State of Local Economic Development Agencies

Outcomes of internal DCOG/ GIZ Study

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Emerging statements at conference…

• “Local champions to unlock economic development potential”
• “How do we attract investment to local areas as well as retain local investors!”
• “Call for a different approach to address local needs “
• “Dedicated fund for LED”
• Dedicated expertise to address local responses
Local Economic Development Agencies have emerged as a local response to addressing locality specific challenges and opportunities.

- Tailor made responses
- Attract funding
- Dedicated expertise
- Formal institutional arrangement to unlock and take forward LED objectives
Focus of Agencies

- Explicit economic development focus looking at promotion of economic development and investment promotion in a specific geographic space
- Leaning towards catalytic and high impact projects.
- Covers a range of sectors (agriculture, tourism, etc)
Background

- Over past 10 years Development Agencies have emerged as a stakeholder in the LED Space
- Significant work done by IDC
- Impacts and contributions varied but mostly positive
- No ‘national custodian’ for Agencies
- Limited information available on current status
- Information necessary for informed COGTA response
Approach to Study

Three broad aspects explored:

1. The **environment** in which agencies operate - e.g. legislative frameworks, internal relationships/mechanisms

2. Are implemented activities guided by the **Mandate**? E.g. the motivation for establishment, resources, and how managed

3. How is the Agency governed e.g. relationship with the Board; reporting structures; relationship with other stakeholders
Development Agencies profile

- By February 2016, DCOG recorded 27 agencies currently operational
- 19/27 LEDAs interviewed for study
- Most of these agencies were established with the support of the IDC through its Agency Development Support Programme.
- Parent municipalities considered Agencies outside of IDC funding as a response to LED challenges and opportunities.
- (Eastern Cape state of Agency study acknowledged so emphasis was on agencies outside of EC although some were selected for insights)
Highlighted Findings

1. **environment** in which agencies operate - e.g. legislative frameworks, internal relationships/mechanisms could be more conducive to unlock economic potential in a local area.

2. Founding **Mandate** for the most part still the same. Influences from political shifts in municipalities or administrative shifts recognised.

3. **Governance of agencies** such as relationship with the Board, reporting structures; relationship with parent municipalities are critical to the success of agencies.

4. **Good relationship with parent municipalities** remain a key.

5. **Private sector partnerships** can be improved.

6. Agencies present a **unique implementation vehicle for LED success**!
Detailed Findings and Recommendations

1. Process outline for the establishment of an Agency
2. Process of de-establishing a development agency
3. Involvement and collaboration with Sector departments key
4. Strategic Project Implementation role key
5. Distinction between LED units and LEDAs
6. Support from Provinces (and National) needed
7. Economic and investment promotion role to be strengthened
8. Establishment of Board of Directors and guidance around processes, systems, remuneration

9. Legislative challenges need to be addressed

10. Impact assessment needed on jobs created and contribution of LEDAs to poverty alleviation

11. Adequate Financial Resources needed

12. Sustainability Planning important

13. Embedding Agencies in the local development system

14. Private sector and community links need strengthening
Possible actions for DCOG and Partners

• Recognise the value addition of Development Agencies
• Support the institutionalisation of Agencies
• Integrate agencies in Local Economic Development Framework and firmly locate their role and contribution
• Unpack Policy issues
• Secure longer term funding
• Support LEDA governance and Leadership
Thank you!