

# **RAPID REVIEW OF LED IN THE EASTERN CAPE**

**RECOMMENDED MUNICIPAL SUPPORT ROLES TO PROMOTE  
PROVINCIAL LEVEL ECONOMIC OPPORTUNITIES AND  
PROGRAMME PRIORITIES**

Submitted to:

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## EXECUTIVE SUMMARY

The purpose of this study was to conduct, within a month, a review of local economic development in the Eastern Cape Province with two main objectives:

1. to identify, analyse and set out strategic opportunities, from a provincial perspective, for growth and development in metropolitan, district and local municipal areas; and
2. to establish programme priorities for local economic development with recommendations on how local government can support these priorities, including a programme prioritisation framework.

This study intervenes between the adoption of the second Provincial Growth and Development Strategy (PGDP) and the detailed programme design phase to come and is intended to help inform the design phase.

The study involved a combination of desktop work, a series of in-depth stakeholder interviews, site visits and participation in two prioritization workshops by the consultants. The focus was on five case study areas: Alfred Nzo, Amatole, Cacadu, OR Tambo and Nelson Mandela Metropolitan area (NMMM). Within the four Districts, special attention was given to the following Local Municipalities: Umzimvubu (Alfred Nzo), King Sabata Dalindyebo (OR Tambo), Buffalo City and Amahlati (Amatole), and Ikwezi (Cacadu).

The report is divided into two main parts, the first providing the main report and the second the case study reports on which it is based.

The first section after the introduction in Part 1 examines strategic opportunities for growth and development as identified by the PGDP and in the case study areas. There is variation from one case study area to the next in terms of the applicability of the provincial opportunities. Those relating to land and natural resources apply mainly to the rural districts and local authorities, and include the revival of agriculture in the former Kei areas, nature-based tourism, forestry and fish farming. Industrial opportunities are concentrated mainly in the urban-industrial cores of NMMM and Buffalo City, except in the case of agro-processing, for which opportunities also exist in the rural areas.

The second main section analyses PGDP programme priorities in the light of local priorities. Again, the stark differences between the urban-industrial municipalities on the coast and the rural hinterland, itself divided between commercial and communal areas, are reflected in different local programme priorities. The analysis revealed that basic requirements such as the more effective functioning of government institutions and financial systems, effective provision of basic infrastructure and its maintenance, provision of basic municipal

services and effective and LED-friendly regulation are high priorities for LED, ones that are not that strongly reflected in the provincial priorities thus far.

A third main section identifies the range of LED actors and agencies in the districts. The aim of this work is to assess the density of institutional networks supporting LED in the different areas and to assess their roles relative to local government. The findings on actors provide the material for analysis of the core competencies and comparative advantages of local government in relation to other actors in the LED field. The section seeks to spell out the range of roles of local government in LED, to compare local government roles with those of other actors, and to suggest in which forms of support local government is in the best position to give, compared to other actors.

A fourth main section uses this analysis to set out a programme prioritisation framework. This framework relates priority programmes identified in the PGDP process to the support roles of different municipalities, within the broad framework of provincial level opportunities. This is, in effect, the core section of the report as it seeks to specify support roles not only in general terms, but also with respect to the range of priority programmes identified by the PGDP programme prioritization workshop at Mpekweni Sun on the 25<sup>th</sup> of July.

The fifth main section of Part 1 of the report makes recommendations on the support roles and capacity needs of the municipalities with respect to LED promotion. It also discusses the implications of these roles and capacity needs for formulation of future IDPs by the district and local municipalities, and implications for the PGDP in terms of its support for municipalities. It is suggested that within the weaker district and local municipalities it is critical to build effective institutional and financial systems as a basic prerequisite for performance of all local government functions. It is also suggested that effective performance of core traditional functions such as planning, infrastructure provision and maintenance, basic services provision and regulation are high priorities for LED promotion. This section also raises the issue of the division of labour between district and local municipalities and suggests where capacity is best devolved between them. Where local municipalities have little capacity, support services are probably best devolved to the districts, making sure that they are available to the local areas for their mobilisational, planning, co-ordinating and partnership building work around LED. With respect to the more recently acquired developmental roles of local government it is suggested that it is important to establish their comparative advantage relative to other service providers in government, the community, business and NGO sectors. In many instances, the comparative advantages of local government lie in mobilisation, facilitation, co-ordination and partnership building, whereas other actors perform better in terms of programme and project implementation and management. We also suggest that local government should mobilise and coordinate the activities of specialist support services providers in the financial, training and technical fields, rather than trying to provide these services themselves.

Part 2 of the report sets out the findings of the five case study areas.

## ACRONYMS

BCM	Buffalo City Municipality
CMIP	Consolidated Municipal Infrastructure Programme
COMSEC	Community Self-Employment Centre
CPPP	Community Public/Private Partnership
DEAET	Department of Environmental Affairs and Tourism
DM	District Municipality
DPLG	Department of Provincial and Local Government
DTI	Department of Trade and Industry
DWAF	Department of Water Affairs and Forestry
ECDC	Eastern Cape Development Corporation
ECMAC	Eastern Cape Manufacturing Advisory Centre
ECSECC	Eastern Cape Socio-Economic Consultative Council
EU	European Union
GEAR	Growth, Employment and Redistribution: A Macroeconomic Strategy
GGP	Gross Geographic Product
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
IDP	Integrated Development Plan
IDC	Industrial Development Corporation
IDT	Independent Development Trust
IDZ	Industrial Development Zone
ISER	Institute for Social and Economic Research, Rhodes University

ISRDP	Integrated Sustainable Rural Development Programme
KSD	King Sabata Dalindyebo
KWT	King William's Town
LED	Local Economic Development
LM	Local Municipality
NDA	National Development Agency
NMMM	Nelson Mandela Metropolitan Municipality
ORTDM	OR Tambo District Municipality
PGDP	Provincial Growth and Development Plan
PGDP	Provincial Growth and Development Strategy
PIMMS	Planning, Implementation Support Systems
PMU	Project Management Unit
PPP	Public/Private Partnership
RDP	Reconstruction and Development Programme
RULED	Rural Local Economic Development
RuLiv	Rural Livelihoods
SDI	Spatial Development Initiative
SMME	Small Medium and Micro Enterprise
SPV	Special Purpose Vehicle
TRIP	Transkei Rapid Impact Programme
UNDP	United Nations Development Programme
URP	Urban Renewal Programme



# **PART 1. MAIN REPORT**

## **1.1. INTRODUCTION**

### **1.1.1 Aims**

The purpose of this study was to conduct, within a month, a review of local economic development in the Eastern Cape Province with two main objectives:

3. to identify, analyse and set out strategic opportunities, from a provincial perspective, for growth and development in metropolitan, district and local municipal areas; and
4. to establish programme priorities for local economic development with recommendations on how local government can support these priorities, including a programme prioritisation framework.

This study was required to focus on linkages and potential multipliers between social and economic development, between economic sectors and between state action and the private sector.

### **1.1.2 PGDP process**

The Provincial Growth and Development Plan is currently in its second phase. This phase began with the formulation of a Provincial Growth and Development Strategy in June 2003, which lays out growth and development goals for the province for the next ten years. This was followed by a programme prioritization process which culminated in a workshop at Mpekwani on the 25<sup>th</sup> July 2003. The next phase will involve the detailed design of programmes, which will then be rolled out over the next two years.

This study intervenes between the adoption of the second Provincial Growth and Development Strategy (PGDP) and the detailed programme design phase. The PGDP established six strategic objectives: poverty eradication, agrarian transformation and household food security, manufacturing consolidation and diversification and tourism development, infrastructure development, human resource development and state transformation. The detailed programme design is to follow this review and other work, leading to the launch of the new Provincial Growth and Development Plan (PGDP) in October 2003.

This review is to inform the ongoing work of the 'Economic Growth and Development' and 'Governance' Working Groups. These have been established in the context of the PGDP process, and will develop the detailed design of LED programme priorities.

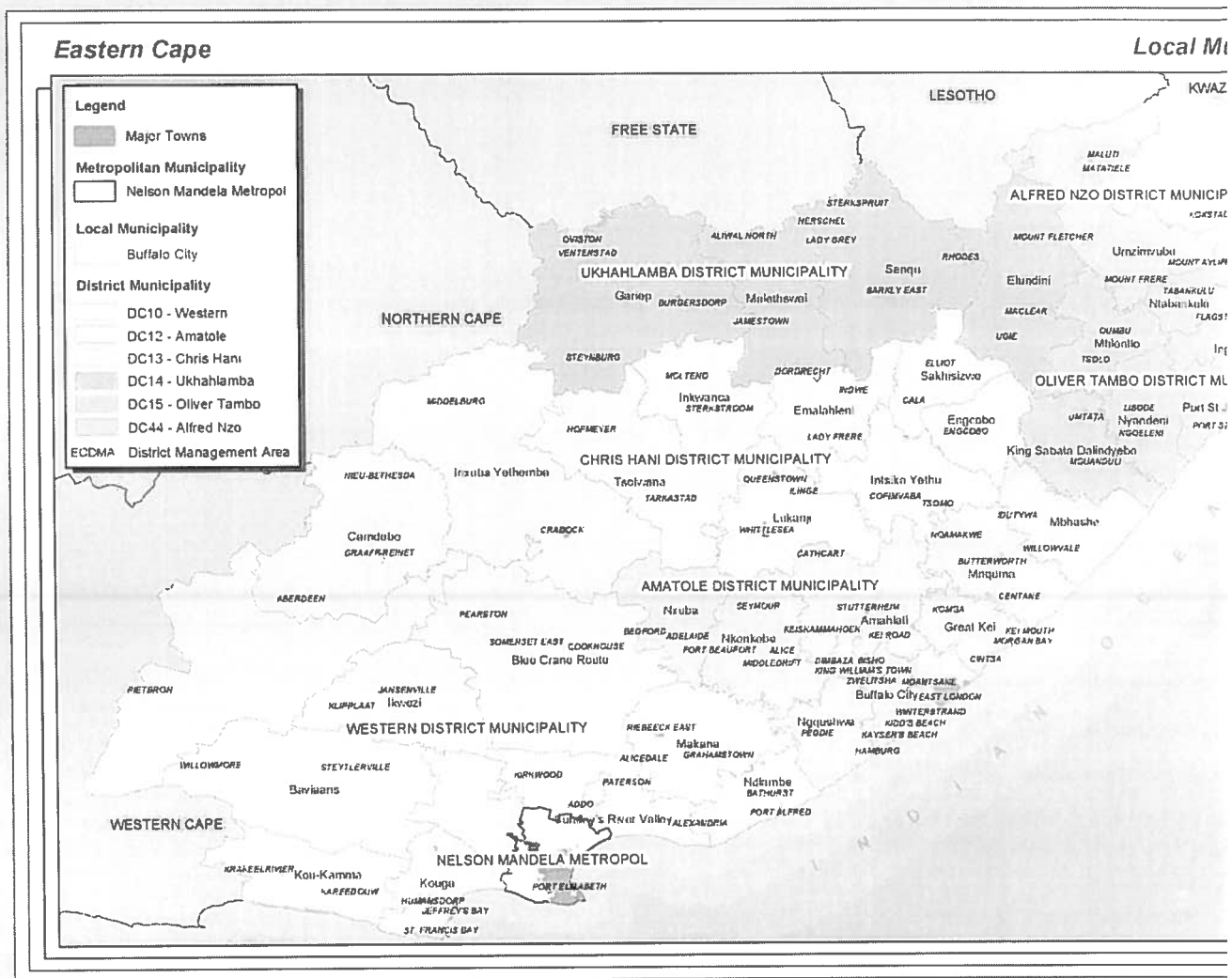
An aim of the PGDP is to provide a framework for the development of more realistic and feasible Integrated Development Plans (IDPs). It is also to guide the planning and development of Provincial Government programmes. The aim of these programmes is to reinforce provincial priorities and targets and to inform budgeting and fiscal planning for the future.

### **1.1.3 Research methods**

The study involved a combination of desktop work and a series of in-depth stakeholders interviews and site visits by the consultants. The desktop work included a review of the IDPs and of a number of provincial level, secondary policy documents and studies. The quantitative data found in the IDPs was updated on the basis of the District Profiles produced by ECSECC.

In the course of the fieldwork, the consultants participated in two prioritization workshops (in East London, on the 15<sup>th</sup> of July and in Mpekweni, on the 25<sup>th</sup> of July), and in the presentation of the first findings related to the Economic Spatial Development Framework for OR Tambo District Municipality, (in Umtata, on the 31<sup>st</sup> of July). Participation in these workshops contributed to a deeper understanding of the intentions of the PGDP, as well as the main provincial and municipal challenges.

Due to the short time span of the study, the consultants focused on five case study areas: Alfred Nzo, Amatole, Cacadu, Nelson Mandela Metropolitan area (NMMM) and OR Tambo. Within the four Districts, special attention was given to the following Local Municipalities: Umzimvubu (Alfred Nzo), King Sabata Dalindyebo (OR Tambo), Buffalo City and Amahlati (Amatole), and Ikwezi (Cacadu). (See map of Eastern Cape below) These districts contain the main economic drivers in the Province, as well as some of the poorest and most marginalised rural and urban areas. They span from the commercial agricultural zones in the west through to the traditional rural areas in the ex-Ciskei and Transkei.



### 1.1.4 Approaches to LED

The constitution and national policy in South Africa provide a strongly supportive role for LED in the context of the decentralisation of powers and functions to local government and its developmental mandate. However, there are conflicting paradigms at national level regarding appropriate LED approaches, with the Department of Provincial and Local Government (DPLG) emphasising pro-poor, community economic development and empowerment, and the Department of Trade and Industry (DTI) stressing economic growth-oriented enterprise development based on competitive advantage and production for export.

At the provincial and local levels of government, there has been an attempt to combine these two approaches, and to encourage the implementation of economic development in such a way that it has direct and tangible benefits in

terms of social development, empowerment and poverty alleviation, particularly within disadvantaged communities.

However, the record in terms of LED implementation is by no means encouraging in many parts of the country. Much of it is state driven, takes the form of isolated projects with little or no participation of civil society or business actors and with life spans that end with the termination of grant finance. This reflects the uncertainty of local actors as to the meaning and methods of LED as well as the serious lack of skilled capacity to undertake LED functions, especially within the district and local municipalities. The side-lining of business, community and non-governmental actors has severely diminished the scope for success, as actors from these sectors often provide the most effective drivers of LED projects and programmes at the implementation stage.

One of the key challenges for this review has been to identify the roles and interventions of the range of actors involved in LED in the province, and to analyse their comparative advantages in LED promotion. In this way the LED support roles of municipal government have been defined in relation to the roles of other actors that constitute potential partners and service providers for local government.

In defining the support roles of local government we have deemed it important to distinguish between traditional functions of local government (revenue collection and expenditure, spatial planning, municipal infrastructure and maintenance provision, municipal service provision and regulation) from its newer developmental roles, such as integrated development planning, community and stakeholder mobilisation and co-ordination of development within localities.

Our findings indicate that improvement in the effectiveness of traditional functions and their re-orientation to developmental objectives is as important as the newer development functions in creating an environment that is conducive to LED.

With respect to local government's developmental roles, we argue for careful definition of its comparative advantages relative to the range of other actors in the development field. In general, it appears that local government has a comparative advantage in policy, planning, mobilisation of actors and resources, facilitation of development and encouragement of partnership formation. Business, community based actors, non-governmental organisations, development agencies and specialised service providers have comparative advantages in programme and project implementation.

We have also given close attention to the more specifically **economic** development functions of local government. Here too, local government appears to have comparative advantages in the policy, planning, mobilisation, facilitation and partnership building spheres, whereas other actors have advantages in the sphere of implementation. These advantages vary from one economic sector to

another, with local government playing a greater direct role in investment and tourism promotion for example, and a more indirect support role in agriculture, manufacturing, forestry and fish farming.

LED in the province is being pursued by a wide range of actors at different levels (local, provincial, national and international) and within different sectors. This multi-actor, multi-level, multi-sector character of LED has been recognised internationally.<sup>1</sup> It provides fertile ground for experimentation with different LED approaches, led by different actors operating at different levels, with different goals. Although this does not fit in neatly with either the IDPs or with the PDGP, we believe that this diversity reflects a necessary search for effective LED approaches in a context where LED implementation in South Africa is in a crisis of credibility.

It is important for local and provincial government to follow closely these divergent approaches and to gather and disseminate the learning that flows from them, but not to confine these divergent initiatives within a single development mould or set of instruments. This approach, we believe, is most likely to lead to the break-through in LED implementation now being sought. As clarity about what does and does not work is gained, local and provincial government will be in a position to use its oversight position and control of public resources to more effectively steer LED toward convergence around the national and provincial goals of economic growth and poverty alleviation.

### **1.1.5 Structure of the report**

Section 1.2 examines strategic opportunities for growth and development as identified by the PGDP and in the case study areas. This is followed by an analysis of the PGDP priorities in the light of local priorities in Section 1.3. In Section 1.4 the institutional actors in LED are identified in order to build up a picture of capacities and core competencies.

Section 1.5 then uses these findings to create a programme prioritisation matrix that relates programmes to the support roles of different municipalities within a framework of provincial level opportunities. This is, in effect, the core section of the report.

In section 1.6, the support roles and capacity needs of municipal government are discussed in terms of their implications for the municipal IDPs and the PGDG in its efforts to promote growth and development. Recommendations are put forward that are intended to assist the PGDP in guiding the DMs and LMs in particular with respect to their IDPs and to make suggestions to the PGDP as to

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<sup>1</sup> Bert Helmsing, "Local Economic Development in low and middle income countries: new generations of actors, policies and instruments" unpublished paper, March 2001.

how it can most effectively assist the DMs and LMs in strengthening their LED support functions.

Part 2 presents the case study reports on Alfred Nzo, Amahlati, Cacadu, Oliver Tambo and Nelson Mandela Metropolitan Municipality.

## **1.2. STRATEGIC OPPORTUNITIES FOR GROWTH AND DEVELOPMENT IN THE METRO, DISTRICT AND LOCAL MUNICIPALITIES OF THE EASTERN CAPE**

### **1.2.1 Aims**

The terms of reference call for an identification and analysis of strategic opportunities for growth and development in metropolitan, district and local municipalities from a provincial perspective. In this section, we examine LED opportunities in the light of the economic opportunities set out in the PGDP.

### **1.2.2 Comparison of local and provincial opportunities**

Table 1 offers a summary of findings based on a reading of the IDPs, stakeholder interviews, site visits and our analysis and reflection. Much greater detail is provided in the area reports to be found in Part 2 of the study. The table compares provincial strategic economic opportunities as set out in the PDGS (first column) with local opportunities identified in the research (next columns).

#### *1.2.2.1 Spatial distribution of opportunities across the Province*

In broad spatial terms, the major industrial opportunities currently lie on the coast within the province's two major commercial and industrial nodes, NMMM and Buffalo City. The rural areas are divided between the commercial agricultural western half of the province and the communal eastern half, with a commercial rural corridor running from East London to Aliwal North.

Although this is a relatively small sector in the economy in terms of its current value of output, the agriculture/forestry/fishing sector is very important to the provincial economy because of its labour intensity (it is the largest private productive sector in terms of labour employment); in providing beneficiation and the export opportunities it offers.

#### **1.2.2.2 Land and natural resources**

It is widely recognised that the relatively underutilised and, in parts, near pristine, land and natural resource base of the Province offers some of the Province's major economic opportunities

#### 1.2.2.3 Agriculture

The revitalisation of agriculture within the former Ciskei and Transkei areas is regarded by many provincial actors as a major economic opportunity, combining the objectives of food security, nutritional improvement for poor households (of special significance for those with members who have HIV/AIDs), and a possible basis for commercial development.

**TABLE 1. ECONOMIC OPPORTUNITIES IDENTIFIED IN THE PGDP AND IN THE CASE STUDY AREAS**

	Alfred Nzo & Umzimvubu	Buffalo City	Amahlati	Cacadu & Ikwezi	Oliver Tambo & KSD	NMMM
<b>Natural Resources Development</b>						
Land	Revitalisation of agriculture, Revival of irrigation schemes	High value crops in commercial agricultural areas, revival of irrigation schemes in traditional areas Fish farming Mariculture	Better use of state-owned farms, revival of irrigation	High value export crops	Revitalisation of agriculture, Revival of irrigation schemes	
Water	Fish farming	Fish farming Mariculture	Fish farming	Mariculture fish farming	Mariculture and fish farming	Mariculture
Forests	Commercial forests		Commercial forests		Commercial forests	
<b>Tourism Development</b>						
Eco-Tourism	Eco-tourism based on mountains & wetlands and nature reserve (Umzimkulu)	Coastal tourism and eco-tourism	Eco-tourism, birding and nature trails	Ecotourist attractions (nature reserves), Greater Addo Elephant Park, Baviaanskloof Mega Reserve	Eco-tourism inland & on coast	Madiba Bay Holdings
Cultural/heritage tourism			Cultural tourism	Cultural and historical attractions	Cultural & heritage tourism	
<b>Industrial diversification and consolidation</b>						
Agro-processing industries	Agro-processing: dairy and forestry	Agro-processing, food processing & wood.	agro-processing, wood products	Processing of animal products: wool and mohair	Timber mills, furniture making & wood crafting I	Agro-processing of wool, mohair, dairy, citrus and food
Manufacturing		IDZ + linkages to		Ceramics	Diversification of	COEGA and



<p>diversification and consolidation</p>		<p>provincial economy. Growth of pharmaceuticals, auto parts, mineral. Regeneration of textile &amp; clothing. Development of plastics.</p>			<p>existing small industrial base through SMME development</p>	<p>Nauru linkages to provincial and national economy, export promotion. Growth and diversification of auto components. Development of plastics. Regeneration of textiles &amp; clothing. Chemicals expansion.</p>
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The Province is in a phase of major experimentation with a range of programmes aimed at reviving agriculture, including homestead gardens, arable allotments, communal lands, irrigation schemes and state owned farms. It remains too soon to be sure of the outcome of these major initiatives, but their success, or otherwise, will have major impacts on prospects for growth and development in the years to come.

The potential multiplier effects of this activity are important, but may well require attention to the role of processing and marketing, and hence on the redefinition of the role of medium and small rural towns – a point discussed below in more detail.

Our study focused less on the commercial agricultural areas than on the communal areas. However, the review of LED initiatives in Cacadu and in Amatole indicates that there are a range of opportunities for high value agricultural production, some focussed on export markets. Downstream productive activities such as wool and mohair processing, the packing and shipping of vegetables, fruit and nuts provide opportunities for local processing activities, though it appears that the main centres, including NMMM are competing for these industries

In Cacadu, there are also schemes that seek to secure agricultural land for previously excluded groups both for subsistence and commercial production. In some areas, farms are successfully being converted to private nature reserves and hunting areas and this is having a major impact in terms of tourist attraction, though loss rather than gain in terms of employment for local communities.

#### 1.2.2.4 Forestry

Not only agriculture, but also forestry, is identified as a major opportunity for growth and development from a provincial perspective. Some 40 000 hectares of the total commercial forests lie in the eastern sector of the Province. With the biggest potential being concentrated in OR Tambo District Municipality, but actually spanning from Umzimkhulu Local Municipality to the Kei river area in Amatole.

The opportunity here lies not only in expansion of plantation forests, but also in processing, from milling through to furniture making and craft production. Currently much of the timber is shipped out to mills in Kwazulu Natal or overseas and this substantially reduces the local economic multipliers.

In expanding agricultural land and plantation forests, care needs to be taken though not to jeopardise other opportunities, notably those that lie in tourism and fish farming, the latter having emerged as a new area of opportunity in the former Kei areas.

#### 1.2.2.5 Fish farming

Fish farming appears as another opportunity for growth and development in the Province. Referred as 'a blue revolution' (The Economist, August 2003) aquaculture is increasingly presented as a promising sector to compensate depleted marine resources and to help alleviate poverty and food shortages.

A four-year research and development initiative called the Rural Fisheries Programme (RFP) is being undertaken by the Department of Ichthyology and Fisheries (DIFS) and the Institute of Social and Economic Research (ISER) at Rhodes University. It already confirmed that freshwater fish, which are now available at affordable prices in some rural areas, could contribute significantly to alleviating poverty nutritional problems in poorer communities.

The eel farming project, supported by the Eastern Cape Development Corporation, and which has been started in the Amatole District (King William's Town area) has the potential to grow and to benefit many rural people, especially in the former Ciskei and Transkei areas (two aquaculture centres are being developed at Pirie and Umtata).

Mariculture has also been identified as a sector with some potential along the coast of the Eastern Cape with fish and shellfish farming.

#### 1.2.2.6 Tourism

Tourism development emerges as another strategic opportunity for growth and development with potential to make a significantly larger contribution to the provincial economy and to create sustainable employment. Tourism is acknowledged as one of the biggest producers of foreign exchange with other multiplier effects including SMME development (Ebony Consulting International, 2001).

Tourism development is mostly nature-based in both the western and eastern areas of the Province, though the exploitation of the latter depends heavily on the improvement of basic infrastructure such as roads, electricity and communications. We found that cultural/heritage and adventure tourism opportunities are also evident in the case study areas, though the content of these and the ability to exploit them varies considerably from one area to the next, depending in part on surrounding infrastructure and services.

In contrast to the nature based tourist opportunities that, in different form, exist in the rural areas, the main tourist assets in the two urban centres lie in the built environment, as in the case of the inner city revitalisation programmes of Port Elisabeth and East London although this is likely to change with the major Madiba Bay Nature Reserve project in NMMM.

### 1.2.2.7 Industrial processing and diversification

The major opportunities for industrial growth and diversification lie at present in the two urban centres, NMMM and East London. Some sectors of manufacturing have already responded well to the export opportunities created by the low value of the rand and there is considerable scope for expansion and diversification, notably in the motor assembly and related sectors.

Mention is made in some of the documentation on manufacturing that considerable opportunities lie in manufacturing production to meet the demand generated by the big investments now starting up in the Coega and East London IDZs. These investments generate massive multipliers that impact back into the housing, white goods and other consumption sectors.

It should be borne in mind, however, that these are construction based multipliers and that when construction comes to an end, demand will be determined by permanent employment.

More generally, we saw signs of the impact of public investment in all the areas visited, including the most poverty-stricken such as Alfred Nzo and OR Tambo. This, coupled with the salaries paid to public servants and the welfare payments made to households, are major drivers of local economies and provide an opportunity for local manufacturing response in the province.

The actors driving the Coega and East London IDZs have been heavily focussed on investment attraction, notably from outside the country, especially in the case of Coega. The PDGS stresses the major opportunities for upward and downstream linkages within the province and South Africa. This is an area where many suggestive lines of development were mentioned to us, though these need follow up, appraisals and support for them to become viable. Linkages such as the proposed hemp and leather production based on agricultural revival in the former Kei areas could have a major impact on their local economies. They are likely to need considerable back up in the way of farm infrastructure, training, technical advice and financial support to be made a reality.

Within the rural areas, the processing of natural resource based and agriculture based products represents a major opportunity in terms of manufacturing development.

Little reference was made during our field visits to the declining industrial nodes set up under apartheid, in places such as Dimbasa, Port Jackson and Butterworth. These may not represent an outstanding opportunity, yet their infrastructural assets may bear investigation, particularly those in Buffalo City, where we found out that there is a growing shortage of industrial land within the East London urban core.

#### 1.2.2.8 Small town economies

Although it has not been emphasised within the PGDP, we believe that the refashioning of the rural town economies of the Eastern Cape constitutes another opportunity for growth and development to consider. In the former Ciskei and Transkei areas, the towns act as siphons that suck out income which flows into the districts from public expenditure and migrant remittances.

Revival of district rural economies may be linked with a recasting of the role of these towns as centres in which rural products are exchanged, processed, packaged and transhipped out. Circulating the steam of income through the towns and back into the rural areas in this way would substantially increase the employment and income multipliers of the local economies. This, however, requires a degree of specialisation in production that has to be created around competitive advantages that have yet to be identified and exploited.

### **1.3. MPEKWENI PROGRAMME PRIORITIES IN THE CONTEXT OF THE CASE STUDY AREAS**

#### **1.3.1 Aims of the section**

The aim of this review is to analyse ways in which municipalities can support LED programmes prioritised by in the PGDP process. Clearly the extent and nature of support given to provincial programmes by the municipalities will depend on how these priorities are perceived at the local level and on the capacities that local municipalities have at their disposal to give support of different kinds.

This section briefly reviews the programme priorities that emerged from the programme prioritization workshop at Mpekwani Sun on the 25<sup>th</sup> of July 2003 in the light of priorities that exist at the local level. Our findings are based on interviews with local stakeholders, site visits and a reading of the literature on local conditions. We need to stress that the rapid nature of the review means that our assessment of local priorities is based on these sources. Clearly a deeper field work based investigation, with responses from a wider range of actors and constituencies might reveal further programme priorities and a different ranking of their importance, and we would recommend that further and more comprehensive consultations are made at the local level on local priorities.

#### **1.3.2 Mpekwani priorities in the case study context**

In order to facilitate analysis, Table 2 re-arranges the Mpekwani programme priorities within a framework combining five broad areas of potential municipal support for LED:

- Systems improvement
- Core traditional functions
- Process functions
- Economic sectors
- Cross-cutting support

Within these broad categories, we further arrange the Mpekwani programme priorities into 14 sub-categories. We have attempted to retain the Mpekwani programmes in their fullness. However, we have arranged some and split some to facilitate categorisation. It should be noted that we have also added a category of basic service provision, which did not emerge from the workshop.

For each programme priority we have retained the score from the workshop (in column 2, in some instances this is increased or diminished through consolidation or splitting of categories). We have then undertaken our own ranking of these programmes (out of a range from 0 to 5) against the following criteria:

1. Relevance to economic opportunities in the area
2. Reported local economic development priorities from fieldwork
3. Extent to which programme is already being pursued (if pursued already, lower score)
4. Our understanding of what is most critical in getting LED going in the area.

These rankings should be treated as tentative. They provide a framework and a starting point for further more detailed inter-action with local actors and further analysis of economic opportunities and needs. It should be noted that some programmes are not ranked as their relevance to LED is either too indirect or difficult to judge on the basis of our existing understanding.

**TABLE 2: MPEKWENI PROGRAMME PRIORITIES IN THE CASE STUDY CONTEXT**

	N	A Nzo Umzimvubu	Amatole Buffalo City	Amatole Amahlati	Cacadu Ikwezi	ORT KSD	NMMMM
<b>Systems improvement</b>							
<b>Institutional</b>							
Clarify power & functions, provincial, DM & LM	5	5	1	3	4	4	2
Implement sound governance practices	1	4	1	3	2	4	1
<b>Financial</b>							
Implement sound fiscal practices	1	5	2	5	4	5	1
<b>Core traditional functions</b>							
<b>Policy and planning</b>							
Research, planning and strategy formulation for provincial & local economy	3	4	1	4	2	5	1
<b>Infrastructure</b>							
Rural infrastructure	6	5	4	5	3	5	0
<b>Build productive assets base for poor</b>	5	5	4	5	3	5	1
Build and maintain industrial infrastructure	2	0	4	1	1	3	4
<b>Basic Services</b>							
Effective provision of basic municipal services	-	5	4	5	3	5	2
<b>Regulation</b>							
Effective rural land use regulation	1	5	5	5	5	5	0
<b>Process functions</b>							
<b>IDPs</b>							
Integrate infrastructure & development	4	5	5	5	4	5	2
Community mobilisation around rights	3	4	4	5	4	4	1

	N	A Nzo Umzimvubu	Amatole Buffalo City	Amatole Amahlati	Cacadu Ikwezi	ORT KSD	NMMMM
Institutionalise participatory planning, M & E	2	5	3	5	4	5	1
Align IDPs prov + local	1	1	1	1	1	1	1
<b>Stakeholder mobilisation</b>							
Focussed mobilisation around LED projects	5		3	3	4	5	2
<b>Partnership building</b>							
Build tourism orgs in DMs	2	3	1	3	2	2	0
<b>Economic Sectors</b>							
<b>Agriculture</b>							
<b>Commercial</b>							
Resources for land redistrib to black farmers	2	0	3	5	5	0	1
Massive food campaign	1	2	4	4	3	4	1
<b>Communal/urban gardens</b>							
Sustainable homestead production	7	5	4	4	3	4	2
Commercialise production		4	4	4	0	4	0
<b>Manufacturing</b>							
Provincial industrial strategy identifying new opportunities and sub-sectors	6	5	5	5	5	5	5
<b>Tourism</b>							
Investment and marketing	3	5	4	4	4	5	3
Implement tourism master plan + environment sustainability	1	4	4	4	4	4	4
<b>Cross-cutting</b>							
<b>Spatial</b>							
One-stop service centres	1	3	3	2	3	3	4
<b>Other cross cutting</b>							
Skills development for poor	3	5	4	4	3	5	3



	N	A Nzo Umzimvubu	Amatole Buffalo City	Amatole Amahlati	Cacadu Ikwezi	ORT KSD	NIMMM
Education & health access for poor (including HIV/AIDS)	3	5	4	5	3	4	3
Integrated HRD strategy	1	1	1	1	1	1	1
SMME support +finance + procurement linked to pub.inv	2	2	2	2	2	4	1
Comprehensive social safety net		5	5	5	2	5	2
Uptake of unemployed learners by pub & prvt sectors	1						
Reverse legacy of Bantustans	1						
Risk management system	1						

Note: N = number of times a priority arose amongst the working groups.

### **1.3.3 Interpretation of findings**

#### *1.3.3.1 Systems improvements*

Clarifying the powers and functions of provincial government, metropolitan, district and local municipalities emerged as a high priority, both at Mpekwani and in the case study areas. Uncertainty and conflict over roles delay interventions and inhibit performance, which impacts negatively on all economic support roles.

A programme to implement sound governance practice scored only 1 at Mpekwani. We believe this is a major need, notably in the district and local municipalities (excluding Buffalo City). This is a matter of both capacity enhancement and of more effective service delivery, both pre-requisites for the creation of enabling environments for LED.

We separated out a programme to implement sound financial practices from the Mpekwani programme. Our investigations indicate that this is also an area of high priority for the weaker local authorities. Lack of effective financial management capacity impacts on all other aspects of local government delivery. Moves are afoot to overhaul and strengthen these systems, as well as revenue collection. Improvement in these areas is likely to have amongst the highest returns in terms of creating a conducive environment for LED.

#### *1.3.3.2 Core traditional functions*

Policy and planning, including for local economies, emerged as a relatively high priority at Mpekwani, and this reflects our own findings at the local level. Rapid participatory appraisal of economic opportunities and needs at the local level, linked to rapid implementation of viable projects and business opportunities can play a major role in starting a process of confidence building and cumulative investment within local economies.

The emphasis at Mpekwani was on infrastructural development to meet needs, notably in the rural areas, and this is clearly a very high priority for local economic development especially in the rural areas of the former Ciskei and Transkei areas. However, it is by no means yet clear what the economic cost/benefit equation will be of such investment over time.

The relative downplaying of industrial infrastructure reflects the poverty and regional equity focus of the PGDP. However, the state of repair of infrastructure in residential, commercial and business areas is a major factor in business investment decisions and affects both prospective investors and those already

operating within areas. Maintenance of these is a core function of local government.

We understand that the concept of building the productive assets of the poor in rural areas relates to social and economic infrastructure, services, machinery and access to land for economic projects. This is clearly a high priority and closely linked with agricultural revival programmes in the former homelands.

Basic municipal service provision (electricity, water, sewerage, waste removal) did not feature as a programme priority at Mpekwani. This is an area that featured high in the case study areas, notably in reports from business and development agency actors. The lack of emphasis on basic service provision is possibly linked to the RDP focus on meeting infrastructure backlogs, notably in poor areas. As the focus shifts to investment attraction and business retention, basic service provision looms large as a factor in determining local economic development.

Regulation emerged at Mpekwani in the context of land use in the rural areas, an important consideration for LED. It is a traditional function of local government that is in need of overhaul in many urban and rural areas to ensure both compatibility with economic objectives within the context of modern concern with environmental and social sustainability. Outdated regulations and the slow processing of business start-up applications for land use are important factors in determining choice of localities by business operators in the formal sector.

#### *1.3.3.3 Process functions*

We strongly endorse the high score for integration of infrastructure planning and integration with other development objectives in the local context. This applies across the board from the IDZs, which have tended to be somewhat zone-centred in their focus, notably in the case of Coega, to the planned new rural infrastructure developments, for example along the Wild Coast, whose economic viability will ultimately depend upon the linkages and longer term multipliers they create within the local and provincial economies.

We note that the issue of development processes was high on the agenda at Mpekwani, and this accords with our observations at the local level. The major cities are better off in this respect than the districts and weaker local municipalities, where participation in the IDPs needs much attention. A clear recognition of this is the suggested programmes on community participation and institutionalisation of participatory planning, monitoring and evaluation.

An area that did not emerge from the workshop relates to more focussed business partnership mobilisation around LED projects and programmes. A core new set of roles for local government relates to mobilising the business actors and resources to achieve strategic economic objectives. This is happening

effectively in NMMM, and has been started more recently in Buffalo City. It is relatively new to most of the districts and local areas and should be promoted.

Partnership building often grows out of focussed mobilisation. This emerged at Mpekwani in the form of the building of partnerships between tourist associations and district and provincial government. It has a much wider applications, and is happening, for example, in a range of public/private partnerships in NMMM around major urban renewal initiatives and the development of tourist attractions.

In the weaker district and local municipalities there is a major challenge for local government to build economic partnerships with business, CBOs and NGOs around economic and development programmes and projects. The weak state of the NGO and business sectors in many of these areas represents a major obstacle to development and should itself be a focus of municipal support.

#### *1.3.3.4 Economic sectors*

Traditionally local government has restricted itself mainly to tourism and investment promotion. These remain important areas of support to LED. Since the mid 1990s, they have taken on substantial roles in promoting SMME and skills development.

Their support roles now appear to be expanding to other areas such as manufacturing and agriculture in more recent times. This is largely untested ground in South Africa and an experimental and open approach is needed. We noted instances where local municipalities have implemented agricultural projects, apparently with some success, for example in Alfred Nzo.

We believe that the challenge here is to find the right support roles and that it is likely that these will turn out to be those of identification of needs and opportunities, assistance with resource mobilisation, drawing in specialist training and technical support agencies, co-ordination across projects and programmes, and partnership building, rather than direct implementation and management of such programmes.

Clearly the challenges within the commercial and communal agricultural areas will differ. In the former, local government is being called upon to play a role in support for emergent black farmers. In the latter it has a major role to play in facilitation, notably with respect to the role of traditional authorities.

With respect to homestead production, the top scoring programme at Mpekwani, we were struck by the lack of knowledge within the municipalities visited of the work of NGOs. In general, especially given capacity constraints on municipalities, great scope appears to exist for the building of such partnerships. Specialised NGOs, focussing, for example, on homestead production, craft work, business

training, HIV-AIDS and other areas of development exist and local government would do well to identify them and draw on their expertise to help in these areas.

With respect to manufacturing, it appears that the most important roles remain the traditional ones: good infrastructure and service provision. However, LED units are also playing important roles in the mobilisation and co-ordination of support activities, for example scientific and technical support, training and finances (mainly in the case of smaller business operators). Local government leadership is also represented on the boards of the major development agencies, for example the two IDZs and the Uitenhage Despatch Development Initiative, where they facilitate relations with city service providers and provide political support. The precise forms in which local government can best support remains open and the evolving experience in these areas should be carefully monitored for lesson learning. The scope for involvement in manufacturing within the districts and rural local councils is, at this stage, far more limited, though the municipalities could play an important role in mounting rapid appraisal and economic opportunities identification processes.

Tourism promotion is a traditional role of local government. It emerged as a high priority at Mpekwani and this is certainly reflected at local level, where eco-, adventure and heritage tourism are major opportunities and deserve strong support from municipalities.

#### *1.3.3.5 Cross-cutting programmes*

We have divided the cross-cutting priority programmes into spatial and other categories. The only spatial programme that emerged from the Mpekwani was the establishment of one-stop service centres, something that is already happening in the cities. One stop service centres will be increasingly important in rural areas through the work of the MPCCs and the integration of district offices of provincial departments.

We believe that a major opportunities lies in a number of other spatial programmes. The spatial development initiatives (SDI) represent one category of these, and the Wild Coast SDI, emerged as an example in our meetings in OR Tambo. This, and other major infrastructure programmes generate a range of other economic opportunities that are perhaps best tackled within a spatial framework since they tend to coalesce around and spin off the infrastructural development.

Another spatial programme for consideration by the PDGP relates to the development of the economies of medium and smaller towns in connection with their hinterlands. Especially in the former Transkei, the market towns are at present acting as siphons for incomes that come into the areas primarily from outside: migrant remittances, welfare grants, public sector salaries and wages generated by public investment programmes. These towns could become

centres of countervailing exchange based on agricultural production, processing and packaging moving in the opposite direction. This would have major employer and income multiplier within the local economies.

Of the remaining cross-cutting programmes that emerged from Mpekwani, there were strong echoes at the local level especially with respect to skills development, access to education and health services and access to welfare grants. These are not core functions for local government. However, they can play very important roles in mobilising service providers, co-ordinating their activities and ensuring a better match between service provision, needs and opportunities. We have included welfare grants as an important LED concern because these, along with public expenditure and migrant remittances represent the major sources of income in the former Ciskei and Transkei areas. For the welfare of the recipients and for the future of their local economies, their ease of access to these sources of income, and the manner in which they use them are currently paramount determinants of LED.

## **1.4. LED ACTORS, THEIR CAPACITIES AND CORE COMPETENCIES**

### **1.4.1 Aims of section**

The terms of reference call for recommendations on the **LED support roles of metropolitan, district and local municipalities** with specific reference to provincial level economic opportunities and development objectives. We have added a note on the expected role of the Provincial Department of Housing and Local Government.

It is important to note that there is considerable uncertainty and debate in South Africa and internationally about the roles of local government and other actors in LED. Furthermore, what is appropriate for municipalities will depend on the presence of other LED actors and the relationships municipalities forge with them. Support roles for LED will also vary from urban to rural areas and in terms of the financial, institutional and management capacities of municipalities.

Sub-section 2 below sets out our findings on LED actors in the case study areas. Sub-section 3 analyses the capacities and core competencies of different actors in LED. These two sub-sections create a foundation for the analysis of the LED support roles of municipalities within programmes prioritised by the PGDP process, set out in Section 5, below.

### **1.4.2 LED actors in the case study areas**

#### *1.4.2.1 A note on the information*

Table 3 assembles information on LED actors by case study area. It should be noted that this information derives from a review that was extremely rapid. It does not claim to be exhaustive or detailed. We believe it provides a useful framework that can be filled out by more detailed information collection.

#### *1.4.2.2 Municipal LED actors*

For the municipalities, the first three rows in column 1, we distinguish capacity levels in terms of the presence/absence of LED departments, units or officers. The remaining rows list other actors in LED. These include LED agencies (mostly existing in the form of partnerships), business associations, LED-focussed CBOs (including cooperatives and group enterprises), LED-focussed NGOs, specialist LED service providers (training, finance provision, advice), provincial LED support institutions and foreign donors.

With respect to dedicated LED capacity, the findings indicate that the two major urban municipalities have substantial LED departments, whereas most district and local municipalities have only units or officers. The LMs have less capacity, in some cases none. In the case of Amahlati, this is substantially compensated by the presence of the Stutterheim Development Foundation, which is in process of negotiating an agency relationship with the municipality.



**TABLE 3: LED ACTORS/INSTITUTIONS  
OPERATING WITHIN THE CASE STUDY MUNICIPALITIES**

Actor/Institution	Amatole DM	Amahlati LM	Buffalo City	A Nzo DM	Umzimvubu LM	Cacadu DM	Ikwezi LM	ORT DM	KSD LM	NIMMM
LED Dept	Yes		Yes	Yes		Yes	No	Yes		Yes
LED Officers	Yes		Yes	Yes	Yes	Yes	No	Yes	?	Yes
LED forums	?	Yes	City-Business Forum			Economic Devt Forum, IDP forum	IDP forum	?	?	Economic Development Forum
Development Agencies	IDZ, IDC, OTHER?	Stutterheim Development Foundation and Business advice centre	IDZ, IDC BC Tourism	IDT	IDT		REDZ thinking of establishing one	Ntinga, IDT, PSJ Devt Agency Communal Property Associations	Ntinga IDT Communal Property Associations	Coega, Madiba Bay, Metro Development, UDDI, IDC, inner city development agency for PE waterfront area
Business Associations	Kei- Farmers Association? Border-Kei-Chamber of Business	Kei Farmer's Association	Kei-Border Farmers, Kei-Border Chamber, LTOs?	Kei Farmers association	Kei Farmers Association	PERCCI, AgriEC, LTOs Commodity Producer Orgs	No	Kei Farmers Assoc,	Kei Farmers Assoc,	PERCCI, ECMAC UtChamber of Commerce, ECACOC, ACHIB
LED CBOS, including economic cooperatives	SANCO?	SANCO?	SANCO Duncan Village Corn Devt Trust Duncan Village Entrepreneurial Development Centre	?	?	SANCO Community Devt Forums in most towns	Jansenville Devt Forum, Emerging Farmers Association	?	?	SANCO DPISA Community Development Forums eg. Helenvale Devt Forum, Motherwell Development Forum
LED NGOs	CORPLAN, Umthathi Border Rural Committee	Umthathi	EC NGO coalition, CORPLAN CEBI opening and office	Umthathi?	Umthathi	Umthathi Masifunde Ed. Project (GHT), CEBI,	Umthathi	Umthathi	Umthathi	Umthathi, CEBI
Specialist LED service providers	Triple Trust COMSEC	Stutt Business	Triple Trust, COMSEC	?	?	ECMAC SA College	No	One stop shop SMME		COMSEC, UPE Small

Actor/Institution	Amatole DM	Amahlati LM	Buffalo City	A Nzo DM	Umzimvubu LM	Cacadu DM	Ikwezi LM	ORT DM	KSD LM	NMMM
		Advice Centre				of Tourism (G-R) Port Alfred Hospitality Training Academy		(Umtata Technikon)		Business Unit CEBI, USEC, ECMAC, Ntsika, Umsobomvu Youth Fund
LED research organisations	ISER, Rhodes, Fort Hare Agric, ECDC, ECSEC, Dohne Agricultural Research	Fort Hare, Dohne Agricultural Research	ISER, Rhodes, ECSECC, ECDC			CSIR, DBSA UPE, Vista U ECSECC, ISER, Rhodes: ISER etc.		Rural Research and Development Institute (Unitra)	Rural Research and Development Institute (Unitra)	UPE Small Bus, UPE ISER? ECSECC, CSIR, UPE School of Tourism
Provincial LED support actors	ECDC, ECSECC, LG&H, DEAET, Land Affairs, Dept Agric Uvimba Finance		ECDC, ECSECC, RULED, DEAET, Land Affairs, Dept Agric	Dept Agric (Kokstad) Uvimba Finance	Dept Agric (Kokstad)	ECDC LG&H Pub Works DEAET Agric Uvimba Finance	LG&H, Agriculture, Public Works	ECDC,	ECDC,	ECDC, Dept Agric, DEAET, Dept Arts & Culture, Dept of Labour,, Uvimba Finance Ltd.
National support actors	PIMMS, DPLG, DTI, SETAs? Land Bank	PIMMS	PIMMS, DPLG, DTI, SETAs? NDA	IDT, PIMMS	PIMMS	PIMMS DBSA REDZ SANParks	PIMMS REDZ	IDT, PIMMS, DTI (pilot project)	IDT, PIMMS, DTI (pilot project)	DTI (Nisika, Khula?), Depts Land and Agrc? , Land Bank, Dept of Labour & SETAs
ForeignDonors	UNDP, DFID, GTZ	DFID	UNDP, DFID, GTZ	Funtech	?	World Bank, Global Environment Facility		UE, GTZ		Swedish International Development Agency (SIDA)

#### *1.4.2.3 LED forums*

LED forums have been established in a number of the case study areas, but are far from ubiquitous. There has been a decline in the interest in development forums since the establishment of the new local government system from 1995 and the shift from policy debate to implementation.

Nevertheless, focussed LED forums can be important sites of mobilisation of LED actors around practical locality strategies and implementation projects and programmes. They can also be the crucibles for formation of development partnerships that give rise to implementation.

#### *1.4.2.4 Development agencies*

Our initial investigations indicate that LED-focussed development agencies are already playing a major role in the Province. These range from the special purpose vehicles set up in the two IDZs through to area based agencies.

The Stutterheim Development Foundation is South Africa's pioneer LED area development agency. Started in Stutterheim some 10 years ago, it now does work widely in the Eastern Cape and elsewhere in South Africa. It is known for its work in Southern Africa and internationally.

Other development agencies have been established more recently, such as Ntinga in Oliver Tambo, the UDDI and Madiba Bay, in Nelson Mandela. The IDC has established an area agency in Port St Johns and is in discussion with Buffalo City over establishment of another one for inner city renewal in East London's CBD and beach front areas.

The poorer DMs and LMs are less well endowed with such agencies (except in the case of Amahlati), and agency-type functions are performed by institutions such as the Independent Development Trust (IDT) or the National Development Agency (NDA) in Oliver Tambo and Alfred Nzo and within their local municipalities.

The nature of the partnerships being formed with the municipalities, as well as their focus, internal organisation, accountability and effectiveness are important areas for further investigation. International experience indicates that they can play important roles in economic growth stimulation and poverty alleviation, though this is by no means guaranteed. It depends not only on their institutional form but also, and critically, on their leadership, development ethos and relationships with local government, community and business actors.

#### *1.4.2.5 Business chambers and agricultural associations*

Business chambers and agricultural associations appear to have a presence (at least one or the other) in almost all the case study areas, with the Kei Farmers' Support Centre (in the former Transkei and Ciskei areas) and the Border Kei Chamber of Business covering several districts.

Their role has been underplayed in LED initiatives since the mid 1990s. Internationally they have proved to be key actors in mobilising business support around LED programmes and can play an important developmental role in fostering SMMEs. Some of the support programmes suggested in a later section will depend on building or strengthening these associations.

#### *1.4.2.6 LED-focussed Community Based Organisations*

Having played significant roles in the revival of LED in South Africa from the mid 1980s, community-based organisations (CBOs) such as the South African National Civics Organisation (SANCO) appear to have been relegated to the side-lines, as has civil society in general in the development sphere.

We did, however, come across signs of the emergence of grass roots economic organisations in the form of economic cooperatives, commodity groups and group enterprise initiatives. These can play a critical role in the revival of community economic development, particularly in areas of poverty and low capacity.

We suggest that it would be important to identify and analyse the role of such organisations and their potential to meet both economic growth and poverty alleviation objectives.

#### *1.4.2.7 LED-focussed NGOs*

There is a surprising dearth of grassroots, LED-focussed NGOs in the Eastern Cape and those that are widely active, notably Umthathi Training Project, appear to be little known in municipal and provincial government circles. This reflects the general decline in civil society organisations in South Africa since the mid 1990s. This is an important missing element in an overall provincial push to rebuild local economies, especially within poorer areas and communities.

#### *1.4.2.8 Specialist LED service providers*

In contrast to grassroots NGOs, we found a rich mix of specialist service providers in some of the case study areas, especially in NMMM. Some of these have a training focus and others provide a wider range of business development services.

Examples are COMSEC in NMMM which has a reputation for excellence, notably with business formation in the SMME sector and the UPE Small Business Unit. COMSEC is in the process of establishing similar operations in other centres in the Eastern Cape, such as East London and Umtata. It works closely with local government and has a partnership arrangement with the Umsobomvu Youth Fund.

USEC is another one which plays a similar role in Uitenhage. Triple Trust provides similar services targeted at the same market in East London. A business advice centre has also been established in Stutterheim, affiliated to the Stutterheim Development Foundation.

Several of these specialist organisations are affiliated with or are certified agents of the DTI's business development service initiatives and are supported by Ntsika Enterprise Promotion Agency and Khula.

#### *1.4.2.9 Provincial departments and agencies*

A number of important provincial departments and agencies have a presence in one or more of the case study areas. The Provincial Department of Housing and Local Government is formally currently responsible for LED promotion in the province. However, a debate exists over the most effective way for the province to promote LED. One idea that has been translated into a provincial bill is to form a municipal development corporation to build municipal capacity in general. Another is to create a provincial level committee tasked with a specific focus on LED. A key role for the province in promoting LED is to co-ordinate and orient the wide range of LED support services currently being provided by national and provincial government departments and by the private and NGO sectors. This includes coordinating support in the form of municipal finances, infrastructure, capacity building, training and provision of loan capital for LED operators. All of this should be done in a manner that orients LED support towards meeting the goals of the PGDP. The Provincial Department of Housing and Local Government should clearly play a role within this process, but careful consideration should be given to the question of which departments or new institutional structures are best equipped to play different LED support roles.

It is important to recognize the current roles of certain provincial departments at the local level. The DEAET, ECSECC and ECDC are based in Amatole and provide services to the municipal areas. ECDC has a presence in at least five of the case study areas through its regional offices. The provincial Department of Agriculture, the national departments of Land Affairs and of Water Affairs and Forestry are also important players, and operate in most of the rural municipalities.

There is a debate over the question of the devolution or decentralisation of the capacity of these organisations to the municipalities. Re-deployment of such

capacity to district and/or local municipalities could both take the form of multi-disciplinary teams linked to and supportive of the IDP processes. They would also provide a useful conduit for the provincial level co-ordination of LED programmes and for the provincial level dissemination of LED experience and learning.

#### *1.4.2.10 National support agencies*

The two key departments driving LED nationally are the DPLG and the DTI. The DPLG has played an important role in the re-building of local government as it is responsible for ensuring that their financial, service and development operations are increasingly determined by the IDPs. It has mounted the important PIMMS programmes to do this, and these are in all the case study areas, with the exception of NMMM.

The DPLG is also responsible for insuring that the Urban Renewal Programme (URP) and Integrated Sustainable Rural Development Programme (ISRDP) are implemented. Nodes have been identified in Buffalo City (Mdantsane) and NMMM (Motherwell) for the URP and the whole district areas of Alfred Nzo and Oliver Tambo constitute nodes for the ISRDP. In addition, Rural Economic Development Zones have been set up in Cacadu.

Although the DPLG has the national mandate for LED policy formulation, the DTI has moved somewhat ahead in this sphere and is in the process of establishing its own LED promotion agencies at the local level. Its core focus is industry and trade, but its policies increasingly span other sectors. It has shifted its main focus of attention from spatial development initiatives to support for micro-economic development interventions targeted at economic sectors and clusters that hold promise in building South Africa's competitive advantage.

The DTI sees local government as an important partner in co-ordinating its initiatives, along with those of other national economic government actors, at the local level. It wields much greater resources for economic development promotion than the DPLG. Its finance and training agencies, Ntsika and Khula have offices in Port Elizabeth, and these are an important source of financial and technical support for specialist support agencies.

While concerned mainly with enterprise development, the DTI has recently developed a national policy for co-operatives. This seeks to build on grass roots cooperative organisations and assist them to engage more effectively with external-to-community markets. The DBSA has a presence in a number of case study areas, namely Cacadu and OR Tambo.

#### *1.4.2.11 Foreign donors*

A number of foreign donors are operative in the province. An important role is being played in the LED sphere by the EU, DFID, GTZ. The UNDP is supporting the PGDP and the World Bank has a presence in Cacadu. Donors can play an important part in bringing international experience to bear within the LED sphere. The additional resources they offer provide the possibility of supporting innovation, learning and the exchange of experience within the Province and between it and the rest of South Africa and more widely.

### **1.4.3 Core LED competencies**

#### *1.4.3.1 Distinguishing competencies*

The presence of a range of LED actors in the case study areas raises the question of how best they can be mobilised to support LED in furtherance of the provincial growth and development objectives. While a degree of overlap and competition between these actors may be beneficial to maintain performance levels, overlap of functions can cause unhealthy competition, duplication of activities, fragmentation and resource wastage.

It is thus important also to consider what the comparative advantages and hence core competencies of these different actors may be. For us, core competencies refer to those functions that the actors or institutions are best equipped to perform well.

Table 4 relates actors to core competencies. The allocation of core competencies is based on the findings of the rapid review, informed by broader South African and international experience of LED. We offer these distinctions not as definitive, but rather as a set of suggestions and directions. We believe they should be tested out in the light of further analysis, empirical knowledge of the Eastern Cape and national and international comparative experience.

The categories (actors and competencies) used in the table have been made broad in order to make the analysis manageable. They clearly leave much space for later differentiation and refinement.

It should also be borne in mind that the roles and competencies of actors change as they themselves develop as institutions, and also through the programme cycle. The end aim of development is to strengthen the capability of individuals and institutions. Recipients of support in early stages of a process may become drivers at later stages, thereby changing the meaning and locus of competency.

**TABLE 4: CORE COMPETENCIES OF LED SUPPORT ACTORS**

	Metro s	DMS	LMS	Provinci al Sector Depart ments	Trad Autho rities	Nat gov depts	Speci al Purps e Vehicl s	Develo pment Agenci es	Specialis t Service Provider s	Bus & Bus Assoc iations	NGOs	CBOs
<b>Policy formulation</b>	Within metro area	Within District	Within Local	Within province		Nationa l Policy Frame wk			Policy consultant s			
<b>Planning, Monitoring &amp; Evaluatn</b>	Within metro IDP	Within District IDP	Within Local IDP	Within PGDP			Within IDZ	Within defined area, e.g. CBD	Planning consultant s		Localis ed partici patory plannin g	Localise d partici patory plannin g
<b>Stakeholder Mobilisation/p articpation</b>	Metro stakeh olders	District stakeh olders	Local stakeh olders	Provinci al level stakehol ders	Comm unity mobilis ation & support in trad areas		Resour ce mobilis ation focusse d on special project	Local stakehol der mobilisat ion		Busine ss mobilis ation		Communi ty mobilisa tion for particip ation
<b>Program design</b>	Plannin g and technic al support	Planni ng and technic al support	Planni ng and technic al support	Planning and technica l support for smaller municip		Strategi c progra mmes: e.g. URP, ISRDP	Within IDZ	Within defined area e.g. CBD	Consultant s to donors/gov ernment		Local project design	



	Metro S	DMS	LMS	Provin cial Sector Depart ments	Trad Autho rities	Nat gov depts	Speci al Purpos e Vehicl s	Develo pment Agenci es	Specialis t Service Provider s	Bus & Bus Assoc iations	NGOs	CBOS
<b>Programme management</b>				allies E.g. mass food campaign			In- house	E.g:URP s, ISRDPs, IDT poverty			Support t for CBOS and Co- operati ves	
<b>Project management</b>							Overall manag ement within IDZs	Oversigh t and co- ordinatio n of develped projects		Manag ement of enterpri ses	Manag ement support for commu nity project s	Cooper ative project manage ment
<b>Bulk infrastructure &amp; mainten</b>	Within metro area	Within District M		Within Province : roads		Financi al support e.g. CMIP	Within IDZ, with Municip ality,	Planning and commiss ioning of work		Contru ction		Local mainten ance
<b>Basic services</b>	Electric ty, water, sewera ge, transpo rt		Electric ty, water, sewera ge, transp ort	Educatio n & health	Control over use of natural resources	Financi al support	Electric ity, water, sewera ge	Planning and commiss ioning work				Local service provisio n
<b>Land Control &amp; allocatn</b>	Zoning and		Zoning and		Allocati on and	Nationa l Policy:	Control within					

	Metro S	DMS	LMS	Provincial Sector Departments	Trad Authorities	Nat govt depts	Special Purpose Vehicles	Development Agencies	Specialist Service Providers	Bus & Bus Associates	NGOs	CBOs
	applies clearance		applies clearance		control in tribal areas	ownership and development use	IDZ					
<b>Investment Promotn</b>	Metro I agencies		LM agencies, eg Buffalo City	Provincial level agency?		DEAET, DTI, DPLG	IDZ level promotion			Advocacy		
<b>Tourism Promotion</b>	Metro promotion	District promotion	LM promotion	Provincial Tourism Dept		National promotion				Advocacy		
<b>Public Works</b>						<b>National public works campaigns</b>						
<b>Training &amp; Capacity Building</b>	Internal to organisation		Internal to organisation (Buffalo City)			National programs e.g SETAs			BDS, SMME, Emp skills, agric extn	Business training	Community based training & capacity building	Organisational capacity building
<b>Finance services</b>	Finances		Financial			Parastate			Large, medium &		Community	

	<b>Metro</b> S	<b>DMS</b>	<b>LMS</b>	<b>Provincial Sector Departments</b>	<b>Trad Authorities</b>	<b>Nat gov depts</b>	<b>Special Purposes Vehicle</b>	<b>Development Agencies</b>	<b>Specialist Service Providers</b>	<b>Bus &amp; Bus Associates</b>	<b>NGOs</b>	<b>CBOs</b>
	management for progs & projects		management for progs & projects (Buff City)			finance agencies eg Ntsika, Khula			micro-finance specialists			
<b>Technical Services</b>	Some specialist technical support	Some technical capacity (Buffalo City)	Eg in Agricultural Extension, Land Affairs	In-house technical skills or sub-contracts	Sub-contract out for technical skills	Business and technical advice	Transmission to local communities					
											financial training	

Stakeholder mobilisation, too, is a core function of local government, though other actors play important roles for specific areas, sectors or interest groups. In the early to mid 1990s, much of this mobilisation was done in development forums. More recently the trend is towards establishment of focused stakeholder forums or committees that bring together actors with a direct interest and involvement in a programme or project, particularly where economic development is concerned.

#### *1.4.3.4 Stakeholder mobilisation/community participation*

National actors, such as Statistics South Africa, can provide important data sources. Provincial actors, such as ECSECC, provide major support to weaker DMs and LMs. For programmes and projects that are more spatially confined, for example within the IDZs, URP or ISRDP, programme specific planning, monitoring and evaluation are needed.

Planning, monitoring and evaluation are also core competencies of municipalities for their areas. The IDPs are the main statutory vehicle for this. Monitoring and evaluation is undertaken by planning departments, but is intended to be decentralised to communities at ward level. In practice the IDPs have not as yet achieved these ideals and many remain abstract documents that provide a point of reference for municipal development expenditure rather than its real framework.

#### *1.4.3.3 Planning, monitoring and evaluation*

It should be noted that LED policy and planning may occur at many other levels, for example within development nodes, zones and precincts, and here other actors may have the advantage, though municipalities can generally play an important part.

It should be noted that LED has featured as a set of disconnected projects in most IDPs, with little in the way of a programmatic approach. There is considerable debate as to whether the IDPs, or for that matter, any form of planning, are well suited to LED. In practice we found that LED policies and programmes are being formulated alongside and connected to the IDPs, generally taking the form of separate documents, and this appears to bear out the argument that this facet of development requires a somewhat distinct process.

No other actors are better placed to formulate LED policies and programmes within their areas than municipalities. These are therefore core competencies for which they have a comparative advantage over all other actors, although several of the latter can assist.

#### *1.4.3.2 Policy and programme formulation*

#### *1.4.3.7 Bulk infrastructure provision and maintenance*

Area programmes focussed at urban residential areas, rural area or inner city renewal generally call for strong stakeholder and community participation and thus a closer interface between programme managers and local actors and communities. Municipalities play an important oversight role through representation on agency boards and this is also important in terms of securing the legitimacy of projects.

Here, too, experience in South Africa and internationally suggests that for large scale programmes, notably those involving large infrastructure development, special purpose vehicles are more suited than municipal departments in programme implementation. The same applies to area-based development projects, for example inner city renewal.

#### *1.4.3.6 Programme and project management*

The experience of European area partnerships and some South African experience points in this direction. Examples of programme design would be for SDIs, inner city renewal initiatives, URP and ISRDP. Only highly capacitated municipalities can mount such implementation programmes and this generally requires the setting up of dedicated, relatively autonomous delivery vehicles accountable to city management rather than line departments.

Thus far municipalities have not proved to be very effective at designing coherent, integrated economic development programmes. This is a function that they can substantially contribute to at a broad level. However the programme design that is needed for implementation is generally better undertaken by implementation agencies, with information and technical support from municipalities where they have these.

#### *1.4.3.5 Programme design*

The role of business associations and LED-focussed community based organisations is critical to successful mobilisation and these structures need building in the poorer regions, urban areas and communities of the Eastern Cape. They can then become effective partners to municipalities in mobilising around LED objectives.

Methodologies of LED mobilisation have recently emerged based on rapid appraisal, opportunities identification for immediate implementation as a means of obtaining rapid results that can be built upon. Here business associations or community economic organisations, rather than local government departments, may take leading roles.

### *1.4.3.10 Investment promotion and place marketing*

In the cities and towns, coherent land use zoning and the rapid processing of applications by businesses are major factors in business investment decisions. In traditional areas uncertainty over land use control appears to be an inhibitor of the re-organisation and revival agriculture and holds back private sector investment, for example in tourism. It has also been associated with destructive land use in pristine coastal areas.

Zoning and land use controls are core competencies of municipalities that are closely linked to their planning functions. In commercial rural areas such controls have been lax. Tribal authorities have had these powers in the former Transkei and Ciskei areas. However their powers are eroded by the Communal Land Rights Bill and an uncertain situation exists as to how these powers will eventually be allocated between them and the local authorities.

### *1.4.3.9 Land control and allocation*

Provision of basic municipal services, including roads, water, electricity and sewerage are also core competencies of municipalities. The focus of investment on these aspects has been in poor urban areas since the mid 1990s. It is now switching increasingly towards the rural areas. Like infrastructure, the state of these services, notably within the residential areas of managers and workers, and in industrial and commercial zones is a major determinant of investment and business retention within localities. Increasingly, there is a trend for infrastructure and service provision to be taken over by area-based agencies, for example in the form of urban improvement precincts.

### *1.4.3.8 Basic services*

Other government actors play important roles in bulk infrastructure provision, for example provincial and national departments in building and maintaining higher order roads, electricity, communications and water supply infrastructure.

Provision of sound and appropriate infrastructure and its maintenance is a major role municipalities can play in stimulating investment attraction and retention. A potential threat for LED is the deterioration of infrastructure in CBDs and other established commercial and industrial areas. Another is the lack of budgetary provision for maintenance of infrastructure established through public investment in poor urban and rural areas.

These are further core functions of metropolitan and district municipalities, though much of the development work done in the past by municipal service units is now being contracted out to private sector companies.

Municipalities have comparative advantages in some technical areas and not in others. The larger municipalities are highly competent in terms of area planning technologies, including GIS. In the rural areas they are being called upon to intervene in areas where they have little or not background and few if any technical resources. Agricultural development is one such area, in which specialist skills in rural development and in agriculture need to be brought in rather than developed in-house. Their key roles here are mobilisation of farmers'

#### *1.4.3.13 Technical services*

Larger municipalities have played a role in financing economic development projects of certain kinds, for example flagship investments connected with inner city renewal, some highly successful. Since the mid 1990s, several have also sought to promote SME development, including provision of loans. This is complex terrain where specialist agencies themselves hold the core competencies, and municipalities are in a better position to support and provide information of these rather than to create and run such agencies.

#### *1.4.3.12 Financial services*

There are many training agencies in operation, some well established, such as COMSEC, and others entering the field, such as the SETAs. The performance of the SETAs needs to be watched closely to assess effectiveness. Whoever they draw in for training support, municipalities need to focus on building up their core competencies, and forays into other spheres undermine this.

From the mid to late 1990s, many of the larger municipalities took on LED training functions, for example through the formation of SME centres. However, these are functions best performed by specialist training agencies and this has been recognised and a division of labour established over this. We noted that in some of the less capacitated municipalities there was a tendency to take on these roles in the absence of outside support. It is important that appropriate agencies are brought in to undertake this task.

#### *1.4.3.11 Training and capacity building*

These are also traditional LED roles of local government. They were associated in the past with investment and tourism attraction, and this is perpetuated, for example, in the IDZ initiatives in Buffalo City and NMMM. Increasingly the focus for LED development has been on local resources mobilisation and this has shifted the focus to business retention and expansion. There are major marketing initiatives under way, focussed on the IDZs, area initiatives such as Madiba Bay and on tourism. Municipalities appear increasingly to work in partnership with provincial agencies such as the Eastern Cape Tourism Board and ECDC over this, rather than mounting programmes on purely on their own.

associations or NGOs for example and coordination rather than provision of these services.



## **1.5. A PROGRAMME PRIORITISATION FRAMEWORK**

### **1.5.1 Introduction**

The terms of reference of this study call for a Programme Prioritization Framework for LED. What we have developed below is a framework within which programme priorities are related to provincial level economic opportunities identified within the PGDP process, on the one hand, and to the LED support roles of local government on the other.

We started by ordering all the identified priorities into nine main categories as follows:

- Systems**
  - 1) Institutional
  - 2) Finances
- Core traditional functions**
  - 3) Planning, M & E
  - 4) Infrastructure
  - 5) Services
  - 6) Regulation
- Process functions**
  - 7) IDPs
  - 8) Stakeholder mobilisation
  - 9) Partnership building
- Economic Sector Development**
  - 10) Agriculture
  - 11) Manufacturing
  - 12) Tourism
- Cross-cutting programmes**
  - 13) Spatial
  - 14) Other cross-cutting

We then have drawn up tables for each of these categories. The tables relate programmes within the category to municipal support roles. They also identify other key actors, programme initiators and programme drivers.

### **1.5.2 Explanation of the programme priorities framework**

### 1.5.2.1 Categorisation of programmes

The eight main categories of programme (listed in the section above) derive from:

- 1) The economic opportunities described in the PGDP
- 2) The economic opportunities that have been identified through the various documents and interviews as significant for achieving provincial level aims
- 3) The economic opportunities that emerged as significant for achieving provincial aims that arose from our analysis.

This framework allows cross comparison of programme priorities with provincial economic opportunities derived from the PGDP.

### 1.5.2.2 Programme priorities included

The programme priorities listed below derive from:

- 1) the PGDP prioritisation process undertaken at Mpekweni
- 2) the views of stakeholders interviewed in the course of the study
- 3) The analysis undertaken for the study.

It should be noted that all the priorities put forward at the Mpekweni workshop have been included, in some cases with modified wording to enable consistency across priorities.

### 1.5.2.3 Municipal support roles for programmes

For each of these priorities we briefly describe the key support roles of municipal government, distinguishing between the metropolitan municipality, district municipalities and local municipalities (columns 2 to 40. Our description of support roles derives from:

- 1) our interpretation of the powers and functions of municipalities in the Municipal Structures Act
- 2) our analysis of the comparative advantages of municipalities as role players in LED
- 3) Our interpretation of the priority programmes and their aims.

### 1.5.2.4 Other key actors

In most instances, the municipalities represent one amongst a number of role players that are or should be playing roles within a programme. In column 5 we briefly list other actors that are important partners in programme implementation.

### 1.5.2.5 Programme Initiators and drivers

Systems improvements, shown in table 5 below, are needed in both administrative and financial aspects of the functioning of local government. This is clearly a continuing need in the wake of the implementation of the Municipal Structures and Systems Acts and subsequent gazettes setting out the roles and functions of municipalities.

### *1.5.3.1 Systems improvements*

## **1.5.3 The main programme categories**

Its contents, including identification of programmes, LED support roles of municipalities, other key actors, initiators and drivers provides a starting point for the detailed design work to follow and should therefore be seen as provisional. The ranking, too, will clearly need to be revisited by those driving and participating in the PGDP process.

This programme prioritisation framework is based on the rapid review undertaken over a three week period based on documentary sources, interviews, site visits and participation in two programme prioritisation workshops. The limits of such an exercise should be borne in mind in using the tables. The framework should be understood as a working document.

### *1.5.2.7 Important qualifications in using the framework*

- 1) the contribution of the programme to the PGDP strategic aims
- 2) the ranking arrived at by the Mpekwani workshop
- 3) our assessment of the centrality of the role of municipal government within the programme

The terms of reference call for a ranking of programmes. We have provided a tentative ranking for each programme, out of a possible score of between 0 and 5. This ranking is based upon our assessment of:

### *1.5.2.6 A suggested ranking*

In interpreting columns 6 and 7 it should be borne in mind that roles within programmes shift over the programme cycle. Thus a driver during one phase may be replaced by another during a later phase. Where capacity needs to be built up, it may take time for the ultimate drivers to fully take up this role.

In column 6 we indicate who we believe are, or should be, the main initiators of the programmes. In column 7 we suggest who should act as the key drivers of the programme.

**TABLE 5: SYSTEMS IMPROVEMENT**

	Metro	District	Local	Other key actors	Initiators	Drivers	Rank
<b>Institutional alignment</b>							
Align IDPs with national & provincial policies	Align metro IDP	Align district IDP	Align local IDP	DPLG EC-DEAET EC-DHLG	DPLG	Municipal planning departments	5
Re-structure relationships between municipalities & govt sector departs around service delivery	Establish service needs, lobby for devolved resources	Establish service needs, lobby for devolved resources	Establish service needs, lobby for devolved resources	DPLG, ECDC, Agriculture, Land Affairs, Education and Training (SETAs)	DPLG, EC Premier	EC premier	
Integrate DM & LM programmes		Work with LM to do this	Work with LM to do this	DPLG, EC Premier DHLG	DPLG, EC Premier, DHLG	DHLG, Municipal Planning Officers	5
Develop LED programmes linked to IDPs	Develop LED policies and programmes	Develop LED programmes	Develop LED programmes	DPLG, DTI, Business Associations, NGOs etc	ECDC Municipalities	Municipal LED departments, units and officers	5
<b>Refocus core LG activities</b>							
Improved effectiveness in delivery	Internal efficiency enhancing measures	Internal efficiency enhancing measures	Internal efficiency enhancing measures	Management consultancies	Municipal managers	Municipal managers	5

	Metro	District	Local	Other key actors	Initiators	Drivers	Rank
Ensure provision of basic services	Re-alignment of priorities to provide basic services	Re-alignment of priorities to provide basic services	Re-alignment of priorities to provide basic services	DPLG (CMIP),	Municipal managers	Municipal managers & service units	5
Ensure infrastructure serves LED	Prioritise economic infrastructure provision in IDP/LED programme	Prioritise economic infrastructure provision in IDPs/LED programme		DTI, Private Sector Investors, Development Agencies	Municipal managers, LED officers development agencies	Bulk service providers, development agencies	3
<b>Establish institutional support</b>							
Set up partnerships with development agencies	Help set up and administer area partnerships	Help set up and administer area partnerships	Development and finance agencies, DTI, NGOs etc.	Various, depending on projects and programmes	Development agencies	Development agencies	2
Set up public private partnerships for projects	Set up such partnerships around service delivery and development		Set up such partnerships around service delivery and development	Finance organisations, private sectors	Municipal managers	Private sector	4
Set up Community, public private partnerships	Facilitate such partnerships		Facilitate such partnerships	Private Sector, Economic based CBOs, NGOs, micro-finance organisations	Private sector, Economic based CBOs	Private sector, Economic based CBOs	4
Set up one stop shops	Undertake set up and co-ordinate activities		Undertake set up and co-ordinate activities	Specialist service providers	Municipal manager, LED officers	LED departments or specialised contracted agencies	3
<b>Financial systems</b>							

	<b>Metro</b>	<b>District</b>	<b>Local</b>	<b>Other key actors</b>	<b>Initiators</b>	<b>Drivers</b>	<b>Rank</b>
Improve effectiveness of financial systems	Core functions up and running	Core function needing capacity	Core function needing support	Treasury, DPLG	Treasury, PGDP	Municipal managers	4
Re-orient budgets towards IDPs and LED	Need for some re-orientation to meet strategic objectives	Core concern needing focus	Need for further re-orientation to meet strategic objectives	PGDP	PGDP	Municipal managers	4
Improve revenue collection	Core function requiring further effort	Revenue from national & LMs	Especially important in weaker LMs	Treasury	Treasury	Municipal managers	4

The core traditional functions of local government have been somewhat neglected in consideration of programme priorities. Our findings are that these are essential to encouragement of LED. Table 6 sets out the roles of local government in the traditional areas of planning, infrastructure, basic service provision and regulation. We argue for the redeployment of these functions towards strategic development objectives as the primary support role of local government in this context. This is already happening in the cities and needs to be encouraged in the weaker district and local municipalities.

### *1.5.3.2 Core traditional functions*

It also entails a redefinition of roles and functions of provincial and national departments vis-à-vis local government to give effect to the decentralisation process envisaged in the South African Constitution. The process needs to be undertaken with due care to ensure that levels of government to which functions are decentralised are correspondingly capacitated. As far as the restructuring of relationships between municipalities around service delivery is concerned, we recommend that the municipalities make use of the service delivery agreements to support each other.

The end objective of this process is the strengthening of local government's capacity to effectively fulfil its developmental mandate and to formulate and effectively implement IDPs, working appropriately in partnership with the various other stakeholders.

**TABLE 6: CORE TRADITIONAL FUNCTIONS**

	Metro	District	Local	Other key actors	Initiators	Drivers	Rank
<b>Planning, monitoring &amp; evaluation</b>							
Planning, M & E	Spatial & econ planning, M & E	Spatial & econ planning, M & E with support	Economic planning, M & E with support	ECSECC	ECDC for LMs & DMs DPLG, DHLG Municipal Development Corporation	DMs and LMs	3
<b>Infrastructure &amp; maintenance</b>							
Integrated rural infrastructure (roads, electricity, communications)		Plan & co-ordinate implementation		DPLG, DWAF, (CMIP), Eskom, Provincial transport	Premier	District Ms	5
Economic infrastructure (industrial & commercial zones, business hives, market places)	Plan, mobilise finances & co-ordinate	Plan, mobilise finances & co-ordinate	Plan, mobilise finances & co-ordinate	DTI, DPLG (LED fund), Development Agencies, Private investors	ECDC, M LED departments and units	M LED depts, units & officers, development agencies, private investors	4
<b>Infrastructure Maintenance Programs</b>	Maintain existing and plan & budget for maintenance of new infrastructure	Maintain existing and plan & budget for maintenance of		Municipal managers, municipal treasures	Municipal managers	Municipal managers	2



	Metro	District	Local	Other key actors	Initiators	Drivers	Rank
<b>Planning, monitoring &amp; evaluation</b>							
Planning, M & E	Spatial & econ planning, M & E	Spatial & econ planning, M & E with support	Economic planning, M & E with support	ECSECC	ECDC for LMs & DMs DPLG, DHLG Municipal Development Corporation	DMs and LMs	3
<b>Infrastructure &amp; maintenance</b>							
Integrated rural infrastructure (roads, electricity, communications)		Plan & co-ordinate implementaton		DPLG, DWAF, (CMIP), Eskom, Provincial transport	Premier	District Ms	5
Economic infrastructure (industrial & commercial zones, business hives, market places)	Plan, mobilise finances & co-ordinate	Plan, mobilise finances & co-ordinate	Plan, mobilise finances & co-ordinate	DTI, DPLG (LED fund), Development Agencies, Private investors	ECDC, M LED departments and units	M LED depts, units & officers, development agencies, private investors	4
		new infrastructure					
<b>Creation of crop storage facilities</b>			Help identify needs	ECDC, Agric depts, Farmers Associatins Agric Research	Agric Dept, LM, Farmers Associations	Local producer co-operatives	3
<b>Basic Services</b>							
<b>Effective provision of</b>	Existing core function	Responsibility for	Service provider, but	DPLG mobilise training,	DPLG	Municipal managers	

	Metro	District	Local	Other key actors	Initiators	Drivers	Rank
<b>Planning, monitoring &amp; evaluation</b>							
Planning, M & E	Spatial & econ planning, M & E	Spatial & econ planning, M & E with support	Economic planning, M & E with support	ECSECC	ECDC for LMs & DMs DPLG, DHLG Municipal Development Corporation	DMs and LMs	3
<b>Infrastructure &amp; maintenance</b>							
Integrated rural infrastructure (roads, electricity, communications)		Plan & co-ordinate implementation		DPLG, DWAF, (CMIP), Eskom, Provincial transport	Premier	District Ms	5
Economic infrastructure (industrial & commercial zones, business hives, market places)	Plan, mobilise finances & co-ordinate	Plan, mobilise finances & co-ordinate	Plan, mobilise finances & co-ordinate	DTI, DPLG (LED fund), Development Agencies, Private investors	ECDC, M LED departments and units	M LED depts, units & officers, development agencies, private investors	4
water, electricity, sewerage and solid waste removal		infrastructure provision	needs enhanced capacity	treasury & equitable share			
<b>Regulation</b>							
Land use, health, environmental	Core function	Some roles in regulation	Core function, but needs support	Provincial depts, national depts	PGDP, national & prov depts	Municipal managers	

### *1.5.3.3 Process*

A number of “process-oriented” programmes emerged as central in achieving the aims of the PGDP, and these are shown in Table 7. Stakeholder mobilisation and community participation are of importance in their own right as means of empowerment, and are crucibles within which partnerships are formed and new institutional arrangements tested out. Economic analysis and planning is an important starting point for LED and may be coupled with mobilisational techniques, using, for example rapid, participatory appraisal methods. Out of such processes can emerge local drivers of LED initiatives, within local government, the business sector, CBOs or NGOs and involved individuals. Local government, particularly the LMs, is especially well placed to play this mobilisational role, using it to focus on LED objectives.

TABLE 7: PROCESS CHANGES

	Metro	District	Local	Other key actors	Initiators	Drivers	Rank
<b>Stakeholder &amp; community mobilisation</b>							
Stakeholder mobilisation	Around IDPs, specific LED programmes and projects	Around IDPs & establish District fora	Around IDPs & establish Local for a	Government sector departments, business associations, NGOs & CBOs, TAs	Municipal managers	Municipal planning departments	5
Community mobilisation around socio economic rights	Support within the IDP processes	Support within the IDP processes	Support within the IDP processes	CBOs, NGOs	Municipal managers CBOs	Municipal managers CBOs	5
Institutionalisation of participative planning	Develop within the IDP processes	Develop within the IDP processes	Develop within the IDP processes	CBOs, NGOs, planners	Municipal managers	Planning departments & CBOs	5
<b>Economic analysis and planning</b>							
Strategic analysis and planning of local economies	Develop research, analysis and strategies	Develop research, analysis and strategies		ECDC ,ECSECC, university research institutes	ECDC, M LED deparnts & units	M LED and planning departments	4
Programmatic approach to LED in the IDPs	Develop integrated LED programmes	Develop integrated LED programmes	Develop integrated LED programmes	DPLG, DTI, ECDC, ECSECC	ECDC & ECSECC	M LED & planning departments	5
<b>Drivers identification and support</b>							
Identify and support local LED drivers and mentors	Mount rapid appraisal processes and identify drivers	Mount rapid appraisal processes and identify drivers	Mount rapid appraisal processes and identify drivers	DPLG, DTI, ECDC, Donors	ECDC & ECSECC	M LED & planning departments	4

#### *1.5.3.4 Economic sectors*

The roles of local government in agricultural support are shown in Table 8. Revival of agriculture in the former Transkei and Ciskei areas are at the centre of the PGDP's strategic aims. This is new ground for local government and its task is hampered by the complexity of land tenure arrangements, contested roles with traditional authorities, lack of clarity about the role of provincial and national sectoral departments (Land Affairs, Water Affairs and Forestry, and Agriculture), as well as limited local capacity.

Given these factors, it seems likely that a period of trial and error lies ahead and that mobilisation, facilitation and co-ordination roles around agricultural revival and especially homestead production may be the most appropriate form of support for the municipalities in areas under tribal authority.

Less focus is given within the programme priorities to commercial agriculture, apart from the encouragement of emergence of black commercial farmers, to which local government can contribute, but is unlikely to be the main driver.

**TABLE 8: AGRICULTURE**

	Metro	District	Local	Other key actors	Initiators	Drivers	Rank
Homestead Production, urban agriculture	Make available municipal land, support NGOs	Mobilise communities, resources & training	Mobilise communities, resources & training	Agric depts, Land affairs, TAs, NGOs, faith based orgs, commodity groups	DMs, LMs, Agric Dept, NGOs, community groups	Coops, households	5
Communal land production (arable and grazing)		Mobilise communities, resources & training, mediate TAs	Mobilise communities, resources & training, mediate TAs	Agric depts, Land affairs, TAs	DMs, LMs, Agric depts, Land Affairs	Coops, farmers associations, black farmers	4
Revive irrigation schemes		Mobilise resources, technical training	Mobilise resources, technical training	Agric & Land affairs Dept, DWAF, Water care prog, TAs	Agric depts	Coops, farmers associations, black farmers	5
Emerging black commercial farmers		Making available municipal land	Making available municipal land	Agric depts, Land Affairs, Commerical Farmers, Uvimba Financial Limited	Land Affairs, Agric depts	Emerging black farmers & white farming partners	3
Processing of agricultural Production	Support land use applications	Support land use applications	Support land use applications	DTI, IDC, Business Partners, Banks	Private sector investors, coops	Private sector investors, coops	4
Markets for agricultural production			Establish market places, support periodic markets	LMs, Farmers Associations, producer coops	LMs	LMs	5

### *1.5.3.5 Manufacturing*

Table 9 shows support roles in manufacturing. The PGDP identifies manufacturing as a sector with major opportunities for growth and development. Traditionally the main support roles of municipalities in this area have been investment attraction and area promotion and this continues in the two main centres (East London and Nelson Mandela Metropolitan area).

However, the role of the municipalities has been to some degree eclipsed by the structures of the IDZs, and municipalities have tended to focus towards support for SMMEs.

Municipal government is already playing important support roles in manufacturing within the IDZs and area partnerships such as the UDDI and this trend should be encouraged. These are not, however, their areas of core competence.

Where municipalities can most effectively assist in manufacturing is through ensuring that linkages are provided between the inward looking IDZs and the local economies.

**TABLE 9: MANUFACTURING**

Actors	Metro	District	Local	Other key actors	Initiators	Drivers	Rank
Provincial industrial strategy	Provide information support, help mobilise local actors	Provide information support, help mobilise local actors	Provide information support, help mobilise local actors	DTI, EC-DEAET, ECDC, ECSECC, Business Associations, Manufacturing initiatives	ECDC, EC-DEAET	ECDC, EC-DEAET	3
Cluster and value chain development	Provide information support, help mobilise local actors	Provide information support, help mobilise local actors	Provide information support, help mobilise local actors	DTI, EC-DEAET, ECDC, ECSECC, Business Associations, Manufacturing initiatives	DTI, EC-DEAET, ECDC	ECDC, EC-DEAET	3
Innovation and learning centres	Representation on Boards, financial support, service support		Representation on Boards, financial support, service support	Universities, Technicians, Research Centres, Business Associations, ECDC, DEAET	Business Associations, Technicians, Research Centres	Business-tertiary institution partnerships	3
Agro-processing	Support for initiatives in terms of speeding up of land use clearance, infrastructure and service provision		Support for initiatives in terms of speeding up of land use clearance, infrastructure and service provision	Private investors, IDC, DTI	IDC, private investors	Private investors	3
Input purchases and service provision from SMMEs	Procurement policies	Procurement policies	Procurement policies		Municipal managers, municipal treasurers	Municipal treasurers	4



Actors	Metro	District	Local	Other key actors	Initiators	Drivers	Rank
Financial support for small manufactures	Liaise with financing agencies to promote local initiatives	Liaise with financing agencies to promote local initiatives	Liaise with financing agencies to promote local initiatives	DTI (Intsika), DPLG, ECDC, Business Partners, Banks	DTI (Intsika), DPLG, ECDC,	DTI, DPLG, ECDC	3

### *1.5.3.6 Tourism*

Municipalities have traditionally played a significant role in tourism promotion, and this clearly remains a core competence of the DM and the Metros. Capacity needs to be built within the weaker DMs and LMs to do this, in partnership with the province, community and business actors. Table 10 presents local government support roles in tourism.

**TABLE 10: TOURISM**

	Metro	District	Local	Other key actors	Initiators	Drivers	Rank
<b>Tourism</b>							
Promote Tourism investment	Develop public/private partnerships, provide for infrastructure needs	Facilitate setting-up of joint ventures, provide for infrastructure needs	Facilitate setting-up of joint ventures	EC Tourism Board, DEAET, LMs tourism associations	Metro, DMs	Developers, community PPP	4
Marketing strategy	Develop metro tourism marketing	Develop regional marketing	Develop tourism marketing	EC Tourism Board, DEAET, tourism associations, dedicated tourism agencies	EC Tourism Board, Metro, RTO, private associations	EC Tourism Board, Metro, etc	4
Branding province	Work with provincial tourism	Work with provincial tourism	Work with DM & provincial tourism	EC Tourism, DEAET, ECDC, tourism associations	EC Tourism Board, DEAET, ECDC	EC Tourism, DEAET, ECDC	1

### *1.5.3.7 Cross-cutting programmes*

We distinguish spatial and other cross-cutting programmes. These support roles of local government in relation to spatial programmes are set out in Table 11 and the others in Table 12.

**TABLE 11: CROSS-CUTTING SPATIAL**

	<b>Metro</b>	<b>District</b>	<b>Local</b>	<b>Other key actors</b>	<b>Initiators</b>	<b>Drivers</b>	<b>Rank</b>
IDZ linkages to local economies	Representation on IDZ Board, instructure and service provision		Representation on IDZ Board, instructure and service provision	ECDC, EC-DEAET, DTI, IDC, Business Associations, manufacturing initiatives	ECDC, Metro LED Depts,	ECDC, Manufacturing Associations	5
Rural towns economic development programmes		Infrastructural proritisation for town LED	Stakeholder mobilisation, resource mobilisation, co-ordination	ECDC, ECSECC	ECDC	Local Municipal Managers	3
SDI economic linkages		Support arterial infrastructure development,	Develop linked LED strategies and programmes	DTI, ECDC, DPLG, EU, EC Tourism Board	SDI, EU	SDI	4
Inner city regeneration	Formulate strategies, mobilise actors and resources		Formulate strategies, mobilise actors and resources	IDC, DPLG, ECDC, area development agencies	Municipal managers, LED depts	Area development agencies	4
Urban renewal nodes	Integrate into poverty alleviation and LED strategies		Integrate into poverty alleviation and LED strategies	DPLG (CMIP, LED), donors	Office of President,	LED Units	4
Integrated Sustainable Rural Development		Mobilise actors and facilitate	Identify needs and opportunities	DPLG (CMIP, LED), IDT	Office of President	IDT, LED units, area development agencies	5

We believe that a distinct set of spatial development opportunities exist that could be considered as a separate category within the PGDP. These include the IDZs, SDIs and Urban Renewal and ISRDP Initiatives in the Province.

Municipal government's key roles in the first two relate to support and promotion of linkage opportunities that are spin offs of the main initiatives.

With respect to inner city centre regeneration, local government plays a leading role, partnership with special purpose development agencies.

Two other spatial initiatives have been introduced by national government into municipal areas. These are the Integrated, Sustainable Rural Development Programme and Urban Renewal Programme, both focussed on large, impoverished areas. Here, too, municipalities, are to oversee these initiatives, either through their LED departments or through establishment or drawing in of specialist development agencies.

#### *1.5.3.8 Other cross-cutting programmes*

There is a wide range of other cross-cutting programmes support which takes various forms and which implications for LED that are more or less direct.

**TABLE 12: CROSS-CUTTING PROGRAMMES**

	<b>Metro</b>	<b>District</b>	<b>Local</b>	<b>Other key actors</b>	<b>Initiators</b>	<b>Drivers</b>	<b>Score</b>
Integrated HRD and skills development	Mobilisation and coordination of specialist service providers	Mobilisation and coordination of specialist service providers	Mobilisation and coordination of specialist service providers	DEAET, Dept Labour, Specialist HRD and skills providers (SETAs)	Metros, DMs LMs	Specialist skills providers	5
Education and Health Access	Provision of clinics, health and safety measures		Provision of clinics, health and safety measures	Educ & training depts, health depts	Provincial education dept, national health dept	Provincial education dept, national health dept	2
Integrated HIV/AIDS	Integrated programmes in IDPs		Integrated programmes in IDPs	Dept Health, Health research centres, business Assocs, NGOs	Dept Health, NGOs	Dept Health, businesses	4
Social grants as comprehensive safety net	Identify needs and assist link to local poverty relief	Identify needs and assist link to local poverty relief	Identify needs and assist link to local poverty relief	Dept of Social Development	Identify needs and assist link to local poverty relief	Identify needs and assist link to local poverty relief	1
Sustainable development	Environmental health policies and controls		Environmental health policies and controls	DEAET, Environmental NGOs	DEAET, NGOs Environmental units in LG	DEAET, Province, Environmental Units	3
Financing for LED	Operational budgets for LED dept and matching finances for projects	Operational budgets for LED dept and matching finances for projects	Operational budgets for LED dept and matching finances for projects	DTI, DPLG (LED fund), IDC, Business Partners, private sector, donors	DPLG, M LED depts, units & officers, ECDC, EC-DEAET, private sector	DTI, DPLG, IDC, DEAET, ECDC, private sector	4
Financing for poverty alleviation	Free or subsidised services for		Free or subsidised services for poor	Welfare, Public Works, Health, DPLG	Municipalities Welfare, Public Works, DPLG	Municipalities Welfare, Public Works, DPLG	4

	Metro	District	Local	Other key actors	Initiators	Drivers	Score
	poor						
Land use zoning & applications processing to promote LED	Land use zoning, applications processing		Land use zoning, applications processing	Provincial Planning Dept and Land Affairs, TAs	Municipal managers, Dept Land Affairs	Municipal managers, Dept Land Affairs	4
SMME development	Support establishment of business centres and hives		Support establishment of business centres and hives	DPLG, DTI, EC-DEAET (Ntsika, Khula), DPLG, specialist business development agencies	DTI, ECDC, M LED depts, units and officers	Specialist Business Services Development Agencies	5
Public works programmes	Integrate into area development plans	Integrate into area development plans	Integrate into area development plans	Dept of Labour, training agencies	Dept of Labour	Dept of Labour	3
Research	Undertake or commission strategic research		Undertake commission strategic research	ECDC, ECSECC, Research Centres, Demarcation Board, Stats SA	ECDC, ECSECC	ECDC, ECSECC	1
Monitoring and Evaluation	Establish M & E systems	Establish M & E systems	Establish M & E systems	ECDC, ECSECC	ECDC, ECSECC	LED Units	4



In the area of human skills development, some local authorities have taken the initiative to set up or support specialist skills training in the LED field, for example business development skills. Municipalities are in a good position to facilitate coordination of skills provision across specialised institutions, including tertiary education institutions and to connect this to strategic, medium and long term economic needs.

The roles of local government in education and health provision vary enormously internationally. In South Africa the metros have played a role in the latter, through provision of clinics, and application of health regulations. Local government is in a strong position to provide support for HIV/AIDS campaigns and can play a leading role here. Health and educational services impact strongly on the environment for economic development, and help to ensure that municipalities can play an important support role.

More complex is the LED significance of sustainable development programmes. Municipalities have regulatory powers in this sphere and these, like health and education, are important in securing an environment for economic sustainability.

Land use zoning is a core municipal function that has major implications for LED. Investors are strongly influenced in their choices by the time taken by municipalities in responding to applications. SMME development is placed here as a cross cutting issue as it applies across a number of sectors. Municipalities have played an important role in setting up services in this area, but are increasingly devolving this function to specialist organisations.

Public works are undertaken by local authorities, and also by national departments. There is a debate as to their long term effectiveness both in employment provision and in delivery. They can be combined with routine municipal functions in effective ways, for example through clean up campaigns in poor areas.

Research monitoring and evaluation have become increasingly important functions of municipalities, for strategic and other reasons. Weaker municipalities will need to work with provincial research organisations to meet their needs.

## **1.6. RECOMMENDATIONS**

### **1.6.1 Use of the prioritisation framework in the next IDPs**

The prioritisation framework sets out suggested roles for municipalities in each programme. It also identifies initiators, drivers and other actors for each programme. To use this framework for the next round of IDPs, the municipalities

need first to examine the programme priorities and assess them in terms of their own priorities as they emerge from the IDP process at local level, and in terms of their capacities to mount programmes.

Where the provincial priorities accord with their own, they may examine their specified roles. Where they are identified as initiators, the onus is theirs to take steps to initiate a programme. Where they are designated drivers, theirs becomes the responsibility to drive the programme. This will generally entail mobilisation of other actors who also play roles in the programme. It would be desirable for municipalities also to take action where they see that the designated actors are not responding.

The province, as the driver of the PGDP, will clearly have a key role to play in ensuring that the municipalities do indeed initiate and drive, where this is their role.

### **1.6.2 Principles of an approach**

The constitution and national policy require local government to re-orient from its traditional roles of municipal infrastructure, service provision and regulation to play a role in building democracy and promoting social and economic development.

Our study indicates that local government can best support local economic development, including programmes prioritised by the PGDP, by doing the following:

**1. *Performing its traditional core functions of planning, revenue collection and expenditure, infrastructure provision and maintenance, basic service provision and regulation more effectively.***

**2. *Overhauling and re-orienting these traditional functions to service developmental goals, notably that of local economic development.***

3. Define its comparative advantages and evolving functions consciously taking into account the range of actors in LED (business, CBOs, NGOs, specialist agencies), the different levels at which they operate (local, district, sub-regional, provincial, national, international) and the different sectors in which they operate (economic sectors, government department sectors), rather than trying to capacitate itself to undertake all these functions directly.

4. Build the capacity to undertake new economic developmental functions on the basis of its emerging comparative advantages. These new functions include:

4.1 Mobilising actors in the business, CBO and NGO sectors to identify and undertake viable economic activities (based on comparative and competitive economic advantages), rather than setting up and running enterprises.

4.2 Building economic development partnerships with business, CBOs and NGOs rather than implementing projects directly.

4.3 Mobilising financial resources for economic development programmes and projects.

4.4 Mobilising specialist service providers to supply training and technical support, rather than providing this support directly.

4.5 Working with or creating (where appropriate) area development agencies to mount economic development programmes.

5. More generally, ***a core function of local government should be to promote the convergence of multiple economic activities, programmes and projects around a common vision and broad set of development objectives at the local level rooted in its comparative and competitive advantages, rather than to attempt to plan the implementation of all these activities within a detailed, highly integrated development plan.***

### **1.6.3 The division of labour between district and local municipalities**

The Municipal Structures Act n°117 of 1998 lays down the powers and functions of district and local municipalities. In broad terms, districts are responsible for district-wide IDPs, for bulk infrastructure and for redistribution to meet developmental needs. Local councils are responsible for local IDPs and basic service provision.

In practice there has been some blurring of functions and we encountered conflict between these levels of government that arises in part out of this lack of clarity. Control over budgets is a particularly fraught area, especially where the local municipalities generate the larger share of internal revenue.

The issue of the powers and functions of the DMs and LMs is not homogeneous across the case studies. Within the former Transkei, the revenue base of towns within local municipalities is far less significant relative to district budgets than in towns in historically commercial rural areas. Dependence on external funding sources, notably the equitable share from national government, is thus more important for both DMs and LMs and the redistributive issues between the two levels are less acute – both are serving mainly poor communities.

The case of Buffalo City is unique for the province. The LM is more resourced than the DM in budgetary terms and has taken on a large hinterland for infrastructure and service provision in poor areas. Here there is a push for declaration of the whole of Amatole as a metropolitan area, with the LM effectively taking over the DM's role.

This diversity of conditions on the ground across different regions of the Eastern Cape, makes generalisation about the roles of DMs and LMs difficult, and we believe that it makes some sense to accommodate this diversity within policy and regulations, rather than to attempt to fit municipalities into a uniform mould.

#### **1.6.4 Location of devolved capacity**

In the poorer rural areas where little or no concentration of capacity exists in central towns, it makes sense for capacity to be built up within the DMs. These are candidates for LED units and or officers. It also seems to make sense to locate devolved specialised capacity from the regional departments in the DMs, rather than the LMs, for example the personnel of the departments of Agriculture, Land Affairs and the ECDC. Some national support agencies are already located at this level, such as the IDT. Others, such as PIMMS are located at the local municipal level where they provide capacity building, notably around the local IDPs. It would also seem more appropriate to locate spatial development and economic planning functions at the DM, rather than the LM, level, though these should service the LMs.

Thus, in general, *where support services are deployed to or created at the local level, it would appear more appropriate to concentrate these in the districts, making sure that they are available to the local areas for their mobilisational, planning, co-ordinating and partnership building work around LED.*

#### **1.6.5 Recommendations relating to programme priorities**

##### *1.6.5.1 Introduction*

Table 13 below sets out our recommendations relating to the support roles of municipalities with respect to the broad programme priorities identified in the PGDP process and in our review.

For each programme, we briefly define the core support role of local government, the capacity implications of performing that role effectively, the implications for the IDPs and the implications for the PGDP, in terms of provincial support.

We order the programmes into five foundation stones for municipal support for LED:

- Systems change
- Re-orientation of core functions
- Strengthening municipal process functions

- Contributing to economic sector development
- Supporting cross-cutting programmes

These foundations stones contain a further 14 programme categories, each of which in turn contain the detailed programmes set out by the PGDP, combined with the ones that emerged from the review.

**TABLE 13: SUPPORT ROLES FOR MUNICIPALITIES, CAPACITY REQUIREMENTS, IDP AND PGDP IMPLICATIONS RELATED TO PROGRAMME PRIORITIES**

<b>Programmes</b>	<b>Core role of LG</b>	<b>LG capacity implications</b>	<b>Implications for IDPs</b>	<b>Implications for PGDP</b>
<b>Systems</b>				
Institutional system improvement	Improve institutional systems	DMs and LMs require capacity building	Plan on basis of institutional capacity to deliver	Mobilise support for capacity building of DMs and LMs
Financial system improvement	Improve financial systems, including collection	DMs and LMs require capacity building	Plan on basis of financial capacity to deliver	Mobilise support for building financial capacities of DMs and LMs
<b>Core functions</b>				
Policy, planning, M & E	Develop broad LED policies based on improved information and M & E systems	DMs and LMs require capacity and external planning, information and M & E support	Pre-condition for better informed IDPs and their linkage to M financial and other capacities	Deploy in-house planning, information and M & E support to DMs and LMs
Infrastructure and maintenance	Improve delivery and re-orient systems to serve LED objectives	DMs require capacity to co-ordinate infrastructure delivery and secure maintenance	IDPs to emphasis integrated infrastructure systems to support LED	Help plan and co-ordinate the delivery of integrated infrastructure systems to DMs
Basic services	Ensure more effective delivery of basic services	DMs and LMs require in-house capacity or external support	IDPs need to give attention to importance of basic service provision	Help mount a programme to capacitate or support DMs and LMs in basic service provision
Regulation	Effective application of regulatory systems and processing of applications	DMs and LMs require in-house capacity or external support	Familiarity with regulatory environment should be part of LED processes	Help mobilise training programmes to build capacities in DMs & LMs
<b>Process functions</b>				
IDPs	IDPs are main participatory planning vehicle for socio-economic development, notably at local community level	DMs and LMs require both capacity and external support to effectively undertake IDPs, especially LED aspects	Effective functioning of IDPs a core requirement of developmental local governance	Help co-ordinate the provision of support to strengthen LED aspects of IDPs: information, planning and technical aspects
Focused	Undertake and	DMs and LMs	LED mobilisation	Co-ordinate and

<b>Programmes</b>	<b>Core role of LG</b>	<b>LG capacity implications</b>	<b>Implications for IDPs</b>	<b>Implications for PGDP</b>
stakeholder mobilisation	support stakeholder mobilisation over LED projects and programmes	require in-house and external specialised economic capacity, e.g. in form of area agencies	alongside and re-enforcing IDPs, but not confined to IDPs	provide LED capacity building and support for rapid appraisal, opportunities identification and implementation
Partnership building	Promote partnership formation for strategic LED programmes and projects	Metro, city, DMs & LMs require capacity and support, e.g. in form of development agencies	Partnerships should seek to contribute to overall aims of IDPs and feed into them where appropriate	Assist in providing specialist support for financial and technical aspects of partnership formation
<b>Sector development</b>				
Agriculture, forestry and fishing programmes	Mobilisation of local actors, resources, training and technical support to connect with local opportunities and needs	DMs and LMs require capacity and external support	An area to prioritise in IDPs and connect strongly to infrastructure development	Mobilise national & provincial depts, research agencies and rural NGOs around main programmes
Manufacturing programmes	Investment promotion, marketing, mobilisation of business associations, research, financial, training agencies around cluster and value chain development, linkage opportunities of IDZs, marketing etc.	DMs and LMs require capacity to & external support to promote investments and marketing & for mobilisation of business actors and finance around manufacturing opportunities	Increased orientation of IDPs towards basic infrastructures, maintenance and service provision to enhance environment for investment and business retention, resources for financial, training and marketing support for SMMEs	Development of provincial industrial strategy, mobilisation of financial, research and training support for manufacturing, with a focus on SMME development, province wide exploration of clusters, value chain development opportunities and IDZ linkage strategies
Tourism programmes	Branding and marketing localities, regulating establishments, upgrade and development of	DMs and LMs need capacity and external support for locality marketing and provision of community and	Increased orientation towards community and enterprise tourism development	Provide information, promotional support via provincial tourism board, mobilise training

<b>Programmes</b>	<b>Core role of LG</b>	<b>LG capacity implications</b>	<b>Implications for IDPs</b>	<b>Implications for PGDP</b>
	tourism attractions	other tourist attractions	provision	support for local tourism service provision
<b>Cross-cutting</b>				
Spatial programmes	Spatial planning, needs and opportunities identification, public investment in strategic nodes and corridors to concentrate resources and activities, building of markets	DMs and LMs require external planning, information, GIS and other technical support	IDPs should give attention to spatial dimensions of development planning	Provision of information, planning, technical, and other support especially to DMs and LMs
Other cross-cutting programmes	Mobilisation at local level around cross-cutting programmes such as environmental sustainability, HIV/AIDs, human resources development to relate to local conditions, needs and opportunities	DMs and LMs require capacity and external support to undertake these functions at a local level.	IDPs to incorporate some cross-cutting programmes, for example environmental sustainability, skills training, HIV/AIDS, in ways that link to other substantive programmes and make use of synergies and multipliers	Assistance with mobilisation of actors and resources around programmes, including scientific, technical, training & other forms of support.



#### 1.6.5.2 Systems improvements

The effectiveness of municipal support for LED and for other basic functions depends on the efficiency and transparency of the institutions of local government, including their financial systems. Progress has been made in the cities, but much needs to be done in the weaker districts and local municipal areas.

We thus recommend that ***programmes aimed at improving the basic functioning of local government systems through training, capacity building and improved transparency in the management of finances should be a high priority.***

#### 1.6.5.3 Core traditional functions

The developmental significance of getting the basics right in terms of the core traditional functions of local government is sometimes lost in the face of the imperative to meet new needs.

***Re-orientation and effective execution of the core functions of planning, infrastructure provision and maintenance, basic service provision and regulation is an area for attention, especially given the importance of these factors to business investment and location decisions.***

#### 1.6.5.4 Process functions

Process functions have taken on a major significance in LED, internationally and in South Africa, and considerable skills have been built up in this country on the process side. This provides one important precondition for LED success.

Major initiatives are under way to build this capacity, notably the PIMMS programme run by the DPLG. However ***there is a need to orient process capacities towards more focussed stakeholder mobilisation around practical and viable economic projects. This*** is happening in the cities, and ***needs to be cultivated in the weaker districts and LMs.***

#### 1.6.5.5 Sector development

Apart from traditional roles such as tourism and investment promotion, it is only recently that local government has ventured into the terrain of support for the development of core economic sectors. In South Africa, this first took the form of support for SMME development in the form of business skills training, procurement policies, the building of markets and business hives.