

# Local economic development in South Africa

## Policy implications

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### **ABSTRACT**

*The purpose of this article is to locate and examine the efficacy of the implementation of the policy on local economic development within the context of the sphere of local government in South Africa. The sphere of local government is currently faced with numerous challenges and bottlenecks that stem from high poverty and unemployment rates, shortage of skills required to propel local economic development, lack of administrative capacity and ineffective implementation of policies.*

*The article further examines the alignment or lack thereof between national and provincial government development policy frameworks in relation to the policy on local economic development implemented in the sphere of local government. The Emakhazeni local municipality is used as a case study. Pertinent and plausible strategies with a view to address the challenges facing the implementation of the policy are elucidated and explored in the article.*

### **INTRODUCTION**

The quest to eradicate poverty, create large numbers of jobs and build sustained economic growth has over the past number of years shaped South African government's growth and development agenda. Numerous development driven strategies and programmes, notably, the Reconstruction and Development Programme (RDP), Accelerated Shared Growth Initiative for South Africa (AsgiSA), National Spatial Development Framework (NSDP) Provincial Growth and Development Strategies (PGDS) and others have since been initiated to realise the national and provincial development imperatives. Arguably, the South African government has provided a broad vision and strategic direction pertaining to how it intends to drive the economy and development trajectory and more importantly intervene in favour of the poor and the marginalised component of the population.

The local sphere of government is viewed as integral to the realisation of growth and development objectives underpinning national and provincial development frameworks set out above. Local government is also obliged to play a critical role in promoting social and economic development in line with constitutional imperatives. Thus, through the local economic development policy, municipalities have assumed a central role to contribute to job creation, eradication of poverty and boost local economies. A synergised and integrated approach on the part of the spheres of government is therefore a *sine qua non* for the achievement of growth and development.

There are significant challenges facing South Africa in general and local government in particular, in respect to the attainment of both growth and development objectives and targets. Some of the challenges and bottlenecks stem from poverty, unemployment, shortage of skills required to propel growth and development, lack of administrative capacity and ineffective implementation of policies.

## **POVERTY AND UNEMPLOYMENT**

Almost half of the South African population continues to live under a poverty datum line (Aldelzadeh 2006). Estimates indicate that just over 22 two million people in South Africa live in poverty (DBSA 2005a). Poverty and inequality in South Africa have racial, gender, spatial and age dimensions. Therefore, the concentration of poverty lies predominantly with black Africans, women, people in rural areas and black youth (Trieggardt 2006:4).

In 1995, 32% of the population was living on less than US \$2 per day. This proportion rose to 34% by 2000 before declining to 24% by 2005 (Hooegeveen and Özler 2005). Using a poverty line of R322 per capita per month in 2000 prices, determined by the cost of a basic needs basket of goods and services, 52,5% of the population was in the poverty bracket in 1995 and 53% in 2000. This number decreased to 47% in 2005, still an inordinately high proportion. These data indicate that between 2000 and 2005 there was an improvement in alleviating poverty, and the larger decline in the US\$2 per day numbers compared with the R322 per month suggests that those deepest in poverty had improved their situation somewhat more than those at slightly higher incomes (Gelb 2010:32–34).

The official data for 2001 showed high levels of unemployment by stating that 41% of those seeking work did not find work, amounting to 7,8 million people; 54% of the unemployed were based in the urban areas; 71% of the unemployed were between 15 and 34 years old, and 71% of the unemployed under 30 years old had never had employment (May & Woolard 2005).

## **SKILLS SHORTAGE**

A shortage of suitably skilled labour is identified as one of the constraints mitigating against achieving desired growth rates and development in South Africa (AsgiSA, 2007). The *Report on the State of Local Government in South Africa* commissioned by the Department of Co-operative Governance (COG) published in 2009 also poignantly highlights the shortage of



appropriate competences on the part of municipal executives and officials as a hindrance to fulfillment of constitutional duties of local government. These include amongst others project management, programme management, development planning and management competences.

The *Fifteen Year Review Report on Government* published in 2008, notes that the challenges of state capacity are less to do with shortage of financial and other resources than with skills and institutional arrangements. These are required to efficiently and effectively deploy resources. Further, local government faces a twin challenge of resources and skills. This is a challenge that is invariably met by filling posts with people who do not have suitable skills.

## **ADMINISTRATIVE CAPACITY**

The government's efforts and policies to halve poverty and unemployment rates by 2014 require a well-capacitated and resourced administrative component of municipalities. The *Report on the State of Local Government in South Africa* published in 2009 by Department of Co-operative Governance makes disturbing observations in relation to varying capacities of municipalities and thus notes that some municipal administrations are relatively stable and well-resourced. This has also manifested itself through the massive service delivery protests experienced by various municipalities across the country. The number of administrators who were appointed in terms of section 139 of the *Constitution of the Republic of South Africa, 1996* in municipalities has notably increased as a result of capacity deficiencies of municipalities.

## **POLICY IMPLEMENTATION**

Many municipalities are unclear about the meaning of LED and how to implement it (Meyer-Stairer 2002 in Rogerson 2006). The issue of non-clarification of roles among national government, provinces, municipalities, civil society and the private sector, result in different players having different understandings and interpretations of the LED policy (LED 2002:40). Ineffective policy implementation to some extent contributes to additional constraints facing the achievement of growth and development objectives.

International experience has demonstrated that district and local municipalities can play a pivotal role in LED initiatives for poverty alleviation. Municipalities are strategically placed to undertake long term planning in the arena of poverty alleviation, particularly as it relates to relationships with non-governmental organisations (NGOs), community-based organisations (CBOs) and the private sector (Pieterse 2000).

Local government as one of the spheres of government nearest to local communities is well placed to identify, drive and implement programmes aimed at addressing growth and development challenges facing South Africa. Increasingly, municipalities have assumed an important role in ensuring that substantive and beneficial development takes place within their jurisdictions.

## DEFINING LED

Local economic development (LED) is a multi-dimensional and multi-sectoral process through which the skills, resources and ideas of local stakeholders are combined to stimulate local economies to respond innovatively to changes in the national and global economic environment to attain as an end result, job creation, poverty alleviation and the redistribution of wealth (Applied Fiscal Research Centre [S.a]: 5).

LED is not a single project or activity. It is a continuous and ongoing process to respond to low economic growth; high unemployment and to stimulate the economy to create new job opportunities (Applied Fiscal Research Centre [S.a]: Department of Provincial and Local Government 2000 (a):1).

In the South African context, LED is seen as being important for the following reasons, namely, creation of jobs and new employment opportunities; increasing income levels, thereby enabling people to pay for services; broadening the tax and revenue base of a municipality; improved municipal services and facilities; development of human resources; building new institutions for sustainable development; and linking the developed and underdeveloped areas (International Republican Institute and National Business Initiative 1998:3).

LED is intended to empower the most vulnerable, marginalised and poor sections of local communities to be able to raise sufficient incomes to meet their basic needs and aspirations. LED cannot be separated from poverty alleviation projects and programmes initiated and implemented in the municipal sphere such as the Expanded Public Works Programmes, provision of free basic services, capacitation of co-operatives and a host of others.

LED is process-orientated requiring *inter alia* the formation of new institutions, the development of alternative industries, the improvement of the capacity of existing employers to improve quality, the identification of new markets, the transfer of knowledge, and the nurturing of new enterprises. Irrespective of what form it takes globally, local economic development has one primary goal, which is to increase the number and variety of job opportunities available to the local communities. However, in order to facilitate these activities, municipalities and community groups must take on an initiating rather than a passive role (Gilothe and Meier 1989).

It is against this backdrop, that the solicitation of inputs, resources, and views from various stakeholders including municipalities are crucial to realise local economic development objectives. The setting up of LED institutions and structures are attempts to facilitate an inclusive and robust approach to achieve LED objectives.

## NATIONAL POLICY CONTEXT FOR LED IN SOUTH AFRICA

### The Constitution of the Republic of South Africa, 1996

Section 152 of the Constitution states that:

*The objects of local government amongst others are; to provide democratic and accountable government for local communities; to ensure the provision of basic services to communities*



*in a sustainable manner; to promote social and economic development and to encourage the involvement of communities and community organisations in the matters of local government.*

The Constitution specifically entrenches the developmental duties of municipalities. In this regard, section 153 states that 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 and participate in national and provincial development programmes.

Bekink (2006:69) asserts that developmental duties cannot be achieved without the co-operation and constructive support of both national and provincial governments. In instances where municipalities are not successful in developing their own strategies to meet community needs, national and provincial governments may have to adopt a more prescriptive approach. In this regard it is important to note that developmental duties should not be considered on an individual basis within each sphere of government, but should be promoted on a collective basis within government as a whole.

## **White paper on Local Government**

The White Paper on Local Government provides a framework for developmental local government. In essence, developmental local government is described 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” (1998:17). According to the White Paper (1998:18) the nature of a system of developmental local government comprises four specific and interrelated characteristics. These characteristics are: maximising social development and economic growth; integrating and co-coordinating activities; democratising development; and a process of leading and learning.

The developmental outcomes of municipalities include local economic development. The White Paper specifically provides that local government can play an important role in promoting job creation and boosting the local economy. Investing in the basics by providing good quality and cost-effective services and by making the local area a pleasant place to live in and work is the starting point. However, two other types of initiatives are important namely, reviewing existing policies and procedures to promote local economic development and the provision of special economic services such as investment support, small business support and research and technology. It is pertinent to state that the above-mentioned legal and policy frameworks endeavour to provide the basis, context and form for promotion of both social and economic development within the sphere of local government.

The synergy that ought to be developed and operationalised for the achievement of local economic development from a policy perspective is also given impetus by the *Policy Guidelines for Implementing LED* in South Africa issued by the former Department of Provincial and Local Government in March 2005 (now the Department Co-operative Governance).

## Policy Guidelines for implementing LED in South Africa

According to the *Policy Guidelines for Implementing LED* (2004:4) effective implementation of LED in the second decade will be a critical contributor to government success in increasing the national economy and building a single and integrated economy that benefits all.

A government-wide approach to developing and supporting robust and inclusive municipal economies is required and should be facilitated through the active and dynamic alignment of the *National Spatial Development Perspective* (NSDP), *Provincial Growth and Development Strategies* (PGDSs) and *District/Metro Integrated Development Plans* (IDPs).

In understanding the imperative of a synergistic approach towards implementation of LED, it is important to note that all state action and economic activity converge in a municipal area. State success in supporting economic development will depend on the extent to which the three spheres of government align their developmental strategies, coordinate their actions and achieve integrated development outcomes in municipal areas (Policy Guidelines for Implementing LED 2005:12).

Integrated development outcomes can be achieved through effective and positive intergovernmental relations. Thus, the national government, in respect of both strategic planning and development, is mostly responsible for setting the overall strategic framework for the economic and social development of the nation and further for all spheres of government. The national Medium Strategic Framework is one of the strategic planning tools that provide the strategic direction of government pertaining to growth and development over a specific period of time. Provincial governments must tailor their strategies and development policies according to the specific conditions and needs that are prevalent in their areas. They should also ensure that municipal Integrated Development Plans combine into a form of sustainable development that forms a framework across the province as a whole and are integrated as a unit. In turn, national government must ensure that local and provincial governments operate within the national enabling framework and are structured and capacitated to best promote development and growth as a whole (Bekink 2006:103–104).

## PROVINCIAL POLICY CONTEXT FOR LED

The *Provincial Growth and Development Strategy* is the key instrument of provincial governments for planning and implementing their social and economic development agenda for the provinces. The Provincial Growth and Development Strategy is developed within the framework of the National Spatial Development Perspective (NSDP) and also in reference to the Integrated Development Plans prepared by the district municipalities (incorporating the local municipalities' plans within their areas of jurisdiction) and the metropolitan municipalities. The National Spatial Development Perspective provides a framework and mechanism that harmonise national priorities, provincial growth and development strategies and municipal integrated development plans. By mid-2008, the implementation of the National Spatial Development Perspective was completed or in progress in 23 districts, with 15 more being enrolled (Fifteen Year Review Report 2008).



The co-ordination and implementation of the Provincial Growth and Development Strategy in the municipal sphere remain a challenge. The consultation, co-operation and joint efforts by provincial departments and municipalities are usually hindered by political and *turf* issues and consequently stifles growth and development (Fourie & Valeta 2008:139). The overlap between the three spheres of government creates the potential for policy incoherence, gaps and omissions, duplication of effort, confused accountability and uncertainty on the part of business and other stakeholders (Turok 2010:503).

Economic development is complicated by ambiguity about the specific roles and responsibilities of the three spheres of government. The nine provinces have some constitutional autonomy, reflecting the 1990's political settlement, but are obliged to work within national legislation and policies. They are required to prepare growth and development strategies informed by national priorities contained in the national economic development policies and strategies such as the National Spatial Development Perspective, and the New Growth Path adapted to meet distinct local needs and opportunities. The provinces are also required to work with district and local municipalities and provide assistance in their capacity building efforts and encourage consistent LED initiatives. Municipalities are required to prepare Integrated Development Plans encapsulating a LED strategy (Turok 2010:503). This alignment is cardinal for the purpose of ensuring that the LED policy is synchronised with the major thrusts of the New Growth Path. This policy broadly outlines the strategic objectives of the government and more importantly contains targets for the achievement of growth and employment creation. Flowing from this New Growth Path policy, LED policy planners should also take into account the intentions of the National Spatial Development Perspective in order to understand and locate the potential economic growth points for their local areas. This would assist LED policy planners to generate a sound spatial development plan tailored for the specific circumstances and conditions unique to their local areas. A Spatial development plan is integral for the realisation of LED policy objectives.

The overarching goal of the Provincial Growth and Development Strategy is to develop consensus amongst stakeholders and to develop programmes that will align with national, provincial and local strategies. According to Malan (2008:83), the alignment of strategic planning among spheres of government is weak and it becomes difficult to translate national priorities into provincial and municipal strategic planning and to match local development opportunities of municipal integrated development plans with the resource allocation decisions of national and provincial governments. Therefore, harmony and alignment among the National Spatial Development Perspective, the Provincial Growth and Development Strategies and Integrated Development Plans ought to exist with a view to ensure an integrated approach to development planning among the three spheres of government.

## **LOCAL POLICY CONTEXT FOR LED**

According to the *Local Government: Municipal Systems Act, 2000* as amended, (section 23 (1) (a–c)) local government planning is to be developmentally orientated. In order to achieve this objective, all municipalities must undertake developmentally orientated planning to obtain three purposes:

- that municipalities strive to achieve the objects of local government set out in the Constitution;
- that municipalities give effect to their developmental duties set out in the Constitution;
- that municipalities, with other organs of state, contribute to the progressive realisation of the (socio-economic) fundamental rights contained in the Constitution.

In terms of the *Municipal Systems Act, 2000* each municipal council must adopt a single, inclusive and strategic plan for the development of the municipality within a prescribed period after the commencement of its elected term. Such a plan should have amongst others the following aims:

- to link, integrate and co-ordinate plans and to take into account proposals for the development of the municipality;
- to ensure compatibility with national and provincial development plans and planning;
- to commit the municipality in terms of legislation.

Thus, in the formulation of LED strategies a municipality is informed by the Integrated Development Plan adopted by the municipal council. The IDP precedes the LED plan or strategy shaped by a municipality. It is, therefore, imperative that proper co-ordination and alignment are ensured in as far as both the IDP and LED planning processes are conducted. The IDP is a comprehensive and sophisticated planning tool for assessing municipal service delivery and infrastructure development. However, most municipalities have neither the financial nor the administrative capacity to design and implement an IDP fully. During the transitional phase of local government, the planning process tended to be complicated and prescriptive. All municipalities, regardless of size and capacity, were required to provide the same level of detail in their IDPs. Few municipalities outside the metropolitan areas could comply with the strict time-frames set by national and provincial legislation. Those that tried found it possible only by ignoring the statutory requirements for public consultation. This meant that scarce resources were wasted in producing documents most stakeholders could not understand and municipalities in financial distress could not implement the plans (Development Bank of Southern Africa 2000:92).

According to Fourie and Valeta (2008:139), invariably, IDPs are prepared and adopted with minimal inputs from provincial and national departments. Many IDPs are not aligned to provincial and national priorities and many programmes and projects identified in the IDP process are unfunded. This silorised approach to strategic planning negatively affects government's impetus to ensure integration, co-ordination and communication across spheres of government.

Credible IDPs should include LED plans that elaborate on strategies and programmes required for ensuring local economic growth, job creation and poverty alleviation. These plans should take cognizance of strategies such as the National Spatial Development Perspective; the New Growth Path; Provincial Growth and Development Strategy; and the Millennium Development Goals. It should also develop and facilitate public-private partnerships, SMME development, and sustainable development. A functional IDP process is one which is able to identify the real needs of the people and divide them into sectoral issues including but not limited to water, health, electricity and



housing. The effective management of the IDP process can, therefore, be defined as the ability of municipal stakeholders to harmonise responses to the priority issues in terms of balanced resource allocation and programmatic implementation of development projects coupled with a mechanism to monitor cost effectiveness and reducing duplication and wastage in the use of limited resources at the disposal of municipalities (Mashamba 2008:425–426).

## Background to the Case

In terms of the *Constitution of the Republic of South Africa, 1996*, section 155 (1), there are three Categories of municipalities, namely, Category A; Category B; and Category C. A municipality that has exclusive municipal executive and legislative authority in its jurisdiction falls under Category A and a general term for a Category A municipality is a metropolitan municipality. Category B municipalities are municipalities that share municipal executive and legislative authority in a specific area with a Category C municipality within whose area such Category B municipalities fall. A Category B municipality is also referred to as a local municipality. The Constitution determines that Category C municipalities are municipalities which have municipal executive and legislative authority in areas that include more than one municipality. The general term for a Category C municipality is a District municipality. The Emakhazeni Local Municipality is constituted in terms of the *Constitution of the Republic of South Africa, 1996* and *Municipal Structures Act, 1998* as a Category B municipality.

The Emakhazeni local municipality is strategically positioned in the provincial context of the Mpumalanga province as it is located between the Tshwane Metropolitan Municipality

**Table 1** Research sample

Profile of respondents	Number of respondents
Municipal Manager	1
Manager in the office of the Executive Mayor	1
IDP and LED officer	2
Corporate and Social Investment officer	1
Chairpersons of Community Development Forum	3
Member of the Mayoral Executive Committee	1
Youth Development Manager	1
<b>Total</b>	<b>10</b>

and Johannesburg complex in the Gauteng province and Mbombela, the provincial capital of the Mpumalanga province. It is further situated on the N4 national road of the Maputo Corridor, which is the main link between the Gauteng province, Mpumalanga province and Mozambique. The transport infrastructure in the form of rail lines provides a linkage with Gauteng province and Maputo, the capital of Mozambique and Richards Bay, in the KwaZulu-Natal province. The municipality is a tourist destination and further serves as the gateway to the major tourism attraction points in Mpumalanga province and the eastern parts of Limpopo province through the Kruger National Park to the East and Pilgrim's Rest, Graskop, Mashishing and Hoedspruit to the Northeast of the province (Emakhazeni Local Municipality's 2011-2012 Integrated Development Plan).

The next section presents a discussion of results based on research questions contained in an interview schedule emanating from the field research work that took place at the Emakhazeni local municipality's offices. The data analysis and interpretation of the results is presented through tables, charts and graphs.

## **Discussion of results**

The profile of these above-mentioned research participants clearly shows the diversity of views and perceptions they hold relating to the formulation and implementation of LED policy within their municipality. This includes both the internal staff represented by the senior municipal officials and the external municipal stakeholders, namely the members of the Community Development Forum. It is also important to note that the staff establishment of this municipality is relatively small due to inadequate staffing and limitations of resources.

### ***Question 1: Importance of Local Economic Development***

Research participants were required to indicate the importance of Local Economic Development for the municipality. Figure 1 below, graphically illustrates the responses of the participants.

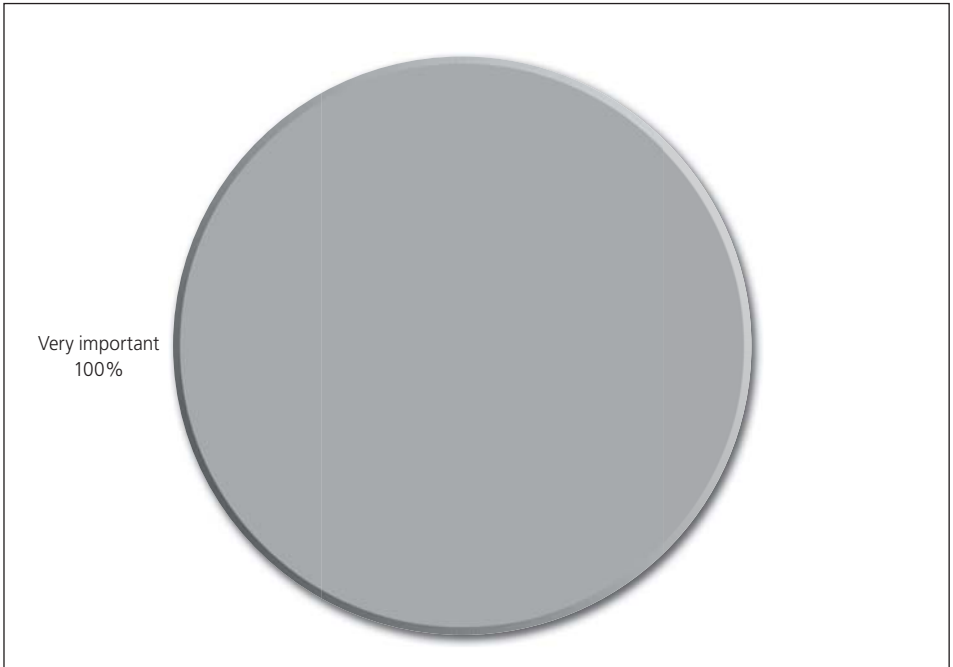
In answering this question, the participants were provided with two options in order to indicate their perceived importance of local economic development for their municipality. Figure 1 highlights that all of the participants were of the view that local economic development is certainly very important for the operations of the municipality. This overwhelming response also indicates the primacy of LED policy for the municipality accorded by the participants. This research finding further reflects that all the important role-players within the municipality acknowledges that local economic development is very important and strongly needed to realise the strategic objectives of the municipality, namely; economic growth, employment creation and poverty alleviation.

### ***Question 2: Responsibility for implementation of LED***

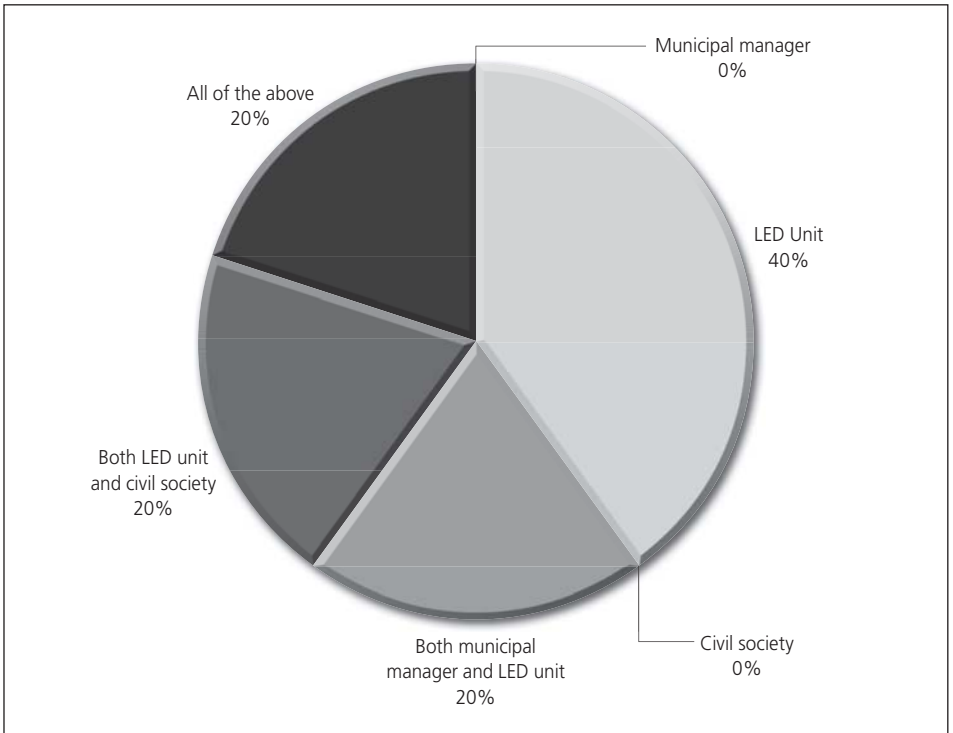
From the responses that were received and as figure 2 illustrates, the majority (40%) of the participants indicated that the LED Unit of the municipality is primarily responsible for the implementation of the LED policy. 20% of the participants were of the view that both the Municipal Manager and the LED Unit are responsible for the implementation of the LED Policy, whereas another 20% of the respondents stated that both the LED Unit and civil society are responsible for the Policy's implementation. The existence of the LED Unit and



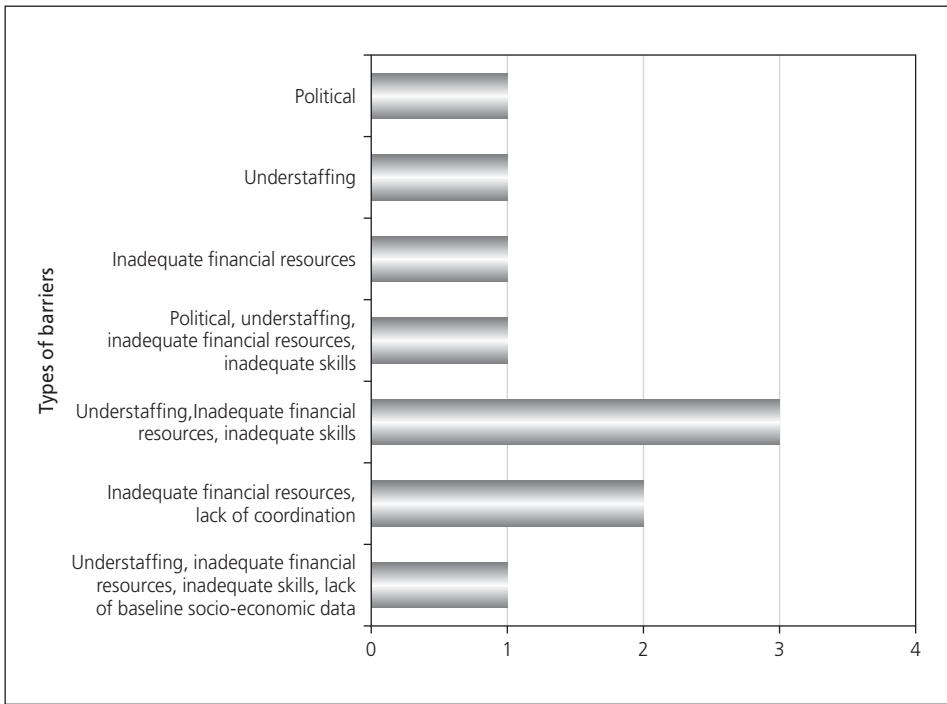
**Figure 1 Importance of Local Economic Development**



**Figure 2 Responsibility for LED implementation**



**Figure 3 Barriers of implementation**



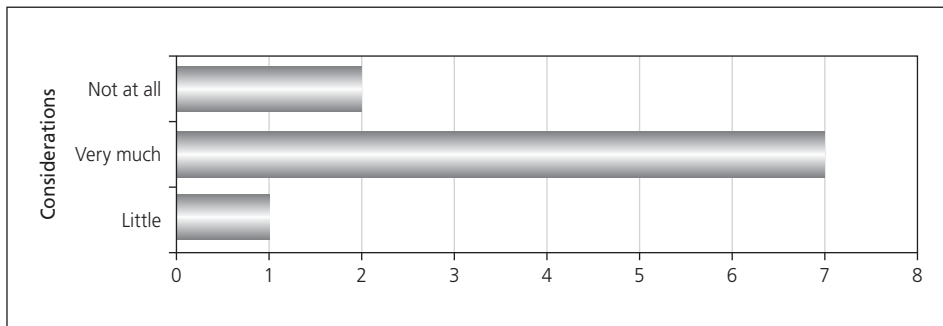
the involvement of the civil society in the implementation of the LED policy clearly show the inclusive approach adopted by the municipality in order to realise the objectives of the policy, notably, ensuring economic growth, employment creation and poverty alleviation.

**Question 3: Barriers to implementation**

Question 3 required participants to evince the barriers that are responsible for influencing the implementation of the LED Policy. Figure 3 illustrates that various factors hinder the implementation process, such as; political barriers, understaffing, inadequate financial resources, inadequate skills, lack of clear national government policy direction, lack of baseline socio-economic data, and a lack of coordination. Respondents were given the latitude to choose more than one barrier or factor, which they thought to be relevant.

A combination of understaffing, inadequate financial resources and inadequate skills, as well as a combination between inadequate financial resources and a lack of coordination were identified as the major barriers in the process of implementing the LED policy. The lack of skills, coordination, funding and understaffing for LED policy implementation invariably exhibit the institutional capacity deficiencies facing small local municipalities. It is difficult for small local municipalities to attract and retain qualified and competent LED practitioners due to limited labour supply within the local labour market and financial resources available to them to be able to fulfil this objective. At the same time, the role of provinces in building capacities of municipalities to undertake LED and in supporting them in its implementation is succinctly provided in the *LED Policy Implementation Guidelines 2005*.

**Figure 4 Consideration of National and Provincial Growth and Development Strategies**



**Question 4: Consideration of National and Provincial Growth and Development Strategies**

Research participants were required to indicate the extent to which the National and Provincial Growth and Development Strategies were considered in the formulation of the LED Policy. From figure 4 below, it is evident that the National and Provincial Growth and Development Strategies form an integral part of the LED Policy.

An overwhelming 70% of the participants affirm that the Growth and Development Strategies are central to the formulation of the LED Policy, while one of the ten participants (10%) indicated that these strategies are not considered at all in the formulation of the LED Policy. The remaining 20% of the participants highlighted that the National and Provincial Growth and Development Strategies are taken into consideration. This research finding supports the assertion that local municipalities should invariably align their LED policies in line with the national economic development policies, namely, the *New Growth Path*, *National Development Plan*, *National Spatial Development Perspective*, and *Provincial Growth and Development Strategies*.

**POLICY IMPLEMENTATION STRATEGIES**

**Intergovernmental co-ordination and communication**

Effective intergovernmental co-ordination and communication across the national, provincial and local spheres of government through the legislated intergovernmental structures, processes and systems are integral to adequate implementation of LED policy. The spheres of government must ensure integrated planning in line with growth and development frameworks. LED policy cannot be insulated from the imperatives of the provincial government through the formulation of the provincial growth and development strategies. This provincial strategic development framework provides the basis within which LED policy planners should locate the growth and development priorities of the province and give direction to the content of the LED policy. This synergy of both the PGDS and LED policy is imperative for ensuring integrated development planning with the two spheres of government and thus realise the fundamental objectives of intergovernmental relations.

Thus, co-ordination of government development frameworks should be effected from the National Planning Ministry, the provincial offices of premiers and municipal managers' departments informed by the *National Development Plan, New Growth Path, National Spatial Development Perspective, Provincial Growth and Development Strategies* and the *Municipal Integrated Development Plans*.

## **Adequate skills for LED policy**

One of the pre-requisites for LED policy implementation is possession of appropriate skills on the part of the implementers and this is one of the barriers identified by the research participants. LED skills should include amongst others project development and management, development and economic planning and monitoring and evaluation. The intensification of the LED learnership programme co-ordinated by the Local Government Sector Education and Training Authority (LGSETA) is imperative in order to fast-track acquisition of skills amongst potential policy implementers. It is also important that higher education institutions should conceptualise and develop appropriate LED courses and modules and incorporate them into the curricula tailored for both undergraduate and postgraduate students. The curricula should take into account the multi-disciplinary nature of LED in the shaping of the content of the courses and modules.

## **Design of LED policy implementation strategies**

It is important that implementation strategies for LED implementation be succinctly conceptualised, planned and explained in business plans which should entail who is responsible to do what, how, when, why and for whom? Effective planning and management competences are essential in order to realise LED objectives. The content of the LED strategies should encapsulate the broader municipal strategic plan, namely, the Integrated Development Plan (IDP). The IDP is an innovative strategic planning tool aimed at ensuring that the development oriented mode of municipalities locates the short-term, medium and long-term development plans within the parameters of an inclusive and participatory process of consultation, involvement and engagement with local citizens, community-based organisations, non-governmental organisations and business community.

## **Strengthening LED units/agencies/forums**

LED units/agencies/forums should have appropriate and sufficient powers, functions and resources to enable them to discharge their responsibilities effectively. Thus, the administrative capacity of municipalities should be properly developed and strengthened. The forums should be composed of all major stakeholders within the locality inclusive of business, economic, social and environmental sectors. A long term and shared vision on how to develop and drive a robust and inclusive local economy with a view to create job opportunities and eradicate poverty should be realised by the forums. The adequate staffing of LED departments/units and agencies should be a top priority for municipalities. This may be achieved through mobilisation of funding in order to attract and retain professionally qualified, competent and capable LED policy implementers within both resourced, high



capacity and under-resourced and low capacity municipalities. The skewed skills levels of LED staff across municipalities should be addressed as a matter of urgency with a view to achieve LED policy objectives.

## **Adequate financial resources**

Financial resources should be made available for municipalities in order to initiate local economic development projects through various avenues, namely, the development finance institutions notably the Development Bank of Southern Africa and the Industrial Development Corporation. These resources may be allocated in the form of loans, grants and subsidies tailored for municipalities with demonstrable economic potential and capacity to drive growth and development initiatives.

## **CONCLUSION**

The obligation placed on the South African government to halve poverty and unemployment rates by 2014 hinges to a large extent on the capacity of municipalities to discharge their constitutional duties to promote social and economic development. To achieve the 2014 target it is, therefore, incumbent upon the three spheres of government to align growth and development planning frameworks intended to address poverty alleviation and unemployment.

The synchronisation of the national spatial development strategy, provincial growth and development strategies as well as LED are integral to ensuring that policy implementation is well co-ordinated in the national, provincial and local spheres of government. The other critical elements that should be taken into account include but are not limited to skills development, enhancement of administrative capacity, project planning and implementation in the municipality sphere.

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