

LED news

Issue 1 / May 2010

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SALGA
South African Local Government Association

South African
LED
Network
A project hosted by SALGA



Xolile George, SALGA CEO

Foreword

Bruce Barton, a BUS Author once said, "When you are through changing, you are through." This is as true of institutions as it is of people and in order to adapt to needs and demand across the country, the SA LED Network and SALGA announce their new partnership in the field of sharing information and knowledge on Local Economic Development (LED).

We have been working feverishly to determine the future nuts and bolts of the SA LED Network, which operates with strong support from the German Development Cooperation since 2005. SALGA now hosts the SA LED Network as a dedicated project within the Economic Development and Planning Directorate to give it further shape in addressing the needs of local government in LED. Economic Development and Planning is responsible for assisting, developing and improving the performance of LED programmes within local government, as well as ensuring that the voice of local government is heard in priorities and policies that effect LED determined at a national level.

SALGA and the SA LED Network management have determined jointly SA LED Network's vi-

sion in the South African LED debate. Key to the agreement was that the SA LED Network must:

- Serve as the LED knowledge & information-sharing platform for all LED activity nationwide;
- Operate in an open access, transparent and accountable manner, including removing membership fees;
- Overcome the barriers between the Network and government and ensure a more public sector focus, especially local government;
- Include the current partners of the Network to support in the future management and direction of the Network.

We believe that our members will benefit immensely. Jointly with SALGA, and other partners the Network will run more efficiently and provide better services as the point of reference in the LED landscape in Sub-Saharan Africa.

The 2010 National Members Assembly (NMA) provides a unique platform to launch the SA LED Network in its new form to all SALGA members. This is the first joint newsletter, where we inform you about partnerships, services and the wider debate on making use of resources and knowledge on LED. We, therefore, invite you to register and participate by making use of the online knowledge hub on LED on www.led.co.za

We wish you an interesting read and hope to continue the discussion online. Welcome aboard!

SALGA and the SA LED Network team

What is LED?

"LED is an approach towards economic development which allows and encourages local people to work together to achieve sustainable economic growth and development thereby bringing economic benefits and improved quality of life for all residents in a local municipal area." (DPLG)

"LED is a participatory process which encourages social dialogue and public-private partnerships in a defined geographical area. LED enables local stakeholders to jointly design and implement a development strategy which fully exploits local resources and capacities, and makes best use of the area's comparative advantages." (The International Labour Organisation (ILO))

"The purpose of LED is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation." (World Bank)

Use this space!

A simple question but a long discussion with many answers. What is your view? Get involved and tell us what LED means in your local context?

contact@led.co.za

The SA LED Network working Hand in Hand with SALGA

LED in South Africa is viewed as a national priority by government. There is abundant legislation that provides the environment for LED to be a strategically-planned process through all levels of government. There are also numerous organisations (e.g. Development Bank of Southern Africa, Industrial Development Corporation, European Commission) that provide capacity and support to national, provincial and local government to implement effective LED.

The SALGA LED Position Paper highlights that one aspect of getting LED to “work” in South Africa is to place greater emphasis on developing inclusive, dynamic and co-ordinated LED networks. In the absence of these networks, the growing base of knowledge and experience pertaining to LED in South Africa will not be collected or shared. SALGA recognises the importance of such an institution; that brings different stakeholders in LED together, that establishes a centralised, common and easily accessible knowledge and information base, where the lessons learnt in LED are developed, disseminated and discussed.

SALGA will host the SA LED Network as a dedicated project within the Directorate of Economic Development and Planning. SALGA, as the host will not only provide sustainability to the Network but also enhance the interaction with local government.



SA LED Network by working hand in hand with SALGA will benefit all stakeholders by providing fundamental support to the local level through enhanced services, including:

- A forum to exchange knowledge and successful LED practices, municipal peer-to-peer support and learning cutting across disciplines;
- An online space for research and collaboration on specific LED issues, such as Informal Trade, Tourism and Agriculture;
- Free access to the thought leadership, news, events, information, tools, publications, case studies, awareness presentations, etc. through an extensive LED library and LED news dissemination strategy; and
- A platform for networking among practitioners from different sectors.

Related document:

Van der Heijden, T. 2008: Key issues in Local Economic Development in South Africa and a potential role for SALGA, Unpublished Position Paper prepared for the South African Local Government Association. Find this document on www.led.co.za

SALGA's First LED Round Table

Within the context of a variety of organisations conducting a range of activities in the field of LED, SALGA took the initiative and convened a national Round Table discussion on LED in November 2009. Supported by GTZ, the event was aimed at donors, parastatals and strategic stakeholders working in the field of LED. Due to the multiplicity of stakeholders, the multiplicity of programmes and projects, a lack of co-ordination or understanding around LED activities and duplication and missed opportunities for shared learning and information dissemination, there was a need to bring the key stakeholders together for more constructive dialogue. The objective of the discussion was to identify approaches to ensure improved sharing of LED knowledge.

There was broad consensus amongst these stakeholders, who lead, manage, fund or continue to support LED initiatives across the country, that their organisations would utilize the SA LED Network as an information-sharing platform. As noted during the Round Table event the discussion was not able to solve all problems. Hence, for improved co-ordination there is a need for information exchange and sharing to be continuous activities.

For a copy of the full report, please visit www.led.co.za

SALGA in Partnership with Sweden, Namibia and Botswana

Funded through the European Union and the Swedish International Development Agency, P3 – as in Partnership, Participation, Progress - is a unique partnership between four national associations for local authorities. By testing a number of approaches related to LED and transparency in 25 partner municipalities in South Africa, Namibia and Botswana, the goal is to make the lessons learned and material produced available to a wider audience through the partner associations.

The cooperation focuses on **collaboration between the municipality and the business community** and how such an approach can contribute to concerted actions to improve the local business environment.

Municipalities can only be successful in supporting growth of the local economy if initiatives are built on cooperation and joint actions with the business community. If there is a disconnection between municipal and business leaders, which is certainly not a problem limited to countries participating in P3, both parties might lack crucial information relevant to planning and decision-making. In the worst scenario, opportunities are eroded due to mismatch of information.

By gathering stakeholders of the local economy with the purpose of information sharing, consultations and networking on issues related to the local business environment, P3 activities can assist in bridging the understanding for how to create an environment conducive to growth and how to deliver services and plan for investments that ultimately contribute to a business friendly environment.

P3's interventions come in the form of a LED Toolbox with various options for focusing the interventions using locally appropriate methods selected together with the municipality. Municipalities choose which tools are appropriate for their individual situation and the P3 team then work with the LED officials to unpack a detailed 16-month programme of activities to guide the

engagement. The toolbox consist of general tools such as Roundtables and Learning and Sharing Events which are applicable to all partner municipalities. Apart from this the toolbox offers a choice of:

Business retention and expansion offers the municipality structured approach to identifying and supporting the needs of existing local businesses. It can be applied where an LED strategy is already in place, and where work needs to be done on opening up channels of communication between the municipality and local business. This approach is appropriate where businesses are threatening to leave the area. Creating jobs from expanding existing businesses is often more sustainable than creating jobs out of untested new businesses, which have a high failure rate.

Red tape reduction refers to regulations, rules, administrative procedures that stand in the way of doing business efficiently. They often form barriers to entry and exit, and have unintended negative consequences on local competitiveness. The aim is to reduce the costs and increase the ease of doing business in a local area, prioritise economic growth and job creation, reduce barriers to entry and exit for small business and encourage transition from the informal economy into the formal economy.

Leak-plugging in the local economy identifies ways to stop value leaving the local area,



Group photo from the first LED Roundtable held at Setsoto Local Municipality in the Free State on 17 February 2010

improves the circulation of cash within the local economy, and improves the quality of life of residents. It is based on prioritising local enterprise, and emphasises local value-addition and innovation. It looks for activities with strong multiplier effects, and increases the interconnectedness of elements within a local economy. More robust local economies are the long-term goal. This approach is especially useful in small scattered rural economies located reasonably close to major centres such as secondary cities. Local businesses here compete directly with their larger neighbours where transaction costs may be lower.



LED training with P3 partner municipalities, December 2009 in Kalk Bay

All municipalities in the P3 project hold quarterly LED Round Tables to engage stakeholders around a concrete agenda for change. In addition, two “enabling the business environment” surveys are carried out in each municipality: one at the start of the action and another at the end, to measure change.

The cooperation is in its initial stages with the results of the first survey being presented to the partner municipalities during the month of May. Information and results will be posted on the project website and also on the partner associations’ websites.

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Participating municipalities in South Africa:

Eastern Cape	Intsika Yethu and Emalahleni in Chris Hani DM, Senqu and Elundini in Ukahlamba Joe Gqabi DM
Free State	Kopanong and Mohokare in Xhariep DM, Naledi in Motheo DM and Setsoto in Thabo Mofutsanyane DM
Western Cape	Theewaterskloof and Cape Agulhas in Overberg DM, Hessequa and Mossel Bay in Eden DM

Partner Associations:

South African Local Government Association	SALGA
Swedish Association for Local Authorities and Regions	SALAR
Association for Local Authorities in Namibia	ALAN
Botswana Association for Local Authorities	BALA

Partnership with Commonwealth Local Government Forum (CLGF)

CLGF in partnership with SALGA is implementing a Good Practice Scheme (GPS) Project which is targeting seven municipalities and SALGA in South Africa. The project's focus is on LED and it seeks to address targeted municipalities' capacity challenges around LED. The Scheme promotes the mutual exchange learning and good practice between partner municipalities. This is done through technical exchanges, collaborative working, pilot projects, and sharing of good practice. The project is part of the wider Commonwealth GPS which is being implemented in six Commonwealth countries namely India, Ghana, Jamaica, Sierra Leone, South Africa and Pakistan.

The central focus of the current phase of the GPS project is to "Improve the delivery of local authority services essential to the achievement of the MDGs ... through the spread of good practice". The project seeks to assist and enable selected local authorities in South Africa to increase their capacity to provide services vital to the achievement of one or several MDGs. The project will contribute to the Good Practice Scheme's overall purpose of "Improving capability - effectiveness, responsiveness, and accountability, in sustainable forms - of participating local authorities in target countries to serve their citizens." The following partnership projects have been set up so far:

Mbombela Local Municipality Sunderland Project: Building Bridges for Economic Development: Businesses and Communities (see cover photograph)

The main objective of this project is build capacity within Mbombela Local Municipality (MLM) to reduce unemployment by promoting inward investment, creating an attractive environment for business, and preparing the local workforce to take up new job opportunities - thereby contributing to reducing poverty. The project seeks to improve the capability of MLM to design and deliver services to promote LED and support its residents, particularly the poor, to access employment opportunities as they are created.



Mbombela municipality with their partners from Sunderland

The municipality partners with Sunderland, drawing on its experience of regenerating its economy in the last 15 to 20 years after the decline of traditional industries of ship-building and coal-mining, reducing its unemployment rate from over 20% to approximately 5% prior to the current recession. Sunderland City Council has significant experience in attracting inward investment, supporting businesses to grow and building relationships with employers, as well as developing a job linkage scheme which enables unemployed people to develop the skills they need to find work. A delegation from Mbombela Municipality visited Sunderland in 2009 to share experiences and explore lessons from Sunderland's successes.

Steve Tshwete - Leeds City Council and eThekweni Municipalities Creating sustainable economies: Municipal support for SMMEs

The main objective of this project is to create employment through increased municipal support for SMMEs in Steve Tshwete. This will primarily be achieved by ensuring that the municipal procurement processes support the participation of more SMMEs by building the capacity of Steve Tshwete Local Municipality to support SMMEs. The most important aspect of the project is to build better relationships both internally and externally to assist in the delivery of business support and procurement strategies. The project also seeks to increase local SMME's knowledge of municipal support services available.

This project is a tri-partite approach to a joint plan of activities which builds upon and expands the outcomes of previous co-operation between eThekweni and Leeds under the previous phase of the GPS. Drawing upon this experience both Leeds City Council and eThekweni Municipality have clearly demonstrated the technical skills and understanding required to support the objectives of the project.

Vhembe District Municipality and Rajkot (Gondal) Panchayat - India: Poverty Reduction and creation of jobs through the establishment of cooperatives and development of Agricultural Markets

The project between Vhembe and Rajkot (Gondal) Municipality focuses on creation of employment through establishment of cooperatives and development of markets for agricultural produce and to develop the skills of emerging farmers. It also seeks to build the skills of staff in the district municipality to be able to design agricultural based programmes that address poverty and unemployment. Vhembe District Municipality recently visited Rajkot District Municipality to enable them to jointly plan the proposed project.

Rajkot Municipality established an Agricultural Produce Market which benefits 323 277 farmers. Vhembe has identified opportunities to learn from this since it is in the process of establishing its own market. The Municipality also succeeded in establishing a cotton weaving cooperative which is another opportunity for Vhembe to learn about cooperatives and value chains.

Mopani District Municipality and Trivandrum Panchayat-India: Sustainable Agriculture for Economic Growth

Mopani District Municipality had agriculture as main economic sector, dominated by the minority of the population in terms of ownership, while the majority has been suppliers of labour. The project seeks to promote economic growth through sustainable agricultural projects. To achieve this, the Good Practice project will build the capacity of the Municipality to support the development of diversified sustainable agricultural projects. This will be done through piloting ideas learnt from Trivandrum e.g. a piggery and cattle rearing. The project will also build the capacity of the district to explore water harvesting projects.

Mopani is partnered with Trivandrum District Panchayat in Kerala, India which has experience in promoting LED since the 1960s. The experience has been recently strengthened by the decentralisation process in India where the district was chosen as a pilot and has enabled them to introduce a lot of innovative and effective ways of involving the community such as Kudumbashree, Land Bank partnerships with local Universities, cattle farming and piggery. Trivandrum District Panchayat presents a good learning opportunity for Mopani District Municipality.

Amathole District Municipality and Glasgow Municipality

This partnership seeks to support Amathole District Municipality and Buffalo City Local Municipality to establish a joint marketing bureau along the lines of the Glasgow City Marketing Bureau through the transfer of skills and expertise. It is envisaged that officials from the Glasgow Marketing Bureau and other relevant experts in the field will visit South Africa to hold capacity building workshops; and that a select number of officials and/or participants from South Africa will visit the Glasgow Marketing Bureau to work-shadow officials there.

The proposed project will also focus on a Lighting strategy – lighting up the city’s tourism attractions, including buildings in the city centre and the Esplanade, working with the Lighting Urban Communities International (LUCI) network. In terms of the latter, the Glasgow City Council has secured the sum of £20,000 by the LUCI for a lighting strategy for the Buffalo City Local Municipality. Glasgow Municipality visited Amathole District Municipality in mid March 2010 to plan for their project.

The Project will be supported by development of a good practice dissemination strategy by SALGA and CLGF where the lessons learnt from the project will be disseminated widely through SALGA networks. A dissemination workshop will also be held at the end of the project.

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German Development Cooperation

German Development Cooperation has been a supporter of the LED Network since its inception more than five years ago. Through the provision of both technical and financial support, the LED Network has emerged as a leading network organisation for both officials and practitioners in the LED field. The support of German Development Cooperation has been made possible through the partnership work of its member organisations namely

German Technical Cooperation (GTZ), Deutsche Entwicklungsdienst (DED), as well as InWent Capacity International. All these organisations fall under the German Technical Cooperation umbrella and are funded by the German Ministry for Development Cooperation (BMZ).



Promoting Partnerships in Local Economic Development

Local development is everyone's business! In recent years there has been strong acknowledgement from the state, civil society as well as the private sector that no one partner can proceed alone in addressing socio-economic challenges facing our local communities. All have a vested interest in successful locality development and all benefit from a stable and sustainable socio-economic environment. The challenge however lies in the coordination of efforts of various stakeholders around common objectives and the effective mobilisation of resources in order to realise the full potential of many local economies.

Why partnership development in local government?

International trends show that development is significantly impacted on by massive shifts in globalisation, especially in the area of technology and communication. At the same time, many governments, especially in developing countries, have been unsuccessful in dealing with the provision of basic needs, promoting local economic development and addressing service demands of

citizens. In attempt to address this increasing inequality and socio-economic complexity evident in many countries, new operating models have emerged as alternatives for improved service delivery and locality development. The promotion of Multi-stakeholder partnerships (MSP's) at the local level is seen as one of these models.

Whereas the more well known public private partnership instruments (PPP's) are generally about contracts, performance arrangements and task specific deliverables, limited provision is made for a more participatory and inclusive approach to project identification and management. Multi-stakeholder engagements present a more holistic and integrated approach to partnership development since it encourages 'horizontal accountability', joint determining of visions, deliverable flexibility and extensive stakeholder engagements. These strategic partnerships are seen as strategic alliances between different organisations which are all committed to a common vision and which brings complementary resources to the table. In this way, both risks and benefits are shared.

GTZ's Role

The GTZ- South Africa Strengthening Local Governance Programme (SLGP) which is a partnership programme of CoGTA, SALGA and the National Treasury, has worked extensively in South Africa in the area of local economic development. Through its various strategic partnerships, a host of policy, strategy development and implementation-oriented tools, case-studies and training initiatives have been introduced over the past five years, to assist local government with its economic development mandate. Some of these instruments and tools include: contributions to the National Framework for LED (2006-2011), the Compass of Local Competitiveness; Genesis – a Local and Regional Economic Development strategising tool and training material, Reducing Red Tape manual, and various

case studies (all of which can be found on www.led.co.za). During the current phase of the programme (2010- 2012) a key shift in our LED related work will be towards the promotion of accountable local governance and where the role of the private sector in local development is key. It is for this reason that Multi-stakeholder partnerships (MSP) in local development will be seen as an important theme.

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DED supports new partnership

The German Development Service (DED) is one of the leading European development services for personnel secondment. It was founded in 1963 and is funded by the Federal Republic of Germany. Since then, more than 16 000 technical advisors have committed themselves to improve the living conditions of people in Africa, Asia and Latin America. Almost 2000 technical advisors are currently working in 47 countries. Their aims and objectives amongst others are to fight poverty, to promote self-determined and sustainable development and to preserve natural resources. On the basis of bilateral agreements with the governments of partner countries, DED places technical advisors at the request of organisations in these countries.

DED's Involvement in LED

DED has been involved on national, provincial, district and local levels. Besides the support given at different levels of public administration, DED assists local development agencies. Local chambers of commerce and business associations are also supported and promoted through local advisors. DED uses and encourages instruments of Corporate Social Responsibility and Public-Private-Partnerships.

In 2009 SALGA entered a partnership with DED and the SA LED Network and decided to collaborate. SALGA requested an international advisor to work strongly in cooperation with the SA



Florian Kopp, DED

LED Network and local municipalities throughout South Africa in the field of LED.

The DED was always a very strong supporter of the SA LED Network. Three international advisors have already been placed at the Network; the development of the website was supported as well as the first LED conference in collaboration with the IDC that took place in February 2009.

This new partnership resulted in the placement of an additional advisor, Ms Britta Ziemann, joining the team in February 2010 and Dr Jochen Rausch, who joined in March 2010. They will work with SALGA on the local government focus of the SA LED Network and are based at the SALGA Economic Development & Planning Directorate. Besides this vast financial commitment, the DED always supported the idea of the Network working more closely with SALGA to make local government the main beneficiaries of the SA LED Networks services. There are interesting times ahead and there is a lot to do.

LED advisors in Chris Hani District, EC

Currently, 3 DED advisors, 2 junior advisors and 2 local LED advisors are supporting LED and planning activities in Chris Hani District, Eastern Cape. They are based in the LED and Planning Departments of CHDM, the Border Kei Chamber of Business, Lukhanji Local Tourism Organisation, Cradock Business Forum and the Business Womens Association Queenstown, supporting local staff with professional expertise, skills and advice.

The focus of the work is to create platforms where businesses and the public sector meet to cooperate in order to improve service delivery towards the community, strengthening of the partner institutions. Internship programmes aim at creating linkages between education sector, local government and businesses to enhance communication and dialogue. Cross cutting

issues such as HIV/AIDS and gender are addressed in all programmes.

Alongside the economic development focus, CHDM also considers the regeneration of small towns a priority area. Here, town planning is the focus, where interests and needs of all groups and stakeholders are taken into account. There is close cooperation between the Planning and LED sections in the municipality and provincial sister departments (DEDEA, CoGTA, Department of Rural Development) as well as the Chris Hani Business Forum and others.

Further information:

<http://www.ded.org.za>,

<http://www.chrishanidm.gov.za>

email: carsten.hildebrand@ded.de

Partnership with LEDNA - LED across Africa

LEDNA is a Pan African LED initiative that was established following the demand made by African Mayors during the Africities Summit held in Nairobi in 2006. Its mandate is to support local governments in Local Economic Development (LED) and provide a platform for LED peer-learning and experience sharing across African countries.

Activities of LEDNA

LEDNA continues to further the Local Economic Development Agenda in Africa through activities clustered in 4 key components:

1. A freely-accessible online knowledge centre and social network platform: www.ledna.org. LEDNA provides more than 3200 peer-checked resources on LED (theories, conception/ implementation tools and good practices) relevant to Africa. As a social network, LEDNA has already attracted more than 600 LED decision-makers (mayors, municipal managers, public servants etc.) and practitioners.
2. A support facility for Local Government Associations in the expansion and implementation of national LED programmes. LEDNA has facilitated a 5-year national LED programme in Mali involving 16 municipalities piloted by the Association des Municipalités du Mali. Similar projects are scheduled to start this year in Benin, Botswana, Togo and Zambia.
3. A capacity-building mechanism for local governments, targeting elected local officials and local cadres. This has been done via online networking tools as well as via direct on-ground activities such as conferences and workshops. In 2009, LEDNA organised a total of 5 workshops; one in Pretoria for the local government associations of Botswana and Zambia (BALA & LGAZ) and four at the Africities Summit in December 2009 benefitting more than 500 local government officials.
4. A platform for putting in contact the offer and the demand for funding of private LED projects (planned to go operational this year).

Organisation of LEDNA

LEDNA an autonomous programme of the United Cities and Local Government of Africa (UCLGA), is piloted by a steering Committee representing African local governments and composed of five Mayors representing each one of the five African regions. The incumbent President of the Steering Committee is Mr. Fathallah

Oualalou, Mayor of Rabat, Morocco. LEDNA is managed by a coordinator supported by a network facilitator, an LED expert, a Knowledge Management expert and the LEDNA Support Unit. LEDNA's intervention in countries is premised on the use of local expertise.

LEDNA receives core funding from the Swiss Agency for Development and Cooperation (SDC) and has received punctual funding from the UCLGA, UNDCF, ILO, GTZ and USAID.

LEDNA & South Africa

Given LED prominence in South Africa in a continent where LED is still largely nascent, LEDNA looks forward to a strategic partnership with South African LED institutions and actors to foster cross-country fertilisation.

Some salient facts:

- LEDNA headquarters in Pretoria.
- LEDNA a regular participant at SALGA LED Round Tables.
- Partnership agreement with South African LED Network based on knowledge sharing, technical expertise exchange and joint events organisation.
- 14 % of LEDNA members from South Africa.
- 12 % visits (users) of the LEDNA platform from South Africa for 2009.
- Expectations: South Africa held up as the continental reference on LED hence local government officials and practitioners from across Africa look to South African for a stream of LED inspirational good practices and success stories and direct interaction with South African LED actors. LEDNA is committed to presenting these on the pan-African platform and building synergy.

Register for free online under: <http://www.ledna.org>
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Unlocking the LED Potential in South Africa



According to guidelines issued by the former ADPLG, now The Department of Cooperative Governance and Traditional Affairs (CoGTA), the 2006 National Framework for LED in South Africa, local government has three key roles to play in LED:

- To provide leadership and direction in policy making (by-laws and processes to regulate land in manner that reduces the costs of doing business and maximises the involvement of people in the local economy).
- To administer policy, programme and projects (the core function of any body or structure responsible for LED is to co-ordinate and maximise the impact of programmes and projects with respect to growth and development).
- To be the main initiator of economic development programmes through public spending, regulatory powers, and (in the case of larger municipalities) their promotion of industrial, small business development, social enterprises and co-operatives. (DPLG – 2006 LED Policy Framework)

To ensure that local authorities focus on LED as a priority area, all local authorities must draw up a five-year Integrated Development Plan (IDP), which contains an LED strategy (Section 26 – Local Government Municipal Systems Act – 2000). Given the high levels of poverty and inequality, and the varying levels of institutional capacity and resources, local governments response towards LED has been very different in different areas.

As highlighted in the SALGA LED Position Paper, in the larger metropolitan areas, most LED officials have adopted an approach that is focussed on creating a more supportive and competitive business environment, investment in infrastructure that reduces the cost of business, the regeneration of inner city and township areas, and research around and institutional support to new sectors with high growth and employment potential. In contrast, most of the smaller centres have focused on increased service delivery, extension of the social grant system, public works and SMME initiatives. Importantly, LED initiatives in smaller centres tend to be project-based, while those in larger centres are increasingly focused on creating appropriate institutional market enabling frameworks. Although a focus on pro-poor development is logical, the majority of community economic development projects have been proven to be unsustainable once donor or public-

sector funding disappeared, and so had no real long-term impact on poverty reduction. Municipalities therefore do have a key role by engaging with all stakeholders, creating a conducive environment for investment through the provision of infrastructure and quality services, rather than by developing programmes and attempting to create jobs directly.

Two important points to make here is that firstly, there have been very different perceptions of what LED is and what sort of LED strategies will be in the best long-term interests of reducing poverty. Secondly, although the LED Guidelines effectively describe the roles and responsibilities of the various spheres of government with regard to LED, in practice there have been shortcomings in the coordination and support, the correlation of the priorities in the various IDPs and the building the capacity of municipalities to undertake LED to name just a few.

These points become interesting in the context of the Cabinet approved Local Government Turn-around Strategy (LGTAS) which highlighted that a “one size fits all” approach to municipalities is not useful or acceptable. Each municipality faces different social and economic conditions and has different performance levels and support needs. Thus a more segmented and differentiated approach was required to address the various challenges of municipalities, including LED. The State of Local Government Report comments that in practice outside the metropolitan areas, the LED picture is uneven and generally much less positive; resource contestation is a factor, and maintenance and sustainability of “projects”, is often questionable.

Cabinet also recognised that the problems in Local Government are both a result of internal factors within the direct control of municipalities as well as external factors over which municipalities do not have much control, such as revenue base and income generation potential as well as weaknesses in national policy, oversight and Inter-Governmental Relations (IGR). Once again, the State of Local Government Report states that more insight needed into practice of LED in municipalities, and regional interpretation, alignment and linkages.

Given that the LGTAS is the high-level government-wide response to stabilise local government and put municipalities back on a path of responsive and



accountable service delivery, it serves as an ideal opportunity / platform of the direction LED in the ideal, sustainable municipality would take.

Firstly, the LGTAS defines LED as the approach a municipality or region may take to encouraging investment by big business, small local business development, tourist industries or large sector economy management in mining, manufacturing or farming and therefore reinforces 2006 LED Frameworks by emphasising the importance of:

- Including a range of local stakeholders (public and private) into the LED dialogue;
- Identifying the comparative advantages being incorporated into the LED strategy and exploited;
- Credible LED programs that can only being effectively implemented by a dedicated local economic development unit / department or similar resourced and positioned entity.

This definition also goes a long way in clarifying the balance between a competitive and welfare focus for LED on the meaning of LED and its desired impact in local spaces. For municipalities LED is about the effective and sustainable way of leveraging public-sector funds into economic growth and development that aim to better guide activities and planning especially in small towns and less well-resourced municipalities.

Secondly, the LGTAS highlights the critical importance of the skills required to shape and direct economic growth in local spaces.

Thirdly, part of a new approach talks to regional interpretation, alignment and linkages, with the need to update and review the PGDS Guidelines so that that PGDSs be informed by more credible local and district LED plans.

Finally, the LGTAS talks about differentiated approaches to governance and responsibilities. A more geographically differentiated approach to LED will delineate more clearly the gap between the systemic competitiveness approach driven in large cities, and LED activities in small towns or poorer municipalities.

In conclusion, while there appears to be much agreement over what doesn't work in LED (such as government-led ad hoc projects), but not very much agreement over what does work. It therefore may be useful to end off on what are some of the most important contemporary LED ideas also relevant for unlocking LED in South Africa:

- The role of institutions in supporting economic development, and the corresponding role of LED agencies in strengthening these institutions;
- A shift in the role of government from intervention/participation to enablement;
- An increased focus on "soft" infrastructure and the role of new enabling technologies, rather than traditional hard infrastructure;
- The idea of economic clustering, which states that a concentration of economic activity supports competitiveness;
- The realisation that spatial economic structures and spatial local government boundaries seldom coincide;
- A move towards market-based enterprise support structures; and
- A focus on improving locational advantage.

Key legislation and related documentation on LED in South Africa

The Constitution (1996): "A municipality must structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community."

The White Paper on Local Government (1998) introduced the concept of "developmental local government", defined as: "Local government committed to working 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."

The Municipal Systems Act (2000) made integrated development planning compulsory, and legislated a number of key LED functions, roles and responsibilities. The aim of the Act is "To provide for the core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of local communities."

Other documentation includes:

- The LED Guidelines (issued in 2000)
- Refocusing Development on the Poor: LED Policy Paper (2001)
- The Draft LED Policy (2002)
- The National Spatial Development Perspective has made a key contribution to the LED policy debate through its assertion that some areas are better suited to business development and growth, while others should be allocated for government services and transfers.
- The Policy Guidelines for Implementing LED in South Africa (2005)
- The National Framework for LED in South Africa (2006) aims to build a shared understanding of good LED practice and motivate more effective implementation.
- The Integrated Sustainable Rural Development Strategy and Urban Renewal Strategy (DPLG)

Download these and other documents directly from www.led.co.za.

LED in Practice

News from the Municipalities:

LAST HOPE RECYCLING PRIMARY CO-OPERATIVE LTD. (Northern Cape)

Started in an industrial area in Upington in January 2008, Last Hope Recycling is a small primary cooperative trading scrap metal. Back then it all started with registering as a close cooperation (CC) and purchasing the premises, supported by funding from the Department of Social Services. To date, Last Hope Recycling has created 4 permanent and 41 temporary jobs for previously disadvantaged individuals (PDI) in the area.

As one of the initial challenges was a shortage of business skills to operate the day to day business, LED Officer Mr Gubula gave the team training on the basic concept of co-operatives. Last Hope Recycling bought in and converted from a CC to a co-operative. The LED officer assisted to apply for the co-operative incentive scheme at the Department of Trade and Industry (dti).

Through support from Siyanda District Municipality (SDM), the Department of Environment, Nature and Conservation (DENC) identified Last Hope Recycling Co-operative LTD as the first "Pilot Waste Project" in the province and granted Last Hope Recycling 1 million Rand as support to enhance their business and become self sustainable.

A Memorandum of Agreement has been signed between the DENC, SDM, Buyisa e Bag and Last Hope Recycling co-op on the role of each stakeholder as to how implementation should take place. Furthermore, Siyanda District Municipality entered into a Service Level Agreement with Last Hope Recycling co-op. In the future, the cooperative will operate the dumping site of the local municipality, which will create more jobs.

The launch of the project was attended and addressed by the Deputy Minister of DENC, the



From left to right: Ms Dinah Hangome (beneficiary), Ms Evelyn Gunda (beneficiary), Premier Ms Hazel Jenkins, Mr Themba Job (Manager), Mr Sindile Ntlanganiso (beneficiary) MEC Ms Sylvia Lukas, Deputy Min Ms Rejoice Mabudafhasi, CEO Buyisa eBag Ms Shirleigh Strydom, and the then Executive Mayor Ms Marupene Ntuli.

Premier of the Province (N.Cape), the MEC of DENC, the then Executive Mayor (SDM) and about 700 community members.

In October 2009, a visit to Mpumalanga and Kagiso before (West Rand District Municipality, Gauteng Province) was arranged to benchmark on similar projects. Three members of the co-operative were accompanied by Mr. M. Gubula (LED Officer).

One of the key challenges the cooperative experienced, was the lack of support by other local economic development drivers, says the manager, as there is still need to purchase heavy equipment to expand the small business further. As for the future, the team sees definite growth potential in the recycling sector and opportunities to create further employment in a sustainable way.

For further information contact:
Mr. Patrick Job, Manager, Last Hope Recycling Primary Co-op LTD. phone: 076 754 1006
Mr. Mongile Gubula, Siyanda District Municipality. email: mg@siyanda.gov.za

Moretele LED Forum (North West)

On 25 March 2010, the LED Directorate of Moretele Municipality welcomed over 100 participants from the community, business forums (contractors, tourism, agriculture), cooperatives and other LED stakeholders to the quarterly LED Forum at the Moretele Municipal Hall, Matibestad, North West Province.

New services in the field of LED were featured, such as the new MTN Business Support Centre (BSC) in Matibestad. The BSC offers business advice, consulting services and training on business start up, management, financing as well as job seeker assistance and internet access. The establishment and organization of cooperatives as profitable business models is another field where the MTN team offers expert advice.

Further, the LED Directorate initiated cooperation with MINTEK, a government parastatal originating from the development of the mining sector. MINTEK now offer advice and support for establishing businesses in the small scale mining industry and other sectors, including beads and ceramics and also provide access to markets for these products. Joint implementation steps between MINTEK, the community and the MTN



Moretele LED Forum

business support centre will be established subsequently. These will then also feature in the update of the LED Strategy and Municipal Turnaround Strategy (TAS) that are currently being drafted.

Moretele Municipality is interested to collaborate and exchange ideas and inputs on LED and strategy development with other municipalities and stakeholders, facing similar challenges in rural areas.

For further details, contact LED Director Lucky Motsepe. email: luckyamotsepe@gmail.com, 012 716 1000.

Use this space and share your LED stories!

Want to see your LED projects published here or online? Contact us and tell us about your LED projects and activities and we will publicize them in one of the following issues or online. Contact: contact@led.co.za, Tel: 012 369 8000

CENLED offers LED training for practitioners

The establishment of the national Centre for Local Economic Development (CENLED) during 2009 was a dream coming true for LED practitioners. The CENLED is based at the University of Johannesburg and it aims to professionalise the careers of LED practitioners working in local government.

The "Turnaround strategy for Local Government" confirms the need for professionals in the LED field. LED is a focus point and compulsory in terms of this strategy and

the Constitution. CENLED will be introducing training courses, workshops and seminars that will assist practitioners to become internationally certified by the International Economic Development Council. Practitioners will have to adhere to a code of conduct and life-long learning will ensure practitioners are up to date with the best practices in LED.

Contact: Marius Venter, mventer@oleda.co.za

Upcoming LED Trainings and Events

May 2010

- The LED Learnership - How to develop a LED Strategy?, 24th to 30th of May, Durban

July 2010

- The LED Learnership - Implement, Monitor & Evaluate LED Programmes, 19th to 23rd of July 2010, Durban
- The International Summer Academy on LED in Germany, 26th to 30th of July 2010, Various Venues in the Ruhr Region in Germany

September 2010

- The LED Learnership - Facilitation & Coaching in an LED context, 6th to 10th of September 2010, Durban

November 2010

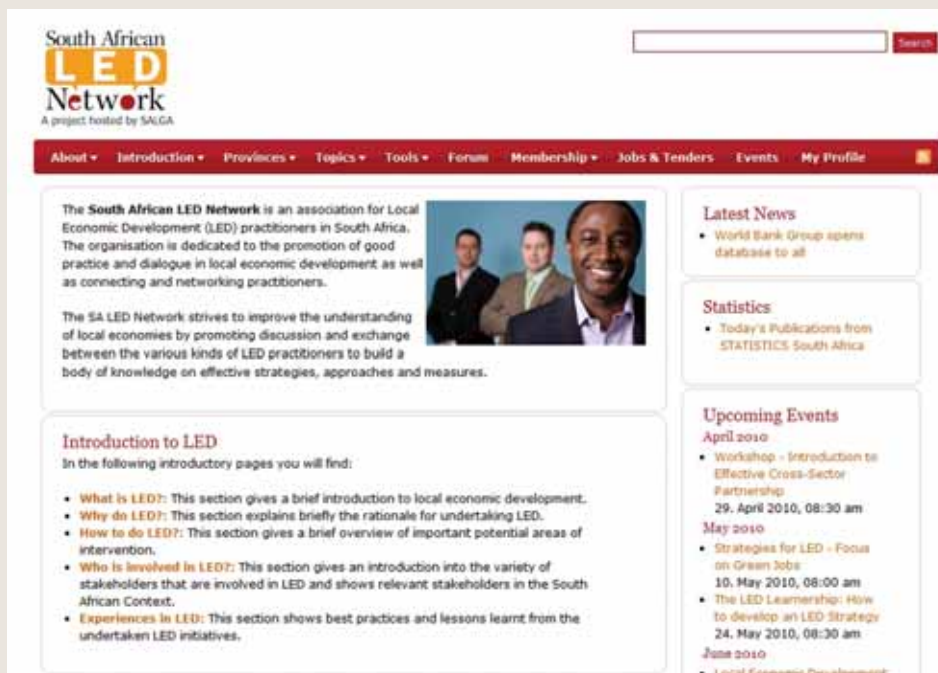
- The LED Learnership - Human Resource Management, 1st to 5th of November 2010, Durban

For more information on the trainings & events, please visit www.led.co.za

The SA LED Network's website www.led.co.za

Since the formation of the SA LED Network in 2001, the website www.led.co.za has always been a vital part of the Network. Besides face-to-face communication amongst the members the founders of the Network soon realized that there has to be an information portal with documents about local economic development case studies, and best practice guides. In addition to that the need was felt to establish a platform where communication can also take place on a virtual level and that there should be day to day information available on LED events, jobs & tenders. In June 2009 the website changed its system to DRUPAL a new web 2.0 based technology that opened up a lot more opportunities for interactive communication. Since then, we registered a steady rise of hits per day.

There are about 2.700 visitors per month that actually come from all over the world (about 106 countries) with an emphasis on South Africa, Africa, Germany and the United States. As a result of our online survey we also know that our members would like more options to communicate on virtual level, in forums and blogs. The SA LED Network is busy realizing just that. Another finding was the further need for case studies and success stories on LED on a local level. SALGA and the Network are working on a concept to get further



access to interesting stories on the ground and therefore we do need your help! The provincial SALGA offices have their ear on the ground and this is exactly needed when it comes to local LED stories. The SA LED Networks' team will write it up and make it available on the website.

Additionally the team is always looking for interesting documents, jobs, tenders and events on LED. If you think you might have a contribution to make please let the team know and send an email to: contact@led.co.za

Thank you in anticipation!

Four simple steps to register on www.led.co.za

Since the new partnership with SALGA, the membership on the SA LED Network's knowledge & information platform is absolutely free! All you have to do to benefit from the extended library, newsletters, newsflashes and latest information on LED jobs tenders and events is to register online.

1. Visit the website www.led.co.za
2. Scroll down until you see the button: **BECOME A MEMBER**
3. Choose a username, (preferably your first name and surname) and fill out at least the mandatory fields
4. Type in the verification word (this is to safe you and us from spam) and finally click the button: "Create new account"

After you've completed the 4 steps, you will receive an email with your password for your first log in. After you've logged in, you may change your password.

If you have questions or need assistance, please do not hesitate to contact us: contact@led.co.za

We warmly welcome all our new members!

SALGA Provincial Offices Contact Information

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SALGA and SA LED Network Team would like to acknowledge the financial and technical commitments of the following partners especially the German Development Cooperation, in the form of DED and GTZ, who have supported the SA LED Network to become a known value adding 'brand' and the reference point in the LED landscape in Sub-saharan Africa.



PARTNERSHIP | PARTICIPATION | PROGRESS



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