of the city, by focusing on economic growth around a spatial development program. The ultimate goal of this program is to develop these nodes so that communities are less dependent on the Central Business District (EThekwini Municipality, 2010: 58). For this to happen, areas and regions across the city would go under considerable development so that regions around the city will be more competitive and economic opportunities are brought closer to peoples place of residence, which reduces the need for them to travel great distances for employment; consumer activities; and so on. This is also aimed at contributing to the overall competitiveness of the local economy (EThekwini Municipality, 2010: 58-59). The importance of this scheme lies in the history of the spatial configuration of Durban. During apartheid, the local state embarked on an ‘urban refinement’ initiative in 1950, which compromised of measures taken to achieve the invisibility of non-white groups (under classes) through spatial segregation. The most successful of these interventions was the Group Areas Act of 1950, which successfully achieved the racial segregation of groups into separate areas of the city, and the lock down of spaces accessible to under classes (Maylam & Edwards, 1996: 22). Briefly put the most desirable land and areas with the best facilities and services such as: Westville, Riverside, The Beachfront, Prospect Hall, and others, were reserved for Europeans. Indian zones were taken away and utilized for either white residence or industrial areas. They were allocated peripheral areas of the city such as: Springfield, Newlands, Reservoir Hills, and Clare Estate (Kuper; Watts & Davies, 1958: 187). Africans were also displaced and allocated to even further outskirt areas of the city such as KwaMashu and Inanda. The important point to note is that under classes were allocated to peripheral areas of the city that had an absence of basic services and facilities. The apartheid local government had failed in providing basic urban services to the townships and regions that nonwhites resided in (Maylam and Edwards, 1996: 23-25).

In order to assess the contribution of this program towards the city’s economic growth and development, we will look at aspects of an existing project, The Inanda, Ntuzuma, KwaMashu (INK) Nodal Economic Development Project. This project refers to an attempt to develop urban and rural poverty nodes economically, in order to stimulate development and economic growth in these nodes. These areas, as mentioned are disadvantaged communities with high levels of unemployment, low levels of economic activity, lack of basic services, and substantial poverty (DPLG and Business Trust, 2007: 3-5). Hence the INK project aims to overcome these challenges facing its community through investment and development. Whilst there are a number of projects implemented in this area, a few will be considered. The first involves the development of Bridge City, a newly established centre that links Inanda, KwaMashu and Ntuzuma. Another project embarked by the municipality is the establishment of a Job Shop which simply, creates job seeker databases and offers skills development programs to assist the community in attaining employment (DPLG and Business Trust, 2007: 15). In addition, the project also focuses on the development of industrial clusters which provide the establishment and opportunities for SMME’s and other small entrepreneurs to conduct their businesses (DPLG and Business Trust, 2007: 15). Taking into account the Bridge City shopping mall, it is strongly believed that, its development was successful in creating an access to services for the surrounding communities. Due to the availability of banks, grocery stores, clothing outlets, and so on, occupants of the INK area reduce their reliance on the Central Business District, which
reduces their transport costs (Bridge City, 2009). This development has not only provided services to the community, but also job opportunities closer to their place of residence. In addition, it can facilitate economic growth in these regions, by generating profits through the money spent by consumers. However, the question of economic growth will be critically assessed shortly. The Job Shop is an innovative idea, but it must be recognized that, it focuses on formalizing backyard activities by giving people an opportunity to formalize businesses and utilize their skill. However, it is not that, it has provided the community with the skills required in order for these areas to become globally competitive. Additionally, the establishment of industrial clusters is an intervention that can achieve both economic growth and development. By providing workshops, proper premises, facilities, and amenities, entrepreneurs can facilitate their business activities by means of industrial clusters which will give these individuals access to business opportunities that seem to be successful. For example, when the industrial cluster was viewed in KwaMashu, it was noted that there are SMME’s such as: tyre and exhaust fitment centers; panel beaters; hair salons; take aways; (eat outs). that do generate an income that contributes to the overall economic growth of these areas. However, these informal and small businesses lack financial know how and are not in tune with accounting practices and therefore avoid taxes. The city will have to deal with this problem because a sizeable amount of revenue is lost to the city because of the non – payment of taxes by these businesses and the informal sector.

However, whilst the above mentioned interventions were able to create job opportunities; widen access to service to the communities of INK; and generate revenue for these areas, the type of economic growth it generates mainly comes from consumers within the proximity of INK, and this is not the type of economic growth that is needed. The main problem concerning these areas is that they were marginalized through apartheid, and middle class consumers from outside these areas would not relocate their activities from more developed regions to places with an atmosphere of poverty (Freund and Padayachee, 2002: 34). Besides the absence of exterior consumers, INK also has a low potential for private business investments. It is mainly a residential area that is seen as unsuitable for industries such as processing industries for example. It also lacks a close proximity to Durban in general and this affects the success of both tourism and manufacturing related industries in the area (DPLG and Business Trust, 2007: 13). Hence the economic development strategy’s plan of developing nodes is successful in providing service and job opportunities closer to peoples place of residence, but, as shown through INK, generates poor economic growth (mainly from the consumer activities it’s community). In order for the economic development strategy to achieve its desired effect, it firstly, needs to focus on better interventions that would change people’s mindsets about these three areas. Until this happens, previously marginalized nodes, will have to be considered in any intervention which must revolve around providing job opportunities and services (i.e. widening access), but would not achieve substantial economic growth.

The fourth program of the Economic Development strategy worth noting is the vision of promoting tourism and its related industries in Durban. The goal of this program is to transform Durban into a local and internationally recognized premium tourist destination. The key idea is to transform the image of Durban from dominant local beach destination to a four season, competitive, internationally known, and top profile tourist destination. The overall ambition is to attract more visitors for longer periods, which in turn would contribute to the overall local economy and create more sustainable jobs (EThekwni Municipality, 2010: 59). In addition, previously disadvantaged areas will be promoted on the basis of tourist destinations through the development of infrastructure, management, and tourism training. The idea of this is to promote the history and culture and to bring in more economic
opportunities into wider sections of the society that have been previously marginalized (EThekwini Municipality, 2010: 59).

In order to assess the potential of this program, it is important to gain recognition of the efficacy of tourism on the economy of Durban. Tourism can be categorized as been one of those sectors that experience the fastest growing industries globally, and has become a crucial component of development policies for cities. Policy makers are required to constantly focus their attention on developing tourist facilities in the hope of promoting economic growth, creating sustainable jobs, and most importantly, attracting investment and foreign exchange (Maharaj; Pillay and Sucheran, 2008: 2). Durban has become a world known tourists attraction. This prevails when considering the development of uShaka Marine World. Since the development of uShaka, Durban’s precinct has become an icon for the city, and has attracted over a million paying visitors, 6 million overall visitors, and has generated high revenues. By considering this, it can be concluded that the Economic development Strategy has the potential of promoting economic growth and development in Durban through investment in tourism (Sutcliffe, 2005).

However, before it can be simply concluded with the belief that investment in tourism would undoubtedly result in economic growth and development, the dynamic nature of tourism has to be considered. Concerning Durban, the main challenges of the city are:

- Increasing levels of poverty;
- High levels of unemployment and inequality;
- Crime;
- Unequal distribution of assets and wealth (Maharaj; Pillay and Sucheran, 2008: 2-3).

Apartheid had created a legacy of imbalances in respect to access to tourism, whereby tourism was mainly along the coastline and was ensured to be a white phenomenon. Whilst it catered for white folk who constituted a small portion of the city’s population in the higher income bracket, the majority of the population, especially low-income Africans had no access to tourist’s facilities due to the apartheid spatial structure of Durban (Maharaj; Pillay and Sucheran, 2008: 4). Whilst there is a need for the investment in opening up facilities to previously disadvantaged groups by creating tourist attractions, and facilities in marginalized areas, and focusing on the cultural component of Durban such as: art, museums, cultural displays, heritage trails, and so on, it needs to be understood that the issue of tourism goes beyond this narrow belief. If investments are looked into as concerns tourist facilities in areas such as Inanda and KwaMashu, it will be noted that they did not attract much revenue and investment. It has created very minimal tourist interest and has not fostered substantial on job growth (few jobs have been created) (DPLG and Business Trust, 2007: 13).

Hence, tourism is worth the municipality’s investment; the municipality needs to be weary of where they wish to create these facilitates. The problem with tourist facilities in places that were marginalized through apartheid is that consumers would not relocate their activities from more developed regions to places with an atmosphere of poverty (Freund and Padayachee, 2002: 34). Hence when it comes to the municipalities enthusiastic nature and anxiety in redistributing benefits and development to disadvantaged areas, the creation of these facilities is more about giving these communities access to services, rather than creating economic growth and development, due to the little revenue and investment they generate. In addition, another challenge that Durban faces is that tourism may be a labor-intensive industry, but it is subject to fluctuation due to seasons (i.e. seasonal fluctuation). This prevails in Durban, in which non-standard number of workers is highest in the tourism sector (Maharaj; Pillay and Sucheran, 2008: 10).
Following the program of tourism development is the creation of a partnership between the city’s port and the municipality of Durban, to create a common goal revolving around the development and upliftment of the port (EThekweni Municipality, 2010: 61). Due to previous conflict around the development of the port, the importance of this relationship is to promote a mutual agreement around its development, with a joint initiative between the municipality and the port (EThekweni Municipality, 2010: 62). Any expansion or development of the harbor requires a re-evaluation of the space that the harbor occupies in Durban. The problem with its development is that any decisions made regarding the port were made at a national level, and the local government of the city had negligible input, and played a very small role in the development and decision making of strategic interventions that could very well have a major impact on the port, which in turn could have a major impact on the local economy (Freund and Padayachee, 2002: 46).

When trying to understand the role that this can play in the economic development of Durban, one needs to understand that local governments have the potential of influencing the development of the economy (i.e. significant impact on economic development). However, due to the port being controlled and dictated to at a national level, the local players (such as eThekwini for example) were not given the ability to make a significant contribution towards fostering economic growth through the development of the harbor (Freund and Padayachee, 2002: 50-51). Hence through a joint agreement of developing our port, the municipality is given a voice and power in the decision making of re-evaluating and implementing strategies to increase the effectiveness of the port. As noted earlier, the development of the city’s port plays a crucial role in fostering economic growth and development by allowing organizations to compete globally through a transition to a more export based production (Freund and Padayachee, 2002: 50). Hence by creating a mutual understanding and a joint initiative, this program allows the municipality to implement its plans for Durban’s port, which will no doubt facilitate the city’s ability to experience economic growth and development. In addition, the expansion of the port for example, could also result in job creation which emphasizes the economic development strategy’s ability of achieving development in the city.

The decline in import substitution has opened up opportunities for Durban’s port to play a role in promoting and acting as a gateway for export based and global manufacturing. In an era of globalization, the competitiveness of a city also depends on reducing transport time; reliable delivery databases; and a very efficient supply logistics system (Freund and Padayachee, 2002: 109). However, the problem with Durban’s port is that it falls out of the control of the local government, hence the interest of the local government regarding the development and utilization of the port to bring in revenue are not recognized. The city’s port has always played a crucial role in the economy. The need for this partnership would allow the proper development of the port, which will be the driver of industrial activity in Durban and would place the city in a position to compete globally (Freund and Padayachee, 2002: 110). Hence it is believed that developing the port can lead to economic growth and development because it can work hand in hand with manufacturing industries and serve as a catalyst to promote industries by allowing them to engage in producing goods that would be exported through the port. Globalization put simply, requires better export facilities for manufacturing industries (Freund and Padayachee, 2002: 113). Besides the importance that skills play in an organization’s ability to compete globally, access to a good transport infrastructure and the availability of networks of both producers, and suppliers, in close proximity to one another are just as important (Freund and Padayachee, 2002: 113).

The final program that is of crucial importance is the municipality’s idea of promoting and stimulating business through an increase in the investment of SMME’s. The municipality offers support to these businesses through the promotion in their establishment and in their
financing by investing finance into Local Business Service Centre’s. In addition, it also provides support by establishing Informal Traders Savings Clubs (EThekwini Municipality, 2010: 62). The main point to gather regarding the promotion and stimulation of SMME’s is the provision of financial access to entrepreneurs. In relation to this, is the Economic Development Strategy’s program involving the management of informal trade? The program identifies the needs SMME’ s and responds by providing training; assistance in market access; and the identification of co-operatives. The goal of this program is to broaden the participation Durban’s citizens in the economy by supporting business enterprises, so that these businesses can grow and prosper (EThekwini Municipality, 2010: 62).

SMME’s in Durban have been majority of the time, reliant on internal sources of income to initiate and expand their businesses. Most of these businesses that are owned by Africans or Indians have been excluded from formal banking and financial institutions; hence they had to rely on their savings, family loans, and were not supported through banks or investments. A study conducted in 1995 illustrated that out of 650 SMME’s, only 5.4% of these received financial assistants from banks to operate (Freund and Padayachee, 2002: 142). Larger companies on the other hand did not experience any problems in receiving loans from banks, but however, the history of apartheid exclusion and of racial financial institutions and banking in Durban must be factored into the equation. Besides the lack of financial assistance to SMME’s, African and Indian businesses also experienced a lack of financial assistance due to banking facilities being preserved for mainly white businesses (Freund and Padayachee, 2002: 143). Hence there is a need for the support and facilitation of these SMME’s, and previously marginalized groups in Durban because many of these entrepreneurs have skills and innovative ideas, but do not have proper facilities to co-ordinate and expand their businesses. It has to be recognized that there are people in Durban who have the capacity of creating and managing businesses that could be very successful, but lack the opportunity due to the lack of financial assistance (Freund and Padayachee, 2002: 143). In addition, the support of SMME’s is a feasible strategy of production. Whilst being able to produce job opportunities, it should also be exploited as sub-contractors to industries in Durban. An example of this is how the utilization of SMME’s created a conducive environment for Durban’s aluminum industry, whereby parts of the production process were out sourced to the SMME’s (KwaZulu-Natal Top Business, 2010: 2). This scenario also prevails in the clothing sector, whereby Durban has a few dominant and large clothing manufacturers which utilize over 400 SMME’s to fulfill the role of being sub-contractors to the clothing industry (KwaZulu-Natal Top Business, 2010: 2008: 12). The Economic development Strategy supporting and facilitating SMME’s through investments can firstly lead to job creation, and secondly increase the revenues of regions in Durban which would contribute in economic growth in the local revenue as a whole. In addition, due to the persistence in the lack of financial institution headquarters in Durban, it is important that SMME’s receive an alternate source of financial assistance (Freund and Padayachee, 2002: 163).

CONCLUSION

In conclusion, the potential for the IDP 2010/2011 to drive economic growth and development in the city through its Economic Development Strategy is two-fold. Whilst its strategies/programs may seem effective due to its recognition of the needs of Durban’s economy (such as the history, potential sectors, lack of skills and so on), it has been explored that not all of these programs sufficiently recognize the needs of the city. Concerning tourism, the paper has noted that this sector has the potential of bringing in revenue into the city (with the evidence of uShaka for example). However, due to the dynamic nature of tourism, not all investments in this sector have the capability of achieving economic growth. This paper has illustrated that tourism investments from the Economic Development Strategy in previously marginalized nodes do not achieve any substantial economic growth and
development. In addition, the paper also noted that the development of marginalized nodes in the city (such as INK for example) resulted in providing services, widening access to facilities, creating jobs and achieving economic growth in these nodes. However, this paper also elaborated that the type of economic growth that these areas foster are mainly from their inhabitants, and do not generate much revenue and investments from external consumers.

On the other hand, it was posited that investments in skills, infrastructure (i.e. port, airport, and so on), and support for businesses allow for the city to overcome its challenges concerning its competitiveness and allow industries in Durban to become more competitive and in addition to achieving development such as: widening access to jobs/finance/etc. in the economy, job creation, investments, the development of skills, etc. The support for SMME’s through financial assistance and facilitation would also result in similar outcomes. In addition the partnership between the port and the municipality is crucial for the facilitation of achieving both economic growth and development.

Amidst all of this in terms of the developmental momentum, it is vital and necessary to invest in financial skills and follow sound and acceptable accounting practices, in order to hold institutions, the local bureaucracy, politicians, private and public sectors responsible in order to bring about the much desired development of the city. Whilst the potential of the economic Development Strategy might be two fold, the paper makes the point that, the potential certainly exists for driving economic growth and development in the city outweighs its failures/ challenges. Hence the overwhelming conclusion is that economic growth and development in Durban, is not a mirage but pregnant with possibilities, hitherto not experienced in the city of Durban. However, for it to achieve optimal effectiveness, there certainly needs to be a revision to overcome the challenges that have been outlined, such as tourism in previously marginalized nodes, for example.

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