The National Framework for Local Economic Development: Creating Innovation-driven Local Economies

PRESENTED AT THE NATIONAL LED CONFERENCE

DATE: 10/11/2017

BACK TO BASICS: SERVING OUR COMMUNITIES BETTER
1. Background
2. Priority interventions in the 2006 LED Framework
3. Key considerations in the new Framework
4. Context for developing the new Framework
5. The Revised LED Framework
6. LED according to the LED Framework?
7. Conclusion
The 2006-11 National LED Framework was approved by LG MinMEC in September 2006 as:

1. A five-year strategic framework intended to support the development of sustainable local economies through integrated government action.
2. Developed as a guide to advance an understanding of LED.
3. Proposed a strategic implementation approach that municipalities, provinces, national government, state-owned enterprises and communities may concentrate on in order to improve local economic development.
4. Sought to guide the implementation of the LED Key Performance Indicator of the 5-year Local Government Strategic Agenda through some suggested actions.
# KEY CONSIDERATIONS IN THE NEW FRAMEWORK

## 1. The state of the economy

- National output showing signs of stagnation;
- Unemployment remains high;
- Youth making up 17% of unemployment;
- Cities and large towns produce 80% of South Africa’s output, they are home to 69% of the country’s population;
- Rural areas account for 13% of national output, they are home to 22% of the population.

## 2. The state of local government (LG)

- *State of LG Report and The National Planning Commission’s diagnostic report:*
  - LG is struggling to fulfill its developmental role.
  - Outside the metros, the two-tier structure of local government is not working efficiently - districts have inadequate financial, human and physical resources to play their intended planning and coordination roles.
  - Better fit between the capacity and functions of local governments required.
  - Municipalities saddled with a burden of “unfunded mandates.”
  - A differentiated approach to the functions and challenges confronting local government.

## 3. National Economic Frameworks

- NDP: Faster, more inclusive growth; lower the cost of doing business; create decent work and sustainable livelihoods; a capable state; skills development; spatial economic transformation.
- NGP: Jobs drivers; growing the productive sectors; supporting rural development.; economic diversification; public infrastructure investment; support for small business, skills development.
- IPAP: facilitate diversification beyond our current reliance on traditional commodities; intensification of industrialisation process; promote a more labour-absorbing industrialisation path.

## 4. International Contemporary Issues in LED

- The global nature of LED planning especially its relevance to a changing world economy and the positive role that local governments play in that context.
- The positive impact of LED planning on human resource development and improved quality of life.
- The impact of innovation on building competitive local economies, entrepreneurship and growth as well as the renewed emphasis on informal economy.
- Climate change and green local economies.
5. LED Challenges

- The meaning of LED
- Poor intergovernmental relations on LED
- Productive partnerships
- A clear communication & knowledge sharing programme
- Capacity constraints
- Differentiated approach to LED support
- Funding for LED
- Poor investment in economic information
- Dedicated focus on supporting the an inclusive economy

6. LED Opportunities

- Municipalities have adopted LED Strategies; most of these are integrated within IDPs
- Provincial spheres of government have dedicated support programmes focusing on LED
- More than 30 Local Economic Development Agencies (LEDAs)
- National economic sector Departments have invested in various programmes in LED, mainly in capacity building and funding
- Academic institutions have developed various short-term learning and long-term certificate and degree programmes
- Non-state actors such as civil society groups and the donor community have also invested funding and capacity building programmes in various municipalities and communities
1. The Framework remains a strategic coordination, planning and implementation guide that provides and enhances a commonly shared understanding of LED in South Africa.

2. The Framework consolidates existing national economic development programmes and focuses on their implementation in local development.

3. Due to challenges identified in the implementation of the 2006 Framework, a LED Strategic Implementation Plan will go beyond providing proposals; guidance and approaches.

4. The Implementation Plan will commit relevant stakeholders to specific, time bound and resourced actions to improve LED Outcomes.
THE REVISED FRAMEWORK
THE VISION

Vision for Local Economic Development:

“Innovative, competitive, sustainable, inclusive local economies that maximize local opportunities, address local needs, and contribute to national development objectives”
WHAT IS LED IN THE SA CONTEXT?

1. Maintains the approach of the White-Paper on LG: LG is not directly responsible for creating jobs, the responsibility of LG is to create an enabling environment. The pillar on Local Economic Governance focuses on the LG role in creating an enabling environment. This has a number of implications:

- Municipalities should spend their limited resources on unlocking economic development opportunities, and not directly on job creation
- Municipalities must lead LED: a clear vision and a clear strategic agenda
- Stronger emphasis on understanding key role players to drive the vision, and therefore strategic collaboration and partnerships
2. For the rest of government, **provincial and national**:

- Emphasis is on an integrated and well coordinated approach across the three spheres, within Departmental respective mandates
- This coordination is the primary mandate of national and provincial CoGTA
- Other respective Departments should implement their policies, strategies and programmes within this proposed coordination structure
- Sector Departments must be part of the IDP processes – their programmes must be articulated spatially, i.e. in municipal IDPs. CoGTA must play this coordination role
- Emphasis is on the provision of technical and financial support to LG
- LG does not currently have the capacity to implement national priorities
A consensus of stakeholders arrived at the following definition:

“LED is the process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation with the objective of building up the economic capacity of a local area to improve its economic future and the quality of life for all”.
OBJECTIVES OF THE FRAMEWORK

1. To launch a more effective fight against poverty, inequality and unemployment through the development of innovative and inclusive and competitive local economies;

2. To support the potential of local economies to grow and develop the national economy;

3. To raise greater awareness of the significance of the regions, metropolitan municipalities and localities as focal points in generating national prosperity;

4. To intensify the support for local economies in realising and building their economic potential, their diversity, levels of employment and the creation of decent work for their communities;

5. To strengthen intergovernmental coordination of economic development planning and implementation and between government and non-governmental sectors.
THE CROSSCUTTING PRINCIPLES ADOPTED IN THE FRAMEWORK

- Collaborative Partnerships
- Integrated place development that recognises marginalised territories such as townships, informal settlements, peri-urban areas, and rural settlements
- Inclusive economy that prioritises those that are marginalised such as youth, women, and informal sector
- Sustainable development
- Effective leadership and proper governance
- State-led, private sector driven, community based development
- Innovation-driven economic development and growth
SCHEMATIC OVERVIEW OF THE FRAMEWORK

1. CONTEXTUAL ENVIRONMENT
   - 1.1 National Economic Development Context
   - 1.2 LG & LED Context
   - 1.3 SA Policy Environment
   - 1.4 International Contemporary Issues In LED

2. REVISED CORE PILLARS
   - 2.1 Building a diverse & innovation driven local economies
   - 2.2 Developing inclusive economies
   - 2.3 Enterprise development & support
   - 2.4 Developing learning and skillful economies
   - 2.5 Economic Governance and Infrastructure
   - 2.6 Strengthening Local Innovation Systems

3. LED SUPPORT (ENABLING) PILLARS
   - 3.1 Monitoring & Evaluation
   - 3.2 Funding
   - 3.3 Organisational & Institutional
   - 3.5 Capacity Development
   - 3.5 Planning, Research and Strategy
LED Core Pillars

**Building a Diverse & Innovation-driven Local Economies**
- Local sector development
- Link to Regional Economic Development
- Regional industrial development
- Informal economy support
- Exploiting STI to advance sustainability, competitiveness and productivity

**Developing Inclusive Economies**
- Informal economy support
- Inner city economic revitalisation
- Township economic development
- Inclusive and integrated rural economies
- Expanded public and community works programmes

**Developing Learning & Skilful Economies**
- Improving economic and management capacity
- Leadership and management skills
- Addressing skills gaps
- Enhancing innovation, skills and productive capacities
- Workplace skills
- 21 Century skills
- Innovation capacities

**Enterprise Development and Support**
- Support businesses of women, youth owned and people with disabilities
- SMME support
- Techno-entrepreneurship
- Co-operative support

**Economic Governance**
- Improving economic and management capacity
- Administrative economic development capacity
- Access to Development Funding/Financing
- Developing Local Economy
- Informal economy support
- Inclusive rural economy
- Inner city economic development

**Strengthen Local Innovation Systems**
- Strengthen relationships between municipalities and universities and science councils
- Strengthen capacities of municipalities to support science and technology entrepreneurship
- Provide support for science and technology infrastructure
- Strengthen capacities of municipalities to undertake mapping of knowledge holders, and science, technology and innovation activities especially those that originate from local system of innovation and solve local problems
SO, WHAT IS LED ACCORDING TO THE LED FRAMEWORK?
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<th>LED Is Territorial</th>
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<tr>
<td>• About the uniqueness of each area</td>
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<td>• About the people and institutions in that area</td>
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<td>• Regions; cities; corridors; towns; townships; etc</td>
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<tr>
<td>• Small Towns</td>
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<td>• Rural Towns</td>
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<td>• Sector based (Tourism, Mining, Manufacturing)</td>
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<th>LED is Stakeholder Driven</th>
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<td>• Consultative, collaborative</td>
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<td>• Government, CSOs, private sector, traditional leaders, academic institutions, community organisations, etc</td>
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<th>LED is a Process</th>
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<td>• Setting clear strategies and alignment of plans</td>
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<td>• Stakeholder engagement</td>
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<td>• Governance processes, systems, and structures</td>
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<td>• Resource mobilisation</td>
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<td>• Collaborative partnerships</td>
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<td>• Identifying own assets (e.g. buildings, lands)</td>
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<td>LED Is Multi-Disciplinary</td>
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<tr>
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</tr>
<tr>
<td>- Infrastructure development</td>
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<tr>
<td>- Social and community development</td>
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<td>- Environmental and natural resource interface</td>
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<td>- Spatial planning</td>
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<tr>
<td>- Economic development</td>
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<td>- LED is at the centre of it all!</td>
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Thank You!

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