

## CHAPTER 5

### CONCLUSION AND RECOMMENDATIONS

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#### 5.1 INTRODUCTION

The preceding chapters of this report have emphasised the need to have well-resourced municipalities that will be competent with reference to facilitating and promoting LED, well-resourced municipalities referring to well and adequately equipped municipalities in terms of institutional capacity. Therefore, this chapter will attempt to highlight important issues discussed in the report, this means summarizing each of the research chapters and highlight how they fit into the larger research report, this also includes concluding comments as well as identifying significant areas of further study and investigation, hence lots of unanswered question emerged during the course of the study. Moreover, this chapter will further suggest some recommendations that can assist in enhancing the capacity of EMM to promote LED.

#### 5.2 SUMMARY

The most problematic and technical challenges of realizing vibrant, robust and inclusive Local Economic Development in most of the municipal areas are part of the broader challenges that affect the process of service delivery across all municipalities in South Africa. These challenges are quite often if not always narrowed to lack of capacity to implement programs. Capacity can be either institutional or operational. Therefore, this report chose EMM as a case study, with the aim of establishing the kinds of institutional capacity challenges that are confronting the municipal LED

implementation. This report suggested that proper institutional capacity of the municipality is prerequisite to enhance progressive LED.

It was discussed in the conceptual framework that these challenges evolved as a definition and approaches of LED evolved. This research has shown that LED is not a new thing, but rather something that has been there or used as one of the tools to build economy. Both in the country and the world, LED has been seen as an instrument to drive local economies. For example, during apartheid LED was seen as a project which should be applied through the use of “smokestack chasing”, this research has defined a smokestack chasing as a process where government was promoting LED through packaging of subsidies, tax holidays, and free infrastructure/services oriented to attracting outside industry. During this stage, “top-down” approach was one of the main dominating features of the LED.

The research has indicated that LED has been evolving since the 1960s until present. In the 1960s, the focus was on giving massive grants subsidies, tax breaks to investors to open their manufacturing industries and others, which were seen as important vehicles to promote LED. Currently or since the late 1990s, there has been a significant paradigm shift in terms of focus and strategic interventions. The focus is now on Public-private partnerships, inward investment, as well as focusing on competitive advantages. This is through holistic strategy aimed at growing local firms, support quality of life improvements, SMMEs support, and others.

Furthermore, it is mentioned in the conceptual framework that draft policy frameworks have been released to guide the implementation of LED in South Africa, among others; the Policy Guidelines were drafted in 2005. This draft policy positions the role of the three spheres of government in

relation to LED. It further discusses the role that should be played in terms of addressing the first and the second economy. The policy guidelines also state that municipalities should establish LED units constituted by qualified personnel, who understand the existing societal dynamics and able to provide and implement LED strategies successfully.

The draft policy further encourages municipalities to position themselves within the context of globalization; this should happen through enterprise development. Hindson and Vicente (2005: 17) define enterprise development as actions, which assist in terms of strengthening “the economic base and competitiveness of a locality through improving the access of individual and group enterprises to market opportunities and enhance the collective efficiency of groups of businesses”. These requirements will need an adequately equipped municipality to implement.

The conceptual framework further stated that the current wave of LED incorporated some elements of community development. Nevertheless, community development will mean putting people first, entertaining issues such as health, education, skills, employment, income, gender and women empowerment, facilitating agricultural projects, and assisting informal traders (e.g. with stalls). In contrast, this report further indicated that this has been a great challenge to most of the South African municipalities, especially in rural areas. This challenge has been associated with lack of skills, for example, inadequate qualification or experience on LED. The challenge has also been leveled to inability to mobilize private sector to participate; politicization of development; overshadowing developmental progresses, and so forth.

Despite the Policy Guidelines, Project Consolidate and ASGISA emerged as part of the strategies that intend to assist municipalities and the South

African economy at large. Project Consolidate was specifically designed to assist designated municipalities, particularly those that have been failing in terms of service delivery. However, the case study (EMM) for this report is not part of the Project Consolidate. ASGISA is a strategic intervention initiated by central government to adjust and integrate some of the existing projects to strengthen the economy. Among others, JIPSA is one of the ASGISA components that will facilitate the improvement skills levels in the country, especially scarce skills that are required in the labour market; and municipalities are also targeted. Perhaps this will bring other results, particularly with regard to the issue of skill provision to ailing municipalities in South Africa.

This report also identified strategic criteria which were used in terms of analyzing EMM's capacity to implement LED, the report chose EMM 's LED strategy in order to attest the extent to which it was aligned to draft policy, and also the extent to which the unit has been implementing it. Furthermore, the research has also intended to understand internal challenges that the unit has faced in terms of promoting LED. LED officials were interviewed, and also secondary information was gathered. This research was undertaken within a well-established municipality in terms of economic growth; EMM is considered as an economic hub of Gauteng with lots of manufacturing industries, airport, railway lines, agriculture and other opportunities.

This report noted that EMM is well established and able to implement the LED; it is perhaps adequately equipped to implement Policy Guidelines for implementing Local Economic Development in South Africa. The research also acknowledges that, notwithstanding the overwhelming economic growth that is taking place within the municipal area, there are remnants of contradictions in terms of social and economic environment. These

dynamics or contradictions hinder the municipality from successfully managing local economic development. These problems are influenced by a variety of factors, such as the ever changing SA LED policy frameworks, shortage of skilled people, high level of unemployment, high rate of immigration (mostly are un employed) lack of specific strategies (e.g. on attracting investment), support from provincial level and financial capacity, and so forth. The following section will suggest some of the recommendations which can also contribute in enhancing the capacity of EMM to implement LED.

### **5.3. RECOMMENDATIONS**

#### **5.3.1 Inter-departmental relation**

It is very crucial to reiterate that local economic development is a crosscutting issue, which all the departments must implement. All departments within the municipality should work closely and be linked to the LED unit to enhance LED implementation. In addition, LED or interdepartmental forums should be manifested and representatives from other municipal department have to be in that forum. Moreover, a clear strategy in terms of how these departments will link with each other must be formulated.

The inter-departmental relations will mean that municipal LED units will require staff members who adequately understand and are acquainted with what is happening in other municipal departments. This will also mean that departments should have joint or interdepartmental meetings regularly through interdepartmental forums. This in turn will shape the capacity of the LED unit to facilitate or assist in terms of LED implementation across all-municipal departments.

### **5.3.2 Inter-municipal relations**

The inter-municipal cooperation is essential within a market economy. The specters of these relations should be broadened, because one of the interviewees indicated that the only relationship that the LED unit has with other municipalities is based on the assumption that EMM's LED unit is more experienced municipality on LED, and thus municipalities come for assistance on certain LED issues (which turn out to be consultant-client relationships). Therefore, this should be broadened such that it means exchange on expertise and information as well as joint programs of action on some of the economic activities, reducing competition, as well as learning from other municipalities.

However, the inter-municipal cooperation with reference to EMM's LED unit is still not taken into consideration. During the interviews with staff members of the EMM's LED unit, it was mentioned that although there is inter-municipal cooperation between the unit and other municipalities like Johannesburg, it has not been formally documented. Therefore, it is imperative to establish or strengthen the issue of inter-municipal relations. For example, interdepartmental relations between City of Tshwane, Ekurhuleni and City of Johannesburg will assist in terms of achieving provincial vision of "global city region"

### **5.3.3 Attracting Business Investors**

This report noted that attraction of business investors in the EMM, especially in the context of LED takes place on ad hoc basis. The LED unit has an investment division, which exists without operating under a particular strategic framework. To make local economies viable and

vibrant, there has to be a strategy that should be used as a platform to market the place. Therefore, it is very important for the unit to formulate a strategy, which will be utilized in terms of marketing the city of Ekurhuleni, particularly with the aim of enhancing local economic development.

Moreover, attracting business investors will mean creating a better image of the EMM, which will create a conducive environment to entice investors to open businesses or invest in that particular area. This could be done through business attraction strategies. Perhaps, initiating clean-ups, antipollution and environmental campaigns should also be strengthened. In addition, tourism industry as one of the components of LED, should also be strengthened, it will magnetize business investors, while also assisting in terms of job creations. Moreover, some of the benefits that will attract investors include investment on hard and soft infrastructure. This has been witnessed in Peru; Villa El Salvador municipality used both of them to attract investors to invest in the region ([www.worldbank.org](http://www.worldbank.org))

#### **5.3.4 Support for and Retention of Small Business and Entrepreneurs**

Supporting SMMEs will assist in terms of strengthening the LED. Therefore, the unit has to identify and support potential SMMEs that are declining in the municipal area. The municipality or the LED unit should strengthen the stakeholder involvement in order to build a close relationship, which will be utilized to improving local businesses. The LED unit should also provide SMMEs training relating to training and sustainability of their businesses. These will enable LED unit or municipality to sustain SMMEs or enhance LED implementation.

### 5.3.5 Human Resources Development

It is very important to take the issue of human resource into consideration; all the interviewees noted that it would be quite significant to employ new staff to add to the existing staff members. Even though they believe that the unit is doing well, they are over loaded with lots of responsibilities. It is also recommended that there should be clarification of roles and responsibilities. Most of the staff members feel that there is a replication of responsibilities and others feel their positions are just ceremonial, such that they are given dignified position, but not executing most of the tasks and responsibilities which fall under their job descriptions.

Moreover, the interviewees noted that it is also significant to have training sessions on issues pertaining to Local Economic Development. They indicated that as much as they hold commercial certificates, diplomas and degrees as well as project management courses, LED is a new department or model of building local economies, and there is still confusion on what it entails. Arguably, the confusion is centered on the distinction between economic development and community development. The researcher suggests that education and reskilling of LED practitioners be emphasised.

Other interviewees raised questions like: how do we position LED within the context of global city region, what will be the role of the municipalities in terms of LED within the global city region? Despite the fact that these questions may be answered by new researches, some of the interviewees identified Universities, particularly University of the Witwatersrand as one of the suitable institutions that should and recommended to have a linkage with EMM in relation to provision of skills (specifically on project management and Local Economic Development) to staff



members/practitioners. This reskilling of staff members will also assist in terms of developing a common understanding in terms of LED definition, distinction between pro-poor LED and pro-poor growth creating environment to be conducive so that businesses, especially small operators can flourish.

#### **5.3.6 Attracting citizens to municipal management and opportunities**

This report has noted that it is crucial to mobilize communities and familiarise them with opportunities and strategies that exist within municipalities. This should take place with the aim of involving them in the development of local economic development. Some of the LED strategies like cooperatives (in agriculture, housing and so forth) will only need organised community or groups to make them attainable. It is therefore also vital to include community participation (in different wards) to advance the process of city planning and development; it will also manifest skills and open a space for new initiatives.

#### **5.3.7 Public-Private Partnerships (PPPs)**

Municipalities are increasingly recognising that they do not have adequate resources or skills to strengthen the LED implementation. "Municipalities face enormous challenges in the delivery of public services and infrastructure. Despite the considerable achievements of the last 10 years, large backlogs remain. Correctly, structured PPPs are viable options for addressing some of these needs" (National treasury, 2004: 1). In addition, the policy guidelines recommended that municipalities should work with other sectors such as business, rather than attempting to work alone. Successful local economic development can only be implemented through close collaboration with other sectors. Municipalities are better positioned

to act as a catalyst for development; they can mobilise all sectors to participate in mobilising resources to enhance local economic development. In most countries, the PPPs are becoming a popular instrument to improve and promote local economic development.

#### 5.4 CONCLUDING REMARKS

The main intention of this research was to understand the extent to which Ekurhuleni Metropolitan Municipality can implement the policy guidelines for implementing Local Economic Development in South Africa. This research report also attempted to understand different approaches of LED, the current context of the LED in the country and how municipalities are positioned to play their role in terms of implementing LED. This report has managed to establish some of the strengths such as drafting LED strategy which is aligned with provincial and national strategies; it also uncovered weaknesses pertaining to institutional capacity of the EMM's LED Unit, for example, shortage of staff members and lack of strategies on PPPs. The researcher found that the unit is an independent unit in terms of making its own strategies and policies, but interdependent in terms of implementation. The unit has also been able to formulate LED policy before even the provincial departments could establish an LED unit.

However, it is also imperative to acknowledge that this research did not investigate the extent to which LED implementation in EMM has been able to positively contribute to local economic development, thus, unemployment and poverty alleviation. Therefore, one suggests another study on whether EMM or South African LED policies and strategies have been able to meet its objectives.