The New Growth Path (NGP) for South Africa

Can the policy be applied in the local government sphere?

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ABSRACT

In October 2010, with the introduction of the New Growth Path (NGP), the new national economic policy for South Africa by the Minister of Economic Development, Minister Ebrahim Patel, the government was severely criticised on all fronts. It was claimed that the NGP policy is not investment friendly; contains no new concepts or innovative ideas; and is too vague. According to economic analysts, the policy is similar to the Growth, Employment and Redistribution (GEAR) and the Accelerated and Shared Growth South Africa (ASGISA) economic policies, neither of which made a significant impact on economic development in South Africa. Since the release of the NGP policy, a debate has raged on what exactly the policy aims were to accomplish and how it can be implemented, specifically in the local sphere.

This article analyses the content of the NGP to determine the feasibility and potential of its implementation in the sphere of local government. National government has provided the broad framework within which local government must implement the NGP policy and has undertaken to make the necessary resources available. The article will also investigate comparative case studies on national growth plans in the BRICS group of countries (Brazil, Russia, India, China and South Africa) and provide guidelines on how implementation can be achieved in South Africa. Furthermore, a better understanding of the NGP is provided which will assist municipalities in the successful implementation of the NGP by the creation of a positive investment environment.

INTRODUCTION

"Partnerships and implementation capacity are prerequisites for a successful South African development path" (Development Bank of South Africa 2011). Critics are of the opinion that the New Growth Path (NGP), the latest national economic development policy as introduced in 2010, will not have the desired impact on the economy due to a lack of detail and limited new ideas. This article aims to analyse a number of aspects of the New Growth Path (NGP). It begins by providing a concise socio-economic comparison between South Africa and the rest of the world and then turns to listing and providing an assessment of the key priorities for South Africa as included in the 2011 State of the Nation Address (SONA) and the National Planning Commission (NPC). A discussion of the vicious cycle of poverty in South Africa follows, showing the implications this has for the implementation of the NGP in the local government sphere. The basic principles of the NGP economic policy then come under scrutiny followed by an analysis of the shortcomings and critique of the NGP. Finally, the lessons that can be learnt from the BRIC countries are discussed in so far as the national economic planning policy and implementation plan on a local level/sphere are concerned.

SOCIO-ECONOMIC INDICATORS

Table 1 is a summary of key socio-economic indicators comparing South Africa with the rest of the world. South Africa's Human Development Index (HDI) level has remained stable at between 0,5 – 0,6 over the last 10 years. The HDI level indicates the difference in quality of life of the poorest section of the population compared to that of the richest section of the population. The HDI level of a country is measured by the United Nations (UN) and ranges between 1 (the highest level of quality of life) and 0 (the lowest level of quality of life). South Africa's HDI level was 0,597 in 2010 compared to a world average of 0,624 (United Nations, 2010; World Bank 2010). South Africa's HDI level was therefore below global averages in 2010.

In terms of HDI ranking, South Africa is, however, losing ground and in 2010 it was ranked in position 112 in the world. Furthermore, South Africa is only the fifth highest ranked African country after Mauritius, Egypt, Tunisia and Botswana. The average life expectancy in South Africa is 52 years of age which is lower than the average for Africa (58 years) and is far below the world average of 69 years. This relatively low life expectancy level can be linked to the high incidence of HIV/AIDS; poor access to health services; and a high crime and murder rate in South Africa. These indicators are among the highest in the world.

Another area of concern is that compared to Australia, South Africa has accommodated 700 000 immigrants over the last 5 years of whom the majority are poor and unskilled people from elsewhere in Africa. Australia has accepted 500 000 highly skilled immigrants in the same period. This situation has a huge impact on employment, poverty and provision of socio-welfare services in South Africa (UN, 2010; World Bank 2010).

South Africa has the world's highest official unemployment rate of 24,4% (World Bank 2010) and youth unemployment is close to 50% (Selassie 2011:1). The world average unemployment level is far below this, at 7%. The high unemployment level in South Africa

Table 1 Socio-economic indicators: South Africa versus the world

Key Indicator	SA	Africa	World	Notes
HDI level	0,597	0,47	0,624	(1 is the highest level)
HDI Ranking	112	Na	Na	SA 5th highest in Africa
Life Expectancy	52	58	69	
Level of urbanisation	60%	40%	50%	
Health Expenditure as % of GDP	3,6 %	Info not available	Info not available	Developed countries at 7% average
Prevalence of Aids	18 %	7,4 %	Less than 1%	
% of population with less than $1,25 per day	26,2%	35,4%	21%	
Unemployment rate	24,4 %	11,9 %	7%	SA has the highest rate in the world
GDP Growth Rate (2010)	2,8 %	5,1 %	4,9%	SA growth rate lower than the average for Africa
Exports as % of GDP	27%	34%	Info not available	
Agricultural land as % of total area	82%	48%	Info not available	Huge potential exists if supported by government
Employment in Agriculture as % of total employment	8,8 %	31%	Info not available	
Internal users / 100 people	31	6,4	32	

Sources: UN 2010; World Bank 2010

has huge socio-economic implications and more than 26% of the population survives on less than $1,25 per day. In order to create large numbers of jobs, a high GDP growth rate is required. South Africa is lagging behind Africa in this regard with a growth rate of 2,8% compared to the average growth rate in Africa of 5,1 % (UN 2010; World Bank 2010).

According to the World Economic Forum's (WEF) Global Competitiveness Report for 2010–2011, South Africa is ranked 47th out of 142 countries in terms of its level of infrastructure, which is relatively high although rural infrastructure lags far behind. South Africa's economic environment is ranked an acceptable 43rd. As for health care, the country's ranking is 129th, while labour market efficiency is ranked 97th; in quality of mathematics education its ranking is 136th; and the availability of engineers is at 115th position. In terms of these indicators, South Africa is far below world standards although it is competitive on market size, coming in at 25th position (World Economic Forum 2011a).

South Africa as a member of the G20 group of countries and the UN Security Council should aspire to perform far better and work towards conforming to world standards. This is particularly called for in the areas of socio-economic equality; safety and security; and health facilities. Lowering the prevalence of HIV/AIDS and the levels of poverty and unemployment are also high priorities. In addition, GDP growth must be raised, labour regulations improved and the quality of education raised. The NGP aims to address all these pressing issues.

SOUTH AFRICA'S KEY PRIORITIES

In order to analyse the NGP policy, it is necessary to assess whether it conforms to the priorities outlined in the State of the Nation address (SONA). The key priorities for 2011 in terms of SONA were listed as job creation; rural development; improved health facilities; provision of a better standard of education; and an improvement in the safety and security of the country as a whole. These five nation-wide priorities were linked to the *Diagnostic Report of the National Planning Commission* (NPC). In October 2011, the NPC identified the main issues to be addressed in South Africa. These include the poor education system; inadequate health care systems; the substandard maintenance of infrastructure; unduly high levels of national policy uncertainty; worrisome levels of spatial divide among communities; an unacceptable level of dependence on the mining sector; and lastly, the debilitating levels of corruption that are endemic in the country (South Africa 2011b:18).

These key priorities as listed in the SONA referred to and NPC are well defined and clear. To address them, it is now incumbent on the government to formulate the necessary national policies and to speed up their implementation in the local sphere. The NGP is an attempt to provide a policy on urgent economic issues such as job creation.

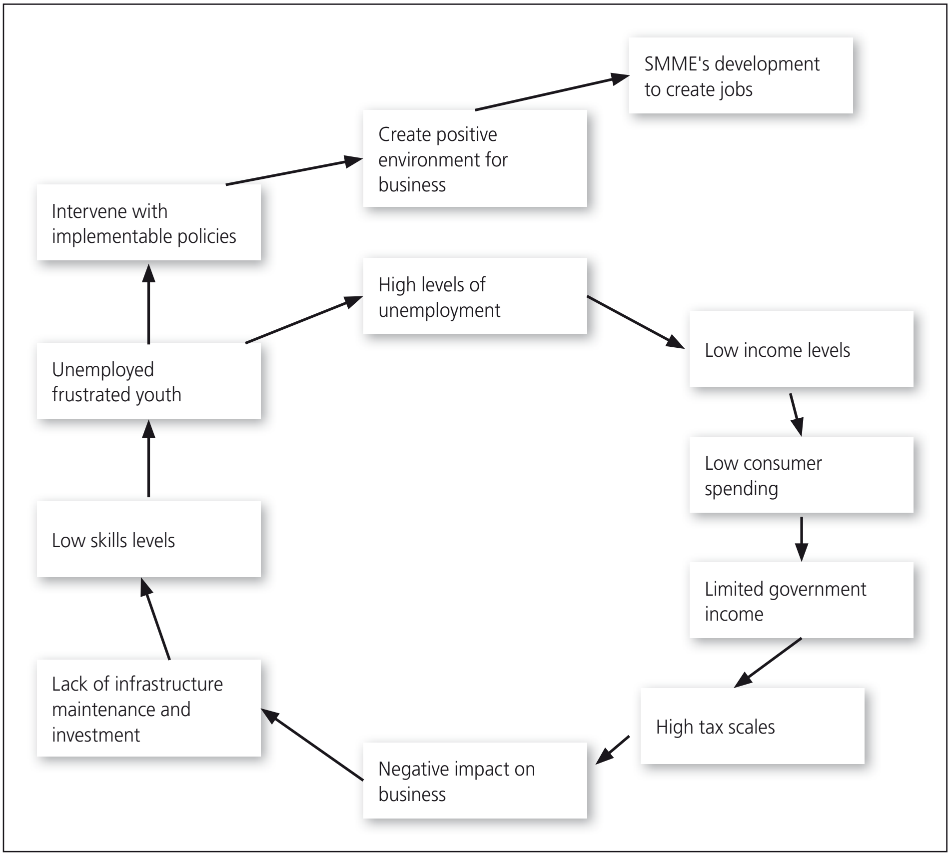
The vicious cycle of poverty and unemployment in South Africa

Figure 1 is an illustration of the vicious cycle of poverty and unemployment that exists in South Africa and the interventions that could assist in breaking this cycle. The high level of unemployment in the country has led to many socio-economic problems such as poverty, crime, poor education and ill health. The endemic unemployment has led to low consumer spending and low government income through taxes (Kirk 2010:1).

The approximately 5,9 million tax payers in South Africa are responsible for the tax bill (due to the high levels of poverty and low income levels). This has resulted in relatively high tax scales for individuals and companies and impacts negatively on business development and job creation by the private sector. High tax scales, strict labour laws and crime have exacerbated the situation. The lack of government income through taxes has also led to poor maintenance of infrastructure and low levels of investment in existing and new infrastructure. The rural areas in particular have been neglected as compared to metropolitan areas in South Africa (SAICA 2012:1).

The low skills level, especially among the younger sector of the population is a major problem. School-leavers simply do not possess the skills or experience to find suitable jobs. It is estimated that more than 50% of the youth are unemployed. They either do not have any skills at all or have skills that are not required by the business sector. This has lead

Figure 1 The vicious cycle of poverty and unemployment in South Africa



Source: Author's diagram

to a highly frustrated youth population. As indicated in Figure 1, a solution needs to be found to break the cycle of poverty and unemployment. There must be interventions through implementable policies and the creation of a positive environment for small, medium and micro enterprises (SMMEs) to establish and develop their businesses in order to create jobs.

THE BASIC CONCEPTS OF THE NEW GROWTH PATH

The formulation of the NGP as a national economic policy intervention was necessary owing to a lack of national economic direction. The NGP policy was released in South Africa in October 2010 (Patel 2010) and it follows previous economic policies such as the RDP, GEAR and ASGISA. The overall focus of the NGP is on job creation, with a secondary focus on improvement of inequality levels; reduction of poverty; improved co-ordination; planning; and implementation of economic policies in all three spheres of government. The NGP encourages strong partnerships among government, business and communities, as well as improved co-operation with other African countries and the other BRICS countries. In terms of the sectoral focus, the following economic sectors have been identified as having the potential for job creation potential, namely infrastructure development; agriculture and rural development with a focus on agro-processing; mining; manufacturing; green economy; tourism; and the informal sector. All these sectors have the potential to unlock economic and employment opportunities. The target of the NGP is to create five million jobs by 2020; to reduce unemployment from 24,4% to 15%; and to train 100 000 youths of whom 30 000 should be qualified engineers and 50 000 trained artisans by 2015 (South Africa 2011a; Eastern Cape Socio-Economic Consultative Council 2010:7).

Infrastructure development and investment are the main job drivers of the NGP and government's role is vital in the process. About 200 major projects are planned in terms of the Presidential Infrastructure Coordinating Commission (PICC). These are to be launched countrywide and include water projects; the construction of roads; railway maintenance and improvement; upgrading of harbour facilities; construction of in-land transport hubs; energy projects; and social infrastructure such as hospitals and schools. In addition, an amount of R22 billion will be made available from the Department of Trade and Industry (DTI) for the green economy, including solar projects (Donnelly 2011:4).

Other initiatives are also envisaged by the NGP policy. These initiatives include promoting a more labour intensive economy; striving towards the creation of *decent work* opportunities with minimum income levels; reforming labour policies to allow more protection for vulnerable workers; the provision of basic services to the poor; improved governance, especially in the local government sphere; and an improved alignment of policies in all spheres of government. It is also envisaged that state-run enterprises such as Eskom – South Africa's electricity service provider – need to play a bigger role in the economy. In addition, the NGP recognises that more relaxed monetary policies must be applied and that government programmes and funding options such as the Comprehensive Rural Development Programme (CRDP), the Expanded Public Works Programme (EPWP) and Community Works Programmes (CWPs) must be used to promote job creation. Intensified programmes of skills development, nation building and national solidarity must be devised and more focus placed on spatial planning and integration of communities. Importantly, the NGP must be implemented in municipalities by means of best-fit strategies (South Africa 2011a; Eastern Cape Socio-Economic Consultative Council 2010:1).

In the local government sphere, the NGP must pay significant attention to rectifying the spatial imbalances of the past, a relic of separate development policies of the former apartheid government, by using spatial development frameworks (SDFs) to allow work opportunities for the poor. Currently many poverty-stricken communities still live far removed from economic opportunities. Local governments need to receive assistance from national government for implementation of the policy. The excessive number of regulations, the so-called *red-tape* procedures, which hamper business development in the local sphere, must be removed or judiciously trimmed. Policy alignment should also be promoted and procurement processes improved.

A full year has passed since the implementation of the NGP in early 2011 and a number of successes have been achieved. Significant budget allocations have been made from *inter alia* the job fund; the national youth development fund; the Industrial Development Corporation (IDC) fund; the infrastructure fund; the public works fund; the Comprehensive Rural Development Programme (CRDP), and the Expanded Public Works Programme (EPWP). The Department of Trade and Industry (DTI) has stepped in to create 60 000 jobs through incentive schemes. Furthermore, a total of 100 000 small farmers have been supported by the Department of Agriculture. In its implementation of the *working for water* project, the Department of Water Affairs has created 30 000 jobs and for its part the Rural Youth Development Employment Programme has created 7 500 jobs. In addition, the Community Works Programme (CWP) has a total of 100 000 jobs that are in the planning phase for implementation by 2014. Agro-processing projects are on the drawing board in all the provinces and 65 CRDP sites are currently being planned for rural development and upliftment (South Africa 2011a).

In addition to the positive initiatives outlined above, an agreement was signed between government, the private sector and trade unions to support local manufacturing. All the signatories have agreed to buy locally manufactured goods and services to a level of 75% of all their purchasing budget allocation (De Waal 2011:1).

ANALYSIS AND CRITIQUE OF THE NGP

Most economic commentators have responded negatively to the NGP. It has been argued that it is contradictory and does not provide sufficient detail on the implementation of the policy. Critics are of the opinion that the NGP policy is a vision rather than a plan and that it has no specific implementable steps. It seems that government wants to redistribute wealth rather than create new wealth (Prinsloo 2011:1; Duvenhage 2011:15; Coetzee 2010:6; Laubscher 2010:6).

It is uncertain which national government department is overseeing the NGP. Is it the Office of the Presidency, the Department of Economic Development, the Department of Trade and Industry, the NPC, the Department of Rural Development or perhaps the Treasury Department? It seems that the Department of Economic Development should be in charge of spearheading this policy in tandem with other role players.

The NGP is about creating new jobs and ensuring that existing jobs are retained, which is a growing global issue. The critique of the NGP as far as job creation is concerned is that it focuses too much on government intervention rather than on creating an enabling economic condition for successful private sector initiatives (Prinsloo 2011:1). Experts argue that the target of creating five million jobs by 2020 is over ambitious and unattainable. They point out that during the 2002 to 2008 economic boom period, only 300 000 jobs were created. South Africa is currently in an economic *slow-down* phase and jobs are lost rather than added to the economy. A total of 450 000 jobs were lost from 2009 to 2011 and 700 000 jobs were lost in the agricultural sector in the last decade. In order to reach the target of five million jobs by 2020, a total of 42 000 jobs needs to be created per month. This translates into 500 000 jobs per year (Van Niekerk 2010:10; Nattrass 2011:1).

In the 2011 Development Report of the Development Bank of Southern Africa (DBSA), it is stated that the aim of creating five million jobs by 2020 is unrealistic. The local economic growth rate is too slow to achieve this target. The report maintains that the major stumbling blocks preventing sustained development in South Africa are the lack of institutional capacity; the poor relationship between government and communities; and a lack of co-ordinated interventional strategies. Political leadership also needs to be improved. Slabbert (2011:1) is of the opinion that to achieve sustained economic development, the NGP should focus in the short term on infrastructure investment. Thereafter, in the medium to long term the emphasis should shift to the manufacturing sector.

The issue of *decent jobs* versus *mass jobs* requires more intense debate. The NGP policy promotes decent jobs, and jobs with minimum levels of wages. Although this is a noble aim, statements such as this will allow leeway for trade unions to take action within the already strict labour law environment. If this part of the policy is implemented, it will result in low-skilled workers being appointed in highly-paid jobs, which leads to low productivity. There is no private business (or public institution) that can afford such a situation. This aspect of the NGP will result in jobless growth; the risk and cost are simply too high to employ people who do not have the appropriate skills. It is worth noting that in China the option of mass job creation has led to 57 000 000 jobs being created in the period from 2006 to 2010 (Kopec 2011:5).

In South Africa jobs are indeed available for skilled workers, but not for the unskilled masses (Biyase 2011:25; Nattrass 2010:3). According to Weavind (2011:3) trade unions are putting the possibility of job creation at great risk. Organised labour, by their ongoing demand for higher wages, is effectively pricing formal sector employment out of the job market. Strike action is also affecting the job market negatively. In 2009, 2,9 million work-days were lost, compared to 14,6 million in 2010, and a staggering total of 17,8 million in 2011 (Weavind 2011:3).

The NGP has an export focus. Ideally all economic policies should have such a focus. Solutions need to be found on high production costs; low productivity; the high cost of labour; and on labour unrest. South Africa needs to compete with mass production by countries such as China and India with their economies of scale. There are no proposals contained in the NGP on how the South African economy can strive to be competitive on a global level. Trade assistance to qualifying exporters could be a solution. The NGP supports a more flexible monetary policy in order to enhance domestic demand. This could be achieved by means of lower interest rates, but high levels of spending will result in higher levels of inflation, which will put pressure on the local Reserve Bank to increase interest rates (Nattrass 2010:4).

The NGP policy supports controlled urbanisation because cities are seen internationally as engines of growth. However, urbanisation can only be a success if the migrants from rural areas are accommodated as far as jobs and adequate shelters with essential services are concerned. In the period from 1994 to 2011, the number of urban informal settlements has increased from 300 to 2600. Uncontrolled urbanisation is still prevalent in the larger urban areas (Smit 2011:17). Migrants would be better off in some cases by remaining in rural localities with support in terms of agricultural and rural opportunities such as small farmer assistance.

The NGP policy had come under criticism because of its heavy reliance on the government for the implementation of the policy (Prinsloo 2011:1). All three spheres of government, especially local government, have relatively poor capacity and skills levels. The lack of strong links with the private sector is also a key factor which needs improvement. All national departments involved in economic development processes, must refocus on job creation and the priorities of the NGP and SONA.

Laubscher (2011:8) concurs that the NGP places too much reliance on government for implementation of the policy. He is of the opinion that the government has already reached its peak concerning direct involvement in the economy and in terms of regulations. Government spending has increased by 7% since 2003 to a maximum of 34% of the local

Table 2 BRIC countries versus South Africa

Indicator (2010)	SA	Brazil	Russia	India	China
World economic ranking	29th	7th	11th	10th	2nd
GDP Growth Rate	2,8%	7,5%	4,9%	8,5%	10,5%
GDP/Capita at nominal rates	$ 7158	$ 10470	$ 10521	$ 1265	$ 1750
Agricultural sector as % of GDP	0,9%	5,8%	4,2%	18,5%	10,9%
% of Population in poverty	50%	15,5%	13%	37%	12,5%
Unemployment rate	24,4%	5,7%	6,7%	9,4%	4,1%
Size of work force	12 million	103 million	76 million	478 million	850 million
Gini Coefficient	0,70	0,57	42.8	0,53.5	46,9

Source: World Bank 2010

GDP in 2010. If government decides to increase its spending in future, it will have to expand its tax base or increase the already high tax scales. The government salary account has also risen sharply in the last few years from 31% of government income in 2006 to 42% in 2011. Significantly, the increase in salary expenditure has not led to improved service delivery.

The World Economic Forum (WEF) report on *The future of government* in 2011, states that governments are globally under pressure to meet new demands and expectations. Typically the challenges faced, far exceed the resources and expertise that are available. For governments to be effective they must be prepared to adapt, and if necessary restructure to cope with changing circumstances. Governments of the future will need to be *flatter, agile, streamlined and tech-enabled*. The report supports workforce reductions and the principle of doing more with less. The report also recommends that governments share labour, services and resources by utilising networking and partnerships (WEF 2011b:8).

LESSONS FROM BRIC COUNTRIES

Table 2 summarises the key economic indicators of the BRICS countries (Brazil, Russia, India, China and South Africa). Together they account for almost 50% of the world's population and are responsible for an estimated 40% of the world economy. South Africa became a member of BRICS in 2010 and will reap the benefits from this strong bloc of countries in the future (World Bank 2010).

The above table highlights South Africa's relatively low GDP growth rate; the small contribution of its agricultural sector; the high level of poverty and unemployment; and the high level of inequality. The table also provides a brief analysis of the economic policies of the BRICS countries (Loudiyi 2010:1; Kopec 2011:1; Petro 2009:1; India Planning Commission

2011). The following are some of the lessons learnt which could be applied with benefit in South Africa to improve the implementability of the NGP:

- All the countries five-year economic development programmes which include detailed plans for specific implementation.
- The BRIC countries have high levels of productivity, competitiveness and technological innovation.
- The principles of good governance are supported which include combatting corruption and the utilisation of performance management.
- The focus of exports is on final products and not raw resource exports.
- There is a focus on support for industrial development zones (IDZ).
- Agriculture is seen as a key sector for rural development, food production and to ensure balance of payments.
- Skills development and education are priorities.
- Unnecessary bureaucratic *red tape* is removed to create a positive economic environment.

There are a number of aspects that need to be strengthened in the NGP policy. These include taking into account international trends on job creation and employment. The consensus among economic commentators is that throughout the world growth is taking place without corresponding jobs. More temporary, contract jobs are available. Highly skilled people will find jobs, but the unskilled will struggle to find employment because technology is replacing people. Low-paying jobs which do not qualify as *decent jobs* could perhaps be subsidised as is the case in Germany. SMMEs and entrepreneurs should be the drivers of the economy. In addition, South Africa needs to introduce training for potential entrepreneurs. The country currently has a low entrepreneurial focus of only 8% of the population compared to Uganda with 32% (Prinsloo 2011:1). It must also be realised that the industrial sector needs to create the majority of jobs. Labour laws have a major impact on the willingness of the private sector to appoint permanent workers. This negativity affects job creation. Skills development, focusing on the skills required for a specific area is sorely needed.

Finally, the agricultural sector in South Africa needs to play a much more prominent role in job creation and provision of opportunities to the poor. This sector has been largely neglected by government in the past, and the NGP policy has put forth concrete proposals on the revitalisation of the agricultural sector. Farming should become a viable and growing sector again. Food production, agro-processing and demand-driven production all have a role to play. As integral to agricultural development, rural development and land reform are also of key importance.

PROPOSAL – IMPLEMENTATION OF THE NGP AT THE LOCAL SPHERE, THE "FEZA ISIMANGALISO" PLAN

How then can the NGP be implemented in the local government sphere if there is limited detail provided in the broad national policy? In South Africa it is in the local government sphere and specifically in rural areas where implementation is most sorely needed. These areas are in dire need of upliftment and revitalisation. The situation as regard to poverty and unemployment needs urgent attention, especially those in rural areas. After an analysis of the NGP policy, an implementation plan has been formulated by the author and named the *Feza Isimangaliso* plan, meaning to *achieve the impossible*.

The following is a step-by-step process devised by the author to implement the NGP in the local government sphere, with a focus on rural settings. Although it is accepted that every locality and area is unique, it is suggested that the *Feza Isimangaliso* plan can be implemented in any locality. These steps were formulated after careful analysis of existing methods outlined by the World Bank and other organisations. They also incorporate the author's own practical experience at local government sphere.

- **Step 1: Vision recall.** The local Integrated Development Plans (IDP) and Local Economic Development (LED) plans should form the basis of any implementation strategy. Both short term and longer term strategies must be implemented.
- **Step 2: Short term *quick wins.*** This step involves the completion of a rapid rural assessment with a focus on key sectors such as agriculture, public services, community development, environment, infrastructure and skills development. Such an assessment must be completed within a week. A range of short term projects which are easy to *kick-start* should to be identified and implemented. These could include initiatives such as food gardens, skills training, job training projects, clean-up projects and infrastructure for the informal sector They need to be implemented to show immediate positive results. This will allow a level of confidence in the overall, longer term process of LED.
- **Step 3: Status quo analysis.** Analysis of local policy documents such as the IDP, LED Strategy and the SDF. These documents and specifically the local spatial planning policy will give direction and focus regarding development in the area. The availability of up-to-date base line socio-economic data also needs to be determined including information on unemployment and skills gaps. The institutional structures need to be analysed to determine stability.
- **Step 4: Primary research.** At this point, a decision needs to be taken on the usefulness of existing statistics and base line information. The principle is that good information leads to good planning. Relevant socio-economic research; business surveys, for example an early warning system (EWS); and unemployment and skills surveys and associated data bases are needed. Primary research will be required if recent base line information is not available.
- **Step 5: Identify key developmental sectors/areas.** The various sectors and areas which can unlock the development potential of the specific locality need to be identified. Major stumbling blocks must also be identified and addressed. The focus must be on areas and sectors listed in the NGP such as industrial development; manufacturing; agro-processing; tourism; infrastructure; green economy; and the informal sector.
- **Step 6: Analysis of government roles and policies.** There must be an alignment of priorities with due consideration of applicable measures in all spheres of government. This involves scrutiny and analysis of all policies, funding options, the roles of the various spheres of government, partnership formation and skills development. An analysis must also be made of policies and programmes such as NGP, CWP, EPWP, CRDP, NYDP.

- **Step 7: Best practice analysis.** An analysis of local and global LED best practice procedures, principles and projects to be implemented locally should be undertaken.
- **Step 8: Selection of LED approaches.** Various approaches need to be identified with a focus on job creation. Approaches might include a pro-poor focus; demand driven projects; mass job creation or *decent jobs* creation; agro-processing with an agricultural focused economy; provision of basic needs; and a focus on improvement in quality of life.
- **Step 9: Formulate a *best fit* LED/job creation model/manual.** A suitable model/ manual for implementation in line with all policies must be created.
- **Step 10: Monitor and evaluate.** Any LED strategy need to be monitored and evaluated to determine its successes or failures. Success must be supported and noted while failures need to be addressed. Ongoing adjustments will be required to ensure success. Measurable development indicators must be formulated in line with national and millennium goals. The proposed early warning system (EWS) will play a major role in making sure that local businesses are satisfied with local service delivery.

CONCLUSION

The arguments, examples and discussion presented in this article show that the NGP policy can indeed be implemented in the local sphere of government providing that local economic development (LED) strategies are in line with the NGP policy. Municipalities will have to adapt to the policy and amend existing strategies. One of the NGP's main aims is to improve vertical alignment of policies. If a specific municipality submits applications for funding to provincial and national government and these are in line with the key sectors of the NGP, there is a good chance the applications will be successful. Projects should specifically address the problems facing the youth such as lack of skills and job opportunities. Local spatial development frameworks (SDF) and LED strategies need to be integrated to allow opportunities for all residents within the geographic area. Although detailed implementation plans are not provided in the current NGP, it is expected that more information will be released at a later stage although the policy is already in its third year after it was introduced. This lack of detail is however no reason for local government to delay. The opportunity exists for proactive municipalities to adjust their strategies and move ahead with implementation of the plan.

The NGP can be implemented successfully in the municipal sphere if the process suggested in this article is followed by committed officials in partnership with local communities. Future research will focus on testing the model being implemented in the Fezile Dabi District area, the northern part of the Free State Province of the Republic of South Africa.

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