Role of 3 spheres of Government in LED and the role of SALGA in economic development

Select Committee on Economic Development 25 October 2011
Cllr C. Neethling
Mr M. Maganlal / Mr D. Cohen
What are the national, provincial and municipal roles in LED?
Why are the success rates in LED so low? Strategies not executed? What are the root causes?

• What is LED?
• What are the national, provincial and municipal roles in LED?
• Why are the success rates in LED so low? Strategies not executed? What are the root causes?
State of LED
• SALGA’s Position on LED
• Job creation & Development: Government cannot do its work alone.
• Need to taking LED more seriously
• Making LED work: A Perspective for Municipalities
• Conclusion
State of Municipal LED

- Still project-driven
- Unrealistic targets
- Strong belief that having a plan = success
- Very little reporting and M&E in place to provide any kind of feedback and support
- Poor relationships with formal sector business
- Limited integration:
  - With neighbouring municipalities or with other National Programmes (EPWP)
State of Municipal LED

- Limited Political support (buy-in) & Governance
- Capacity
  - Business and economic skills and the ability to identify “real” economic opportunities
- LED success factors that are “missing” in most plans:
  - Market Access strategies and demand versus supply side strategies (planning unit issue?)
  - Integration into existing value chains versus new initiatives

The SALGA LED Position Paper (2008/9)
Contents

• State of LED
• SALGA’s Position on LED
  • Job creation & Development: Government cannot do its work alone.
  • Need to taking LED more seriously
  • Making LED work: A Perspective for Municipalities
• Conclusion
SALGA’s Position on LED

• What we DON’T need is any more policy
• Ensure better planning and alignment of LED to district, provincial and national strategies planning
• Contributing to a better understanding of government’s role and position to LED, i.e. introducing the principle of differentiation
  – Development of approaches to promote economic development within poorer and more rural municipalities
  – Build capacity within the municipality to better manage economic development within their means

The SALGA LED Position Paper (2008/9)
SALGA’s Position on LED

- Developing monitoring and support instruments for local economic development plans and strategies
- Disseminating good practice in LED and developing sustainable knowledge platforms
- Increasing alignment to national government initiatives and the ability to access government funding by:
  - Municipalities increased participation in EPWP
  - Municipal Tourism Development
  - Access to DTI Incentives and other areas of National Stimulus Packages, grants etc

The SALGA LED Position Paper (2008/9)
SALGA’s Position on LED

• SALGA has already made significant addressing such challenges and furthering Local Governments position on LED through its partnerships and national and provincial footprint.

• SALGA remains is no one size fits approach for local government, partnerships are key especially when it comes to development
SALGA’s Position on LED

- Since SALGA is regarded by municipalities as both a credible partner and knowledge resource, there has been increasing pressure from members, who are looking at SALGA for a both a greater presence as well as direct support and guidance around key LED activities.

- The direction SALGA is currently piloting through the P3 and CLGF projects what would be of more a direct “hands-on” service to municipalities.
Showcasing some of SALGA LED initiatives:
- The SA LED Network
- P3 Project
- LED Maturity Tool Assessment
- CLGF Good Practice Scheme
Other Partners

SALGA partner projects

2011/03/10
“Thanks for all of the marvellous articles and topics on the LED website. For me it has become a goldmine of extremely useful and very relevant information.”

Ian Dewar, Botrivier
A Body of Knowledge on LED: Overview

- **Website**
  - Municipality pages
  - Library
  - Articles
  - Newsflashes
  - Thematic expert facilitated discussions

- **Newsletters**
  - Thematic
  - Targeted partner contributions

- **Case Studies**
  - Showcasing successful approaches to LED

- **Events**
  - LED Roundtables
  - Thematic events

- **Communities of Practice**
LED News

Focus on SMME and Co-ops Development

Editor's note

Evidence exists – both in South Africa and internationally – that the bulk of formal jobs are being created by small and medium enterprises. Already, the direct benefits for communities are usually higher from SMMEs as they are more integrated into local value-chains. However, much of the focus is still on the "big guns" of the economy like car manufacture or mining.

In this issue we would therefore like to highlight the importance of small enterprises for LED and present some programmes designed to create an environment that is constructive to the formation of SMMEs and make them sustainable. Especially as far as co-operatives are concerned, local government support can be crucial but there are also voices that say that "less is more" and a more realistic based approach is required. Find some ideas with regard to the philosophy behind co-op and also a successful case study in this issue. Need more information? Check our new section on co-operatives on www.led.co.za

Enjoy your read! As usual – your comments are more than welcome.

Your SA LED Network team

Please note that we have moved to new offices - address see below. Telephone, fax and email will remain the same.

Marylebone Corporate Park
175 Corby Ave (corner Gardiner/Ellis and Corby/Handl) Glen,
 Omar / Cape Town

Fax: 27 21 236 9001

www.salga.org
www.led.co.za
LED Case Studies

Objective:
- What role can LED networks play to facilitate business-to-business linkages?
- What are the key objectives of the LED Network?
- From a business perspective, what is the process by which businesses “work together”?
- How is this process facilitated by the LED Network?
- What other benefits are derived from the network by other stakeholders?

Format:
- 4-6 page case studies
- Based on interviews with stakeholders
- Collaborative sharing of information

Working Hand-in-hand with the Business Community

Newcastle Local Municipality, Amajuba District, KwaZulu-Natal

Facts & Figures
- Population: 35,718
- Household: 7,670
- Urbanisation: 55% live in urban areas
- Infrastructure: well connected to N1 and N2 to Johannesburg and Durban, local airport for charters.
- Age: 77% of population aged under 40.
- Unemployed: 27.60% of workforce (15-64 year olds) not economically active: 38.60% of labour force
- Poverty: 61% of households earn less than R600 monthly

LED in Context
Newcastle Local Municipality is located in the north west of KwaZulu Natal Province and together with Dmannhauser and Ulundi local municipalities falls in the area of Amajuba District Municipality. Newcastle is the main town in the area and has by far the largest local economy in the district.

Signalling Mining and Steel Legacy
Historically, coal mining and steel production were large sectors in Newcastle towns and surrounding area for decades but strongly declined during the 1990s. The public steel company Tecknec then employing 11,500 people was privatized in 1993 and the majority of shares were bought by Akzo Nobel in the early 1990s.

A Diverse Industry Base
Today, a number of small scale coal and light mining operations are left. The largest sectors in Newcastle in terms of GDP are manufacturing, trade, financial and business services and government services. With almost 65% sourced LED strategy of the total GDP stemming from the manufacturing sector, it is by far the largest industry in the municipality, performing well above the provincial average (see table next page).

LED Case Studies so far:
- Newcastle LM, KZN
- Maruleng LM, L
- Lukhanji LM, EC
- Chris Hani DM, EC
- Theewaterskloof LM, WC
- Cacadu DM, EC
- Ugu DM, KZN
- Aspire / Amathole DM, EC
- UMDA / Umkhanyakude DM, KZN
- Enterprise Ilembe / iLembe, DM, KZN
- GTDA, Greater Tzaneen DM, L
- Kouga DA, Kouga LM, EC
- BCDa, Blue Crane Route LM, EC
Collaboration Projects 2011

- DBSA: Regional Economic Development Initiatives (REDI) Case Studies 2011
- IDC:
  - Online Community of Practice for Development Agencies
  - 6 Case Studies
- LEDNA:
  - Joint research on informal trade in RSA and across the continent
  - Webinar
- giz: significant staff and financial contributions for LED Network operations
SALGA’s Position on LED

• Showcasing some of SALGA LED initiatives:
  – The SA LED Network
  – P3 Project
  – LED Maturity Tool Assessment
  – CLGF Good Practice Scheme
What is the P3 Project?

**A partnership**

- Swedish Association of Local Authorities and Regions (SALAR).
- the Botswana Association of Local Authorities (BALA).
- the Association for Local Authorities in Namibia (ALAN) and
- SALGA, the South African Local Government Association
- with funding support from the European Commission and Swedish International Development Agency.

**Objectives**

- Build the capacity of local associations to provide technical support to municipalities through promoting:
  - Local economic development in municipalities using analytical and participatory tools.
  - Transparent governance using approaches which enhance good practice in municipal financial management and citizen orientation.
Scope of the Pilot Project in South Africa

Project piloted in three provinces and 14 selected municipalities

- Eastern Cape Province
  - Elundini, Lukhanji, Intsika Yethu, Senqu, Maletswai and Emalahleni Municipalities

- Free State Province
  - Mohokare, Setsoto, Kopanong and Naledi Municipalities

- Western Cape Province
  - Mosselbay, Theewaterskloof, Cape Agulhas and Hessequa Municipalities
What has the project achieved?

- Developed and tested a model for setting realistic and transparent Tariffs, a kit of analytical tools for LED interventions, and a framework for Service Improvement.

- Increased the capacity of SALGA to provide ‘hands on’ technical advisory service to Municipalities.

- Increased the capacity of pilot municipalities to deliver on LED, improve service delivery.
Increased Municipal Capacity:
Increased the capacity of pilot municipalities to network and work with its business community and other stakeholders.

- Changed/improved the relationship between pilot municipalities and their key stakeholders i.e business community.

- Initiated structured frameworks for stakeholder dialogue i.e Roundtables now established as an acceptable form of dialogue in some pilot municipalities.

- Challenged the culture of poor service delivery in municipalities and initiated internal discussion on work processes and service delivery, standards and complaints mechanisms.
Increased Capacity of SALGA:
Increased the capacity of Salga to work directly with Municipalities

- Delivered a set of tools (models, guidelines, methodologies, case studies) thereby increasing the repertoire of tools available to support municipalities.

- Developed capacity in Salga staff to adopt new work methods and practices using the new set of LED tools, the Tariff Model and Service Improvement Processes framework.

- Created working linkages between Salga, Treasury and the Department of Local Government.
SALGA’s Position on LED

• Showcasing some of SALGA LED initiatives:
  – The SA LED Network
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  – LED Maturity Tool Assessment
  – CLGF Good Practice Scheme
7. Economic performance
- Increased trade, value added and exports
  - Increased investment (private & public)
  - Increased in enterprise start-ups, survival & growth
  - Increased competition & rivalry

- Increased employment
- Increased earnings/capita
- Increased equity participation
- Increased tax revenues

8. Socio-economic impact

6. Key sectors & markets
- Key sectors & clusters
- Key export markets
- Key local markets
- Trends in demand
- Trends in competition
- Rules of engagement

- Natural endowments
- Regulatory environment
- Institutional environment
- Spatial development patterns
- Built environment/infrastructure
- Environment quality & sustainability
- Human development
- Accessibility of opportunities by the poor

5. Business environment

4. Initiatives to improve economy
- Strengthen competitiveness of local firms
- Reduce constraints to investment & growth
- Rectify market failures to make markets work better

- Ensure LED governance
- Facilitate LED processes
- Stakeholders participate & make rapid and effective LED decisions
- Stakeholders actively shape locational & competitive advantages (Execute LED initiatives)

3. Activities, functions and processes

2. Organisation of Capacity

1. Resources, knowledge & learning
- Insight, know-how & skills
- Learning - from experience & others
- Supply of people to govern, facilitate & champion initiatives
- Relationships & networks
- Methods, tools
- Facilities, equipment
- Systems & technology
- Money

Economy

LED system

improves the
What is the LED Maturity Assessment Tool?

• A rapid assessment of the readiness of district and local municipalities to do LED
  – Using a survey guidelines
  – A review of key LED documents within the municipality

• Benchmark showing relative capacity between municipalities

• Shows what is working/not working in a municipality

• Monitoring and evaluation tool if done regularly

• It is NOT a policing or auditing tool
LED Insight and Strategy

• Shared vision with clearly defined goals and objectives

• Understanding the local economy (evidence, analysis, insight)

• Sound LED Strategies
Ability to Execute: Climate, Capacity, Leverage, Controls & Results

- Social Capital (LED climate)
- Proficiency of Municipal Service Delivery
- Participation & Support from key partners
- LED Institutional Infrastructure
- LED Functional Competencies
- Implementation Results
- Systems for M&E and Learning
What do you end up with? – Overall Picture
Insight from LED maturity assessments

64 municipalities in 3 provinces have been benchmarked to date. The data provides good insight into:

- the specific challenges at each municipality,
- the generic challenges experienced in the practice of LED,
- the overall state of LED performance and practice at municipalities,
- statistical insight into causality of alternative LED approaches, and
- where to find examples of good practice, in each region.
SALGA’s Position on LED

• Showcasing some of SALGA LED initiatives:
  – The SA LED Network
  – P3 Project
  – LED Maturity Tool Assessment
  – CLGF Good Practice Scheme
The project promotes mutual exchanges, learning and good practice between partner municipalities.

It also promotes learning through technical exchanges, collaborative working, pilot projects, work shadowing and sharing of good practice.

CLGF’s GPS seeks to build the capacity of local government practitioners to enable them to effectively deliver services to the communities that they serve.
Commonwealth Local Government Forum (CLGF) in partnership with the South African Local Government Association (SALGA) a Good Practice Scheme (GPS)

- **Vhembe District Municipality** partnering with Gondal Local Municipality to develop the capacities of the municipality to support small scale farmers

- **Mopani District Municipality** partnering with Trivandrum District Paychayant to pilot projects to support small scale farmers in partnership with the Department of Agriculture

- **Amathole District Municipality**, Buffalo City Metropolitan Municipality and Glasgow City Council partnering to promote tourism through joint marketing and city lighting initiatives

- **Mbombela Local Municipality** partnering with Sunderland City Council to build the capacity of the municipality to plan and promote investment for job creation

- **Steve Tshwete partnering with eThekwini Municipality** and Leeds City Council to build the capacity of the municipality to support small and medium enterprise through supply chain management processes
Commonwealth Local Government Forum (CLGF) in partnership with the South African Local Government Association (SALGA) a Good Practice Scheme (GPS)
As part of the Good Practice Scheme Project phase two, eThekwini Municipality in partnership with Leeds City Council developed and implemented a project that resulted in the establishment of a Procurement Centre of Excellence.

The project resulted in the development of a set of procurement guidelines and operating procedures and a guide to tendering.
Best Practice Guide

Changing the economic landscape of the City

Best Practice Guide

• Introduction
• Procurement Strategy
• Procurement Guiding Principles
• Procurement (Supply Chain Management) Process
• Supply Chain Management Implementation and Monitoring
• Information and Communication
• Capacity Building
• Broader Economic Development
• Case Studies
• SCM Implementation (High Level)
• SCM Implementation Challenges
• Statutory Reporting Requirements
• Statistics

Standard Operating Procedures

• Compliance (Legal)
• Supply Chain Management Objective
• Supply Chain Management Plan
• Delegated Authorities
• Exempt Contracts
• Supply chain Management Procedures
• Tenders
• Bid Committees
• Deviations from Supply Chain Management Process

Guide to Tendering

TENDERING GUIDELINES

• How do I tender?
  • Registration
  • Joint Ventures
  • Sub Contracting
  • Tender documentation
  • Pricing of tenders
• Where do I find tendering information?
• Tender Advice Centres
• Where do I find raw materials and equipment?
In this project there has been significant improvement and progress made since year 2002/3 to 2009/10.

<table>
<thead>
<tr>
<th>Category</th>
<th>2002/3</th>
<th>2009/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority Business Enterprise (PBE):</td>
<td>R207m</td>
<td>R1,798m</td>
</tr>
<tr>
<td>Black Business Enterprise (BBE)</td>
<td>R15m</td>
<td>R1,057m</td>
</tr>
<tr>
<td>Women Business Enterprise (WBE)</td>
<td>R15-38m</td>
<td>R1,007m</td>
</tr>
<tr>
<td>Small, Medium &amp; Micro Enterprises (SMME's)</td>
<td>R207m</td>
<td>R2,298m</td>
</tr>
<tr>
<td>Local Businesses</td>
<td>R8-38m</td>
<td>R2,598m</td>
</tr>
</tbody>
</table>
Challenges in linking procurement to LED include:

- The legislative environment (Preferential Procurement Regulations) was identified as one of the inhibiting factors to using supply chain processes to promote LED.

- Timely payment to small to medium service providers/businesses was also identified as way that could help to promote the use of supply chain to promote local economic development.
• In furthering the aims of the GPS and sustaining the lessons learnt in the eThekwini Leeds partnership, eThekwini Municipality and Leeds City Council are currently partnering and supporting Steve Tshwete Local Municipality on their approaches to strengthening municipal strategic sourcing and procurement.

• It is against this background that SALGA and CLGF are in the process of completing a paper this will assist in guiding replication of this initiative in other suitable and interested municipalities in South Africa.
Contents

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New Growth Path

5 million jobs by 2020

http://www.businessday.co.za/articles/Content.aspx?id=145000
Support development of rural areas through small scale agriculture, cooperatives and irrigation schemes

Government to maintain database of job seekers

R20bn tax breaks for manufacturing sector

Focus on investment on municipal infrastructure services – informal settlements upgrade, rental housing, R2.6bn on water services, renovations to health facilities

Continued support for SMME’s cooperatives and small scale agriculture

IDC investment of R10bn for investment in economic activities, R20bn for investment in the green economy
“SA must create 13600 new manufacturing businesses alone to meet the government target of creating five million jobs by 2020”

– Neil Rankin, founding director of the African Micro-Economic Research Unit at Wits University

Source: Sunday Times (March 27 20
Problem Statement
(extract from SALGA National Conference / LED Commission Report)

• In terms of local economic development (LED), not only is it going to become much more visible from a municipal leadership this year and next, as government pushes much harder to address joblessness, poverty and inequality, there needs to be a substantial re-think of the current LED approaches aligned to the NGP including taking a much more inclusive and proactive stance in support of the formal & informal economies.
• There are some clear areas of the NGP that have relevance to municipalities making local government a key partner to achieve this national vision.

Municipalities as part of Government, will to varying degrees, respond to specific drivers identified in the NGP

• There are some clear areas of the NGP that have relevance to municipalities making local government a key partner to achieve this national vision.

• Municipalities as part of Government, will to varying degrees, respond to specific drivers identified in the NGP
<table>
<thead>
<tr>
<th>NGP Drivers</th>
<th>Municipal Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public investment in infrastructure</td>
<td>Energy, water, transport, ICT &amp; Housing (informal settlements)</td>
</tr>
<tr>
<td>Target labour intensive activities in services,</td>
<td>Support for agro processing, tourism, cultural industries,</td>
</tr>
<tr>
<td>agriculture, manufacturing and mining</td>
<td>investor friendly policies (removing red-tape)</td>
</tr>
<tr>
<td>Take advantage of knowledge and green economies</td>
<td>Green energies, waste management, recycling</td>
</tr>
<tr>
<td>Leverage social capital</td>
<td>Community engagement, support to SMME’s,</td>
</tr>
<tr>
<td>Rural development and regional integration</td>
<td>Small scale agriculture, community gardens, co-operatives, irrigation schemes</td>
</tr>
</tbody>
</table>
Developmental local government means a local government committed to "work with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives". (White Paper, 1998)

Partnerships of different kinds are the only way in which municipalities can fulfill all these responsibilities.
• Partnerships hold the promise of inclusiveness, complementarily, dialogue and shared responsibility for development.

In South Africa, in order for a municipality to provide basic services and address the developmental needs of communities, it is their LED responsibility to unlock the value from partnerships.

• In South Africa, in order for a municipality to provide basic services and address the developmental needs of communities, it is their LED responsibility to unlock the value from partnerships.
Themes

Opportunities for Support

Dialogue and State-Business Relations

Communication and dialogue; Openness and transparency; Results from dialogue

Infrastructure

Improvement in delivery of local infrastructure; Alignment of infrastructure developments with LED Strategies

Local Economic Development

Support in the formulation of LED Strategies and LED driven IDPs.

Human Resource Development

Skills development initiatives; Upgrading of LED maturity / literacy.

Sustainable Community Development

Small business development and procurement; Community development models, encouraging co-operatives.

Creating a conducive env Pro-poor LED

Adapted from Source: The state of partnerships in mining dependent municipalities in SA, Prof. C. Rogerson (2010)
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• “Together **WE** Need to Take LED More Seriously”

• Yunus Carrim, Deputy Minister of Cooperative Governance and Traditional Affairs

Source: Progressive Business Forum Cape Town (22 April 201...
• “We have to do something differently. It requires recognition that employment is an outcome, not an objective you start with. You have to depend on firms – not the firms you wish you has, or the workers you wish you had, but the firms and the workers you’ve got.”

– Michael Spicer, CEO of Business Leadership SA

Source: Sunday Times (March 27 20
Taking LED more Seriously

Key Issues beyond the municipality

- LED remains poorly defined or understood
  - The poor quality LED in the poorest areas

- Limited alignment, integration and cooperation between district, local and/ provincial initiatives

- LED often not being given the political weight and attention it deserves as one of the key priorities of government
  - National Policy is not as effective as it could be
  - Poor integration with programmes such as EPWP
Taking LED more Seriously

Key Issues beyond the municipality

• The increasing divergence between the big city and others experience makes universal policy development difficult

• Very little reporting and M&E in place to provide any kind of feedback and support

• Inability to identify “real” economic opportunities and to establish or maintain partnerships with stakeholders
Taking LED more Seriously

Key Issues beyond the municipality

- EPWP
- New Procurement Regulations
Municipalities reporting EPWP projects for the period 1 April 2011 - 30 June 2011

Legend
- Provinces
- District Municipalities
- Local Municipalities
- Local Munic reporting
- District Munic reporting
Municipalities reporting EPWP projects for the period 1 April 2011 - 30 June 2011

Infrastructure Sector

Environment & Culture Sector

Social Sector
Observations / Trends

• EPWP not yet institutionalised within all municipalities
• Certain municipalities were not clear on how to access the funds available. Rural areas, in particular, needed assistance
  – Do smaller / rural municipalities have enough allocation to even accelerate job creation in a meaningful manner?
  – Inadequate spread of human capacity (technical and management) to implement projects
• Would it make sense to put more resources where the greatest impact is possible / viable?
Observations / Trends

• Has EPWP been imposed rather than integrated into “the business / services” of local government?
  – Limited in terms of integrated planning, performance management and functional ownership

• Welcome enhancements to the grant:
  – Introduction of a single / cross sector EPWP incentive grant
  – Implementing bodies to be allowed to use EPWP incentive funding to ensure capacity to implement and report on clearly identified infrastructure projects
  – Greater differentiation is encouraged (No one-size fits all)
Taking LED more Seriously

Key Issues beyond the municipality

- EPWP
- New Procurement Regulations
Taking LED more Seriously

Key Issues beyond the municipality

- Challenges reported around the New Preferential Procurement Regulations and its implementation
  - Limited Awareness & municipalities have not had a chance to adequately prepare for implementation.
  - Insufficient certified service providers there are only 78 agencies in the entire country with none in Limpopo and Mpumalanga.
  - Limited Guidance, the dti/NT has also not provided guidance in terms of transitional arrangements.
  - The ‘one size fits all’ approach inhibits LED through targeted procurement.
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Making LED work: A Perspective for Municipalities
• Conclusion
• The Constitution mandates municipalities to play an important role in the socio-economic development of their local communities. This can be achieved in two ways:
  1. Municipalities should provide some relief for the poor.
  2. Municipalities have indirect and direct influence over local economic development (LED) in their areas and therefore need to work in partnership with local business to improve job creation and investment.
SALGA Legal Opinion on LED

As outlined in the SALGA Legal Opinion on LED to Cape Winelands DM:

- The purpose of LED is to create an enabling environment in which local people and institutions can make realistic and practical decisions that strengthen the local economy, create more jobs, promote new enterprises, including self employment, and to improve the quality and prospects of life for all.

- That the purpose of local economic development (LED) can be expanded to include - building a developmental local government engages more directly where possible in creating jobs and building the local economy:

The SALGA Legal Opinion concludes with the recommendation that the constitutional and legislative framework clearly places an obligation on municipalities with regard to local economic development.
Taking LED More Seriously: The Theory

Source: Joburg 2030 Strateg
Taking LED More Seriously: More Direct Job Creation...

- Create 2m jobs through labour intensive construction though EPWP
- Direct government support to SME’s
  - Strategic Sourcing & Procurement
- Promote and align with key national/provincial priorities in LED strategies
- Greening: re-orientate municipal services in sustainable activities (eg labour intensive recycling)
Getting the right type of LED to “work” is critical to the sustainability of any city or town.

There are a number of challenges to be overcome first.
- raising the profile of LED within a municipality,
- identifying areas for improvement, and
- identifying good LED practice.

Ultimately we want to shift behaviours towards LED that works.

Source: Adapted from RED-X LED Maturity Tool
Taking LED More Seriously: Principle Lead Approach

1. LED Strategy Development
   - Simplified, sustainable and locally-owned
   - It should not be a planning type / needs based strategy

2. Positioning of LED “section” and reporting
   - Ideally the LED section should be placed directly under the Municipal Managers Office

3. Capacity Constraints

4. LED Strategy Appropriateness
   - LED strategies need to speak to local conditions and challenges

Source: SALGA LED Position Paper (2009)
Taking LED More Seriously: Principle Lead Approach

5. Economic Intelligence Requirements
6. Stakeholder relationships
   - LED Roundtables to connect with business stakeholders especially, around concrete business enabling tools such as red tape reduction, business retention & expansion etc.
7. Acknowledging the Informal Economy as part of the local economy
8. Monitoring and Evaluation

Source: SALGA LED Position Paper (2009)
Creating the right environment for LED

Repositioning LED’s role

Four Objectives:

1. Stakeholder Engagement
2. Support the unemployed residents / SMME dev.
3. Long term strategy development
4. Economic & investment incentive policy

MBombela: A CLGF Good Practice Scheme Case Study

See the SA LED Network for full details of this and other LED case studies, knowledge and networks.
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Conclusion
Informed by SALGA LED Position Paper, Legal Paper, P3, CLGF, SA LED Network, SALGA Provincial Structures etc, the following are key:

- A greater focus and national position on informal economy
- The mainstreaming of LED tools (GIZ, P3, LED Maturity)
- Building a pool of the right LED capacity at the local level (CENLED & DTI)
- Dialogue & Partnerships (e.g. SALGA assisting establishing business forums)
- Assessable and correct LED data
SALGA’s LED Role / Activities 2011/12

- SALGA councilor induction and training
  - Councillor leadership on LED and Job Creation
- NGP, municipal incentives, job creation priorities & reporting (direct and indirect)
- Donor alignment, capacity building & support
  - LED Maturity Tool Assessment / Other tools.
- Informal Economy / Economic Intelligence
- Identifying, capturing and sharing good practice
- Proposal of a LED Technical Support Team / Unit
Concluding thoughts

• The issue of LED is going to become much more visible this year and next, as government pushes much harder to ensure job creation

• This new era requires more responsive and accountable local institutions and accountable capable leadership

• Take ownership of LED and see that it is done well

• Partnerships - “Mobilise an “army” of within and across government to continuously improve the local economy

• National Gov’s Polices have unintended consequences
Key Issues / Matters for Discussion Economic Development and Planning Commission, SALGA National Conference

• From a SALGA perspective five key areas include:

1. Alignment and reporting on National programmes and Initiatives especially around employment creation and the NGP – Development of a ‘Municipal Jobs Plan’

2. Improving LED practice and approaches within municipalities

3. Acknowledgement of the key role and importance of the Informal Economy and beginning to understand and appreciate their contributions to the formal economy through improved municipal LED.

4. Urbanisation and Rural Migration and its impact on unemployment (rural economic development) and sustainable / resilient cities

5. Support for key economic sectors (green economy, tourism) and enablers (ICT’s)
Annexure:
Key Issues / Matters for Discussion
Economic Development and Planning Commission, SALGA National Conference
Economic Development and Planning Commission: Updated Recommendations

1. Municipalities need to align their LED plans within the umbrella of the New Growth Path by developing “a strategic jobs approach/plan” (SALGA to provide guidance for such alignment to the NGP through the budgeting around, planning for and reporting on municipal jobs approaches/plans)
2. SALGA supports municipalities towards a developmental approach for SMME’s, co-operatives and informal traders in municipal LED plans (advocate for National Policy/Guideline on the informal economy)

3. To raise the profile and application of Information Communications Technologies (ICT’s) for effective municipal administration, governance and e-participation and to ensure that all municipalities are connected on fast affordable broadband by 2014
4. SALGA to ensure that municipalities have access to the necessary support in promoting effective LED. This will be done by:

   a) Developing of differentiated LED strategies, funding, capacity and governance approaches in urban as well as rural areas for LED;

   b) Understanding research into key socio-economic topics (such as ‘population and migration to understand urbanisation and rural migration’, ‘the green economy impacting environmental, sustainable and resilient factors, ’restructuring the SA Economy lessons from Brazil/India’, ‘supporting the informal child centre centre development through LED’)

   c) Developing/unlocking meaningful partnerships and participation with sector departments, state owned entities (Transnet, Eskom), development finance institutions, banks, private sector, SETA’s and NGO’s and communities in unlocking and creating employment creating initiatives (cost of ports);

   d) Ongoing collection and sharing good LED practices (both urban and rural) and assistance in accessing of national and other related developmental incentives (such as the DBSA Jobs Fund).