

# GUIDE FOR DEVELOPING A LOCAL ECONOMIC DEVELOPMENT STRATEGY

1<sup>st</sup> Dongo Version • September 2008





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This publication is a collaborative of the Eastern Cape Department of Local Government and Traditional Affairs (DLGTA) and the Department of Economic Development and Environmental Affairs (DEDEA), with support from the European Union-funded Thina Sinako Provincial Local Economic Development (LED) Support Programme. The publication was developed through a process of consultations and workshops that also involved municipalities. The publication is intended for use in the promotion of effective local development in municipalities, and is offered as a work-in-progress that will be revised as it is applied in practical planning situations. Its contents may be freely copied and used for non-profit applications consistent with this purpose. The use of this publication for profit or private gain is subject to copyright and will not be permitted without the express written consent of the Government of the Eastern Cape Province, as well as other original copyright owners of material used in the compilation of this publication.



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## Abbreviations and Acronyms

<b>ASGi-SA</b>	Accelerated and Shared Growth Initiative – South Africa
<b>BBBEE</b>	Broad-based black economic empowerment
<b>CBO</b>	Community based organisation
<b>DEDEA</b>	Department of Economic Development and Environmental Affairs
<b>DGDS</b>	District Growth and Development Strategy
<b>DLGTA</b>	Department of Local Government and Traditional Affairs
<b>DM</b>	District Municipality
<b>DPLG</b>	Department of Provincial and Local Government
<b>DoA</b>	Department of Agriculture
<b>DTI</b>	Department of Trade and Industry
<b>ECDC</b>	Eastern Cape Development Corporation
<b>EPWP</b>	Extended Public Works Programme
<b>EXCO</b>	Executive Council (Provincial Cabinet)
<b>ICT</b>	Information communication technology
<b>IDP</b>	Integrated Development Plan
<b>IMS</b>	Integrated Manufacturing Strategy
<b>ISRDP</b>	Integrated Sustainable Rural development Programme
<b>LED</b>	Local economic development
<b>LM</b>	Local Municipality
<b>LRED</b>	Local and regional economic development
<b>LSED</b>	Local socio-economic development
<b>MERS</b>	Micro-economic reform strategy
<b>MIG</b>	Municipal Infrastructure Grant
<b>MSA 98</b>	Municipal Structures Act (1998)
<b>MSA 00</b>	Municipal Systems Act (2000)
<b>NGO</b>	Non governmental organisation
<b>NSDP</b>	National Spatial Development Perspective
<b>OTP</b>	Office of the Premier
<b>PGDS</b>	Provincial Growth and Development Strategy
<b>PGDP</b>	Provincial Growth and Development Plan
<b>PIDS</b>	Provincial Industrial Development Strategy
<b>PPPFA</b>	Preferential Procurement Policy Framework Act
<b>SEDA</b>	Small Enterprise Development Agency
<b>URP</b>	Urban Renewal Programme

It gives me great pleasure to offer this publication from my department and our partners – a guide to assist local development leaders and stakeholders in the preparation of local economic development (LED) strategies and plans. While the emphasis here is on economic development, this guide may just as well apply to other concerns of local development – social, educational and even cultural. The persons, institutions and resources involved in building and sustaining local livelihoods through endeavours economic are usually similarly dedicated to addressing the other critical facets of our well-being mentioned here.

In a recent article the sage Ayi Kwei Armah sums up the process of development as entailing the following:

*“... the community begins with conversations during which multiple narratives coalesce, with individuals and small groups coming together to listen to each other, to identify shared needs, to pool energies and resources, to determine goals, to work out priorities, and to turn their aspirations into achievements through joint effort”.*

This guide basically speaks to the process laid out in the piece quoted from Armah above. It is offered as one aid to assist development stakeholders give practical effect to designs set out in various sets of policies and programme plans that regulate and operationalise local economic development in this nation, its regions and localities. In the manner of the process logic summarized by Armah above, the guide deals with the community in the local development context, reflecting on what constitutes the community embarking on the development planning process, the characteristics and capabilities of the development community in question, as well as the structures, inter-relationships and dynamics alluded to by Armah above.

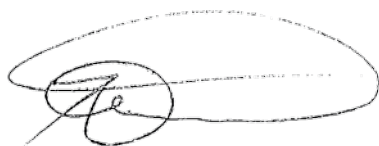
We do know that many of our municipalities – especially local municipalities, have experienced difficulties in putting together robust and coherent local economic development strategies and plans, notwithstanding these being a critical feature of the integrated development plans (IDPs) required of municipalities. We also know that there has often been a difficulty of getting such strategies and plans to articulate coherently across various tiers of government, let alone across regions that suggest some connectedness in material, cultural and other assets, development challenges as well as other resonances. This has been even more keenly felt since the regional growth and development strategies (GDSs) crafted by districts of the province last year, and the implications of such GDSs for an alignment of local plans. As such, there is a growing consensus around the importance of a convergent process of LED strategy development that crafts such strategy for the whole district, while simultaneously formulating development strategies and plans that both elaborate on the local implementation of the shared district-wide strategy, as well as attend to development specificities unique to the more local space. It is thus important that there is an appropriate process of developing the district-wide strategy such that there is thorough participation by local area representatives, in order that the district strategy is built around an aggregated reality of the district's constituent local elements. At the same time, it is also important that appropriate processes and capacities are in place to enable local actors to craft their own strategies and plans as already mentioned.

I would like to thank the team that put these guidelines together. Led by nhlanguiso dladla of the Thina Sinako technical assistance team, the development and writing team also comprised Themba Zakade, Nosipho Yose, Nombasa Mdingane and Siphamandla Madikiza from the Department of Local Government and Traditional Affairs (DLGTA), Zongie Mbekeni and Nandi Dlakavu from the Department of Economic Development and Environmental Affairs (DEDEA), and Gerry McAlinden from Thina Sinako.

I also want to thank colleagues from municipalities who shaped the content of the guide at a workshop convened for this purpose towards the end of 2007, as well as commented on various drafts of the document. We hope they will in turn find this guide a worthy product of their contribution too, and that the guide will go some way towards helping municipalities and their development partners better facilitate their local development planning processes.

Our shared understanding is that one central aim of the guide is to present ideas in a manner that most local economic development stakeholders can understand and relate to their own development circumstances, whether trained professionals or concerned and active citizens. That said, it is also worth making the point that development is always a work in progress – the process never ends, even for those who find themselves in material circumstances more fortunate than ours. Thus, we need to be always working at bettering the approaches and tools we bring to our development work. We cannot view any of them as completed – they are constantly undergoing refinement as suggested by experience. This is the spirit in which this guide has been written and is being offered – as a work in progress that will be consolidated through our experience at doing local development work over time; hence, the 'dongo' ('clay') naming to signify its malleable nature and lending itself to a re-shaping over time to ultimately take a form most suited to our needs.

We wish you all the best as you continue your important work towards improving the livelihoods of our people in all regions and communities of our province.



**Hon. Thokozile Xasa**  
MEC for Local Government and Traditional Affairs



# 1 Introduction, Purpose and Organisation of Guide

Since 1994 municipalities in the Eastern Cape Province and throughout South Africa have had to grapple with the expanding and complex responsibilities of local government in a new democratic state. Local government and partner institutions have a key role to play in the leadership and facilitation of local economic and social development, and through this to transform a society distorted by apartheid to reflect the values of democracy, equality and inclusiveness. The Local Economic Development (LED) Strategy should be a way to turn the vision of national, provincial and local policies and plans for economic development into reality at local level. Important as the LED Strategy is, its compilation and development still poses a significant challenge to many municipalities and their development partners. This guide is meant to assist municipalities with an approach to developing a workable LED Strategy – at local and district municipality level, or indeed any local area level that suggests itself as a socio-economically viable entity for such strategy.

## 1.1 Meaning of LED and Purpose of Guide

This guide first departs from an assumption that there is a proper appreciation by leaders and stakeholders of what is meant by local economic development.

Local economic development (LED) was originally a term that referred to deliberate intervention to promote economic development in a specific local area that is neither the national area nor significantly large regions encompassing a number of local areas. Its remit has, however been understood to stretch from relatively small neighbourhoods and communities through to fairly large sub-regional areas. Over time the notion of 'local and regional economic development (LRED) also crept into the vocabulary, mainly out of a growing recognition of interdependencies of local areas and the advantages offered by an aggregation of vision and exploiting the competitive advantages of regionally-connected local areas. Approaches to LED and LRED, or even regional economic development (RED) – have developed and changed as local and regional economies have had to respond to the changing local impacts of the more global economy. The emphasis in LED has thus grown beyond a preoccupation with local self-sufficiency towards understanding, developing and exploiting economic linkages from district and national, through to the global level<sup>2</sup>. An LED Strategy, based on a thorough understanding and appraisal of local conditions, can provide the opportunity for local people to identify opportunities to exploit local resources and to develop wider linkages to expand economic activity to the benefit of the local population. There is also increasing recognition of the influence of social and institutional factors on local economic development. In addition to economic growth, employment creation and human resource development, LED strategies now encompass governance, public management systems, institutional and human capacity building, as well as other broader issues that influence social and economic development and integration. Good governance and effective institutions – humans and systems – are understood to contribute significantly to the potential for economic development. The process towards developing an LED strategy is therefore as important as the content of that strategy.

**Guide complements other policy and planning documents and tools.**

This guide provides municipalities with one useful reference that should complement other policy and planning documents and tools. It should therefore be used in conjunction with these, especially guidelines that have been published, and are being continually updated by the national Department of Provincial and Local Government (DPLG). The provinces have each developed provincial policies, support systems and guidelines, and this document is meant to enhance these.

## 1.2 Orientation and Organisation of the Guide

The approach used in this guide is based on the understanding that local economic development is most effective when it is planned and driven by local communities and local stakeholders, obviously within national and provincial policy and resource frameworks. Our emphasis is therefore on a participatory approach to developing an LED Strategy. Where the guide suggests templates or frameworks, these are not intended to be used rigidly, but rather to simplify and facilitate a complex process. An LED Strategy must be a product of consultation and negotiation amongst local stakeholders. It must reflect the needs and aspirations, as well as the resources and capabilities of the people in that municipality. The purpose of this document therefore is to provide municipalities with basic guidance for a process of participatory development of LED strategies that will reflect the unique realities of their areas. It is envisaged that municipalities will over time develop increasingly clearer and effective LED Strategies as they gain experience through repeated cycles of strategy development and implementation, including effective monitoring and evaluation, as they build strengths in certain technical areas important to these processes and the systems underpinning them, and as institutions of the state and other development partners also better cohere their support for local development.

**Municipalities will use a participatory approach to developing LED strategy and learn from this so that each new strategy builds on previous strategies.**

<sup>2</sup> There is a lot of literature holding definitions on LED, LRED and LSED (local socio-economic development) that readers may already be familiar with. We will not get much into this literature in this guide, but may make further reference to it in the accompanying *Companion to the Guidelines*.

Based on this learning approach to developing LED Strategy, users of this guide are urged to develop strategies that suit their current level of development and capacity. Municipalities should not feel pressured to produce strategies that look good on paper but that cannot be implemented, or that will not build local capacity and benefit local communities through real improvements to their livelihoods. It is expected that local leaders and partner stakeholders will continually evaluate and learn from their LED experience as they build a local capability to promote ongoing development of the local economy, greater socio-economic cohesion and a deepening of democracy.

This document is organised as follows: Following this introductory section there are three other main sections. The next section briefly sets out some strategic and contextual considerations that should underpin the LED Strategy. This is then followed by a section discussing a framework of principles that should ideally be factored into the strategy-development task. The final section outlines a step by step approach for preparing an LED Strategy. Users are encouraged to use the guide to suit their needs - selecting those sections of the document most relevant to them.

### 1.3 Using the Guide

**Companion to Guide provides further explanation and tools.**

This guide is not a stand-alone handbook for preparing an LED strategy. Accompanying this guide is a 'Companion' document with further notes and explanations, references to tools that can support the strategy development process, and some relevant case studies. The companion is organised to follow the same sequence of topics as in this guide, meaning that readers can be guided to additional support resources by going to an appropriate section of the companion that matches a similar section in the guide.

Besides the accompanying 'companion' document, users can also draw on people with experience, or people growing their experience in social and economic planning, participatory processes and development facilitation in order to develop viable LED strategies. There is also a wealth of literature on how to develop strategies, and case studies on LED that can provide lessons and inspiration for municipalities. It needs be noted also that local government exists within a context where the two tiers of district and local municipality are enjoined to collaborate closely in driving local development actions. This said though, it is also important that there is clarity around what tasks are better handled at which tier -- for the collaborative and participatory process to work, assignment of responsibility is important, otherwise 'everyone doing all could become everyone confusing all and benefiting no one'.

**DPLG documents and tools are a key resource...**

In compiling this guide we have drawn heavily on the following documents. Users are urged to refer to them for further information and detail. These documents can all be found on the Department of Provincial and Local Government website on [www.dplg.gov.za](http://www.dplg.gov.za), and they include the following:

- DPLG August 2006 **National Framework for Local Economic Development in South Africa** DPLG, Pretoria
- DPLG August 2006 **5-Year Strategic Agenda for Local Economic** DPLG, Pretoria
- DPLG (undated) **Toolkit for Local Economic Development** DPLG, Pretoria
- DPLG (undated) **Policy Guidelines for Implementing LED in South Africa** DPLG, Pretoria
- DPLG (undated) **IDP Guide Pack** (7 volumes: 0 General Overview; I Guidelines; II Preparation; III Methodology; IV Tool Box; V Cross-Sectoral Issues; VI Implementation Management) DPLG, Pretoria.

Finally, we want to reiterate the point made in the preface that this guide should be taken as work in progress. We aim to take stock of its efficacy as it gets used, reflect on the experiences of users, and work to integrate this into a revision of the guide.



## 2 Context and Strategic Considerations for LED Strategy Development

### 2.1 The Policy Context for LED in South Africa

The decision by a particular agency – especially organs of the state – to engage in developing an LED Strategy flows from a position which holds that important political, social or economic objectives – such as balanced regional development, economic and social cohesion, the eradication of poverty, etc, are not going to be met by leaving the economy to develop without a deliberate and targeted intervention. This interventionist role is consistent with the character of a developmental state as adopted by our government, which requires all spheres of government to play an active role to influence, shape and contribute to social and economic development for the betterment of all citizens. This is especially so in a context with deep structural challenges and flaws as characterise an unequal, uneven economy such as ours – an enduring legacy inherited from the previous apartheid government.

The legislative and policy environment of post-1994 democratic South Africa has seen a growing emphasis on the role of municipalities in planning for and facilitating LED, a task of course that is not left solely in the hands of the municipality.

***A municipality must ... promote the social and economic development of the community.***

The Constitution of South Africa (1996: Section 153) specifies that a “municipality must structure and manage its administration, planning and budgeting processes to give priority to the basic needs of the community, and to promote the social and economic development of the community.” More recently, the National Framework for Local Economic Development in South Africa (DPLG, 2006) further elaborated the LED facilitation role of government. The National Framework specifically sets out the following key objectives for LED that should guide the actions of policy-planners, managers in the public sector, as well as other development agents:

- Adopting a strategic approach to the development of local economies and addressing challenges and failures associated with municipalities trying to manage a litany of non-viable (and non-strategic) projects.
- Supporting local economies in realising their optimal potentials and making local communities active participants in the economy of the country.
- Elevating the importance and centrality of effectively functioning local economies in growing the national economy.
- Waging the national fight against poverty more effectively through local level debates, (local development) strategies and actions.
- Improving community access to economic initiatives, support programmes and information.
- Improving the coordination of economic development planning and implementation across government and between government and non-governmental actors.
- Building greater awareness about the global importance and role of localities and regions as significant points of investment facilitated by supportive national policies



**The LED Strategy should be sensitive to the objectives for LED set out above.**

**LED Strategy is one means by which local government and local communities can use macro policies and programmes to drive economic development locally.**

Against the above, as well as other related goals for development, national and provincial government develop policies and programmes that determine how the public sector will invest, how infrastructure and services will be developed, how different economic sectors will be promoted, and how government will regulate and support various aspects of economic activity. To be effective in achieving economic growth and other goals for human development and well-being, these measures must be supported and reinforced by the actions of municipalities. The LED Strategy is a key means by which local government and local communities can mobilise to implement macro policies and programmes, tap into national and provincial resources, as well as build and exploit local competitive advantage to drive economic development locally.

The following are some of the key national policies, guidelines and programmes that the LED Strategy should be mindful of, in addition to the National LED Framework (readers should familiarise themselves with these, if not already familiar):

- National Spatial Development Perspective (NSDP)
- Micro Economic Reform Strategy (MERS)
- Extended Public Works Programme (EPWP)
- Municipal Infrastructure Grant (MIG)
- Integrated Manufacturing Strategy (IMS)
- Urban Renewal Programme (URP)
- Integrated Sustainable Rural development Programme (ISRDP)
- National Cooperatives Act
- The Broad-Based Black Economic Empowerment Act (BBBEE)
- The Preferential Procurement Policy Framework Act (PPPFA)
- The Accelerated and Shared Growth Initiative for South Africa (ASGI-SA)

In addition to the above, the specific development conditions of the Eastern Cape are addressed in the Provincial Growth and Development Strategy (PGDS) and Plan (PGDP) for the Province. The purpose of the PGDP is stated as follows: "The PGDP provides the strategic framework, sectoral strategies and programmes aimed at a rapid improvement in the quality of life for the poorest people of the Province."

**Eastern Cape PGDP (2004-2014) areas for focused intervention**

- The systematic eradication of poverty through an integrated, multi-dimensional approach to pro-poor programming
- The transformation of the agrarian economy
- The consolidation, development and diversification of the manufacturing and tourism sectors
- Building our human resource capabilities
- Infrastructure development, including the eradication of backlogs and the development of enabling infrastructure for economic growth and development
- Public sector and institutional transformation in support of improved service delivery.



More recently, the Province has also developed a Provincial Industrial Development Strategy which is also key to informing more local strategies for economic development.

Moving further down the governance chain, district municipalities across the country have recently (2006 – 2007) developed more localised versions of Provincial Growth and Development Strategies, in the form of District Growth and Development Strategies (DGDSs). Taken together with the PGDP and other related strategies and development plans of the province and its sub-regions, these documents form a key point of reference for the development of LED Strategies by municipalities at both district and local levels. A good number of these documents, however, tend to be not as elaborate in detail as to coherently guide implementation plans and actions, as well as the design of relevant support systems. Our acknowledgement of this fact, however, does not necessarily imply that the development of an LED Strategy is then hamstrung by such shortcomings. It may be enough to just note weaknesses, and even suggest that they be attended to by those responsible, but proceed with the task of preparing as thorough an LED Strategy as permitted by circumstances, frameworks and resources at hand.

### 2.1.1 LED and IDP

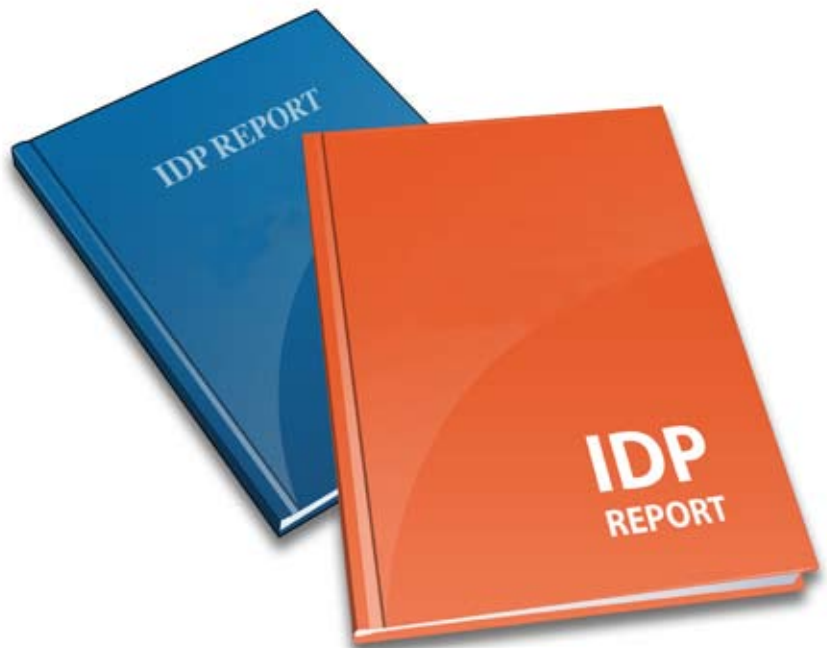
**LED Strategy must animate the socio-economic development objective of the IDP.....**

The LED Strategy must contribute to a well-articulated integrated development plan (IDP) for a municipality. The LED Strategy should basically animate how the socio-economic objective of the IDP will be realised, noting that the IDP is more comprehensive in its scope than the LED Strategy and plan -- the IDP must integrate all the plans and programmes that apply to the municipality, including economic development planning that will be captured in the LED Strategy. But the idea of 'integrated planning' also means that it should be explained how different facets of the IDP relate to each other – this to be done also with the LED Strategy in showing how it relates to other parts of the IDP and vice versa.

The LED Strategy is one of a number of integrated strategies and programmes that must be included in a municipal IDP. Participants in developing and approving an IDP and its associated LED Strategy should be aware of the nature and status of these strategies, plans and programmes. Once an IDP (including the LED Strategy) is properly approved and adopted by resolution of the local council it becomes a legally binding document that requires compliance. The adoption of IDP or LED Strategy has long term consequences for development in the area. Decision makers must therefore take a responsible long term view when developing and adopting an IDP and its related LED Strategy.

**Allow sufficient time for development of both IDP and LED Strategy**

A word of caution is necessary here: It is often the case that the development of IDPs follows a formalistic, rushed process for compliance sake. The processes of developing an IDP and LED Strategy are fundamentally participatory, inclusive and comprehensive. They cannot therefore be rushed processes – they need sufficient time<sup>3</sup>.



<sup>3</sup> One best-practice example here is the nine-month long Brazilian *Participatory Planning Process*.

## 2.1.2 Programming for Development

Development is both a long and short term process. A good development strategy should be able to set realistic goals based around a long term vision for change and growth – a vision of say up to twenty years and even more in some cases, especially in situations where there are deep-seated structural and development challenges that will take time to address. Most development strategies and plans will, on the other hand, cover periods ranging from three to seven years, with interim reviews and ongoing monitoring over the term.

The priority themes identified and agreed in the strategy will be addressed through a series of programmes or interventions. It is essential to ensure that these interventions are planned over the period of the strategy – and based upon secure budgetary provision. Good strategic planners and managers will thus work closely with their financial programmers to ensure the means to match their ambitions – not as one-off injections but scheduled over time to effect real and sustainable change.

## 2.2 What drives LED?

### 2.2.1 A further word on Partnerships for Development

Local government has the mandate and responsibility for leading local economic development. However, as the National Framework for Local Economic Development makes clear, local government “does not create jobs”<sup>4</sup>. It goes on to point out that

*“local economic development is about creating a platform and environment to engage stakeholders in implementing strategies and programmes”<sup>5</sup>.*

A critical part of the local government’s leadership role in the area of LED rests within its ability to draw other key stakeholders into the development process, as is envisaged for instance even with the IDP process. Over the last decades, effective and sustainable local economic development has been associated with the emergence of strong local partnerships, bringing key stakeholders – from both public and private sectors – together along with local community interest groups. Such local partnerships bring a range of diverse perspectives and insights to the definition of strategic priorities, strengthen consensus-formation and commitment, and can contribute to the successful implementation of local development strategies and plans. LED managers should thus facilitate the mobilisation of such local coalitions or partnerships for active involvement throughout the strategy development and implementation process.

**Collaboration around LED planning and implementation enhances legitimacy and avails expanded skills base for development effort.....**

It is important also to strive to ensure that the LED planning and implementation process is one that is collaboratively managed. This not only enhances a greater legitimacy for the shared project, but also ensures that we expand the base of skills to tap into for the success of the local development project. In the spirit of the local partnership for development, representative steering groups or committees are thus usually used as one mechanism to facilitate such development management efficiency.

### 2.2.2 Institutional Stakeholders and Roles

There are many groups of public and private stakeholders in the IDP and LED Strategy development process whose roles and responsibilities need to be clearly understood. The key responsibilities of stakeholders in different spheres of governance and economic activity are summarised below.

<sup>4</sup> This reiterates a position initially set out in the White Paper on Local Government (1998).

<sup>5</sup> National Framework for Local Economic Development (LED) in South Africa, DPLG (2006, p10)

## 2.2.2.1 LED Strategy Responsibilities of Different Spheres of Government

Sphere of government	LED Responsibilities
<b>LOCAL</b>	
<b>Local Municipality (LM)</b>	<ul style="list-style-type: none"> <li>• Mobilise and involve stakeholders in participatory LED Strategy development and implementation process</li> <li>• Prepare, adopt and implement local Municipality LED Strategy and plan, aligned with District LED Strategy, PGDP, sector department strategies and programme plans, and other relevant frameworks</li> <li>• Mobilise and manage resources for effective development and implementation of LED Strategy in all its facets, including effective monitoring</li> <li>• Evaluate LED Strategy and repeat preparation-adoption-implementation cycle</li> </ul>
<b>District Municipality (DM)</b>	<ul style="list-style-type: none"> <li>• Facilitate stakeholder mobilisation and involvement in participatory LED Strategy development and implementation process</li> <li>• Coordinate and manage preparation, adoption and implementation of District LED Strategy, aligned with Local LED Strategies and plans, PGDP, PIDS, sector department strategies and plans, and other relevant frameworks</li> <li>• Support LMs to prepare LED Strategies and plans</li> <li>• Mobilise and manage resources for effective development and implementation of LED Strategy, in all its facets, including resources to support LMs</li> <li>• Facilitate and support building capacity of LMs</li> <li>• Facilitate alignment of LM LED Strategies and plans with related LMs and DMs</li> <li>• Facilitate intra and inter-district, as well as other appropriate regional linkages beneficial to local economic development</li> <li>• Evaluate LED Strategy and repeat preparation- adoption-implementation cycle</li> </ul>
<b>Metro</b>	<ul style="list-style-type: none"> <li>• Mobilise and involve stakeholders in participatory LED Strategy development and implementation process</li> <li>• Prepare, adopt and implement LED Strategy and plan aligned with PGDP, sector department strategies and plans, and other relevant frameworks</li> <li>• Mobilise and manage resources for effective development and implementation of LED Strategy in all its facets, including effective monitoring</li> <li>• Evaluate LED Strategy and repeat preparation-adoption-implementation cycle</li> </ul>
<b>PROVINCIAL</b>	
<p>The strategies, plans and budgets of all departments should provide resources and guidance to support local economic development as well as indicate how alignment, integration and coordination can be enhanced. The responsibilities of two lead departments in LED – DLGTA and DEDEA, together with the Department of Agriculture, are further elaborated below.</p>	
<b>Provincial Executive Committee (EXCO)</b>	<ul style="list-style-type: none"> <li>• Adopt provincial framework of guidelines and principles for LED Strategy</li> <li>• Monitor and take reports on LED Strategies' development process</li> <li>• Monitor LED Strategies implementation against key provincial policy and programme frameworks (PDGP, PIDS)</li> </ul>
<b>Department of Local Government and Traditional Affairs (DLGTA)</b>	<ul style="list-style-type: none"> <li>• Co-develop and facilitate adoption of provincial framework of guidelines and principles for LED Strategy, guided by relevant national and provincial frameworks</li> <li>• Support resourcing of LED Strategy development and implementation, including financial provision, training and building capacity of DMs and LMs</li> <li>• Optimise investment-absorptive and utilisation capacity of DMs and LMs, and co-lead advocacy for LED-focused investment programming by provincial and national departments and parastatals, especially entities with significant development budgets (eg Public Works)</li> <li>• Co-monitor LED process, including co-assessment (with DEDEA) of LED Strategies of LMs, DMs, and Metros.</li> <li>• Ensure IDP development and review processes – inclusive of LED Strategy – align with provincial as well as regional growth and development priorities</li> <li>• Facilitate sound institutional linkages to enhance the development of local economies</li> <li>• Facilitate coordination between DMs and LMs, as well as alignment of LED Strategies</li> <li>• Provide ongoing developmental feedback to municipalities as they grow through LED evolution process over time</li> </ul>

Sphere of government	LED Responsibilities
<b>Department of Economic Development and Environmental Affairs (DEDEA)</b>	<ul style="list-style-type: none"> <li>• Provide principal leadership for economic policy formulation and strategy development processes in the province</li> <li>• Co-develop and facilitate adoption of provincial framework of guidelines and principles for LED Strategy, guided by relevant national and provincial frameworks</li> <li>• Co-support resourcing of LED Strategy development and implementation, including provision of financial support</li> <li>• Mobilise other departments with significant local investment potential around focused local development strategy, including Departments of Public Works as well as Roads &amp; Transport</li> <li>• Co-monitor LED process, including co-assessment (with DLGTA) of LED strategies of LMs, DMs, and Metros.</li> <li>• Provide leadership in implementing economic policy and strategy. Facilitate alignment with key frameworks and programmes</li> <li>• Facilitate sound institutional linkages to enhance the development of local economies</li> <li>• Provide ongoing developmental feedback to municipalities as they grow through LED evolution process over time</li> </ul>
<b>Provincial Department of Agriculture</b>	<ul style="list-style-type: none"> <li>• Provide principal leadership for rural and agricultural economic development</li> <li>• The DOA is an important entity in leading economic development through agriculture, forestry and rural development, especially given the rural character of the Eastern Cape economy. Its primacy is also recognised in the objectives of the PGDP.</li> <li>• Co-support LED Strategy development processes, and co-monitor implementation with the lead LED departments (DEDEA and DLGTA)</li> <li>• Provide ongoing developmental feedback to municipalities – especially on agricultural economic development – as they grow through LED evolution process over time</li> </ul>
<b>Department of Public Works + Department of Roads and Transport</b>	<ul style="list-style-type: none"> <li>• Lead integration of LED-focused programming in infrastructure development strategy and expenditure</li> <li>• Lead development of human capital – investment in skills – to optimise capacity of local sphere to absorb and boost local economies through infrastructure investments</li> </ul>
<b>Office of the Premier (OTP)</b>	<ul style="list-style-type: none"> <li>• Mobilise departments and other entities around strategy and programmes for focused support to development of local economies</li> <li>• Lead broad monitoring and evaluation within strategic M&amp;E framework of provincial development programming</li> <li>• Provide strategic advice to departments and local government on efficacy of economic planning and implementation</li> <li>• Ensure intergovernmental and inter-sectoral alignment and integration</li> </ul>
<b>Provincial Treasury</b>	<ul style="list-style-type: none"> <li>• Set out clear budgetary and financial management arrangements</li> <li>• Support strategy and optimal budget planning for integrated and efficient LED investment and programming</li> <li>• Monitor expenditure patterns, analyse local development impact and advise on strategic improvements</li> <li>• Ensure effective audit and control procedures.</li> </ul>
<b>Economic development Public Entities (ECDC, SEDA, etc)</b>	<ul style="list-style-type: none"> <li>• Alignment of strategic objectives, plans and resources in support of provincial and local economic development agenda</li> <li>• Broad support of implementation activities, including support for institutional development of municipalities to effectively carry out LED Strategy</li> </ul>
<b>NATIONAL</b>	
<p>National departments set national policy and develop other related intervention programmes. These should be informed by, and in turn provide direction to, local development imperatives. The LED Strategy should make provision to assign appropriate roles to national government counterparts. The National Department of Provincial and Local Government (DPLG), now closely partnered by the Department of Trade and Industry (DTI), takes the formal lead in providing guidance and support for LED policy and strategy.</p>	
<b>National Department of Provincial and Local Government (DPLG)</b>	<ul style="list-style-type: none"> <li>• Develop and consolidate shared framework of guidelines and principles for LED Strategy</li> <li>• Institutional development for provincial departments and local government</li> <li>• Regular and updated support packs for training and capacity building for provincial Departments of Local Government as well as local government</li> <li>• Facilitate inter-provincial and inter-departmental cohesion for LED support via LED Forum and other related means</li> <li>• Assess and advise on IDPs and LED Strategies</li> </ul>

### 2.2.2.2 LED Strategy Responsibilities specific to Municipal Stakeholders

In terms of the Municipal Systems Act (2000) a municipality includes “the local community within the municipal area, working in partnership with the municipality’s political and administrative structures”. All of these groups share responsibility for the Municipal LED Strategy and should participate in the process of developing it, as summarised below.

Stakeholder	LED Responsibilities
<b>Municipal Council</b> (Councillors responsible for LED may champion actions at Council level)	<ul style="list-style-type: none"> <li>• Approve LED Strategy development process plan</li> <li>• Monitor drafting process for LED Strategy</li> <li>• Adopt LED Strategy (including budget)</li> <li>• Monitor implementation of LED Strategy</li> </ul>
<b>Councillors</b>	<ul style="list-style-type: none"> <li>• Link LED process to their constituencies/wards</li> <li>• Support the organising and facilitation of public participation</li> </ul>
<b>Municipal Manager</b> (may task LED Manager or Officer to undertake tasks on behalf of MM)	<ul style="list-style-type: none"> <li>• Prepare and manage a process plan for development of LED Strategy</li> <li>• Compile inputs from stakeholders and draft LED Strategy for presentation to Council</li> <li>• Establish and ensure participation and representation in LED consultations and forums of all stakeholders and interest groups especially the poor and marginalised</li> </ul>
<b>Municipal officials and technicians</b> (LED unit to take the lead and coordinate inputs of other officers)	<ul style="list-style-type: none"> <li>• Provide technical/sector expertise and information</li> <li>• Ensure alignment with municipal and sector policies</li> <li>• Prepare draft project proposals and budgets</li> <li>• Serve as secretariat to LED Forum</li> </ul>
<b>Business Organisations, Organised Labour and Civil Society Organisations</b> (NGOs, women's organisations, youth, unemployed, community groups, etc)	<ul style="list-style-type: none"> <li>• Commit to participation in LED strategy</li> <li>• Organise and represent own group interests</li> <li>• Build institutional capacity for effective participation</li> <li>• Contribute knowledge, ideas and resources</li> <li>• Co-manage implementation, monitoring and evaluation of strategy</li> </ul>
<b>LED Forum</b> (or other representative forum for LED strategy & planning) [Representatives of Council, key admin and other technical officers, provincial departments, business, labour and civil society organisations]	Formulate LED Vision Integrate inputs from different sectors and sub-groups, and align complementary activities of forum constituents. Monitor LED Strategy development process, plus implementation of LED Strategy Participate in, and learn from annual review, and other evaluation of LED Strategy Build own capacity and support capacity-building of constituent organisations in LED

To these local municipal-level stakeholders will be added other development agents belonging to institutions operating at a realm broader than the local – for instance the lead LED departments, public entities with a local footprint, as well as research institutions and institutions of higher learning.



### 3 Principles underpinning the development of LED Strategies

The way in which a municipality approaches the development of its LED Strategy makes a big difference to the sort of strategy that emerges and to its impact on local communities. The following principles are intended to provide useful guidance to the development of LED Strategies that fulfil the national LED vision of *'robust and inclusive local economies exploiting local opportunities, real potential and competitive advantages, addressing local needs and contributing to national development.'*

#### **i) Inclusive, Democratic Participation for Better Decision-making**

The process of developing an LED Strategy must be inclusive and encourage as much participation as possible. Such participation will help ensure that there is a greater number of people committed to working for a realisation of the strategy. The process plan for its development must make provision for all interest groups and communities to participate in and contribute to developing the LED Strategy of the municipality. Where target groups – especially in poor or marginalised communities – are not organised to represent their own interests, proactive measures must be planned to engage them and build their capacity to participate effectively.

#### **ii) Cooperative Government, Alignment and Integration**

The LED Strategy process must strengthen cooperation between the different spheres and sectors of government, as well as promote aligned and integrated planning between and across spheres and sectors. The process must allow for consultation with relevant District and Local Municipalities as well as sector departments in the province and nationally, especially around initiatives that will require collaboration. This kind of cooperation should also enhance an appreciation and more effective use of the broad range of resources held by various arms of government to promote socio-economic development.

#### **iii) Empowerment**

The LED Strategy must address the inequalities and spatial distortions of the apartheid economy. Targeted interventions must especially promote the inclusion and empowerment of poor black people, women, rural people and the disabled, both individually and as communities. National instruments for economic empowerment and affirmative action should be put into practice locally through LED Strategies that build and optimally use the capabilities of the labour market.

#### **iv) Sustainability**

It is the responsibility of municipalities to ensure that local development is sustainable economically, environmentally, institutionally, and socially. LED Strategies must benefit not only the current generation but also the generations to follow. LED projects and programmes should be appraised for their viability and sustainability. Attention must be given to sustainable use of scarce resources as well to building skills and institutions that will strengthen the long term capabilities in the local economy.

#### **v) Realistic assessment of local capacity**

The municipal LED Strategy must be based on a realistic assessment of the current level of development and the actual capacity of the municipality. Local municipal stakeholders, rather than consultants, should drive the process of LED planning and implementation. The strategy must also take account of the current capacity for and level of service delivery by the municipality. For example, where basic service needs are not being met the LED Strategy could consider an improvement of the rollout of basic services as a necessary means to build the platform for economic growth and development, and poverty reduction.

#### **vi) Good governance**

Good governance has been shown to be an important factor in enabling economic development by increasing confidence in the public system and encouraging investment. LED strategies must therefore include interventions that strengthen democratic, inclusive, accountable, transparent and efficient governance and administrative management practices, both within the public sector as well as non-governmental local and regional development partners.

#### **vii) Evaluation and learning**

Institutions that learn from experience are able to adapt and change to meet the challenges of a dynamic global economy. Those who drive the development and implementation of the LED Strategy should consciously evaluate and learn from their experiences. The drafting, planning and implementation of the municipal LED Strategy will be repeated in a number of cycles as deemed appropriate by the municipality. This provides the opportunity for stakeholders to evaluate and learn as they progress through the LED planning and implementation process. This purposeful learning from experience is an important part of the process of building capacity for economic growth.



## 4 Stages and Steps to Preparing a Local Economic Development Strategy

### Introduction

In this section we will present and speak to the stages and process steps involved in the preparation of an LED Strategy, all of this against the contextual background and principles set out in previous sections of this document.

The ideas we present here are customarily assisted by a range of technical tools and techniques developed and applied in many parts of the world where people grapple with the challenge similar to ours here. Some of these tools have actually been developed by South African practitioners. While in this section we may introduce some of these tools and techniques, more detail on them is provided in the 'Companion to the Guide for Developing an LED Strategy: Readings, Tools and Case Studies' which accompanies this publication.

It should also be noted here that our focus in this publication is primarily on the preparation of the LED Strategy, and less on guiding readers through the process of its implementation. This is not meant to diminish the importance of the implementation of the strategy – doing justice to this topic, however, will require a substantive publication on its own, which we hope to develop in due course.. For now, we rather want to keep a consistency of focus on what we set out to do per shared understanding with all who have been part of the process of conceiving and developing this guide – ie addressing the need for support in the systematic preparation of LED Strategies.

The process we outline here assumes the following stages and steps in the LED Strategy development exercise. It should be noted that – while what is outlined here may broadly be similar with steps that may be encountered in other similar processes, we do not seek to mimic exactly steps outlined in texts that provide generic guides. Rather, we allow ourselves some creative licence in choice of the naming and ordering of steps.

We suggest five stages and thirteen steps in this process. Within the suggested steps are also suggested a number of specific actions:

### 4.1 Stage 1: Getting started<sup>6</sup>

This stage entails setting up and organising for the strategy development and planning task. The main aim is to clarify a rationale for the strategy development and planning project, secure a mandate for it, establish its legitimacy in the public imagination, invite and motivate stakeholders to participate and share their ideas, and establish the structure to drive and manage the LED Strategy development process.

The following key steps and actions are suggested:

Steps	Suggested Actions (additional pertinent information is provided in Companion publication, including detail on useful techniques)
<b>1. Establishing need and rationale, plotting and formalising process</b>	<ul style="list-style-type: none"> <li>It is first suggested that a team be set up to drive the LED Strategy development process. This team should ideally be led by the Municipal Manager, with the close assistance of the LED Manager, and should also include LED Councillors at both district and local municipality level as principal initiators. The team should also include regional officers of DEDEA, DLGTA and the DOA, as well as regional or local economic development agencies (where available) as close collaborators in initiating and driving the process. The strategy preparation process should be handled by this core team from start to end, keeping together in order that they also sustain the commitment of their institutions to the project.</li> <li>The process leadership team will first develop a document/memo motivating for the Strategy and its intended development process. This motivating document should be brief and to the point – preferably not more than two pages. Its main purpose is to focus and secure the mandate of the Municipal Council to undertake the LED Strategy development task.</li> <li>The mandate of Council at this stage, however, is only preliminary and conditional to the team presenting a detailed plan for the process. This then is the second key action of the planning team – developing a detailed Process Plan for the LED Strategy development project.</li> <li>Just as Local and District Municipalities are tasked with developing a Framework Plan for the IDP process, so should this be the case for the LED Strategy process. The plan for developing the LED Strategy should establish a clear process, timeframe, as well as budgetary requirements for the LED Strategy development task, and also ensure consistency with the IDP.</li> </ul>

<sup>6</sup> The phrase is borrowed from a DFID publication of the Baltic States Rural Development Programme, titled *Performing Partnerships*.

Steps	Suggested Actions (additional pertinent information is provided in Companion publication, including detail on useful techniques)
	<ul style="list-style-type: none"> <li>The LED Strategy development plan should set out realistic timelines for the process – six to nine months of focused work to ensure a good outcome from a sufficiently participatory process. It is self-defeating to rush work of this nature, and the temptation to do so should be avoided. A good international best-practice example to learn from here is the Brazilian Participatory Planning and Budgeting Process – a thorough participatory planning process that goes over nine months, yielding highly effective plans whose results are evident in a number of neighbourhood development projects in that country.</li> <li>In the Companion document to this guide, we provide a suggested outline of what such a process plan could contain. The plan need not be an unnecessarily long document – it should just provide enough critical information on the process.</li> <li>If service providers are engaged to assist with the work, coherent Terms of Reference (see sample outline in Companion document) should be drawn up, and the work of the service provider should be firmly managed by the core driving team.</li> <li>Logistical arrangements for hosting the core facilitating team should be sorted out before the work begins, and there should be confirmation of a sufficient budget to undertake the work before it starts – this is too important a process to embark on without ascertaining that it will be seen through to its conclusion.</li> </ul>
<b>2. Mobilising Stakeholders</b>	<ul style="list-style-type: none"> <li>Refer to 2.2.2 above on institutional stakeholders who will be important to the process.</li> <li>Following step 1 above, the driving team should move to generate sufficient publicity around the exercise, first inviting all relevant stakeholders to a series of structured conversations where the aims, process and intended outcomes of the exercise are presented and discussed. Principles for constructive participation are also set out and agreed. At these discussions, the stakeholders are encouraged to participate, commit to and own the project. They are also invited to contribute ideas towards a strengthening of initial thoughts formulated for the project by the leading team.</li> <li>In order to engender maximum participation, it is advisable to make an effort to first talk to constituent elements of stakeholder groups that have some logical association, as well as the capacity – power and resources) to contribute meaningfully to the development and implementation of the LED Strategy. This could also help encourage inter-accountability for commitments made around the implementation of the LED Strategy – commitments which will emerge out of the planning process. These stakeholders could for instance be organised and consulted along the following groupings, among others –</li> <li>civil society organisations, organised labour and community representatives</li> <li>(Community participation is especially encouraged, and accessible language should be used by facilitators. It is advisable to also identify community actors that can be tasked with carrying out some of the technical work – under guidance and with reasonable preparation – to complement the energy of the core driving team already suggested above).</li> <li>public entities and institutions facilitating and supporting local development work</li> <li>business associations and other related groupings representative of key economic sectors, these to be handled either inter-sectorally or according to specific sectors (the decision to go either way may be influenced by the relative size and importance of such sectors in/to the local and regional economies)</li> <li>government departments that can make important contributions to the success of the LED strategy (refer to 2.2.2)</li> <li>It is important to be clear that discussions which are conducted with representatives of sectors avoid being trapped in narrow group agendas – participants should always be reminded of the bigger purpose of a shared LED Strategy, and that all discussions will feed into the development of such. The LED Strategy should be seen as broader than, and serving to give a more integrated definition to sector strategies.</li> <li>Most of these stakeholders may hold some vision for LED or regional economic development. At this stage, however, it may be a vision not necessarily shared by the rest of the group. It is thus important to begin teasing this out even at the first consultations with stakeholders, and the facilitating team should in the process also establish the basis of such vision – is it built from a good understanding of local and regional socio-economic factors? Is it built on feel-good wishes? This is the first iteration of vision, which will be revisited at the point of casting a more collective vision in the strategy process.</li> <li>Important ideas and understandings coming out of the discussions with the stakeholders should be carefully recorded. This will serve two important purposes: Firstly, the team begins collecting information that will be valuable to the strategy development process. Secondly, the team establishes a basis against which future consensus with all key participants to the process will be negotiated as the process evolves – it is useful to have a record against which to refer, especially to remind ourselves of, or clear confusion in future about things said or agreed.</li> </ul>

Steps	Suggested Actions (additional pertinent information is provided in Companion publication, including detail on useful techniques)
3. Confirming the drivers and launching process	<ul style="list-style-type: none"> <li>Following the mobilisation of, and initial discussions with stakeholders, the initial core team should ideally be expanded to include others identified during the stakeholder mobilisation step. They are presented to, and are recognised by all stakeholders as legitimate members of the driving team for the strategy development and planning process, with their roles reasonably spelled out in a Memorandum of Understanding (MoU).</li> <li>It is appropriate at this point to also establish a group that will act as a bigger accountability board for the work, as well as provide it with strategic guidance through a structured process of engagement with the team that will do the technical work. Persons nominated to this group, in addition to representing their constituencies, can also be earmarked for resources they stand to bring to the task, including doors they can open. This group could be called an LED Strategy Reference Group or some other name preferable to participants in the process.</li> </ul>

## 4.2 Stage 2: Mapping Context and Taking Stock

Each community, local or regional area (made up of a group of communities) has a unique set of attributes that can advance or hinder local social and economic development. These include its social and cultural organisation and practices, its economic structure, its governance structure and systems – both formal and informal, its human resource capacity to carry out and sustain local development, as well as its comparative and competitive advantage or otherwise in relation to local, regional, national and more international competitors.

This stage of the strategy development process is thus concerned with establishing a clear understanding of the context within which we want to undertake the development process – its core features, its determinants, its possibilities and limitations. Mapping out and taking stock of the context characterising the local area should stay mindful to the fact that the local space and actors within it do not exist in isolation of broader forces, developments and other arrangements that impinge on the local reality. The aim of this stage is to establish relevant facts as well as establish a shared understanding of this reality and its interconnected parts.

The following steps and actions are suggested:

Steps	Suggested Actions (additional pertinent information is provided in Companion publication, including detail on useful techniques)	
4. Investigation and analysis of development context, challenges, possibilities and constraints	<p><b>ACTION 1: Initial information scan and analysis</b></p> <hr/> <p>We begin here with a review of available data and information on the socio-economic profile of the municipality, mindful of the suggestions in the adjacent box. If no such profiles exist, move to Action 2.</p> <p>We then identify any gaps in the available data and information, relative to our own needs. Some questions to be kept in mind include:          How is the local economy affected by poverty and inequality?          How do we address poverty and inequality?          How can we promote economic development and growth?</p>	<p><b>COMPILING AND ANALYSING INFORMATION ON THE LOCAL ECONOMY</b>  <b>(see also IDP Guide 3 on compiling and analysing information)</b></p> <ul style="list-style-type: none"> <li>The analysis and description of the local economy is influenced by the information used. The information gathering, compilation and analysis stage is therefore very important in the LED Strategy process.</li> <li>The principles and broad goals agreed by the municipal stakeholders for LED should frame the kind of information that is compiled for the LED Strategy. For example if a goal of LED is to reduce poverty and inequality then you need information about who is affected by poverty, how poor households survive, and what resources and services they have access to. You also need to understand patterns of ownership and control of wealth in the local economy. National statistical sources may tell you how many people are poor, where poverty is concentrated, and what percentages of households have access to basic services. But these sources will not tell you how poor households survive or what resources and sources of income the people in those households rely on. Similarly, the national statistics may not tell you what kinds of economic activity specifically happen in your local economy, nor will they show how much money is spent in the local economy.</li> <li>A useful approach to compiling information is to begin with the questions you need to answer, then to find information that will help answer the questions, going only for the most relevant information. First you should consult already published documents (relevant policies and frameworks, published surveys, and other relevant documentation). Then determine what gaps still exist and base your data collection plan around this.</li> </ul>

Steps	Suggested Actions (additional pertinent information is provided in Companion publication, including detail on useful techniques)	
	<p><b>ACTION 2: Preparation and data gathering</b></p> <hr/> <p>Whether we are collecting data to develop socio-economic profiles from scratch, or to consolidate existing ones, we advise that the LED Strategy development team consider the suggestions in the adjacent box.</p>	<p><b>SOME IDEAS FOR THE DATA GATHERING EXERCISE</b></p> <ul style="list-style-type: none"> <li>Prepare appropriate data collection instruments, based on questions you still need to answer. It is useful for the LED Strategy team to first brainstorm the questions, determine the persons or places you want to collect the data and information from, and structure your data collection instruments around these persons.</li> </ul> <p><i>If we want to collect data from households, an interview questionnaire, translated into the local language, is usually more appropriate.</i>  <i>We may also want to prepare observation schedules for our data collection team to visit certain places and note observations on economic activity</i></p> <ul style="list-style-type: none"> <li>It is important here that you do not unnecessarily complicate this exercise: go only for questions that will address your goals and priorities. While you may likely engage experienced persons to assist with the more technically sophisticated aspects of the research exercise (better still if some within the team have this technical expertise), it is important that all members of the team participate in the determination of questions and understand the rationale for using certain types of instruments. This will enable the team members to consolidate their skills in this kind of work, such that even if such exercises are initially led by consultants, they may be gradually taken over and done by the municipality and its local partners.</li> <li>As you go about gathering data, make sure you inform people you want information from about the purposes of the exercise. The process of data collection can be used to extend and promote participation in the overall LED Planning process.</li> </ul>
	<p><b>ACTION 3: Analysis and compilation of socio-economic profile and preliminary overview of local economy</b></p> <hr/> <p>Following an analysis of information collected, both through secondary desk research as well as primary research, the team will produce a preliminary overview of the local economy. The overview will include the elements listed in the adjacent box, and will inform the final shape of the LED Strategy.</p>	<p><b>SOME IMPORTANT ELEMENTS FOR AN OVERVIEW OF LOCAL ECONOMY</b>  <b>The overview will include the following (it is important that you go only for information useful for your purposes)</b></p> <p><b>1. Local resources and capabilities – strengths, enabling factors, needs and constraints will be determined</b>  Local resources, their state and availability – land and flora and fauna, mineral resources, water, livestock (types and numbers), buildings, roads, infrastructure, energy supply, information and communication technology, as well as other technological resources  Human resources and capabilities – education levels, skills both formally and informally acquired,  Institutions and their capabilities – government, public entities, development agencies, NGOs, CBOs  Services and their quality – health, education and other social services and amenities</p> <p><b>2. Local economic activity and potential</b>  Nature and scale of current economic activities  Locally produced/available vs externally sourced goods and services  Amounts of money circulating in/ coming into local economy vs money flowing out of local economy  Current and potential competitive advantage of local economy and reasons  Value chains – both active and potential  Potential for economic linkages within and beyond region  What are the main limitations on human development in the area?  What levels of technology potential?</p>

Steps	Suggested Actions (additional pertinent information is provided in Companion publication, including detail on useful techniques)
5. Engendering shared understanding of context, possibilities and limitations	<ul style="list-style-type: none"> <li>Once the information collection and analysis action has been completed, it is important that the results summarising the socio-economic profile of the area/region in question are compiled into a form accessible to various stakeholders targeted.</li> </ul> <p><i>The socio-economic profile can be packaged to varying levels of detail and technical sophistication – ranging from simple summaries that capture the essence of what all stakeholders need to understand in order to make an informed contribution to the formulation of a vision and priorities for local development, through to detailed information and data that will be useful to the more technically advanced.</i></p> <ul style="list-style-type: none"> <li>Next, it will be important that the LED Strategy team organise sessions to share and discuss the outcomes of the socio-economic research and profiling activity. At these sessions, stakeholders not only benefit a greater understanding of the reality they are supposed to collectively address, but the research and strategy team can also have an opportunity to fine-tune some of their conclusions through confirming them with relevant stakeholders.</li> <li>It is advised that a summarised version of the socio-economic profile finalised at the end of these consultation processes be written up to form a section of the LED Strategy document that will ultimately be put together (see Steps 8 and 9 below). In this regard, what is mainly of interest are the summarised essential descriptors of the local economy.</li> <li>A more detailed version of the socio-economic profile can be published separately from, or appended in the annex of the main LED Strategy document</li> </ul>

### 4.3 Stage 3: Framing the LED Strategy and Plan

The aim of this stage is to work out where people would like to take the shared development endeavour – the vision; as well as what they would like to see it yield – goals and intended outcomes against a set of priorities warranting attention for development. The priorities themselves will be brought out by the research and socio-economic profiling activity already described in stage 2. The process will consider the available paths for getting to a realisation of these goals and outcomes, and will settle on options that can hold the most potential for optimal results within whatever environment characterising the context of the area/ region targeted for development.

By the end of this stage the strategy development team should also aim to develop an outline of the LED Strategy document that will be the ultimate product of this process.

The following steps and actions are suggested:

Steps	Suggested Actions (additional pertinent information is provided in Companion publication, including detail on useful techniques)
6. Casting a vision for local economic development, and re-affirming principles	<ul style="list-style-type: none"> <li>Following a presentation of the results of the socio-economic research and profiling, participant stakeholders should be taken through a process where they can put up, discuss, debate and ultimately agree on what they can all commit to as a shared vision for the socio-economic development of their area or region, against a set of principles first articulated in Step 2 of Stage 1. These principles may themselves be revisited and reaffirmed/ consolidated at this stage.</li> </ul> <p><i>The vision-crafting exercise should be conducted such that it allows for sufficient participation and a hearing of the views of all. The following process can be assumed, depending on the numbers of participants and groups involved in the exercise:</i></p> <ol style="list-style-type: none"> <li>First, preliminary vision-crafting sessions for groups organised according to some appropriate logic of association, eg civic and community representatives, business associations, government departments and public entities, etc. It should be explained at such sessions that what is required are preliminary visions that will be then pooled together in order to determine what represents a <b>vision</b> which best approximates the consensus of most stakeholders' wishes.</li> <li>The development team should then attempt to develop a draft vision from the sum total of ideas elicited at the above sessions, and present this for discussion, refinement and adoption at a workshop now representative of key stakeholders.</li> </ol> <ul style="list-style-type: none"> <li>The vision ultimately crafted should be clear enough in articulating the desired socio-economic ideal seen as attainable by many stakeholders. It is futile to aim for something that is beyond the reach of stakeholders.</li> <li>The vision should align with other relevant and broader vision statements for economic development.</li> <li>Its statement should not be too long, so that everyone can be able to commit it to heart without much difficulty, as well as easily refer to it as an accessible frame of reference for their actions in the shared development quest.</li> </ul>

Steps	Suggested Actions (additional pertinent information is provided in Companion publication, including detail on useful techniques)	
<p><b>7. Establishing priorities, framing choices, setting strategic goals and objectives</b></p>	<p><b>ACTION 1: Prioritise Choices and Set Strategic Goals</b></p> <ul style="list-style-type: none"> <li>Once the vision is determined, at the same workshop representative of key stakeholders, the LED Strategy team will proceed to lead participants through a structured discussion and engage them in exercises to raise and rank a number of priorities they feel the strategy should respond to. These priorities will be either explicit or strongly implied in the socio-economic analysis done above.</li> <li>Alongside such a listing of priorities, should be placed information that throws more light on factors impinging on such priorities, whether positively or negatively. If the socio-economic analysis has been done well, such information foregrounding each priority raised should also be easily drawn from the analysis.</li> <li>Through discussion and appropriate exercises for scenario-development and options-modelling (<i>a number of techniques exist</i>), it is advised that the workshop then try to narrow these priorities to choose a manageable number to build on.</li> <li>The next action is to engage the participants in determining a set of strategic goals for the development of the regional and/or local economy(ies). Care should be taken here that the strategic goals – responding to the priorities identified, and framed with determinate periods of time in mind – should not be overwhelmingly many. Pick on a few clear goals, against which a clear set of doable objectives can then be developed.</li> </ul>	<p><b>SCENARIO-BUILDING AND OPTIONS-WEIGHING/ MODELLING</b></p> <p>It is useful to envision a number of possible scenarios when setting development priorities. These scenarios will be sketched out as future possible states likely to be the outcomes of certain actions (or even inaction) taken now.</p> <ul style="list-style-type: none"> <li>The visionaries – vision-crafting and goal-setting participants - will normally declare their preferences for future states across time projections – short, medium and long term. At this stage of the discussion, only broad goals may be sketched; a detailed outline of objectives to follow.</li> <li>They will then foreground these against the realities of the local economy – both constraints and opportunities/advantages, as a step towards building ideas of how to get from present status quo to desirable future, for each of the scenarios outlined.</li> <li>They will next carefully weigh and discuss the pros and cons of each scenario, and then move to a more elaborate determination of objectives, especially for the more desired states.</li> </ul>

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	<p><b>ACTION 2: Determine Objectives and Implementation Actions</b></p> <ul style="list-style-type: none"> <li>Informed by an understanding of local socio-economic realities, opportunities and constraints, desired vision, priorities and strategic goals for socio-economic development of the territory, the LED Strategy team will engage participants in mapping out specific objectives and intended outcomes of development action against each goal.</li> <li>The participants will then move into a discussion/ set of exercises to identify and outline intervention actions that may best achieve the desired goals and objectives.</li> </ul>																							
<p><b>8. Crafting an outline of the Strategy document and Plan</b></p>	<ul style="list-style-type: none"> <li>From the above steps, we should now have the ingredients for writing up a draft LED Strategy. The stakeholder workshop suggested above could thus end with the team presenting the participants with a sense of how the envisaged Strategy document is likely to come together.</li> <li>We suggest here that the LED Strategy team leading the process should seek to craft an outline for the document which may simply follow the logic of the steps set out in this guide, and signal what is likely to be in each section of the document. The content here should be relatively clear from steps already covered thus far. In the adjacent box we provide a likely outline of the LED Strategy document</li> </ul>	<p><b>Likely Contents for LED Strategy Document</b> (we note that presentations of Strategy could vary in detail and sophistication; this is merely a guide)</p> <table border="1"> <thead> <tr> <th data-bbox="903 981 1145 1059">CONTENT AREAS FOR/ SECTIONS OF LED STRATEGY DOCUMENTS</th> <th data-bbox="1145 981 1461 1014">PURPOSE AND FOCUS</th> </tr> </thead> <tbody> <tr> <td data-bbox="903 1059 1145 1126"><b>Foreword</b> (by District / Local Political Leader - Mayor)</td> <td data-bbox="1145 1059 1461 1216"><i>Establishes political legitimacy and development rationale for the LED Strategy, and mobilises people and institutions behind Strategy and local/ regional development programme.</i></td> </tr> <tr> <td data-bbox="903 1216 1145 1272"><b>Executive Summary</b></td> <td data-bbox="1145 1216 1461 1272"><i>Provides a summarised sense of essential aspects of document</i></td> </tr> <tr> <td data-bbox="903 1272 1145 1328"><b>Name and Geographic Location of Municipality</b></td> <td data-bbox="1145 1272 1461 1328"><i>Identifies municipality/ region, its location and boundaries.</i></td> </tr> <tr> <td data-bbox="903 1328 1145 1462"><b>1 Introduction and Purpose of LED Strategy</b></td> <td data-bbox="1145 1328 1461 1462"><i>Background information on impetus and rationale for, and purpose of LED Strategy, this to include rationalisation against macro policy imperatives (national and provincial)</i></td> </tr> <tr> <td data-bbox="903 1462 1145 1563">1.1 Process of Strategy Development</td> <td data-bbox="1145 1462 1461 1563"><i>Briefly summarises steps taken to develop strategy to ensure full participation and lay the basic foundation for success.</i></td> </tr> <tr> <td data-bbox="903 1563 1145 1664">1.2 Principles Underpinning Strategy</td> <td data-bbox="1145 1563 1461 1664"><i>Presents key principles underpinning Strategy development process, as well as expectations of pertaining to anticipated implementation</i></td> </tr> <tr> <td data-bbox="903 1664 1145 1776">1.3 Profile of Participants</td> <td data-bbox="1145 1664 1461 1776"><i>Identifies stakeholders who have participated in the process, including team of facilitators. 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	<p><b>Likely Contents for LED Strategy Document</b> (we note that presentations of Strategy could vary in detail and sophistication; this is merely a guide)</p> <p><b>3 The Strategy</b></p> <p>3.1 Vision for LED in the area <i>Succinctly sets out what is envisioned for the future of the economy in the municipality/ region. Specifies the ideal to which development efforts strive.</i></p> <p>3.2 Priorities, Rationale and Strategic Goals <i>Lists, categorizes and provides rationale for choice of priorities around issues and target areas upon which the Strategy is focused.</i></p> <p>3.3 Objectives of the LED Strategy <i>Specifies the objectives of the Strategy against particular goals, and notes specific areas of focus.</i></p> <p>3.4 Strategy Implementation Plan</p> <ul style="list-style-type: none"> <li>• Establishes critical implementation considerations</li> <li>• Sets out detail of implementation actions against goals and objectives</li> <li>• Sets out outcomes against objectives</li> <li>• Sets out milestones along implementation timelines</li> <li>• Outlines responsibility for implementation actions</li> <li>• Sets out accountability, leadership and managerial arrangements for implementation action</li> </ul> <p>3.4.1 Organization for Implementation</p> <ul style="list-style-type: none"> <li>• Sets out organizational requirements for implementation</li> <li>• Provides assessment of implementation capability of implementing institutions and maps out capability-development plan (information derived from institutional analysis in Step 4)</li> </ul> <p>3.4.2 Communication and Advocacy</p> <ul style="list-style-type: none"> <li>• Ensures shared awareness of, and commitment to the Strategy, including the mobilization of resources</li> </ul> <p>3.5 Monitoring and Evaluation</p> <ul style="list-style-type: none"> <li>• Outlines strategy and mechanisms for monitoring and evaluating progress, ensuring feedback and strategic interventions to enable success (refer to DPLG's LED TOOLKIT).</li> </ul> <p>3.6 Financial Resources for Implementation</p> <ul style="list-style-type: none"> <li>• Sets out detailed budget to cover all actions on/ of Strategy and identifies sources committing to financing of Strategy</li> </ul> <p>3.7 Risk Assessment &amp; Management</p> <ul style="list-style-type: none"> <li>• Identifies potential risks to successful implementation of Strategy, and sets out risk management actions/ mechanisms</li> </ul> <p><b>4 Appendices/ Annexes</b></p> <ul style="list-style-type: none"> <li>• Contains all appendices and annexes to Strategy document</li> </ul>

## 4.4 Stage 4: Filling the Frame, Mobilising Support and Commitment

This stage is about writing up the LED Strategy document in full.

- The LED Strategy development team is advised to divvy up the task of writing the document according to their preferences and strengths for particular areas/ interests. If the technical task has been outsourced to consultants, they should still be closely managed by the development team from participating institutions and other stakeholders.
- It is also advisable to consider working on a number of drafts of the LED Strategy, at least two – circulating it to key stakeholders for comment before it is finalised and presented for adoption by the appropriate structures in the region or local municipality.
- During the process of finalising the LED Strategy, the team should also ensure that they intensify their lobbying of key constituencies and power blocs (political and financial) that will be counted on to support a successful implementation of the LED Strategy. These groups are of course approached for commitment at this stage because there is now a clear document, with detailed budget, that backs up the requests for support.

## 4.5 Stage 5: Finalising and Adopting LED Strategy and Plan

This is the final stage in the LED Strategy development and planning process.

There are two points of buy-in and legitimating of the Strategy: First, the buy-in by non-governmental constituencies – civil society, organised sector bodies, business, and so on. While these stakeholders do not formally vote on and formally manage the local development strategy and plans, their acceptance of such plans is important to ensuring success – after all, collectively they form the majority of the social economy.

The second point of buy-in is the formal endorsement and adoption of the LED Strategy by relevant structures of government at varying spheres:

- At the local level, the LED Strategy has to be formally adopted by the Municipal Council. And so is the case with the District Municipality. It is thus the duty of the development team to table and present to Council in a manner that will inspire confidence in the thoroughness of the Strategy and prospects for its successful implementation.
- The LED Strategy also needs to be tabled at relevant structures of the Provincial Government, and in some cases – even National Departments, where support for its successful implementation is sought.







For more information on assistance offered contact our Project Secretary at:

Tel: 040 609 5615 | Fax: 040 635 0008  
email: [pcu@thinasinako.co.za](mailto:pcu@thinasinako.co.za)

