

**A COMPARATIVE ANALYSIS OF THE LOCAL ECONOMIC
DEVELOPMENT PRACTICES IN SOUTH AFRICA AND
NAMIBIA**

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DECLARATION

I, the undersigned hereby declare that the work contained in this assignment is my original work, and has not previously, in its entirety or in part, been submitted at any university for a degree.

SIGNATURE

DATE

SYNOPSIS

Local governments in both developing and developed countries are faced with many developmental challenges. This requires the development of strategies and mechanisms to address socio economic development and to promote partnerships between the communities and municipalities. The development strategy of local economic development has been advanced as a tool to stimulate the economy and to create new job opportunities at local level, in partnership with central government and other stakeholders. It is in this light that the study first presents a description of the concept, and the principles and the processes that underlie local economic development. Followed by this, is an analysis of local economic development in the global context, by briefly mapping what international development agencies are undertaking. Furthermore the study is narrowed down to South Africa and Namibia in assessing the evolving local economic development policies and practices as found currently.

The findings indicate that the local economic development strategy is an accepted application in the world. In Namibia and South Africa the practical evolvement is a relatively recent phenomenon of middle 90s, with the latter progressed far in implementing a more advanced policy framework to support the practice. The former is still, very much in the initial phases of launching, with few instruments in place to promote local economic development. In Namibia local economic development is presently evolving under the auspices of the Association of Local Authorities for Namibia, with the National Government giving verbal support and promises to commit it to formulating a national policy in the near future. This practice of LED is faced with constraints such as a lack of funds, inadequate policy frameworks and poor capacity of human resources. This is hampering a nationwide rollout, as to date only two comprehensive cases exist, an indication of the limited evolvement of policy and practice in Namibia. In contrast to this, South Africa is a long way ahead in terms of practical cases and policy making, as it is at the stage of giving comments on the draft policy paper on local economic development. The South African government, amongst other, has already committed financial support to local authorities to help them practically realise the concept of local economic development by means of a National LED fund.

Despite the limited evolution of local economic development in Namibia, the concept is set to gain momentum with the promised envisaged national LED policy, and the current project of the Urban Trust of Namibia coming into full force. This is more so in the capital city, for Windhoek committed itself to the process of implementing its local economic development strategy as from 2003. However local economic development is no panacea for all the problems, for prior experiences show there is a thin line between success and failure in practice. Henceforth, local economic development as a development approach has the potential to contribute to improving the lives of the poor, as long as it is sufficiently linked to broader frameworks and strategies in all spheres of government and even on a global level. Therefore local economic development efforts must be seen as complementing national policy frameworks in achieving sustainable development.

SAMEVATTING

Plaaslike regerings in ontwikkelde sowel as ontwikkelende lande, staar baie uitdagings in die gesig. Hierdie uitdagings vereis dat strategieë en meganismes ontwikkel word om sosio-ekonomiese ontwikkeling aan te spreek en die vennootskappe tussen gemeenskappe en munisipaliteite te bevorder. Die ontwikkelingstrategie van plaaslike ekonomiese ontwikkeling word as 'n meganisme voorgelê om die ekonomie te stimuleer en om nuwe werksgeleenthede op plaaslike vlak te skep, in samewerking met die sentrale regering en ander belanghebbendes. Dit is as gevolg hiervan dat die ondersoek eers 'n beskrywing van die konsep, die beginsels en die proses onderliggend aan plaaslike ekonomiese ontwikkeling verskaf. Daarna volg 'n analise van plaaslike ekonomiese ontwikkeling binne die globale konteks deur kortliks internasionale ontwikkelingsagentskappe se onderneminge uiteen te sit. Die studie is gefokus op die assesering van die groei in plaaslike ekonomiese ontwikkelingsbeleide en -praktyke soos dit huidiglik bevind word in Suid-Afrika en Namibië.

Bevindinge dui daarop dat die plaaslike ekonomiese ontwikkelingstrategieë wêreldwyd as benadering aanvaar word. In Suid-Afrika en Namibië is die praktiese ontwikkeling daarvan 'n redelik onlangse verskynsel wat in die 1990's begin het. Suid-Afrika het ver gevorder met betrekking tot die implementering van 'n meer gevorderde beleidsraamwerk om die praktyk van plaaslike ekonomiese ontwikkeling te ondersteun. Namibië is steeds in die aanvangsfase, met min meganismes in plek om plaaslike ekonomiese ontwikkeling te bevorder. In Namibië is plaaslike ekonomiese ontwikkeling huidiglik afhanklik van die ondersteuning van die Assosiasie van Plaaslike Regerings vir Namibië, met die Namibiese regering wat mondelings ondersteuning verleen om binnekort hulle tot die formulering van 'n nasionale beleid te verbind. Die toepassing van plaaslike ekonomiese ontwikkeling word egter gekniehalter deur faktore soos die gebrek aan fondse, onvoldoende beleidsraamwerke en die swak kapasiteit van menslike hulpbronne. Dit voorkom dat daar landwyd groei plaasvind en tot op hede is daar slegs twee uitgebreide gevalle, wat 'n aanduiding is van Namibië se gebrekkige ontwikkelingsbeleid en -praktyk. In teenstelling hiermee is Suid-Afrika ver voor in terme van praktiese gevalle en beleidsformulering, aangesien dit reeds in hierdie stadium kommentaar op die konsepbeleid van plaaslike ekonomiese

ontwikkeling kan lewer. Die Suid-Afrikaanse regering het, onder andere, hulself reeds verbind tot finansiële ondersteuning aan plaaslike owerhede om met die praktiese verwerkliking van die konsep van plaaslike ekonomiese ontwikkeling te help, deur middel van 'n Nasionale Plaaslike Ekonomiese Ontwikkelingsfonds.

Ten spyte van die beperkte groei van plaaslike ekonomiese ontwikkeling in Namibië, word daar gehoop dat die konsep momentum sal kry met die beoogde nasionale beleid wat beloof word en die huidige projek van die Stedelike Trust van Namibië wat nou vinnig tot uitvoering gebring word. Dit is des te meer so vir die hoofstad, Windhoek, aangesien dit reeds verbind is tot die implementeringsproses van hul plaaslike ekonomiese ontwikkeling vanaf 2003. Plaaslike ekonomiese ontwikkeling is egter nie 'n wondermiddel vir alle probleme nie, ervaring het al bewys dat daar 'n baie dun lyn tussen sukses en mislukking is in die uiteindelijke praktyk. Voortaan het plaaslike ekonomiese ontwikkeling as ontwikkelingsbenadering die potensiaal om by te dra tot die verbetering van die lewens van die armes, mits dit geïntegreer word met breër raamwerke en strategieë op alle sferes van die regering en selfs op wêreldvlak. Pogings tot plaaslike ekonomiese ontwikkeling moet dus om hierdie rede as komplimenterend gesien word tot die nasionale beleidsraamwerke in die bereiking van volhoubare ontwikkeling.

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ABBREVIATIONS:

| | |
|---------|--|
| ALAN - | Association for Local Authorities of Namibia |
| DPLG - | Department of Provincial Government & Local Government |
| FES - | Frederich-Ebert Stiftung |
| HRD - | Human Resource Development |
| IDP - | Integrated Development Planning |
| ILO - | International Labour Organisation |
| LEDA | Local Economic Development Agency |
| LEED - | Local Economic Employment Development |
| MTI - | Ministry of Trade & Industry |
| NALAO - | Namibian Association for Local Officials |
| NAMSTA | Namibian Small Traders Association |
| NBI - | National Business Initiative |
| NCC I- | Namibian Chambers Commerce & Industry |
| NDC - | Namibian Development Corporation |
| NDP2 - | National Development Plan Two |
| NGO'S - | Non-Governmental Organisation |
| OECD - | Organisation for Economic Co-operation & Development |
| PPP - | Public Private Partnerships |
| RDP - | Reconstruction and Development Programme |
| SADC - | Southern African Development Corporation |
| SALGA - | South Africa Local Government Association |
| SANCO - | South African Civic Organisation |
| SME - | Small-Medium Enterprises |
| SMME'S | Small-Medium Micro Enterprises |
| UNCRD - | United Nation Centre for Regional Development |
| UTN - | Urban Trust of Namibia |

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CHAPTER 1

INTRODUCTION

1.1 Problem Statement

Since the late 1970s, there emerged an intense preoccupation with economic planning at the local authority level. This was as a result of the internationalisation of markets between European economies and non-European economies and briefly meant that local authorities had to compete on the global scene without the protection of their national governments (Bennet & Krebs, 91: 8). More so, governments were experiencing fiscal pressure that caused reduction of state support to local authorities. This implied that local authorities had to become economically assertive to survive and prosper. They had to respond to the economic challenges by, promoting its area of jurisdiction, advising on the local context and improving the quality and efficiency of its services from the perspective of business attraction (Bennet & Krebs, 1991:11).

Furthermore, the demand for local economic development (LED) in the South and South African Development Community¹ (SADC) is attributed to decades of low or negative growth, debt burdens, and structural adjustment packages imposed from outside, which have in turn led to already weak governments playing an even smaller role in local government matters (Nel, 2000:8). These factors gave the impetus for local initiatives to facilitate the expansion of the private sector, decentralise control, encouraged public participation, support for small business sector growth and partnerships between the public and private sector at the local level. Local economic development therefore came to be viewed as an instrument to identify development strategies that are workable, practical and able to attract private sector investment.

It is against this background that local authorities in Namibia are adopting the development strategy of Local Economic Development to fight poverty and

¹ Southern African Development Community consists of Botswana, South Africa, Namibia, Mozambique, Angola, Malawi, Tanzania, Zimbabwe, Zambia, Lesotho, Swaziland and Democratic Republic of Congo.

resources and business comparative advantages. It seeks local solutions to local economic problems. In terms of this approach, the emphasis for local governments shifts from the provision of social services and public goods towards accelerated growth to create jobs and make local authorities sustainable institutions. This shift is driven by the need to develop the local economic base thus responding to citizen priorities. It also aims to increase the local revenue base and the ability to deliver services, which in turn leads to increased transparency and accountability of local governance (Black, 2002: 2).

In Namibia the concept of Local Economic Development is just emerging as local authorities are in the process of formulating local economic development strategies to assist as a developmental tool in fighting poverty and unemployment. As a result, the Association for Local Authorities of Namibia (ALAN) in conjunction with Friedrich Ebert Stiftung (FES) adopted a draft policy framework on local economic development at its 51st Annual congress held in Windhoek in March 2000.

This framework enables local authorities to find a uniform approach towards formulating local economic development objectives and sharing experiences amongst each other. As a result local authorities in Namibia are being conceived as agents of economic development expected to stimulate local private initiative for productive economic activities. The role of local governments as merely service providers is consolidated with this of an entrepreneur, which entails forming growth coalitions and public-private partnerships to attract national and international investment.

In the light of these considerations, it is deemed appropriate to investigate the evolving local economic development policy framework as an offer of development alternatives to address the unemployment and urbanisation phenomenon. Furthermore the study intends to assess if this policy framework possesses the necessary institutional arrangements to support a national realisation of the LED practice, using the South Africa national framework of local economic development as a yardstick.

The broader analysis of the South African experience of local economic development practices will be recalled to inform the Namibian attempts in putting local economic development policy (or support structure) in place. For this purpose, it would be useful to trace the origin of LED within the SA context to where it find itself at present, and in turn,

development policy (or support structure) in place. For this purpose, it would be useful to trace the origin of LED within the SA context to where it find itself at present, and in turn, point out the lack of such processes until recently in Namibia. Finally as part of this study, there is a deliberate attempt to put the City of Windhoek in the spotlight to assess its response to the practice of LED in respect of policy and institutional arrangements to date.

The recent adoption of a draft policy framework on LED by the Association of Local Authorities of Namibia at its annual congress ensures that LED merits considerable interest and attention in the country. Therefore it was deemed a timely and topical issue to research. There is also a need to examine the government's policy documents with regard to local economic development in Namibia. The euphoria, faith and commitment of local authorities towards this concept will be examined to find out if they have moved towards formulating policies or strategies to promote the implementation of LED in their areas. The potential to contribute to both the development of the LED policy and the application thereof in Namibia is another key motivation for the research.

Therefore, the aim of this study is to find out how local economic development is evolving in Namibia and if local authorities have formulated strategies and how they fit in the overall function of local governments in Namibia within the context of the Local Authorities Act. The study intends to find out who the main players are promoting LED, including how it will be implemented in the absence of policy documents or support structures from Government on LED, as in the case of South Africa.

1.2 Research methodology

The primary focus area of the study was Namibia and South Africa with the targeted population being the local authorities. Henceforth a significant part of the study reviewed South African policies and case studies of LED, as they provided the theoretical underpinnings to compare and provide possible guidelines to local authorities in Namibia with regard to the implementation of LED.

A case study of the city of Windhoek has been made to illustrate on a practical level what the key features of LED strategies are for local authorities in Namibia.

The study is qualitative as empirical evidence is obtained by analysis of policy documents from the main role players in the promotion of local economic development. A list of institutions of Namibia has been compiled to provide documents and papers on local economic development in Namibia. Once all this documents were obtained interviews were arranged and conducted with officials of the selected institutions, especially the government representative in the Ministry of Local Government to establish their position on LED.

The interviews were conducted personally and telephonically to see if any additional information could be obtained. The data obtained was evaluated in conjunction with all other information acquired via resources such as the Internet and academic resources. Once all the necessary data was evaluated, the results was interpreted and written up and possible guidelines formulated.

CHAPTER 2

WHAT IS LOCAL ECONOMIC DEVELOPMENT?

2.1 Definitions of Local Economic Development

According to Blakely (1994: 49), Local Economic Development (LED) is an “enterprise approach and a new process by which local government, along with local corporate firms, join forces and resources to enter into new partnership arrangement with the private sector or each other, in order to create new jobs and stimulate economic activity in a well defined economic zone”. In other words, it is a process whereby local authorities and the private sector combine resources in order to create jobs and stimulate economic activities within a specific boundary.

Another central feature of this economic strategy is the emphasis on endogenous development, which refers to harnessing local human, institutional and physical resources to improve the quality of life of people in a local area (Blakely, 1994: 49-50). This central feature is based upon the premise that each community has within itself, considerable capacity and opportunities to influence its economic future.

The definition of LED according to South African National Civics Organisation (SANCO)² is a process whereby identifiable localities- based around a local authority engages in economic strategies and projects. The aims are to alleviate poverty, encourage growth, fully mobilise existing resources and optimally use new investment to uplift the wider community. The key stakeholders in this economic planning strategy are community organisations, local authorities, businesses and labour organisations. Other than this, the input of outside bodies such as the provincial government (which in the case of Namibia is regional government), outside investors and development agencies are also important in local economic development. (NBI³ 1996, section 2 p.2).

² South National Civics Organisation is the umbrella body of all NGO’s and civic groups in South Africa

³ National Business Initiative

Furthermore, the World Bank⁴ asserts that LED is about local people working together to achieve sustainable economic growth that bring economic benefits and quality of life improvements for all in the community. The community is defined here as a city, town, metropolitan area, or sub national region. In this case LED will offer local government, the private sector, not-for-profit sectors and the community the opportunity to work together to improve the local economy.

In a final analysis of the definition, the International Labour Organisation gives a working conceptualisation of LED as a participatory development process that encourages partnership arrangements between the main private and public stakeholders of a defined territory. It includes joint design and implementation of a common development strategy by using local resources and competitive advantages of the local area. The objective of this is to create decent jobs and stimulating economic activity (International Labour Office, 2001:8).

Definitions of local economic development are comprehensive, as they highlight the spatial dimension and the efforts of communities, stakeholders and government to address poverty alleviation through economic growth.

In addition, LED is about harnessing resources and opportunities within or accessible to a community to generate employment and sustainable economic activity. It takes place in situations as diverse as a depressed area of a city or a shack settlement, a small town or a rural community. As a result it is characterised by the extent to which local people are responsible for and control the economic planning process.

In conclusion, the definitions illustrate that local authorities plays a key role in supporting and encouraging LED in the area under its jurisdiction. However, this must be a collaborative process with civil societies (NGO's), communities etc to achieve a successful economic planning strategy. Moreover local economic planning strives to enhance the status of local authorities in the global economy, and the importance of local decisions made at the local sphere. This is because local government constitute a

⁴ Retrieve from the internet: <http://www.worldbank.org/urban/led/defining.html>

platform that has the most profound impact on the lives of the poor and disadvantaged.

2.2 Overview of international perspectives of local economic development

Since the 1980s, local economic development has emerged as a major international research focus. This emergence is illustrated by an increased proactive role played by local authorities and agencies in promoting the economic well being of their communities (Nel & Rogerson, 1996: 69). In addition, this emerging context provides local communities a greater opportunity than before to utilise their human, social, institutional and physical resources to build self-sustaining economies.

The phenomenon of LED is evolving in an era that has given rise to the notion of the global village, which is linked to globalisation. The emphasis focuses on the declining role and the place of the nation state, particularly in relation to the rise of the supranational states and international trading blocks. This, according to Nel (1999:21), includes the view that dominant social, political, and economic patterns of the industrial era are being replaced by a society in which two interdependent systems exists- one global and one local-both shaping and creating the future. Furthermore, the role of the communities is viewed to have superseded states and nation states as the focus of fundamental change. However this view is not shared and endorsed by all theorists.

The past decades has seen the rise of LED as an international discourse assuming prominence as policy issue for local development. In Africa the United Nation Centre for Regional Development (UNCRD) has published considerably on the potential of self-reliance strategies in Africa, which is a characteristic of local economic development. The UNCRD believes there is a powerful rationale for local economic planning to play a greater role in the development of Africa and gives the following reasons for this (NBI, undated: 14):

- i. Most countries are experiencing economic decline, rising unemployment, decreasing food security and widespread poverty;

- ii. Urban centres becoming centres of crisis, unable to meet pressure created by rapid population growth and increasing demands for food;
- iii. The State's continuous inability to address very real needs in most remote areas, requiring alternate strategies of resource mobilisation;
- iv. This economic crisis have led to significant rise in local initiatives been launched which are often the only means of survival and in some cases proven to be an effective way of restructuring development along more indigenous and self reliant lines;
- v. The political and economic liberalisation in Africa has enhanced the need for more effective participation in articulating local needs, meeting basic needs and maximising the efficient use of resources;
- vi. Local self-reliance provides an effective framework to harness talents, skills and human resources, yet still retain popular control and participation in the local area;
- vii. It also believe local level development is an effective way to address gender and environmental issues and concerns where they are most pressing

The reasons as given indicate the dire need for LED in developed and developing countries as an essential approach to complementing national macroeconomic policies. This belief is asserted by the UNCRD statement (NBI, Undated: 15) "local level organisation and participation provide the most logical terrain for the advancement of peoples power in real, concrete terms, economically, politically and culturally". Furthermore, studies have also been undertaken into African urban economies and on appropriate strategies to induce local economic growth and development. Other studies include strengthening rural-urban linkages with the goal of inducing endogenous growth.

The renowned international institution known as the Organisation for Economic Co-operation and development (OECD) which comprises of 25 democratic nations with advanced market economies, endorsed the contribution of community based economic development efforts. As result, it has since 1982 operated the programme of Local Economic Employment Development (LEED) in support of the study and promotion of this local economic planning.

Internationally the European community has also given prominent support to its member countries via the Local Employment Development Action (LEDA). This programme includes assistance from the structural funds to regions suffering economic and social disadvantages, as well as economic sectors undergoing structural transformation with a major impact on local employment. Local economic development action is viewed in the structural framework as an initiative to improve local areas economic performances. Other instruments of the structural funds framework include the urban initiative to regenerate depressed neighbourhoods in large and medium size cities. In addition to this is the Poverty Social Action Programme, which promotes innovative, multi-dimensional local responses to problems of poverty and social exclusion (Geddes, 2002)⁵.

Therefore upon the analysis of this chapter, it is evident that the international platform is actively involve in LED promotion and practice. The reasons are the global economic restructuring taking effect, while in the South it is mainly as a result of structural changes and operation of capital. It is also stressed as a mechanism to promote growing local economies and addressing poverty alleviation as observed in the European community.

In addition, this first world discourse of LED is gradually finding connections to the third world discourse as highlighted by UNCRD. All this can be attributed to the increased focus on the search for survival development strategies. This is true for South Africa, as LED is linked to processes of Integrated Development Planning (IDP), which is a required tool of development planning for Municipalities in terms of national legislation (Harrison and Naidoo, 2000: 119).

It is evident from the international context that LED programmes requires funding and all form of support from national government if it is not to be undermined by other mainstream economic and social policies in the country.

⁵ Provincial and local government Publication titled Linking LED to anti-poverty strategies: experiences in the UK and European Union available online from [http://: www.local.gov.za/DCD/ledsummary/ledindex.html](http://www.local.gov.za/DCD/ledsummary/ledindex.html)

2.3 The origins of LED

This economic development planning as a people and place strategy is not entirely a new phenomenon of the 1980s, particularly in North America and Western Europe, as well as certain parts of the developing world. Henceforth Local Economic Development is a phenomenon of late twentieth century and has no prototypes, as the political-economic framework differs among the nation states and local authorities that practice it.

There is a general consensus that the prominence of LED is the result of changes in the nature of development strategies, the global economic crisis of the 1970s, structural adjustment programmes in the South (mainly developing countries) and modification to the operations of capital. In the United Kingdom and the European Union it emerged in the early 1980s in response to growing problems of unemployment caused by economic restructuring and a decline in old industrial areas.

Local economic development planning in Europe was mostly found in disadvantaged localities and emerged from a rich tradition in community development and self-help efforts that began as early as the 1960s in Europe (International Labour Office, 2001:2). Therefore the growth in LED in the developed world is associated with the weakening of centralised economic management and attempts by localities to counter the effects of global economic restructuring.

The new openings for local economic intervention as a consequence of “Fordism⁶” and vertical disintegration of production into “flexible” small enterprise helped gave rise to local economic development (Rogerson, 1995: v). These “flexible small enterprises” are characterised by a high mobility of capital between jurisdictions (local authorities), which in turn caused local economies and their employment base being at risk of shrinking.

The World Bank asserts that local economic has passed through three broad stages or waves of development. The first wave was between 1960 to early 1980s, where the focus was on the attraction of mobile manufacturing and hard infrastructure investment (public sector investment). This wave focused mostly on foreign direct investment. The second wave stretched between 1980 to mid 1990s with the emphasis being on the retention and growth of

⁶ refers to the era of mass assembly where production was determine by its location.

existing local business. This wave still has an accent on inward investment, although more targeted to specific sectors such as training and advice for small-medium scale enterprises. The last wave manifest itself from late 1990s, with focus shifting from individual directed firm financial transfers to make the entire business environment a more conducive environment. In this last wave the attention is placed on soft infrastructure investment (human resource development), public/private partnerships, and improving quality of life and securities for communities and potential investors. Local economic development may have moved through each of these waves, but elements of each wave are still practised today. (The World Bank; LED Quick Reference, 2002: 3&4)

These are just some of the major factors that helped transform urban governance from an era that focused on local provision of services and facilities to one preoccupied with strategic deployment of local resources to obtain economic benefits for its society. The aim of this is to mobilize investment by means of public and private capital by encouraging partnership arrangement between the local state and private enterprises to join efforts in stimulating urban economic development.

Local economic development planning emerged as a reaction to larger-scale economic transformation and a positive response to formulate locally based economic solutions in spite of larger economic and political forces. It has developed over two decades into its present form and must be viewed as an emerging field. The current discourse affirms local economic development as a movement rather than a strict economic model from which uniformed approaches are developing.

2.4 Characteristics of LED

There is an ongoing attempt for a new framework to help in the identification of the characteristics of local economic development. The basic tenet of this framework is that it is a process that emphasises the full use of existing human and natural resources to build employment and create wealth within a defined locality. This framework is important to differentiate the components of LED, which are narrowly intertwined with the objectives. However, there are core concepts that are truly developmental of the idea of LED, and will be dealt in the following paragraphs.

The practice happens within a zone of action, which means geography of employment planning and economic development is a given factor. In other words LED resources, concerns, and energy are directed to specific localities. More so the programs or efforts are designed to intervene in the right place at the right time to affect both the people and the place.

Consequently the concept of LED is about designing local relevant institutions and organisations cutting across political, economic, and social barriers in both public and private sectors to promote development (Blakely, 1989: 88). These institutions may range from community promotion and industrial attraction committees to local and community economic development corporations. Further, these institutions of LED are inclusive, representative (public and private), and mandated to find capital that ensures a concerted approach to building the base for economic development of a local area.

The planning of economic development is also about creating new businesses or retaining existing ownership in a community. It is so because local firms form the base for headquarters and use local resources, both human and physical, to establish central economic heart of the municipality. Local economic planning in addition entails linking employment and economic development policies and programs with the goal of diversifying the local economy. All this strives to create employment options and opportunities for the existing local human resource base. This is realised by using public resources to improve the links between jobs available and people available for work. It's about finding a better match between mentioned elements.

Local economic development entails securing quality jobs with the aim to increase the potential for the local population to have secure jobs and income. This is deemed a stabilising component for the community both economically and socially. It involves formulating strategies by local authorities that are aimed at:

- Providing a competitive local business environment as well as stimulating growth of local firms;
- The promotion of private sector involvement via public/private partnership in the investment of public goods to improve the quality of life for their communities;
- Supporting quality of life improvements by addressing social exclusion in its area (an example is the inclusion of the poor and informal in the socio economic mainstream of the society).

Therefore LED is characterised by the combination of public resources with private sector resources to attain objectives neither could attain alone. The organisation of these resources into the correct formula is one unique contribution of the concept of local economic development. While according to NBI, local economic development focuses on:

- Restructuring the local economy to respond positively to changes in the provincial, national and global economies;
- Using community development process that empower local people (especially disadvantaged communities) and strengthen their capacity and entrepreneurial skills to cope and adapt to changing economic conditions.
- Maximising local ownership, involvement, responsibility, leadership, decision making and choice;
- Designing bottom up initiatives that complement national and provincial policies and programmes

The abovementioned circumstances and characters forged a new and unusual blend of institutions and processes to create a new concept known as local economic development. Its key character is the recognition of the capabilities and resources of local people. This concept instils a 'lets do it on our own' mentality on the local authorities in terms of economic development.

2.5 Objectives of Local Economic Development

It is evident in the previous literature reviews that local authorities are entering a crucial phase, as they combined their traditional function with the growing new role of playing a catalyst for local economic development. This swing to local economic development is characterised by bottom-up approaches, which clearly marks a paradigm shift in development thinking. Thus a support of a parallel rise of local action aimed at addressing local level problems such as tackling local socio-economic problems as well as a regenerative desire to avert local economic decline.

The World Bank affirms that LED is critical in promoting sustainable cities and towns' development based on the concept of economic vitality, social equity, environmental quality and sustainable urban finance. This notion of LED is important in ensuring an integrated approach to sustainable development of communities in urban and rural areas.

In the first world, the LED approaches gained support of the influential institution the Organization for Economic Co-operation and development (OECD). It sees LED as the new model of strategic planning and development in improving local economic condition of municipalities.

Therefore, the objectives of LED, according to the OECD includes (Blakely, 1989: 51)

- Strengthening the competitive position of localities by developing the potential of otherwise under-utilised human and natural resource potential;
- Realizing opportunities for indigenous growth by recognizing opportunities available for locally produced products and services;
- Improving employment levels and long-term career options for local residents;
- Increasing the participation of disadvantaged and minority groups in the local economy; and
- Improving the physical environment as a necessary component of improving the climate for business development and enhancing the quality of life of residents.

Furthermore according to Rogerson (1995: v) LED plans “to tackle local socio-economic problems or to manage economic restructuring as well as a ‘boosterist’ (increasing) desire for local economic growth and a more defensive regenerative desire to avert local economic decline”. In other words LED aims to tackle problems such unemployment, inequity and lack of small business opportunities so as to improve the fate of the local economy. While Dorfling (Issues in Development, No. 19, Sept 1999: 7) asserts that the main objectives of LED are to build quality jobs for the current population, to achieve local economic stability, and build a diverse economic and employment base.

Other rationales for supporting LED policies are to bring about a more equitable distribution of development as well as the enormous capacity to promote and sustain the development process in local municipalities. This is of one the accepted underlying reason for the South African national government to support LED, as it is seen as a vital component of facilitating sustained national economic recovery. This is adjudicated on the premise that the economic performances of localities are engines to national economic growth.

In the case of South Africa, local economic development is viewed as an integrated national strategy to correct the imbalances of the past. It builds capacity needed to provide communities' access to key resources, with the aim to take control of their own economic destinies (NBI document, undated: 2&3).

Further objectives of LED include:

- According to Pieterse (internet: 2002)⁷ supporting small and medium business by providing training and support mechanisms. This includes the creation of optimal infrastructure in the form of a targeted investment to boost potentially growth sector such as tourism and knowledge industries;
- To encourage local authorities to participate in regional and state economic planning efforts, for development at the local level is tied to the success of region and state (Claassen, 1990: 2);
- Encouragement of international investment in jobs through the targeting of new growth sectors. This will ensure that job creation is enhanced and investment is linked to the social and economic goals stated in the Integrated Development plan. (Planact document, undated: 7).
- To encourage a more entrepreneurial approach to local development, rather than the bureaucratic style of local authorities with the emphasis on traditional planning and controls (Finance week, Nov. 1994: 7);
- The involvement of communities to improve the local economy and quality of life by building the area's capacity to adapt to global economic changes (local economic development network, 1998: 3)⁸.
- Striving to maximize social and economic growth in order to meet basic needs, deliver services, invest locally, develop land so as to create conditions for economic development that help provide basic household infrastructure (Nel: Khosa (ed), 2000: 203)
- Mobilisation of citizens to actively get involved in the economic, political, and cultural life of their area. (Sengenberger, international labour review, vol. 132, 1993. No.3);

⁷ Linking local economic development to poverty alleviation. Retrieved April 8, 1998 from world wide web: <http://www.local.gov.za/DCD/ledsummary/ledsindex.html>

⁸ Document available on line: <http://www.webpro.co.za/clients/led/docbegt.html>

- Creation of quality jobs, improving living standards and increasing the capacity of community residents to be economically self-sufficient. This is done in parallel with local state intervention in restructuring labour through job creation and job enrichment for the benefit of local workers and local communities (Maharaj & Rambali, 1998: 145); and
- Encouragement of joint arrangement between the public and private sectors for the renewal of local economies. An example is the property led urban renewal projects to boost the local economy. Furthermore it aims to instil a mindset based on the premise that every community, even the poorest has within itself considerable capacity and opportunities to influence their economic and employment destiny. (NBI document, undated: 2).

The various objectives indicate that LED is a phenomenon based on the principle of self reliant and participatory development. Hence, this requires a sustained medium and long-term investment to realise job creation and the building of local institutions capable of sustaining the area's economic vitality. Consequently LED is about striving to ensure a more equitable distribution of development and build capacity of Localities to promote and sustain the development process. It has the potential to strengthen local government in building environments that are liveable, competitive, well governed and managed. This is aimed at attracting business, new employers, skilled workers and supporting institutions in the local area.

CHAPTER 3

APPROACHES TO LOCAL ECONOMIC DEVELOPMENT

3.1 Introduction

The low rate of economic growth, high unemployment levels and rising socio-economic needs in Namibia, requires urgently appropriate development strategies to be formulated to help revive the ailing economies of the local authorities. The continued reliance on national government alone to transform the situation has proven to be inadequate in the wake of competing needs of the country.

As a result of this, local economic development as a strategy may provide alternative prospects to address the economic problems as found in Namibian local authorities. This is because LED is driven by local ownership, and has the potential to generate more commitment and enthusiasm than national strategies that have little hope of achieving it.

This strategy requires local authorities to improve the management of their area, by linking urban management to economic development. More so local economic development involves creating jobs, improving living standards and increasing the capacity of communities to be economically self-sufficient.

However this economic strategy is characterised by different approaches that different localities pursue. These approaches are based on a certain kind of thinking in the practice of local economic development. They also state how the group or organisation undertaking it must handle LED, which institution is at the forefront and the resources to be involved. This chapter highlight more aspects of the approaches as found internationally.

3.2 Locality development approach

The locality development approach is known to have origin from traditional economic paradigm of profit maximization. This traditional economical thought is based on the assumption that both production and distribution costs are to a degree influenced by location. This is because the location of businesses affects the cost of purchasing and combining inputs, as well as that of supplying markets with goods and services. It affects business either positively or negatively when it comes to the cost of production and distribution.

When it comes to local economic development the provision of space and premises is the sine qua non of economic development. This is so because without land use planning and management local development is essentially impossible or loosely directed.

The major focus of locality development is on land-use that must be managed, and this management should be such that it is aimed at using land prudently to improve existing land-use practices. Therefore land use and environmental regulation, which local authorities use to restrict economic activities, need to be relaxed. This calls for developments of a visual theme to create a sense of identity, improve the amenity base and improve attractiveness of land as a factor of production to attract investment.

More so, the Locality Development approach incorporates the practice of acquiring and improving contiguous parcels of land to attract potential business and industries. It entails providing sites and serviced land as the traditional means to stimulate business investment. The advantage of improving sites and serviced land is that it helps in reducing time between acquisition and operation. As result it minimises expenses and the bother of site improvement (Blakely, 1989:142).

This can be achieved by providing inter alia water and sewer lines, street lighting, access roads and sidewalk. Local authorities can also proactively put aside a sufficient amount of land for industrial and commercial use. This is done by means of the zoning policy allowing flexible zones and rules in the local zoning code. Tools for this include incentive zoning, overlay zoning, and special districts. In terms of incentive zoning the local authorities provides the developer with flexibility and encourages certain land uses and project features to be undertaken, while overlay-zoning means relaxing static traditional zoning that assign specific uses to particular tracts of land. An example is specific purposes such as industrial parks or mixed-use development.

The zoning regulations help in facilitating the market to work more effectively and efficiently. The zoning regulations may also be applied by local authorities to act as a mechanism of obtaining public benefits in exchange for design concessions from developers. Local authorities used it as a fundraising device to acquire capital for civic improvements without going back to the ratepayers.

Townscaping is also an important feature of locality development especially in the light of tourism planning, which many towns believe is the way forward to revitalize their local economies. Townscape involves finding the best way to make the down town area attractive by restoring some character to it. This is undertaken by assessing the physical environment, the change of mindset and management of the process.

The management process will include measures such as hiring consultants, or even civic managers to help analyse methods for increasing sales so that local areas improve product offering, maintains cleanliness and attractiveness as well as to advocate civic improvements to improve retail opportunities (Blakely, 1989:147).

In summary, locality development is about planning and development controls being positively utilised to improve the image of the local area. This happens by using existing businesses to enforce a positive influence on the investment climate. Lastly it aims to improve household services and housing, as a well-housed and serviced labour force is an inducement to business and has the potential to generate employment. However this approach requires considerable funding from the authorities, which means resources have to be shifted from social services to improving the locality in the hope of attracting investors to the area.

3.3 Business development approach

The business development approach is built on the notion of encouraging new business (external business) to relocate to the area, while sustaining and expanding existing local firms. This is because business development is regarded as an important component of local economic planning since the attraction, creation, or retention of business activities is seen the best way of establishing a healthy economy.

This approach focuses on the creation of a climate conducive to business development by streamlining the regulatory and policy tools that facilitate business development while preventing environmental degradation. The goal is to fit the program to the business need and be flexible. (Blakely, 1989: 160)

The public sector carries the onus of initiating the process in this approach; however the private sector continues to play a prominent role in the approach. It requires the local

authorities to study existing regulations on how they encourage business development to the area, and whether they ensure the type of activities desired is pursued.

One of the techniques to implement this approach is the establishment of a one-stop centre designed to serve as key contact point between businesses of all kinds and local government. This centre will contain information on all planning and development matters of interest and concern to businesses. This one-stop centre contains information on basic local economic indicators and labour markets statistics, local developmental plans, land availability, building regulations and permits. It includes aspects of finance, while making sure this information is distributed and made available promptly to prospective investors. These centres are deemed valuable business tools for they eliminate frustrating referrals from one department to another and thus save time.

Another technique is to establish a mechanism whereby local people within an area can invest in local businesses. This can be done through the formation of start-up and venture financing companies focusing specifically on local investment company incorporation and formation of new ones. This is especially important for Small Micro Medium Enterprises (SMME's) to provide them with venture capital, as they are unable to obtain funds from traditional lending institutions. However, their potential to contribute to LED and employment development must be harnessed and assessed carefully to realize their potential.

The funding process must be strict to ensure it funds existing or new businesses that are commercially viable and have the greatest potential.

In summary it should invest in business (mainly SMME's) that:

- shows innovation in product, process, or marketing;
- indicate potential for growth;
- signify future potential for sales outside the region;
- can demonstrate sound management skills or, if those are absent are willing to put them in place;
- makes it willing to put in place an experience board of Directors to assist in planning the future growth of the business. (Blakely, 1989: 164)

This mentioned aspects illustrate the importance of local finance to stimulate new creative enterprises, as it helps in revitalising small business development.

Other structures of improving the economic performance of small medium enterprise include establishing small business development centre to provide management training, and consulting services. A specialist institution can be asked to provide this centres in close association with appropriate educational institutions, such as a business school of universities, advance education colleges and technical colleges. Establishment of such centre help to reduce business failure rates while simultaneously improving financial performances and general growth rate of the small firm sector.

A further consideration for local authorities in terms of this approach is to establish technology and business parks. These parks house commercial activities, which allow for a mixture of ownership and management ranging from government to private sector. These parks incorporate features that relate with locational elements that are influential determinants for business investment. Its features include transport access, availability of skilled labour, an attractive living environment and the presence of a suitable major manufacturing enterprise which acts as catalyst.

A final avenue for local authorities is to establish enterprise zones, which is defined as a planning control tool that entails the provision of minimum and attractive financial incentives to prospective developers and occupants. This is based on streamlining certain statutory and administrative controls to encourage entrepreneurs to create or expand business, so as to provide jobs and environmental improvements in depressed areas.

The policy makers will need to emphasize labour intensive industries, which can offer employment opportunities matching the skill levels of potential workers in the distressed area. However policy makers need to avoid pitfalls such as the tendency for incentives offered within the economic zone to lead to the relocation of existing businesses. It should rather lead to the attraction of new ones, influencing business positions rather than the overall productivity. This approach is generally not so effective, as it is relatively slow to bring about sweeping changes in the economy. Hence the funds to undertake this approach are usually limited especially in times of economic recession.

The focus of this approach is on high technological oriented small business and this means less inclusiveness for the majority SMME's in developing countries, thus excluding a

majority of the population. However, this criticism does not warrant a total discarding of the approach for the positive aspects can be incorporated in other approaches of LED. (Section is sourced from Blakely, 1989)

3.4 Human resource development approach

The aim of this approach is to help local residents acquire skills by means of employer based training, particularly in new technologies. It is on the premise that human resources are pivotal to the economic development process. In developing countries this is usually a national issue, yet it has a major local focus since education and training are developed through local institutions. Therefore clear opportunities should be researched where national institutions of learning can collaborate with local governments to match job creation with skills development.

According to Van der Merwe (1997: 21) the approach attempts to gain the unemployed access to jobs and to increase the productivity levels of those already in employment. In terms of LED, human resource development (HRD) needs to be designed specifically to meet employer expectations. Therefore human resources are used as an attractor device to obtain new business on the basis of underwriting staff development cost.

This approach is considerably important in that the majority of people in Namibia and South Africa affected by unemployment are vested with limited skills and as a result reduce their chances of employment. Thus, it is an important feature for local authorities to integrate human resource development with local development strategies. An example is when an authority embarks on tourism strategy, and then they should develop courses that provide initial education and upgrade skills of those already in the hospitality industry. Generally a private industry will be happy to cooperate with such a project if it is aware of the economic development objective of the local authority.

We have practical realities of this approach although not driven by LED emerging, for instance the Ministry of labour launching the skills development programme to attract private sectors to provide skills training to the unemployed. This could be extended to improve the capacity of SMME's through the collaboration of the ministry of trade and industry, local authorities together with private and tertiary institutions. All this should be seen as important

to defeat the notion of the unemployed been viewed as incapable, as they can be viewed as a resource.

Therefore local authorities as part of LED must lookout for opportunities in particular training and employment needs of community members, which they can collaborate on a regional and state level.

This is important for the capacity of businesses and local economies in the future will depend more and more on the skills of its people as the world advances towards becoming a highly skilled economy. Thus, local authorities can impose conditions on companies doing business with them by requiring that firms provide a minimum amount of training for their employees.

3.5 Community-based economic development approach

This particular approach is one of the main rationales of LED, which is the improvement of social and economic conditions within communities. It is guided by the notion that economic development needs to be pursued to empower communities, thus allowing them to take charge of the process of development by reinvesting within themselves (Nel, 1999: 42). Community-based economic development involves a set of activities or initiatives inspired by or aimed at serving particular social groups in a locality. They are usually an organised group of people who share a common urban geography. (Blakely, 1989: 201).

In the case of Namibia and South Africa it would be aimed at the previously disadvantaged groups especially the people in the formal and informal townships. These projects will include socially useful labour intensive programmes that improve employability of this particular group.

Other objectives of this approach includes (Blakely, 1989: 201),

- Generate employment for particular groups
- Gain control over the local/neighbourhood economy
- Inspire self-help and cooperative group oriented assistance
- Operate for the public benefit
- Provide an alternative or intermediate sector for economic activity
- Promote democratic management and control of enterprises.

The approach of community-based economic development incorporates usage of political means to achieve broadly redistributive goals through economic growth aimed at particular groups and communities in the population. This is attainable by communicating methods used in market mechanism to be reinforced by political efforts, which generates necessary resources for investment that is still supportive of community goals.

The challenge is that community's goals must be realistic and achievable, while equally consistent with the larger market conditions. The reason for this is that LED as an approach is constrained and influenced by national and international considerations. An example of such an influence will include a recession or slow growth, globalisation and increased competition from cheap products hampering efforts of community development.

Another shortcoming of the approach is the imbalance in the mix of social and economic objectives, inadequate financing, and lack of skills and planning. These problems are just a hint of the limitations of community based economic development. Despite these limitations the approach is important for it offers a structure and resources to encourage economic activity in previously disadvantaged neighbourhood. More so if implemented successfully it may provide access to job opportunities to local people who find entering the economic system difficult.

In the end, this approach encourages communities to practise self-reliant participatory development, while equally fostering people to be committed to projects meant to improve their general welfare in the society.

3.6 Conclusion

It is clear that every approach has an important component and emphasis which can be applied by local authorities in Namibia. Furthermore all approaches have a shortcoming that needs to be dealt with if pursued by a local government.

These approaches are a reflection of the challenge of local economic development as a long-term commitment to improve the local economy in rural and urban areas. Therefore if local economic development is to succeed according to many of the approaches, it requires the establishment of a planning system and institutions to manage it over the extended period of

time. Such institutions should coordinate each step of the LED process, while ensuring there are adequate fiscal resources, technical expertise, leadership and imagination to sustain the LED initiative.

CHAPTER 4

LOCAL ECONOMIC DEVELOPMENT IN SOUTH AFRICA

4.1 Introduction

Until recently South Africa was characterised by regional development strategies designed to facilitate capital accumulation and labour exploitation with the aim to entrench white minority domination. However, since 1990 South Africa has undergone a process of political transformation, which ended in democratic elections, held in April 1994. This transformation to a democratic society resulted in the demise of a top down regional development planning system and the accompanying rise of local economic development initiatives. (Maharaj and Rambali, 1998: 132).

The then head of state Nelson Mandela in his foreword on the draft for Urban Development Strategy manifested the rise of economic development driven by local government. He asserted in the draft urban development strategy that successful development depend on the residents and citizens building local authorities to promote local economic development. The speech reflected one of the core principles of Reconstruction Development Programme (RDP).

The RDP is the national development strategy document, which seeks to address the legacy of apartheid by initiating sustainable development programmes for the people in rural and urban areas of the country. It is based on the principle of an integrated, coherent, socio-economic policy framework for informing development planning, while striving to build a democratic, non-racial and sexist society. (Rogerson, 1994: 102). A further principle of the RDP is that it is a people driven process of development that includes the active involvement and a growing empowerment of people rather than simply a process of delivery of goods to a passive citizenry.

The RDP as a national development strategy concedes to foster growth of local economies by establishing broadly representative institutions to address local economic development needs. The purpose of these institutions is to formulate strategies to address job creation and community development in urban and rural areas of the country (Nel, 1999: 155). Therefore the practice of local economic development in South Africa according to the RDP, is

addressing the economic imbalances and uneven development within and between local authorities.

The Reconstruction and Development Programme has recognised and embraced the concept of LED as an important growth strategy for post apartheid economic reconstruction (Maharaj & Rambani, 1998: 133). Further deliberations on a number of policies are dealt with in this chapter to reflect the evolvement of local economic development in South Africa.

4.2 Legislative context for Local Economic Development in South Africa

The democratisation and accompanying introduction of the Constitution (108/1996) changed the environment within which local government operates. Since 1994 local government has found themselves in the throes of transformation processes, which gave rise to new conceptual frameworks, concepts, and ways of doing and dealing with problems and challenges in the system of governance. (NBI, 2000: foreword).

The Constitution of the Republic of the South Africa, Act 108 of 1996 establishes three spheres of government- the national, provincial and local spheres. These established spheres of government are distinct, yet interdependent and inter-related according to Section 40 (1) of the constitution. In other words, every sphere of government may set its own mandate of policies to see how best they can promote social and economic well-being of the people. However this should be exercised in a cooperative manner with the other spheres of government.

The Constitution also provides broad based mandates to local government to:

- Provide democratic and accountable government for local communities
- Ensure the provision of services to communities in a sustainable manner
- Promote social and economic development
- Promote a safe and healthy environment
- Encourage the involvement of communities and community organisations in the matters of local government.

In addition to this, it must also promote the Bill of Rights, which is a reflection of the nation's values about human dignity, equality and freedom, and uphold the principles enshrined in the constitution (White Paper on Local government, 1998: ix)

The local government sphere consists of municipalities with a municipal council, which is mandated to undertake legislative and executive functions. They govern the local government affairs of their community on their own initiative, but subject to national and provincial legislation. An example is that all municipal by-laws must be in line with the Constitution (section 1 and 2 of the Constitution), as it is the supreme law of the country. This means the Constitution takes precedence over any legislation in the South Africa (NBI, 2000: 3).

Within the context of the Constitution (108/1996) local government produced the White paper on Local Government, which was to be a broad policy framework for future legislation concerning local government in the country. There are also other important pieces of legislation governing local government: the Local Government Municipal Demarcation Act, No. 27 of 1998 established demarcation boards to re-demarcate the boundaries of municipalities. The second piece of legislation is the Municipal Structures Act, No. 117 of 1998, which deals with types of municipality to be established. In addition to this is the Municipal Systems Act, No. 32 of 2000 that focuses on the internal systems of administration of Municipalities and the formulation of integrated development plans.

The Municipal Systems Act enforces the adoption of Integrated Development Planning (IDP) as a departure point for performance management and evaluation, resource allocation and the modification of the organisational system of local government in South Africa. According to NBI (2000: 5) this bill aims to promote synergy between the three spheres of government. The synergy ensures that municipalities give effect to the vision of developmental local government as contained in the White Paper of Local Government (1998) section B.

This illustrates the white paper insistence of a local government system that is functionally developmental in nature. It calls on all municipalities rural and urban to work towards creating sustainable human settlements that provide a decent quality of life by meeting the social, economic and material needs of communities in a holistic way. It is in this that the objectives of LED as one of the strategies to realise sustainable human settlement in the world is embraced.

Other pieces of legislation promoting local economic development are the Development Facilitation Act, 67 of 1995 and the Local Government Transition Amendment Act, 97 of 1996. The former requires establishment of local government bodies, which must set up land

development objectives. This ensured that a number of provinces (Gauteng and Natal) passed regulations, which required their local governments' bodies to set objectives that cover a range of LED functions. An example is the Gauteng Province, which states that land development objectives should include development strategy to promote job creation and strengthening of the local economy (Emdon, 2002: 2)

The Local Government Transition Amendment Act in section 10(1)(d) mentions that every municipality should promote social and economic development within its area of jurisdiction. Moreover in its Section 2 of schedule 2 and Section 3 of schedule 2A requires metropolitan councils to formulate local integrated development plans. This integrated plan may incorporate local land use planning, transport planning, infrastructure planning and the promotion of integrated economic planning. The last aspect provides for a component of LED to be part of the local integrated development plans (Emdon, 2002: 1).

It is clear from this brief section that local government in South Africa are experiencing a renaissance, and most importantly an obligatory expectation to fulfil a constitutional and policy mandate to play an economic role in the development of the nation. Local economic development is also being advanced as one of the tools in the integrated development planning to realise the developmental outcomes as expected in the White Paper on Local Government. However an observation stemming from the above broad principles as put forward from all the policies is that LED practice finds itself in a fragmented policy environment of operation. The recently drafted Local Economic Development Policy titled *Refocusing Development on the poor* is being advanced to address this fragmented environment.

4.3 The Draft Local economic Development Policy paper

The Draft Local Economic Policy document is a direct outcome of consultation between the Department of Provincial and Local Affairs with South African Local Government Association (SALGA) and municipalities, and was finalised in September 2000⁹. This draft policy document of government encourages an explicitly pro-poor method of achieving LED

⁹ According to the Dept of PLG website: <http://www.dplg.gov.za/Programsprojects/LED.htm>

among all stakeholders. It makes LED to be broadened and deepened to meet the needs of the poor, women, children, disabled and people living with HIV/Aids.

According to the Draft policy (Provincial and local affairs Department; LED policy paper, 2002: (I)) this document seeks to clarify the problems, visions and objectives of local economic development for local authorities. It also wants to elaborate on the interventions and institutional requirements that government will address in coming months and years, to make pro-poor LED a reality in the country's 284 local government jurisdictions.

The central government perspective is that municipalities must promote job creation, sustainable urban and rural development, and explicitly pro-poor approaches within a holistic LED strategy. This means local governments need to establish a job creating economic growth path, and likewise embark on sustainable rural development and urban renewal to bring the poor and the disadvantaged to the centre of the strategy.

The following interventions provides to achieve the objective: fostering community based development; promoting linkages between wealthy and poor areas; investing in human capital development; delivering infrastructure and municipal services; plugging leaks in the local economy; and retaining expanding existing local economic activity.

In addition, the document acknowledges that the current regulatory framework for LED is fragmented. The reason for this is that LED planning as reflected in the integrated development plan is a requirement of the Local Government White Paper and Municipal Systems Act.

In conclusion, this LED policy once promulgated will reflect a political commitment from government, as part of a multifaceted approach towards sustainable development. It will become part and parcel of policy mandates such as the Reconstruction and Development Programme, Growth Employment and Redistribution (macroeconomic strategy), Integrated Sustainable Rural Development Programme and Urban Renewal Programme and other legislatives, which are part and parcel of the multifaceted approach of seeking to address to the socio-economic challenges of the country.

However the LED policy seeks to go deeper and instil emphasis by prioritising jobs creation, promoting sustainable rural and urban renewal with a central focus highlighting the plight of the poor and disadvantaged people as core recipient. Furthermore, the policy brings to attention that the implementations of local economic development goals are a shared responsibility of all spheres of government. The programmes of other national government department cannot bypass local government anymore, if the programme has an element of local economic planning.

4.4 Other Policies and Role players Promoting Local Economic Development in South Africa

The coordination of local economic development activities was with the Department of Constitutional Development. During the time of existence, it compiled a set of practical guidelines aimed at encouraging local authorities to perform local economic development tasks. This department is now the Department of Provincial Government and Local Affairs, and has the following local economic development strategic objectives

- To integrate and aligned LED within the national growth and development priorities and strategies;
- To facilitate integration of LED within Provincial growth and development strategies;
- To establish and manage strategic LED mechanisms, funding instruments and initiatives to support provincial and local government.

Other efforts of this department includes a five part LED manual series that provides updated information on all national government grants and subsidies to be accessed by municipalities. A LED best practice newsletter sharing successful cases arising from the implementation of projects funded through the LED fund.

Furthermore the department launched a Local Economic Development Fund for municipalities taking forward the developmental mandate of promoting economic development. This fund provides financial support (up to a R1, 5 million) to particular municipalities engaging in projects that will impact on job creation and poverty alleviation. Currently the cabinet has approved an amount of R75 million for the 2001/02 financial years

in December 2000¹⁰. Another equally important fund is the Social plan fund, although initially not specifically aimed at implementing LED; still it is of relevance for many local economic development programmes.

The social plan is a direct outcome of the 1998 job summit, which formalised a collective response by government, organised business and organised labour to large scale retrenchments in the country. It is thus aimed at providing financial assistance to municipalities to undertake local economic regeneration study and an amount of R 50 000 is available for this. The outcome of such a study is a business plan for the municipality to be handed to the steering committee of this fund, which then advice on possible sources of funding for projects identified.

The Department of Trade and Industry is also involved in helping to promote local economic development, though not stated explicitly. This department has numerous programmes and schemes with spatial distinctive impacts, even if they are aimed specifically at regional policy terms. One such programme is the **tax holiday scheme**, which contains a two-year tax holiday component awarded according to the location of new business in specified places across the country. In addition to this is the **spatial development initiative**, which is a national regional development programme focus on opening up potential in selected regions through removing bottlenecks to new investment, and then identifying and promoting potential investment projects as found in the regions (Bloch, 1999: 9).

The tax holiday scheme and spatial development initiatives once implemented in practice has a spatial implications. In other words their material effect will be witness on a local level even if it is meant to benefit the whole region. The Coega Project is one such example, as it forms part of the Port Elizabeth local economic development project.

A consequent instrument impacting local economic development is the **White Paper on Small, Medium and Micro-Enterprises**. According to this White Paper every local platform irrespective whether it is a village, town or city is an adequate level to SMME's (Van Der Merwe, 1997: 51). Ascribing to this is that every local authority is key stakeholder in generally promoting the creation of SMME's in its area.

¹⁰ Source: <http://www.dplg.gov.za/documents/publications/ledfund.htm>: retrieved 30/08/02.

The government sees also the programme of local business services centres emanating from this policy as a key component of LED strategy, as it clearly states that they will need to respond to local needs. The business service centre is viewed as a mechanism to network various support agencies and have stakeholder's ownership in economic development at the local level (NBI, Undated: 14). From this policy is clear that SMME's promotion focus on local needs, which is an essential true principal of local economic development.

The government's **Green Paper on Tourism** also promotes LED tacitly as it affirms community-based roles in policy and programming. It does so by encouraging community participation in the development, management and protection of tourism projects. As a result inclusive structures at local levels need to be created to ensure policy development and implementation. Once again an imminent element that has some LED dimension emerges in this green paper (NBI, undated: 14).

The section showed that national government in South Africa are putting a lot effort in promoting local economic development at municipal level. There are numerous institutional mechanisms to ensure that LED is practically realized in rural and urban areas. The social and LED fund emerges as these important institutional mechanisms. Government departments are also helping to spearhead the campaign of LED at the local as their objectives and programmes impact on the local level. Therefore it is coming up that LED is not something separate from national economic objectives of the country, as its outcomes are entrenched in the national economic vision of poverty alleviation and equity.

4.5 The status of Applied Local Economic Development in South Africa

The previous section indicate a well develop policy environment in support of LED, emphasis in this section shifts to what is happening on the ground across South Africa in terms of local initiatives. According to Mosiane (2000: 14)¹¹ this economic development concept has gone a long way and is well established in the form of action, however Nel (1999: 169) seemed not to agree, as he asserts that a limited number of clearly defined cases exist and the majority are mainly in small towns.

¹¹ Article published in South African Journal (2000) 82 (1).

The National Business Initiative undertook a national survey in 1995/1996 to identify applied cases of LED, and used it as a basis to develop a manual of training to promote community based LED. The main focus in the study was more on broad community based LED, rather than the traditional municipal boosterism, which includes place development and marketing of places.

The study's findings were classified two-fold in terms of major and minor case studies. Major case studies of LED include Stutterheim, Seymour, Hertzog, Atlantis, and the Amanzimtoti local enterprise development agency. The major cases identified are those with community based development facet and established for a period of several years. In addition they should have successfully promoted economic development in a reasonably sustainable manner in a diversity of areas. The minor cases studied totalled twenty five and included East London, Durban, the community self employment centre in Port Elizabeth, Kayelitsha and Empangeni business centre. The minor cases included centres developing LED strategies, which have the potential to become a wide ranging LED endeavours or laying a preliminary groundwork, such as in Cape Town and Khayelitsha. However a lot of the identified cases are of a short termed nature, as a result had limited immediate local impact that could not be sustained through the rest of the year.

Further, Nel, (1999: 171) notes that only a limited number of local authorities appear to be actively pursuing LED, despite the facilitated policy environment which has developed. He asserts at this point in time the most obvious local authorities are: Stutterheim, Seymour, East London, Durban, Cape Town, Johannesburg and recently Pretoria. Although this list is not the authoritative statement on all LED strategies in South Africa, it still indicates what is happening and the reality that only a limited number of cases appear to exist, despite the existence of over 600 local authorities in the country (Nel, 1999: 171).

The above conclusion is endorsed by a survey of 451 local authorities undertaken in 1994 by Plan associates to determine the involvement of municipalities in economic development programmes. The outcome illustrated out of the 43% that responded, 92% believed that they should be involved in job creation strategies. Claassen (as cited in Nel, 1999: 171) also in 1994 asserted that the promotion of social and economic development in local authorities was not addressed in a structured way in the country and that only few municipalities have special branches for promoting economic development.

As a result, the few that have special branches were focused on providing support for small businesses, retailing space and trying to integrate community development needs within the broader development framework of the cities. Therefore, this section depicts an establishment of LED practice in South Africa, although limited in numbers considering the total number of local authorities existing in the country.

Community based LED seemed to witness significant gains in terms of employment and services, such as in Stutterheim, Seymour, and Herzog. All this is driven by the economic and social realities in parallel with political changes at national and local levels, as they demand local level actions to address local inequalities and hardships.

4.6 Conclusion

The case studies demonstrate a sustained growth of diverse LED activities and the widespread awareness amongst most local stakeholders even though people consistently use it in very different senses¹². The lesson that emerged is that LED is about harnessing local resources and human energy to consolidate and build local economic growth and development. Its strength lies in harnessing the wide spectrum of local capacity to work in co-ordinated and integrated manner to achieve benefits that can be dispersed across entire locality.

The successful implementation of local economic development is regarded as critically important, both towards a future restructuring of the apartheid space economy and in addressing poverty alleviation (Rogerson, 1999: 34). All this policy statements are a recognition that local authorities must become more entrepreneurial in all their activities if they are to address the crises of urban centres, economic decline, rising unemployment and widespread poverty. More so it is evident that LED is well established as an essential approach to complementing national macroeconomic policies and problems. Therefore key LED strategies such as support for the SMME's, improvement in infrastructure and services, training, provision of information and advice, investing in targeted sectors, local purchasing and service arrangement needs to be at fore front to establish dedicated municipal economic units.

¹² A government initiated research report titled Linking local economic development to poverty alleviation from <http://www.local.gov.za/DCD/ledsummary/ledindex.html>

A practical concern advanced is that the paper regards local government as the champions of LED, yet in many cases, these institutions are crippled by a legacy of non-payment of services and charges, which has plunged them into debts. This aspect impedes development opportunities, restricts the ability of local authorities to implement socio economic improvement projects, and this retards development endeavours of local government and incumbent institutions to be weak at local level (Nel, 1999: 167).

This means given the existing reality, LED developing in the absence of significant comparative advantages, and the government will need to consider the design of dedicated 'welfare type support strategies' to fulfil its commitment to improve conditions for all South Africans.

CHAPTER 5

LOCAL ECONOMIC DEVELOPMENT IN NAMIBIA – PART 1

5.1 An Overview of Namibia

Namibia is in its twelve years of independence, and has an estimated population of 1.8 million people (National Planning Commission; Preliminary report of 2001 on population and housing census). However before attaining independence it was engaged in a protracted struggle against colonialism, racism and apartheid, all which had denied the majority of the people democracy and development.

Namibia is ranked as a middle-income country, yet faces many developmental challenges. It has one of the most skewed wealth and income distribution in the world. According to the Urban Trust Report on the local economic development assessment study of Walvisbay, the top 5% of the population owns about 60% of the wealth, while the remaining 40% of wealth is shared by 95% of the population.

Namibia is a democratic state that recognizes the inherent dignity and the equal and inalienable rights of all human beings as indispensable for freedom, justice and peace. It is committed to this and has resolved to constitute the Republic of Namibia as a sovereign, secular, democratic and unitary state securing all its citizens justice, liberty, equality and fraternity (Constitution of the Republic of Namibia, undated: 1). Before the dawn of independence on 21 March 1990, in 1989 the Constitution of the Republic of Namibia was accepted and adopted as the fundamental law of our sovereign and an independent republic.

The Constitution separate state powers into three spheres: the Judicial, Executive and the Legislature. According to this doctrine the legislature makes laws, the executive implements the laws and the judiciary applies and enforces them. This doctrine is based on the premise to limit and contain governmental powers, even when a government is democratically elected and enjoys legitimacy, it must have a system of check and balances in case of abuse of powers.

The elected president heads the Namibian executive, with the main policy making body been appointed by him/her from the ranks of parliament. Parliament in Namibia consist of two

houses the lower house or National Assembly and the upper house or National Council. The National Assembly, is part of the legislature, and has the powers to pass laws. This is exercised subject to the constitutional powers and functions of the national council and with the assent of the president (as provided by the president).

Amongst other, the constitution provides that the economic order of the country shall be based on the principles of a mixed economy with the objective of securing economic growth, prosperity and life of human dignity for all Namibians.

This introduction provides the democratic establishment of the republic of Namibia as country, but any conclusions without Chapter 12, Article 102 of the constitution will be incomplete. This chapter deals with the set-up of regional and local government. The focus of the study on local economic development in Namibia deals with how local government provides institutional and instruments for LED to manifest itself in the country. This tier of government will be studied in-depth in the sections to follow.

5.2 The Legislature Context for Local Government in Namibia

Local government establishment as mentioned previously is mandated by the constitution in Chapter 12, Article 102 of the Constitution. This tier of government is established to encourage peoples' participation in the development of their own area and to enable Central government to confidently delegate some of its responsibilities and decision-making.¹³ Furthermore, it aims at empowering communities to redress regional imbalances inherited from the colonial past.

Local government should also assist in creating the local capacity for economic planning while at the same time providing the necessary infrastructure that is needed to meet local concerns. The formal establishment of local government happened through the enactment of the Local Authorities Act No. 23 of 1992. This Act provides for the determination and establishment of councils, qualification and election of council, management committees of the councils, power, duties, functions, rights and obligations of councils and financial matters

¹³ Sourced from National Workshop on the 2nd National Development Plan- 15-17 November 2000, Windhoek.

in respect of each of the councils. The Local Authorities Act makes provision for the establishment of three categories of local authorities namely Municipalities, Town Councils and Village Councils.

The Municipalities are able to exercise and perform the powers, duties and functions conferred and imposed upon a municipal council, in terms of the provisions of this Act. They are expected to pay debts incurred in the exercise and performance of such powers, duties and functions out of their own funds. The Town Council on the other hand pay-with or without any financial or other assistance by the government for its debts incurred in the exercise and performance of such powers, duties and functions. The Village Councils are located in small settlement known as villages. They are able to provide the most basic of services, being the supply of electricity (where available) and water, sewage management and refuse removal. In contrast to the developmental function of local authorities in South Africa, Namibian local authorities in terms of their function are perceived more as service providers. These services include supply of water, sewerage and drainage, cemeteries etc.

Recently some additions and amendment were made to the Local Authorities Act, of 1992 by means of the promulgation of the Local Authorities Amendment Act, No. 24 of 2000. The most important additions made was *to entrust the minister with certain powers and functions in relation to the declaration, control, and administration and functioning of local authority councils (Local Authorities Amendment Act, No 24 of 2000:Pg.2)*. Importantly it provides the minister the authority to make regulations relating to the establishment of joint business ventures by the local authority in order to promote economic development and job creation to supplement their funds.

The Amended Local Authorities Act provides new tasks to the Mayor relating to the powers, duties and functions to undertake in his reign of office. To mention a few, the Mayor is the principal head, and in consultation with the council shall initiate and formulate planning and development policies. He or she is responsible to encourage the creation of employment and monitoring the implementation of this policy. Furthermore as the principal of his or her local authority, the task of promoting and creating jobs (for the social well-being of the inhabitants) are with the mayors.

Another significant policy document affecting both Local and Regional Government is the Decentralization Policy. The Cabinet approved this policy on 11 December 1996 and adopted it in September 1997, with implementation commencing March 1998 through delegation (Decentralization in Namibia; situational analysis, 1998: 14). This policy is important as it aims to ensure economic, cultural and socio economic development to the people at the grass roots level. It gives citizens the opportunity to participate in their own decision-making. According to Association of Local Authorities in Namibia (proceeding of the 52nd annual congress, 2001: 61) the policy seeks to transfer political, administrative, legislative, financial and planning authority from national to regional and local authority council. To implement the decentralisation policy, the Decentralisation Enabling Act, No. 33 of 2000 was passed. Amendments were undertaken to all other piece of legislation in the ministry including the Local Authorities Act to ensure harmonization with the decentralization policy.

In conclusion, a financial commitment was made in the promulgation of the Development and Equity Provision Act, No. 22 of 2000 to assist region and local authorities with finances in the implementation of decentralisation.

5.3 Central Government and Local Economic Development in Namibia

Local economic development requires organisational vehicles and institutional arrangement to drive it and central government is one such institutional arrangement that can play an important role in facilitating the whole process of local economic development. It can set the policy and legal framework within which this development strategy can evolve, as well as avail resources through its development agencies or line ministries. The central government could co-ordinate and integrate centrally initiated support programmes which put in place organisational and institutional capacities for local economic planning and implementation at local level (Urban Trust of Namibia; Local economic development assessment study-Walvisbay, 2001: 140).

Local economic development in Namibia has no defined national policy addressing community development, local and regional development. However, according to Southern African ideas¹⁴ (2001: 12) local economic development approaches, principles and elements

¹⁴ Consultant agency who formulated the LED strategy for the City of Windhoek

are embedded in a number of other policies and programmes at national, regional and local levels. Besides the decentralisation policy mentioned before, the following policies are examples promoting local economic development planning, and they are:

- **The Small Business Policy of the Ministry of Trade and Industry** gives advice and start up capital to business people who want to start a small business enterprise. It further outlines a number of pro-active programmes that would promote small business development.
- **The Poverty Reduction Strategy of the government** encompasses elements of LED as it examines amongst other the option of non-agricultural economic empowerment, including an emphasis on informal and self-employment options.
- **The National Development Plan (NDP2)** in its chapter on Regional and Local Government identifies one of the objectives to be the formulation of a white paper and national policy on local economic development by 2003.

It is clear that in the absence of a defined LED policy from national government, support for LED is implicit in a wide range of government activities and policies. Other noteworthy LED activities from government include encouragement of public-private partnerships and the decentralization of low cost housing provision to local authorities. Furthermore the policy of the Ministry of Environment and Tourism set out in 1995 to promote community-based tourism. This policy seeks to ensure that local communities have access to and benefit from tourist opportunities and activities in their respective areas.

In addition, government has created certain institutional arrangements to facilitate policy implementation in terms of business promotion, attraction, retention and expansion namely: Small Business Credit Guarantee Fund; Investment centre; Directorate of international Trade; Off-shore Development Company; Namibia Development Corporation; Namibian Development Fund; Export Processing Zone Management Company.

The importance of LED was again emphasised at the 52nd Annual Congress in April 2001 of the Association for Local authorities in Namibia (ALAN) in Tsumeb. The minister of Regional and Local Government and Housing iterated in his budget speech that one of the major objectives of his ministry is to enhance and maximize citizen and stakeholder involvement including participations in local economic development.

The Local Authorities Amendment Act No. 24 of 2000 encourages local economic development practices (though not explicitly) by mandating the Mayor of a municipal or town council in the amendment of section 11 of Act No. 23 of 1992 subsection 5a (i) to initiate the promotion and creation of employment in its local authority area. While in paragraph (e) local government are expected to be responsible for the promotion and creation of the social well being of the inhabitants of the local authority. The incumbent Minister may make regulations in terms of section 49 of the Local Authorities Amendment Act, 2000 under which local authority council may enter into joint business venture and all other matters.

The point of departure in this section is that there is no particular policy in Namibia from the government's side specifically dealing and empowering local government to undertake activities related to local economic development. Despite this, LED approaches, principles and elements are embedded in other policies and programmes at national, regional and local levels. This is deemed so among the number of consultants interviewed creating an enabling environment for LED programmes and activities to take place.

5.4 Association of Local Authorities for Namibia¹⁴

5.4.1 Background

The Association of Local Authorities, a democratically elected body of councillors, aims to protect, safeguard and enhance the image, interest, rights and privileges of local authorities. They have recognized and identified local economic development as a critical component for the fight against poverty and unemployment (ALAN, 2001: 4). Local authorities face many challenges such as increasing urbanization, crime, HIV/Aids, unemployment and poverty, and therefore there is a need to develop strategies and mechanisms to address socio economic challenges. One such mechanism is the local economic development strategy.

As a result, ALAN in partnership with Urban Trust of Namibia, supported by the Friederich Erbert Foundation of Namibia, drafted a policy framework on Local Economic Development, which was adopted at the ALAN 52nd Annual conference held in March 2000. The over-arching goal of this policy is to help Local authorities have a comprehensive understanding of the concept of LED and fine-tuned their strategic approach towards it. The

¹⁴ This whole section deals with LED policy framework drawn up by the Association for Local of Namibia.

formulation of LED strategies must result into concrete projects with all the role players having a stake in it.

According to ALAN (proceedings of the annual 52nd congress, 2001: 45) the responsibility for stimulating economic growth and job retention is no longer a sole mandate of the central government. It is rather a common challenge that all local and regional authorities must now confront, and it is this premise that paves the way for the ALAN LED framework to sensitise local authorities in Namibia on the challenge of playing their part in job creation.

This policy framework more so strives to help local authorities to identify the potential of the local economy and its resources. They can market local places at local, national and international levels, as well as formulate individual LED policies in line with local dynamics of Namibia. This policy sets out a challenge to all local authorities to undertake LED as one of the tools to deal with socio-economic problems as found in their respective localities.

The resulting effect of this policy framework is that it has set the platform for local authorities to adopt LED strategies, which must include developing partnerships, between the public and private sector, including the mobilization of all sectors of the local economy to help in addressing the developmental challenges as experienced in the urban centres.

5.4.2 Core Policy Imperatives

In terms of this policy local economic development is defined as a *process of identifying and harnessing local and regional resources and opportunities to stimulate economic and employment activity*. Local communities should utilise their human, physical and financial resources to maintain and enhance development opportunities and their quality of life (ALAN: LED framework, 2000: 6). It is based on the belief that every community has within itself, or within it grasps, considerable capacity and opportunities to influence its economic future.

This includes:

- Focusing on the stimulation of opportunities that can generate additional income and jobs, while preserving and enhancing the dynamics and features that makes local community special;

- Actively involving local people in decision making about their socio economic futures;
- Seeking the development of a more resilient, durable and diversified local economies;
- Encouraging the use of development processes that are compatible to the aspirations, needs and values and resources of the community;
- Emphasising a holistic approach to development, seeing the social, cultural, environmental and economic aspects as inter-related dimension of the community;
- Emphasising specific actions to achieve desired goals;
- Encouraging collaboration and partnership between public, private and community sectors; and educating community members about the local economy and economic development processes.

Other core imperatives of the policy are to ensure that LED recognizes the broader framework that shapes the local economic community and its development potential. This includes aspects such as the impact of globalisation and the increasing internationalisation of trade and commerce. These challenges include embracing efforts to address high unemployment, a steep demand for housing, and a high rural-urban migration. However all efforts of addressing the challenges must be complemented by strategies that locate cities and towns as centre for business with a diversified and vibrant local economy.

5.4.3 Goals in the LED process

The policy provides three goals to be pursued in complying with the implementation of LED. The first one includes the **consultation, co-operation and collaboration** with various stakeholders involved in promoting job creation and economic development in their area. These goals may include developing new economic, employment and development agencies or initiatives of sharing ideas, scarce resources and increasing local networking. This means a driving mechanism needs to be established in the local area to steer the focus of economic development to a more inclusive and shared one. The goal of it is to make sure a significant involvement of on all stakeholders partaking in local economic development is achieved.

Secondly this economic planning process aims to ensure **development, growth and stability** in the local authorities. The developmental aspect incorporates enhancing the capacity of the local economy to perform. This will be measured in terms of increases in the quality and

number of local job opportunities including the use of local resources such as land, buildings to enhance the socio-economic. While growth will have to relate to the expansion of the local economy expressed in terms of the number of jobs created and reductions of unemployment. It includes the expansion of the local rate base and an increase in the amount of money circulating in the community.

The improvements in the levels of investment as well as reductions in poverty must be given its due attention as part of this goal. This is achievable by developing employment opportunities, for example promoting small, micro and medium size enterprises. Local authorities should develop policy guidelines aimed at addressing social and economic opportunities of the poor inhabitants.

The final goal to be pursued is **equity**. This entails the fair distribution of the benefits and costs of economic growth. These measures may entail expanding and linking employment opportunities to those most disadvantaged in the labour market. It requires streamlining industries to provide residents with opportunities to become involved in economic planning. One practical way is streamlining and rationalizing local authority's procurement procedure to benefit black economic empowerment enterprises.

These three goals provide authorities with the necessary set of priorities to tackle when undertaking economic planning in their areas. Therefore, a conceptual platform has been established to encourage the practice of LED emphasizing goals to be adopted to stimulate economic development throughout the country.

5.4.4 Strategies for implementing local economic development

The Association of Local Authorities advise members on the planning and implementation of a number of strategies and practical approaches towards LED, and of such particular is the development of a community based planning process and mechanism with broad citizen participation. The following approaches and strategies are advanced:

These are advanced as important building blocks to build local capacity and plan for sustainable development. In fact they incorporate the potential for local stakeholders to benefit

from each other's knowledge and ensure effective participation to the development process. They include:

(a) Participatory Approach

The main rationale in this approach is that it must be driven and own by the community as a whole, with the aim of improving the economic development of the area. For example, the local authorities need to ensure participation by the private sector, local residents and civil society in its development efforts. This is important because it builds commitment and ownership to local issues, whilst maximizing the use of local resources. The challenge on local authorities in this case is to look for mechanisms to promote dialogue amongst all stakeholders. This could mean a review of the legal, regulatory and administrative arrangements, as a result the framework in which they do business, as an institution will have to be revised.

The core element in the dialogue is to establish a forum for discussion, networking and joint action by all stakeholders in the area's economic future. Promoting participation requires coordination between authorities and the private sector and its organization. This ensures best use of resources within the municipality toward the promotion and exploitation of new opportunities. The result of this approach is that town and cities need to be encouraged to draft public participation policies and strategies, to inform them on LED challenges and opportunities.

(b) Business and Economic assessment

This approach requires a critical assessment of the local economy, business sectors and factors affecting long-term sustainability of the community. The assessment is qualitative and quantitative in nature, thus the impression of the local area needs an in-dept analysis of the area by means of surveys. The purpose of this assessment is to prepare a report on the key issues affecting the town and some of the factors requiring attention.

The assessment could involve issues like the public impression audit focusing on issues such as:

- Maintenance and cleanliness of the town;
- Signage and town's entrance statement;
- Consistency and quality of landscaping;
- Concerns over vandalism and personal safety; and
- Landscaping.

Other assessment that local authorities may undertake is business opportunity surveys that involves the identification of businesses that are likely to take off in the area. The local authorities uncover gaps in the local and regional markets by comparing business sectors in other towns with their local area. In this process municipalities ascertain which new businesses might work in your town. Authorities are also encouraged to do a business technology audit, as it is deemed a critical element for business growth.

The audit determines the levels of investment and use of technology in the local business community, and such information is then used to prepare a local strategy to help local businesses bridge the technological gap. This strategy helps businesses maximize their current investments, improve productivity, broaden their markets and manage their operations more effectively.

(c) Co-operation and collaboration

The authorities needs to embark on efforts of promoting co-operation among communities to work towards the most efficient, planned, and cost effective delivery of services. This is important in a society like Namibia in which people have been subjected to the ideals of apartheid where separate development was the norm rather than an exception. Local authorities therefore need to co-ordinate their planning to ensure compatibility of one community's development with development of neighbouring communities.

The collective drive to develop the whole area as one single inclusive unit and not separately as have been in the apartheid days is important for the community to develop in one common vision. This requires particular forums to be created to find ways of bringing the previously disadvantaged suburbs up to standard with respect to infrastructure provision and social economic integration.

Efforts such as this above can be achieved by collaboration, which involves different groups in a society coming together. The collaboration fosters a commitment to achieve mutual relationships and goals, such as the design of a comprehensive strategy plan for the development of the area. It includes the joint development of structures and sharing of responsibility for resources and rewards in the development of area. This could happen by means of entering into partnership to support and strengthen the economic base and infrastructure within the area. It is critical to improve the environment in which both public and capital investment will be maintained and future investment encouraged. A particular aspect encouraged in the policy is for authorities to identify opportunities to enter into joint projects/programme partnership with other local organisations, regional and national government as well as state owned enterprises (Parastatals).

Such projects could include:

- Running joint business information centres with the local chamber of commerce and in particular a local small business support facility, providing advice, access to resources and linkages etc. to small business and aspiring entrepreneurs
- Operating a tourism information centre
- Setting up educational and skills development facilities such as business incubation centres
- Entering into co-operative agreements and partnership with parastatals, such as Nampower a utility company providing electricity utilising local infrastructure in the provision of electricity.

Thus, the onus is on local authorities to undertake a series of policies and activities that incorporates the input and co-operation of all community stakeholders so as to realize the developmental objectives of LED as provided in this policy framework.

(d) Development, growth and stability

Development, growth and stability are advanced as important in creating sustainable economic development strategies and providing economic opportunities that can achieve a balanced distribution of growth. This requires planning and implementation of development initiatives aimed at creating a positive change in the local economy by:

- identifying local and regional competitive advantages that can be maximized through local efforts;
- bringing more money into the local economy;
- keep money circulating within the local economy for longer periods, thus, reducing its drainage;
- identifying new markets and development possibilities;
- understanding existing markets better and how they can be expanded or strengthened;
- using existing resources more effectively; and
- increasing the net number, quality and variety of local jobs.

An essential element of this is to ensure it focus on addressing unnecessary impediments to business establishment, one such aspect is improving legal and regulatory environment in which business is done. Therefore local authorities must strive to address these issues with a view to create a win-win situation for all involved, hence emphasizing inclusion and promotion of local small business.

(e) Investment and Business attraction

Part and parcel of the strategic focus of development, growth and stability is expanding the economic base of the community by attracting and retaining commercial and industrial enterprises that contribute to the tax base and provide jobs appropriate for the community. This requires authorities to attract industries focusing on their strengths (comparative advantages), such as the quality of life indicators, which includes clean air, unpolluted environment, excellent health and educational facilities, availability of consumer items, etc. Furthermore, factors to attract industries include:

- Availability of capital and labour to establish small scale industries
- Development of industrial zones (e.g. under the EPZ scheme) to attract export industry
- Availability of historic and scenic sites, parks, etc. to establish a vibrant tourism industry, including the establishment of hotel and lodges
- Available mineral resources for the attraction of mining industries
- Ensure land is available in appropriate zones with preliminary environmental review completed to streamline permit processing for commercial and industrial uses.

- To develop a variety of financial incentives to leverage the expansion and attraction of targeted enterprises to strengthen and diversify the area's economy.

The strategy aims in addition to sensitise local residents of creating a welcoming attitude. Therefore local residents must be informed about the town's opportunities and become active marketing agents encouraging visitors to come to their area. The improvement of service levels and creation of a feeling of safety are important elements of this strategic aim.

Furthermore, there need to be a clear and implemental comprehensive local authority business development plan. This plan must be structured to identify and support the needs of your area's business sector, hence a mechanism to pinpoint concerns, ideas and opportunities for local business. In addition it should identify businesses under threat and design strategies to prevent their closure, including government measures to help or strengthen local businesses. It promotes good ideas for improving the local economy and business environment.

The practical things that could be undertaken as part of this strategy is to preserve and enhance the main street/CBD to be developed as a multi-purpose area for community's cultural, retail, and business centre. The marketing of the city/town by developing, and putting into action a comprehensive and co-ordinated marketing program for the town is essential too. This is seen as a deliberate effort to put the local community on the map and market it. The resulting effect is to make marketing materials available to visitors, tourists, potential investors, etc. This material may include a homepage on the Internet, brochures, facts and figures and booklets including a newsletter of the town.

In conclusion all this efforts must complement the previous mentioned strategies; hence it is important for localities to know it is no easy road to put all this structures in place as any new process brings its own challenges that need to be overcome.

(f) Sustainability and Equity

The policy framework gives as a final strategic and practical approach the need for better quality of life for all residents, hence maintaining nature's ability to function over time. This can be done by minimising waste, preventing pollution, promoting efficiency, and developing local resources to revitalize the local economy.

This approach is promoted by means of conservation, which involves the protection, preservation and enhancement of the town resources, including agricultural land, forests, surface water and recreation and open spaces as well as pivotal historic and archaeological sites. The importance of conserving the environment cannot be over emphasized, as the Brundtland Commission report of 1987 stated that the environment is where we all live; and development is what we all do in attempting to improve our lot within that abode, hence the two are inseparable (CSIR, Local pathway to sustainable development in South Africa: 1). Therefore LED must be practice within a process that continuously strives to strike a dynamic balance between using and protecting the physical and natural environment and its resources.

As part of this approach the spatial dimension is deemed important especially where land use planning can promote economic development. It urges local authorities to establish a community-based framework as a basis for all decision and actions related to land use as a physical character issue. This involves planning issues such as:

- Creating open spaces for open air events, festival markets, and opportunities for itinerant traders
- Creating recreational facilities;
- Develop incentives or other methods to encourage multi use development, including office, retail and residential components;
- Creation of business parks and industrial areas offering a large range of promotion and support services
- Integrating all income and age groups by adopting strategies that promote mix land use and compact development, as well as enhancing aesthetics and beauty in public spaces through planting and street furniture.
- And provide and preserve an adequate supply of affordable life cycle housing throughout the town.

Land use planning based on this principle is critical to ensure liveable community design in development and redevelopment of areas.

Transportation is an element that needs careful planning like land use planning, as there is a paradigm shift to movement of people and goods, rather than on the movement of automobiles. Therefore, transporting planning needs to maximize the efficient use of the transportation infrastructure by increasing the availability and use of appropriate public transit throughout the town. This can be done through land use planning and designs that makes public transit viable and desirable.

5.4.4 Key ingredients for successful Local Economic Development Practices

As part of helping to launch the LED process, the ALAN policy framework identifies for authorities key ingredients for successful community economic development. The emphasis is on the following five factors:

i. **Belief and expectation**

- Involves creating positive mind set and belief in community attitudes and behaviour;
- Instil a conviction of pro-activeness rather than waiting or being just reactive;
- Conceive and establish the existence of a can do spirit;
- A willingness to commit local money;
- A willingness to experiment, makes changes, take risks and encourage possibility thinking etc.

ii **Collaboration**

This must be illustrated by:

- A strong sense of identity as a community or district territorial area;
- A participatory approach to community decision making
- Co-operation between the public, private, civic, and community sectors;
- Existence of a vehicle to provide a focus for economic development;
- Ensure the integration of economic, social, cultural and environmental objectives.

iii **Leadership and vision**

For collaboration to occur successfully, it needs organizational relationship to be nurtured. This is to be judged by the existence of:

- Core leaders within the region and community who are committed to regional economic development, and who possesses appropriate skills, knowledge and attitudes to manage change;
- An ongoing process of identifying, recruiting, and training of local leadership;
- The encouragement and acceptance of women in leadership roles and the active involvement of young people; and
- Having leaders who show by speaking and acting that new leaders are welcome and that decision-making is shared.

iv A strategic outlook

This is important in terms of planning and action and includes:

- commitment to process over the long term rather than dependence on any quick fix solutions;
- a clear framework for economic development;
- the on-going promotion of the development strategy to residents;
- a realistic appraisal of the feasibility of potential opportunities; and
- the evaluation and adjustment of the action on a regular basis

v Opportunism

This involves a combination of;

- continued alertness to new opportunities and possible linkages;
- an never ending search for best practice process, development options and resources;
- awareness of resources and how they can be exploited;
- the marketing of one's community as a vibrant and can do entity;
- an ability to fashion opportunities and options into one's own customised approach.

5.4.5 Capacity building

Human resources development is pivotal to economic success. Henceforth, ALAN as the institution responsible to drive this economic process clearly recognizes the need to

establish a mechanism to facilitate capacity building in communities and local authorities in undertaking LED. They therefore mandated Urban Trust of Namibia to support local authorities with the implementation of the local economic development initiatives.

The policy states that ALAN and UTN shall jointly and individually pursue strategies by promoting best practices examples, to create platforms for sharing LED approaches and examples, including the facilitation of further development of the LED policy framework. Particular issues of capacity to be addressed include:

- Organisational capacity, which is the training to develop the mission, vision, and a programme management. It also includes an evaluation and strategic positioning of the town/city with respect to community and stakeholder awareness, ownership and buy-in.
- Managerial and administrative capacity refers to local authorities functions under the local Act, which establishes legal and regulatory structure. The training identifies the fit between management systems and procedures, as well as the staff with the necessary management capabilities. Put differently systems and procedures include administrative and personal policies, planning, monitoring and evaluation systems, information systems, and financial administrative systems. These are deemed important for authorities to plan, control, monitor, report as well as evaluate programmes.
- Technical capacity is accorded its importance and includes the identification of the technical capacity required on the side of professional staff to deliver the services to both, the end beneficiaries and partner organizations/agencies. As a result, authorities are required to have the instruments, or methods, which allow them to realise their vision, and a staff that is able to use these instruments. In addition to be able in delivering services they should have their own product development capacity or else be able to access such a capacity in their network.
- Financial capacity, which is one of the most instrumental elements to ensure implementation, is given its due attention as a capacity constraint rather than as a commitment to realize implementation of LED. Instead the emphasis is on how to enhance the capacity of local authorities to obtain funding for the implementation and development of its LED programmes, through self-financing or external

support; and to keep cost at an acceptable level. It advice them in absence of self-financing they should diversify their sources of funding in order to reduce risk

As part of capacity building, Association for Local Authorities of Namibia and Urban Trust will also be providing the following services:

- a) Awareness raising, information and networking: these include operating an electronic network through an Internet homepage and encourage local authorities to establish link to this network.
- b) Training: To actively promote, advocate and participate in the planning and setting up of a training institution for local authority councillors and officials as well as for regional councillors in partnership with other organizations such as University of Namibia. This will include the development of a curricula and availability of expertise and human resources to deliver training programmes. Hence, this shall be done with partnership of other training institutions in the region as well as internationally.
- c) Strategic planning: in this case the focus is on promoting and facilitating processes that lead to the drafting of local economic development strategic plans in co-operation with identified local authorities. Concrete efforts are underway to draft a manual on strategic planning for LED and to use it at local level. Once again at the time of research nothing of this nature has come off ground, as the focus is on sensitising local authorities on the concept. Envisaged is also an establishment of a database of local economic development consultants who are available for specific LED planning and implementation thereof. Further so, a help desk to advise local authorities in the planning and implementation of LED programmes. The urban trust has done so indeed, as they appointed a LED consultant to render service and help in implementing the policy as observed on my field trip.

There is a general recognition from ALAN that the practice of LED requires a sound theoretical understanding, and therefore requires the design and implementation of training programmes to bridge the knowledge gap. This is necessary for local authorities to learn more on what works, as well as engage in discussion with other partners such as urban trusts and critically international development agencies (includes International Labour Organisation and World Bank). This will help in better understanding the elements that

promote success in this field. Therefore ALAN and Urban Trust of Namibia have a clear mandate to enhance local authorities capacities and experiences to ensure they are adequate before embarking on implementation of LED. It is important that they are better informed and equipped to productively engage in local economic development.

5.4.6 The role of the Urban Trust of Namibia in Local Economic Developing

The Urban Trust of Namibia (UTN) is basically driving the current practical unfolding of LED, as it has been mandated to support local authorities with the implementation of the local development initiatives. However, this mandate has its origin from a proposal request to Frederich Erbert Stiftung (FES) submitted on 31 August 1999 by UTN to support LED programs in Namibia. Since then, Urban Trust of Namibia has strategically positioned itself further to undertake Local Economic development activities, by employing a LED coordinator. This laid the basis for UTN and ALAN to enter into partnership leading to the realisation of a drafting policy framework for Local Economic Development. This Draft Policy Framework on Local Economic Development was then adopted at the annual conference on 16/17 March 2000 of the Association for Local Authorities in Namibia.

This led to the establishment of an ALAN LED commission, whose aim was to further develop the policy framework and a strategic planning initiative to actively promote and facilitate processes that led to the drafting of LED strategic plans in co-operation with identified local authorities.

Urban Trust of Namibia is engaged in various networking activities with impacts related to the Local economic development project as follows:¹⁵

- CABLE project initiative is a Finnish government funded project under the Ministry of Regional, Local Government and Housing aimed at building capacity within seven local authorities to undertake local strategic planning. In terms of LED support, this project is expected to produce a manual or model for local strategic planning that the Urban Trust of Namibia can use to strengthen its local economic development project targeted at towns. Henceforth, the project provides a platform

¹⁵ Sourced from the Urban Trust of Namibia; narrative report of the civic participation to enhance urban governance and local economic development: period August 2001- May 2002.

to further establish partnership with towns targeted by it for the implementation of local economic development activities.

- Service Delivery promotion Project (SDPP) initiative is a GTZ sponsored project in the Ministry of Regional, Local Government and Housing targeting 12 local authorities with a set of comprehensive set of activities ranging from strategic planning to training of officials in general organisational development. In terms of this initiative, it agreed on the utilisation of tools developed under the UTN CABLE project for the promotion of the LED project.
- Local Economic Development Consultant Database: This initiative was launched in April 2002, for local consultants to submit their CVs for incorporation in a database that will be used for both local economic development and other technical work. This database is to be used by UTN and shared with others including the Local Authorities targeted under the LED project.

The implementation of the LED project is not without constraints, hence these constraints are nonetheless being addressed but the following deserves attention:

- Matching grant negotiations: Negotiations for matching grant support towards specific LED activities are in progress with the agreement been finalised for signing in June 2002, and this consolidates the funding required to implement all envisaged activities under this project.
- Institutional capacity: the project got delayed in implementation because of a resignation of the project coordinator, but a new one has been appointed, thus enabling the continue implementation of it.

The UTN has numerous planned activities concerning LED from June- December 2002, which are as follows:

- Surveys: assess the existence of Local authority Development Committees, and the input of the communities and the general challenges facing them in terms of the efficient functioning of these structures. Others include an assessment of community participation status within the targeted local authorities in terms of platforms, processes, etc, and investigate common LED issues as a way to structure activities for targeted local authorities.

- Consultations with institutional partners such as local authorities (such as Windhoek, Tsumeb, Khorixas, Walvisbay, Grootfontein, Ondangwa, Ongwediva, Oshakati and Keetmanshoop) and implementation partners !NARA, ALAN and NALAO.
- Newsletters and Local Economic Development Briefings: Two newsletters are targeted for publication during the next six months and the possibility of producing two LED briefings, by using the possibility of publishing via the usage of mainstream printed news media.

It is evident that UTN is increasingly involve in helping Local authorities built capacity to realise the implementation of LED policy as adopted at ALAN conference, however it is incapacitated by its own capacity constraints in term of staff. The reason could be the slow process of appointing LED coordinator to meet the demand for their services in the area of LED. It is also in the process of looking at synergies with other projects under its banner to consolidate the local economic development projects with these entire projects. Till to date UTN has basically just sensitise few local authorities on the practise of LED, as none of them has LED strategies in place besides the city of Windhoek. Therefore the practical evolvement of LED is rather slow with no projects that can be referred as LED launched or financed project. In other words, the practice of LED is still infancy compare to the South African context where there are numerous case studies of LED already documented.

5.5 Conclusion

Currently, in Namibia there are no success stories of LED, but there is an ongoing effort to expose local authorities to the concept. There are projects on the ground though not launched as LED initiatives.

The nearest comprehensive initiative of LED is the Keetmanshoop local economic and economic development project. This initiative entails consultation and planning for the development of Keetmanshoop, and was started in May 2001 funded by Friederich Erbert Stiftung. It includes undertaking consultations and research on a wide variety of opinions on the development needs, opportunities and constraints for the development of this town. Special emphasis is given to employment creation initiative and the development of small business sector, but any other development matter is discussed that can help in developing the town. The project is known as Local Economic and Employment Development and the responsible government department (Ministry of Local Government) is aware of the project.

The programme has help in bringing various stakeholders together across the spectrum, and forged a common vision for the development of their town. The outcomes were divided in five themes and included:

- Building a better community which entails addressing social evils as found in the town such as alcohol abuse, and this resulted in institutions been proposed to address the identified social issues;
- Agriculture development which focus on how the town through consultation with the Agriculture Bank can help the surrounding farmers via assistance of funds to improve the fate of small and communal farmers;
- Youth development emerged as an important thrust of concern, thus probing the need to see how their lot could be improved addressing skills training, entrepreneurship training etc.
- Tourist promotion in the area, in other words how to maximise benefits from tourism by lobbying for tourist reservations function to be added to tourist information office etc.
- Business development obtained its own fair share with focus basically on small business finance and other issues etc.

Henceforth, an institutional mechanism was established in the form of a Steering Committee to coordinate and supervise the implementation of the outcomes of LEED. This steering committee is furthermore subdivided in subcommittees according to the themes to help identify activities to be undertaken in the themes. Other institutional arrangements included support from the municipality as an initiator to continue supporting the work of the steering committee in the form of financial support etc. Requests have been extended to Friederich Ebert Stiftung and other donors in terms of how they can help realise the implementation of the LEED project.

Lastly, the implementation is expected to be solely on the basis of stakeholder's involvement resulting in the identification of existing resources and initiative to kick start practical materialisation of the project. The LEED project is indicative of the notion that everywhere where people are gathered driven by a development aspiration is in fact a LED initiative, even if not sanctioned by a policy. Therefore LED policy formulation in Namibia

must incorporate already existing initiatives and then have them streamline to become successful LED cases in the country. Because the acceptance and national-wide application of this economic concept is depended on where government and all proponents of it can claim success of the practice.

The policy framework has set the strategic focus areas and it is now upon the authorities in their respects towns or cities to put in place system. The system must commit to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs, notwithstanding to improve quality of lives of the poor. For a LED strategy to be effective it must recognize the conditions of influence of a specific locality i.e. the rate of rural-urban migration, poverty and unemployment trends and dynamics, and emerging and current market opportunities. However, these conditions will differ from town to town.

As advocated by Geiseb (during the interview) a LED consultant with Urban rust, that the moment for practicing LED has been established for local authorities and therefore the onus is now on local authorities to seize the moment. It is upon them to become developmental oriented, by co-operating and establishing partnership with all role players to promote social and economic development with an overarching goal of realising sustainable development.

CHAPTER 6

LOCAL ECONOMIC DEVELOPMENT IN NAMIBIA – PART II

CASE STUDY: WINDHOEK¹⁶

6.1 Introduction

The City of Windhoek is the largest urban settlements in Namibia, and is currently undergoing a period of accelerated growth. It is faced with a collection of unique social and economic challenges including development opportunities that requires careful management. Notwithstanding this, it hosts the legislative, administrative, judicial and financial headquarters of the country; henceforth it has the fastest growing economic rate than the other settlements in the country.

The city of Windhoek has a population of 243 272, according to the latest survey undertaken in 2001. The City is aware of the existence of the adopted framework on Local Economic development to enable local authorities to identify the potential of the local economy and its resources to market local areas and to formulate individual LED policies in line with local dynamics.

However, according to Nghinaamwi Strategic Executive of Economic Division (ALAN; proceeding of the 52nd annual congress, 2001: 45)¹⁷ there was no direct linkage between their response and the policy framework mentioned above, yet the correlation and potential synergies are apparent. In other words, the City of Windhoek LED strategy is basically evolving not as a mandate from ALAN like other local authorities, but as a proactive approach and best practice of local development.

It is basically emerging too, as a mandate for local government to perform a more prominent role in the promotion of new economic and employment opportunities within their local boundaries. This requirement is articulated in Local Authorities Amendment Act No. 24 of 2000, Section 11 which gives Local authorities power to initiate and formulate

¹⁶ This chapter is based on the City of Windhoek Local Economic Development strategy 2001-2005.

¹⁷ Source: Paper presented at the congress titled: The need for local authorities to adopt Local Economic development strategies throughout Namibia.

development policies, to undertake employment creation and to closely monitor policy implementation. This Act furthermore makes specific reference to promoting the economic and social welfare of all inhabitants of its local authority area.

The council officially accepted the local economic development strategy as a policy document in March 2000. It resolved that the Local Economic development strategy be approved and the Strategic Executive of Economic development, Tourism and Recreation see to the implementation of it. It called for the 2002/2003 operational budgets to be in line with the LED strategy (Municipal Council Minutes: 2002/03/27).

The city of Windhoek currently has a policy document on LED, which it is busy implementing within its boundaries. It does formally recognise the policy document to be streamlined to the budgetary process of the council. According Eckhard Schleberger¹⁷ Windhoek is the only local authority with such a comprehensive strategy in the country, therefore depicting how recent the concept of LED in Namibia is.

This chapter will focus on the organisational aspect of the Windhoek Local Economic Development strategy by describing the objectives, priorities, directions and functions of the city with regard to LED. This incorporates aspects such as project management, monitoring and evaluation process as well as strategies that respond to the internal capacity of the city to undertake this work.

6.2 The context for Local Economic Development in Windhoek

The primary departure of this economic strategy is that it is a five-year plan that provides a practical, development focused and integrated plan of action towards the promotion of new and better employment opportunities, and a better environment for business and investment. It is built on the aspiration and recognition of the City's diverse economic base and imperative need for sustainable development.

The strategy recognise the market conditions that influence Windhoek's local economy as well as the current national policy document, while promoting collaboration and harmonisation and activities that intervene in the development of the local economy. In

¹⁷ LED consultant with Southern ideas (Pty) Ltd interviewed on 11 September 2002.

addition, it attempts to consolidate the goals and principles embodied in current policy frameworks of the city of Windhoek. It is formulated to strive for the realisation of the vision and mission of the city of Windhoek, which is to make the city of Windhoek a vibrant, economic and technological centre of excellence in Africa in order to enhance the quality of life of its entire people.

The current focus surrounding economic development is on care and communication, which is establishing a communication network of coordinating business and investors by promoting the city as an efficient economic development locality. Further, it states and asserts that the maintenance and improvement of the quality of life is depended on maintaining and expanding the city's economic base.

For that, the strategy builds on the quality of life that depends on the expansion of the economic base, and consequently on the notion that city makes full and effective use of its networks with local business by ensuring that the environment in which business can grow is stable and conducive. As result, it is imperative that the city establishes the right institutional relationship with Business representative organisations.

6.3 The Geographical framework of the Local Economic Development Strategy

The LED strategy transcends local boundaries as it impacts regionally, mainly the region in which Windhoek is situated. Windhoek is, however the only local authority within this region borders known as Khomas, and therefore relies heavily on the city for finances. As in line with the local authority Act, local authorities transfer five percent of their income from property taxes to the regional councils. As result a close-knit relationship has to be established to help prioritise development on the basis of a mutual approach to address the issues of rural settlement areas within the region, for which the Regional Council has overall responsibility.

The development of the whole region is inextricably link to the development of the city, as it is the main economic hub as mentioned before. Henceforth, the LED strategy provides a mechanism through which this issue of development can be pursued in the region. This is possible as the five long term development objectives that have been set by the Khomas region has broad links with the LED strategy as is now. The objectives of the region: is to first develop full economic potential of the region's economy. An example emphasis is tourism and agriculture, which has a direct and critical role to play in the economic development of the

region. Yet tourism, in particular, is a sector which Windhoek can foster development and enhance the community's benefit from this sector.

This strategy complements government efforts in the fight against poverty. As the key goal, local economic development in Windhoek is committed to reduce poverty through strategies that promote equity and participation's, especially in areas with high levels of poverty and deprivation. These areas are frequently situated on the outskirts settlements of the northern west suburbs, where urbanisation through influx of population form rural areas have contributed to the problem. In addition the strategy addresses poverty through job creation, workforce development, infrastructure development, community development, business and residential integration, participation etc. Further efforts are self-employment and employment to be achieved through an emphasis on community based tourism and small medium enterprise development.

It is evident in the policy that the strategy is beginning to align itself with some national priorities, including with the national poverty reduction strategy. The significant challenge for the city is to make the investments and supply institutional support required helping realise the opportunities presented by this strategy.

6.4 Conceptualising the LED strategy of The City of Windhoek

Local economic development is a term that has no prototypes and therefore it is important to define it within the context to be applied. However, an overriding element is that the process involves local communities to undertake economic initiatives that impact directly upon their lives and opportunities.

As a result people in villages, neighbourhoods, and shantytowns around the world are coming together to discuss and respond to the tightening ecological and economic conditions that confront them. When these efforts are viewed in isolation the initiatives are modest but from a global perspective their scale and impact are monumental.

As a result the strategy states that local economic development in Windhoek involves:

- Utilising community and social development processes to stimulate investment, job creation and a more robust economic base;
- Stimulating opportunities that generate additional income and jobs in Windhoek, while preserving and enhancing the features that make the city special;
- Involving local people in decisions about their economic futures;
- Creating a local economy that is more resilient, durable and diversified;
- Fostering visions and goals for development that are broadly agreed upon – even where there are diverse needs, interests and aspirations;
- Adopting a holistic approach to development that recognises the connections between social, cultural, environmental and economic aspects of life in Windhoek;
- Encouraging collaboration between the public, private and community sectors; and
- Educating residents about local economic dynamics and economic development processes.

In order to achieve these, a need exist to implement development initiatives that create positive change in the local economy. This requires a situational analysis of the economic arena in which the city is finding itself. It needs to analyse the competitive advantages that can be maximized through local efforts, as to increase the net number, quality and variety of local jobs.

In recognition of this strategy, the city of Windhoek mentions a number of principles to maximise the impact of local economic and employment development of the residents and business of Windhoek. These principles are as follows:

- The council will ensure that adequate land is provided to key economic sectors that reflect diversity and opportunities for economic activity, employment creation and investment;
- It will ensure availability and accessibility for all in Windhoek to opportunities for economic activity and investment;
- Achieves advantages of scale through the concentration of economic activities in specified locations and creation of economic activity centres that address key development priorities, hence respond to the natural market forces.
- Ensure the city is working for every inhabitant, this entail the active avoidance of dormitory suburbs and promotion of situations where residents can live near their

place of work. This requires a variety of housing types and living densities that responds to the variety of life style choices and financial abilities of the residents;

- Develop a comprehensive information and knowledge base to improve the knowledge and understanding of the dynamics of change in the city so that development planning and decision occur in a more informed and objective manner;
- Find better ways to redress imbalances through consultation, mobilization, social engagement and social marketing;
- Foster an improve implementation by promoting a new public-private partnership, through contractual and joint venture arrangements between the city and the private sectors, as well as the non governmental and community sectors to provide services. The nature of public-private partnership shall be informed by the challenges experienced in managing the urban environment, as they can contribute through job creation and increases in family incomes.
- Governance is envisaged to improve in the years to come, as the council will be less involved in direct service provision; it will concentrate more on providing flexible framework within which economic activity can take place. Hence, it shall develop planning and leadership functions to respond to future economic and social changes and this requires a participatory approach in governance.

Furthermore the strategy identifies a series of concerns that cannot be assigned to any single factor. These cross cutting factors affect the way local economic development is conceived and implemented. It includes integrating development efforts into package of services and development initiatives as well as the clarification of the strategic role of the council in economic and employment development. An attempt has to be made to improve coordination among various departments of council as well as among other stakeholders in the development field. In addition to this community consultation was to be improved, while at same time improving the relationship with central government and the Khomas regional council through collaboration, cooperation and programme alliances.

The final factor given considerable attention is to strongly link local economic development and the promotion of public-private partnerships. This refers basically to the arrangement between the city of Windhoek and the private sector and all the other stakeholders to provide

services under a service or agency contract, concession or lease contract, joint venture or through privatisation.

The type of public-private partnership (PPP) option is largely to be informed by the kind of challenges experienced in the urban management environment, namely in urban service delivery or infrastructure financing. This public-private partnership could also be geared to strengthen economic empowerment of the poorer sections of the community and support development of small, micro and medium enterprises.

Thus, the city's strategy on LED includes a statement of intent to identify and harness local and regional resources to stimulate economic and employment creation. More over, there are various prerequisites to be met and principles to drive the whole LED processes, while re-addressing the imbalances of the past and meeting the challenges of today.

6.5 Local Economic Development priorities

The city of Windhoek has defined a set of priority as development goals in this strategy. In this section we focus on them and how to promote collaborative and partnership arrangements with other organisations in addressing these priorities.

According to the policy document, the definition of local development priorities entailed an assessment of local needs (such as employment, poverty reduction, and social services), alongside local opportunities (such as tourism, transport, commerce and investment) and local capacities (such as the skills, experiences and requirements of the council to lead, oversee and resource development city). As result the LED strategy is a process of identification, by following development priorities as identified: the need to address poverty alleviation and job creation; to promote investment and commerce; the challenge of developing as a national and regional hub; and the need to promote social equity and to improve the quality of life of all.

6.5.1 The need to address poverty alleviation and job creation

This is the greatest challenge for the city to provide an environment in which people can become economically active and find employment. Currently unemployment rate in the Khomas region, which Windhoek is the only urban centre stands at 22%. Hence, it is anticipated that Windhoek's population in 2005 will be poorer, less educated, and more

unemployed than it is today, thus the challenge is to continuously seek ways of creating an environment conducive for job creation.

In addition the city is characterised with profound imbalances in the space economy, for instance 71% of the inhabitants in the northern western areas, and 32 percent of inhabitants in its northern areas earned less than N\$ 800 per month (equivalent to R800 in South Africa's currency). Considering that the household subsistence level for Windhoek is set at N\$ 860 per month at that time, these households live below the primary household subsistence level. In comparison, only six per cent of households in central areas of the city were in the same predicament, compared to four percent in the southern areas. Currently according to a study done by prof JF Potgieter of Port Elizabeth University house subsistence level for low income are now estimated at N\$ 1856 for low income and medium income at N\$ 2299 (One Namibian dollar equals One Rand). Furthermore, this is believed to have deteriorated over the past years.

This is attributed in particular to the fact that the informal settlement areas in the northwest of the city have been rapid. Therefore Windhoek requires an urgent and a concerted effort to ensure that the situation does not worsen further into hopeless nightmares like in many other African countries. However, the narration of the scenario must not create the impression that LED is the panacea to solve this challenge, as the respond to this requires systematic initiatives at all levels.

Therefore job creation, which is the increase in net number, quality and variety of sustainable work and income generation opportunities, cannot be over emphasized. It must involve the enhancement of equity and access for all groups within the community, especially those most disadvantaged in the labour market. In addition, requires the aggressive promotion of small business, which is in actual fact the number one creator of new employment around the world.

The local economic development strategy has been designed cognisant of the challenge of job creation and address these development priorities by:

- Overcoming the divide and making Windhoek's future the concern and task of all stakeholders;
- Positioning the city strategically for local and foreign investment;

- Addressing the social and economic needs, opportunities and aspirations of young women and men.

6.5.2 The need to promote investment and commerce

In pursuing this development priority, weight is put on the small, medium and micro enterprise sector as a creator of employment and economic activity. As a result, the city has started to play an active role in the promotion and support of this sector. This includes participation in policy making together with other stakeholders and, in particular to create an enabling legal and regulatory environment. It also involved the provision of information and referrals, the creation of infrastructure, and the facilitation of SMME start up and growth through outsourcing and preferential procurement and tendering.

However, there is insufficient synergy between these activities of promoting SMME's, hence a need exists to formulate an overarching policy framework for SMME promotion and support in the city that maximises outcomes, sets measurable targets and achieves the greatest possible results from collaborative actions.

Other deliberate intents that were envisaged included an outsourcing programme, whose working document for a proposed operation strategy is in place. At the time of research nothing has come off the ground in terms of implementation. Despite this, the operational strategies contained in the outsourcing programme included the following.

- Enhancing productivity by way of focussed training and general human resources development.
- Creating an enabling environment for private entrepreneurs in the city to play their historical role of creating jobs and being the engine for economic growth.
- Provision of safety and maximum protection of the city's resident and visitors
- Maximising capacity utilisation of council resources in order to achieve maximum output
- To put in place mechanisms of administration that would make council operations cost effective in order to achieve a reasonable balance between expenditure on social activities on the one hand, and resource allocation to productive or revenue generating sectors on the other hand etc.

There are in addition, many services that hold potential for further outsourcing and the creation of new public-private partnership, as well as the non-government and community sector, to provide services through contractual or joint venture arrangements. The council believes PPP's can contribute significantly to LED through job creation and increases in family incomes, as result they should be geared to strengthen economic empowerment of the poorer sections of the community and support the development of small and medium enterprises. What is needed is for them, is to be structured in such a way that relatively big businesses are required to sub contract or work together with local entrepreneurs.

6.5.3 Developing Windhoek as a national and regional hub

The premise departure is that Windhoek's physical location and its economic and political concentrations create a number of development priorities that are unique to the city and upon which development can be promoted. This is embodied in improving the potential that lies in Windhoek's national character, and its role in the broader Southern Africa region.

There is an increasing realisation of the city as an important link in the logistic chain required to realise the value of transport corridors of the Trans Kalahari highway, the Trans Caprivi highway and the South-North route linking neighbouring countries with the port of Walvisbay. Therefore, it must position itself strategically within this corridor as the central hub for transport, or as a dry port en-route to Walvisbay. As result of this, it needs to align itself to benefit from the attraction of additional business via this corridor.

The LED strategy calls upon the city to strategically position itself for tourism development, attraction of investment, and the use of dormant and under-utilised opportunities. Other pertinent issues include mobilisation of its inhabitants to identify with the city and its challenges and opportunities, hence all this, needs a concerted effort to market itself more strategically, comprehensively and aggressively. It must identify and define its competitive advantages and build upon them. As result, features such as high quality of life as observe in Windhoek must be part of the overall strategy to attract investment and tourist. These features include:

- Clean, unpolluted environment;
- Low crime rate;
- Plenty of shopping opportunities with an excellent supply of goods and services;

- Responsive local authority;
- Excellent health and educational facilities;
- Availability of land for housing and business development; and excellent communication, good roads, etc.

In addition, Windhoek could make use of its advantages, for instance, to attract intellectual capital into the city- people who want to live in it because they would find conditions and quality of life indicators they are looking for. In other words, as part of current investment attraction efforts it could add the focus on those people by offering opportunities in the service and high technology sectors. To achieve this, the strategy proposes to the city instead of directly intervening in the development of all this opportunities, it creates rather an enabling and empowering environment for development. Central emphasis is to create an identity that corresponds with development objectives and in which the quality of life indicators become added advantages rather than means to an end by themselves.

Currently, the city is developing a marketing and promotional strategy to make Windhoek a preferred city in terms of investment in the Southern African Development Community. For this, four objectives are pursued: advertising: to communicate by building awareness and interest; personal selling: to provide needed information to the sale through face-to-face communication and negotiation; trade promotion: to provide attractive displays, special events and special incentives; and public relations and publicity: to build public support through non-paid media.

It is therefore evident in this section, that a considerable potential exist for Windhoek's physical location and its economic and political concentrations to create a number of development priorities, which are unique to the city and upon which development can be promoted. This needs to be taken in light of the city's potential as a national character and its role in the broader Southern African region.

6.5.4 Promoting social equity and improving the quality of life

This is deemed a critical strategic thrust in the policy, for it distinguishes local economic development from macroeconomic development policies and strategies. Thus it is seen as democratising development, as it promotes participation in the process of policy making to

shape development. The reason being that, LED oriented development has a direct impact upon the lives of the people concerned.

As matter of urgency, the strategy advice that a fresh approach to drafting policies and strategies be undertaken, cognisant of the legacy of apartheid that continues to haunt the capital. The drafting of the LED strategy proposes as an overarching principle, that participation or planning at local be perceived in terms of popular power that people can exercise, and not as a bureaucratic problem that municipality has to solve. In other words, development at local planning must be a collective approach informed by the wishes of the people to be meaningful and owned.

Development opportunities should therefore be evenly spread and informed by bottom-up approach. To realise this, the City of Windhoek must take a more integrated approach in which residents from different backgrounds consult and inform each other, and exchange views to arrive at a vision for the development of the whole city. As result the development of the city is made a mutual concern for everybody. For this to materialise the City Council of Windhoek must promote collaborative and co-operative initiatives including community driven development programmes because some goods and services are best handled through local community organisations. This may be realised through the support from responsive institutions including local and regional government, the private sector as well as non-governmental organisations.

There are specific institutional arrangements required for these kinds of partnerships to succeed, amongst other that they shall be context driven and tailored to the circumstances and specific types of goods and services. Henceforth, in promoting social equity and the improvement of the quality of life for all residents, the issues for young men and women should be given considerable attention. Nearly half of the population of Windhoek is between 15 to 35 years, yet a lack of affordable life style opportunities catering for them. As result many young people feel like outsiders who take no or very little pride in their city, furthermore exacerbated by the fact that the city has very little African character.

However all is not lost, as concerted efforts are underway to address some of these issues: The United nation Plaza in Katutura location is a good example, so are initiatives such as the

Zoo Park Theatre, the annual youth Expo, the construction of sports fields, re-opening of the Katutura swimming pool etc.

6.6 Windhoek's vision statement

The LED strategy, besides setting in place economic development priorities, promotes the realisation of the vision of Windhoek as a 'Working City' through a comprehensive series of development strategies. These strategies demonstrate leadership and commitment to results, which involves promotion of local stakeholders partnership for the development of the city.

The city provides a mechanism to guide and facilitate job creation for its residents. To this end it has adopted the following development objective to foster the development of a diverse range of quality and sustainable employment opportunities through the establishment and expansion of the private sector. The working city includes one that works for investors and business, as the council will reward those with initiative to invest, start a business and expand their existing business. A classic case was the multi million Namibian Dollar investment by Ramatex , a world renown textile company from Malaysia in which the city went to extra mile to ensure the best possible conditions for investment and business development were in place. This response is within the development objective to create a policy, legal and regulatory environment in Windhoek that is conducive to investment and the development of the private sector.

Finally as a working city, it needs to work for all its residents of ages, races, sexes and cultures- who live within its municipal boundaries. It celebrates its diversity while committed to ensuring equal development for all. The city endeavours to offer opportunities for broad participation in all aspects of the social, economic, political and cultural life. It is informed by a collective mobilisation of its people on how to achieve social, economic and cultural goals. To realise this, the city adopted a development objective to create opportunities for residents from all corners of Windhoek to participate in the planning and development of the city. Equally it addresses the imbalances resulting from historical bias that continue to limit the full participation of certain groups in the social and economic arenas.

6.7 Development strategies

This section presents a detail set of actions to be undertaken in the coming five years to bring the city closer to achieving the vision described. It provides an integrated and systematic approach to matters and signifies the catalytic and leadership function of the City of Windhoek. In the previous section a series of four development priorities were defined, which now sets the framework in which the development strategies are to be pursued. These strategies are as follows:

(a) The first strategic theme is a city that works for more and better jobs: The development objective is to foster the development of a diverse range of quality and sustainable employment opportunities through the establishment and expansion of the private sector. To realise this, the following development strategy is to be pursued. This is to be known as the Windhoek business development strategy, which hints that the major source of employment growth in Windhoek is the private sector. The focus is on establishing new businesses (SMME's) as well as expanding on existing enterprises. Other specific activities contained within this strategy include:

- **Enhancing business support services** through the establishment of the Windhoek business incubation centre. Currently five small business industrial estates exist, mainly under the auspices of Namibia Development Corporation (NDC).
- **The investigation into opportunities to improve the productivity and availability of the local labour force through existing training centres.** The city intends to pursue a memorandum of understanding with training institution for attachment of trainees to the municipality for duration of their training on an annual basis. In addition, the city will investigate ways whereby it can improve the attachment of trainees to private companies within Windhoek. A joint task force shall be established to find ways to maximise the propose outcome of this project.
- **Establishment of a Small Medium Enterprise (SME) information centre** to serve as community resource centre to help small business to get on their feet and eventually graduate into formal business enterprises. The Namibia Chamber of Commerce and Industry (NNCI), MTI and the joint consultative committee are expected to pool their resources as part of a smart partnership to realise formation of the SME information centre.

- **Foster dialogue with the business sector through the formation of a business development taskforce**, which will bring together representatives of the Windhoek business community (including the informal sector), along with business development agencies (government and non-government) to jointly consider and review issues facing business in Windhoek. This taskforce is expected to fill a major gap, for currently no formal mechanism or process exists whereby Council consults with business sector on a regular basis.
- **Promoting entrepreneurship and innovation among young women and men**, through consultation and planning with relevant representative and development organisation.

The key and critical aspect of the business development strategy is to fulfil three primary goals:

- i. To expand the number of employment opportunities available in SMME's
- ii. To provide a comprehensive range of services that nurtures the establishment and growth of SMME's
- iii. To link business support measures with the broader industry and investment strategies described later in the LED strategy.

Henceforth resource allocation rest with Economic Development, Tourism and Recreation Division, which is expected to consult with other department and division of the city to determine financial, information and training resource requirement essential for the effective implementation of this strategy.

(a) The second strategic theme **is a city that works for investors and businesses**, and the development objective is to create a policy, legal and regulatory environment in Windhoek that is conducive to investment and the development of the private sector. To achieve this development objective, the following development strategies shall be pursued:

- creating a business-friendly environment by facilitating business establishment and expansion through a support service, which allows business to successfully 'navigate' the rules and regulatory environment of the area, for instance by means of One-Stop-

Shop of Council. The reduction and minimising of administrative burdens on small businesses as far as possible should be given significant attention because they hinder the development of enterprises and the growth of employment.

- formulating an investment strategy to make it easier for executives and the entrepreneurs to learn the facts that influences a decision to invest in Windhoek. The goals of this strategy are: to provide a source of general information on Windhoek to investors by providing exploratory information, thus making it easier for potential investors to decide quickly whether the city meets their investments needs. Secondly to market the strengths and advantages, which the city has to offer to investors, who are elsewhere in Namibia as well as in other countries. Thirdly to assist in making Windhoek a more desirable place for investment and business by working with and stimulating other government and non-government organisations to improve its economic prospects.
- (c) In terms of this strategic theme that it must be a **city that works for Namibia**. The city asserts as one of its development object to be a hub for goods and services required throughout the regions of Namibia as well as by international visitors and visitors. To achieve this, the following development strategies shall be pursued:
- design a capital industry strategy, which is basically designed to improve services of the city to the many groups it serves. This initiative cannot be pursued alone but with a focus on partnerships between all levels of government and industries within the national capital. The goal of this strategy is to boost the levels of investment in the industry sector, while ensuring that Windhoek becomes a competitive and a well-connected city in the global and regional economies.
 - the capital tourism strategy focus entirely on tourism, and its point of departure is recognizing that tourists come to Windhoek from elsewhere in Namibia, as well as from across the globe. Its key strategic goals are increasing the number of tourist to Windhoek- from both within Namibia and broad; increasing the length of each visitor's stay; increase the amount spend by each visitor; increasing the number of return visits to Windhoek; and address any of the potential or real problems emerging from increases in tourism in Windhoek.
- (d) Last strategic theme as advanced in the vision is to **make the city works for all its residents**, and core to this aspect is to create opportunities for residents from all corners of

Windhoek to participate in the planning and development of the city and redress any imbalances resulting from historical bias that continue to limit the full participation of certain groups in the social and economic arenas of life in Windhoek. To fulfil this, the following development strategies shall be pursued:

- The Public Participation Policy adopted in 1999 manifests local consultation and participation. Despite this existence of the policy, Windhoek continues to be a community poorly integrated with no or little opportunity to communicate with each other. Therefore, a key goal for local economic development is to reduce poverty by addressing strategies that promote equity and participation. Key targeted areas are those with high levels of poverty and deprivation, which are found mostly in the outskirts and settlement areas of greater Katutura. It is here where urbanisation through influx of population from rural areas has been phenomenal. The key goal is to promote equity and participation so as to make Windhoek a better place to live and work for all its residents. This may be realised by the provision of infrastructure and development to enhance the quality of life for all residents of the city, and in particular the most distressed areas. It must also address sufficiently social needs for job creation and social inclusion.
 - working with civil society is at the forefront, as successful implementation of the local economic development strategy requires the creation of program partnership and joint service-delivery arrangements with non-government and community based organisation that operate within the municipal area. The central goal of this strategy is to build and maintain effective and collaborative arrangements with a wide a range of non-government and community-based organisations that help to mobilise human, financial and physical resources in the development of the city.

6.8 Coordination, Implementation and Management

This sector advances numerous structures and process that will be established to ensure the development strategies are effectively implemented to realise the goal of the LED strategy. It includes how they will do the monitoring and evaluation of the strategy.

The LED strategy is designed from the point of view that local government has a key role to play in the economic and employment development. To undertake this, the Windhoek city council should strive to create a strong focus for local economic development both internally

and externally. There should be a demonstration of commitment to actively engage in economic and employment development issues and to support these strategies by way of finances, technical expertise and the involvement of personnel. The council is expected to take this role seriously and in doing so shall:

- Work to improve local economic development and employment opportunities amongst local residents and businesses;
- Promote economic well being of all residents and businesses;
- Support the efforts of local and regional development agencies to promote additional employment and business opportunities for residents.

This particular responsibility within the city of Windhoek's structures shall rest with the Economic Development, Tourism and Recreation division. The Economic Development, Tourism and Recreation Division shall primarily be responsible for the coordinated implementation of the Strategy. Specifically, it shall undertake the following duty:

Oversee the efforts of all other Divisions and Departments within the city of Windhoek responsibility for the implementation of specific strategies contained within the LED strategy.

Specifically this will involve:

- Ensuring that all relevant divisions and departments have a clear understanding of their roles and responsibilities;
- Consulting with the relevant divisions and departments to identify any issues, such as training, information, and finances, which they may require to effectively implement the strategies for which they are responsible; and
- Monitoring all relevant divisions and department to ensure that they are sticking to the agreed timeframes and achieving the following aims of.
 - Promoting the LED strategy to all relevant external stakeholders to ensure they know of the strategy and the ways they can contribute to its implementation. This entails organising annual workshop to up date all relevant external stakeholders on the progress and challenges of the LED strategy.
 - Reporting to the council twice yearly on the overall progress of the LED strategy progress of the LED strategy.

- Conducting an annual review of the LED strategy, which includes consultations with key stakeholders within and outside of the city of Windhoek?

Therefore all line Departments or Division are entrusted with implementation and management of the nine strategies as contained in the LED policy. In fulfilling this responsibility, these divisions and departments are required to:

- (A) Prepare an *annual work plan* for their specific strategy, which indicates
 - the specific activities to be undertaken during the year;
 - who in the divisions of department will perform this activities;
 - what resources (e.g. funds, information, skills, tools) will required; and
 - the financial resources (i.e. a budget) will be required.

- (B) Report to the Economic Development, Tourism and Recreation Division on a quarterly basis, regarding the progress of the strategy: its success as well as any problems, constraints, and concerns that may have arisen.

The overall monitoring of all Division and Departments requires the lead Department under the guidance of the strategic Executive to set up a task team for each strategy for the purpose of preparing and monitoring the annual work plans. This team shall meet on a quarterly basis; hence the official in task teams shall include those who are most closely associated in their work with the implementation of the particular strategy. The coordinators will be expected to meet bi-annually with the Strategic Executive to review progress made and recommend any changes/ additions to the LED strategies. This process will result in the incumbent Strategic Executive preparing consolidated reports to the Chief Executive Officer.

The financial year for the implementation of the strategies is expected to occur in the year 2002/2003 onwards. The funding is supposed to stream in from two sources mainly external donors and the City Council of Windhoek. This strategy has gone a long way as estimated costs to help ensure successful implementation of the activities has been identified in the strategy.

6.9 Conclusion

The Local Economic development Strategy document is a comprehensive piece of instrument, which intends to streamline the City of Windhoek resources in taking full advantage of the considerable opportunities that it has within its boundaries. It places emphasis that social equity is to be promoted, so that Windhoek can be a harmonious society, with a stable and vibrant civil sector.

The greatest challenge is to wait and see how powerful its demonstration will be on the ground, compared to what is portrayed on the paper. The challenge is whether, it will achieve its goals in the face of formidable list of competing priorities, as there is the crowded agenda and the pressures for short delivery threatening to overshadow the need to reshape and integrate the city. More serious, however, is the prospect of dashed expectations and general disillusionment if this high profile project fails to materialise. Therefore, it remains to be seen if these bold conceptions of sustained economic growth represent whimsical fantasies or realistic expectations.

Whatever happens to the project, it is important that the current emphasis on poverty alleviation and job creation is sustained and that attention is not diverted from critical aspects such as promoting equity in terms of redistributing public expenditure towards those areas within the city that have a history of real disadvantage.

CHAPTER 7

Conclusion

There is a general consensus between both countries, Namibia and South Africa that local economic development strategies will play an important and an integral role in promoting urban economic growth and development at the local level. As Maharaj and Rambali notes (1996: 177), local economic development bring about the creation of quality jobs, the improvement of living standards and the increase in capacity of a community in becoming economically self-sufficient. There is a conviction in both countries that local economic development strategies have the capacity to unleash the creative energy and talent needed at local level to reduce some of the challenges local authorities struggle with.

The study furthermore reaffirms the hypothesis that LED is emerging and still in the phases of infancy in Namibia compared to South Africa, which has already produced a draft National Local Economic Development Policy for comment to all stakeholders. The strategy in Namibia is emerging under the auspices of the Association of Local Authorities, while in South Africa the government is a major player promoting the practice of local economic development among its many local authorities.

The Association for Local Authorities of Namibia in conjunction with the support of Frederich Ebert Stiftung (FES) and other donors has taken it upon themselves to put in place a local economic development policy. This policy is considered appropriate for local authorities in the country to continue embracing LED as a development strategy, however the practical response in terms of strategies formulated by authority is very much limited and corned to mere conceptual sensitisation. The practice of local economic development in Namibia is been promoted now as a best practice approach emanating internationally, with Windhoek being the only local authority with a comprehensive strategy on local economic development on the table.

In South Africa the democratic transformation has brought municipalities a constitutional mandate to promote social and economic development. This mandate is encouraged by an increasing number of legislative instruments as noted in the review of the literature on South Africa's local economic development. Recent legislative and policy instruments promoting

LED includes the Local Government White Paper of 1998 and Municipal Systems Act of 2000. Other adopted strategies giving prominence to LED are the Integrated Sustainable Rural Development Strategy and Urban Renewal Strategy. All these policies constitute efforts mutually reinforcing elements of government's stated policy objective of creating an enabling environment for the practice of local economic development.

The latest is the formulation of a draft Local Economic Development Policy based on the belief that local economic development would be a critical instrument to fight poverty and unemployment. The policy seeks to clarify government's position in terms of its visions and objectives, interventions and institutional requirements when it comes to this development strategy. The most important objectives of the draft LED policy are to encourage local authorities to undertake efforts of job creation, sustainable urban and rural development, and explicitly poverty alleviation approaches within a holistic LED strategy. This policy illustrates a political commitment to support the practice of LED by building capacity and ensuring that state finance or grants are available to realise the national rollout of local economic development in rural and urban areas, as long as the dynamics of poverty is addressed and given considerable prominence.

The draft is consistent with national efforts of striving to sustainable development objectives as provided in policy mandates such as the Reconstruction and Development Programme (1994), the Constitution (1996), the Growth, Employment and Redistribution macroeconomic strategy (1996), the Local Government White Paper (1998), the Integrated Sustainable Rural Development Programme (2000) and finally the Urban Renewal Programme (2001) as well as a variety of new legislative initiatives. This is important as international experiences in Europe and across the globe illustrate the critical role national governments can play in funding and supporting LED initiatives, as well as to ensure that local initiatives of LED are supported by all departments rather than undermined by their mainstream economic social policies. In other words a national policy framework provides opportunities for local authorities, in conjunction with other local actors to take up the challenge of practicing local economic development as part of the overarching goal of promoting sustainable development.

The government of Namibia has a key role to play in supporting and encouraging local economic development planning, however this should be a collaborative process with national departments and other broad stakeholders such as non-governmental organisations, the private

sector etc, to ensure a meaningful practice of these development strategies. Local economic development should therefore be regarded as a local initiative, and not an alternative form of development intervention to replace other national development strategies.

An important element is the need to put in place an institutional mechanism to drive the process. These institutions should address the capacity and resource constraint that hampers the realisation of many LED projects. It establishes the required programmes for education, facilitator training, and funding allocation for the projects to be jump started (Nel, 1999: 308).

In the case of local authorities taking the lead, it is important to harness the combinations of skills, resources, infrastructure and goodwill among the communities in the area. In addition the understanding of LED hinges on an acknowledgement of the important role which political, social and cultural factors and physical resources within a locality can play in determining local level responses. In other words local authorities' needs to comprehend the broader global and national framework in terms of the political, social and economic debate as it evolves, and then only respond with a LED initiative within the concern of its own capacity factors. In the end, LED involves much more than purely economic concerns and as result success cannot be quantified in direct economic gains only, but in broader social issues and processes of improving the life of the people, especially the poor. This is true, as noted by Nel (1999:313), that LED initiatives in some study areas have promoted community empowerment and ownership and helped to reduce some of the worst aspects of prevailing socio-economic crises.

Therefore local authorities' LED objectives and strategies need to address not only the interests of capital and international business, but where relevant they also need to try and address the problems of the marginalized majority of the population. This is clearly the route for local authorities in Namibia. It is imperative for many local authorities that are characterised by a low level of skills, poor leadership and inadequate finance. This calls for a blending of approaches to reduce costs and maximize opportunities as an ideal path to pursue. As a result, it is plausible that LED strategies can have a *business* focus that include investment attraction; a *community* focus, thus economic empowerment of previously disadvantaged sections; and lastly an integrated approach which focus on unifying a whole community behind a common vision.

Henceforth, international practices reveals that the process of practicing LED at local level is clouded with minimal success. Notwithstanding this, LED is ultimately still a better option than continued deprivation, because it provides hope and unites communities in difficult times and therein lays psychological and sociological gains considering the historical apartheid based planning reminiscent in both South Africa and Namibia.

The central government and all other proponents of LED should also avoid over estimating the potential role of the local authorities. Municipalities have very limited resources to launch the drive for practicing local economic planning, therefore as much as the resources for it should be market driven (private and municipal led), since many of them are not in a position to do so on their own. As a result, government through the line ministries needs to recognise that many LED initiatives will require short-term grants to initiate and sustain projects. The critical attribute in this case is that as much as government's role is to create conducive environment for LED, it needs - in addition budgetary provisions to support LED.

Furthermore the identification and training of LED facilitators by government and the Urban Trust of Namibia needs to pursue a nation-wide practical involvement of LED at urban and rural level. Other matters of urgency for the practice of LED in Namibia, is - as hinted in the National Development Plan Number two - the formulation of the draft green paper on LED. This policy document is to define responsibilities of local authorities and to empower them to initiate LED programmes, particularly in terms of financial management. Lastly, LED needs to be embarked upon as part and parcel of a multi-faceted approach to alleviate poverty, thus evolving as a complementing strategy towards achieving sustainable development.

. The current focus of planning is often on social and physical ideas without either understanding the economic potential of land regulations to support or hinder economic growth-that is direly needed to alleviate poverty (Black, 2002). Therefore planning needs to engage and define its contribution in the economic development strategy and implementation, as well as move into community development. The current reactive town and regional planning schemes reduces the ability to use spatial planning as a tool to promote social and economic development. Therefore the spatial dimension needs to incorporate aspects of economic development. Hence planners can successfully contribute to facilitate the achievement of the aims of LED which is that of economic growth, employment and poverty alleviation.

Ultimately, local economic development planning is not a panacea to solving the nation's economic ills, it should however still be supported and pursued because of the potentially valuable contribution it can make in helping to address poverty, good governance and urban management, as well as providing alternative growth options and reconciling communities by addressing issues of empowerment.

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¹⁸ Extra sources read to broadened up perspective on the subject.

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