

# REPORT 1

EMFULENI LOCAL MUNICIPALITY

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**2015 LED STRATEGY**

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**POLICY ANALYSIS STATUS QUO REPORT**

# INDEX

<b>1. Introduction</b>	<b>Page 2</b>
<b>2. Background to LED</b>	<b>Page 2</b>
<b>3. Spatial considerations</b>	<b>Page 3</b>
<b>4. Rapid municipal assessment</b>	<b>Page 6</b>
<b>5. National policies</b>	<b>Page 9</b>
<b>6. Provincial policies</b>	<b>Page 15</b>
<b>7. District policies</b>	<b>Page 20</b>
<b>8. Local policies</b>	<b>Page 21</b>
<b>9. LED vision and approaches</b>	<b>Page 22</b>
<b>10. Roles and responsibilities in LED planning and implementation</b>	<b>Page 26</b>
<b>11. Creation of an enabling environment</b>	<b>Page 30</b>
<b>12. Provisional strategies</b>	<b>Page 32</b>
<b>13. Conclusions</b>	<b>Page 33</b>

## **1. INTRODUCTION**

The North-West University (NWU), Vaal Campus, through its Local Economic Development (LED) unit known as AppLED, was appointed to compile a revised LED strategy for the Emfuleni Local Municipal area. The NWU has recently completed LED strategies for Fezile Dabi District Municipality and Metsimaholo Local Municipality. Overall deliverables include a policy analysis status quo report, a socio-economic status quo report, an economic sectoral modelling report and a strategy report.

This policy analysis status quo report consists of an analysis of national, provincial and local policies that could have an impact on local economic development in the Emfuleni area. This report (report 2) is followed by a socio-economic status quo analysis report of the Emfuleni municipal area. This document contains the following aspects:

- LED defined.
- Spatial considerations.
- Rapid Assessment.
- National, provincial, district and local policies.
- LED Vision and approaches.
- Roles and responsibilities in LED.
- Key partners and officials in LED.
- Creation of an enabling environment.
- Provisional ideas for strategies.
- Conclusions.

The aim of the LED strategy is to base economic planning on recent information and current policies with implementable strategies and projects.

## **2. BACKGROUND TO LOCAL ECONOMIC DEVELOPMENT (LED)**

LED is part of the concept of developmental local government. The White Paper on Local Government of 1998 initiated the concept of developmental local government in collaboration with the Constitution of 1996. Developmental local government means local government committed to work with local residents and community groups to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives. Developmental local government has four focus areas namely:

- Maximizing social development and economic growth.
- Facilitate integration and coordination.
- Democratizing development.
- Leading and learning.

LED initiatives affect everybody within a specific geographical region, including government, local communities and local business. Local government has a constitutional mandate to promote LED in terms of Section 153 of the Constitution. LED could be defined as all socio-economic activities, by all LED partners (government, business and local communities), within a specific geographical region with the aim to create jobs and improve quality of life for all. Other important factors in defining LED include:

- Improved local competitiveness and a focus on comparative advantages.
- Maximize local resources and local knowledge.
- Attempt to build and create jobs.
- Improve resilience, stability and diversification of local economy.
- Reduce poverty.
- Improve local participation.
- Balance between pro-development and pro-poor strategies and initiatives.
- Ensure the existence of a positive developmental and enabling environment.
- Ensure a quality physical environment.

The generic LED process as prescribed by the World Bank is also followed in this process which are: organizing the effort, local assessments, strategy formulation, implementation plan and lastly strategy review.

### **3. SPATIAL CONSIDERATIONS**

#### **3.1. Introduction**

LED proposals and strategies are guided by the spatial environment of an area. For that reason, the Municipal Systems Act of 2000 compels all municipalities to compile Spatial Development Frameworks (SDFs) as part of the integrated development planning (IDP) process. Spatial planning has the aim to ensure that land uses are developed in such a way to optimize inter-linkages and relatives. Spatial planning is used as a tool to ensure optimal local economic development by creation of an integrated, interlinked economic and physical environment. In South Africa, spatial

planning is controlled by the National Spatial Development Respective (NSDP), the soon to be proclaimed SPLUMB, provincial planning legislation and the Development Facilitation Act (DFA) principles of 1996.

### 3.2. National Spatial Development Perspective (NSDP)

The NSDP was introduced in 2006 as a national spatial guideline document. The NSDP requires the identification of areas of economic potential and areas of need. It is about spatial choices of areas with potential and decline. The policy requires government to identify comparative advantages of localities in terms of infrastructure and development potential. The approach of the NSDP is to focus the bulk of government investment in these areas with development potential. Areas with limited potential for development should concentrate on social investment such as skills development and community facilities. The NSDP aims to guide spatial prioritization on a national, provincial and local level. The NSDP lists six categories of development potential as listed below:

**Table 1: NSDP Categories of Potential from a Spatial Perspective**

Category	Measurement	Indicators
1. Innovation and Experimentation	Research, development and new technology	Relevant case studies and examples of innovation, capacity for research
2. Level of production of high value and diversified goods and services	GVA in specific sub-sectors and employment possibilities.	Level of GVA fuel, rubber, electronics, exports, employment
3. Labour intensive mass production of goods	Large unskilled labour pool, close to cheap transport links.	Such as mining, agriculture, manufacturing
4. Public Services and Administration	Public management for institutional arrangement of production, consumption. Also health, welfare and education.	Level of municipal management. Level of institutional capacity. Level of community services.
5. Retail and Services	Strong retail and services industry. Large markets with high income households.	High level of retail and services industry. Employment in retail and services. Income levels above average.
6. Tourism	Eco-scenery, culture, entertainment, good access rates, high quality facilities.	Number of tourism establishments. Number of people employed. Contribution of tourism.

(Source: NSDP, 2006)

### **3.3. Development Facilitation Act (DFA) principles**

The following principles are listed in Chapter 1 (section 3) of the act:

- Promotion of integrated development in terms of social, economic, physical and rural and urban areas.
- Ensure the integration and close proximity of places of work and places of living.
- Optimal usage of resources such as agriculture, land, minerals, infrastructure, roads and social facilities.
- Promotion of diversity of land uses.
- Promote the concept of compact urban areas.
- Contribute to the correction of the historically distorted spatial patterns of settlement.
- Encourage environmentally sustainable land development.
- Promote the establishment of viable communities.
- Meet the basic needs of all communities in an affordable and sustainable way.

### **3.4. District wide SDF**

The Sedibeng District Municipality SDF has the following principles for development;

- Promotion of focused economic development.
- Development of activity nodes and corridors.
- Linkage of disadvantaged communities to core areas.
- Development of mixed use, high density development.
- Supportive transport services and corridors.
- Extend economic opportunities to township and other disadvantaged areas.
- Ensure sustainable development and environmental management.

### **3.5. Emfuleni SDF**

The local SDF has as its aim to provide a strategic spatial vision, for integrated and sustainable development. The Emfuleni Local municipal area has a positive strategic locality. The municipal area is located outside the core economic region of Gauteng, but is well connected via the N1 freeway and the R59 freeway to the rest of Gauteng and the Northern Free State. The Vaal River is the southern boundary of the area and is a major tourism and investment attraction. Spatial economic principles as listed in the SDF include:

- Development of nodes (diagram 15 SDF) and corridors (N1, R59, P155, K53, K174, R82).
- Integration, densification and infill development.
- Transport and infrastructure development.
- Compact city development.
- Identify economic catalyst projects such as revitalization of CBD's, tourism development, industrial development, urban agriculture, housing development and the development of an airport and possibly a SEZ.

The spatial economic SWOT analysis for the municipal area includes the following:

The area has large portions of vacant land for expansion, with a strong nodal structure and well developed corridors. The spatial development structure is however fragmented, with low gross densities, and long travelling distances and poor public transport. The most significant threats to the economy are the decline in the industrial activities in the region and lack of development of new infrastructure and maintenance thereof. The developmental objectives of the SDF are:

- Creation of an effective compact urban form with increased density.
- Integrated land use and transformation.
- Protect sensitive open space and agricultural land.
- Promote cross municipal boundary economic interaction.

#### **4. RAPID MUNICIPAL ASSESSMENT**

Emfuleni's historical economic development is closely linked to the steel industry due to the original establishment of ISCOR in Vanderbijlpark and Vereeniging. The area still plays an important role in the steel industry and the steel value chain. This sector continues to dominate the local economy and diversification is needed. The locality adjacent to the Vaal River and in close proximity to the rest of Gauteng, allows for growth in the tourism and retail sectors. The local steel industry has been struggling to maintain its competitive edge due to globalization, cheap imports and technology. The local industry has not been able to compete in value added product development. The industry has also had a negative impact on the environment. A major risk in the region is the political uncertainty regarding municipal structures and governance and maintenance and development of new infrastructure. The area known as the Vaal-

Triangle form a functional economic region and integrated planning across provincial boundaries should be encouraged and stimulated (SACN).

### **The steel industry**

The industry has been shrinking and the industry has grown only 1% over the last 30 years. The steel production capacity in SA is 12mt per annum, but currently only 6mt is produced. A total of 90% is used locally and the rest exported. The steel manufacturing industry provides 13 000 jobs in SA while the converting and fabrication industry adds 85 000 jobs. Arcelor Mittal is the largest steel manufacturer in SA with two plants in the study area namely the Vanderbijlpark plant with a capacity of 5.0mt per annum and the Vereeniging plant with a capacity of 0.4mt per annum. DAV steel is also a local company with a capacity of 0.5mt per annum. The end users of steel are the construction industry, automotive industry, machinery, mining and agriculture. The steel manufacturing industry is at risk due to lack of new technology, quality of local steel and labour action. The growth of the industry is dependent on growth of downstream industries such as construction, global supply and demand, production factors cost (raw material, transport, labour and capital), poor levels of economies of scale, exchange rates.(SACN).

According to “The cost of doing business study 2013, done by GEDD, Emfuleni contributes approximately R20 billion to Gauteng’s GDP with manufacturing the main sector with 32.3% of GDP and also the most competitive sector in the economy. The Vanderbijlpark manufacturing region is one of the top five value mass production manufacturing areas in South Africa with a focus on metal productions and chemicals manufacturing. Tourism and agriculture is also important for economic development in the region. Best practice conditions from this report for LED strategy formation include:

- Improved and intensified branding and marketing.
- Transportation and infrastructure development and management.
- Human resource development.
- Administration capacity.
- Procurement effectiveness.
- Partnerships and cooperation.
- Crime and corruption.



A rapid initial assessment of the municipality was completed in May 2014 when the project commenced. The Table below is a summary of the rapid assessments for the local municipal area.

**Table 2: Local Rapid Assessment**

<b>Key Issue</b>	<b>Emfuleni LM</b>
General overview	The area, situated just south of Johannesburg and north of the Vaal River, forms part of the Greater Vaal Triangle economic region. The Emfuleni Municipality forms part of the Sedibeng District Municipal area and is the economic hub of the district area.
Visual Appearance	<ul style="list-style-type: none"> <li>• The general visual appearance of the area is below average.</li> <li>• Main access roads are well developed and include major routes such as the N1, R59, R42, R82, etc.</li> <li>• Secondary access routes are in poor condition.</li> <li>• Internal roads are generally in poor condition.</li> <li>• Entrances to main towns need improvement.</li> </ul>
Institutional Structures	<ul style="list-style-type: none"> <li>• The main municipal offices are located in Vanderbijlpark.</li> <li>• The LED unit consists of a manager and a number of officials with capacity.</li> <li>• Ward committees and CDWs are operational.</li> <li>• Council Section 80 committee for LED operational.</li> <li>• Business chambers in area operational and active.</li> <li>• Good relations exist between provincial departments, the district and the municipality.</li> </ul>
Key planning Documents	<ul style="list-style-type: none"> <li>• IDP document up-to-date.</li> <li>• A LED strategy of 2009 not approved and not implementable.</li> <li>• A SDF exists.</li> <li>• Service master plans not in place.</li> <li>• Limited marketing actions are implemented.</li> </ul>
Problems / Backlogs	<ul style="list-style-type: none"> <li>• Lack of LED strategy, skills, and capacity.</li> <li>• Current LED plan not implementable.</li> <li>• Local coordination needs improvement.</li> <li>• Bulk services capacity problems.</li> <li>• Large poor areas with housing and service delivery backlogs.</li> </ul>
Potential / Opportunities	<ul style="list-style-type: none"> <li>• Potential for a SEZ.</li> <li>• Tourism development along Vaal River.</li> <li>• Manufacturing cluster development.</li> <li>• Industrial parks.</li> <li>• Retail and housing development.</li> <li>• Skills development node.</li> </ul>
Economic Sectors and Linkages	<ul style="list-style-type: none"> <li>• Manufacturing.</li> <li>• Tourism.</li> <li>• Retail.</li> <li>• Services.</li> <li>• Agriculture</li> <li>• Linkages with Gauteng and Northern Free State.</li> </ul>

## **5. NATIONAL POLICIES**

In terms of national policy effecting LED at the local sphere, three policy frameworks are listed namely, the State of the Nation Address (SONA) of 2014, the New Growth Path (NGP) of 2010 and the National Development Plan (NDP) of 2012.

### **5.1. State of the Nation Address 2014 (SONA)**

In terms of SONA, the following key priorities are listed:

- Creation of decent jobs;
- Infrastructure development;
- Rural development and Land reform;
- Education and skills development;
- Health; and
- Stop corruption and good governance.

### **5.2. The New Growth Path (NGP)**

The NGP was released in 2010 as a “new” national economic development policy and the driver of the country’s job strategy. In short the NGP aims to support employment, growth, the green economy and reduction of inequality. The policy aims to facilitate economic growth and employment growth. The policy identified seven “job drivers”, all of which are labour intensive sectors. These job drivers have the responsibility to create jobs on a large scale. The seven key economic sectors or “job drivers” for job creation are listed below:

- Infrastructure development and extension: Public works and housing projects;
- Agricultural development with a focus on rural development and specifically “Agro-Processing”;
- Mining value chains;
- Manufacturing and industrial development (IPAP);
- Knowledge and Green economy;
- Tourism and services; and
- Informal sector of economy.

The NGP also seeks to contribute to create decent work, and reduce poverty. The NGP aims to create jobs, economic growth, equity and environmental outcomes (green

economy). The NGP wants to achieve infrastructure development, labour absorption in agriculture, mining and manufacturing value chains, focus on knowledge and green economies, maximize social capital and public services, and regional integration. Improved education and skills development are priorities regarding engineers, artisans, ICT. Entrepreneurship and SMME development are key strategies. Reduction of regulations and red-tape is also important.

### **5.3. The National Development Plan (NDP)**

The focus of the NDP is to allow the fruits of economic growth to be spread more equitably in a more inclusive economy. The NDP has the following approaches namely improved living conditions, poverty reduction, economic growth, employment, increased capabilities and opportunities. The NDP focuses on the following broad issues in relation to LED:

- Job creation through EPWP and policies;
- Infrastructure development;
- Environmental management;
- Improvement and transformation of urban and rural spaces (spatial planning and transport);
- Education and skills;
- Health care;
- Good governance; and
- Unity and cohesion.

The main objectives of the NDP are listed below:

- Increase exports
- Effective infrastructure
- Reducing the cost of living for low-income households
- Reduce regulatory compliance
- Support small businesses
- Expand skills base
- Access to finance
- Higher rate of investment
- More responsive labour market
- Rural development

The following spatial guidelines are provided:

- Transformation is required to reduce travelling distance and costs.
- Housing development in close proximity to exiting corridors and nodes.
- Increased urban densities.
- Improved public transport systems.
- Township opportunity development with development nodes.

The concept of the development state is supported by the NDP. Key factors for success include focused leadership, inclusive planning, institutional capacity, clear prioritization and responsibilities. The key proposals for economic development in the NDP include growth of export, skills development, youth job creation initiatives, increase open competition, lower the cost of transport and logistics and improve standards of living through income improvement. Job creation initiatives include the creation of an enabling environment, promote and support labour intensive industries/sectors, promote export and competition, capacity of government to implement policies.

Detail proposals in support of agro-industrial processing sector are listed in the NDP including: The linkage of farming activities to downstream processing of food, beverages and upstream suppliers into food manufacturing etc. Small farmers must be assisted to enter the market. Key sectors involved in this process include:

- Irrigation investment in infrastructure.
- Increased linkages between commercial and small farmers.
- Increased access to markets for small farmers.
- Land reform and tenure security.
- Technology development.

NDP focus on youth development include access to ECD, improved school system, introduction of youth service programmes in life-skills, entrepreneurship, expand FET training centres, provide education funding assistance, tax incentive to employ youths, expand learnerships, graduate recruitment programme, artisan training programmes.

An LED strategy could contribute to the objectives of the NDP in the following ways:

- Inclusive economic growth.

- Promote labour intensive industries.
- Grow exports and competitiveness.
- Improve government capacity.
- Diversification of the economy.
- Small, medium, micro enterprise development.
- Rural development.
- Spatial economic transformation (integration, densities, transport, investment in townships).

#### **5.4. Industrial Policy Action Plan (IPAP2)(DTI)**

The overall focus of IPAP2 is to create jobs in the manufacturing sector. IPAP2 has three focus areas namely: to promote labour intensive industries, to broaden participation in economic transformation, and to raise competitiveness in manufacturing. IPAP focus areas are exports, industrial capacity, technology, skills development, and employment. LED and IPAP are interrelated as follows:

- Strengthening government/business labour engagement.
- Investment in skills.
- Support export and clamp down on illegal imports.
- Expand the regional economy.
- Extend incentives and financing.
- Leverage infrastructure development.
- Sectoral and industrial sector development.
- Funding allocation.
- Competitive industries with strong employment multipliers.
- Identify key developmental sectors.
- Cluster development and value chains.
- Support programmes in automotives, green industries, metals, plastics and chemicals, rail transport equipment, agro-processing, clothing, textiles, leather and footwear.

The DTI has recently released its “radical economic transformation plan” for the next 5 years. Some of the detail includes:

- Industrialization is the key driver of putting the economy on a new growth path.
- Increased support for the IPAP sectors through policy and incentives with IDC

and EDD.

- Expansion of the SEZ concept to Dube, Harrismith, and one in North-West and Limpopo.
- Increased linkage with BRICS and Africa.
- Support black industrialists.
- Export promotion.

### **5.5. Youth Enterprise development strategy (YEDS)**

The YEDS was released in 2013 by DTI. The strategy aims to create a dynamic entrepreneurial culture and developed youth-owned enterprises. The partnerships include provincial departments, NYDA, business, business chambers. Specific programmes include:

- Youth Entrepreneurial bursaries.
- Youth enterprise awards.
- Sector specific support.
- National youth service support programme.
- Youth collateral fund.
- Youth research programme.
- Mentorship programme.
- Entrepreneurship promotion.
- Business incubation.

### **5.6. Youth Employment Accord**

The accord was signed on 18 April 2013 in Soweto and is the responsibility of the Department of Economic Development. The partners of the accord are organised labour, business, NEDLAC, youth organizations, and government. The following commitment was made in the accord:

- Education and training
- Work exposure
- Public sector measures
- Youth target set-asides
- Youth entrepreneurship and youth cooperatives
- Private sector measures

### **5.7. Local Government Turn-around Strategy (LGTAS)**

LGTAS was introduced in 2009 by COGTA after an analysis of service delivery at local government, indicating distress at the local level. The priorities of the LGTAS include:

- Improved service delivery, infrastructure and basic need provision.
- Improved leadership and good governance with capacity.
- Redress spatial imbalances and housing development.
- Accelerated LED.
- Partnership development.

### **5.8. Expanded Public Works Programme (EPWP)**

The EPWP was introduced by Depart of Public Works in 2003 as a labour intensive public works programme. The EPWP provides work opportunities with skills training. The EPWP cuts across all departments and are multi-sectoral. The sectors supported by the EPWP include:

- Infrastructure: various infrastructure initiatives.
- Environment and culture: Working for water, Working for fire and comprehensive agriculture programme.
- Social: ECD programme, and community safety programmes.
- Economy: cooperative development programmes.

### **5.9. Community Works Programme (CWP)**

The Community Works Programme (CWP) was initiated in 2010 by COGTA although launched in 2007 by the Presidency. By 2011 a total of 90 000 community development workers (CDW) were already deployed. The CWP is an employment programme providing part time work in collaboration with the EPWP. CWP projects include agriculture, food security, social and community projects, basic services, education and skills training.

## **6. PROVINCIAL POLICIES**

### **6.1. Gauteng Growth and Development Strategy**

The following key pillars are listed in the Gauteng Growth and Development Strategy of 2012:

- Job creation;
- Skills development;

- Improvement of quality of life;
- Rural development;
- Social cohesion; and
- Good governance (fast government).

## 6.2. Gauteng Employment and Growth Strategy (GEGDS)(2009 to 2014)

The strategy was formulated by the EDD. The strategy is based on innovation, green growth and an inclusive economy. The five strategic pillars are:

- **Improved economic efficiency:** logistics, electricity supply, ICT, sectoral focus on automotive industry, tourism, clothing, textile, footwear, heavy metals, furniture, construction, mining, agriculture, petro-chemicals, services and transport.
- **Employment creation:** Prevent job losses in distressed sectors, utilize the CWP with a focus on food security, youth development, environmental quality, housing upgrades, partnerships with schools, utilize the EPWP in collaboration with the private sector, promotion of youth employment and entrepreneurship, focus on labour intensive sectors such as construction, transport, tourism, agriculture, food, manufacturing, green economy.
- **Increased economic equity and ownership:** SMME development, access to quality education, support cooperatives, procurement support.
- **Putting people first, invest in local people:** Safety nets, basic needs, education, health care, social security.
- **Sustainable communities and social cohesion:** Rural and agricultural development, food security, safe communities, mobility.

The strategy further includes 7 cross-sectoral drivers namely:

- Green economy and sustainable energy usage: job creation, manufacturing facilities, re-cycling projects, waste management.
- Innovation and knowledge: Technological, social, environmental and public service innovation.
- Economic, social and bulk Infrastructure:
- Socio-economic development with social protection.
- Green jobs.



- LED led by communities: Value adding, exports, SMME development, competition, capacity, partnerships,
- Skills development and education.
- Capacity building
- Spatial planning and rural development

The GEGDS is based on active industrial and sectoral development that promotes job creation, export, infrastructure development, SMME development, skills development.

### **6.3. Gauteng Township Economic Revitalization Programme (EDD)**

In June 2014 the programme was launched in order to boost economic development in townships, to include people in the mainstream economy. Township economies are to be revitalized through enterprise creation, linkages to government services, boosting of key sectors, and the re-industrialization of the Gauteng economy. The Sectoral focus will be on manufacturing, ICT, tourism, construction (housing), infrastructure and real estate. The plan will also focus on improved spatial planning to improve access. The required fund has been established to assist labour intensive economic activities in townships. Incubators are planned in the West Rand to assist small business development. Other activities include export assistance and attraction of FDI to the townships.

### **6.4. Gauteng Industrial Policy Framework (EDD)**

The framework is based on the following programmes:

- Expansion of decent work opportunities.
- Development of labour intensive manufacturers.
- Supply chain development.
- Value addition
- Diversification of industrial base.

The targeted sectors within this framework are food and beverages, furniture, textiles, clothing, construction, machinery and equipment, automotives and parts.

## **6.5. Gauteng SMME Policy Framework (EDD)**

The framework is based on 6 pillars for development:

- Training:
- Financial support:
- Capacity building:
- Regulatory reform:
- Sectoral research on partnerships:
- Employment retention:

The following sectors are identified as focus areas: transport, construction, metals, catering, furniture, and clothing.

## **6.6. Gauteng Youth Employment Strategy (EDD).**

The strategy has the aim to facilitate the integration of young people into the mainstream economic activities through creation of decent work and reduction of income inequalities. Interventions include business support and training, youth entrepreneurial cooperatives, EPWP initiatives, unemployment database, access to economic activities.

The youth employment strategy is based on 4 pillars:

- Placement of graduates and matrics: Employment incentive Act, learnerships, internships.
- Skills development: ensure appropriate skills development. artisans, technical training, mentors.
- Township hubs development: Focus on hubs in townships relating to automotive repair (government vehicles, body repairs), industrial (technical training, access to markets, shared transport with a focus on carpentry, metal, cultural crafts) and enterprise (coffee bars, hair salon, convenience shops) hubs. Hubs were identified in Sharpville and Sebokeng.
- Entrepreneurship development: Various awareness programmes.

## **6.7. Special Economic Zones (SEZs)**

A SEZ is spatially demarcated areas and used as an instrument for attracting investment, creating jobs, increase exports, and testing of new policies, within a special business and infrastructure incentive area. In SA IDZs (Koega, East London, Richards Bay and OR Tambo airport) are SEZ's usually within the industrial sector and linked to an airport and have not been successful. Aspects for success include high level incentives, regulations, tax incentives, good governance and coordination, political support, high levels of privatization of management, global competitiveness.

Further lessons include:

- SEZ must be special: focus on specific industries, and offer significant advantages.
- Good market access, location, logistics, labour, and regulatory environment.
- Strong macro economic conditions and policy for example the exchange rate.
- Cost, flexibility, skills and stability of labour.
- Locality in a dynamic growth area and not in poor struggling area.
- PPP
- Marketing and promotion.

Specific incentives could include: tax exemptions for companies and individuals and import duties, zero rated value added tax (VAT), investment incentives for capital goods, cheap land and rental rates, delegated customs control.

The SEZ Bill of 2013, as released by the Minister of Trade and Industry, has the aim to promote and develop SEZ's. SEZ is an economic development tool to promote national economic growth and export by using support measures in order to attract targeted foreign and domestic investments and technology. The purpose for the establishment of SEZ's including:

- Establishment of industrial complexes which have a strategic national economic advantage for industries and manufacturing.
- To develop infrastructure to support the industrial uses.
- Attract foreign and domestic investment.
- Provide a location for investment.

- Enable the beneficiation of mineral and natural resources in value adding processes.
- Take advantage of existing industrial capacity and technology and integration with local industries.
- Promote regional development.
- Create decent work and other economic and social benefits in the region.
- Assist small business and cooperatives and skills development.
- Generation of new and innovative economic activities.

### **6.8. Green Strategy Programme (EDD)**

The following components are included in the programme:

- Improved air quality.
- Climate change
- Sustainable economic development.
- Renewable energy
- Food security
- Integrated spatial planning.
- Transportation.
- Water and sanitation.
- Waste management.

### **6.9. Provincial SONA**

The following 10 pillar programme was presented by the Premier in order to allow for a radical transformation, modernization and re-industrialization of the Province:

- Radical economic transformation.
- Decisive spatial transformation.
- Accelerated social transformation.
- Transformation of government.
- Modernization of public service.
- Modernization of economy
- Modernization of housing and urban development.
- Modernization of public transport infrastructure.
- Re-industrialization of province.
- Taking the lead in Africa's new industrial revolution.

## **7. DISTRICT POLICIES**

### **7.1. Sedibeng Growth and Development Strategy:**

The Sedibeng Growth and Development strategy was analysed and the main aspects are listed below:

- Development needs to be spatially focussed (infill development).
- Nodes (including Vereeniging CBD, Vanderbijlpark CBD, Vaal River waterfront, Industrial areas, Sebokeng including zone 14 and Sharpville Dam, George Thabe Stadium, Taxi rank areas) and corridors (including R59 industrial mixed use corridor, N3, R82, R57, N1, R42, Moshoeshoe road, K174, R29, Golden Highway) need to be clearly defined and promoted.
- Protection of natural resources.
- Development of a SEZ known as the Vaal logistics hub and airport.
- Human settlement areas as identified: Bophelong, West Side Park, Leeuwkuil, Tsepong Phase 3, Boiketlong, Vlakfontein, Evaton West Ext 11.
- Flagship projects as identified: Vaal logistical hub, regional sewer, Savanna City, Dlomo Dam project, Evaton East Precinct development, Heritage Precincts, Townships renewal programme.
- Diversification of the local economy
- Technological innovation.
- Tourism attraction (heritage).
- Development of nodes and corridors in an organized spatial structure with clear linkages.
- Ensure business retention in manufacturing sector.
- Skilled labour force.
- Greening environmental programmes.
- Improved infrastructure.
- Linkages to the north and south.
- Improved marketing of the region as a positive investment region.
- Development of development agency.
- Rural development programmes including cooperatives and agro-processing.
- Alternative energy programme.
- Integrated transport planning.
- Reduction of red-tape regulations.

## **7.2. Vaal 21:**

The Vaal 21 vision has the aim to integrate the Vaal regional economy through collective action. The Vaal 21 initiative is a cross-border agreement between municipalities of Southern Gauteng and the Northern Free State, with the development of the regional economy surrounding the Vaal River. Some of the commitment of the agreement include creating an enabling environment, implementation of catalytic projects of regional importance, optimal marketing of culture and heritage, and good governance and collaboration. Some of the flagship projects include regional sewer works, air quality management, corridor development of R59 and R57, urban renewal, and promotion of tourism.

## **8. LOCAL POLICIES**

In terms of local policies the current IDP and budget as well as previous LED strategies (section 9) were analysed. The local SDF was analysed in section 3.5.

### **8.1. IDP and budget 2014/2015**

The following aspects are contained in the IDP which may have an impact on the LED strategy:

- The vision of the IDP is closely related to LED namely “a developmental city that continuously improves the quality of life of its community”, with a mission to provide effective and efficient municipal services.
- Strategic objectives include reinventing the local economy, renewing of communities, creating a sustainable environment, reintegrating the region, and releasing human potential.
- Limited funding or grants are received for LED and community projects.
- LED official's forms part of the IDP process.
- Chapter 5 of the IDP has to do with economic development. The focus is on the diversification of the local economy and sustainability. As part of reinvention of the local economy, innovation and technological advancement is critical. Tourism development is also highlighted as a key sector in the local economy. The development of nodes and corridors are also identified. Existing nodes and corridors need to be strengthened. The attraction and retention of businesses in the manufacturing sector must be a priority. Lastly, the creation of a skilled labour

force needs to be established to provide in the demand for such workers and to reduce unemployment in the region.

- In terms of the budget, LED programmes usually receive limited budget allocation. The following programmes/projects have been listed in the budget relating specifically to LED actions (infrastructural development and community facilities allocations are not listed here): provision of informal trading stalls at Mandela Square in zone 13 and Sebokeng zone 10, establishment of a logistical hub, renovation of tourism offices, revamping of hydroponics project, establishment of mini markets, neighbourhood partnership grant (R 5 000 000), EPWP (R 4 191 000), housing and residential developments at Johandoe phase 2, Kaalplaats, Sebokeng Ext 20, 21 and 24, Sonderwater phase 2, Cyferpan, Tshepiso North Ext 4, Tshepong phase 3, Leeuwkuil, Golden Gardens, Bophelong Chris Hani, Rust-ter-Vaal, Lakeside Ext 4, Evaton North, Boipatong Backyards structures.

## **9. LED VISION AND APPROACHES**

In this section the Draft National LED Framework of 2014, and previous LED strategies are analysed.

### **9.1. LED vision**

In terms of the Draft National LED Framework (2014), the following generic vision should apply to any LED strategy namely *“Competitive, sustainable, inclusive local economies world-class and dynamic places to live, invest and work, maximizing local opportunities, addressing local needs and contributing to national development objectives”*.

Also

*“Local economy is inclusive, world-class and dynamic places and brands in which to invest, visit, learn, live and work, and be successful in creation of wealth that is widely shared and benefitting the majority of the people”*.

The following vision was included in the 2009 LED strategy *“The creation of a strong, locally-directed and sustainable economy which generates jobs and opportunities in order to meet the economic, social and environmental needs of its community”*.

The following LED vision focus areas were proposed in the 2009 LED strategy:

- Increased investment in research and development.
- Promotion of innovation and creativity.
- Ensuring people have the right skills for future employment.
- Ensure there is modern infrastructure in place to support business and customers.

## **9.2. LED approaches**

The following approaches and principles should form the basis for the local LED strategies:

- A balance must be achieved between “pro-poor” and “pro-growth” initiatives.
- The implementation of strategies must lead to improvement in quality of life for all, especially the poor.
- The strategies must alleviate poverty and a total onslaught on poverty is required, focussing on all the components of poverty.
- Poverty should be reduced by means of business development, SMME support and providing a safety net for the poor by means of a basic needs approach. Entrepreneurial development will eventually lead to the creation of jobs, which is the ultimate goal of the LED strategy.
- The strategy must focus on the economic, physical and social components of the local environment.
- Local uniqueness, knowledge and resources must be optimized.
- The creation and improvement of diversity, stability, sustainability, specialist clusters and partnerships are of key importance.
- The strategies need to be implemented by means of projects, which in turn must be implementable, with clearly defined and measurable deliverables. The projects must be outcome-based.
- Projects and programmes must have short, medium and long term outcomes, but short term “quick wins” are of key importance to create interest, support and confidence in the process. Short term successes must be marketed.
- LED implementation success rests heavily on “local champions”. “Local champions” could include local politicians, local officials, local business people and local community members.
- Local competitive advantages must be optimized.



### **9.3. LED principles**

LED principles include:

- Collaborative partnerships
- Integrated spatial development
- Local competitiveness
- Capable developmental governance
- Skills development
- Inclusive economy
- Pro-poor development
- Youth development
- Sustainable development
- Leadership and governance
- State-led, business driven, community based development.

Procedural principles include:

- Commitment by all stakeholders
- Inclusive development with a balance between pro-poor and pro-development.
- Strategic and integrated development

### **9.4. Economic Plan Pillars**

In line with relevant national, provincial and local policy considerations, the following are the pillars of the municipal economic plan:

- Economic, spatial and social integration;
- Ensure an enabling economic environment exists for a thriving private sector with the aim of job creation;
- Skills development directed to support the local economy;
- Rural and agricultural development;
- Infrastructure for economic opportunities;
- Good governance; and
- Provision of basic needs to all communities.

LED pillars as proposed by the LED guideline document (2014) include:

- Building a diverse economy: Including Sectoral development focus on NGP, NDP and IPAP sectors.
- Developing learning and skillful economies: Skills gap closure, entrepreneurial culture development, leadership development.
- Develop inclusive economies: support the informal economy, inner city (CBD) development, township economic development, rural development, ease of entry to business, reliance and local resources, labour intensive, allocation of premises to operate from, reduce red-tape regulations, enabling environment, township economic development programme, BBBEE support, women and youth development, EPWP.
- Enterprise development and support: SMME development, BBEE support, Youth and women support, business development support, export promotion, SMME development (business development, capacity building and financial support), cooperative support.
- Economic governance and infrastructure: Capacity, management, administration, funding/finance, marketing, infrastructure, enabling environment, access to funding, branding.

### **9.5. LED enablers**

LED enablers as listed in the National LED Framework include:

- Research and development, planning and strategy
- Funding and finance
- Institutional development
- HR and capacity building
- Monitoring and evaluation

## **10. THE ROLES AND RESPONSIBILITIES IN LED PLANNING AND IMPLEMENTATION**

### **10.1. National and Provincial Government:**

- Provide strategic leadership;
- Provide broad policy guidelines;
- Create conducive and supportive environment for implementation;
- Ensure multi-sectoral engagement;

- Develop incentives;
- Improve local skills and capacity; and
- Monitor and evaluate performance.

### 10.2. Sedibeng District Municipality

The district municipality has the following roles to play within the region regarding economic development:

- The **co-ordination** of economic strategies and actions within the region.
- **Support** local municipalities in terms of skills training and capacity building.
- **Facilitation** of orderly development of the region in line within spatial planning and environmental principles.
- Formulate **policies and implementation plans** to stimulate economic development.
- Act as a **developer** if a gap is left by local business regarding economic opportunities.
- Ongoing **research and analysis** of local economic conditions and providing local municipalities and local business with recent data for effective planning and adaption and amendment of plans.
- Regional wide **strategic planning** in terms of institutions, services and investment planning.
- Create an **enabling environment** for economic development.
- Ensure a single **vision with cohesion** between all stakeholders, including the private sector.

### 10.3. Emfuleni Local Municipality

The role of the municipality is to:

- Attract and stimulate: Investment, business and industry through marketing actions.
- Lead: By means of local leadership, political stability, good governance and spatially grounded economic planning.
- Build and enable: Through skills development, entrepreneurship, participation and information provision.
- Circulate: Local partnership formation, linkage of formal and informal business and “buy local” campaigns.

- Facilitate and coordinate efforts between developmental stakeholders.

#### **10.4. Business Community**

- Be local drivers and champions of the process.
- Commit to the implementation of strategies in partnership with government.
- Participate in institutions and activities in implementation.
- Business support.
- Be active partners for business development and pro-poor activities.
- Assist with data provision.
- Be a watch dog over processes.
- Finance and funding investment opportunities.
- Create jobs.
- Provide advice to government.
- Monitor and assist with implementation.

#### **10.5. Local Communities**

- Participate in institution structures.
- Assist in the formulation and implementation of community projects.

#### **10.6. Key developmental partners and officials (implementation agents)**

##### **10.6.1. Key Developmental Partners**

The successful implementation of an LED plan is dependent on co-operation between all spheres of government, the private sector and communities. The following developmental partners are listed in no particular order:

- Local business chambers;
- Department of Trade and Industry (DTI);
- Industrial Development Corporation (IDC). The IDC focus on assistance and support in agro-industries, chemical products, green industries, health care, ICT, metal, transport, machinery, mining, logistics, textiles, clothing, tourism and venture capital;
- Independent Development Trust (IDT);
- SEDA;
- Gauteng Growth and Development Agency
- Bhive at NWU.

- VUT.
- Afrikaanse Handels Instituut (AHI);
- NAFCOOC;
- SAFCOOC;
- Rand Water Foundation;
- SALGA;
- DBSA;
- NDA;
- SASOL (Chem-City);
- Other large and small businesses;
- All applicable National and Provincial Departments;
- All municipal departments;
- Local media.
- Community organizations.
- All others stakeholders not listed above.

#### **10.6.2. Key Municipal Officials**

LED is “everybody’s business”, including all levels of government, the local communities and business people, as LED is a cross-cutting issue. The following municipal officials are vital in the implementation of LED:

- District Municipality: The Mayor, Speaker, all councillors on the LED portfolio committee, Ward Councillors, and LED unit officials led by the relevant LED manager. All departmental managers also need to link projects to LED. CDW’s are also of key importance in the implementation of LED. The proposed development agency will also play a key role in implementation of the LED plan.
- Local Municipalities: The Mayor, Speaker, all councillors on the LED portfolio committee, Ward Councillors, LED unit officials led by the relevant LED manager. All departmental managers need to link projects to LED. CDW’s are of key importance in the implementation of LED.

Functions of LED unit (research, marketing, tourism, agriculture, manufacturing, SMME, communication, training):

- Business support (enabling environment, red-tape)
- Identification of new economic opportunities

- SWOT analysis
- Identify comparative advantages and competitive advantages
- Maximization of resources
- Networking with key role players from government, business and communities.
- Entrepreneurship development
- Promote information flow
- SMME development
- Development funding
- Cluster support

LED officials at the municipality should do the following to promote LED:

- Ensure economic and social development is prioritized in municipal plans such as the IDP and budget.
- Create awareness for the benefits of LED in the local area.
- Conduct local economic research and regeneration studies including strategies.
- Ensure interdepartmental collaboration and capacity between municipal departments.
- Establish an LED forum including all the partners of LED (business, government and local communities) in order to mobilize efforts and resources.
- Build and maintain socio-economic database to inform decision-making, including an early warning system.
- Identify and market new economic opportunities.
- Create an enabling environment for businesses to prosper.
- Improve the quality of life of all people, especially the poor through enhancing economic opportunities and providing in the basic needs of all.
- Ensure strong partnerships between LED partners.
- Ensure sectoral development and clustering of economic activities based on comparative advantages.
- Manage implementation and monitoring of LED programmes and projects.

The role of councillors in LED include:

- Monitor the functionality of the LED unit.
- Promote the benefits and principles of LED to local communities.
- Identify LED programmes and projects.

- Ensure all municipal activities are linked to LED.

## 11. CREATION OF AN ENABLING ENVIRONMENT

Government, and specifically local government, needs to create an enabling environment for local business and communities to prosper.

**Table 3: “Tick-off” list for the creation of an enabling developmental environment**

Primary factor	Secondary aspects	Primary factor	Secondary aspects
<b>Partnership formation</b>	Partnerships with business and communities, high levels of participation, co-operation, integration, allocation of functions and roles, involvement, empowerment, engagement, institutional relations (vertical and horizontal).	<b>Local government structures, policies and actions</b>	Good governance (accountable and transparent), legislation, policies (aligned with national and provincial policies), institutional structures, marketing and investment, information provision and support, capacity and skills development, budgeting and spending, regulations, procurement, co-ordination, fast decision-making, research and innovation, stop corruption, political stability
<b>Local leadership</b>	Local champions and drivers (politicians, officials, business leaders, NGOs, religious leaders, traditional leaders), clear policy directions, political stability, appropriate policy development, efficient decision-making structures.	<b>Poverty alleviation and social development (including arts, culture, sports and recreation)</b>	Quality of life, redistribution, people centred approach, pro-poor focus, community development, basic needs (services and facilities), social cohesion, safety nets (grants/subsidies), grow asset base of poor.
<b>Economic development actions including LED</b>	Market interventions, job creation initiatives, research analysis with surveys, policies and strategies, funding, skills development, comparative advantages, project implementation, SMME support, diversification, value-added product support, export support, labour based job drivers (NGP), attract and retain, incubators and mentors.	<b>Environment management and spatial development</b>	Integration of SDF, IDP and LED, rural-urban linkages, mixed use development, corridor development, nodal development, compact and dense development, land use management, clean quality environment, environmental management.
<b>Infrastructure development</b>	Hard infrastructure, soft infrastructure, budget and funding, capacity extension, maintenance.	<b>Human resource development</b>	Skills development, SMME development, mentorship, incubators and job training centres, labour force development.
<b>Entrepreneurship development</b>	Training and support, ease of doing business, tax incentives, regulations, access to finance, policies.	<b>Access opportunities including transport</b>	Access to economic opportunities, transport, ownership and assets, markets, community facilities, ICT, housing development.

Primary factor	Secondary aspects	Primary factor	Secondary aspects
<b>Agricultural development actions (rural areas)</b>	Access to land, finance, funding and grants, infrastructure, market access, research, project development, training and support.	<b>Safety and security</b>	Law and order, crime prevention.

Source: Own compilation.

## 12. PROVISIONAL STRATEGIES

Based on the analysis contained in this reports certain provisional focus areas or strategies are listed for discussion. Such focus areas will be further refined after the socio-economic and economic modelling reports have been completed. This report analysed policies which could impact on the local economy. It is the view point of the authors that being in line with national, provincial and local policies would assist the municipality in obtaining support for its LED strategy and securing funding for project implementation.

Strategies and resulting projects as listed below must lead to job creation and improvement of quality of life as a safety net to the poor (basic needs, subsidies and community projects). The projects should also focus on local assets such as:

- Natural assets: including agriculture, rivers and dams, minerals, and natural beauty.
- Strategic assets: Focus on strategic locality, infrastructure and the LED Strategy by stopping economic leakages.
- People assets: provision of improved skills and linkage to poor areas.

The tools utilized to create economic opportunities include the spatial planning aspects, skills training and LED. Provisional focus areas (strategies) include:

- Institutional development (internal, external, capacity, good governance, reduce regulations, marketing, procurement, political stability, LED regional development forum, research and development and partnerships).
- Creation of jobs (focus on competitive advantage, diversification, specialization, EPWP labour intensive, role of business).
- Re-development of the manufacturing/industrial sector (SEZ, value-added processes, down-stream activities, innovation and technology, export promotion, cluster development).



- Development and support of the informal sector including SMME development and entrepreneurship (training, mentorship, facilities, finance).
- Spatial economics and integration (SEZ, infill development, densification, housing, integration of areas, diversification of land uses, compact urban areas, nodes and corridors, improved access and opportunities).
- Youth development.
- Skills development and education (incubation, job centre, mentors, artisans).
- Social development (safety nets, basic needs and quality of life).
- Infrastructure and transport development (capacity, backlogs, jobs).
- Tourism development.
- Development of the green economy (clean quality environment, waste management, manufacturing and use of renewable sources).
- Development and support for agriculture and rural development (small and commercial farmers, land reform, agro-processing, irrigation systems, urban agriculture, food gardens).

### **13. CONCLUSIONS**

The purpose of this report was to analyse most of the policies which could have an impact on LED. The principle of the Emfuleni LED strategy is to base all actions on policies in order to ensure successful implementation and funding applications in support of projects.

This report is followed by a report on the socio-economic status quo and a report on economic modelling and sectoral analysis.