



dplg

Department of Provincial and Local Government

Stimulating & Developing Sustainable Local Economies

National Framework for Local
Economic Development in
South Africa

Outline of the Presentation

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Introduction

- ❑ The National Framework for LED has a long history of discussion and consultation with a number of role players
- ❑ The predecessor of this document was also presented at a workshop to the Economic and Employment Directors General cluster
- ❑ Result of previous document - "Guideline for implementing LED in South Africa"
- ❑ It is no longer just about what government departments do, but it is about **how they do, what they do!!**

Policy context for Local Economic Development in South Africa

- The White Paper on Local Government provides the context and the direction for the role of municipalities in economic development. The White Paper says:

“Local Government is not directly responsible for creating jobs.

Rather, it is responsible for taking active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities”



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Focus of the Framework

- ❑ Improving the competitiveness of the 52 District and Metropolitan municipal regions by providing an approach to developing local economies with the participation of all relevant stakeholders
- ❑ What the state with all its organs and agencies can do to support and reward citizens who organise locally and operate in local level partnerships to engage in greater economic activity, spreading economic development in a more inclusive and shared manner
- ❑ How the state can be a platform to facilitate the inclusion of the attempts of all to participate in the economy. This would include rewarding and enabling citizens who form organised communities in response to social and economic rights programming



Policy Thrust

Introduction - The private sector, consisting of private enterprises, cooperatives, and community businesses, that operates in municipal regions are the engines of economic growth. Their existence and ability to produce competitively and generate greater levels of income and employment, is dependent on an active State role in generating the appropriate and necessary conditions, stimulus and governance efficiencies.

- ❑ Public Sector Leadership & Governance -This includes a focus on local governance, effective intergovernmental coordination, infrastructure investment capability, enterprise support, and identification and promotion of competitive advantage of the 53 regions around customized sectors and clusters.
- ❑ Investing in Communities - The State should partner with communities in order to boost circulation of local income and community organization in 53 economic impact regions (47 Districts & 6 Metros)



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Strategy

- ❑ **Improve market and public confidence in municipalities** - is a critical first step in attracting investment and building loyalty to local areas.
- ❑ **Identify and exploit competitive advantage of the 52 municipal regions** - A better understanding of the opportunities and constraints in local economies should inform a more balanced development path of these regions
- ❑ **Intensify enterprise support** – The Small Enterprise Development Agency (SEDA) should be the key vehicle for localised enterprise support.
- ❑ **Sustainable Developmental Community Investment Programming** - suggests building community, and thus using a powerful cultural dynamic, as the main vehicle and partner for LED together with the resourcing of organised communities to carry out key local functions, provide services and become important productive units

Strategy 1 – Improve Markets

- This strategy will require the LED Unit to focus on a range of existing **dplg** initiatives (responsibility of the municipal finance with National Treasury) around the priority of improving local economies.

- **Activities**
 - Intensify support to municipalities under Project Consolidate
 - Monitor and Report on Implementation of the Municipal Finance Management Act (MFMA) and Property Rates Act.
 - Assist municipalities to finalise appropriate spatial policies in their IDPs that are linked to a municipal-wide land-use management system.
 - Improve infrastructure investment and intergovernmental coordination
 - Support Municipal- Economic Forums



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Strategy 2 – Exploit Competitive Advantage

- ❑ This strategy will be driven through the IDP/PGDS/NSDP alignment task team that is led by the Presidency and of which the **dplg** and the **dti** are a part.
- ❑ **Activities**
 - Undertake analysis of the 52 municipal economies
 - Target priority growth sectors
 - Build capability for a knowledge economy
 - Market the 53 Regions and their Products
 - Establish Innovative Funding Instruments
 - Regulatory impact assessment

Strategy 3 - Intensify enterprise support

- ❑ This strategy is largely a part of the on-going responsibilities of the **dti**. There are also a number of additional sector-based enterprise support initiatives.
- ❑ **Activities**
 - Implement the new small business development strategy
 - Improve Access to Finance

Strategy 4 - Sustainable Developmental Community Investment Programming

- ❑ This strategy will require a special programme to be established. The LED unit will mobilise resources for an appropriate institutional structure to develop concepts and proposals to pilot and replicate sustainable developmental community investment programming
- ❑ **Activities**
 - Organised Communities
 - Social innovation around:
 - Child rights programme
 - Investment rights
 - Markets etc.



Outcome

- ❑ LED Vision - Robust and Inclusive Local Economies, exploiting local opportunities, real potential and competitive advantages, addressing local needs and contributing to national development objectives
- ❑ High quality of life experience offered by municipalities
- ❑ Networked localities and functioning partnerships
- ❑ Income retention
- ❑ Unique strengths exploited and strategically positioned in national and global economy
- ❑ Resourceful, skilled people able to establish and run thriving enterprises
- ❑ Local leadership that inspire confidence in the local economy
- ❑ Well capacitated workforce



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Concluding remarks

- ❑ This framework for LED seeks to mobilise local people and local resources, within the framework of the PGDSs and NSDP, to become competitive in both the domestic and international markets.
- ❑ It augments the range of current sectoral initiatives to deal with the challenge of employment creation
- ❑ It is intended to build a shared understanding of LED in South Africa and put into context the role of local economies in the national economy.
- ❑ It also lays the basis for the co-ordination of economic development planning and implementation across government and between key role players.
- ❑ It lays the basis for deepening community access to economic initiatives, support programmes and information



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