Leveraging on Back to Basics for LED implementation

PRESENTATION TO NATIONAL LOCAL ECONOMIC DEVELOPMENT SUMMIT

09 NOVEMBER 2017

BACK TO BASICS : SERVING OUR COMMUNITIES BETTER
Presentation Outline

- Constitutional Framework
- Developmental Local Government White Paper
- Back to Basics Approach
- Acceptable level of performance
- Ideal municipality vision
- Municipal contextual issues
- Municipal Planning Instrument
- Enablers for LED implementation
CONSTITUTIONAL FRAMEWORK FOR LOCAL GOVERNMENT

Section 153 of the Constitution:

*Developmental duties of municipalities:* A municipality must –

a)“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*;

**Developmental LG White paper - 1998:**

• Developmental local government is 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*;

• A developmental municipality should play a *strategic policy-making* and *visionary role*, and seek to *mobilise a range of resources* to meet basic needs and achieve developmental goals;

• Municipalities should actively develop ways to *leverage resources and investment from both the public and private sectors* to meet development targets;
CONSTITUTIONAL VISION FOR LOCAL GOVERNMENT

Section 152 of the Constitution sets out the objects of Local Government;

• Provide democratic and accountable government for local communities;
• Be responsive to the needs of the local community;
• Ensure the provision of services to communities in a sustainable manner;
• **Promote social and economic development**;
• Promote a safe and healthy environment;
• Encourage the involvement of communities and community organisations in matters of local government;
• Facilitate a culture of public service and accountability among its staff;
DEVELOPMENTAL FOUNDATION AND VISION

Four characteristics of Developmental Local Government, namely:

• Exercise municipal powers and functions in a manner that maximises their impact on social development and economic growth;

• Play an integrating and coordinating role to ensure alignment between public (including all spheres of government) and private investment within the municipal area;

• Building social capital through providing community leadership and vision, and seeking to empower marginalised and excluded groups within the community;
REMAINING CHALLENGES

We need to do things differently if we want different solutions.

• Uneven performance continue to characterize the state of municipalities;

• There are municipalities that continue to remain in a dire state, despite support and intervention measures, e.g. (Makana, Ngaka Modiri Molema, Thabazimbi, Ubuntu, Emalahleni, Emfuleni, Mafube and Masilonyana, kannaland, etc)

• Predominant challenges relate to unfunded budgets, low collection rate, bloated organograms, high turnover of senior managers, aging water and electricity infrastructure, lack of internal controls, no performance management systems, poor operations and maintenance, corruption, etc;

• The perennial deficiencies remain the inability to comply with constitutional and legislative requirements governing local government system, and enforcement and regulation thereof;
WHAT DOES “GETTING THE BASICS RIGHT” MEAN?

1. Putting people first: let’s listen and communicate
2. Adequate and community-oriented service provision
3. Good governance administration
4. Sound financial management & accounting
5. Robust institutions & administration
ACCEPTABLE LEVEL OF PERFORMANCE

- Strong political and administrative leadership;
- Characterised by political stability;
- Councils meeting regularly as legislated;
- Functional council and oversight structures;
- Regular report back to communities;
- Low vacancy rates;
- Collection rates above 80% on average;
- Spending on capital budgets above 80%;
- Continuity in the administration;
- Consistent spending of capital budgets;
- Consistent unqualified audit outcomes;
- Responsive to service delivery needs;
- Evidence of good administrative and financial management; and
- Performance driven by Integrated Development Plans, Budgets, Compliance and Innovation.
UNACCEPTABLE LEVEL OF PERFORMANCE

- Challenges of political-administrative interface;
- High political in-fighting and instability;
- Unstable coalitions and impact on administration;
- Non-compliance with rules and regulations;
- High vacancy rates;
- High levels of incompetency among staff;
- Extremely low levels of capital budget spending;
- Inappropriate spending of budgets and high debt;
- Overall disregard for financial and supply chain management regulations;
- Compromised service delivery;
- High level of community dissatisfaction resulting in protests;
Ultimate test of achieving ideal municipality is when citizens attest that they have a decent living environment and integrated human settlement; they enjoy safety for themselves and their children; they can easily access education and health and recreation facilities; they are part of a vibrant economy creating jobs and promoting inclusiveness.

Attainment of the above vision is depended on the intergovernmental efforts towards providing cohesive state action in municipal spaces.
MUNICIPAL CONTEXTUAL ISSUES

Socio-economic outlook:

• Economic decline and fiscal constraints;
• Rising unemployment and rapid urbanisation;
• Increasing indebtedness of citizens; *(middle class and poor)*
• increasing debt owed to municipalities; *(govt, business and residents)*
• Declining household income and increasing surcharges for basic services and transport costs;
• Low revenue base for municipalities and increasing demand for maintenance and challenges of aging infrastructure;
• Energy pressures and bulk water provision demands
• Municipalities being at coalface of citizens experience of the above reality
MUNICIPAL CONTEXTUAL ISSUES

- Lack of a common conceptual understanding of the Local Economic Development has led to different and uneven approaches across government;
- A view held by some municipalities that LED is an unfunded mandate;
- LED treated separately from other core planning functions of the municipally;
- There is a complete system breakdown in economic planning. The impact is realised in municipalities;
- Lack of Inter-sphere coordination and integration of economic cluster departments programmes and investments in municipal spaces;
- Partnerships with the private sector and community needs to be strengthened;
- Stimulation of local economies needs to be considered as a way of doing things by the whole of government, not just local government;
MUNICIPAL PLANNING INSTRUMENTS

- IDP
- LED
- Disaster Management
- Water services development Plan
- Integrated waste management plan
- Integrated transport plan
- Environment management plan
- Housing sector plan
- Energy Plan
- SDF
- Sports and rec plan
- Financial Plan
- Institutional Plan
- Long term strategic plans
- Capital investment plan
- Comprehensive infrastructure investment plan
## The key policy pillars

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<thead>
<tr>
<th>The key policy pillars</th>
<th>Some Programmes</th>
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<tr>
<td><strong>Building a diverse economic base</strong></td>
<td>Sectoral development; metro development; industrial clustering; backward and forward linkages.</td>
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<td><strong>Developing inclusive economies</strong></td>
<td>Township Development; Small Towns Regeneration; Cooperatives Development.</td>
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<td><strong>Developing learning and skilful local economies</strong></td>
<td>Regional Skills Development Plans linked to Growth and Development Strategies; Youth Development Programmes; Building Entrepreneurship.</td>
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<td><strong>Enterprise development and support</strong></td>
<td>Strengthening the role of local government in such areas as incubation support; provision of enabling infrastructure for SMMEs; provision of advisory and referral support to cooperatives.</td>
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<td><strong>Economic governance and Infrastructure</strong></td>
<td>Investing in economic infrastructure through MIG; Red Tape Reduction; Land and Municipal Assets Audits for economic development.</td>
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LEVERAGING B2B FOR LED IMPLEMENTATION

ENABLERS FOR LED IMPLEMENTATION:

1. **Leadership** *(visionary, strategic, long term planning)*
2. **Management** *(skilled, innovation, stakeholder mobilization and facilitation)*
3. **Accountability** *(consequence management and performance management, ethical and zero tolerance to corruption)*
4. **Oversight** *(ensure administrative compliance with rules and regulations)*
5. **Evidence based socio-economic analysis** of opportunities and potential of municipal spaces; *(data and information)*;
6. **Spatial transformation** *(reversing apartheid spatial patterns and creating economic opportunities in marginalized areas)*;
7. Creating an enabling environment for stimulation of local economies;
LEVERAGING B2B FOR LED IMPLEMENTATION

• ENABLERS FOR LED IMPLEMENTATION:
  – Functional and effective Municipalities (*back to basics*);
  – Stronger and predictable forms of intergovernmental collaboration;
  – Address Economic Cluster Departments spatial alignment across spheres and foster integration with municipal IDP’s;
  – Translation of the macro economic programmes and investments into actionable projects in municipal plans;
  – Undertake Integrated planning and cohesive government action in municipal spaces (*certainty in planning, budgeting and implementation*);
  – Integration point remains the IDP’s of municipalities and Spatial Development Frameworks and land use management plans must reflect all of government programmes and investments;
Thank You!

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