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Institutional arrangements for the implementation of local economic development in Gauteng Province, with special reference to the City of Tshwane Metropolitan Municipality

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Institutional arrangements for the implementation of local economic development in Gauteng Province, with special reference to the City of Tshwane Metropolitan Municipality

BY

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A Research Report submitted in partial fulfilment of the requirements for the degree of Master in Management (in the field of Public Policy)

at the

WITS SCHOOL OF GOVERNANCE, UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

Supervisor: Mr D. Motsepe
Date: November 2014

Declaration

I declare that this report is my own, unaided work. It is submitted in partial fulfilment of the requirements of the degree of Master of Management (in the field of Public Policy) in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any other university.

Ramolobi L.G. Matlala

November 2014

Dedication

I dedicate this research report to the memory of my late father, Petrus Fihli Mabunda, my late aunts Willow Matabane and Nkgobi Matlala, my late sister Nchadi Lekanyane, and my late brothers Herbert, Mokodi and Tshidi Matlala.

May you all Rest in Peace.

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The compilation of this research report was a challenging endeavour. The process required extreme commitment, patience, perseverance and discipline.

I wish to express my sincere gratitude to God the Almighty for consistently providing me with wisdom, strength and guidance during my studies.

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- Ms. Claire Pienaar for proofreading the report.
- My mother, Mapula Ngoetjane, for her unwavering support and encouragement during my entire academic journey. You have always believed in me and kept me motivated. Thank you very much *Mokone*.
- My family, for their support and patience during my studies.

List of abbreviations

AIDC	**:** Automotive Industry Development Centre
DBSA	**:** Development Bank of Southern Africa
DCD	**:** Department of Constitutional Development
DCoG	**:** Department of Co-operative Governance
DED	**:** Department of Economic Development
DLG	**:** Department of Local Government
DLGH	**:** Department of Local Government and Housing
DPLG	**:** Department of Provincial and Local Government
Dti	**:** Department of Trade and Industry
EDD	**:** Economic Development Department
GEGDS	**:** Gauteng Employment, Growth and Development Strategy
GEP	**:** Gauteng Enterprise Propeller
GGDA	**:** Gauteng Growth and Development Agency
IDC	**:** Industrial Development Corporation
IDP(s)	**:** Integrated Development Plan(s)
ILO	**:** International Labour Organisation
LED	**:** Local Economic Development
LG SETA	**:** Local Government Sector Education and Training Authority
M&E	**:** Monitoring and Evaluation
MEC	**:** Member of Executive Council
NGO	**:** Non-Governmental Organisation
SMME(s)	**:** Small, Micro, and Medium Enterprise(s)
Seda	**:** Small Enterprise Development Agency
SALGA	**:** South African Local Government Association
SEFA	**:** Small Enterprise Finance Agency
SPDC	**:** Supplier Park Development Corporation
UNHSP	**:** United Nations Human Settlements Programme

Abstract

Successful implementation of Local Economic Developed (LED) remains a key policy issue in Gauteng Province. The purpose of this exploratory study was to investigate the roles of the Gauteng Departments of Local Government and Housing (DLGH), and Economic Development (DED) in supporting the City of Tshwane Metropolitan Municipality (City of Tshwane) to implement LED initiatives successfully.

The investigation adopted the single case study method, while data was collected by means of semi-structured interviews. The study confirmed that local economic development (LED) support is a multi-agency undertaking that involves national and provincial government agencies. The LED support process is nonetheless characterised by duplication of interventions, unsound IGR, unclear definition of roles, and poor coordination. The research study also found a disjuncture between the roles of the Gauteng Department of Economic Development and the Department of Local Government and Housing in LED support. The research study offers recommendations to improve the implementation of LED initiatives in the City of Tshwane.

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CHAPTER 1: INTRODUCTION AND ORIENTATION TO THE STUDY

1.1 Introduction

Section 152 of the Constitution of the Republic of South Africa (Act 108 of 1996) empowers municipalities to provide democratic and accountable government for local communities. In addition, municipalities must provide basic services such as water, sanitation and electricity to their respective residents. Furthermore, these institutions must promote social and economic development in their respective localities. The primary aim of engaging in economic development initiatives is to facilitate job creation and thus contribute towards poverty alleviation. In order for these socio-economic objectives (job creation and poverty alleviation) to be attained, municipalities are mandated to stimulate their local economies by facilitating and supporting Local Economic Development (LED).

The role of municipalities in the promotion of social and economic development was also emphasised in the White Paper on Local Government (Department of Provincial Affairs and Constitutional Development 2008). The White Paper advocated for this role through the introduction of the concept of "developmental local government". This policy document further stated that:

"The powers and functions of local government should be exercised in a way that has a maximum impact on the social development of communities, particularly in meeting basic needs of the poor and on (facilitating) the growth of the local economy" (Department of Provincial Affairs and Constitutional Development 2008: 23-24).

This implies that beyond the traditional responsibilities of providing basic services to their respective residents, as well as developing and enforcing by-laws, municipalities have a critical role to play in terms of promoting the socio-economic welfare of communities under their jurisdiction. This sphere of government has been vested with fiscal powers enabling it to employ

workers in order to discharge their legislative mandate. Municipalities are also active participants in the markets for goods and services. This places this sphere of government in a better position to positively influence the social and economic well-being of residents. Essentially, local government has been empowered to stimulate local economies.

Although municipalities are not directly involved in job creation *per se*, these institutions are expected to play an essential role by ensuring measures that would facilitate job creation and alleviation of poverty in collaboration with a variety of stakeholders. These stakeholders include other spheres of government, such as the business sector, as well as community organisations.

LED initiatives should, therefore aim to empower residents to utilise local resources and thus contribute towards stimulating their local economies. Economic stimulation should translate into the creation of job opportunities. LED could therefore be instrumental in alleviating poverty and enhancing the standard of living in localities (Department of Development Planning and Local Government, 2003; Meyer-Stamer and Cunningham, 2005).

Efforts by municipalities to stimulate their local economies should be complemented by the relevant national and provincial sector departments. In the context of South Africa, the Department of Co-operative Governance (DCoG) is responsible for formulating local economic development (LED) policy and to ensure that provincial governments support municipalities in the implementation of LED. The Gauteng Province is, however, responsible for supporting, monitoring and evaluating LED initiatives implemented by municipalities (SALGA, 2010).

There is consensus among different stakeholders that local economic development (LED) initiatives were generally unsuccessful in creating jobs and alleviating poverty, particularly during the first decade of the post-democratic South Africa. This resulted in the introduction of the *Local Economic Development Framework* by the Department of Provincial and

Local Government (DPLG)[1] in 2006. According to Hangana[2] (2006), the Framework:

> "…clearly indicates the need for sustainable community investment programmes, and municipalities have a large responsibility for seeing (ensuring) that available opportunities, particularly from the myriad of government financed programmes [that] are fully utilised at a local level."

This further confirmed the role that municipalities are expected to play in terms of improving the welfare of communities by granting both financial and non-financial aid interventions from national and provincial government.

The purpose of this chapter of the research report is to serve as an introduction and orientation for an investigation entitled: *Institutional Arrangements for implementing Local Economic Development in Gauteng Province with special reference to the City of Tshwane Metropolitan Municipality (City of Tshwane)*. The reminder of this chapter focuses on the problem statement and the aims and objectives of the study; the research questions; research design and methodology, and the outline of the research report.

1.2 Problem statement

Local economic development (LED) is viewed by some commentators as a panacea for stimulating local economies with an intention to create job opportunities and alleviate poverty, particularly among the previously marginalized communities in South Africa. Furthermore, LED has been

[1]Department of Provincial and Local Government (DPLG) have been renamed Department of Co-operative Governance and Traditional Affairs (Cogta) after the 2009 General Elections. Cogta as a Ministry comprises of two departments, namely Departments of Traditional Affairs as well as the Department of Cooperative Governance (DCoG). The DCoG is responsible for LED policy formulation and support to provinces and municipalities in the republic of South Africa.

[2]The late Ms. N Hangana is the former Deputy Minister of the Department of Provincial and Local Government.

regarded as a solution to the failure of various programmes of government to benefit the majority of the population (Trah[3]; Masaulle4).

Despite the noble intentions and high expectations of Local economic development (LED) initiatives to stimulate local economies and contribute towards job creation and poverty alleviation, the outcomes have been relatively disappointing. Numerous reasons have been cited for the inability of LED efforts to impress. These include, among others, the lack of conceptual clarity about LED; the absence of a general agreement on which stakeholders should participate in the implementation of LED, the lack of clear roles of the respective stakeholders, and a description of the institutional arrangements that should be put in place to support the implementation of LED initiatives (Trah5).

Various authors have proposed a variety of solutions to address the challenges cited earlier in this document. The first proposal related to the establishment of Local Economic Development Agencies. Secondly, improved co-operation and co-ordination amongst strategic Local economic development (LED) stakeholders such as the Department of Cooperative Governance (DCoG), the Department of Trade and Industry (the dti), The Development Bank of Southern Africa (DBSA), the Industrial Development Corporation (IDC), and the South African Local Government Association (SALGA) in order to define complementary roles and responsibilities in LED was also suggested. It is argued that this approach will minimise the duplication of LED support interventions and thus limit—if not eradicate—wastage of scarce LED resources. Thirdly; retaining and intensifying support through training of LED officials and further development of capacity of

[3] Accessed from: http://led.co.za/sites/led.co.za/files/documents/52.pdf

[4] Accessed from: http://www.dedea.gov.za/Newsletters%20and%20Publications/LED%20Information%20Booklet.pdf

[5] Accessed from: http://led.co.za/sites/led.co.za/files/documents/52.pdf

municipal officials to implement LED initiatives was also proposed (Trah6, Rogerson, 2009).

Despite these proposals, there has been limited agreement concerning the establishment of institutional arrangements at the level of provincial government to support municipalities to implement Local economic development (LED) successfully. Secondly, there has been no clarity regarding the roles the provincial sector departments, such as the Gauteng Department of Local Government and Housing (DLGH), as well as the Gauteng Department of Economic Development (GDED) and its agencies should play in supporting municipalities to implementation of LED initiatives.

1.3 Aims and objectives of the study

The intention of this study was to:

- Investigate the roles of the Gauteng Departments of Local Government and Housing, and Economic Development in supporting municipalities to implement local economic development (LED) initiatives.

- Establish the institutional arrangements that are in place to support the implementation of LED in Gauteng Province.

- Identify critical support factors required towards the successful implementation of LED initiatives in Gauteng Province.

The research questions are outlined below.

1.4 Research questions

The research questions are classified into primary and secondary questions.

[6] ibid

1.4.1 Primary research question

It was noted in the problem statement that there is apparently a lack of clarity regarding the specific roles of the Department of Local Government and Housing, and the Department of Economic Development in the provision of support to municipalities in the implementation of local economic development; hence the central research question was as follows:

- What are the respective roles of the Department of Local Government and Housing as well as the Department of Economic Development in providing support to municipalities to implement local economic development initiatives successfully?

The primary question was augmented by three supplementary questions.

1.4.2 Supplementary questions

The supplementary research questions were as follows:

a) What is the current *status quo* regarding the roles of the Gauteng Department of Economic Development as well as the Department of Local Government and Housing in supporting municipalities to implement local economic development initiatives?

b) What are the respective roles of the Gauteng Department of Local Government and Housing as well as the Department of Economic Development to support municipalities in the implementation of local economic development?

c) What are the support factors critical towards successful implementation of local economic development initiatives in Gauteng Province?

1.5 Delimitation of the study

The investigation was limited to focus exclusively on the City of Tshwane Metropolitan Municipality (also referred to as the City of Tshwane) due to resource and time constraints.

The selection of the City of Tshwane was informed by the facts it is currently the largest metropolitan municipality in Gauteng Province after the merger with the Metsweding District Municipality[7]

1.6 Research design and methodology

This section was intended to briefly outline the research design and methodology that utilised in the study.

1.6.1 Research design: case study

The researcher utilised the case study method. This method is ideal for studies that require a holistic, in-depth investigation of a phenomenon, (Feagin, Orum, and Sjoberg 1991). The focus of the study was therefore the in-depth investigation of an individual case [that is, Local economic development (LED) support provided by different sector departments and other government entities in the City of Tshwane], and not the whole population (that is, all the municipalities in Gauteng province) (Burns 2000: 40). This method was therefore ideal for this study because it made a selective approach possible. The approach also enabled the researcher to focus on few issues, most notably the roles of LED support institutions that were fundamental to understanding the institutional arrangements for implementing LED in the City of Tshwane (Yin 1994).

Furthermore, the case study method was designed to bring to the fore details about the subject under investigation from the perspective of a variety of

[7] The Metsweding District Municipality comprise of two local municipalities namely, Nokeng-Tsa-Taemane and Kungwini Local Municipalities. These local municipalities comprise of small towns, vast rural area and agricultural holdings, commercial industrial areas, and townships that previously formed part of the former Kwa-Ndebele Bantustan.

participants. The case study method also enabled the application of a triangulated research strategy, that is, the utilisation of multiple sources of data in order to ensure accuracy and alternative explanations (Snow and Anderson, cited in Feagin, Orum, and Sjoberg 1991).

1.6.2 Research methodology

The researcher employed a qualitative research methodology. This approach enabled the researcher to describe and explain the institutional arrangements for local economic development support in the City of Tshwane Metropolitan Municipality (Bless, Higson-Smith and Kagee 2006: 43). This study relied primarily on semi-structured interviews to collect data.

1.6.3 Semi-structured interviews

Semi-structured interviews were conducted with relevant respondents (this matter is comprehensively discussed in Chapter 3 of this report). The primary purpose of the interviews was to solicit views from a variety of stakeholders (Bell 2010:162-164).

A research instrument was designed and used as a guide during the semi-structured interviews (refer to Annexure 1, attached in the report).

1.6.4 Literature review

The study accepted both primary and secondary data sources to address the research questions.

1.6.5 Document analysis

The researcher undertook an in-depth analysis of official documents to supplement or corroborate information solicited from respondents. The document analysed included annual reports, local economic development (LED) guidelines and policies.

1.7 Research ethics

The study conformed to the fundamental principles that should be included in the ethics statement as advocated by the Economic and Social Research Council (2006; 2010). These principles strive to ensure the quality and credibility of the study. Secondly, the researcher sought informed consent from participants. Thirdly, the researcher respected the confidentiality and anonymity of the respondents of the study and ensured that participation in the study was voluntary.

The researcher developed the Information Sheet and Consent Form to comply with the aforementioned research ethics. These were designed in line with the prescripts of the Social Care Institute of Excellence (2010)[8].

1.8 The Structure of the research report

The research report has been classified into six chapters, as described below:

Chapter 1 constitutes the introduction and orientation to the study. It comprises of the problem statement, objectives of the study, and research questions. This chapter also presents the delimitation of the study, a brief exposition of the research design and methodology that was employed to execute the study, and ethical considerations.

Chapter 2 constitutes the literature review section of the study. The chapter commences with an explanation of the strategic objectives of local economic development (LED). This is immediately followed by a presentation of the conceptual framework for the study. Furthermore, the most recent LED issues and challenges are discussed. These are shadowed by the support factors that are critical for the success of LED initiatives; as well as the role clarification process; and the roles of different stakeholders in the implementation of LED.

[8] Accessed from: http://www.scie.org.uk/

Chapter 3 provides a description of the research design and methodology employed in the process of collecting data for the study. The discourse in this chapter includes the research design, research methodology, the analysis of the data, the reliability and validity issues as well as ethical considerations.

Chapter 4 serves as a platform to present the findings of the investigation. The findings are presented in light of the research objectives outlined in Chapter 1 of this report, hence the focus is on six main areas, namely: views of the respondents on Local economic development (LED) support and the role of the Gauteng Department of Local Government and Housing, views on the role of the Gauteng Department of Economic Development in LED support, views on the role of agencies of the Gauteng Department of Economic Development in LED support, the role of South African Local Government Association (SALGA) in LED support, institutional arrangements for implementing LED in the City of Tshwane, and views on critical support factors for successful implementation of LED.

In chapter 5, the researcher comprehensively discusses the pertinent findings of the study. The chapter commences with a presentation of the summary of the main findings of the study. This is followed by an engagement with various stakeholders regarding how local Economic Development (LED) is perceived by different institutions, hence their approach to LED support. The chapter also outlines the significance and manifestations of LED support. Furthermore, the researcher undertook an in-depth review of theoretical and practical perspectives of LED institutional arrangements.

The remainder of chapter 5 focuses further discussion of duplications in local Economic Development (LED) support initiatives; coordination of LED support initiatives; clarification of LED support roles; as well as support factors that are critical for the successful implementation of LED initiatives.

Chapter 6 emphasises the conclusions of the study, based on the pertinent findings of the study. Furthermore, the limitations of the study and recommendations are presented in this chapter.

1.9 Conclusion

Chapter 1 served as an introduction to the research study by providing a concise background to the study. In this chapter, the researcher presented the problem statement and the research questions. These were followed by the delimitations of the study as well as a brief discussion of the research design and methodology employed during the investigation. The chapter also outlined ethical issues that were considered during the data collection phase of study. Finally, an outline of the entire research report was presented.

Chapter 2 is dedicated towards presenting the findings of the literature review.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

According to Hart (1998:13), a literature review involves a selection of available published and unpublished documents containing information, ideas, data, and evidence that are relevant to the study. These documents are written from a particular perspective, in order to fulfil certain aims or to express certain views regarding the nature of the topic, and how it is to be investigated. A literature review is therefore an evaluation of these documents in relation to the research being executed.

A literature review could also be regarded as an essential process in an academic discourse because it enables the researcher to discover what is contained in the body of knowledge [in this instance, on local economic development (LED) support]. Furthermore, this process involved the identification of inconsistencies and the gaps in the knowledge of the phenomenon investigated (Badenhorst, 2008)

In an attempt to comprehensively discuss the concepts mentioned above, strategic objectives of local economic development (LED) are presented, together with a presentation of the conceptual framework for the study. Furthermore, most recent LED issues and challenges are discussed. The support factor that is critical for the success of LED initiatives is also discussed, including the role clarification process, as well as the roles of different stakeholders in the implementation of LED.

2.2 Objectives of local economic development

Current and future institutional arrangements for supporting the implementing local economic development (LED) should be guided by strategic objectives underpinning this process. These include, among others, the creation of a favourable climate for private investment, industrial revitalisation and economic growth. LED is also intended to enhance the transfer of expertise

to support improved management and development of the business environment in the municipality. Furthermore, LED initiatives are rolled out in order to improve Small, Medium and Micro Enterprises' (SMMEs) development and to facilitate the expansion of business and trade (European Union, 2011:2).

The focus of local economic development interventions usually involves the provision of business support services, the promotion innovations and new technologies, product development and marketing, as well as personnel development and training in order to stimulate the local economy (European Union, 2011:2). In order to achieve these seemingly noble intents, it is argued that the formation of partnerships and networks between municipal stakeholders, the private and community sectors is vital, and should be encouraged at all times (European, Union 2011:2; Phago, 2004b).

The private sector in this instance refers to individual manufacturing or service sector commercial business, private developers, and chambers of commerce (Swinburn, Goga and Murphy,2003:18; Phago, 2004b:35; Thornhill, 2004:474 in Phago, 2004b). Conversely, the community sector includes ordinary members of the community, faith-based organisations, community-based organisations; and non-governmental organisations (Swinburn, Goga and Murphy, 2003:18; Phago, 2004b:35; Thornhill, 2004:474). In the context of this study, partnerships should be formed between local economic development officials and politicians in the municipality, providers of business support services (such as the Gauteng Enterprise Propeller, the Gauteng Employment Growth and Development Agency, and chambers of commerce) and entrepreneurs. The primary purpose of these partnerships is to establish and develop public-private local economic development initiatives (European Union, 2011:2).

2.3 Conceptual framework

The term conceptual framework is challenging to define. This predicament could be attributed to the fact that the definition of this concept should be tied

to the purpose of the research. A conceptual framework could therefore refer to the paradigm of research, a theory about (or related to) the phenomenon under investigation, the definition of important concepts, a methodology (in instances where the intent of a study is to test a methodology), or an analytical structure (Badenhorst, 2008: 109).

In the case of this study, the definition of important concepts is the preferred method to construct a conceptual framework. The rationale behind this selection is due to the ability of the conceptual framework to serve as a "network of interlinked concepts that together provide a comprehensive understanding of a phenomenon" being studied. The identified pertinent concepts are intended to guide and support the research. Essentially, a conceptual framework is a narrative that defines the main concepts, and the presumed relationships between them (Jabareen, 2009: 51; Miles and Huberman, 1994; Robson, 2002).

The following main concepts comprise the conceptual framework for the study: local economic development (LED), LED support, institutional arrangements, role clarification, and project champion.

2.3.1 Local economic development

Defining local economic development (LED) is not an easy undertaking because it means different things to different people, and is dependent on which institution is attempting to define the concept. The latter statement is informed by the fact that there has been "a battle of ideas" over the depth and meaning of LED in South Africa over the years. The *status quo* has resulted in a lack consensus on what LED really means, hence the existence of the numerous definitions of the concept (Meyer-Stamer, 2002; Heese and Allan 2009; Rhodes University et al., 2006; Lambshead, 2009; Patel, 2009 cited in Rogerson, 2009: 51).

Some authors are of the view that local economic development (LED) is not SMME development, although the latter may be a component of the LED strategy. Other authors disregard the notion that LED is about community

development (which is primarily about solidarity and self-help projects, a view previously held by the Department of Provincial and Local Government (DPLG)9). There is also a school of thought that maintains that LED should solely focus on competitiveness. This implies that LED initiatives should promote the ability of enterprises to thrive in competitive markets, and enhance the ability of localities to thrive in the competitive, globalised world. This is the view held by the Department of Trade and Industry (Meyer-Stamer, 2002; Rogerson, 2009). The brief discussion presented above emphasises the disjuncture that exists among different role players on what LED means. It is also apparent that this incoherence exists even among strategic national departments responsible for supporting provinces and municipalities to implement LED successfully.

Some commentators have argued that local economic development (LED) is about the creation of enabling environment by municipalities and the development of infrastructure. This process should nonetheless unfold in collaboration with the relevant provincial sector departments (that is, the Department of Local Government and Housing and the Department of Economic Development in the context of this study) in order to enhance the ability of enterprises to strive and contribute to strategic objectives of the Gauteng Provincial Government. These objectives are (among others) to promote economic development, to create jobs and to alleviate poverty (Meyer-Stamer, 2002; Rogerson, 2009). This approach is based on the assumption that provincial sector departments do co-operate with each other to provide LED support in the local government space. Furthermore, this approach assumes that plans and programmes of provincial sector departments are coordinated and aligned with municipal IDP, particularly with regard to the implementation of municipal LED strategies.

Local economic development (LED) is also viewed as a multi-stakeholder initiative, hence effective public, private and community partnerships are of critical importance if LED initiatives are to yield positive and sustainable results (Zaaijer and Sara, 1993: 129; Meyer-Stamer 2002; United Nations

[9] The DPLG is currently referred to as Department of Co-operative Governance (DCoG).

Human Settlement Programme, 2005: 2; International Labour Organisation cited in Nel and Lynell, 2006). LED stakeholders tended to include relevant units in municipalities, specific national and provincial government sector departments, relevant national and provincial agencies, the business sector, as well as community organisations.

There is also a school of thought that regards local economic development (LED) as being about local initiatives aimed at making markets work better, and not about disrupting or substituting the markets. According to these commentators, LED should be aimed at remedying market failures such as barriers limiting the entrance of new enterprises into markets, lack of information and high costs of doing business. Finally, LED is viewed as means of utilising resources available in localities in an effective manner (Meyer-Stamer 2002; ILO cited in Nel and Lynell 2006: 209; Rogerson 2009).

Alternatively, the World Bank (2008) views local economic development (LED) as a multi-disciplinary process (incorporating other functions of municipalities such as spatial planning and infrastructure development, as well as functions of the private sector such as Economics, Marketing, Finance, Business Development, and Property Development) aimed at ensuring collaboration between municipalities, the private and non-profit sectors, as well as local communities to improve a local economy. The focus of LED initiatives, the World Bank argues, should therefore be to improve competitiveness, enhance sustainable growth and promote inclusive growth.

Despite the differences in the definition of local economic development (LED) outlined above, the focus of LED in the context of Gauteng Province should be on the creation of LED partnerships or collaboration in the City of Tshwane. The municipality should also receive LED support from relevant sector departments (for instance, the Gauteng Department of Economic Development and the Department of Local Government and Housing in the context of the study), community organisations and the private sector. The purpose of these partnerships should be to identify and utilise local resources, create conditions conducive to sustainable and inclusive economic growth, and create job opportunities. The ultimate objective of LED

should therefore be to stimulate the local economy and to improve the quality of life of all residents.

2.3.2 Local economic development support

The Concise Oxford Dictionary (Allen, 1990) defined support as a provision of assistance or necessities, and also explained this concept as a way of keeping something from failing; to ensure sustainability; to encourage or to strengthen. Based on this definition, local economic development (LED) support could therefore refer to measures put in place by the Department of Economic Development and the Department of Local Government and Housing in Gauteng Province, as well as other government agencies to enable the City of Tshwane to implement LED in a successful and sustainable manner. This support could further be categorised into technical and financial support.

Technical assistance could include data collection and analysis to prepare for developing or reviewing the local economic development (LED) strategy; provision of assistance during the process of developing and/or reviewing the LED strategy; as well as improving stakeholder relations (including stakeholder identification, analysis and enhancing sustainable participation) to ensure effective implementation.

The nature of local economic development (LED) support provided to the LED Division of the City of Tshwane by the departments of Economic Development as well as Local Government and Housing should be guided by economic development programmes embraced in the LED strategy (Bartik 10).

Examples of economic development programmes include inner city or industrial area regeneration aimed at attracting additional business investments. These programmes also include marketing the metropolitan area and helping existing businesses to comply with regulations that might

[10] *Economic Development Strategies*, Accessed from http://www.upjohninst.org/publications/wp/95-33.pdf. On 10 April 2013.

impact negatively on their ability to expand their operations. Furthermore, provision of government loans or grants to businesses to encourage them to start-up or expand and include the roll-out of specific staff development and training programmes that are also essential. Finally, industrial extension services are required to provide businesses with better information (Bartik 11).

The various forms of assistance are critical for the success of local economic development (LED) initiatives because it has been acknowledged that the roll-out of economic development programmes pose difficulty for local government leaders. The difficulty posed is in terms of emphasis as well as an apparent lack of clarity regarding the concept of LED. For example, these leaders are at times unsure about whether to put relative emphasis on job creation or to enlarge the tax base (Bartik[12]; Trah, 2007).

As indicated, officials also struggle with local economic development (LED) as a concept; hence there is no consensus about the nature of LED. LED is often used as a synonym for concepts such as community development, poverty reduction, Small and Medium Enterprises promotion, regional planning or local development in general (which includes social development, health and education) (Trah, 2007).

Although there is no general agreement on what the word 'institution' means, North (1990: 3) defined institutions as "…the rules of the game in a society or humanly devised constraints that shape human interaction". Elaborating further on the concept, North (1990) classified institutions into formal rules, informal constraints, and their enforcement characteristics.

Formal rules refer to the official regulations developed for operating the politico-economic system. These are political rules meant to specify the hierarchy and structure of polity and economic rules. Informal constraints, in turn, are a component of the social framework underlying a society, and

[11] ibid
[12] ibid

include self-enforcing social conventions, self-imposed codes of conduct (such as ideology), and social norms of behaviour (North, 1990).

Institutional arrangements are essential in the implementation of local economic development (LED) because they are expected to play a vital functional role to reduce uncertainty. Therefore, these structures should provide the basis for perception, expectation and decision making, and hence a degree of stability and predictability in the implementation of LED (North, 1990).

In the context of the study, institutional arrangements refer to the establishment of a range of organisations, structures and networks. These would form mechanisms through which the local economic development (LED) strategy could be coordinated, managed, implemented and monitored (Mogale City Local Municipality13). These institutional arrangements are a prerequisite through which successful resource management (including human capital, funding and information) is governed in order to achieve the envisaged objectives of LED. Institutional arrangements also provide a platform for various LED stakeholders to articulate their interests, share information, bargain, and take collective decisions (Ostrom, 1990 cited in Blomquist, Dinar and Kemper, 2005).

In order to be effective, institutional arrangements should not be designed as stand-alone structures, but should rather be conceptualised within a broader socio-economic framework (or even socio-political framework) within which they unfold (Eaton, Meijerink and Bijman, 2008; DPLG, 2000). This implies that institutional arrangements should take into cognisance various legislative and policy imperatives in order to remain relevant and legitimate. In addition, these institutions should possess the required authority or legitimacy to execute their roles. The most common examples of local economic development (LED) institutional arrangements are LED units and LED forums (DPLG, 2000).

[13] *Local Economic Development Strategy*. Accessed from http://www.mogalecity.gov.za/content/pdfs/rural_dev/local_deve_institutional_fr wrk.pdf on 12 April 2013

Generally, the Local Economic Development (LED) Unit or Division reports to the city manager, while in some instances the Unit is accountable to the strategic executive manager (SEM) responsible for the Economic Development Portfolio, who in turn reports to the city manager, as is the case in the City of Tshwane. The LED Division is expected to execute its mandate in close collaboration with a wide range of LED stakeholders. These include local stakeholder groups as well as strategic partnerships with public, private and the NGO sectors (DPLG, 2000). The LED Division consists of a small team supported by technical experts. The Division makes use of strategic partnerships to mobilise external resources to give effect to the LED strategy (DPLG, 2006: 33). The Division's main role is to co-ordinate the implementation of LED in the municipality in partnership with the Gauteng Department of Economic Development and its agencies, and the Department of Local Government and Housing. There is nonetheless no clarity on what these roles are, or what their relationship with other LED support agencies should be.

In turn, local economic development (LED) forums are intended to bring together different actors, either at a provincial level or within the municipality around economic development promotion. It is a broad inter-governmental partnership intended to combine government resources and those from other LED stakeholders. LED forum's primary purpose is to ensure innovation and excellence in the implementation of local economic development. The forum should strive for a number of objectives (DPLG, 2000; DPLG, 2006).

The local economic development (LED) forum should work towards improving integrated economic planning and to co-ordinate access to funding for LED initiatives. It should also strive to improve the performance of the municipality in relation to all aspects of local economic development. Additionally, the LED forum should support the municipality to identify and take advantage of its local competitive advantage in order to enhance economic and social development within its jurisdiction. Furthermore, this LED structure should ensure the participation of the previously

disadvantaged communities and individuals in the realisation of the opportunities offered by local economic development (DPLG, 2006).

Based on the discussion above, the local economic development (LED) forum could play an important role in eliminating or limiting hostilities between groups that have previously been in conflict, thus building consensus around economic vision. There are nonetheless risks attached to this structure. These risks include that it might become a platform for political and ideological contestation, as well as conflict over control of resources. As a result, it might not generally be well-suited for operational aspects of LED. Owing to its importance, the LED forum could be transformed into an advisory body to service a more operational structure such as the LED Division (Hindson Consulting, 2005).

2.3.3 Role clarification

It was noted earlier that local economic development (LED) is a multi-agency undertaking. It therefore becomes imperative for the different LED support institutions to be clear about their respective roles.

Role clarification could be defined as a preventative, proactive, and skill-based process. There are two fundamental preconditions that underpin a process of clarifying roles, namely the commitment to honest as well as caring collaboration. Clarification of roles among local economic development (LED) stakeholders is essential for the successful implementation of LED initiatives because it promotes “smoother” working relationships among the LED stakeholders (Christian Peacemaker Teams14).

The purpose of a role clarification process in the implementation of local economic development (LED) is therefore three-fold. Firstly, it enables LED stakeholders to understand their respective mandates. Secondly, this process enhances working relationships between LED stakeholders. Finally,

[14] *Role Clarification Process*: Accessed from http://www.cpt.org/files/TB%20%20Role%20Clarification%20Process.pdf. on 08 August 2012.

the process has the potential to increase cooperation and effectiveness among the stakeholders (Christian Peacemaker Teams15). This makes role clarification (in terms of LED support) a critical factor for successful LED implementation.

Alternatively, Murray and Associates (2006) argued that role clarification is a process that incorporates seven steps. These are origination, role requests, communication, request for feedback, validation, negotiation and documentation.

2.3.3.1 Origination and role request

Origination is the initial stage of the role clarification process. Different local economic development (LED) stakeholders should convene in order to provide a description of their perceived roles (and functions) in the implementation of LED (Murray and Associates, 2006).

2.3.3.2 Communication

The next step entails communicating the findings of the role description process by different local economic development stakeholders. During this phase, points of clarity are sought and responded to (Murray and Associates, 2006).

2.3.3.3 Request for feedback

Each of the local economic development (LED) stakeholders provided feedback to others regarding their roles, as well as what the role of the other stakeholders should be in the implementation of LED (Murray and Associates, 2006).

2.3.3.4 Validation

Validation confirms the accuracy of the roles as described by the different local economic development stakeholders. This process paves the way for

[15]ibid

the negotiation phase of the role clarification process (Murray and Associates, 2006).

2.3.3.5 Negotiation

Misconceptions and disagreements regarding the roles of each stakeholder are negotiated during this stage. Possible impasses are addressed through a dynamic process to enable stakeholders to reach an amicable solution in terms of what the respective roles should be in the implementation of local economic development (Murray and Associates, 2006).

2.3.3.6 Documentation (Review)

The discussion above emphasises the fact that role clarification does not occur automatically, and should as such not be taken for granted in when seeking to ensure successful implementation of local economic development (LED). It is therefore essential to constantly record the proceedings of the role clarification processes. There should be space made to evaluate the respective roles of the LED stakeholders during the review period (Murray and Associates, 2006).

2.3.4 Project champion

Roure (1999: 4) defined a project champion as:

> "Any individual who made a decisive contribution to the innovation by actively and enthusiastically promoting its progress through critical stages in order to obtain resources and/or active support from top management".

A project champion should therefore be in possession of attributes that would enable them to achieve their objectives. Vital among these attributes are initiative, enthusiasm, competency, accountability and authority (Roure, 1999).

Conversely, Beath (1991) argued that project champions operate by means of three types of critical resources. The first resource is in the form of

information to evaluate, choose and sell an innovation. The second resource has to do with material resources in order to obtain the necessary information and make preparation for the transition. The third resource is political buy-in to guarantee sustainable availability of the material resources.

Esteves and Pastor (2002) demonstrated that the appointment of a project champion has positive derivatives for successful project implementation. These include the ability of the project champion to command political buy-in, as well as the ability to leverage material and financial resources to ensure programme success.

In the context of this study, a provincial project champion for local economic development (LED) refers (preferably) to a senior politician who is a member of the Executive Council in the Gauteng Provincial Government. The project champion should be duly mandated and empowered to champion the implementation of LED in the province. Ideally, he/she should possess the necessary political authority, financial and human resources, and information at their disposal to ensure the LED programme's success.

2.4 The role of different stakeholders in implementation of local economic development

The successful implementation of local economic development (LED) calls for multi-disciplinary as well as multi-stakeholder approaches (Swinburn, Goga and Murphy, 2003; Zaaijer and Sara, 1993: 129; Meyer-Stamer, 2002; UNHSP, 2005; ILO cited in Nel and Lynell, 2006). This implies that all spheres of government should play a pivotal role in the creation of an environment that is conducive to LED. It is therefore imperative to ensure the participation of each sphere of government to implement the LED strategic planning processes (Swinburn, Goga and Murphy, 2003).

According to the Swinburn, Goga and Murphy (2003) local economic development (LED) stakeholders refers to "individuals, businesses, organizations or groups in the public, private and not for-profit sectors (NGOs) that have an interest in strategizing and implementing LED programs

and projects". The rationale behind involvement of multiple stakeholders in LED processes by municipalities (from strategy formulation to programme and project implementation) is primarily to increase the credibility, equity, transparency, and finally buy-in from stakeholders. Secondly, an inclusive approach to LED implementation is more likely to improve effective implementation because of increased understanding of the socio-economic needs of the beneficiaries. Thirdly, efficiency in the implementation of LED could be enhanced due the ability of stakeholders to mobilise their own resources to support and promote the process.

It should nonetheless be acknowledged that the involvement of various local economic development (LED) stakeholders in the decision-making process of municipalities is not an easy task (Swinburn, Goga and Murphy, 2003*)*. It is therefore imperative that this could be a possible area of LED support on the part of the relevant provincial sector departments. The fundamental question is: *who* should be responsible for *what?*

2.5 Recent local economic development issues and challenges

South African Local Government Association (SALGA) (2010) has identified crucial challenges that hamper the successful implementation of local economic development (LED) that include:

- Lack of common understanding of the role of LED and what the LED process is supposed to entail.
- The inability of some municipalities to clearly define LED strategies within the broader IDP process.
- Ineffective working relationships between relevant provincial departments and municipalities.
- Lack of effective LED "networks".

Rogerson (2009), instead, identified many "key strategic challenges" facing local economic development (LED) in South Africa. He argued that these

challenges should be viewed as “interlinked” and “co-dependent”. Among these challenges are the inability of national government to provide greater clarity regarding the meaning of LED, lack of integration and co-operation between LED stakeholders and sector departments in order to maximise impacts, thereby bolstering the role of the provinces (to support municipalities in the implementation of LED strategies), the challenge of maximising potential for partnerships in LED, and building LED networks to promote sustainable knowledge platforms are relevant to the discourse pursed through this study.

2.5.1 Inability of national government to provide clarity on the meaning of local economic Development

The battle of ideas about what is referred to as “the soul and meaning of local economic development (LED) in South Africa” has been taking place since the inception of the LED policy (Rhodes University et al. 2006; Lambshead, 2009; Patel, 2009 cited in Rogerson, 2009). The main contestation has been about whether LED initiatives should have “a competitive or a welfare focus”. It is evident that currently, both approaches in their different variations, namely: “pro-growth” as opposed to “pro-poor”; or “market-oriented” versus “market critical” are relevant in South African given the current rates of poverty, unemployment and inequality. The challenge is, however, lack of sufficient clarity or leadership by national government to provinces and municipalities to enable the latter to make informed choices on the approach or a combination of the most viable approaches based on contextual differences in localities (Nel and Rogerson, 2005; Nel and Goldman, 2006; Trah and Wegmann, 2009 cited in Rogerson, 2009).

Nonetheless, the local economic development (LED) policy framework (DPLG, 2006) and the LED Policy Guidelines (DPLG, 2005) advocate for change in terms of the approach adopted by municipalities in order to achieve economic growth and alleviate poverty. Van der Heijden (2008:8), as cited in Rogerson (2009), argued that “there is an implied rejection of the approach of community economic development linked to ad hoc projects and instead an emphasis on enterprise development and broad-based Black

Economic Empowerment as central goals for LED". Despite the change in the approach towards LED mentioned earlier, national government through the Department of Co-operative Governance has currently failed to manage the provision of effective leadership to municipalities (Cohen, 2009 cited in Rogerson, 2009).

Furthermore, although the Department of Cooperative Governance clarified to municipalities that local economic development (LED) is not necessarily about *ad hoc* community projects, Van der Heijden (2008:2) cited in Rogerson (2009) argued that "the majority of the LED strategies contained in the 2008 Integrated Development Plans (IDPs) from smaller local authorities are almost entirely project focussed". These conflicting signals and lack of clarity of direction from national government, and probably provincial government might make it difficult for municipalities to achieve economic development if this is not attended to as a matter of extreme urgency.

Lack of integration and cooperation between local economic development stakeholders is discussed below.

2.5.2 Lack of integration and co-operation between local economic development stakeholders

Rogerson (2009) argued that there is an overlapping of roles and responsibilities amongst strategic local economic development (LED) stakeholders in South Africa. There is a need for improving cooperation between all LED stakeholders. The rationale for embarking on improved cooperation is to eliminate duplication of tasks, and to define complementary roles for different sector departments and other stakeholders involved in LED implementation.

In addition to a detailed and a more distinct definition of roles and responsibilities, there is also a dire need for "strategic and sectoral integration" in the delivery of local economic development (LED) (DBSA, 2008; Lambshead (2009) cited in Rogerson (2009). In fact, Lambshead (2009) cited in Rogerson further argued that "the lack of an integrated

approach to the delivery of LED remains a systematic weakness". Improvements in intergovernmental relations across all the spheres of government as well as enhanced inter-departmental collaboration (particularly between the Gauteng departments of Local Government and Housing as well as the Economic Development) in the delivery of LED is of paramount importance for addressing the challenge of lack of integrated planning and cooperation.

2.5.3 Bolstering the role of the provinces

The Gauteng Provincial Government has an excellent opportunity to improve the delivery of local economic development through effective alignment and integration of economic development policies. The provincial government is "… expected to play a leading role in ensuring that economic planning, infrastructure investment and development spending takes place in accordance with the principles set out in the National Spatial Development Perspective" (Presidency and DPLG, 2005:1 cited in Rogerson, 2009).

In the context of Gauteng, the Gauteng Employment Growth and Development Strategy (GEGDS) provides an essential tool for policy guidance, coordination and alignment. As a strategic document, GEGDS could play a vital role in ensuring that there is coordination and alignment in the delivery of local economic development (LED) across the relevant role players (Presidency and DPLG, 2005 cited in Rogerson, 2009; DED, 2009). Gauteng Provincial Government, primarily through the departments of Economic Development as well as Local Government and Housing, has an essential role to play in guiding municipalities in the delivery of LED programmes within the framework of IDP the processes (Rogerson, 2009).

In summary, the literature suggests that conditions in municipalities are not ideal for the successful implementation of local economic development (LED). Huge gaps exist in terms of LED planning, project management, governance (including clarification of roles), funding, and LED monitoring and evaluation, or even LED support in general. In terms of institutional

arrangements for LED, the pertinent questions that need to be addressed should be:

- Whether there is a need for the creation of a dedicated agency to drive LED in Gauteng Province?
- What should the respective roles of the public, private and the civil society sectors be in the roll-out of LED initiatives?
- How should the efforts of these sectors be coordinated?

This study investigated these questions and proposes how these challenges could be resolved.

Local economic development (LED) support institutions should take the above-mentioned challenges into account when crafting and implementing initiatives intended to enhance the implementation of LED in the City of Tshwane.

2.6 Support factors critical for the success of local economic development

There is a wide and general consensus regarding what does not work well in local economic development (LED) and yet there is no general agreement among stakeholders on what works (Hindson and Vincente, 2005). Different authors vary in terms of what factors are critical for the successful implementation of LED. For instance, the LED Framework of the Gauteng DED (2008) proposes what is referred as “a more pragmatic, bottom-up approach” to LED that is more responsive to opportunities and provides a platform for scaling up. The LED Framework further proposes six provincial LED programmes, namely, the promotion of sound LED strategies and initiatives; the strengthening of information supply in support of sound LED; strengthening the capacity of key LED stakeholders; the strengthening the multi-stakeholder LED system; monitoring and evaluation of LED performance to inform learning processes; and the implementation of change management support to municipalities to achieve LED effectiveness. This

document is nonetheless silent on a number of issues, namely: who the LED stakeholders are and what their respective roles are supposed to be. Furthermore, the nature of LED support to be provided to municipalities is also not clearly emphasised in this document.

In contrast, Petterson (2008) argued that for local economic development (LED) to succeed, it should first and foremost be viewed as an ongoing process rather than a 'quick fix'; quality participation and ownership in LED processes by stakeholders should be ensured; good governance and political commitment should be promoted; empowerment of stakeholders through ongoing learning and networking should be supported, especially for LED practitioners; and the roles played by institutions such as the LED Knowledge and Information Centre of (of the Department of Cooperative Governance), the Local Government Sector Education and Training Authority (LGSETA), South African LED Network should be intensified; and the LED programmes should receive adequate funding.

Meyer-Stamer (2003) has a different perspective regarding what works in local economic development (LED). He argued "bottom-up, action driven participatory approaches are more promising" as opposed to approaches that require "lots of institution and capacity building before anything practical happens". For him, LED will succeed, provided that there is a differentiation between community development and community involvement (which is both desirable and a necessary condition for LED); locating LED (which is about business and competitiveness) within community development (which focuses on supporting and empowering the weak and the disempowered members of the community); and addressing market failure.

Furthermore, implementation of small and practical projects that would improve the business environment and business opportunities immediately especially during the early stages of local economic development (LED) implementation should be pursued. The focus should be on opportunity-driven LED initiatives which seek to address macro- and meta-level matters (that is, removal of unnecessary regulatory barriers, streamlining of licensing procedures, creating of environments that motivate entrepreneurs; and

seeking consensus among local stakeholders about the importance of embarking upon LED initiatives instead of strategy- and planning-driven LED which focuses on the micro- and meso-level (i.e. selecting the preferred sectors to be promoted and the creating of dedicated meso-institutions).

As for Allan and Heese (2009), the following are the prerequisites for successful local economic development (LED) programmes, namely: ensuring co-operation with stakeholders such as investors, SMMEs and regional development agencies; creation of environments that support economic activity; improving the delivery of core municipal service delivery (such as accurate billing, passing of plans within reasonable periods and enhancing public safety); implementing facilitation measures (e.g. building taxi ranks with trading areas; recognising that numerous past LED projects have failed; assessing the definition of LED and the acceptance by all stakeholders (promotion of partnerships); ongoing communication with stakeholders, adoption and implementation of strategies to avoid duplication of LED support efforts and unnecessary expenditure; appointment of competent and skilled LED practitioners to achieve the “complex series of alignment”; monitoring and evaluation of LED initiatives based on “measurable and comparable targets”; and the appointment of the LED champion(s).

Another school of thought regarding the factors critical for the success of local economic development (LED) is held by Thomas (2007). He explained six factors that are regarded as critical for the success of LED, namely, inclusive and effective Public-Private Partnerships; capacity, commitment and empowerment of local actors (participants); insulation of project implementation; (improved) funding; performance based initiatives; and the co-ordination of actors (LED stakeholders).

2.7 Conclusion

The literature consulted emphasises many aspects relating to local economic development (LED). The first is the fact that there is no consensus on the

definition of LED. There is nonetheless convergence on the salient features of LED, namely, it is a collaborative effort between municipalities, other public sector entities, the private sectors, the non-governmental organisations (NGOs), and community-based organisations (CBOs); it relies on the utilisation of local resources and local competitive advantage; entails the creating of conditions conducive for robust and inclusive economic growth; the ultimate objective of local economic development is to create job opportunities and to eradicate poverty, through sustainable and inclusive economic growth.

Secondly, there are numerous constraints that result in the limited success and failure of local economic development (LED) initiatives in municipalities across the country. These constraints range from inadequate funding, lack of appropriate skills to drive LED, governance challenges; lack of a common understanding of what LED is about and what it should seek to achieve; problematic institutional arrangements to implement LED; lack of partnership or collaboration among the different LED stakeholders; lack of a monitoring and evaluation of the impact of LED initiatives; as well as poor inter-governmental relations and co-ordination.

Thirdly, there is also no consensus regarding the factors that are critical for the successful implementation of local economic development (LED). Literature cites numerous factors as being essential for the successful implementation of LED. These range from improved funding for LED initiatives, proper planning and strategy development; application of more practical approaches to LED, such promoting partnerships between LED stakeholders; empowering LED practitioners and other stakeholders; improving governance, co-ordination and inter-governmental relations; and clarifying the roles of the various LED stakeholders.

The literature is nonetheless silent on the roles and responsibilities of the sector departments, particularly the two crucial departments, namely the Department of Local Government and Housing as well as the Department of Economic Development. Their roles in supporting municipalities to implementation of local economic development (LED) are supposed to

enhance and promote successful implementation of LED in Gauteng Province.

Chapter 3 focuses on the research design and methodology employed in order to address the research problem and questions.

CHAPTER 3: RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter focuses on the research design and methodology utilised to carry out the study. The discourse herein is on the research design, research methodology, and analysis of the data, as well as the reliability and validity issues and ethical considerations of the study.

3.2 Research design: case study

A research design is a framework that provides a platform to enable the researcher to collect the evidence required to resolve the research questions (Cooper and Schindler, 2001:143; David and Sutton, 2011: 205). This framework also enables the researcher to remain focused on the research objectives. The choice of the research design was informed by the problem statement and research questions. It was therefore a useful plan to guide the collection of the data and its analysis thus enabled the researcher to reach apt conclusions and make worthwhile recommendations.

The researcher utilised the case study method. This method is ideal for studies that require holistic and in-depth investigation of a phenomenon, as was the case with this particular study (Feagin, Orum and Sjoberg 1991). The focus was therefore on the depth of an individual case (that is, institutional arrangements for local economic development (LED) in the City of Tshwane), and not LED institutional arrangements for all municipalities in Gauteng Province (Burns, 2000: 40).

The case study method was ideal for the study because it made selective approach possible. This method enabled the researcher to concentrate on issues that are fundamental towards understanding the institutional

arrangements for supporting the implementation of LED in a metropolitan area, namely, the City of Tshwane (Yin, 1994).

Furthermore, the case study method was designed to reveal details about the subject under investigation from the perspectives of a variety of participants. This method also enabled the researcher to apply the triangulated research strategy. Triangulation refers to the utilisation of multiple sources of data, namely analysis of official local economic development documents from the City of Tshwane and the Department of Cooperative Governance, annual reports, as well as semi-structured interviews held with strategically selected informants. Triangulation was therefore useful in ensuring accuracy, limiting bias and providing alternative explanations to the phenomenon under investigation (Snow and Anderson cited in Feagin, Orum and Sjoberg, 1991; Bailey-Beckett and Turner, 2009).

The next sub-section outlines the research methodology applied during the collection of the data.

3.3 Research methodology

The researcher adopted the qualitative research method to execute the study.

3.3.1 Qualitative research method

The qualitative research approach is characterised by two essential qualities, namely diversity of opinions from different respondents and participation by individuals who are either active stakeholders in the area under investigation, or who are opinion leaders in the matter being studied (Bless, Higson-Smith and Kagee, 2006: 43). This approach was very useful for the study because the researcher was able to solicit views from a variety of local economic development (LED) stakeholders at the different governance levels, including level of the Gauteng Provincial Government, local government represented by the City of Tshwane Metropolitan Municipality (the City of Tshwane), the business sector and practitioners/experts in the LED field.

3.3.2 Data collection

The researcher utilised semi-structured interviews to collect data from respondents. According to Goddard and Melville (2001: 49), an interview is “a one-on-one verbal interaction between a researcher and a respondent”. Semi-structured interviews were preferred because they enabled the researcher to clarify responses and follow-up vital responses, where necessary (Bell, 1999: 138-139; Goddard and Melville, 2001: 49). This approach enabled the researcher to explore and describe institutional arrangements adopted by national departments such as the Departments of Trade and Industry and the Economic Development Department, as well as their agencies (that is the Small Enterprise Development Agency, the Small Enterprise Finance Agency and the Industrial Development Corporation). Interviews were also useful for the researcher to ascertain the roles played by the Gauteng Provincial Government (that is, the departments of Local Government and Housing as well as Economic Development), and provincial entities such as the Gauteng Enterprise Propeller and the Gauteng Growth and Development Agency to support the implementation of local economic development in the City of Tshwane.

Semi-structured interviews were conducted with informants from organisations as listed below:

3.3.2.1 Gauteng Department of Economic Development

The researcher scheduled interviews with two officials responsible for Integrated Economic Development Services at the Gauteng Department of Economic Development (GDED). The unit is responsible for ensuring that the City of Tshwane is supported to implement sound local economic development (LED) practices and systems. The Researcher could only secure one interview. The second interview could not materialise due to the unavailability of the official. Efforts were made to recruit other officials to participate, albeit unsuccessfully. In order to compensate for this limitation, the researcher used official documents in the form of annual reports to collect

data about LED support services provided by the Gauteng DED and its agencies.

3.3.2.2 Agencies of the Gauteng Department Economic Development: The Gauteng Growth and Development Agency and the Gauteng Enterprise Propeller

The researcher also interviewed the Information Offices at the Gauteng Enterprise Propeller (GEP) and the Investment Officer at the Gauteng Growth and Development Agency (GGDA) respectively. The input solicited from the official from the GEP illuminated financial as well non-financial support provided by agency to the Local Economic Development Division of the City of Tshwane, including SMMEs and cooperatives based in the municipality. Furthermore, the official from the GGDA was helpful in the provision of investment facilitation and trade promotion initiatives of this agency in the City of Tshwane.

3.3.2.3 Gauteng Department of Local Government and Housing

Interviews were scheduled with three officials from the DLGH and included officials responsible for Municipal Support, Municipal Integrated Development Planning (MIDP) and Monitoring and Evaluation (M&E).

The Deputy Director responsible for Municipal Support was selected because the programme is responsible for promoting and supporting effective and accountable local government. The aim of the programme is also to ensure that the City of Tshwane has the required institutional and technical capacity to deliver quality services to communities (DLGH16; DLG, 2008)

In turn, the Acting Director for Municipal Integrated Development Planning was interviewed because the position is responsible for ensuring that the municipality has a credible Integrated Development Plans, which is aligned to the local economic development strategy as well as the Growth and Development Plan of the City of Tshwane (DLG, 2008).

[16] Accessed from http://www.dlgh.gpg.gov.za/Documents/Dept_Local%20Gov_Annual%20Report%2008.pdf

Finally, the Assistant Director in the Monitoring & Evaluation Directorate was engaged because the Unit is the custodian of municipal performance across the five performance indicators in the municipality, although the focus is primarily on local economic development (DLG, 2008).

Only two officials from the Gauteng Department of Local Government and Housing participated in the interviews. These were officials from the Municipal Integrated Development Planning (one official) as well the Monitoring & Evaluation directorates (one official).

3.3.2.4 City of Tshwane Metropolitan Municipality

The researcher scheduled interviews with three officials from the City of Tshwane, namely the Executive Director responsible for local economic development (LED), the Executive Director for Business Support Operations (BSO) and the Director for Trade and Investment Attraction. Only the Executive Director responsible for BSO was available for the interview. The researcher augmented the data from the City of Tshwane by interviewing representatives of strategic partners of the LED division (that is, the TIPS, the GGDA, the GEP and the Chamber of Business in the City). The researcher also relied on official documents such as annual reports, oversight reports as well as LED guidelines to collect data about LED implementation in the City of Tshwane.

3.3.2.5 The Department of Cooperative Governance

The researcher interviewed the Director responsible for local economic development (LED) Support at the Department of Cooperative Governance (DCoG). The rationale for including this informant is that the mandate of the department calls for LED policy formulation and LED support to the Gauteng Provincial Government and the City of Tshwane.

3.3.2.6 Experts in the field of local economic development

Semi-structured interviews were also held with the Local Economic Development Advisor based at the Gauteng Provincial Office of the South

African Local Government Association (SALGA). The rationale of this exercise was to solicit inputs from independent[17] and knowledgeable respondents on the issue under investigation in order to address the knowledge gap (Bell 2005:162-164).

3.4 Analysis of data

Qualitative data analysis refers to sorting, classifying and synthesising raw data collected from the semi-structured interviews and text sourced from official documents in order to produce research findings (Ryan 2006). The purpose of this exercise was to threefold. Firstly, qualitative data analysis enabled the researcher to covert raw data into research findings. Secondly, these processes enabled the researcher to package evidence and thus reveal possible answers to the research questions. Lastly, data analysis enabled the researcher to make connections between the data and the researcher question(s) that initially led to this investigation (Ryan 2006).

The researcher utilised the inductive approach and thematic analysis to make sense of the raw data.

3.4.1 The inductive analysis

The deductive approach was preferred because the researcher was able to process the data without a predetermined theory or framework. The actual data was thus used to inform the structure of the analysis. The researcher applied thematic content analysis as an approach to inductive analysis (Burnard, Gill, Steward and Chadwick, 2008).

3.4.2 Thematic analysis

Thematic analysis entailed identification and presentation of data according to themes that emerged from the data collected. The researcher coded the data into four themes, namely: inter-governmental relations and the

[17] Independent in this context refers to an organisation that is neither a national and provincial government department nor agency.

implementation of local economic development (LED); institutional arrangements to support implementation of LED in Gauteng Province; the role of the Gauteng Office of South African Local Government Association in local economic development support; and the institutional arrangements for implementing LED in the City of Tshwane.

After the identification of the themes, the researcher posed questions about the nature of local economic development (LED) support offered by different LED stakeholders in the City of Tshwane as well as the clarification of the roles of these stakeholders (Burnard, Gill, Steward and Chadwick, 2008).

The researcher used divergent views from the respondents as a means of further enriching analytical thinking (Miles and Huberman cited in Bazeley, 2009:11).

3.5 Reliability and validity

According to Selltiz *et. al*. (1976) in Brink (1996:124), reliability refers to the consistency, stability and the ability of the responses to be repeated. In qualitative research, the concern is mainly around the dependability and conformability of the data. Dependability places emphasis on the need to account for the dynamic context within which research occurs, while conformability refers to the degree to which results could be confirmed or corroborated by others.

In order to ensure that the findings of the study are dependable, the peer review strategy was utilised. The strategy involved discussions with colleagues regarding the process of the study, the congruency of the findings with the data, and tentative interpretation (Merriam, 1998).

Furthermore, validity refers to accuracy and the truthfulness of the scientific findings (Le Compte and Goetz 1982 in Brink 1996: 124). Since observations in qualitative research are based on the interpretation and description of a researcher, validity refers to the credibility and transferability of the findings of a study. Member checks were embarked upon in order to ensure the

credibility and the transferability of the findings of the study. Member checks entailed taking data and tentative interpretations back to the respondents to determine if the findings are plausible (Merriam 1998).

3.6 Ethical considerations

The study conformed to the research ethics as advocated by the Economic and Social Research Council (2006; 2010). Ethics are concerned with ensuring quality of the study, seeking informed consent, respecting the confidentiality and anonymity of the respondents, ensuring that participation in the study is voluntary, avoiding any harm that might befall participants, and ensuring the independence and impartiality of the study.

3.7 Conclusion

This section provided details about the research design and methodology adopted by the study. The study espoused the case study method and employed the qualitative research method in an attempt to answer the research questions. Qualitative data was collected by means of semi-structured interviews and reviews of official documents from institutions covered by the study. The data was analysed by means of the inductive approach and thematic data analysis. Measures were also put in place to ensure validity and reliability of the findings. Finally, the study was conducted within the framework of research ethics.

In Chapter 4, the data collected during the study is presented.

CHAPTER 4: PRESENTATION OF DATA

4.1 Introduction

This chapter serves as a platform to present the findings of the investigation. The findings are presented in consideration the research objectives outlined in *Chapter 1* of this report, hence the focus is on six strategic areas, namely: the perspectives of the respondents on local economic development (LED) support and the role of the Gauteng Department of Local Government and Housing, views on the role of the Gauteng Department of Economic Development in LED support, views on the role of agencies of the Gauteng Department of Economic Development in LED support, the role of the South African Local Government Association in LED support, institutional arrangements for implementing LED in the City of Tshwane, and views on critical support factors for successful implementation of LED.

4.2 Views on the role of the Gauteng Department of Local Government and Housing in local economic development support

Interviews conducted by the researcher with officials from the Gauteng Department of Local Government and Housing (DLGH), the Department of Cooperative Governance, the South African Local Government Association and the City of Tshwane revealed the following:

- Local economic development (LED) support is a multi-agency undertaking characterised by lack of coordination of interventions, poor intergovernmental relation and unsound cooperative governance.
- The DLGH does not play any direct role in LED support in the City of Tshwane, hence they are unable to assess LED initiatives in municipalities.

- There is a lack of LED support capacity and unclear LED support roles among sector departments in Gauteng Province. These factors are hindering successful implementation of LED initiatives.
- The Monitoring and Evaluation Directorate of the DLGH is forced to rely on annual reports from municipalities as source of information on LED initiatives.
- Very little is reported by municipalities on LED, hence the Gauteng DLGH is not fully informed about LED projects implemented by various sector departments and other government agencies in municipalities.
- The DLGH should increasingly play an active role in LED support, given its legislative mandate to support and monitor performance of municipalities in Gauteng Province.
- There are plans to transfer the LED support function from the Gauteng Department of Economic Development to the DLGH.
- The Department of Cooperative Governance[18] (DCoG) is nonetheless hopeful that challenges around LED implementation raised in this particular study will be addressed though the review of the National Framework on LED which is currently underway.
- The DCoG is of the opinion that the review of the National LED Framework will enable them to play a more effective role in coordination, harmonisation and alignment of LED support initiatives across the three spheres of government.
- It is also anticipated that the National LED Framework review process will assist to clarify roles of different public sector stakeholders in LED support.

[18] DCoG is responsible for LED policy formulation and support at the level of national government.

4.3 Views on the role of the Gauteng Department of Economic Development in local economic development support

The researcher also conducted interviews with officials from the Gauteng Department of Economic Development (DED), the Gauteng Enterprise Propeller (GEP) and the Gauteng Growth and Development Agency (GDDA) on the role of the DED and its agencies in LED support. These interviews revealed the following:

- The Gauteng DED provides LED support to municipalities through the Integrated Economic Development Services Chief Directorate.
- The DED relies on the *Gauteng Local Economic Development Framework* to guide municipalities to develop effective LED strategies and to enhance stakeholder mobilisation.
- The Gauteng DED has developed the LED toolkit in partnership with the South African Local Government Association on Gauteng Province. It is argued that the primary purpose of the toolkit is to enable municipalities to implement sustainable LED programmes, as opposed to unsustainable LED projects that do not substantially contribute towards stimulating local economies.
- This department is also involved in the facilitation of funding support for projects with a potential of creating jobs. The case in point is the facilitation of the capital injection of just over R8 million for economic development initiatives in the City of Tshwane.
- The Gauteng DED further supports investment facilitation in the automotive industry in the province. For instance, this department has bolstered the successful bid by Nissan SA to manufacture the next generation pick-up truck at the Rosslyn[19] vehicle assembly. This was made possible through a capital injection of R228 million. Without this capital injection, pricing by Nissan SA would have been uncompetitive compared to bidders from other countries. This intervention resulted in

[19] Rosslyn is an automotive hub in the northern part of the City of Tshwane

an investment of R1.5 billion at The Nissan SA plant in Rosslyn, with a further R1.2 billion expected from Tier 1 suppliers of Nissan SA.

- The relationship between the City of Tshwane and the DED is *ad hoc*, based on particular requirements rather than a permanent relationship.
- The Gauteng DED has established a number of institutions to support municipalities to implement LED initiatives. These institutions are the Provincial LED Stakeholder Forum, the Provincial Intergovernmental (IGR) Forum and the Provincial Working Group for Co-operatives. This department has also launched the Gauteng Business Forum. However, the DED mentioned that the LED Forum is dysfunctional hence the department had to rely on the Provincial IGR Forum to pursue consensus among stakeholders regarding LED matters.

4.4 Views on the role of agencies of the Gauteng Department of Economic Development in local economic development support

The researcher further conducted interviews with officials from the Gauteng Enterprise Propeller and the Gauteng Growth and Development to establish their role in local economic development support in the City of Tshwane.

4.4.1 The role the Gauteng Growth and Employment Agency in local economic development support

Interviews with the official from the Gauteng Growth and Development Agency (GGDA) revealed the following:

- The main function of the GGDA is to contribute towards building the economy of the City of Tshwane.
- The agency strives to achieve this by enhancing the economic competitiveness of the Special Economic Zones (SEZs) and assisting to develop the economic sectors with targeted, specialised projects.

- The GGDA is also responsible for creating an enabling environment for economic development and growth, as well as to promote a environmentally sustainable economy.
- Initiatives intended to stimulate the economy of Tshwane have previously been implemented through projects by the Blue IQ. These include the Automotive Industry Development Centre (AIDC) and the Supplier Park Development Company (SPDC). The primary focus of these initiatives is investment facilitation and export promotion.
- In terms of investment facilitation, the GGDA helps enterprises in the City of Tshwane to find appropriate sites and properties for projects. The agency is also able to assist prospective beneficiaries with applications for incentives. In addition, it supports enterprises to execute pilot projects. The agency can also assists in policy advocacy and lobbying by working with both investor and regulatory authorities to remove obstacles to investment.
- In terms of export promotion, the GGDA is able to assist in attaining enterprises that are export-ready by aiding them to supply high quality products that comply with international standards. The agency's offerings include assisting manufacturers and exporters in the City of Tshwane to establish international trade contacts. The agency also conducts international market and industry research. The GGDA also facilitates access to export incentive programmes for exporters in the City of Tshwane.

4.4.2 The role of the Gauteng Enterprise Propeller in local economic development support

During interviews with the official from the Gauteng Enterprise Propeller (GEP), the researcher established the following:

- The key mandate of the GEP is to provide financial and non-financial support to SMMEs and cooperatives in Gauteng Province.
- This entity is also responsible for co-ordinating efforts of other stakeholders for the benefit of SMMEs and Co-operatives.

Based on its initial mandate, it was further established that the GEP strives to achieve three objectives, namely:

- To develop small enterprises in Gauteng Province by designing and implementing support programmes;
- To promote the establishment support network in order to increase the contribution of small enterprises to the provincial economy;
- To promote economic growth, job creation and equity; and
- To enhance the capacity of service providers responsible for assisting small enterprises to compete in domestic and international markets.

It was also found that the Gauteng Enterprise Propeller (GEP) executes its mandate through three strategic business units, that is, Enterprise Support, Investment Management and Regional Services Business Units. The interview with the official from the GEP further revealed that:

- The primary purpose of the Enterprise Support Business Unit is to conduct research and develop suitable products for Small Micro and Medium Enterprises (SMMEs) and co-operatives.
- This unit strives to provide aftercare support solutions to the benefit of SMMEs and co-operatives.
- The support is, however, provided only to SMMEs and co-operatives registered in the data base the agency.
- Only SMMEs and cooperatives registered with the Companies and Intellectual Property Commission and in possession of valid Tax Clearance Certificates from the South African Revenue Service are eligible to be enlisted in the database.
- Non-financial interventions offered by the GEP include planning, marketing, operational and technical. Planning interventions comprise of assisting enterprises to compile business plans, while marketing interventions refer to the production of promotional materials such as business cards, banners and letterheads to intensify marketing efforts. Operational interventions include the assistance to enterprises to comply with regulatory requirements. This in turn enables them to operate within the confines of the law. Technical interventions,

however, are primarily meant for enterprises in the manufacture sector. These interventions include assistance with product testing, product accreditation, compliance with requirements of the South African Bureau of Standards, as well as feasibility studies.

- The GEP is also responsible for appointing service providers in order to implement these interventions. The agency is liable for 80% of the cost, while entrepreneurs pay the remaining 20% as a means of demonstrating commitment to the interventions.

In terms of the role of the Investment Management Unit in local economic development support, the researcher found that the Gauteng Enterprise Propeller provides different types of loan funding Small Medium and Micro Enterprises and co-operatives in the City of Tshwane. These loans are categorised into micro loans, business expansion loans, contract loans, start-up loans as well as franchise financing loans.

It was also found that apart from the role played by national government and the Gauteng Provincial Government sector departments in LED support, the South African Local Government Association (SALGA) also fulfils an important role in this front.

4.5 The role of SALGA in local economic development support

Interactions with an official from the Gauteng Provincial office of the South African Local Government Association (SALGA) revealed the following:

- SALGA provides local economic development (LED) support to the City of Tshwane through the Economic Development and Planning Directorate. This is due to the conviction held by this association that LED could be used as a vehicle to create more employment.
- It was established that initiatives by SALGA to enhance LED capacity include the strategic partnership with the German Technical Corporation and the South African LED Network. This institution also

encourages interventions to support the informal economy and cooperatives. It was further mentioned that SALGA Gauteng developed *Informal Economy Guidelines* in June 2012 with the City of Tshwane cited as one of the beneficiaries of this initiative.

- Despite these efforts, it was found that noble intentions by SALGA to support municipalities to implement LED are exasperated by lack of co-operation on the part of the Gauteng DED. This argument is based on the perception that the Gauteng DED does not collaborate with the association in terms of LED support provided to municipalities in Gauteng.

4.6 Institutional arrangements for implementing local economic development in the City of Tshwane

The researcher conducted an interview with a senior official in the Economic Development Department of the City of Tshwane and a representative of the Capital City Business Chamber to discover more about institutional arrangements for the implementation of local economic development (LED) in the municipality. The interviews revealed the following:

- The Municipality has established the LED Division. The division is charged with the responsibility of facilitating economic growth and development in the City of Tshwane.
- The division is headed by a senior manager at the level of Executive Director. This enables the incumbent to take strategic decisions, which might not be the case in instances where the unit is headed by a junior official with limited decision-making powers.
- The LED Division further divided into three business units, namely: Enterprise Development, Industrial Development and Investment Promotion as well as the Economic Research, Policy and Business Programme Management sub-division. Each of the business units is managed by a senior official at the level of director. These officials report to the Executive Director responsible LED.

- The Enterprise Development of the LED Division is responsible for designing and implementing programmes intended to develop as well as support Small Micro and Medium Enterprises (SMMEs) with the potential of becoming competitive at a national or even global level. This sub-division executes its mandate through three units, namely: SMME Development and Support, Co-operatives Development and Support as well as Trade Development.
- The Economic Research, Policy and Business Programme Management sub-unit is responsible for conducting research such as LED impact studies. The sub-division is also charged with the responsibility of investigating the performance of strategic economic sectors in Tshwane in order to measure economic performance or a lack thereof. This programme is also accountable for the development of the socio-economic profile of Tshwane, the sector or industrial profiles, as well as regional economic profile. Finally, this sub-division is responsible for the development of socio-economic and industrial contacts databases.
- Alternatively, the mandate of the Trade, Industrial Development and Investment Promotion sub-division is to facilitate trade, industrial development and investments in Tshwane. The sub-division executes the mandate through three operational units, namely: Trade Promotion Programme, Industrial Development Programme, and Investment Promotion Programme.
- The LED division of the City of Tshwane is explicit about their relationship with what they refer to as their strategic partners. It was confirmed that the division has partnerships with the Small Enterprise Finance Agency (SEFA) and the Small Business Development Agency (Seda) to further its LED objectives.
- The SEFA is mandated to nurture the establishment, survival and growth of SMMEs. The organisation is also tasked to contribute towards poverty alleviation and job creation.

- It was found that the GEP and Seda operate alongside in the City of Tshwane although no formal agreement between the two institutions was mentioned.
- The City of Tshwane has not established the LED Forum, although the Business Consultative Forum has been established.

4.7 Views on critical support factors for successful implementation of local economic development

The researcher conducted interviews with different officials to establish what they regard as support factors critical for successful implementation of local economic development (LED) initiatives in the City of Tshwane. These are:

- Eliminating duplication of LED support roles through improved coordination of LED support sound Intergovernmental Relations.
- Intensive monitoring and evaluation of LED initiatives by the three spheres of government.
- Clarification of roles by different government agencies providing LED support.
- Ensuring that LED institutions at provincial (Gauteng) and municipal (City of Tshwane) levels function optimally.

4.8 Conclusion

The general impression of respondents about the implementation of local economic development (LED) in Gauteng Province is relatively negative. It was found that the successful implementation of LED is constrained by many factors. The first challenge relates to a multiplicity of stakeholders in the arena of LED support. These stakeholders lack the required institutional arrangements to ensure co-ordination and harmonisation of LED efforts.

It was also found that the Department of Local Government and Housing plays a limited role, if any, in local economic development (LED) support although. However, there are dedicated units in the department for

supporting municipalities to develop credible Integrated Development Plans, for monitoring and evaluating the performance of municipalities, and for rendering municipal institutional support services.

In contrast to the Department Local Government and Housing, it was found that the Gauteng Department of Economic Development (DED) and its agencies play significant roles to stimulate local economies across Gauteng Province. The DED has a unit dedicated to LED support at the level of a Chief Directorate. Alternatively, the Gauteng Enterprise Propeller provides financial and non-financial support to Small Micro and Medium Enterprises and cooperatives in the province. In addition, the Gauteng Growth and Development Agency promotes trade and investment on prioritised projects in order to ensure economic growth and job creation.

It was also found that the Provincial Local Economic Development Forum is not functional, while this forum is yet to be established in the City of Tshwane.

Chapter 5 discusses the findings of the study.

CHAPTER 5: DISCUSSION OF THE FINDINGS

5.1 Introduction

This chapter is intended to comprehensively discuss the findings of the study presented in Chapter 4. The chapter commences with a presentation of the summary of the pertinent findings of the study. This is followed by a discussion of the engagement with various institutional representatives regarding how local economic development (LED) is perceived by different institutions, hence their approach to LED support. Chapter 5 also delineates the significance and manifestations of LED support. The researcher also undertook an in-depth review of the current LED institutional arrangement from a theoretical as well as practical perspective.

The remainder of the chapter further discusses the duplications of local economic development (LED) support initiatives; coordination of LED support initiatives; clarification of LED support roles; as well as support factors that are critical for the successful implementation of LED initiatives.

5.2 Summary of pertinent findings

The following is a summary of the important findings of the study on *Institutional arrangements for implementing local economic development in Gauteng Province, with special reference to the City of Tshwane Metropolitan Municipality*.

5.2.1 Local economic development is a multi-faceted undertaking

It was found that local economic development (LED) is a multi-faceted undertaking; hence there are variations in terms of what LED entails and how municipalities should be supported to implement it.

5.2.2 Local economic development support is a multi-agency undertaking involving different stakeholders

The study established that different institutions and stakeholders are involved in the provision of local economic development support in the City of Tshwane.

5.2.3 The role of the Department of Local Government and Housing in local economic development support

The study found that the Gauteng Department of Local Government and Housing (DLGH) do not currently provide local economic development support to municipalities in the province and in the City of Tshwane in particular. This is not consistent with the legislative mandate of the department.

5.2.4 The role of the Department of Economic Development in local economic development support

This study further established that the Gauteng Department of Economic Development plays a significant role in local economic development (LED) support in the Gauteng Province. In the City of Tshwane, this role is executed through initiatives of its internal LED programme as well as through efforts of entities of the department (that is, the Gauteng Enterprise Propeller and the Gauteng Growth and Development Agency).

5.2.5 The role of national government departments and entities in local economic development support

In addition to local economic development (LED) support provided by the Gauteng Department of Economic Development and its entities, the study also found that some national departments purport to provide LED support. These are the Department of Cooperative Governance and agencies of the Department of Trade and Industry. The study further established that the South African Local Government Association also supports municipalities to implement LED.

5.2.6 The implementation of local economic development in the City of Tshwane

This study also found that the City of Tshwane has established the local economic development (LED) Division to implement its LED strategy as well as other related strategies and policies of the municipality. It was further established that the LED division has established strategic partnerships with some institutions to enhance its ability to implement LED initiatives.

5.2.7 The role of the business sector in local economic development support in the City of Tshwane

It was further found that the business sector in the City of Tshwane is a crucial stakeholder in the implementation of local economic development. Some of the business formations involved in the process includes the Capital City Business Chamber and the National Federation of Chambers of Commerce.

5.2.8 Clarification of local economic development roles

This study found that national government departments are fairly clear about what their local economic development support role should be. The same clarity is not experienced by and in significant provincial departments (that is, the Department of Local Government and Housing and the Department of Economic Development).

5.2.9 Duplication of mandates in local economic development support

The study found that there is an apparent duplication of local economic development support roles between the Small Enterprise Development Agency and the Small Enterprise Finance Agency, as well as the agencies of the Gauteng Department of Economic Development (that is, the Gauteng Enterprise Propeller and the Gauteng Growth and Development Agency). This tendency was particularly glaring in terms of Small Micro and Medium Enterprises support, the promotion of trade and industrialisation, and export promotion.

5.2.10 Lack of co-ordination of local economic development support initiatives

The study moreover found that there is a multiplicity of local economic development (LED) stakeholders, which is not a problem by itself. However, there is an apparent lack of coordination of LED support initiatives especially among the government LED stakeholders.

5.2.11 Absence of functional local economic development forums

The study recognises that while other institutions such the Municipal and Provincial Business Forums, the Intergovernmental Relations Forum and the Provincial Co-operatives Tasks Teams have been established to support the implementation of local economic development (LED), the Provincial and the Municipal LED Forums have not yet been established.

5.2.12 Lack of monitoring and evaluation of local economic development initiatives

The study found that the impact of local economic development (LED) initiatives in the City of Tshwane is not known. This could be attributed to the lack of internal or external agency that is responsible for monitoring and evaluating LED initiatives.

5.3 The significance and manifestations of local economic development support

It was mentioned in Chapter 2 (refer to section 2.3.2) that the term support denotes the provision of assistance or necessities. It was further mentioned that this concept refers to ensuring sustainability; to encourage or even to strengthen (Allen 1990).

Local economic development (LED) support therefore refers to measures put in place by different LED stakeholders and institutions to enable the City of Tshwane Metropolitan Municipality to implement LED initiatives effectively

and in a sustainable manner. This support could be categorised into financial and non-financial support.

It was demonstrated in this study that large businesses; Small, Medium and Micro Enterprises as well as co-operatives received financial support from institutions such as the Gauteng Growth and Development Agency, the Gauteng Enterprise Propeller and the Small Enterprise Finance Agency to enable them to start and/or to expand their business operations (Interviews with DED and GEP Officials; GEP, 2012; GGDA, 2013).

However, non-financial support could further be categorised into technical, operational and management support. Technical support includes the provision of research support to the Local Economic Development (LED) Division of the City of Tshwane. Research support, however, includes data collection and analysis to prepare for developing or reviewing the LED strategy; provision of assistance during the process of developing and/or reviewing the LED strategy; as well as improving stakeholder relations (including stakeholder identification, analysis and enhancing sustainable participation) to ensure effective implementation.

It was also demonstrated that local economic development (LED) support is a multi-agency undertaking. In addition to the role played by the Gauteng DED and its entities, there are at least three national government sector departments and other national entities involved in LED support, as illustrated in the Tables 5.1, 5.2 and 5.3 below.

Table 5.1: The role of local economic development Support Institutions - National Institutions

LED Support Institutions	Roles

Department of Cooperative Governance[20]	Coordination and alignment of LED support through the IDP process. Provision LED support resources. Provision of legislative and regulatory framework for LED. Maintenance of sound inter-governmental relationships. Dissemination of information about LED. Supporting improvements in administrative efficiency. Monitoring and Evaluating of LED initiatives.
The Department of Trade and Industry[21]	Facilitation of transformation of the economy of the City of Tshwane. Promotion of industrial development and investment in the municipality. Promotion of competitiveness and employment creation. Supporting the City of Tshwane to facilitate broad-based economic participation through targeted interventions to achieve inclusive growth. Creation of a fair regulatory environment that is conducive towards investment, trade and enterprise development in the municipality. Initiation and servicing of collaborative arrangements with the Economic Development Department of the City of Tshwane (which incorporates the LED Division).
The Economic Development Department[22]	Promoting economic development through participatory, coherent and coordinated economic policy and planning. LED support through development of sectors, spatial and national economic plans.
SALGA (Gauteng Provincial Office)[23]	Providing LED advice and support by assisting municipalities with policy analysis, research and monitoring, and knowledge exchange.

[20] DCoG,(2009) (LGTAS); DPLG (2003); Cogta website: http://www.cogta.gov.za/led/

[21] The Dti website: http://www.thedti.gov.za/about_dti.jsp; SEDA website: http://www.seda.org.za/Pages/Home.aspx; Interview with CoT LED Official.

[22] EDD website: http://www.economic.gov.za/about-us/vision-and-mission and http://www.economic.gov.za/about-us/programmes/planning-and-coordination;
IDC website: http://www.idc.co.za/about-idc;
SEFA website: http://www.sefa.org.za/

[23] SALGA (2013); Interview with SALGA Official

Industrial	**Development**	**Promotion of economic growth and**
		Enhancing LED capacity through strategic partnership with LED partners such as the GIZ and the SA LED Network. Encouraging interventions to support the informal economy and cooperatives. Developing Informal Economy Guidelines. Commitment to develop an LED assessment tool and to implement it in municipalities

Table 5.2 confirms that there are indeed different institutions providing LED support in the City of Tshwane. The table also confirms the apparent duplication of efforts, especially in the area of SMME support. This also emphasises the apparent lack of coordination and demonstrates a need to clarify respective roles of all the LED support institution.

Corporation	**industrial development.** **Promotion of entrepreneurship by building competitive industries and enterprises.**
Small Enterprise Finance Agency	Nurturing the establishment, survival and growth of SMMEs. Contributing towards poverty alleviation and job creation.
Small Enterprise Development Agency	Acts as the implementation agency of the government's small business strategy. Designing and implementing a standard and common national delivery network for small enterprise development. Integrates small enterprise support agencies funded by government across all spheres of government.
Enterprise Creation for Development	Supports SMMEs to prosper. Undertakes feasibility studies. Assists with the development of business plans. Serves as SMME incubator by supporting businesses for a period of between two to three years.

Table 5.2: LED Support institutions: Gauteng DED and its entities

Gauteng Department of Economic Development[24]	LED support through the development of the LED toolkit. Facilitation of funding support for project with a potential of creating jobs. Established institutions in order to support municipalities to implement LED initiatives (e.g. the Provincial LED Forum, the IGR Forum, the Provincial Working Group for Co-operatives, and the Gauteng Business Forum).
The Gauteng Growth and Development Agency[25]	Building local and regional economies for sustainable livelihoods. Enhancing the economic competitiveness of the Special Economic Zones (SEZs). Accelerating support and development of economic sectors and targeted projects. Creation of an enabling environment for economic development and growth. Promotion of an environmentally sustainable economy. Supports trade and industrial development. Investment promotion.

[24] GDED 2011;
[25] GGDA, (2013); Blue IQ (2012); Interview with GGDA official

The Gauteng Enterprise Propeller[26]	Provides financial and non- financial support to SMMEs. Co-ordinates efforts of stakeholders for the benefit of SMMEs. Establishes and promotes support network in order to increase the contribution of small enterprises to the provincial economy. Promote economic growth, job creation and equity. Enhancing the capacity of service providers to assist small enterprises to compete.
Automotive Industry Development Centre[27]	Collaborating with the Ford Motor Company and Nissan SA to nature SMMEs in the automotive industry in the City of Tshwane. Entered into a three-year strategic partnership agreement with the City of Tshwane to enhance support of the automotive sector.
Supplier Park Development Corporation[28]	Contributes towards improving the global competitiveness automotive sector in Tshwane. Serves as a logistical node providing value proposition to suppliers of the major Original Equipment Manufacturers (OEMs) in the region. Enables clustering of different technologies, services and service providers in close proximity to each other, thus making economies of scale and cost reduction possible. Enables further cost savings through shared infrastructure, services and facilities for the automotive industry suppliers (e.g. ICT, a central logistics warehousing and container terminal).

In conclusion, it could be argued that despite the local economic development (LED) support initiatives cited above, this study found that LED is nonetheless characterised by lack of coordination, poor intergovernmental relations and unsound cooperative governance. Furthermore, crucial LED support institutions such as the Gauteng Department of Local Government and Housing lack capacity to support municipalities to implement LED initiatives successfully. It was also found that there is no clarity on the

[26] Blue IQ (2012)
[27] ibid
[28] ibid

respective roles of different LED support institutions (refer to section 4.2 of this report). These issues should urgently be attended to in order to optimise LED support initiatives across the three spheres of government.

5.4 Institutional arrangements for local economic development

Local economic development (LED) institutional arrangements refer to organisations, structures and networks that are directly or indirectly involved in the implementation of LED. These institutions serve as mechanism, through which the LED strategy is coordinated, managed, implemented, as well as monitored and evaluated (DPLG, 2003).

Local economic development (LED) institutions serve two primary purposes. Firstly, they form a basis through which successful resource management is ensured. Secondly, these institutions provide a platform for various LED stakeholders to articulate their interests, share information, bargain, and take collective decisions. Finally, LED Institutional arrangements are essential due to a functional role they play in reducing uncertainty in the implementation of LED. This is achieved by means of identification of key LED stakeholders and clarifying their respective roles (Ostrom, 1990 in Blomquist, Dinar and Kemper, 2005; North, 1990).

The efficacy of local economic development (LED) institutional arrangements is fundamental towards the successful execution of LED initiatives. In order for the institutional arrangements to be effective, they should not be designed as independent, stand-alone structures. They should rather be conceptualised within broader socio-economic and socio-political frameworks within which they unfold. This implies that LED institutional arrangements should take into cognisance various legislative and policy imperatives for them to remain relevant and legitimate structures (Eaton, Meijerink and Bijman, 2008).

Local economic development (LED) institutions are categorised into programme-level and project-level institutions. Both these LED institutions

are essential because absent or malfunctioning LED institutions, without clearly defined roles and responsibilities have frequently been cited as reasons for the failure of LED implementation (DPLG, 2000; DPLG, 2003).

5.4.1 Programme-level local economic development institutions

Programme-level institutions are broader institutions established to coordinate local economic development (LED) initiatives, to leverage both internal and external resources to implement LED efforts, and to mobilise internal and external stakeholders to ensure successful implementation. There is a need for two kinds of programme levels in LED institutions: The first institution is the LED Unit or Division which is designed to execute the LED programme in the municipality. The second LED programme-level institution is required to coordinate the participation of other LED stakeholders within the municipality. An LED Forum is the structure recommended to perform this role (DPLG, 2003).

5.4.1.1 The 1st Programme-level local economic development institution: The Local Economic Development Division

The Local Economic Development (LED) Division should perform its duties in close collaboration with local stakeholder groups, partnerships and forums to fulfil its mandate (DPLG 2000). Its main roles include to coordinate the implementation LED in the municipality in partnership with different agencies, and to mobilise external resources to give effect to the LED strategy, as well as the objectives of the Growth and Development Strategy. In order to ensure its effectiveness, the LED unit should employ personnel with the required technical expertise as well as have access to other essential resources (DPLG, 2006).

The City of Tshwane has established the Local Economic Development (LED) Division as reported in Chapter 4, section 4.6 of this report. The LED Division is charged with the responsibility of facilitating economic growth and development in the municipality. The vital instruments at its disposal include initiatives aimed at supporting and developing SMMEs and co-operatives

across all the regions of the City; export market development and promotion initiatives; investment attraction, facilitation and business retention; regulation of formal and informal businesses; and sector development and support[29].

The Local Economic Development (LED) Division is headed by a senior manager at the level of Executive Director. This position enables the Head of the Division to make strategic decisions. This might not be the case in instances where the unit is headed by an official with limited decision-making and authority. The division is further divided into three business units, namely: Enterprise Development, Industrial Development and Investment Promotion as well as a sub-unit of Economic Research, Policy and Business Programme Management[30]. Each of the business units is managed by a senior official at the level of director. These officials report to the Executive Director responsible for LED.

5.4.1.2 The 2nd Programme-level local economic development institution: the Local Economic Development Forum

In addition to the Local Economic Development (LED) Division, it is essential for the City of Tshwane have an LED institutional arrangement that enables participation and contribution by civil society organisations. This institutional arrangement could be in the form of formalised partnerships or forums. A formal co-ordinating structure such as the LED Forum could be one of such arrangements (Mpengu, 2010).

The municipal local economic development (LED) forum is an advisory LED institution intended to bring together different LED stakeholders within the municipality to enhance the promotion of economic development. It is a broad LED institution intended to combine government resources (intergovernmental partnership) and those from other LED stakeholders. Its mandate is primarily to ensure innovation and excellence in the implementation LED initiatives (DPLG: 2000; DPLG 2006; Mpengu, 2010).

[29] City of Tshwane Website: http://www.tshwane.gov.za/AboutTshwane/CityManagement/CityDepartments/EconomicDevelopment/Local%20Economic%20Development%20(LED)/Pages/default.aspx

[30] ibid

The paramount objective of the local economic development (LED) forum is to mobilise stakeholders around a common vision to develop and grow the economy of the municipality. This LED institution should also have guiding principles. The forum should first and foremost be inclusive and representative. Secondly, this LED institution should be fully participatory. Thirdly, as an LED advisory body, its role should be clearly defined as a complementary, not competitive body with regard to the LED Division. Finally, this LED institution should receive feedback from project-level committees on a regular basis. While there is no standard blueprint on the configuration of the LED Forum, it is worth mentioning that its efficacy and success depends on the availability of dedicated and credible LED champion(s) in the City of Tshwane (Mpengu, 2010).

The local economic development (LED) forum should strive to attain four fundamental objectives: It should firstly attempt to improve integrated economic planning and coordinate access to funding for LED initiatives. Secondly, this institution should endeavour to improve the performance of the municipality in all aspects of economic development. Thirdly, the LED forum should support the municipality to identify and take advantage of its local competitive advantage to enhance economic and social development within its jurisdiction. Furthermore, it should ensure the participation of the previously disadvantaged communities and individuals in opportunities offered by LED interventions (DPLG, 2006).

Based on the discussion above, the local economic development forum could play an important role in eliminating or limiting hostilities between groups that have previously been in conflict, thus building consensus around a common economic vision.

The legitimacy and credibility of local economic development (LED) institutions in the eyes of all stakeholders in the community is of critical importance if these institutions are to succeed. The City of Tshwane could enhance the credibility of the LED institutions by providing strong leadership, especially at programme-level. The municipality is therefore in a better position to act as the legitimate coordinator of LED programmes. This is

because it is responsible for infrastructure development and land-use planning functions, which could have a major impact on the success of LED initiatives. The municipality should therefore ensure that the requisite institutional capacity to play this role is created and sustained. The Gauteng Department of Local Government and Housing and the Department of Cooperative Governance could greatly promote this role. This study has found that these main LED support institutions play limited roles, if any, in LED support in the City of Tshwane (as discussed in section 4.2).

Despite its positive consequences, there are nonetheless risks attached to the local economic development (LED) forum. The first risk is that this structure might become a platform for political and ideological contestation. It might also be turned into a base for conflict over control of resources. Under these circumstances, it might not generally be well-suited for operational aspects of LED. It could instead be transformed into an advisory body to service a more operational structure such as the LED Unit (Hindson Consulting, 2005).

The City of Tshwane is yet to establish the local economic development (LED) forum. This implies that the municipality is not attaining the benefits of having a functional LED forum with clarified roles and responsibilities. It should nonetheless be mentioned that Tshwane is moving towards the right direction through the recently established Business Forum in the Tshwane Municipality. It is anticipated that the Business Forum will unite the voice of the business sector in the city. The same approach could be used to organise civil society organisations to participate more actively in LED initiatives in the municipality.

5.4.2 Project-level local economic development institutions

Unlike the programme-level local economic development (LED) institutions, project-level LED structures have a defined task, budget and timeframe (DPLG, 2003). These LED institutional arrangements could only be conceptualised after the programme-level LED institutions have been arranged. The main role of these LED institutions is to decide on institutional

arrangement appropriate for the implementation of specific LED projects (Mpengu, 2010).

Mpengu (2010) further argued that institutions established to manage the implementation of local economic development (LED) projects should adhere to six principles. The first principle is that they should match LED objectives to strategies adopted to implement projects. Secondly, the institutional arrangement chosen should be able to produce desired results. Thirdly, they should possess sufficient resources and capacity to execute the projects effectively. Furthermore, they should be in the position to mobilise funding and limit potential liability for the Programme LED institution and the municipality. Finally, the project-level LED institutions should be in the position to monitor the progress of the projects. These principles are fundamental to the success of project-level LED institutional arrangements. This study was not able to ascertain the existence of any project-level LED institutions in the City of Tshwane.

5.5 Duplication of local economic development support roles

Previous local economic development (LED) studies have argued that there is an overlap of roles and responsibilities amongst main LED stakeholders and institutions in South Africa (Rogerson, 2009). Duplication of LED support efforts was also confirmed by this study, particularly in the area of SMME support. The study noted replication of support efforts by the Gauteng Enterprise Propeller (GEP) and the Small Enterprise Finance Agency in relation to the provision of financial interventions for SMMEs and Cooperatives (refer to section 4.6). This investigation also noted a similar trend between the GEP and the Small Enterprise Development Agency in terms of non-financial interventions in the City of Tshwane. This inquiry also confirmed an overlap of roles in supporting industrialisation as well as trade and export promotion initiatives between the internal business units of the Department of Trade and Industry and the Gauteng Growth and Development Agency. The current state of affairs is not desirable because it leads to wasteful utilisation of scarce LED support resources, thus limiting the

impact of the support efforts in the Tshwane Municipality across these institutions.

In order to improve this undesirable state of affairs, there is a need for enhanced cooperation between all local economic development (LED) support stakeholders and institutions. The rationale for embarking upon this exercise is to eliminate duplication of tasks and to define complementary LED support roles among the sector departments as well as other stakeholders involved in LED support in the City of Tshwane.

5.6 Coordination of local economic development support initiatives

The challenge with the coordination of local economic development (LED) support interventions by different institutions in the City of Tshwane could be attributed to poor co-operative governance and ineffective intergovernmental relations. This could also be ascribed to the fact that the DLGH does not fulfil its role of championing the LED support needs of the City of Tshwane with the national government stakeholders due to its non-involvement in the LED implementation process. Lambshead (2009) cited in Rogerson (2009) mentioned the lack of an integrated approach in the delivery of LED support as a systematic weakness in the process. Improvements in intergovernmental relations across all the spheres of government as well as enhanced inter-departmental collaboration (particularly between the Gauteng Departments of Local Government and Housing, as well as Economic Development) in the delivery of LED is of paramount importance if the challenge of lack of integrated planning and cooperation in the implementation of LED initiatives is to be addressed. This confirms that there a dire need for “strategic and sectoral integration” in the delivery of LED in the City of Tshwane (DBSA, 2008; Lambshead, 2009 cited in Rogerson, 2009).

5.7 Clarification of local economic development support roles

The apparent lack clarity of local economic development (LED) support roles of the Gauteng Department of Economic Development and the Department of Local Government and Housing has been emphasised as an impediment towards successful implementation of LED initiatives in the City of Tshwane. This confirms previous findings that advocated for an enhanced, clearer definition of LED support roles and responsibilities (DBSA, 2008; Lambshead, 2009 cited in Rogerson, 2009).

The clarification of roles among local economic development (LED) stakeholders would serve as a preventative, proactive, and skill-based process of ensuring the success of LED initiatives. This process should nonetheless be underpinned by commitment to honest and caring collaboration31.

The purpose of a role clarification process in the implementation of local economic development (LED) is three-fold: Firstly, it enables LED stakeholders to understand their different mandates. Secondly, this practice enhances working relationships between LED stakeholders. Finally, the process has the potential of increasing cooperation and effectiveness among the stakeholders[32].

5.7.1 The role of the Department of Local Government and Housing in local economic development support: The ideal situation

The Strategic Plan of the Gauteng Department of Local Government and Housing for the period 2009 to 2014 (2010) stresses the role of the department to ensure the effective functioning of local government across the province. The purpose of this intervention is to build sustainable communities and facilitate shared and equitable social and economic growth and development. This implies that the DLGH has a duty to support municipalities

[31] Christian Peacemaker Teams website: http://www.cpt.org/files/TB%20-%20Role%20Clarification%20Process.pdf
[32] ibid

in the province to realise economic growth and development. Municipal local economic development (LED) strategies the Growth and Development Plans are central towards creating the sought after economic growth and development in Gauteng Province. These planning tools are also vital towards improving the lives of residents as enablers of economic growth, job creation and reducing poverty reduction (DLGH, 2010; DPLG, 2003; SALGA, 2010).

Furthermore, the Strategic Plan of the Gauteng Department of Local Government and Housing (DLGH) further argued that some of the core functions of the department include the development of specific local government support policies that will strengthen local government service delivery and build sustainable communities. The department also committed to supporting local government through the development of policies that are integrated into the plans of the province as developed by the Gauteng Planning Commission. The DLGH further committed to provide support services to local government in respect of local economic development (LED) and to advise on and approve Integrated Development Plans (IDPs). The fact that the department currently fails to fulfil any LED support role is inconsistent with what they committed to achieve, both in the Strategic Plan and in line with their legislative mandate.

Noting that there is very little reporting on local economic development (LED) initiatives to the Monitoring and Evaluation Unit of the Gauteng Department of Local Government and Housing (DLGH), there is therefore a need for internal programmes of the DLGH (especially Municipal Integrated Development Planning, Monitoring and Evaluation, and the Institutional Support) to actively support municipalities to implement LED initiatives successfully. The development of LED support capacity and a strategic partnership with the Gauteng Department of Economic Development might place the DLGH in a better position to fulfil its legislative mandate of supporting municipalities to execute LED initiatives effectively.

5.8 Support factors critical for successful implementation of local economic development initiatives

There is a general consensus regarding what does not work well in the implementation of local economic development (LED) efforts. Conversely, there is no general agreement among LED stakeholders and commentators on what works to ensure effective implementation of LED initiatives (Hindson and Vincente, 2005). For instance, this study identified four support factors regarded as critical towards the successful implementation of LED in section 4.7 of this report. These are eliminating duplication of LED support roles, improving monitoring and evaluation of LED initiatives by the three spheres of government, clarification of the respective roles of LED support institutions, and ensuring that LED institutions at provincial (Gauteng) and municipal (City of Tshwane) are functioning optimally. Table 5.3 also illustrates variations in terms of support factors regarded by other commentators as critical for the successful implementation of LED.

Table 5.3: Support factors critical towards the success of LED

Gauteng LED Framework (GDED, 2008)	Petterson (2008)	Meyer-Stamer (2003)	Allan and Heese (2009)	Thomas (2007)
Promotion of sound LED strategies and initiatives. **Strengthening of information supply.** **Strengthening the capacity of key LED stakeholders.** **Strengthening the multi-stakeholder LED system.** **LED monitoring and evaluation.**	Quality participation and ownership of the processes by all LED stakeholders. Good governance and political commitment. Empowering LED stakeholders through ongoing learning and networking. Adequate funding for LED.	Improving the business environment and business opportunities. Removal of unnecessary regulatory barriers. Motivating entrepreneurs. Seeking consensus among local LED stakeholders.	Ensuring co-operation among LED stakeholders. Creation of environment that supports economic activity. Implementing LED facilitation measures. Ongoing communication with stakeholders. Avoiding duplication of LED support. Competent LED practitioners. LED Monitoring and evaluation. Appointment of the LED champion.	Inclusive and effective Public-Private Partnerships. Capacity and commitment of local LED participants. Improved LED funding. Performance based initiatives. Co-ordination of LED stakeholders.

Table 5.3 confirms the disjuncture among local economic development (LED) stakeholders and commentators regarding the course of action to ensure successful implementation of LED. The support factors critical for the successful implementation could nonetheless be clustered critical issues as follows: Appreciating that LED is a multi-stakeholder affair; building the capacity to LED stakeholders; creating an environment that supports economic activity; improving funding for LED initiatives; aligning and coordinating of LED support initiatives; improving governance and displaying political commitment; Appointing the LED champion; and improving LED monitoring and evaluation (Allan and Heese, 2009; GDED, 2008; Petterson, 2008; Thomas, 2007; Meyer-Stamer, 2003). Each of these LED support factors is discussed below.

5.8.1 Appreciating that local economic development is a multi-stakeholder Affair

This study confirmed that the implementation of local economic development (LED) is a multi-stakeholder affair (refer to section 4.2). It is therefore essential for the City of Tshwane to ensure that the LED process is as inclusive as possible. The formation of effective Public-Private Partnerships should not only be encouraged, but should also be attained. All LED stakeholders in the municipality need to take full ownership of the process. The LED Division of the City of Tshwane should therefore ensure on-going communication with LED stakeholders. There continues to be the possibility of conflict between LED stakeholders due to differences in perspectives regarding how the LED process should unfold. It is therefore the responsibility of municipal LED stakeholders to strive to seek consensus among LED actors. The LED Division should also promote ownership of the LED programme and should generate commitment by all concerned in the process. This will in turn increase the likelihood of quality participation by LED stakeholders in the execution of LED initiatives (GDED, 2008; Petterson, 2008; Meyer-Stamer, 2003; Allan and Heese, 2009; Thomas, 2007).

5.8.2 Building the capacity of local economic development stakeholders

The implementation of the local economic development (LED) programme is not an easy endeavor. Efforts should thus be made to promote the design and implementation of a sound LED strategy in the City of Tshwane. There is also a need to fortify the supply of information among LED stakeholders. This implies that the municipality should have competent LED personnel at its disposal to ensure effective implementation. Furthermore, it is essential to constantly and continuously build the capacity of LED participants through on-going learning and networking, among others (Thomas, 2007; GDED, 2008; Petterson, 2008; Allan and Heese, 2009).

5.8.3 Creation of environment that supports economic activity

One of the pillars of successful implementation of local economic development (LED) initiatives is the creation of an environment that makes economic activity possible. This could firstly be achieved through implementing facilitation measures such as building taxi ranks with trading areas or erecting trading stalls for informal traders in designated areas in the Tshwane municipality. Secondly, the City of Tshwane may improve the business environment through the removal of unnecessary regulatory barriers and streamline licensing procedures. Motivated entrepreneurs are also most likely to contribute towards stimulating the local economy of Tshwane City. It is therefore fundamental for the municipality to support Small, Medium and Micro Enterprises (SMMEs) and co-operatives in the City of Tshwane (Allan and Heese, 2009; Meyer-Stamer, 2003).

5.8.4 Improving funding for local economic development initiatives

The resourcing of any programme is fundamental to its success. It is therefore essential for all internal and external local economic development (LED) actors in the City of Tshwane to ensure that LED initiatives are funded adequately (Petterson, 2008; Thomas, 2007).

5.8.5 Alignment and co-ordination of local economic development support initiatives

It was mentioned earlier that local economic development (LED) support is a multi-agency undertaking. It was found that due to the multiplicity of LED support actors, duplication of interventions by sector departments and other agencies of the state are inevitable. The harmonisation, alignment and co-ordination of LED support initiatives will therefore ensure that wastage in the allocation of resources for LED support in the City of Tshwane is eliminated. The co-ordinated approach to LED support will also enhance the impact of the interventions in the municipality (Allen and Heese, 2009; Thomas, 2007).

5.8.6 Improving governance and displaying political commitment

The successful implementation of local economic development (LED) in the City of Tshwane requires the municipality to constantly improve the delivery of core municipal services. Improvement in the arena of good governance on the part of the City as well the display of political will in the implementation of LED initiatives will also go a long way towards improving the credibility of internal LED actors. This will, in turn, bolster the LED programme and projects in the City of Tshwane (Petterson, 2008; Allen and Heese, 2009).

5.8.7 Appointment of a local economic development champion

The local economic development (LED) champion should be an individual who is capable of making decisive contributions towards successful implementation of LED initiatives in Gauteng Province or in the City of Tshwane in particular. The LED champion should be innovative and actively to promote the success of the LED initiatives. This could be realised by leveraging LED funding and expediting political support from key decision makers and other LED stakeholders. It is therefore imperative for the LED champion to possess attributes such as initiative, enthusiasm, competency, accountability and authority to enable them to achieve the envisaged LED intents (Roure, 1999).

In addition, local economic development (LED) champion requires three types of resources in order to succeed achieve his/her goals. The first resource is information to evaluate, choose and sell his/her LED innovation. Secondly, the LED champion should have material resources at his/her disposal to enable him/her to access the required information and make necessary preparations for the transition. Lastly, the LED champion should command the required influence to ensure political buy-in to fund and implement LED initiatives successfully (Beath, 1991; Esteves and Pastor, 2002).

5.8.8 Monitoring and evaluation of local economic development initiatives

Adoption and refinement of approaches to monitor and evaluate the effectiveness of local economic development (LED) initiatives could be regarded as one of the critical dimensions of ensuring the success of the LED programme in the City of Tshwane (Nel and Goldman, 2005). Monitoring refers to on-going collecting and analysing data to measure the implementation of LED initiatives against expected results. In a traditional sense, monitoring is primarily concerned with tracking inputs, activities and outputs[33].

Inputs include measuring how financial and material resources have been utilised during the implementation of local economic development (LED) initiatives. On the other hand, activities refer to tasks associated with the execution of the LED programme of the municipality. These include the implementation of LED projects in pursuit of predetermined objectives of the LED programme[34]. Conversely, products and services produced under the LED programme are outputs. For instance, outputs for a business promotion project may include the provision of office sites, establishment of a business networking facility or even provision of training for Small, Medium and Micro Enterprises and co-operatives in the areas such as financial management, accounting and marketing[35].

In contrast, evaluation denotes measuring the effect of local economic development (LED) interventions over a specified period of time. As a matter of necessity, the LED

[33] LEDNA Website: http://ledna.org/led-a-z/monitoring-and-evaluation
[34] Ibid
[35] ibid

Division of the City in Tshwane should be cautious about three key challenges associated with the monitoring and evaluating LED interventions. Firstly, institutions tend to lack a standard set of indicators to measure LED initiatives. This situation could be attributed to the fact that LED is by its nature a broad topic[36]. Secondly, lack of differentiation in the monitoring and evaluation of pro-poor as opposed to pro-growth LED interventions. Thirdly, lack of awareness that LED is multi-agency undertaking (Nel and Goldman, 2005).

Based on the argument presented above, the Local Economic Development (LED) Division in the City of Tshwane should craft appropriate LED indicators. These could focus on four dimensions namely, the structure of the economy of the City of Tshwane, its local endowments, human capital and institutions involved in the process[37]. There are also pertinent issues that the municipality should consider when in crafting the LED monitoring and evaluation frameworks. These are:

- Appropriate types of outcomes that will be used to monitoring and evaluating the pro-poor and pro-growth LED interventions;
- Appropriate types of outputs that will be used to monitor and evaluate pro-poor and pro-growth LED interventions;
- The types of indicators and targets to be used;
- The types of processes that are appropriate for monitoring LED activities and outputs, and for evaluating achievements LED interventions at the level of output and outcome; and
- Learning while implementing LED initiatives (DED, 2008; Nel and Goldman, 2005).

5.9 Conclusion

This chapter was dedicated towards engaging further with the findings of the study from the perspective of theory and practice. The aspects extensively discussed include variations in the definition of local economic development (LED), LED institutional arrangements, clarification of LED support roles, and support factors

[36] LEDNA Website: http://ledna.org/led-a-z/monitoring-and-evaluation
[37] Ibid

critical towards the success of LED, which included the appointment of the LED champion as well as monitoring and evaluation of LED initiatives.

Chapter 6 focuses on conclusions, limitations of the study and recommendations.

CHAPTER 6: CONCLUSIONS, LIMITATIONS OF THE STUDY AND RECOMMENDATIONS

6.1 Introduction

This study sought to achieve three objectives, namely: to investigate the roles of the Gauteng Department of Local Government and Housing (DLGH) as well as the Department of Economic Development (DED) in supporting the City of Tshwane to implement Local Economic Development (LED) initiatives; to establish which institutional arrangements are in place to support the implementation of LED in the Gauteng Province; and to identify critical support factors required to ensure successful implementation of LED initiatives in the municipality.

This chapter represents the conclusions, limitations and recommendations of the study.

6.2 Conclusions

From the preceding investigation into *Institutional Arrangements for the implementation of Local Economic Development in Gauteng Province with special* reference to the City of Tshwane Metropolitan Municipality, the following conclusions can be drawn:

Local economic development (LED) support is a multi-agency undertaking involving national and provincial government sector departments and agencies. Crucial among these institutions is the Department of Trade and Industry and its agencies, the Economic Development Department and its agencies (that is, the Industrial Development Corporation and the Small Enterprise Development Agency), the Department of Cooperative governance, as well as the Gauteng Department of Economic Development supported by its entities (that is, the GEP and the GGDA).

There is lack of coordination of local economic development (LED) support initiatives, hence duplication of LED efforts across the institutions, as explained above. This tendency results in the wastage of limited LED support resources. The

inclination could be blamed for the limited impact of LED support initiatives in the City of Tshwane.

The Gauteng Department Local Government and Housing does not currently provide Local economic development (LED) support to municipalities in the province and in the City of Tshwane in particular. This is inconsistent with the legislative mandate of the department to support as well as to monitor and evaluate the performance of municipalities in the implementation of LED initiatives.

Civil society organisations play a limited role in the implementation of local economic development (LED) in the City of Tshwane. This limits the role that these institutions could play in fortifying LED partnerships and contributing towards the success and sustainability of LED initiatives.

There are no functional local economic development (LED) forums at the provincial level and in the City of Tshwane. This state of affairs is not desirable because LED forums play a crucial role to ensure consensus among different LED stakeholders. These LED institutions could also serve in an advisory capacity to the provincial as well as the municipal LED units.

It appears as if the implementation of local economic development (LED) by the Gauteng DED, its agencies, as well as the LED Division of the City of Tshwane do not enjoy the backing of a LED champion. This is not desirable for leveraging political buy-in and resources for successful implementation of LED initiatives in Gauteng Province.

The impact of local economic development (LED) initiatives in the City of Tshwane is not known. This could be attributed to the lack of an internal or external agency responsible for monitoring and evaluating LED initiatives across all regions in the municipality.

6.3 Limitations of the study

Despite its valuable findings in relation to local economic development (LED) support institutions in the City of Tshwane, this study has two limitations. This first limitation

relates to the scope of the study: Gauteng Province comprises of three metropolitan municipalities (that is, the City of Johannesburg, Ekurhuleni Metropolitan Municipality and the City of Tshwane), two District Municipalities (that is, West Rand and Sedibeng), as well as six Local Municipalities (that is, Mogale City, Randfontein, Emfuleni, Midvaal, Lesedi and Merafong). The researcher focussed only on the City of Tshwane due to time and financial constraints.

Secondly, the researcher was only able to secure a limited number of respondents in the City of Tshwane, the Gauteng Department of Economic Development and the Department of Cooperative Governance due to the unavailability of officials in these institutions. In mitigating this limitation, the researcher analysed official documents from the institutions referred to herein.

Despite these limitations, this study yielded valuable data pertaining to the *status quo* in relation to Local economic development support in the City of Tshwane.

The next section outlines recommendations of the study.

6.4 Recommendations

Based on the findings of the study and the conclusions drawn, the study culminates into five recommendations. These are categorised into two themes, that is, recommendations intended to improve local economic development support in Gauteng Province, as well as future research.

6.4.1 Recommendations to improve local economic development support in Gauteng Province

Recommendations to improve local economic development (LED) support in Gauteng Province are further categorised into five sub-themes, namely: enhancing the role of Gauteng Department of Local Government and Housing in LED support; improving LED partnerships; promoting sound intergovernmental relations and cooperative governance; enhancing LED coordination; and bolstering LED monitoring and evaluation.

6.4.1.1 Enhancing the role of the Gauteng Department of Local Government and Housing in local economic development support

There is a need for the Gauteng Department of Local Government and Housing (DLGH) to, firstly, play an active role in local economic development (LED) support. Secondly, the DLGH should monitoring and evaluation LED initiatives implemented by municipalities in line with its legislative mandate. It is therefore imperative for the department to establish a dedicated LED Support Unit within the Chief Directorate Municipal Institutional Support Programme. Furthermore, a dedicated LED Monitoring and Evaluation (M&E) team within the Monitoring and Evaluation Chief Directorate of the DLGH should be established. The units (that is, LED Support and LED M&E) should be enabled to execute these functions effectively. In addition, these units should collaborate with relevant units in the Gauteng Department of Economic Development and its entities (that is the Gauteng Enterprise Propeller and the Gauteng Growth and Development Agency) to ensure successful implementation of LED initiatives in municipalities, especially in the City of Tshwane.

6.4.1.2 Improving local economic development partnerships

Local economic development (LED) is a process that incorporates multi-stakeholders or partners. These include the public sector, business sector, as well as non-governmental sector partners. It is therefore essential for these partners to work as a collective in order to stimulate the economy of the City of Tshwane and Gauteng Province in general. Conditions should therefore be created to ensure that municipal and provincial LED forums are established and functional in order to ensure economic growth and job creation in the Tshwane area.

6.4.1.3 Improving inter-governmental relations and enhancing co-ordination of local economic development support initiatives

There is a need to improve the inter-governmental relations (IGR) processes in terms of local economic development (LED) implementation and support in Gauteng Province. It is therefore imperative for the Provincial Government to develop LED support policy framework to guide IGR.

Furthermore, the National Government and the Gauteng Provincial Government, in collaboration with the City of Tshwane, should ensure that the Integrated Development Planning (IDP) is indeed the single development planning tool for the three spheres of government. In order to realise this objective, the IDP Engagements between the Gauteng Department of Local Government and Housing, municipalities, provincial and national sector departments, and other relevant stakeholders should be intensified. Efforts should be made to elevate these engagements from being voluntary, informal interactions towards formal arrangements with clear goals, roles and responsibilities.

Additionally, there is an urgent need to speed-up processes to synchronise and align budgeting and planning cycles of the three spheres of government to further improve co-ordination of local economic development support.

6.4.1.4 Appointment of the local economic development provincial champion

The Gauteng Provincial Government and the City of Tshwane should appoint local economic development (LED) champions. These champions should be individuals who are capable of making decisive contributions towards the successful implementation of LED initiatives in the Gauteng Province and the City of Tshwane. The LED programme champions should be innovative, active and enthusiastic in order to promote successful implementation of the LED initiatives. These individuals should also assist in facilitating the funding and political buying-in from strategic decision makers and other LED stakeholders.

It is also imperative for the local economic development (LED) programme champions to possess attributes that would enable them to achieve the envisaged LED objectives, including the display of taking initiative, enthusiasm, competency, accountability and authority.

In addition to the attributes cited above, the local economic development (LED) programme champions require information to evaluate, choose and sell their LED innovation; material resources to enable them to access the required information and to make necessary preparations for the transition; and the required influence to

secure political buy-in that would then guarantee sustainable availability of the material and financial resources required to execute LED initiatives.

6.4.1.5 Improving local economic development monitoring and evaluation

The local economic development (LED) Division of the City of Tshwane, with support from the Department of Cooperative Governance and the Gauteng Department of Local Government and Housing, should development a LED specific monitoring and evaluation (M&E) framework. The framework should measure both pro-poor and pro-economic growth LED outcomes. Furthermore, the M&E framework should specifically demonstrate how the multi-stakeholder nature of LED will be accommodated in the evaluation. The framework should make provision for the assessment of LED processes, projects, and outcomes in order to generate comprehensive data on progress made and lessons learned in the implementation of LED initiatives.

This will subsequently require usage of a range of local economic development (LED) monitoring and evaluation (M&E) indicators. The municipality should consider four dimensions in developing M&E indicators, namely: economic structure of the economy of the municipality, endowments in the municipality, human capital; and LED institutions. Furthermore, the municipality should ponder over the following while crafting the LED M&E Framework:

a) Types of LED outcomes to be assessed;
b) Types of outputs to be measured;
c) Appropriate indicators and targets; and
d) Types of processes appropriate for monitoring LED activities and outputs, and for evaluating LED achievements at output and outcome level.

The next paragraph presents recommendations on future research.

6.4.2 Recommendations regarding future research

Local economic development (LED) support from national and provincial sector departments, as well as other agencies of the state affects all municipalities in

Gauteng Province and yet this study focused only on the City of Tshwane due to reasons cited above. In acknowledgment of the latter limitation, the researcher recommends that further research focusing on LED support and LED institutional arrangements in the entire Gauteng Province be undertaken. This will further illuminate LED support initiatives in the whole province.

6.5 Conclusion

The Purpose of this chapter was to draw conclusions, present the limitations of the study and to provide recommendations to improve the implementation of local economic development (LED) in the City of Tshwane as well Gauteng Province generally.

The conclusions drawn are that local economic development (LED) support is a multi-agency undertaking, the Gauteng Department of Local Government and Housing does not currently play a role in LED support, coordination of LED support among national government and provincial government sector departments is lacking, LED forums in the City of Tshwane and Gauteng Province are dysfunctional, and there is no effective monitoring and evaluation of LED initiatives in the City of Tshwane.

Two limitations regarding the study have been identified. The first limitation relates to limited scope of the study, hence its findings may not necessarily be applicable to other municipalities in Gauteng Province. Secondly, the researcher was not able to secure input from some respondents due to unavailability.

Finally, two categories of recommendations were made by the researcher. The first set of recommendations relate to improving local economic development (LED) support, while the second recommends various categories for proposed future research.

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Annexure 1 - Interview Guide

Name of respondent: …….
Designation of the respondent: ……
Name of organisation: ……..
Name of Business Unit/ Directorate: ……

Dear Participant

I am Ramolobi Matlala, a student at University of the Witwatersrand (Wits), completing a Masters of Management (MM) degree. As part of the requirements of my degree, I am conducting a research study on *Institutional Arrangements for Local Economic Development (LED) in Gauteng Province, with special focus on Tshwane Municipality.*

The objectives of this study are to:

- Investigate the roles of the Department of Local Government and Housing, and the Department of Economic Development in supporting municipalities to implement LED initiatives;
- Establish which institutional arrangements are in place to support the implementation of LED in Gauteng Province; and
- Identify factors that are critical support factors required towards the successful implementation of LED initiatives in Gauteng Province.

I hereby wish to invite you to participate in my study. Please note that your participation is voluntary and that non-participation will have no negative consequences.

Please further note should you feel that you no longer want to continue, you can withdraw from the study at any time. Equally, if you feel that some of the questions are too personal or if you feel uncomfortable answering them, you have the right to refuse to answer.

Kindly be advised that all the information obtained will be treated as strictly confidential and under no circumstances will it be used for any reason other than academic purposes.

Your participation in this study will contribute immensely towards improving the support initiatives provided by the relevant provincial departments in order to enhance the implementation of LED by municipalities in Gauteng Province. The outcomes of this research will be sent to all the organisations that took part in the study and from which you can access the study results if you so wish.

Yours faithfully,
Ramolobi L.G. Matlala
(Researcher)

1. Background on Local Economic Development support

1.1 Some commentators are of the view that Local Economic Development (LED) support in the Gauteng Provincial Government is a murky and contested matter with among LED role players. What is your view about this observation?

2. The role of Department of Co-operative Governance in Local Economic Development support

2.1 What is the role of your unit in LED support in the City of Tshwane?

3. The role of Gauteng Sector Departments in Local Economic Development support

3.1 What role should the Gauteng Department of Economic Development play in supporting municipalities to implement LED initiatives?
3.2 What role should the Gauteng Department of Local Government and Housing play in supporting municipalities to implement LED initiatives?

4. Institutional Arrangements for Local Economic Development

4.1 Which institutional arrangements should be in place to support the implementation of LED initiatives in Gauteng Province?

5. Factors critical for Local Economic Development implementation

5.1 What critical support factors are required in order to implement LED initiatives successfully in Gauteng Province?
5.2 What other support measures should be implemented by the relevant sector departments in the Gauteng Provincial Government to improve the success rate of LED initiatives in the City of Tshwane?

Thanking you for setting aside time to participate in this research project.